



Press Release Luxembourg, 15 May 2019

EU Intellectual Property Office should use surplus money productively, say Auditors

The budget surplus of the EU Intellectual Property Office (EUIPO), amounting to almost half a billion euros in 2018, should be put to a productive use, according to a new opinion by the European Court of Auditors. The office should explore ways of using its surplus money, which is currently incurring negative interest payments, to support research, innovation and growth in the EU, say the auditors. Moreover, the office should be subject to the same budgetary and discharge procedure before the European Parliament as other EU bodies.

Based in Alicante, EUIPO is a fully self-financing EU agency responsible for managing the Union trade mark and the registered Community design. Its financial rules provide for a reserve fund to hold budget surpluses covering one year of its operational expenditure. However, they do not specify for what purpose other accumulated surpluses should be used.

By the end of 2018, EUIPO's reserve fund amounted to €243 million, while the office also retained €299 million of other accumulated surpluses. €493 million (or more than 90 %) of the reserve fund and accumulated surpluses was held in cash at banks, on which the office currently pays negative interest. These charges amounted to €1.4 million in 2018.

"EUIPO's surpluses are currently not assigned to any productive use either at the level of the office or the EU," said Rimantas Šadžius, the Member of the European Court of Auditors responsible for the opinion. "The office and the European Commission should explore the possibility of using its budget surpluses to invest in financial instruments supporting research and innovation activities by European enterprises".

The auditors consider that this would help to safeguard the funds and generate additional revenue, and could in turn also give rise to new intellectual property rights. Moreover, the auditors say EUIPO's revenue stems from the exercise of public authority based on EU law, and the office should work together with the Commission and the EU's co-legislators – the European Parliament and the Council – to develop and apply a more adequate accountability framework.

The purpose of this press release is to convey the main messages of the Opinion adopted by the European Court of Auditors. The full Opinion is on www.eca.europa.eu

ECA Press

Mark Rogerson – Spokesperson T: (+352) 4398 47063

Damijan Fišer – Press Officer T: (+352) 4398 45410

12, rue Alcide De Gasperi - L-1615 Luxembourg

E: press@eca.europa.eu @EUAuditorsECA eca.europa.eu

M: (+352) 691 55 30 63

M: (+352) 621 55 22 24

Notes to Editors

Since 2016, EUIPO can decide to transfer its budget surplus to the EU budget if it is substantive over a period of five years in a row. According to the office's proposed new financial rules, a surplus is substantive if it equals at least 15 % of annual revenue in each of these five years. In the last two years, the office generated an annual surplus of around 1 % (in 2017) and 6 % (in 2018). Based on the current mechanism, it seems therefore unlikely that any part of the surplus will be transferred to the EU budget in the years to come.

The ECA has previously drawn attention to the continuing high level of accumulated surpluses and considered that the office should be subject to the general budgetary and discharge procedure before the European Parliament rather than before its own budget committee—see ECA Opinions 5/2014 and 5/2015. The auditors note that this concern has not been addressed in the EUIPO regulation.

The European Court of Auditors contributes to improving EU financial governance by publishing opinions on proposals for new or revised legislation with a financial impact. The opinions are used by the legislative authorities — the European Parliament and the Council — in their work.

ECA Opinion No 1/2019 concerning the proposed financial regulation of the EUIPO's budget committee is available in English on the ECA website eca.europa.eu.