

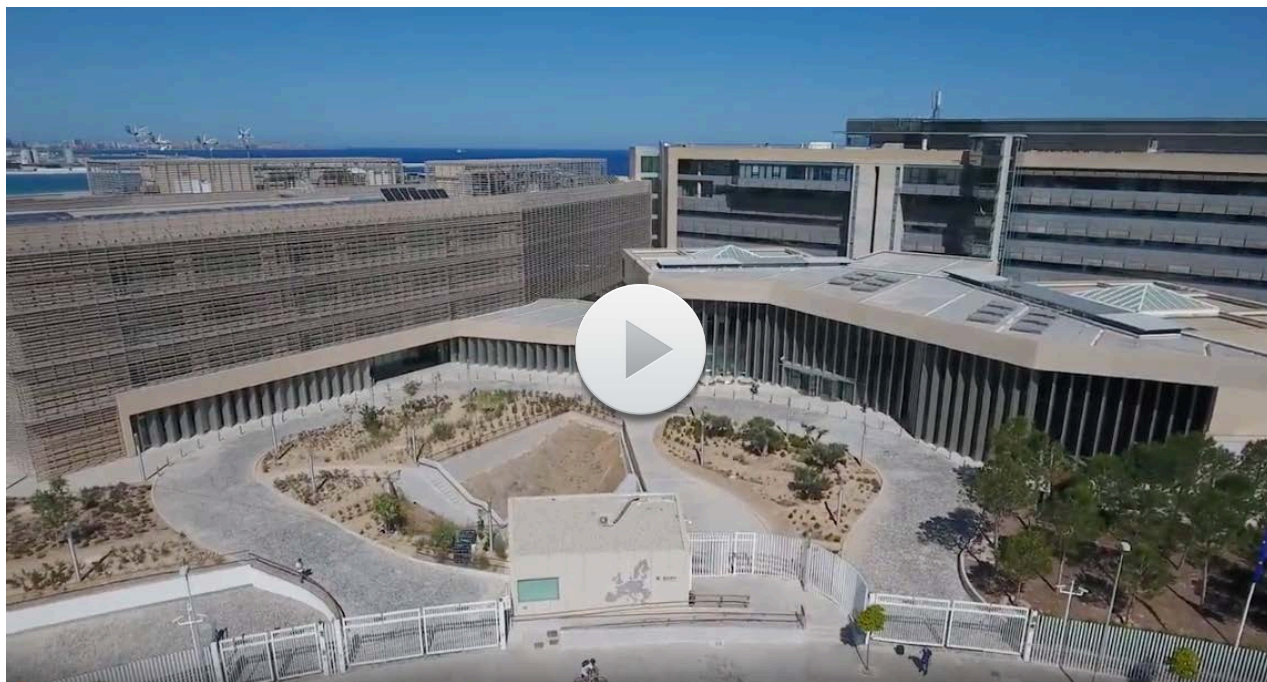
# ANNUAL REPORT 2016



EUROPEAN UNION INTELLECTUAL PROPERTY OFFICE

# ANNUAL REPORT 2016

A VIDEO SUMMARY OF THE 2016 SUMMARY REPORT



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EUROPEAN UNION INTELLECTUAL PROPERTY OFFICE

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# ANNUAL REPORT 2016

## MESSAGE FROM THE EXECUTIVE DIRECTOR

Welcome to the 2016 Annual Report, which provides an overview of a year of progress and transition, in which the Office finalised its first Strategic Plan and embarked upon its new vision for the following years under the Strategic Plan 2020 (SP2020).

Key events of the year included the successful entry into force of the amended Trade Mark Regulation in March, which brought a change of name, new practices, a fee reduction and new rules of governance. There was also continued progress in improving quality with a further shift towards the creation of a user-driven Office.

The first part of the year saw a continuation of the very high growth in demand for trade marks experienced in 2015, but this was counterbalanced by fewer filings in the second half of the year as a result of the Brexit vote and other factors. Given also a fall in international registrations received from WIPO, the year ended with overall growth in trade marks of 3.7 %, which was lower than expected. However, this was accompanied by an 11 % increase in oppositions filed and 8 % more design applications than the previous year.

Figures for demand relating to European trade marks and designs continue to be very volatile and are being closely monitored. In 2016, the Office received more than 135 000 EUTM applications, which is a 25 % increase compared with 2012. This is a quite considerable increase during a period when the Office has also experienced a significant and growing workload due to European Cooperation activities, international cooperation and the work of the Observatory.

Studies by the Observatory are playing an important role in informing policymakers, businesses and citizens about the importance of intellectual property for society and the economy. The Observatory is also supporting enforcement authorities through close cooperation with other agencies and laying the groundwork for initiatives to help SMEs capitalise on their innovation and creativity, as well as focusing more on the needs of the youth and education sectors.

SP2020 was, therefore, introduced during a period in which the business and political environment was undergoing rapid change, creating an unprecedented degree of uncertainty, with an inevitable impact on the Office and its users.

The Office also had to deal with the continued pressure of the austerity measures being applied across the EU institutions and agencies. While the Office held the chair of the EU Agencies Network during 2016, it worked constructively with all stakeholders in order to find the best way forward with regard to future efficiency gains, taking into account the real contribution of agencies to every area of the EU's political priorities.

The changes to the Office's systems and processes already made under the first Strategic Plan, completed in mid-2016, have proved vital in ensuring a resilient and agile response.

Against this background, the changes to the Office's systems and processes already made under the first Strategic Plan, completed in mid-2016, have proved vital in ensuring a resilient and agile response. Many aspects of the Office's work have already been transformed and the Office's staff policy has been revised. Work on enlarging the headquarters building continues, providing state-of-the-art facilities designed to encourage team working, and the IT systems have been systematically updated, simplified and modernised.

It is important to stress that, under SP2020, the momentum is being maintained for the short, medium and long term. By the end of 2016, nearly three-quarters of the 58 projects planned had been launched, with an overall implementation rate of 26 % achieved, which was ahead of schedule by 8 percentage points. The financial implications of these implementations remained, however, below the planned expenditure, due to the re-scheduling of some e payments for the projects, in particular for the construction of phase 3 building.



To continue the Office's evolution, there was further organisational change during 2016 affecting, in particular, trade marks and design operations, customer services, European cooperation and information technology.

These changes were in response to the new challenges contained in the Legislative Reform and SP2020. They were also aimed at facilitating the Office's enhanced international cooperation activities and at achieving the objective of increasing efficiency and effectiveness in operations through digital transformation.



On top of the benefits realisation and control measures related to SP2020 projects, the Office continues to maintain its certifications for standards in quality management, information security, environment, accessibility, and staff health and safety, for which external audits were successfully completed in 2016. Work is also moving forward to ensure that the Office complies with the best environmental and corporate sustainability practices.

In parallel with the many changes that have been taking place internally, the European Union Intellectual Property Network, support for which has been central to both Strategic Plans, has continued to make progress in building common IT tools and encouraging further convergence of practice in partnership with IP offices and user organisations.

The Office is building upon this with the European Cooperation Projects or ECPs, which the Legislative Reform recognised as a core activity. Through the ECPs the Office will continue to work in partnership with stakeholders, who now have an enhanced role in selecting the projects that will have the greatest benefits for users.

For the future we will continue to develop powerful IT tools to facilitate examiners' work and help make the system more open and predictable for users. This will be achieved by introducing more advanced business analysis and reporting tools and by further integration of our back office systems.

In parallel, the Office continues to strengthen the system of quality checks and the published guidelines in order to make decision-making on applications more transparent and predictable. We are also now moving towards greater user involvement in Stakeholder Quality Assurance Panels and towards a detailed regime of ex ante checks.

These measures are all designed to enable the Office to make further advances in the quality of its registration services and to spread the benefits of cooperation and convergence in IP beyond the EU to the global marketplaces in which innovative and creative EU businesses, including SMEs, are increasingly seeking to compete.



António Campinos  
Executive Director, EUIPO



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## MISSION STATEMENT

1 - Amended by Regulation (EU) 2015/2424 of the European Parliament and of the Council ('EUTMR').

The Office was established by Council Regulation (EC) No 40/94<sup>1</sup> in 1994. According to Regulation (EU) 2015/2424 of the European Parliament and of the Council, its mission is to manage the European Union Trade Mark (EUTM) and the registered Community design (RCD) created by Council Regulation (EC) No 6/2002. In order to do so, the Office carries out examination, registration, opposition, cancellation, administration and promotion procedures for EUTMs and examination, registration, invalidity and promotion procedures for RCDs. All decisions adversely affecting a party to a proceeding can be appealed before the Office's Boards of Appeal. In order to further support IP rights holders, the Office engages in a wide range of cooperation and convergence activities with other IP offices, such as those regulated by Article 123c of the European Union Trade Mark Regulation (EUTMR).

In June 2012, by Regulation (EU) No 386/2012, the European Observatory on Infringements of Intellectual Property Rights was entrusted to the Office. The Regulation transferring the Observatory to the Office covers responsibility for a wide range of tasks relating to research, communication, spread of best practice, and support for enforcement of all types of intellectual property rights.

## OUR STRATEGY

Following the SP2020 and the mandate from the stakeholders, the Office focuses on achieving the following strategic goals:

1. IMPROVING OPERATIONAL EFFECTIVENESS;
2. ENHANCING ACCESS TO THE IP SYSTEM AND IP KNOWLEDGE;
3. BUILDING NETWORK CONVERGENCE WITH GLOBAL IMPACT.

These goals are built upon the twin principles of a ‘Collaborative Organisation’ and ‘International Cooperation’ and are made operational in six Lines of Action, each comprising a number of individual projects.



## OUR VISION AND VALUES

In line with the Europe 2020 Strategy of Smart, Sustainable and Inclusive Growth, the Office's vision for SP2020 is summarised as a 'User-driven European Intellectual Property Network'. This represents an evolution of the vision in the Strategic Plan 2011–2015. That plan was built on creating a European trade mark and design network for the benefit of users. Now this vision has broadened to cover IP generally, so that while the Office's main focus remains on delivering high-quality products and services to trade mark and design users, it also includes activities such as cooperation projects, enforcement support, and studies related to IP and IP infringement.

Among the 10 priorities set by the European Commission in the Juncker Agenda, consolidating Europe's intellectual property framework is crucial for achieving a deeper and fairer internal market. The Single Market Strategy points out that the EU needs an attractive, affordable and efficient intellectual property rights (IPR) system to compete on a global scale. This is particularly important for SMEs, who do not have the same level of resources to manage their IP portfolio as larger companies. To this end, the EUIPO remains committed to working together with users, the national and regional IP offices, the European Commission and all other stakeholders, including its staff, within cooperative networks that have the power to influence and promote positive change in the international context faced by EU businesses.

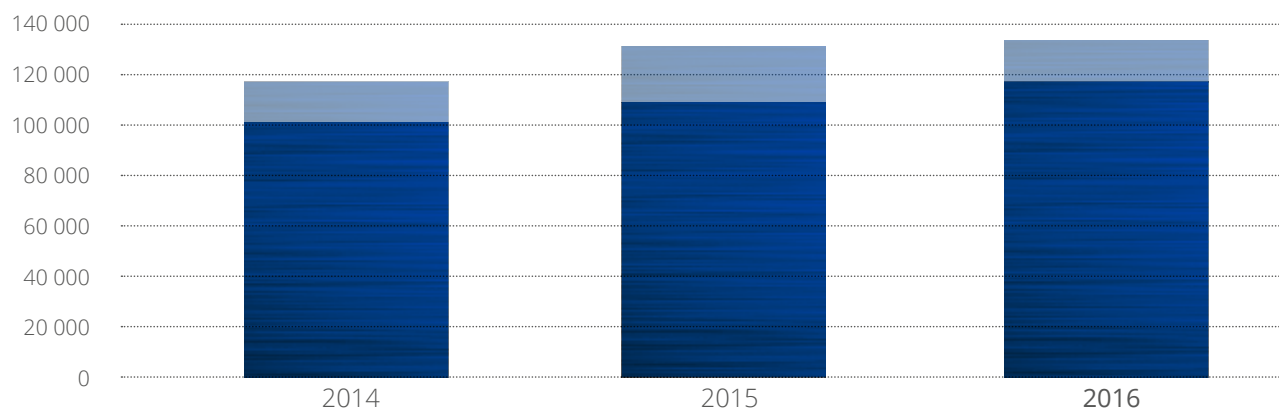
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## VOLUMES AND PROGRESS IN THE IMPLEMENTATION OF THE STRATEGIC PLAN



During 2016, the Office received more than 135 000 trade mark applications, which was 3.7 % more than in the previous year. The 7.3 % increase in direct trade mark applications was accompanied by a decrease of 14.2 % in international registrations designating the EU, which totalled 18 785.

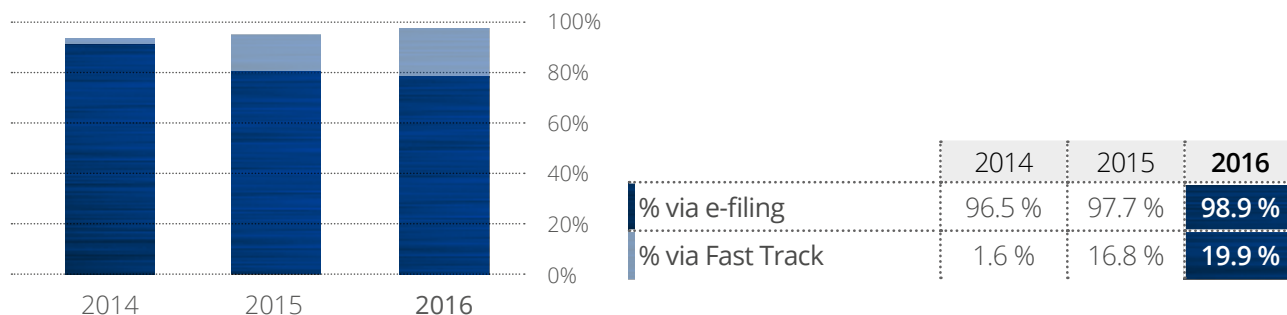
## TRADE MARKS



	2014	2015	2016
DIRECT	100 336	108 551	116 512
INTERNATIONAL	17 183	21 886	18 785
TOTAL FILINGS	117 519	130 437	135 297
EUTM REGISTERED	103 763	109 309	126 004

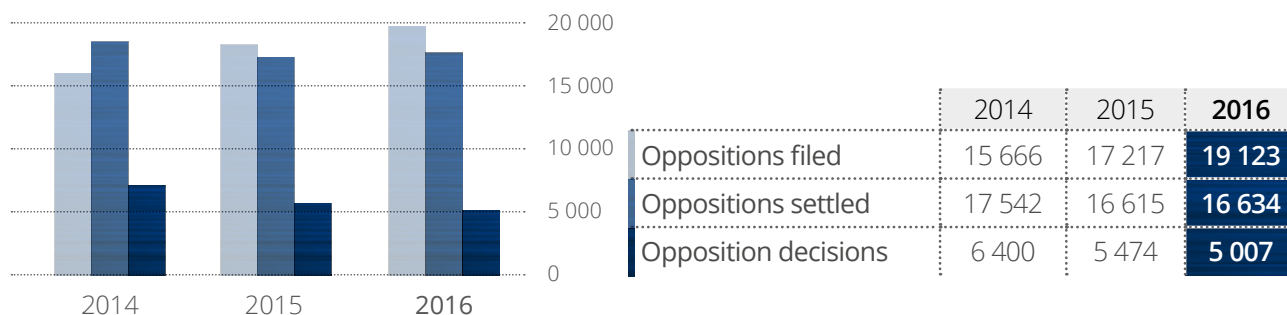
As in previous years, e-filing continued to be the preferred way of doing business with the Office, accounting for almost 99 % at the end of 2016 — 1.2 percentage points higher than in 2015. Just under 20 % of EUTM applications were processed as Fast Track.

### FAST TRACK



The number of oppositions against published EUTMs increased significantly by more than 11 %, with 19 123 filed during 2016. Opposition e-filing grew steadily during the year, reaching 91 % of the total at the end of 2016 — 15.5 percentage points more than in 2015.

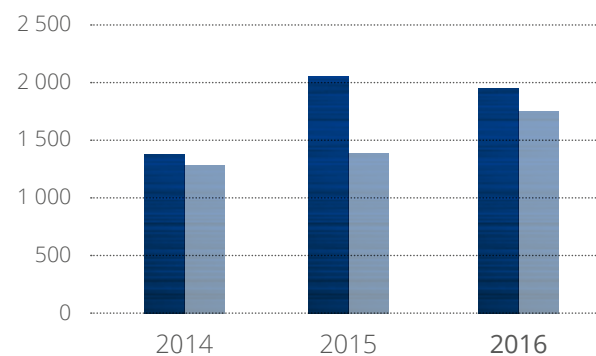
### OPPOSITIONS



The overall number of cancellation requests was slightly lower in 2016 than in 2015 (1 955 versus 2 050) but remained at a high level. In any case, the significant increase in 2015 had been caused by one applicant filing more than 500 cancellation requests.

## CANCELLATIONS

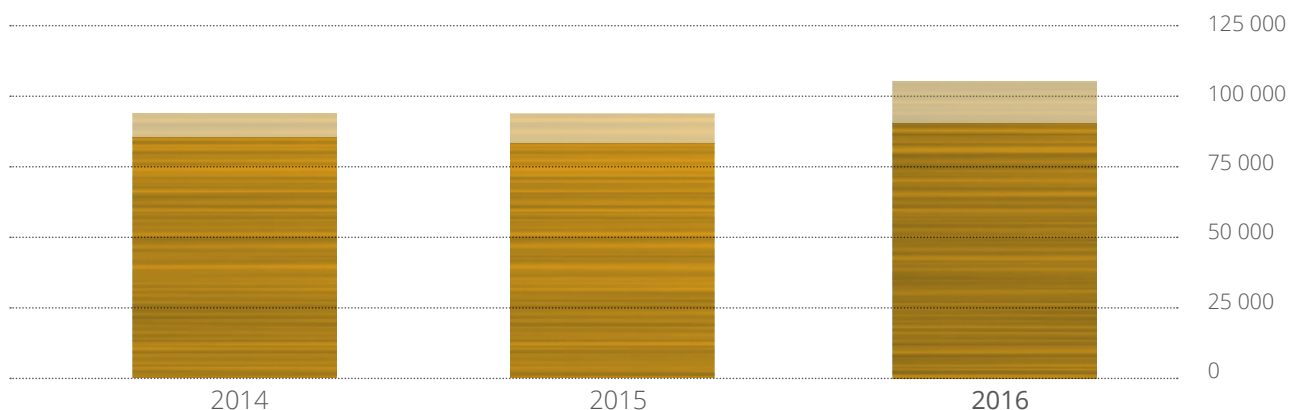
	2014	2015	2016
Cancellations filed	1 407	2 050	<b>1 955</b>
Cancellations settled	1 339	1 404	<b>1 779</b>



The Office received more than 105 000 registered Community design filings, 8 % more than in 2015.

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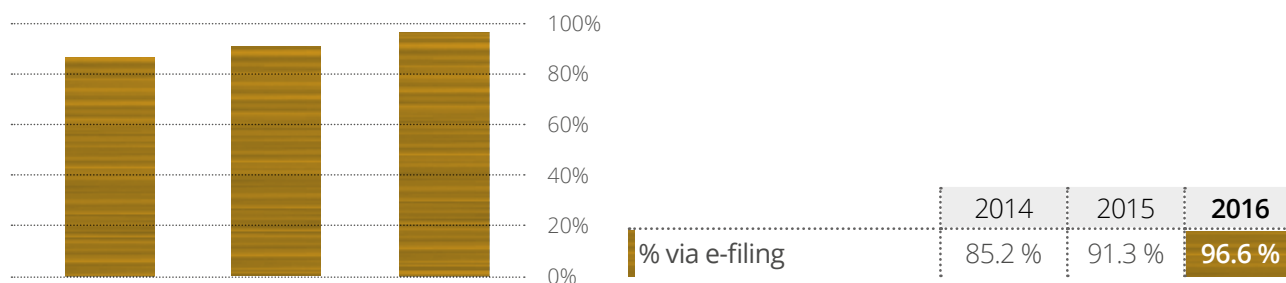
## DESIGNS



	2014	2015	2016
Direct filings	87 535	86 328	90 708
International filings	10 302	11 373	14 889
Total filings	97 837	97 701	105 597
RCDs registered	85 369	82 553	88 152

During the year, e-filing continued to grow in popularity for designs, accounting for 97 % of the total at the end of the year — 5 percentage points more than in 2015.

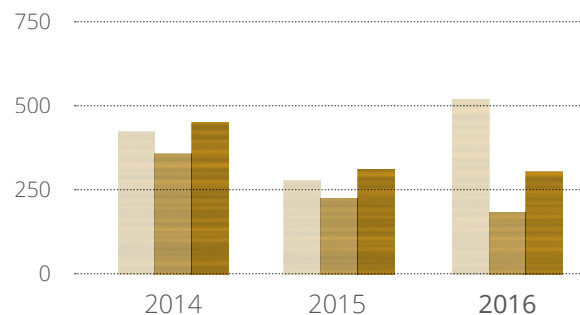
## e-FILING



There was a significant increase in the overall number of invalidity applications received in 2016. A total of 507 applications were received in 2016 compared with 269 in 2015 (up 88 %). The lower number of invalidity decisions in 2016 corresponds to the decline in the number of invalidity filings in 2015, as also reflected in the number of cases closed.

### INVALIDITY

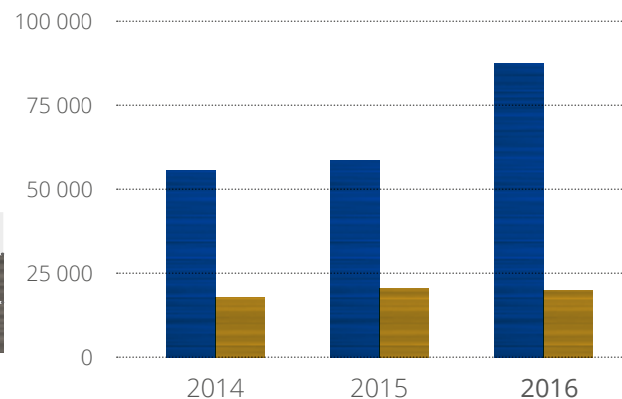
	2014	2015	2016
Invalidity filings	392	269	507
Invalidity decisions	328	244	194
Invalidity cases closed	422	296	287



In 2016, there were almost 87 000 EUTM recordals, 47.4 % more than in 2015. The Office also received more than 20 000 RCD recordals, slightly fewer than in the previous year.

### RECORDALS

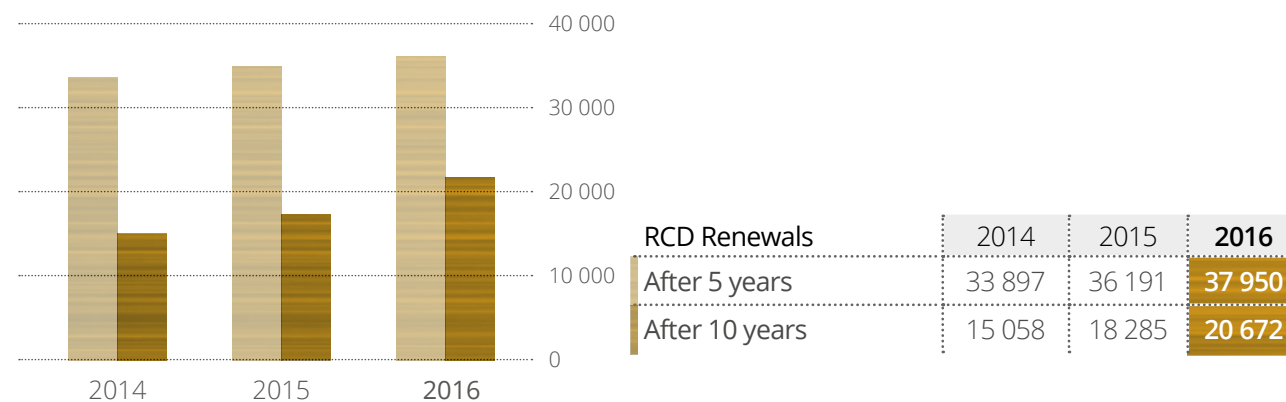
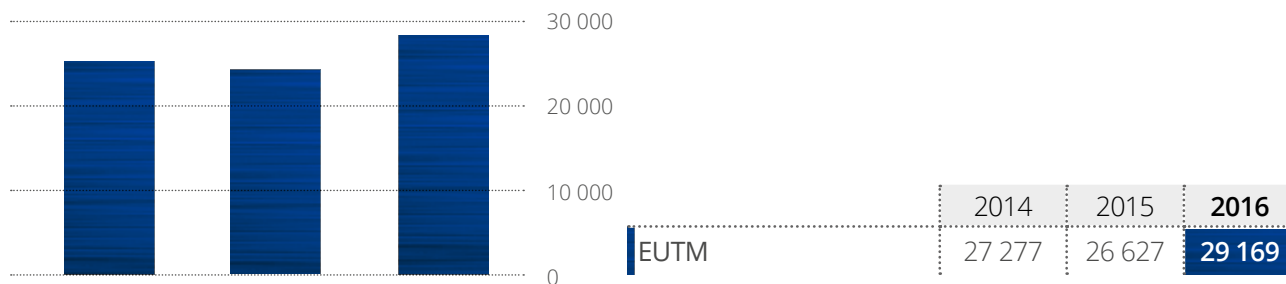
	2014	2015	2016
EUTM	55 668	58 841	86 768
RCD	18 810	20 150	20 125



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EUTM renewals increased compared with the previous year, to 29 169. RCD first and second renewals also showed 5 % and 13 % increases, respectively, in 2016 compared with the previous year.

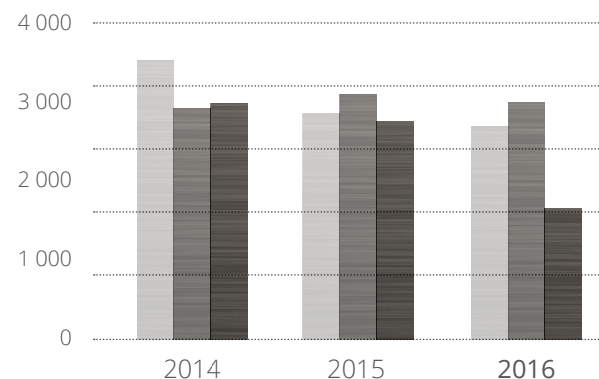
## RENEWALS



In 2016, 2 446 new appeals were filed, which represents a decrease of 6.4 % compared with 2015. The Boards notified 2 884 decisions in 2016, 27 fewer than in 2015.

## APPEALS

	2014	2015	2016
New cases	3 284	2 611	2 446
Completed cases	2 783	2 911	2 884
Cases pending <sup>2</sup>	2 833	2 537	2 071



2 - Cases pending at the end of the year.

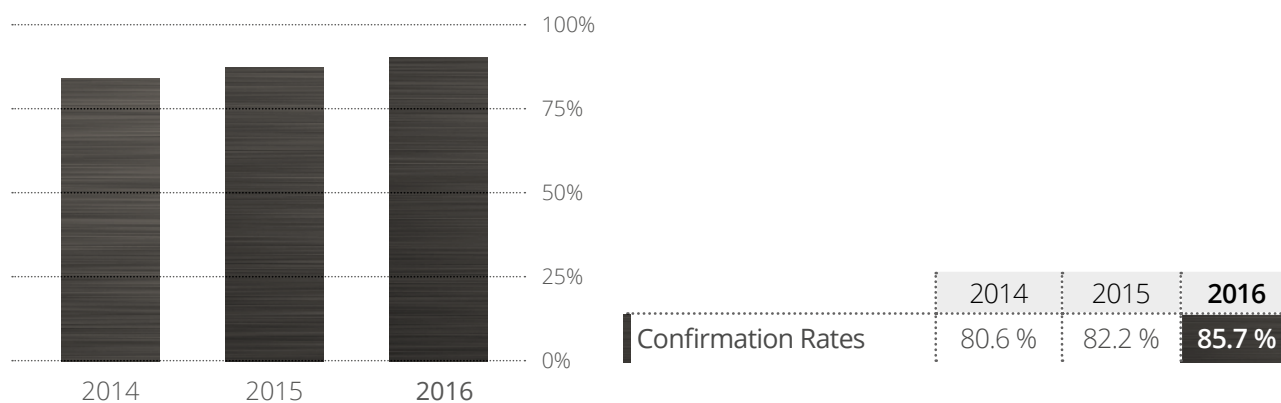
The average length of the appeal procedure decreased by 0.3 months (9 natural days) in *ex parte* cases and increased by 0.2 months (6 natural days) in *inter partes* cases, but always complied with the Board's commitment. The average pendency time in months can be seen below.

### Average time (months) from remittal to the Boards to decision notified

	2014	2015	2016
<i>Ex parte</i> decisions	3.7	3.9	3.6
<i>Inter partes</i> decisions	4.0	4.4	4.6

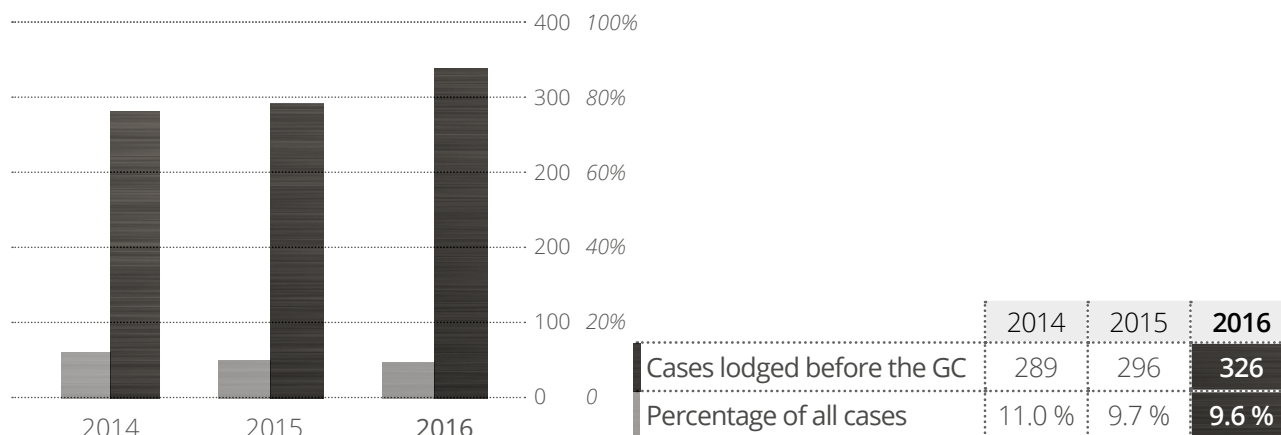
## APPEALS CONFIRMATION RATES

The General Court confirmation rates remained high in 2016 at **85.7 %**



## BOARDS OF APPEAL DECISIONS

The percentage of Boards of Appeal decisions appealed before the General Court was **9.6 %** in 2016, slightly lower than the previous year.





## MEDIATION

Of the 5 mediation cases filed in 2016, 3 were still pending at the end of the year. A total of 24 mediation cases have been accepted since the creation of the mediation service in 2013. Of those, 11 have been concluded either with or without a settlement.

		2014	2015	2016
Mediations concluded	<i>a) with settlement</i>	1	4	2
	<i>b) without settlement</i>	0	4	0
Mediations pending		0	5	3
Total number of mediations		1	13	5

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## IMPLEMENTATION OF THE SP2020











The new SP2020 was published in June 2016 following approval by the Management Board. It builds on the achievements of the previous plan and represents an evolution of the course charted in the previous five years.

Implementation of SP2020 began in mid-2016 with the launch of the projects and activities to which the Office had assigned the highest priority, owing to the benefits expected for staff, users and stakeholders. Implementation of the strategic goals is monitored via the Strategic Key Performance Indicators.

The three ‘dimensions’ of quality — quality of product, quality of applications and quality of service — continue to be the Office’s top priority. The EUIPO is continuously seeking improvements in this area in order to deliver the highest standards of public service, supported by modern systems and tools within a networking environment.

The first SP2020 goal to ‘improve operational effectiveness’, is being achieved continuously through the development of systems, processes and approaches that will make users’ lives simpler. The Office is also focusing on effective talent management, collaborative working and further improvements, both to HR processes and to the working environment, in order to support new, more effective and sustainable ways of working. In this context, the preparation of the EPSO IP competition was advanced from 2017 to 2016 and the construction of a new building began in 2016 in order to establish a more solid basis at an even earlier stage. For the first SP2020 goal, all the indicators were in ‘Excellence’ or ‘Compliance’ at the end of 2016.






### 1 - IMPROVE OPERATIONAL EFFECTIVENESS<sup>3</sup>

Code	Strategic Key Performance Indicators	Unit	Target 2016	2016	
1.1	Staff highly engaged	%	74.5 %	76.0 %	
1.2	Staff understanding of the Strategic Plan	%	72.5 %	74.0 %	
1.3	Staff contribution to the Strategic Plan	%	83.5 %	85.0 %	
1.4	Level of achievement of the Quality Service Charter objectives	%	70.0 %	81.0 %	
1.5	User satisfaction with customer services provided	%	81.0 %	92.0%	
1.6	EUTM and RCD straight-through cases	%	63.0 %	66.6%	
1.7	Incoming and outgoing electronic communications with our users	%	65.0 %	72.5%	
1.8	Greenhouse gas emissions per on-site worker	t CO <sub>2</sub> eq / onsite worker	3.60	3.01	

<sup>3</sup> - In order to monitor implementation of the goals via Strategic Key Indicators, three levels of achievement were established (Excellence, Compliance and Action needed), expressed by weather pictograms (sun, sunny intervals and clouds, respectively).

Within the framework of the second goal, to ‘enhance access to the IP system and IP knowledge’, the Office is striving to make the systems more accessible and straightforward for users such as SMEs, in order for them to avoid costly mistakes in protecting their intellectual property. The aim of a strong IT structure is to deliver a high-quality IP system, strengthened by the harmonised implementation of the Legislative Reform. The majority of the Strategic Key Performance Indicators were in ‘Excellence’; however, with regard to the levels of objective knowledge of IP among Europeans, the Office was still falling short of the standard originally expected.

## 2 - ENHANCE ACCESS TO IP SYSTEM AND IP KNOWLEDGE





Code	Strategic Key Performance Indicators	Unit	Target 2016	2016	
2.1	User overall satisfaction	%	82.0 %	91.0 %	
2.2	Attendees’ satisfaction with events	%	75.0 %	88.7 %	
2.3	Advertisement Value Equivalency for Observatory studies and reports	KEUR	3 200	4 907	
2.4	Training courses delivered to our stakeholders	days	3 680	4 285	
2.5	Europeans demonstrating a good objective knowledge of IP	%	18.0 %	13.0 %	

The third goal, to ‘build network convergence with global impact’ was chosen as a direct consequence of the increasing globalisation of trade. Given the importance of IP, the EUIPO is increasingly encouraging a network approach to be applied in the global context.

In order to promote better understanding of IP, substantive law and enforcement among the authorities empowered to control and protect IP, work began on a virtual online platform, with the intention that in the future this platform will serve as the main source of reference for IP educational

modules and training courses for law enforcement officials throughout the EU. The main Strategic Key Performance Indicators were in 'Excellence' or 'Compliance'. Only the indicator on the use of the Enforcement Database by enforcement authorities is lower than the Office had expected.

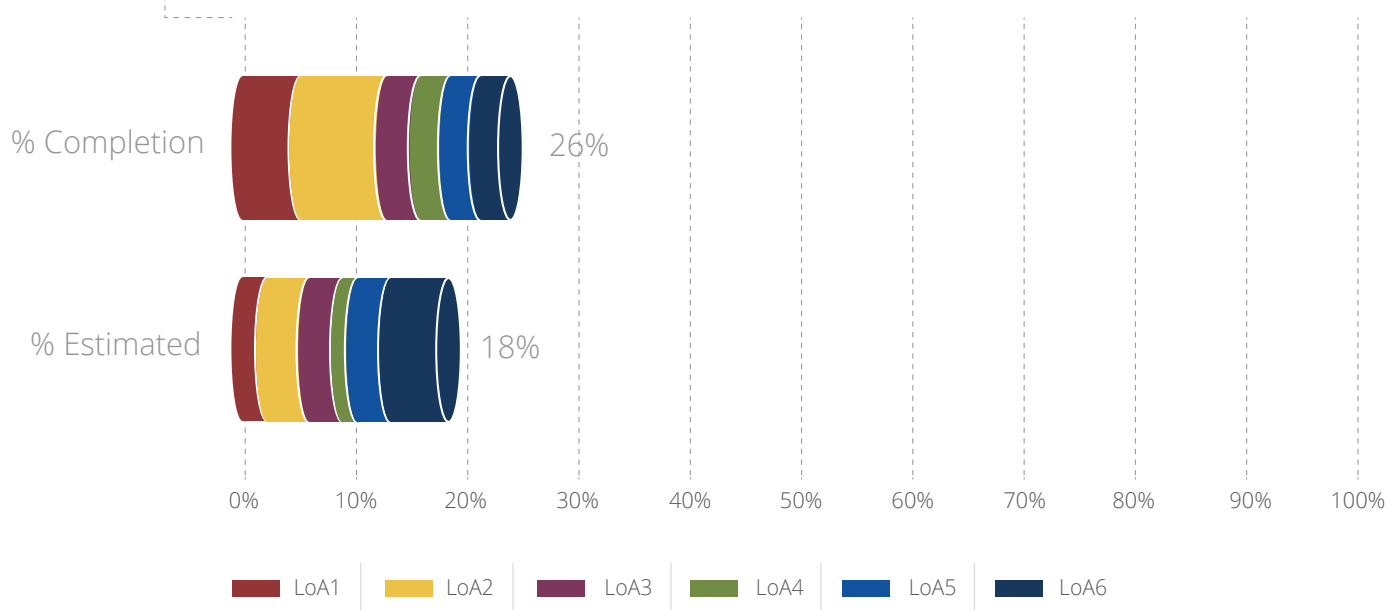
### 3 - BUILD NETWORK CONVERGENCE WITH GLOBAL IMPACT

Code	Strategic Key Performance Indicators	Unit	Target 2016	2016	
3.1	Multi-office users expressing satisfaction with the network convergence	%	55.0 %	57.0 %	
3.2	Usage of TMview, DesignView and TMclass	Monthly searches	1 126 000	1 757 814	
3.3	E-filings in the network done using European Cooperation Projects (ECP) Tools	%	60.0 %	61.1 %	
3.4	Enforcement Database (EDB) usage by enforcement authorities	Connections	2 762.0	2 060.0	

Following the approval of the SP2020 in June 2016, 58 projects had been launched by the end of the year, with an overall implementation rate of 26 % achieved. Execution of the SP2020 projects is based on the project plans for those projects where the project briefs have been approved.

### SP2020 - PROJECT EXECUTION

Executed vs Estimated until 2016-Q4



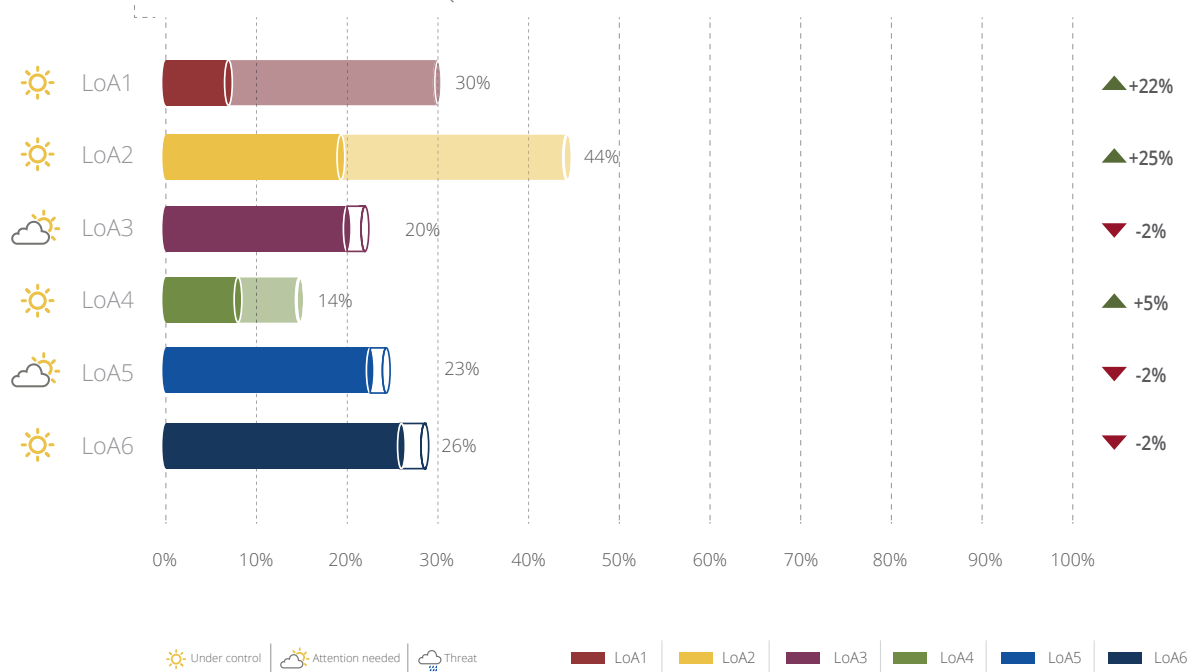
The next graph shows project execution by Line of Action<sup>4</sup>. For Line of Action 1, 'Build a dynamic and knowledgeable organisation', execution was 22 % above estimate for 2016, mainly due to the advanced state of the projects related to construction of the new building. Line of Action 2, 'Increase transparency and accountability', and Line of Action 4, 'Intensify network engagement' were also ahead of schedule.

4 - Risk level refers to the project's level of exposure to risk, even if all risks are being effectively managed and the project is being implemented as planned. The level of risk can be classified as:

- Under control — no significant risks;
- Attention needed — several low-level risks whose cumulative effect may affect the project but without exceeding tolerances or implying change in scope;
- Threat — several medium-level risks whose cumulative effect may affect the project's tolerances or imply change in scope.

### SP2020 - PROJECT EXECUTION BY LINE OF ACTION

Executed vs Estimated until 2016-Q4







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## KEY ACHIEVEMENTS IN 2016

The activities defined in the SP2020 are structured under six Lines of Action, which are further divided between activities and SP2020 projects

## **LINE OF ACTION 1 - BUILD A DYNAMIC AND KNOWLEDGEABLE ORGANISATION**

### **TALENT CAPITAL**

Human resources play a critical role in ensuring that the Office has a high-performing and engaged workforce, equipped to deliver results for stakeholders. The projected business growth will require additional staff in parallel with the efficiency gains obtained by the Office.

To make provision for the recruitment of Officials, competitions need to be organised in the field of intellectual property in close collaboration with the European Personnel Selection Office (EPSO). Work has also started on simplifying and streamlining processes in Human Resources through the implementation of the Enterprise Resources Planning tool.

In order to improve team work and engagement, a peer feedback tool was developed and launched in September 2016 in compliance with European data protection rules. Those who participated in the exercise received an individual peer feedback report as well as guidance on how to interpret the results and develop individual action plans.

As part of the Office talent management strategy, and following the launch of the talent management tool, several calls for talent were issued during 2016. A total of 67 employees expressed interest in broadening their expertise through involvement in the activities or projects executed by different departments. Overall, the participation of Office staff in SP2020 projects reached 43 full time equivalents in 2016.

## **TALENT MANAGEMENT: 360° FEEDBACK**

This project was initiated, with the launching of the peer feedback tool focusing on team work and engagement. Based on lessons learned, the Office will complete the project with the development of a 360 feedback tool extended to include upward and downward feedback in addition to peer feedback. The main aim of 360 feedback is to support staff development and learning, including managers' development.

## **TALENT MANAGEMENT: IP COMPETITION**

The IP competition organised in collaboration with EPSO is progressing as planned. A draft service-level agreement with EPSO was prepared and signed in November 2016. As a consequence the competition notices have been prepared and adopted by the Executive Director. The first working sessions of the selection boards have taken place in order to ensure full compliance of the competitions with the planning agreed with EPSO.

## **INTERNAL KNOWLEDGE MANAGEMENT**

The Office offered a wide range of training opportunities throughout the year to enable staff to build on their professional competencies, increase their knowledge, and improve their skill sets, and so contribute to the Office's mission. A total of 239 courses were created in the Learning Portal: 59 IP courses with certificate; 158 IP courses without certificate; 8 non-IP courses with certificate and 14 non-IP courses without certificate. The Portal issued a total of 4 152 certificates in 2016.

In order to make the Office's popular webinar series easier for users to plan for and remember, Tuesdays became the fixed day for filming and transmission. During 2016, 86 webinars were broadcast with 11 710 connections. This represented an increase of 38 % in webinar training offers and a 46 % increase in participation as measured by the total number of connections.

The Knowledge Corner, inaugurated in May 2016, grew continuously, both in content and use, during the year. This repository now links to 211 e-books, 380 e-articles, 58 electronic journals and 117 online dictionaries. Since its inauguration, the Knowledge Corner has been accessed 7 385 times, with an average of 393 staff members using the tool's resources on a monthly basis. The number of e-books read from the Knowledge Corner was 1 382, compared with 631 printed books borrowed from the Library.

The EUIPO Public Register workflow in the Office Document Management Tool (ShareDox) was launched in September. It is used by the Document Management Officers for approving the documents to be listed in the Public Register.

At the end of 2016, the number of documents in the Office's document management system, ShareDox, reached 4.5 million, of which 643 908 documents had been created and uploaded during the year. In parallel, active use of ShareDox, as measured by users modifying or reading documents, rose substantially, with 7.8 million such actions recorded — an increase of 1.2 million compared with 2015.

During 2016, the Academy increased its training provision in trade marks to internal and external stakeholders, in particular with respect to the Legislative Reform and design administration processes. Other training activities to support the organisation and SP2020 projects included language courses and internal knowledge-sharing sessions. The average number of days spent on training by EUIPO staff in 2016 was 4.49 days per staff member (3.38 face-to-face training days and 1.11 e-learning days).

## KNOWLEDGE REPOSITORY — NEXT GENERATION

This project was launched in July 2016 with the aim of enhancing user satisfaction, managing the Knowledge Repository content in an even more efficient manner, strengthening our IP dissemination activities and respecting the integrity of the information stored in our Knowledge Repository.

## WORKING ENVIRONMENT

One of the objectives of the SP2020 is the optimisation of a sustainable workplace. This objective comprises three areas of activity: developing the Office's campus, increasing the security levels, and reducing the environmental impact of the Office's operations.



## INTEGRATION OF THE EUIPO'S CAMPUS

The amended Urban Plan entered into force on 16 June 2016 following approval by the Alicante Municipal Council on 25 April 2016. Negotiations were conducted between the EUIPO and the Alicante Municipal Council during 2016 in order to agree on the price of the public road adjacent to the building site. The administrative proceedings for the cession of part of the EUIPO's plot were completed, as was the purchase of the public road.

## CONSTRUCTION OF A NEW BUILDING

Work on construction of the AA3 building started in June 2016. By the end of the year, all earthworks, foundations underground geothermal network and the basements structure had been completed on schedule, and the perimeter fence of the compound was substantially ahead of schedule.



## REFURBISHMENT OF THE BUILDINGS

During 2016, the existing buildings continued to be improved, with the refurbishment of several areas. On the fifth floor of the AA1 building, the goal was to replicate as far as possible the workspace model already implemented in the AA2 building. That area became fully operational from March 2016. On the ground floor of the AA2 building, the goal was to create a new call centre that was better adapted to the functional needs of this activity. The works in this area were finished in December. Additionally, the project to rationalise the warehouses on the third basement level of the AA1 building started before the end of the year.

## INCREASING THE SECURITY LEVELS

The concept of five concentric rings of increasing restriction for the Office campus was implemented in the existing buildings over the year, providing different access rights for visitors and staff to the different areas. In parallel, structured collaboration with the security authorities at both national and European Commission levels was initiated. Other initiatives launched over the year included improved security screening, a new contract for improving the remote custody of back-up tapes of confidential information, and the design of a communication campaign to increase staff awareness.

## REDUCTION OF THE EUIPO'S ENVIRONMENTAL IMPACT

Regarding energy optimisation, an audit was completed by the end of the year in line with the ISO 50002 standard, Directive 2012/27/EU on Energy Efficiency, and Spanish Royal Decree 56/2016. The deliverable was an analysis of the current situation of the buildings in terms of energy management and an improvement proposal with concrete actions classified by benefits, costs and implementation time. These actions will reduce the energy consumption of the facilities and increase the onsite production of renewable energy.

Regarding its carbon footprint, the Office calculated its CO<sub>2</sub>-equivalent emissions in line with the methodology defined by the Greenhouse Gas Protocol, including both direct and indirect emissions. The calculation was successfully validated by the certification body in June 2016. Also, the environmental management system (EMAS) applied so far to the AA1 building, was successfully extended to the AA2 building.





## LINE OF ACTION 2 — INCREASE TRANSPARENCY AND ACCOUNTABILITY

### INCREASED TRANSPARENCY AND ACCOUNTABILITY

As part of the Office's commitment to transparency and accountability, the implementation of Activity-Based Management (ABM) helps manage activities by demonstrating the link between activities and deliverables and their relative costs in terms of both human and financial resources.

The improvements related to the handling of invoices that began in 2015 continued in 2016 with further promotion of the use of e-invoicing (accounting for 52.59 % of all invoices), followed by the outsourcing of the key-in of both paper invoices coming from suppliers and paper payment orders for internals.

The Office continued to integrate ABM into strategic planning, which included adapting the structure of the Budget to match the model prepared for the SP2020.

The Office adopted revised treasury guidelines in the Budget Committee meeting in June 2016 and carried out two calls for tender for financial institutions for keeping its funds. These calls for tender have been completed and the Office has opened new accounts.

Following the change in the Office's Financial Regulation regarding assigned revenue, the necessary preparatory work for adapting the financial reporting (annual accounts, and report on budgetary and financial management) was carried out and administrative procedures were prepared.

The Office also prepared, and the Budget Committee approved, rules for the handling of the reserve fund contemplated in Article 139(10) EUTMR. Further changes to the Financial Regulation have also been implemented (inter alia, reporting by the internal auditor, implementation of the approval of the Annual Report by the MB/BC, and transmission of annual accounts) or are in the process of being implemented (inter alia, adaptation of the charters of the accounting officer and the imprest administrator, definition of scope of ex ante control based on risk).

## IMPLEMENTATION OF E-PROCUREMENT

Regarding the implemented e-submission system, the project was closed and the first employed in a procurement procedure in September, in which the tenders were submitted via e-submission.



## IMPLEMENTATION OF E-ORDERING

The EUIPO's functional analysis regarding the implementation of e-ordering was finalised during the third quarter of 2016. The results were forwarded to DG DIGIT for their technical team to comment on the feasibility of integration on their side. Currently, both technical teams are evaluating the requirements needed for the integration issues, and a tight cooperation schedule between the two institutions is being defined so that e-ordering and e-fulfilment are implemented during 2017.

## FEES PAYMENT AND FEES MANAGEMENT

The preparatory analysis of the enhanced automation of back and front office systems for the reimbursement of fees was carried out at the end of 2016. Further analysis and project development are planned in 2017.

## INTERNAL AUDIT

The Internal Audit (IA) Service provides independent, objective assurance and consultancy services, designed to add value and improve the EUIPO's operations. It helps the EUIPO accomplish its objectives by applying a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

In 2016, IA finalised 6 audits started in 2015 and issued the corresponding final reports. The final Audit Plan 2016 included 11 audits and was composed of ISO 27001 audits, audits on internal control standards (ICS), audits resulting from the Offices' Corporate Risk Register and from analysis of the audit universe, audits to cover aspects of financial management, workflows and control systems throughout the Office, as well as audit requests from departments, some of which were combined with audits related to risks or ICS. Out of these 11 audits, 6 were concluded and their final reports issued, while the remaining 5 were ongoing at the close of the year.

5 - The methodology distinguishes between Action Plan implementations that are: fully compliant, partially compliant in an either initial or advanced status, noncompliant, or no longer applicable.

6 - Overall compliance is the percentage of Action Plans implemented (applying a weighting factor of 0.3 for initial implementation status, 0.7 for advanced implementation status and 1.0 for full implementation) in the total number of Action Plans closed, not counting recommendations that are 'not applicable' for accepted reasons.

According to IA methodology<sup>5</sup> for evaluating the compliance level of implemented Action Plans, overall compliance<sup>6</sup> reached 89.7 %, which is a very satisfactory result, above the target level of 80 %.

As announced in early 2016, IA implemented a series of improvements in the execution of Audit Plan 2016. These improvements involved:

- separating auditing activity from the subsequent definition and follow-up of the Action Plans;
- introducing a classification scheme for both audit reports and audit findings, to help prioritise, and to focus effort on the essential issues;
- revising issues and corrective action applied to them by an agreed deadline;
- limiting the dissemination of audit findings to a specific audience;
- carrying out an overall review of IA methodology.

Other changes implemented during this exercise stemmed from the new financial provisions applicable to the Office (Regulation No CB-1-15) and the rules for the implementation of Regulation No CB-1-15 (Regulation No CB-2-15), according to which, for example, IA reports are now made available to the Management Board (in practice, to the Management Board/Budget Committee).

In addition, IA continued with the task of overseeing implementation of the Office's anti-fraud strategy. This task involves in particular the follow-up of action points, and the maintenance and eventual renewal of the strategy. The Office provided IA services to the Community Plant Variety Office and the Single Resolution Board and attended, as an observer, the meetings of the Information Security Forum (ISF), the European Cooperation Service Risk Management Group and the Declassification Committee. Finally, the audit plan 2017, now part of the first overall EUIPO audit plan, setting the course of IA work for 2017, was established and approved.

## **DATA PROTECTION**

The Data Protection Office (DPO) conducted training and awareness activities for the Office's staff, including a training session on 25 October on data protection basics, data subject rights at the EU institutions, and data subject rights 'in real life'.

The EU network meeting for Data Protection Officers took place on 26 and 27 October 2016. This was an opportunity for the Office's Data Protection Coordinators to receive training on key data protection issues that affect the Office's everyday work.

In addition, the European Data Protection Supervisor visited the EUIPO on 25 November 2016; the feedback provided on the Office's level of awareness and compliance with data protection and privacy principles was positive.

Finally, the new DPO Register and Inventory Tool was developed to allow data protection information to be recorded in the most effective and complete manner and to open the door to further involvement of the Data Protection Coordinators in the recording of personal data processing operations so as to ensure compliance with the accountability requirement.



## **PUBLIC REGISTER**

In order to improve access to administrative documents produced by the EUIPO, in conformity with EU legislation, an online Public Register has been in operation since June 2014. Work is continuing on its completion, using not only documents currently being produced by the Office but also some from previous years.

Applications for access to documents can be submitted via the electronic form available on the Office's website. Since the end of 2014, the Public Register has listed 4 236 documents, while 22 285 documents have been determined to be sensitive and have therefore not been listed. The number is lower than in 2015, due to the removal of duplicates and outdated documents in December 2016.

## **CORPORATE SUSTAINABILITY**

Over the past few years, the Office has focused on continuous improvement to increase efficiency and accountability, while improving services to its users. In line with this objective, the Office published its first sustainability report in 2016, aimed at facilitating transparency and accountability on organisational, social and relational, human, environmental and economic information for the benefit of stakeholders and citizens alike.

A new benefits management framework was also developed and implemented in 2016. It lays the foundation for a targeted and results-oriented approach, and consists of five sustainability capitals that comprise different groups of organisational assets to which identified benefits are allocated, aligned with the Corporate Sustainability Framework.

## CORPORATE SUSTAINABILITY FRAMEWORK

This project was launched in March 2016 to help ensure that the EUIPO can deliver high-quality goods and services now, without jeopardising what can be offered in the future. The project is currently embedding the framework within the EUIPO through integration with existing management systems, alignment with corporate benefits, and staff training and awareness raising.

## ISO 9001:2015

This project revised the current certified Quality Management System to ensure that the new provisions of the 2015 version, namely risk and stakeholder management, were fully implemented. Risk management was successfully implemented in 2013 and stakeholder management was translated into an office-wide framework. The main objective of the project is to ensure that the EUIPO is complying with the standards, while simplifying and optimising the working methods.

## LINE OF ACTION 3 — FOSTER AN EFFECTIVE AND SECURE DIGITAL ENVIRONMENT

In pursuit of operational efficiency, the Office worked continuously on its information systems so as to ensure delivery of reliable and user-friendly services. The Office made progress towards optimising process efficiency with the development of a fully-fledged e-organisation — the provision of a robust and secure infrastructure that ensures business continuity with better performance and monitoring, increased IT flexibility and agility in business change, optimised operational IT costs and a set of common IT tools for the EUIPN and the Observatory.

## IP TOOL TRILOGY

### IP TOOL PROGRAMME

A new module for IP Tool was installed in November 2016 for managing the most effort-intensive entries in the Trade Marks and Designs registers. The focus was on harmonisation and consolidation, both at the functional level, guaranteeing consistency between trade marks, designs and file-managing processes, and the technical level, by putting in place a modern architecture. The new tool provides increased automation by performing various checks that were previously carried out by examiners, so that the manual work is left for those cases where true added value is needed. Some types of register entries are more than 60 % automated, demonstrating the potential of the new tool to help increase efficiency and effectiveness. Work to extend this module to other types of records is ongoing. Work began in March 2016 on decommissioning the legacy systems for managing records, thus paving the way for more advanced information technology tools.

The new tool provides increased automation by performing various checks that were previously carried out by examiners, so that the manual work is left for those cases where true added value is needed.

### IP ART PROGRAMME

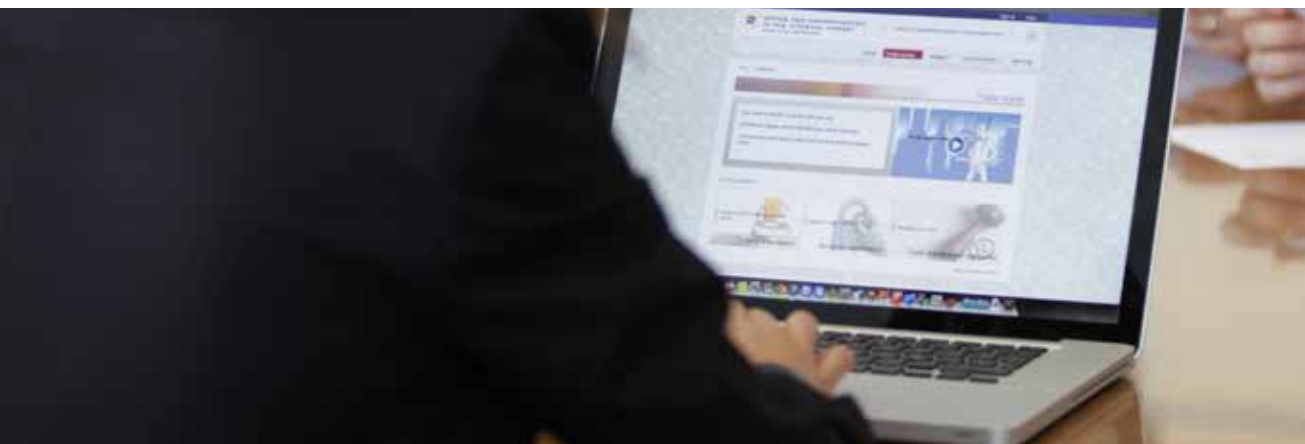
The first project under the IP ART Programme aims to extend the IP Tool to inter partes proceedings, namely invalidity and revocation for EUTMs and international trade marks, invalidity for registered Community designs and international designs, and opposition for EUTMs. The launch of the inter partes project in April 2016 was followed by the launch of the ex parte trade marks project in October 2016, to cover examination proceedings for trade marks. This project will implement new tools for the examination of EUTMs as well as for international trade marks designating the EU.

## IP TOOL BOA AND LITIGATION PROGRAMME

The third part of the IP Tool Trilogy aims to harmonise the appeals workflow and started in January 2016 with the filing of appeals (eAppeal Project). The electronic filing of appeals has already been built and is undergoing the last stages of testing before its launch in 2017. With this new functionality, one of the few remaining paper-based proceedings will become fully electronic.

## EUIPO DIGITAL SYSTEMS

The Office continued to maintain high levels of availability of its systems, both internally, for tools facing users, and for common tools under the ETMDN (now EUIPN). At the same time, there was a low level of IT security incidents, due to the investments made under the Enhance IT Security project. Costs were also kept well within budget, while IT operational costs were reduced by more than 5 %. The technological landscape of the Office continues to be modernised and kept up to date following the evolution of the extended market. Products, versions and platforms are being consolidated proactively, in order to avoid technological obsolescence, and existing tools are being continuously improved using a 'benefits-first approach' to ensure that investments in technology are fully justified.





## CLOUD STRATEGY

A cloud use policy was adopted within the organisation as a preliminary step before launching a cloud strategy. The policy aims to stimulate the smart adoption of cloud-based services across the EUIPO. The intention is to move away from ownership of ICT infrastructure and towards the use of a consumption-based model for IT software and infrastructure only where it will provide sustainable benefits. The Office intends to explore opportunities using the cloud cautiously, taking good care with concerns related to data privacy and security.

## ENTERPRISE RESOURCES PLANNING (ERP)

The project launched initiatives to improve how annual and multiannual work plans are supported by tools, by incorporating in the EUIPO financial system the means to further automate how budget planning, workforce planning and establishment plan simulations are handled. Work started in April 2016 with the aim of establishing the basis for new budget monitoring tools already during the execution of the 2017 Budget, thus improving efficiency throughout the organisation. In the area of HR management, initiatives to improve the management of duty travel, external resources and interim staff have also been launched. These aim to support HR strategy, focusing on talent management and HR's transformation as a business enabler, through the modernisation and automation of HR administrative services, and user empowerment.

## INCREASE IT SECURITY

IT security continues to be a priority for the Office. Enhancements to the ICT landscape resulted in the blocking, automatically, via intelligent tools, of an average of 200 000 daily accesses from disreputable origins, often the dark net. The Office also strengthened the security of the Enforcement Database, with an enhanced firewall, which will not only protect access to the information, as before, but also prevent viruses being planted in legitimate users' files, which may have inadvertently compromised confidential information. The Office reached an agreement with the CERT-EU body, which provides EU institutions, bodies and agencies with support in defending themselves against cyber threats or cyber attacks, so as to collaborate in the regular execution of penetration tests.

## BUSINESS ANALYTICS AND BIG DATA PLATFORM

As part of the preliminary stages, the big data and business analytics project started in October 2016 to define a set of business cases that will be rolled out with the platform. They concentrate on labour-intensive areas with a focus on users. This multiannual project will lay the foundation for a solid and cost-effective backbone of business intelligence, which may be complemented in future years with other projects, in order to achieve a fully-digital technological landscape for the Office, allowing data-driven decision-making and real-time business process analytics.

## LINE OF ACTION 4 — INTENSIFY NETWORK ENGAGEMENT

### EUROPEAN COOPERATION

The creation of the European Union Intellectual Property Network (EUIPN) is a reality, after almost five years of different projects and activities. Thanks to the efforts deployed by both IP National Offices and User Associations, through projects in the two main strategic programmes (Cooperation Fund and Convergence Programme), the network is starting to produce the results expected of it. The number of implementations of tools developed under the Cooperation Fund reached 374, while 7 projects on convergence were closed at the end of the year.

After approval of the SP2020, the Office continued to coordinate and support the European Cooperation projects (ECP), which are now part of the EUIPO's core business. The first session with working groups took place in September 2016, when representatives of IP National Offices and User Associations analysed the progress to date and determined the future approach of the projects based on the set of options provided.

The Office continued to seek opportunities to optimise the financial execution of the cooperation agreements, including a procedure for more regular interim reporting and the reassessment of needs, as well as an increase in ex post verifications. Furthermore, under ECP4, the Office established a new cooperation platform solution to help offices manage those agreements better.

## ECP1 CONSOLIDATING AND COMPLETING THE CF LANDSCAPE

The Office maintained regular communication with IP National Offices and offered them assistance with their ongoing implementation processes. Through the Addenda to the Cooperation Agreements, funds were committed for the implementations of tools. The Software Package Back Office (SPBO) tool went live in the United Kingdom Industrial Property Office on 5 September 2016. Regarding the Front Office application, the Irish Patent Office went live with e-Services on 15 September 2016. The degree of usage and satisfaction with the front and back office solutions is one of the Office's Balanced Scorecard key performance indicators.



## ECP2 MAJOR IMPROVEMENTS TO EXISTING CF TOOLS

Based on the comments received during the project brief consultation period and the information provided by the relevant stakeholders, the Office shaped strategy and priorities for major improvements to existing tools (TMview, DesignView, Front Office, Back Office and Common Gateway).

## ECP3 NEW TOOLS

The Office defined the overall project approach, which was divided into five separate but interdependent workstreams. The approach proposed, along with additional information, was documented in the Analysis Paper and presented during the first Working Group meeting on 15 September 2016. The Working Group members agreed with the proposed approach and volunteered to participate in two task forces that will help advance the first two workstreams: market research (finding lead experts, and existing solutions and technologies in the field of image search for trade mark retrieval) and definition of testing methodology (building test cases for testing solutions found).



## ECP4 SHARED SERVICES AND PRACTICES

During the Working Group meeting, members agreed on the two topics to recommend for the launch of new convergence projects and suggested several topics on which to carry out further analysis in the next cycle. Additional areas for the next cycle of analysis were also discussed and a focus on the Design Area was suggested. DesignClass Phase II under CP7 was completed by the end of 2016 for go-live in January 2017. Furthermore, collaboration in language check was expanded, with several new IP offices willing to participate as from 2017.

## ECP5 SUPPORTING THE NETWORK

The Working Group for the subproject Capture and Store Historical Files approved the approach for implementing the project and for assisting the National Offices with the adoption of a scanning and archiving process post implementation. In the area of project management, the Office successfully completed the first pilot phase of the Prince2 training for National Offices and launched the call for support to National Offices willing to prepare their quality management systems.

## INTERNATIONAL COOPERATION

International cooperation is a key principle of SP2020. In order to obtain a more user-friendly and interconnected IP system globally, the Office needs to encourage cooperation with third countries, and with international and regional organisations. As required by Articles 124(1)(b) and 128(4)(e) EUTMR, the SP2020 includes the Office's international cooperation strategy for spreading the benefits of the Network's tool and practices beyond the borders of the EU, where this is in the interest of users, especially SMEs.

Furthermore, as part of the multilateral cooperation with TM5/ID5 partners, the Office continues to foster further user involvement in both meetings and projects. Annual meetings took place in China in November 2016, resulting in the adoption of 12 new projects in the field of designs under ID5 and the continuation of trade mark projects under TM5. In this respect, the Office reported on the feasibility studies being conducted for the integration of Chinese trade mark data into TMview.

In relation to cooperation with international organisations and other fora, the Office continued its excellent working relations with EPO and WIPO. WIPO expressed its interest in being involved in two European Cooperation subprojects (Search image for TM, Capture and Store Historical Files).

Finally, the EU-funded projects have been implemented as agreed with the respective key stakeholders for each geographical area. All three projects, EKA3 (ASEAN), IPCH (China) and INDE

(India), focus on ensuring effective handover of the tools developed in the course of the projects. Due to the good results obtained, the European Commission has decided to extend the projects in Asia until 2017. A total of 184 interventions were supported through 2016.

## EXTENSION OF TOOLS AND SUPPORT TO THE OBSERVATORY IN NON-EU COUNTRIES

In 2016, the Office implemented several deliverables in TMview (international trade marks, Albania, Cambodia, Georgia, Malaysia), DesignView (international designs, Albania, Brazil, Colombia, Georgia, ARIPO) and TMclass (Brunei, Malaysia, Peru, Philippines). 21 integrations in these tools were executed during 2016. The last extension brought the total number of offices participating in TMview to 56 and in TMclass to 62, while DesignView now contains data from 54 offices. In terms of volumes, TMview allows access to more than 41 million trade marks and DesignView to over 10 million designs. In order to support these integrations, IP offices were invited to the EUIPO for a series of technical meetings for one or two weeks to perform the feasibility study and to finish the documentation and technical work.

## EU AGENCIES NETWORK

In March 2016, the EUIPO took over the chairmanship of the EU Agencies Network (EUAN). The Network was set up by the Heads of EU Agencies as a collective voice for the Agencies, enabling them to coordinate activities, exchange information and agree common positions on shared interests. Throughout the year, the Office carried out the coordination activities of the Network by responding to inquiries from the 44 members, as well as the EU institutions (Parliament, Council, Commission, Court of Auditors), preparing Network meetings, and drafting and circulating relevant documents. Considerable progress was made on the development of a catalogue of shared services that are included on the new and improved EU Agencies Network Extranet (common platform for communication and sharing of documents). The Office also developed the new website ([www.euagencies.eu](http://www.euagencies.eu)), where the public can find more information on the EU Agencies.



The EUIPO responded to a number of Commission statements on the Agencies' resources and efficiency and attended two meetings of the Interinstitutional Working Group on Agencies' Resources ('IIWG2'), during which the EUIPO's Executive Director presented the Network's positions on a number of policy proposals that have an impact on Agencies' work. The EUIPO's EUAN Coordination Team also prepared the horizontal reports for the EU Budget and Discharge procedures on behalf of all of the Network members and represented the Network at the Budget and Discharge hearings in the European Parliament and Council. In order to increase the visibility of the work of EU Agencies, the Coordination Team prepared a study on ['How do EU agencies and other bodies contribute to the Europe 2020 Strategy and to the Juncker Commission Agenda?'](#). The study was shared with Agencies' stakeholders and key representatives from the main EU institutions. It was also presented at the end of the year at the EU Agencies Forum, which was organised by the EUIPO on 6 and 7 December at the European Parliament in Brussels in order to increase awareness and visibility of EU Agencies amongst EU institutions and citizens. Together with the other Agencies, the Office analysed the implementation of the EC Roadmap actions. The results were presented to the Heads of Agencies at the Network meeting on 20 and 21 October at the EUIPO. Finally, the Coordination Team undertook to revise the Network's terms of reference in order to make Agencies' interactions more efficient.

**LINE OF ACTION 5 — ENHANCE CUSTOMER-DRIVEN QUALITY SERVICES**

During 2016, the timeliness standards for EUTM registration were within the compliance level defined in the Office Service Charter. The average time to register EUTM remained below 20 weeks throughout the year and close to 15 weeks for the applications processed via fast track.

However, while the average time for opposition decisions and cancellation decisions was 14.6 weeks and 16.1 weeks respectively, in both cases the maximum time for decisions was too high, putting these service standards into “action needed”. In response, the Office put into effect an action plan designed to free more resources for opposition and cancellations through increased use of automation in absolute and relative grounds and in proceedings. Pilot clearance and pre-clearance initiatives were also launched in order to assist users to make higher quality applications and therefore reduce the number of complex opposition and cancellation files reaching the Office.

All indicators of RCD timeliness finished the year in the excellence or compliance levels, in particular, RCD invalidity decisions average timeliness was 4.6 weeks at the end of the year. The average time to register a design was 6 days and 1 day for fast-tracked filings.

The accessibility service standards set by the Office in 2016 achieved ‘Excellence’ for all indicators. Phone call handlings were answered within 15 seconds and written query response time did not exceed two days. The timeliness to deal with complaints was also in the excellence level, with all complaints being handled in a maximum of six days.

Other improvements were made in the quality of opposition (95 %) and cancellation proceedings (96 %). All RCD quality indicators (publication, invalidity proceedings, and invalidity decisions) reached excellence level (96 % - 100 %).



## **PRODUCT QUALITY**

Quality, timeliness, consistency and predictability have always been major priorities for the Office. The interconnected aspects of quality — quality of product, quality of applications and quality of service — are constantly undergoing improvement in order to provide users with the best possible experience when interacting with the Office.

Previously, the Office's focus had been on ensuring quality through a comprehensive programme of ex post checks and tools for measuring user feedback. In 2016, the focus shifted towards ex ante checks and greater involvement of users, to ensure that quality checks better reflect users' needs.

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### **EX ANTE PRODUCT QUALITY AUDITS (TRADE MARKS AND DESIGNS)**

The project is divided into three workstreams — drawing up the initial concept for the ex ante quality audits, defining common quality criteria, and integrating ex ante quality audits in the new IT system. In February 2016, the Office started preparing and implementing 'ex-ante quality audits' in five areas, namely 'Classification refusals', 'Design refusals' and 'Opposition/Cancellation/Invalidity decisions'. During the following quarters, *ex ante* resources were used to create a package of several measures that were implemented to reinforce quality, mainly in the area of opposition decisions. Finally, preparations were made for implementing 'ex ante' manual mode in the area of examination on absolute grounds, and 'software required specifications' were prepared for incorporation 'ex ante' in the new IP-TOOL (IP-ART) that will be launched for production at the end of 2017 in the areas of Classification and Formalities.

## NEW GENERATION GUIDELINES

This project started in October 2016 with the drafting of surveys targeting current stakeholders (User Associations, National Offices, owners, representatives and examiners) and prospective ones (SMEs and universities). In parallel, the current Guidelines were analysed in order to define the levels and type of information to be tackled in the conversion to web content. The Office defined high-level requirements for service providers of IT solutions to work both in track changes and in a multilingual environment; a shortlist of three potential software providers were invited to demonstrate their products.

## STAKEHOLDER QUALITY ASSURANCE PANELS (SQAP)

Further work was carried out from April 2016 on the definition of the methodology for involving stakeholders in auditing Office products. An invitation to express interest in participating in the panels was sent to User Associations, accompanied by the quality criteria; seven User Associations responded. On 1 and 2 December the first external dry-run audit took place with local IP agents. The audit was carried out on 22 opposition decisions from 2016 (all of them already checked by internal ex ante and ex post quality checks). Nine auditors in total participated, each decision was checked by three auditors.

## SERVICE QUALITY

To complement improvements in product quality, the Office worked on measures to enhance service quality, as defined by timeliness, usability and accessibility. During 2016, the Office launched a series of projects aimed at developing innovative solutions to improve the quality of its services.

With regard to overall electronic input and output, EUTM and RCD e-filings and renewals stood at around 99 %, opposition e-filing at more than 94 % and overall electronic interactions (incoming/outgoing) at more than 72 %. In the area of enhancing the Office's predictability and increasing the number of straight-through files, Fast Track for EUTMs was further promoted and achieved take-up of 30 %. Accessibility was reinforced with the eSearch App, which has been downloaded more than

900 times already. In addition, TM Image Search was further improved; by the end of 2016, the number of image searches for figurative trade marks in eSearch was higher (at 53.7 %) than that for searches using Vienna codes (46.3 %). In relation to collaboration with EURid (.eu domain), the links to EURid from EUIPO e-filing and TMview were completed in July, underlining for EUTM users the importance of considering the .eu domain name within their overall trade mark and IP strategy.

### **CUSTOMER FEEDBACK MANAGEMENT**

An immediate feedback survey on Information Centre services was conducted in 2016 on phone calls, emails and complaints. This showed that satisfaction had increased throughout the year, reaching 88.9 % in the final quarter. An immediate feedback survey on EUTM/RCD e-filing was also conducted during November and December 2016; this showed an overall satisfaction rate of 85.4 %. A call for tender for the User Satisfaction Surveys was published in December with a view to awarding a framework contract for the provision of services related to customer satisfaction surveys and customer feedback management.

The new 'Callback' approach was deployed in 2016 in order to improve the quality and efficiency of services to users by ensuring that examiners, if not immediately available to answer user enquiries, would call users back. In 2016, almost 80 % of telephone enquiries were answered by the Information Centre directly and around 12 % of calls were transferred to examiners. Examiners replied to 50 % of the transferred calls immediately and to 30 % within 36 hours via the new callback approach.

The pre-clearance initiative was launched in October with the aim of increasing the number of straight-through files and Harmonised Database (HDB) usage, so as to proactively reduce deficiencies. Targeting all users, this initiative provides pre-filing guidance to filers in order to improve user experience by eliminating avoidable objections. A pilot clearance initiative was also launched in September to increase HDB terminology usage and decrease the objection rates in classification and formalities. This initiative targets Key Users' EUTM applications before they are processed by an examiner. Key Users are given guidance directly by telephone or email to help them avoid possible issues during examination.

## KEY USER PROGRAMME

Preparatory work started in June 2016 on defining the conditions and services of the programme. It is planned to launch the new programme for Key Users during the first half of 2017 and to open it up to all users. The new programme will focus on addressing not only digital engagement but also all EUTM and RCD processes, in order to enhance user experience via a set of innovative services to be provided to subscribers to the new programme.

## SUSTAINABLE CUSTOMER SERVICES

This project will deliver a set of new tools and improve sections of the website to empower users. There are three work packages — self-service solutions (improvement of website content and search, and of digital and self-service support), customer-driven services (controlled interactions, design of Core Business communication and direct and real-time customer feedback solution) and collaborative solutions (forum/communities). The SCS project was put on hold as the Business Analytics and Big Data Platform project was about to be implemented. The Big Data platform will provide the SCS project with more accurate analytical data in real time.

## MAXIMISE HDB USAGE

This project was launched in February 2016 with the aim of enhancing the use of the HDB in EUTM Applications and thus contributes to increase the number of straight-through files. Several initiatives based on data mining, data extraction and terminology analysis have been put in motion with the aim to cover all market segments and provide users with a market-relevant choice of pre-accepted terminology in the Harmonised Database (HDB) and have resulted in 773 new concepts being added to the HDB, which has in turn led to 18 382 new terms in all languages with the addition of multiple variants in some languages. Alignment with WIPO's Madrid Goods & Services, in collaboration with the National Offices, has resulted in an additional 788 concepts, leading to 18 217 new terms.

Regarding the promotion of the Harmonised Database (HDB) as such, active promotion has been done to all users segments via the website, practical workshops as well as supporting the key Users managers of the Office. Preparation of the design of Goods & Services Builder was initiated which should be launched 2017 and will be providing a powerful solution to users to help them in preparing their list of goods and services with pre-accepted terms from the HDB.

## MULTILINGUAL COMMUNICATION MANAGEMENT

In the area of integration of linguistic technologies for enhanced management of multilingual communications (proofreading and revision), the project team worked on the design and implementation of a collaborative server-based solution in cooperation with the solution provider, the Translation Centre (CdT) and an external linguistic provider. In parallel, gathering of existing linguistic assets from across the Office in the form of legacy multilingual administrative documents and terminology corpuses started in order to form the basis of the Office's translation memories and terminology databases. For the governance of this data, a new business workflow was defined and implemented. The Office further established contact with the European Commission's Directorate-General for Translation (DGT) for the purposes of collaborating and exchanging best practices and tools in the area of linguistic technologies. In addition, the project team concluded the feasibility study on the implementation of an automatic translation service for the Office's case-law database.

The 'E<sup>3</sup>U' programme will consist of several projects divided into workstreams  
– Front Office, Back Office and Examination Support Tools.

## EFFICIENT EXAMINATION AND USERS' EMPOWERMENT

The 'E<sup>3</sup>U' programme (previously Pre-Clearance) addresses the challenge of the expected increase in trade mark applications and oppositions in the coming years, while focusing on the continued improvement of quality and efficiency. This programme will consist of several projects divided into workstreams — Front Office, Back Office and Examination Support Tools.

## **AUTOMATIC LANGUAGE CHECK**

The first project under the E<sup>3</sup>U Programme aims to develop a web-based tool that will enable users and examiners to search in 23 official EU languages for the meaning of the linguistic elements of trade marks. The project was launched in August 2016 and is currently in the business analysis and requirements phase.

## **KNOWLEDGE CIRCLES**

The work of the cross-departmental Knowledge Circles is directly linked to the Office's quality agenda. In 2016, further major work was required on the Guidelines beyond the completion of the third revision cycle, due to the Legislative Reform and the need to ensure that the contents and revision process of the Guidelines are fit for purpose and serve the needs of the IP community. The structure, format and content of the Guidelines were reviewed to take into account the different target audiences. In addition, the Knowledge Circles continued to support the operational departments of the Office in IP-related matters by providing timely expert advice on complex issues and answering queries from external stakeholders. There are currently seven Knowledge Circles within the Office, involving a total of 123 members from all departments and more than 200 meetings during the year.

## **BOARDS OF APPEAL**

Throughout the year, the Boards of Appeals' focus was on taking decisions and striving to ensure high quality and coherence of practice. In addition, the Knowledge Circle on appeal processes has regularly met in order to streamline and improve the appeal proceedings with the aim of an integrated application of the relevant provisions on appeal proceedings throughout the Boards of Appeals taking into consideration the evolution of the case law of the General Court and the Court of Justice. The Boards of Appeals also continued to offer a dispute-resolution-mechanism by analysing each case on its own merits and by suggesting the most effective dispute resolution tool for each appeal, for example mediation and conciliation.

Aside from decision-taking and dispute resolution, the implementation of the Legislative Reform played an important role in order to guarantee smooth application of the new provisions. Also, a new online appeal application, eAppeal, is being developed which is expected to be launched in April 2017 and which allow EUIPO's users for the first time to file an appeal online.

On 5 and 6 May 2016, the Office held the first IP Case Conference, an event dedicated to substantive and procedural issues surrounding trade mark and design registration with some 450 participants from National Offices, User Associations, IP practitioners and IP scholars. The Boards of Appeal also visited throughout the year some National Office and in particular their appeal bodies in order to exchange views and benchmark best practices as regards appeal proceedings.

The implementation of the Legislative Reform played an important role in order to guarantee smooth application of the new provisions.

## LINE OF ACTION 6 — STRENGTHEN THE INTELLECTUAL PROPERTY SYSTEM

### **LEGISLATIVE REFORM**

The Office aims to create a smooth transition for the entry into force in October 2017 of certain articles of the EUTMR and the set of secondary legislation. The new EUTM Regulation also contemplates the possibility of the Office establishing a Mediation Centre.

### **OFFICE IMPLEMENTATION**

This project started in July 2016 with an early analysis of legislative changes and the identification and planning of tasks. The early analysis was primarily to identify major IT implications. Since then, the legislative changes have been analysed in more detail, along with the identification and planning of tasks. The Office's new practice has been defined in a set of Practice Notes. These have triggered the drafting of the Guidelines and the collection of any remaining IT requirements not identified so far.

## UPDATE OF GUIDELINES

This project aims to update the Guidelines to bring them fully into line with the new legal provisions resulting from Regulation 2015/2424, which enters into force on 1 October 2017, as well as with the corresponding secondary legislation, including the Decisions of the EUIPO's Executive Director and the new codification of the upcoming legal texts. The project started in September 2016 and is on track. There is a high degree of interdependence between this project and that on 'Office Implementation' since both projects share the activity of 'Definition of practice' that has triggered the ongoing drafting of the Guidelines, which is expected to finish by the end of March 2017.

## IMPLEMENTING AND DELEGATED ACTS

The Office liaised with the European Commission on the new Implementing and Delegated Acts in the course of the Inter-service Consultation and the Commission's Legal Service revision. On the basis of the draft Implementing and Delegated Acts, the final Report, featuring a 'Benefits and Follow-up actions' table, was delivered at the end of September. The project was closed in October 2016, having fully accomplished its objectives.

## CHANGE OF NAME – CORPORATE IDENTITY

The aim of the project is to develop and introduce the new corporate identity of the Office resulting from the change of name included in the new EU trade mark regulation. Together with the communication plan for the Legal Reform, the project reinforces name recognition and reduces the risk posed by the activity of misleading and fraudulent invoices. The project started in June 2016 by adopting the new name in the Office's communication channels in order to ensure legal compliance with the new regulation.

## MEDIATION CENTRE AT THE EUIPO: IMPACT ANALYSIS

This project to establish a Mediation Centre at the EUIPO was started in October 2016. Several studies will be produced in the context of the project (Legal study, Stakeholder analysis, Landscape of Alternative Dispute Resolution with focus on Mediation in the field of IP, and Study of EUIPO's Stakeholders needs) with the objective of supporting the impact analysis.



## SUPPORTING THE TRANSPOSITION OF THE DIRECTIVE

This project started in July 2016 and aims to help achieve a harmonised result in the implementation of the Regulation and the transposition of the Directive by providing legal and technical support to the extent requested by IP National Offices. Steps taken so far include, inter alia, a survey sent out to the National Offices to identify their specific interests, and delivery of the first set of legal texts. The first meeting took place in Alicante on 19 September when the project was presented to the National Offices. It focused, inter alia, on the new types of trade marks and the means of representation.

## SUPPORT INTELLECTUAL PROPERTY SYSTEM

In 2016, an update of the 2013 IP Contribution study was published in partnership with the European Patent Office. It demonstrated that the economic importance of IP rights for jobs, GDP and trade in the EU has become even greater in recent years. The studies carried out by the Observatory aim to address a trilogy of themes — to quantify the importance of IPR to the economy, to map what European citizens think and know about IPR, and to quantify the extent of IPR infringement and its consequences for the economy and society.

Following on from the 2015 study of the impact at firm level of IPR ownership, a survey of more than 9 000 SMEs across the EU was carried out. This SME Scoreboard was designed to understand the choices made by SMEs better in respect of registering IP rights and the barriers they encounter in the process. Another major study from late 2013 showed that while the vast majority of citizens value the importance of IP rights, there are sometimes contradictions in their behaviour, especially among younger people. These results were further analysed in 2016 through a qualitative and quantitative survey, the Youth Scoreboard, designed to carry out a deeper analysis of European youngsters' attitudes towards the purchase of counterfeit goods and consumption of illegal digital content. An important third set of studies, quantifying the economic costs of IP infringement in various industry sectors, was begun in 2014 and continued in 2015 and 2016. These sectoral studies aim to assess the magnitude of counterfeiting and piracy within the EU. In addition, a major study on counterfeit goods in international trade, carried out in collaboration with the OECD, was published in 2016.

An Enforcement Database (EDB), an Anti-Counterfeiting Intelligence Support Tool (ACIST), and an Anti-Counterfeiting Rapid Intelligence System (ACRIS) are being further developed by the Observatory in partnership with stakeholders including enforcement organisations and agencies, with the goal of increasing the amount of information they contain and encouraging greater use. The EDB helps law enforcement authorities to recognise counterfeit goods by enabling rights holders to share information on products and logistics with those authorities securely. It also allows rights holders to automatically generate an application for customs action. In addition, the Office is expanding the coverage of the Anti-Counterfeiting Intelligence Support Tool, which allows seizure data provided by various enforcement authorities in the Member States to be stored, analysed and reported in accordance with a common standard. The ACRIS tool, available since June 2016, allows EU companies to report, in a structured way, information about IPR infringement that they believe they have suffered and the respective follow-up by local authorities in countries outside the European Union.

The Orphan Works database has been fully operational since October 2014. It is a single EU database on orphan works, to be shared by all Member States in accordance with Directive 2012/28/EU. In 2016, the Office continued its efforts to encourage use of this database as a central European repository of information related to orphan works, and created a stable network of stakeholders.

The Observatory is also working on best practice studies in a number of areas, and is taking part in many important knowledge-sharing initiatives that will help bridge the gap between the world of IP and enforcement officials.

## VIRTUAL TRAINING CENTRE FOR ENFORCEMENT AUTHORITIES

Work on an online platform providing a virtual training centre started in May 2016. This project is intended to strengthen cooperation and knowledge sharing with and among enforcement authorities. An IT feasibility study was completed in November 2016 and the plan is to launch the centre in September 2017.

## ORPHAN WORKS DEPLOYMENT

A new release was issued in June 2016, including improvements such as the Business to Business integration layer for beneficiary organisations and increased user-friendliness. The number of main and embedded orphan works recorded in the database has risen to over 12 000, and over 80 beneficiary organisations are now registered in the database as users.



## PAN-EUROPEAN SEAL PROGRAMME

In 2016, a total of 103 universities from EU Member States were invited to join the Pan-European Seal, out of which 15 became new Members of the Programme. As a result, the Programme currently has 35 Members. This programme offers professional traineeships to young graduates from all over the EU. It aims to improve understanding of the role of IP in universities, IP offices and companies and is expected to provide at least 500 places over a five year period in the EUIPO or the European Patent Office. During 2016 the focus of the programme was broadened to include graduates specialising in business and economics and not just in IP law. An exchange programme was also introduced, allowing some participants to continue their traineeships for a second year in the other office, therefore broadening their experience in the field of IP.

## **JOINT DOCTORATE IN IP: EIPIN-INNOVATION SOCIETY**

The EUIPO is supporting a Joint Doctorate in Intellectual Property promoted by the five Universities of the EIPIN network (University of Maastricht, University of Alicante, Queen Mary University of London, University of Strasbourg, and University of Augsburg). In May 2016, this proposal was approved by the European Commission, making it the first Joint Doctorate in Intellectual Property to receive a grant under the Marie-Sklodowska Curie Actions. This is a unique course representing the first time at global level that several universities have established a joint doctorate in IP. The aim is to encourage multidisciplinary research examining the role of IP in innovation and to enhance Europe's capacity to foster sustainable economic growth.



## **THE E-LEARNING PORTAL — NEXT GENERATION**

The objectives of this project, which started in July 2016, are to provide better training services to staff and stakeholders. This will be achieved by increasing the number of resources of interest for users and improving the quality of the contents (hence increasing user satisfaction). An interface will be provided, with new functionalities capable of identifying content for different groups of users and providing a personalised environment that allows users to learn in an intuitive and enjoyable way.

## DESIGNEUROPA AWARD

In order to raise awareness among citizens and opinion-makers of the impact and value of IP rights, the Office launched the DesignEuropa award in February 2016, with the aim of recognising companies for design excellence and promoting the registered Community design (RCD). These awards, which will be held every two years, are designed to celebrate the RCD, as a unique European asset, and form part of a broader strategy of encouraging businesses, including SMEs, to protect their IP assets. The awards Jury members were all leading figures drawn from the fields of design, business and intellectual property rights.

At the first edition of the awards, celebrated at a special ceremony in Milan on 30 November 2016, winners were chosen in three categories: Small and Emerging Companies (Flap sound-absorbing panel); industry (Thule Urban Glide jogging stroller); and the Lifetime Achievement Award (Giorgetto Giugiaro).



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## CHALLENGES FOR 2017

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While the Office's main focus continues to be on delivering high-quality products and services to EU trade mark and design users, other important activities are now also core tasks. These include cooperation projects, enforcement support activities and studies related to IP and IP-rights infringement.

The Office must continue to deliver on all of these fronts, while at the same time demonstrating further progress with regard to increasing efficiency and proven results.

Having, through approval of the 2017 Budget, fully complied with the 5 % reduction of the Office's Establishment Plan under the current Interinstitutional Agreement, the Office will continue to maintain manpower and global unit costs under control, even though fluctuations in demand may cause some volatility in their evolution. It will also make the case for any future measures to focus on a more global view of efficiency, based on results, rather than only on staffing levels.

Following the successful entry into force of the legislative package, the Office will work on the implementation of the secondary legislation and on supporting Member States to adapt their national laws to the new Trade Mark Directive. This will be done in close cooperation with the European Commission, which has legal responsibility for ensuring correct transposition.

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This process, which will be carried out through the European Union Intellectual Property Network, provides a further opportunity and impetus to the process of harmonising practices 'up front', by agreement, rather than after the fact. In general, the Office will continue the effective cooperation forged with national and regional IP offices and users under the Network, in particular with regard to the European Cooperation Projects, which have been recognised as a core activity under the Legislative Reform.



The new Strategic Plan is designed to help the Office build on the achievements of the previous Plan, while reacting in an agile and results-oriented manner to any new challenges.

As always, the Office will make quality its top priority, most likely supported by the user-driven approach emphasised in SP2020. The new Strategic Plan is designed to help the Office build on the achievements of the previous Plan, while reacting in an agile and results-oriented manner to any new challenges. Overall, 2017 will be the peak year for SP2020 projects and activities, with a challenging target set for 45 % implementation by year end.



In addition to the European Cooperation Projects, which will require significant effort and resources in partnership with National Offices and users, there will be important deliverables from the Observatory, with new and updated studies, as well as initiatives related to young people and to supporting EU businesses, in particular SMEs.

The Office will continue working on its social responsibility agenda with local authorities and universities, promoting the Pan-European Seal Professional traineeship programme and meeting the highest possible environmental and sustainability standards.

At the same time, the Office must cope in an efficient and effective manner with the increased trade mark and design workload. This workload has proved hard to predict accurately given the changing external circumstances. The Office will closely monitor the evolution of its workloads in order to use in a prudent manner the resources (in particular staff) that its budget authority has agreed each year. However, looking forward, strong pressures are forecast, in particular with regard to more complicated inter partes decisions in Oppositions and Cancellations, where a record year in terms of decisions is expected.

To deal with this, the Office will continue to try and help users make higher quality applications with a greater degree of success, by making its decisions more transparent and predictable, and providing better tools and support to both users and examiners.

In this respect, the implementation of the new examination Guidelines, taking account of the Legislative Reform and providing a more streamlined process of consultation, will be key.

Looking forward, the Office needs to combine strong business analysis with the best technical solutions. This will mean an enhanced focus on digital transformation and IP product development in order to ensure that breakthrough innovation in the digital area can be used in an agile manner.

This will help the Office to further improve results, build on staff capabilities, attract and maintain the best talent, and above all, assist users in taking best advantage of their IP rights in a transparent, open and user-friendly manner.

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## APPENDICES

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1. MANAGEMENT OF RESOURCES AND ASSURANCE \_\_\_\_\_ 
2. OBSERVATORY ANNUAL REPORT \_\_\_\_\_  
3. PERFORMANCE DATA \_\_\_\_\_ 
4. CORPORATE RISK REGISTER \_\_\_\_\_ 
5. ORGANISATIONAL CHART \_\_\_\_\_ 
6. CORPORATE SUSTAINABILITY \_\_\_\_\_ 
7. FACTS AND FIGURES \_\_\_\_\_ 

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