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From:	Presidency
To:	Permanent Representatives Committee
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Subject:	Revision of the European Trade Mark system Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 207/2009 on the Community Trade Mark and Proposal for a Directive of the European Parliament and of the Council to approximate the laws of the Member States relating to trade marks (Recast) - Preparation for the next informal trilogue

I. INTRODUCTION

Negotiations on the trade marks package have reached the final stage. The next informal trilogue, scheduled for 21 April, is foreseen as the final one and is expected to address all outstanding issues. Following intensive talks with the European Parliament and the Commission, at both technical and political level, the full list of open political questions has now been established. It is therefore necessary for the Presidency, now that all the pieces of the puzzle are on the table, to obtain new guidance, in the form of a sufficiently flexible mandate which would allow the Presidency to explore with our negotiating partners the possibility of reaching an agreement on a balanced compromise package. On a number of issues, such as goods in transit and small consignments, a provisional agreement has been

reached under the Italian presidency. On other issues, such as the offsetting mechanism, agreement to insert a limited number of delegated acts, the renaming of the Office for Harmonisation in the Internal Market (trade marks and designs) and of its bodies and organs and the accrued publicity of vacancies for the post of the Executive Director the mandates agreed upon by the Permanent Representatives Committee so far remain valid. The rest of the outstanding issues, together with the Presidency's proposed solutions regarding possible compromises, are set out under Part II of this Note. The additional Commission proposals are indicated under Part III of this Note.

II. OUTSTANDING ISSUES

a. Financial package and Cooperation Projects

The financial package consists mainly of the table of fees to be annexed to the future Regulation and of the offsetting mechanism (Art. 139 of the Regulation).

As regards fees, there seems to be broad convergence around a package consisting of Commission's Compromise Option 2, as contained in Annex I to 6110/15, and the Council's position, including leaving Member States free to decide whether to apply the one-class-per-fee principle regarding national trade marks. Finally, there seems to be agreement to remove any reference to classification pick list discount. Minor reductions have been requested by the European Parliament, mainly aimed at ensuring that the total fees for two classes do not exceed those currently paid for 3 classes¹. A tentative full table on fees is contained in Annex I to this Note.

The setting up of the offsetting mechanism proposed by the Council seems to be acceptable to the European Parliament in the context of a global compromise package, provided that the functioning of that mechanism is clarified in recitals (see EP proposal in Annex II).

¹ According to the forecasts of the Office for Harmonisation in the Internal Market (trade marks and designs) (hereafter OHIM) on average 2,3 classes per application will be registered after the reform comes into force.

As regards cooperation projects, the European Parliament has requested the insertion of the obligation for national industrial property offices to provide a written statement explaining the reasons for their decision to abstain from participating in a given cooperation project (see EP proposal in Annex III). That would enable OHIM to receive feedback from national offices in order to improve the preparation of the projects in the future and to understand the underlying reasons for the non-participation of a national industrial property office.

The Presidency would therefore ask delegations to accept the table of fees as contained in Annex I, the draft recital language regarding the offsetting mechanism as contained in Annex II, as well as the drafting proposal for the cooperation projects set out in Annex III.

b. OHIM Governance

The Council has shown considerable flexibility so far as regards the Commission proposals on OHIM governance. Furthermore, the Council has accepted the European Parliament's representative in the Management Board. Although both the Commission and the European Parliament insisted strongly on applying the Common Approach on EU decentralised agencies to the pre-selection and appointment of the Executive Director, the Presidency is close to securing the Council's text in this respect. As a counterpart, however, the European Parliament has asked the Council to accept two representatives of the Commission in the Management Board, as foreseen by the above mentioned Common Approach.

As a final concession regarding OHIM governance, the Presidency invites delegations to accept two (instead of one) Commission representatives in the Management Board of OHIM. As a result, the Management Board would be composed of one representative of each Member State, two representatives of the Commission and one representative of the European Parliament.

c. Delegated acts

The Commission proposal contained more than 60 cases where power was to be delegated to the Commission by means of delegated acts. The European Parliament had supported the Commission in the majority of these cases. The agreement reached in the Permanent Representatives Committee in July 2014 contained no delegated acts. Since the beginning of negotiations, the European Parliament proposed that recourse to delegated or implementing acts or the insertion of additional rules into the Regulation should be examined on a case-by-case basis. In December 2014 the Permanent Representatives Committee mandated the Presidency to propose to the European Parliament a limited number of delegated acts in order to pave the way for a compromise. After discussion at technical level, the European Parliament softened its position and proposed 30 delegated acts on the basis of the Council's text. In return the Presidency used the mandate it has received to indicate the Council's readiness to accept 13 of the delegated acts proposed by the European Parliament while strongly insisting on the additional provision regarding the consultation of Member States' experts before the Commission adopts the delegated acts. Reciprocating to this show of flexibility, the European Parliament has now decided to abandon the requirement of a further examination on a case-by-case basis of all delegated acts and has proposed a limited number of additional ones (Art. 43(4), Art. 79c, Art. 93(6), Art. 135(6), Art. 136a(3) and Art. 154a(3)). For the rest, the European Parliament has indicated that it can accept the implementing acts proposed by the Council, subject to closer scrutiny on whether these need to be circumscribed in a more detailed manner. As regards the mandatory consultation of Member States' experts before the Commission adopts the delegated acts foreseen by the Regulation, the European Parliament has indicated the openness to consider the inclusion of this provision in the context of a global compromise package.

The Presidency invites delegations to accept the above mentioned additional delegated acts proposed by the European Parliament as a part of balanced package on this matter provided that the European Parliament accepts the strong request of the Council regarding the mandatory consultation of Member States' experts.

d. Limitations of the effects of a trade mark

The European Parliament requested originally that a number of additional limitations of the effects of a trade mark and additional criteria determining whether the use of a trade mark by a third person is done in accordance with honest practices in industrial or commercial matters be inserted in the operative part of both the Regulation and the Directive. In view of the Council's opposition to those additional limitations and criteria, the European Parliament has recently submitted as a compromise the proposal to delete all such criteria in the operative part and to address the additional limitations (albeit partially) in the recitals. Judges would thus remain free to decide on a case-by-case basis what constitutes use "in accordance with honest practices". According to the European Parliament's proposal, the deletion of the detailed criteria from the operative part would need to be combined with a minor addition to the text of the relevant recital (as proposed by the Council) making reference to "artistic expression". This drafting proposal by the European Parliament is set out in Annex IV to this Note.

The Presidency would like to ask delegations to accept the latest proposal of the European Parliament as a compromise solution which leaves judges free to determine what constitutes honest practices in such cases and does not foresee additional limitations of the effects of a trade mark in the operative part of a text.

e. Procedural harmonisation (Art. 47(1) Directive)

Both the Commission and the European Parliament have indicated that they would not be in a position to accept any deal that does not ensure that Member States provide an efficient and expeditious administrative procedure before their offices for revocation or declaration of invalidity of a trade mark. They consider that this would bring great benefits to users and added value to the whole system.

Therefore the Presidency invites delegations to accept the proposal tabled originally by the Italian Presidency, which provided for such an administrative procedure by the end of a transitional period of seven years (see Annex V).

**f. Bad faith as a relative ground for refusal of registration
(Art. 8(3)(b) Regulation or Art. 5(3)(c) and (4)(ba) Directive) and
designation/classification of goods and services
(Art. 28(5), (8) and (8a) Regulation)**

These two issues could not be resolved at technical level and are now part of the negotiations on the overall political package. For the Council, acceptance of the Commission proposal on "bad faith" would entail an administrative burden for OHIM and national offices, as well as possible discrimination against national trade marks. On the other hand, acceptance of the Commission proposal on designation/classification of goods and services, which aims to remedy the effects of a change in OHIM's practice relating to the way goods and services should be designated and classified, was seen by the Council as creating legal uncertainty. Following extensive debates at both technical and political level, the European Parliament has indicated that it would be willing to accept the Council's position on the "Bad faith" issue if the Council accepts the transitional arrangements for the designation/classification of goods and services to avoid what they see as misappropriation of trade mark holders' rights. The European Parliament has pointed out that the additional clause safeguarding conflicting trade mark rights, which has been proposed by them, takes care of the legal uncertainty which might be created by such a provision. In this regard the Presidency would like to draw delegations' attention to the fact that paragraph 8a as proposed by the European Parliament (see Annex VI) foresees that the amendment of the list of goods or services recorded in the register shall not give the proprietor of the European Union trade mark the right to oppose or to apply for a declaration of invalidity of a later trade mark (irrespective of whether it is a national or an EU trade mark).

The Presidency invites delegations to accept the European Parliament's text in Annex VI bearing in mind the flexibility which the European Parliament is prepared to show towards the "Bad faith" issue and because the Commission's initial proposal for this issue has been supported by the users' community while the European Parliament's additional paragraph takes care of the legal uncertainty.

III. Other issues raised by the Commission

The Commission maintains its request that OHIM should cover the part of the financing of the European School of Alicante currently paid by the EU budget (see Annex VII). The Commission points to what they consider the anomaly constituted by the fact that a fully self-financed body does not contribute to the cost of the schooling of its staff's children and insists that this is to be considered as normal, mandatory expenditure: absent the Alicante school, OHIM would be under the legal obligation to pay a schooling allowance to its staff. So far neither the Council, nor the European Parliament have expressed interest in re-inclusion of the funding of the European School of Alicante in the text of the Regulation as proposed by the Commission.

Furthermore, the Commission insists on tidying up the clause on the transfer of future surpluses to the EU budget, in particular due to the discretionary power given by the current text to the Budget Committee. The Commission intends therefore to table the text contained in Annex VIII.

Both the Council and the European Parliament agree to rename OHIM as "European Union Intellectual Property Office". The Commission, however, still insists that OHIM be renamed as "European Union Intellectual Property Agency".

The Presidency would like to receive guidance from delegations on these additional Commission proposals.

IV. CONCLUSIONS

The Committee is invited to provide the Presidency with a mandate on the outstanding issues (Part II) in view of the next informal trilogue as well as guidance on the additional Commission proposals (Part III).

All the numbers in [] are the indications of the current fees and shall be deleted. They are not part of the proposal but only displayed for information.

The following Annex is inserted:

Annex - I Amount of fees

A. Fees to be paid to the Agency

The fees to be paid to the Agency under this Regulation shall be as follows (in EUR):

1. Basic fee for the application for an individual European Union mark (Article 26(2)):
EUR 1000 [1050]
2. Basic fee for the application for an individual European Union mark by electronic means (Article 26(2)):
EUR 850 [900]
3. Fee for the second class of goods and services for an individual European Union mark (Article 26(2)):
EUR **50** [0]
4. Fee for each class of goods and services exceeding two for an individual European Union mark (Article 26(2)):
EUR 150 [150]
5. Basic fee for the application for a European Union collective mark or a European Union certification mark (Article 26(2) and Article 66(3) or Article 74b(4)):
EUR 1800 [1800]
6. Basic fee for the application for a European Union collective mark or a European Union certification mark by electronic means (Article 26(2) and Article 66(3) or Article 74b(4)):
EUR 1500 [1800]
7. Fee for the second class of goods and services for a European Union collective mark or a European Union certification mark (Article 26(2) and Article 66(3) or Article 74b(4)):
EUR 50 [0]
8. Fee for each class of goods and services exceeding two for a European Union collective mark or a European Union certification mark (Article 26(2) and 66(3) or Article 74b(4)):
EUR **150** [0, 150]

9. Search fee for a European Union trade mark application (Article 38(2)) or for an international registration designating the European Union (Article 38(2) and Article 155(2)): 12 EUR multiplied by the number of central industrial property offices referred to in Article 38(2); that amount, and the subsequent changes, shall be published by the Office in the Official Journal of the Office.

10. Opposition fee (Article 41(3)): EUR 320 [350]

11. Basic fee for the renewal of an individual European Union mark (Article 47(1)):
EUR 1000 [1500]

12. Basic fee for the renewal of an individual European Union mark by electronic means (Article 47(1)):
EUR 850 [1350]

13. Fee for the renewal of the second class of goods and services for an individual European Union mark (Article 47(1)):
EUR **50** [0]

14. Fee for the renewal of each class of goods and services exceeding two for an individual European Union mark (Article 47(1)):
EUR 150 [0, 150]

15. Basic fee for the renewal of a European Union collective mark or a European Union certification mark (Article 47(1) and Article 66(3) or Article 74b(4)):
EUR 1800 [3000]

16. Basic fee for the renewal of a European Union collective mark or a European Union certification mark by electronic means (Article 47(1) and Article 66(3) or Article 74b(4)):
EUR 1500 [3000]

17. Fee for the renewal of the second class of goods and services for a European Union collective mark or a European Union certification mark (Article 47(1) and Article 66(3) or Article 74b(4)):
EUR 50 [0]

18. Fee for the renewal of each class of goods and services exceeding two for a European Union collective mark or a European Union certification mark (Article 47(1) and Article 66(3) or Article 74b(4)):
EUR **150** [0, 150]

19. Additional fee for the late payment of the renewal fee or the late submission of the request for renewal (Article 47(3))
25% of the belated renewal fee, subject to a maximum of 1500 EUR [1500]

20. Fee for the application for revocation or for a declaration of invalidity (Article 56(2)):
EUR 630 [700]

21. Appeal fee (Article 60(1)):
EUR 720 [800]

22. Fee for the application of restitutio in integrum (Article 81(3)):
EUR 200 [200]

23. Fee for the application for the conversion of a European Union trade mark application or a European Union trade mark (Article 113(1), also in conjunction with Article 159(1):

(a) into a national trade mark application

(b) into a designation of Member States under the Madrid Protocol

EUR 200 [200]

24. Fee for continuation of proceedings (Article 82(1))
EUR 400 [400]

25. Fee for the declaration of division of a registered European Union trade mark (Article 49(4) or an application for European Union trade mark (Article 44(4)):
EUR 250 [250]

26. Fee for the application for the registration of a license or another right in respect of a registered European Union trade mark (Article 22a(3)) or an application for a European Union trade mark (Article 22a(3)):

a) grant of a license

b) transfer of a license

c) creation of a right in rem

d) transfer of a right in rem

e) levy of execution

200 EUR per registration, but where multiple requests are submitted in the same application or at the same time, not to exceed a total of 1000 EUR [CURRENTLY IDEM]

27. Fee for the cancellation of the registration of a license or other right (Article 24a(2)) 200 EUR per cancellation, but where multiple requests are submitted in the same application or at the same time, not to exceed a total of 1000 EUR [CURRENTLY IDEM]

28. Fee for the alteration of a registered European Union trade mark (Article 48(4)):
EUR 200 [200]

29. Fee for the issue of a copy of the application for a European Union trade mark (Article 144(1)(i)), a copy of the certificate of registration (Article 144(1)(a), or an extract from the register (Article 87(6))

a) uncertified copy or extract: EUR 10

b) certified copy or extract: EUR 30

30. Fee for the inspection of files (Article 88(4)): EUR 30

31. Fee for the issue of copies of file documents (Article 144(1)(h))

a) uncertified copy: EUR 10

b) certified copy: EUR 30

plus per page, exceeding 10: EUR 1

32. Fee for the communication of information in a file (Article 88(4a)): EUR 10

33. Fee for the review of the determination of the procedural costs to be refunded (Article 144(1)(k)): EUR 100

34. Fee for the filing of an international application at the Office (Article 147(4)): EUR 300

B. Fees to be paid to the International Bureau

I. Individual fee for an international registration designating the Union

1. The applicant for an international registration designating the Union shall be required to pay to the International Bureau an individual fee for the designation of the Union in accordance with Article 8(7) of the Madrid Protocol.

2. The holder of an international registration who files a request for territorial extension designating the Union made subsequently to the international registration shall be required to pay to the International Bureau an individual fee for the designation of the Union in accordance with Article 8(7) of the Madrid Protocol.

3. The amount of the fee under paragraph 1 or 2 shall be the equivalent in Swiss Francs, as established by the Director General of the World Intellectual Property Organization pursuant to Rule 35(2) of the Common Regulations under the Madrid Agreement and Protocol, of the following amounts:

(a) for an individual mark: EUR **820** plus, where applicable, EUR 50 for the second class of goods and services, and EUR 150 for each class of goods and services contained in the international registration exceeding two;

(b) for a collective mark or a certification mark: EUR 1400 plus, where applicable, EUR 50 for the second class of goods and services, and EUR 150 for each class of goods or services exceeding two. [1620/300]

II. Individual fee for a renewal of an international registration designating the Union

1. The holder of an international registration designating the Union shall be required to pay to the International Bureau, as a part of the fees for a renewal of the international registration, an individual fee for the designation of the Union in accordance with Article 8(7) of the Madrid Protocol.

2. The amount of the fee referred to in paragraph 1 shall be the equivalent in Swiss Francs, as established by the Director General of the World Intellectual Property Organization pursuant to Rule 35(2) of the Common Regulations under the Madrid Agreement and Protocol, of the following amounts:

(a) for an individual mark: EUR **820** plus, where applicable, EUR 50 for the second class of goods and services, and EUR 150 for each class of goods and services contained in the international registration exceeding two; [1200/400]

(b) for a collective mark or a certification mark: EUR 1400 plus, where applicable, EUR 50 for the second class of goods and services, and EUR 150 for each class of goods and services contained in the international registration exceeding two. [2700/800]

EP proposal on recitals on offsetting mechanism

(42b) The setting up of the European Union trade mark system has resulted in increased financial burdens for the central industrial property offices and other authorities of the Member States. The additional costs are related to the handling of a higher number of opposition and invalidity procedures involving European Union trade marks or brought by proprietors of such trade marks, to the raising awareness activities related to the European Union trade mark system as well as to activities intended to ensure the enforcement of European Union trade marks. It is, therefore, appropriate to ensure that ~~the Member States be partly compensated by the Office for~~ ***offsets parts of the costs incurred on them Member States as a consequence of the establishment of the European Union trade mark system and for the role they play in ensuring its the smooth functioning of the European Union trade mark system. The payment of this offsetting should be subject to the submission, by Member States, of appropriate statistical data. The offsetting of costs should not be of such an extent that it would cause a budgetary deficit for the office.***

(43) In the interest of sound financial management, the accumulation of significant budgetary surpluses should be avoided. This should be without prejudice to the Office maintaining a financial reserve covering one year of its operational expenditure to ensure the continuity of its operations and the execution of its tasks. ***This reserve should only be used to ensure the continuity of the tasks of the agency as specified in this regulation.***

EP proposal on Article 123c(2a) Regulation

- 2a. The industrial property offices of the Member States and the Benelux Office for Intellectual Property may opt-out, restrict or temporarily suspend their cooperation in the projects.

When making use of the provisions of this paragraph, Member States and the Benelux Office for Intellectual Property shall provide the Office with a written statement explaining the reasons for their decision.

Limitations of the effects of trade mark

EP proposal

Directive

Article 14 - TMD

Limitation of the effects of a trade mark

1. The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade:

(a) *where the third party is a natural person, the name or address of the third party;*

(b) signs or indications which are not distinctive or which concern the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services;

(c) the trade mark for the purpose of identifying or referring to goods or services as those of the proprietor of the trade mark, in particular, where the use of the trade mark is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts.

~~The first subparagraph shall only apply where the use made by the third party is in accordance with honest practices in industrial or commercial matters.~~

2. Paragraph 1 shall only apply where the use made by the third party is in accordance with honest practices in industrial or commercial matters. ~~In particular, the use by a third party shall be considered not to be in accordance with honest practices in any of the following cases:~~

~~(a) it gives the impression that there is a commercial connection between the third party and the proprietor of the trade mark;~~

~~(b) it takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark without due cause.¹;~~

3. The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, an earlier right which only applies in a particular locality if that right is recognised by the laws of the Member State in question and within the limits of the territory in which it is recognised.

Recital 25 - TMD

(25) The exclusive rights conferred by a trade mark should not entitle the proprietor to prohibit the use of signs or indications *by third parties* which are used fairly and *thus* in accordance with honest practices in industrial and commercial matters. In order to create equal conditions for trade names and trade marks against the background that trade names are regularly granted unrestricted protection against later trade marks, such use should be considered to include the use of *the name of the third party*. It should further *permit* the [...] use of descriptive or non-distinctive signs or indications in general. *Furthermore*, the proprietor should not be entitled to prevent the general fair and honest use of the mark for identifying or referring to the goods or services as those of the proprietor. *Uses made by third parties to draw the consumer's attention to the resale of genuine goods that have originally been sold by or with the consent of the proprietor of the trade mark in the European Union should be considered as being fair as long as they are at the same time in accordance with honest practices in industrial and commercial matters. Uses made by third parties for the purpose of artistic expression should be considered as being fair as long as they are at the same time in accordance with honest practices in industrial and commercial matters. Furthermore, the provisions of the present Directive should be applied in a way that ensures the full respect of fundamental rights and freedoms, and in particular the freedom of expression.*

Article 12 - CTMR

Limitation of the effects of a European Union trade mark

1. A European Union trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade:

(a) *where the third party is a natural person, the name or address of the third party;*

(b) signs or indications which are not distinctive or which concern the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of the goods or services;

(c) the *European Union* trade mark for the purpose of identifying or referring to goods or services as those of the proprietor of the *European Union* trade mark, in particular, where the use of the *European Union* trade mark is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts.

2. Paragraph 1 shall only apply where the use made by the third party is in accordance with honest practices in industrial or commercial matters. ~~In particular, the use by a third party shall be considered not to be in accordance with honest practices in any of the following cases:~~

~~(a) it is done in a manner that gives the false impression that there is a commercial connection between the third party and the proprietor of the trade mark;~~

~~(b) it takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark without due cause.¹;~~

Recital 21 - CTMR

(21) The exclusive rights conferred by a European Union trade mark should not entitle the proprietor to prohibit the use of signs or indications *by third parties* which are used fairly and *thus* in accordance with honest practices in industrial and commercial matters. In order to create equal conditions for trade names and *European Union* trade marks in case of conflicts against the background that trade names are regularly granted unrestricted protection against later trade marks, such use should be considered to include the use of *the name of the third party*. It should further *permit* the [...] use of descriptive or non-distinctive signs or indications in general. *Furthermore*, the proprietor should not be entitled to prevent the general fair and honest use of the European Union trade mark for identifying or referring to the goods or services as those of the proprietor. *Uses made by third parties to draw the consumer's attention to the resale of genuine goods that have originally been sold by or with the consent of the proprietor of the European Union trade mark in the European Union should be considered as being fair as long as they are at the same time in accordance with honest practices in industrial and commercial matters. Uses made by third parties for the purpose of artistic expression should be considered as being fair as long as they are at the same time in accordance with honest practices in industrial and commercial matters. Furthermore, the provisions of the present Regulation should be applied in a way that ensures the full respect of fundamental rights and freedoms, and in particular the freedom of expression.*

Presidency proposal on Article 47 (1) of the Directive

“1. **Without prejudice to the right to judicial appeal**, Member States shall provide for an efficient and expeditious ~~judicial procedure or~~ administrative procedure before their offices for revocation or declaration of invalidity of a trade mark.”

Article 54 (1) should read as follows:

“1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Articles 2 to 6, 8 to 14, 16, 17, 18, 22 to 28, ~~and 30 to~~ **46, and 48** ~~to~~ 53 by 36 months after entry into force of this Directive at the latest. **Member States shall bring into force the laws, regulations and administrative provisions to comply with Article 47 by seven years after entry into force of this Directive at the latest.** They shall forthwith communicate to the Commission the text of those provisions.”

EP proposal on Article 28(5), (8) and (8a) of Regulation

5. The use of general terms, including the general indications of the class headings of the Nice Classification, shall be interpreted as including all the goods or services clearly covered by the literal meaning of the indication or term. The use of such terms or indications shall not be interpreted as comprising a claim to goods or services which cannot be so understood.
8. Proprietors of European Union trade marks applied for before 22 June 2012 which are registered in respect of the entire heading of a Nice class may declare that their intention on the date of filing had been to seek protection in respect of goods or services beyond those covered by the literal meaning of the heading of that class, provided that the goods or services so designated are included in the alphabetical list for that class of the edition of the Nice classification in force at the date of filing.

The declaration shall be filed at the Agency within six months from the entry into force of this Regulation, and shall indicate, in a clear, precise and specific manner, the goods and services, other than those clearly covered by the literal meaning of the indications of the class heading, originally covered by the proprietor's intention. The Agency shall take appropriate measures to amend the Register accordingly. This possibility is without prejudice to the application of Article 15, Article 42(2), point (a) of Article 51(1) and Article 57(2).

- 8a. Where the register is amended, the exclusive rights conferred by the European Union trade mark under Article 9 shall not prevent any third party from continuing to use a trade mark in relation to goods or services where and to the extent that:
 - (a) the use of the trade mark for those goods or services commenced before the register was amended, and
 - (b) the use of the trade mark in relation to those goods or services did not infringe the proprietor's rights based on the literal meaning of the record of the goods and services in the register at that time.

In addition, the amendment of the list of goods or services recorded in the register shall not give the proprietor of the European Union trade mark the right to oppose or to apply for a declaration of invalidity of a later trade mark where and to the extent that:

- (a) the later trade mark was either in use, or an application had been made to register the trade mark, for goods or services before the register was amended, and
 - (b) the use of the trade mark in relation to those goods or services did not infringe, or would not have infringed, the proprietor's rights based on the literal meaning of the record of the goods and services in the register at that time.
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Commission proposal on Article 139(3b) Regulation**Explanatory note**

Given the administrative autonomy and budgetary independence of OHIM, it is an anomaly that OHIM does not pay for the schooling of its staff's children. The related costs should be taken into account in OHIM's budgetary procedures as operating expenditure.

The European School in Alicante (ESA) has been created to cater the schooling needs of OHIM staff children and is clearly part of the package to attract and retain staff in Alicante. Thanks to the presence of the ESA, which does not charge tuition fee for children of OHIM staff, OHIM does not pay to its staff the monthly education allowance foreseen by Staff Rules.

In the absence of its financing of the ES in Alicante, OHIM therefore realises savings on its own overheads and passes these costs on to the EU budget, even though OHIM is financed entirely outside the EU budget.

Proposed text

3b. Expenditure shall include the transfer to the Commission of the complementary contribution due to the European School of Alicante in accordance with Article 25(2) of the Convention defining the Statute of the European Schools of 21 June J 994, as revised and amended, with the exception of the pro rata of the contribution corresponding to pupils depending on persons employed in European Union institutions, agencies or bodies other than the Agency. This transfer shall constitute external assigned revenue in the meaning of Article 21(2) of Financial Regulation. Not later than 31 January in each year, the Commission shall inform the Agency of the expenditure expected for the following year so the Agency may include it in the estimate budget in accordance to in Article 140(1).

The Commission shall regularly inform the Agency of the matters of interest of the Administrative Board of the School of Alicante as well as of the Boards of Governors of the European Schools concerning the European School of Alicante.

Commission proposal on Article 139(3c) Regulation**Explanatory note**

The transfer should be automatic beyond a certain threshold, which the Commission would consider to set at 5% of the annual budget. It is not justified to foresee the need for the Budget Committee of the OHIM to authorise this transfer at a 2/3 majority: all types of use of the resources available as provided by the basic act would have been satisfied at the stage at issue. It is for the co-legislators to decide on the matter, not for the OHIM. Indeed, such a decision implies the exercise of a political discretion, which is normally reserved to the co-legislators. EP discharge resolutions have repeatedly called for a transfer of the OHIM's surplus to the general budget. As to the period of five consecutive years proposed by the Council, it appears excessively long. This would mean in effect that there will be no possible transfer to the general budget during this legislature or even MFF. The Commission takes the view that the duration to be considered should be aligned with the normal practice for agencies, namely 2 consecutive years.

Proposed text

"Without prejudice to paragraphs 3a and 5 and to Articles 123b and 123c, in case a ~~substantive~~ surplus of more than 5% of the annual budget of the Office is generated during ~~two~~ five consecutive years, ~~the Budget Committee, upon proposal from the Office and in accordance with the annual and multi-annual strategic programmes referred to in Article 124(1)(a) and (b), shall decide by 2/3 majority on the transfer to the budget of the Union of a~~ the surplus generated during these years ~~from the entry into force of the present Regulation shall be -on the-~~ transferred to the budget of the Union"._
