

**GUIDELINES ON INTELLECTUAL PROPERTY LAW  
TEACHING MATERIALS FOR COUNTRIES IN TRANSITION  
TO MARKET ECONOMY**

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## Preface

The present teaching material has the objective to help countries in transition to prepare teaching materials on intellectual property law.

It is widely recognized that over the last decade, economic, technological and political factors have influenced the increasing importance of intellectual property protection.

Globalization and the liberalization of world markets have intensified competition among companies. Increasingly, constantly renewing resources of an intellectual nature, as opposed to physical assets, are of crucial importance to businesses.

At a corporate level, it is widely realized that intellectual property protection, particularly of inventions, designs and trademarks, represents intangible assets which provide an important competitive edge in technological innovation and marketing. Creating and developing such assets involves substantial investment and risk-taking by venture capital. Their use introduces sophisticated and distinctive products in the market and is therefore linked as a powerful tool to economic growth and cultural development. This often generates employment, considerable income, promotes technological and cultural advances and enriches the pool of public knowledge and culture.

On the other hand, the intellectual property system has been challenged by revolutionary technological advances that had been made in the fields of information technology and biotechnology over the last decade. Such technologies are difficult and expensive to develop, but easy and cheap to imitate, therefore requiring more protection than traditional technologies.

As a consequence of economic and technological advances, the need for appropriate intellectual property protection has been recognized and politicized at national, regional and global levels of trade policy. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) is the result of this global recognition.

Governments are competing for attracting foreign direct investment (FDI) as a form of international economic transaction which is perceived as an important source of technological, economic and social developments of the countries and as an instrument of international economic integration. The investment climate is determined by a broader environment, a set of factors, e.g. a large market size, as measured by population, per capita income (purchasing power), GDP growth rate, low trade barriers, level of privatization, candidate or membership status in the World Trade Organization (WTO), increases the confidence and attractiveness of a host country, sends positive signals to investors. On the other hand, slow market entry procedures, corruption, underdeveloped infrastructure and regional tensions all act as deterrents to foreign investments.

One of the most important factors of the national policy framework determining investment environment is the strength of intellectual property protection. Empirical analysis results show that weak protection of intellectual property rights discourages foreign investors. The deterring effect of inadequate IPR regime is particularly strong in four technology-intensive sectors: drugs, cosmetics and healthcare products; chemicals; machinery and electrical equipment.

An efficient intellectual property framework constitutes a precondition for the confidence and willingness of foreign investors to enter into economic commitments in any country. The legal and organizational infrastructure for the protection of intellectual property has the same importance for the technological, economic and cultural development of a country as roads and bridges do for the transport of goods and services.

The accelerating trend towards global patterns of economic and commercial activity, fueled by rapid developments in technology in worldwide communication systems, has brought intellectual property into the mainstream of economic, social, cultural and technological policy in most of the countries. As a result, intellectual property has been transformed from a sleepy area of law and business to one of the driving engines of a high technology economy.

This teaching material is focusing on intellectual property categories not with the traditional legal approach as a system of legal notions with its abstract logic and structure. The starting point is the market economy approach, the structure of market product: how to upgrade the functional, formal and marketing quality of manufactured products in the market place by using the resource of creations of the mind and other intellectual values protected by intellectual property as a set of practical legal tools, as a legal “keyboard” by which the protection system is operated.

This teaching material is designed to give a pragmatic orientation providing checklists of options for market decisions, for the protection of intellectual property, in order to facilitate the understanding of the fundamentals of the system. It reduces to the essential the intellectual property categories, based on their most general, simplified, internationally and regionally accepted features in the European (continental) type of laws with reference to certain specific features of the intellectual property laws of the United States of America.

This teaching material is designed as an Internet-based framework referring for details and updates mainly to the relevant websites of the network of national laws, international treaties and various organizations that are active in the field of intellectual property protection. This is a consequence of the fact that the specific information varies from country to country and from region to region, and is rapidly changing in time both at the regional and global levels. Therefore, in concrete cases, the information has to be checked and studied in detail from the respective Internet resources.

*Disclaimer:* this teaching material does not give legal advice. The information contained in it is not meant to replace proper legal advice. The views and opinions expressed in it do not necessarily state or reflect those of the World Intellectual Property Organization (WIPO). WIPO does not assume any legal liability or responsibility for the accuracy, completeness or usefulness of any information contained in it.

*Acknowledgment:* the information selected and arranged in this work is believed to be “common knowledge” and its public domain sources are many and varied, mainly those of WIPO, WTO and EU public, legal and information materials. Whilst there has been no verbatim copying, if some has been gleaned from copyrightable publications, this is gratefully acknowledged at the request of authors.

# **PART I. PROTECTION OF INTELLECTUAL PROPERTY**

## **Chapter I. Intellectual property in general**

### **1. The subject matter of intellectual property**

For the purposes of this book the subject matters of intellectual property are creations of mind and other intellectual values.

Creations of mind are:

- ideas as functional (technical, useful, utilitarian) creations (inventions, utility models, layout designs of integrated circuits, new plant varieties, trade secrets, know-how);
- forms of expressions (industrial designs, literary, artistic or scientific works as expressive creations).

Other intellectual values that are commercially valuable as:

- goodwill (represented by trademarks, trade names, geographical indications) and personal reputation (character merchandizing);
- certain products of intellectual efforts (performances of artists, producers of phonograms, broadcasting organizations, not original database).

The above listed creations of the mind and other intellectual values of intangible nature enjoy different levels of property-like exclusive rights to help exploit them on the market. This is made possible by the fact that the creations of the mind and other intellectual values have a common denominator, namely, that they may become intellectual quality components of market commodities. For example, in a wristwatch (“utilitarian products” or industrial goods”) the functional intellectual quality—the technological content—is based on an invention, the watch’s visual appearance, the ornamental intellectual quality on an industrial design and its commercial symbol as a trademark, as a distinctive sign determines its marketing intellectual quality. A medium of expression (e.g. a compact disk) combines the functional content with a literary or artistic expression (“cultural products” or “copyright goods”).

The majority of the creations of the mind, such as inventions, utility models, layout designs of integrated circuits, plant varieties, trade secrets, know-how as the practical application of ideas (knowledge, information), play an important role in the innovation of the functional quality of goods determined by their technological (utilitarian) features. Other intellectual creations, such as industrial designs and works of applied art, serve as a basis for upgrading the formal quality determined by the visual, aesthetic appearance, the “look” of the goods.



Commercial symbols such as trademarks, trade names and geographical indications are used to develop the marketing quality of goods and services by distinguishing them or the companies or geographic regions from which they originate or take their reputation, goodwill or trade value.

## **2. The rationale of the protection of intellectual property**

Creations of the mind and commercial symbols as intangible assets may have two kinds of market commodity embodiments for commercial purposes:

- useful, functional creations of the mind can be incorporated in useful articles (watches, cameras, medicines, etc.);
- the forms of expressions as creations of the mind, whether useful or literary or artistic, can be incorporated in a tangible medium of expression (a description, a drawing, a film, a compact disk, etc.).

Industrial designs can be reproduced in and commercial symbols can be affixed both to useful, functional articles and media of expression.

As a consequence of the intangible nature of intellectual values, there are no natural restraints or time and space limits on the exploitation of their embodiment, simultaneously or successively by several parties anywhere in the world.

While, on the one hand, the pioneering of new technology and the creation and exploitation of other intellectual values as intangible assets require increasingly important investment costs, time, efforts and significant risk-taking at the research, development and production stage, it is, on the other hand, technically easy and cheap to imitate those assets. If imitation is not prevented, a creator or innovator of such intellectual values cannot recover his risk capital investments with appropriate profits in the market place and will lose his economic motivation and resources for further innovation where the failure is more common than the success. The aim of the protection is to create a market mechanism by legally preventing the possibility of “free ride” that is the illicit use of those intangible assets by third parties for commercial purposes. By allowing the recovery of investments with appropriate profit on the market the protection promotes:

- the progress of creativity and innovations in technology, economy, culture; the diversification and upgrading of the quality of the products based on the creations;
- the material and moral reward of the creators and performers through the commercialization;
- the disclosure of the creations of the mind in order to make them gradually available to the public;
- maintaining fair competition;
- the transfer of technology, mainly through licensing;
- the attraction of foreign direct investments in innovations.

The aim of the protection afforded to commercial symbols is the development of the market by permitting branded goods or services to be distinguished as to their origin, their quality and through their advertising among the consumers. Commercial symbols represent the goodwill of goods and services in connection with which a mark is used. The goodwill represents the value of an enterprise that reflects its commercial reputation and can be translated in the market into a higher profit.

As to the philosophy of the protection of intellectual property, one can differentiate among three theories as follows:

- assertive, positive, proprietarianist theories, justifying the existence and the maximization (“overprotection”) of intellectual property (referring to natural laws, human and personality rights, moral principles of property and reward of creativity, the necessity of return on innovative investments, etc.);
- nihilist, negative, antiproprietarianist theories, denying the intellectual property or trying to minimize (“underprotect”) it (referring to the natural right of society to imitate, the importance of public domain or intellectual commons, the advantages of direct incentives over market mechanism, etc.);
- synthetic, “quid pro quo”, instrumentalist theories, justifying the private intellectual property as a social contract with certain counterbalances for the benefit of the public (referring to the utilitarianism, the necessity of proper balance, a trade-off between the private and public interests, the incentives for creativity and innovative investments on the one hand and the rights of competitors, non-commercial users and the general public for the accession and use of creations i.e. an equilibrium between intellectual property exclusivity and regulated freedom for users).

### **3. The main principles of intellectual property**

The protection of intellectual property is based on a number of principles aimed at securing desirable balance between private and public interests, exclusive rights and free competition.

— The leading principle in a market economy is the freedom of competition from which it follows that the freely usable public domain is the rule and intellectual property is the exception. Intellectual property as a private right is available only under certain conditions, for new, original, non-obvious or distinctive intellectual creations, which exceed the public domain and the intellectual property of others.

A practical consequence of this situation is that the competitive right of free use of public domain information and of unprotected technical (functional, utilitarian) features in the area of publicly available generic products that are not eligible for protection or for which protection has lapsed is usually acknowledged and encouraged, provided that there is no likelihood of confusion as to the source of the products and that the appropriation cannot be qualified as a mere “free ride” copying or slavish imitation of an achievement having distinctive features.

In this respect, reverse engineering (decomposition or dismantling) is commonly practiced in the industry in connection with the publicly available, unprotected products of competitors, for the purpose of learning the technology embodied in the products and eventually producing competing products without actually copying anything from the original or violating the rules against unfair competition.

Intellectual property and competition laws are complementary because they both aim at promoting competitive pressure as driving force to promote creativity and innovation. However, the legal exclusivity granted by intellectual property rights may lead to anti-competitive market power, predatory pricing, abuses of dominant position or even monopoly as defined under competition law. There is a difference between the existence and possible anti-competitive exercise of those rights.

According to the antitrust laws, intellectual property in itself is regarded as being comparable to any other form of property so it cannot be presumed that intellectual property creates market power in the antitrust context. Licensing is also generally pro-competitive, allowing forms to combine complementary factors of production. However, certain licensing arrangement may adversely effect competition (restraints, tying arrangement, exclusive dealings, etc.).

— Another important principle is the limitation of the protection of creations of the mind and commercial symbols.

For example, intellectual property does not protect an idea as such, in an absolute sense, but only the specific expression of an idea (by copyright) or the practical application (functionality) of an idea (knowledge, information) in a useful article.

On the other hand, it is a legitimate and encouraged competitive behavior to further develop a patented invention for a derivative new product or process that does not infringe the patent but produces the same or a better result than the patented invention (“inventing or designing around”). The public as a rule has right for the non-commercial, “fair-use” of protected intellectual values.

Intellectual property does not confer positive ownership rights in the creations of the mind; it is a preventive exclusion right regarding certain market activities of others for the commercialization of creations of the mind (“to make, to use, to sell”) without the consent of the right holder, within constraints of time, territory, fair use exemptions (e.g., free use for teaching purposes) and public interest (e.g., anti-trust rules, consumer protection). Furthermore, intellectual property does not constitute market authorization, confer a right of exploitation of the creations of the mind; that right is governed by other, market regulatory rules (e.g. in case of pharmaceutical products).

Intellectual property protection is by nature territorial and temporary and is aimed at channeling intellectual creations into the public domain once the exclusive right has lapsed. That is the general, final and irreversible status of non proprietary intellectual creations and commercial symbols that are not or not anymore protected by a specific form of intellectual property. Public domain items cannot be appropriated for private purposes and are available for free copying and use by anyone as a part of the public’s cultural heritage (intellectual commons).

The general ideas on the one hand and the obvious, commonplace, routine solutions, generic elements, signs on the other hand are also part of public domain.

It has to be mentioned that there are many works that are not part of the public domain but for which the owner of some proprietary rights has chosen not to enforce those rights (e.g. Free Software Foundation which licenses copyrighted software without royalty under the license “copyleft”).

A copyright holder as a rule can explicitly disclaim any proprietary interest in the work, effectively granting it to the public domain.

With regards to patents on the other hand, publishing the details of an invention before applying for a patent will generally place an invention in the public domain.

One of the purposes of the patent system is to put new technologies into the public domain, through its informative functions. For example, the grant of a patent is conditional on the disclosure of the invention as a *quid pro quo*, that is, the giving up of the secrecy of the invention. The publication of the invention by a Patent Office makes it accessible to the public and enables others to understand the invention, to be inspired by it and to use it for research or experiments (depending on the applicable patent law) as a stepping stone to further developments of the technology. Also, once a patent has expired, the public is allowed and encouraged to use the invention belonging to the public domain.

Patents of inventions provide a shorter term of protection but a right of preventing exploitation of ideas; copyright gives a longer term of protection for the forms of expressions but it only allows to prevent copying while the term of protection of commercial symbols representing the identity of a product under the changing market conditions, can be extended without limitation.

## 4. Intellectual property legal options

— Intellectual property consists of various elements which can be alternatively chosen or cumulatively combined to secure as a portfolio of rights an efficient protection, depending on the form of exploitation (communicative or productive) of the multidimensional, polyvalent, hybrid intellectual values. The principal specific forms of protection are provided:

- by industrial property rights (patents for inventions, utility models, trade secrets, industrial design, trademark rights, etc.) concerning the incorporation of a functional creation of the mind in a useful article or the reproduction of a design in or the affixation of a commercial symbol to a useful article or to a medium of expression;
- by copyright concerning the embodiment of the literary or artistic forms of expression in a tangible medium of expression or as intangible assets without fixation.

Supplementary forms of protection—as a general kind and second line of defense in the absence of specific protection—are provided for by the laws against unfair competition, in particular the provisions regarding trade secret protection of undisclosed information, protection against taking undue advantage (e.g., by slavish imitation or other forms of free riding) or causing confusion (e.g., by passing off) in the market in the course of competition.

Finally, certain non-specific complementary forms of protection can be based on the general principles and institutions of the legal systems, in particular on the commercial or civil laws (law of contracts and torts), labor law (regarding employee creations, trade secret protection, etc.) and administrative and criminal law (concerning counterfeiting and piracy, etc.).

— Generally speaking, each country, on the basis of its legislative sovereignty and the territorial principle, has its own intellectual property laws and its national system of organizations functioning in the field of intellectual property protection.

The national intellectual property laws and practices differ from country to country, although some global minimum standards have been accepted and a certain degree of harmonization has been reached through normative international treaties, in particular the Paris Convention for the Protection of Industrial Property, the Berne Convention for the Protection of Literary and Artistic Works, the Agreement on the Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), the Trademark Law Treaty and the Patent Law Treaty (PLT). For the details see Annex 1.

The general provisions and basic principles of the TRIPS Agreement are those of national treatment and most-favored-nation treatment. Thus, members of the WTO must accord the nationals of other member treatment no less favorable than they accord to their own nationals. Moreover, any advantage granted by a member to nationals of another member must be accorded immediately and unconditionally to the nationals of all other members even if this treatment is more favorable than that accorded to its own nationals.

The TRIPS Agreement aims to ensure that adequate rules and effective level of the protection of intellectual property are applied in all member countries, on the basis of the basic obligations laid down by WIPO in the various conventions on intellectual property rights, particularly the Paris Convention for the Protection of Industrial Property. Numerous new rules or stricter rules are introduced in fields not covered by the existing conventions or where the existing conventions are inadequate to reduce distortion and impediments to international trade from different standards of protection.

The TRIPS Agreement covers a vast range of topics, from copyright and trademarks to layout-designs of integrated circuits and trade secrets. It deals with each of the main categories of intellectual property, establishes standards of protection and rules on enforcement, and provides for the application of the WTO dispute settlement mechanism to resolve disputes between member states. One feature of the TRIPS Agreement is that the protection of intellectual property has become an integral part of the multilateral trading system as reflected by the WTO. The failure of a country to meet its TRIPS obligations can jeopardize its market access rights and other benefits under the WTO.

— The harmonization of norms is in constant progress. Furthermore, in addition to the normative treaties, certain operative (filing, registration and granting) systems for patents, trademarks, industrial designs and appellations of origin facilitate the acquisition rights, in particular through the Patent Cooperation Treaty (PCT), the Madrid Agreement Concerning the International Registration of Marks, the Hague Agreement Concerning the International Deposit of Designs and the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration.

- As to the regional cooperation in the world, one can differentiate between:
  - only common rules, normative type cooperation (in South America: Andean Community countries, Central American Convention, Common Market of the South, Group of three, North American Free Trade Agreement, ASEAN Framework Agreement);
  - common rules, normative type and common office, operative type “double cooperation” exists in Europe, C.I.S, and Africa. There are two types of common office, operative cooperation: centralized procedure of granting national rights (European Patent Office “EPO”), African Regional Industrial Property Organization “ARIPO”) or centralized procedure of granting unitary (supranational) regional rights (Community Trademark “OHIM”, Eurasian Patent Convention “EAPO”, African Intellectual Property Organization “OAPI”, Gulf Cooperation Council Patent Office).

In the teaching material attention will be devoted first of all to the regional intellectual property law in the European Union.

## **5. The World Intellectual Property Organization**

WIPO is an intergovernmental organization, one of the 16 specialized agencies of the United Nations, focusing on global cooperation in intellectual property. Its headquarters is in Geneva, Switzerland.

The activities of WIPO to fulfil its global mandate concerning the promotion and protection of intellectual property rights have three main dimensions: development, service and assistance.

The first main dimension, the development is aimed at gathering as an international public law body representatives of the Member States to work on consensual developments of intellectual property standards, rules and systems to prepare new treaties and find solutions to new problems like protection of copyright on the Internet, biotechnology or protection of traditional knowledge and folklore, on the establishment of a WIPONET system.

The second main dimension, the service is the treaty based management of the international mechanisms facilitating the acquisition and maintenance of intellectual property rights directly administered by WIPO, like the PCT system and the Madrid and the Hague Agreements for marks and industrial designs. Through its Arbitration and Mediation Center WIPO provides services to restore disputes.

The third main dimension, is technical assistance to developing countries and countries with economy in transition, to help them in improving their own intellectual property rules, systems and institutions so that they should be in a position to benefit, as well as other countries, of the protection of intellectual assets.

WIPO does not have right to deal with individual complaints, legal advice or commercialization of inventions.

For further information and updates, contact the World Intellectual Property Organization (WIPO) at:

34, Chemin des Colombettes	Tel.: (41 22) 338 9111
P.O. Box 18	Fax: (41 22) 733 5428
CH-1211 Geneva 20	E-mail: <a href="mailto:wipo.mail@wipo.int">wipo.mail@wipo.int</a>
Switzerland	Website: <a href="http://www.wipo.int">http://www.wipo.int</a>

or WIPO's New York Coordination Office at:

2, United Nations Plaza	Tel.: (1 212) 963 6813
Room 560 (5 <sup>th</sup> floor)	Fax: (1 212) 963 4801
New York, N.Y. 10017	E-mail: <a href="mailto:wipo@un.org">wipo@un.org</a>
United States of America	

The structure of WIPO's website:

About WIPO, in particular:

- General information
- Program and Budget
- Member States
- Treaties and Contracting Parties
- Joint Recommendations

About Intellectual Property, in particular:

- Inventions
- Trademarks
- Industrial Designs
- Geographical Indications
- Copyright and related rights

News and Information Resources, in particular:

- Collection of Laws for Electronic Access (CLEA)
- Industrial Property Statistics
- Under related links:
  - Directory and website addresses of Intellectual Property Offices
  - Documents (Guides, Studies, etc.)
  - UPOV (new plant varieties)

Activities and Services, in particular:

- PCT System
- International Marks, Designs, Appellations of Origin
- Enforcement of IP rights
- Information, Technologies, including PCT information management and e-filing
- WIPO Worldwide Academy, including distance learning
- Small and Medium-Sized Enterprises, including Internet Database links
- Arbitration and Mediation Center, including Domain Name Disputes
- Innovation, Promotion, including Directory of Inventor's Associations and Innovation Centers, WIPO awards, University Initiative

As to the other intellectual property links see Annex 2.

## 6. Economic entities and intellectual property

The legal protection of intellectual property is highly important for empowering the holders of these intangible assets. Intellectual property rights are legal vehicles for the intellectual values as they provide exclusive rights for their industrial and commercial use, thus allowing the recuperation of the investment made and a fair return on the work of inventors or authors. Legal protection prevents the imitation and misappropriation of intellectual values, and establishes a legal basis for technology transfer, sales and licensing.

If left unprotected, a good invention or creation may be lost to larger competitors that are in a better position to commercialize the product or service at a more affordable price, leaving the original inventor or creator without any financial benefit or reward and with a massive waste of research investment. Adequate protection of a company's intellectual property is a crucial step in deterring potential infringement and in turning ideas into business assets with a real market value. Taking full advantage of the IP system enables companies to profit from their innovative capacity and creativity, which encourages and helps fund further innovation.

Companies that dedicate time and resources to protecting their intellectual property can increase their competitiveness in a variety of areas. Intellectual property protection will help in:

- commercializing new products and services;
- preventing competitors from copying or closely imitating a company's products or services;
- avoiding wasteful investment in research and development (R&D) and marketing;
- creating a corporate identity through a trademark and branding strategy;
- negotiating licensing, franchising or other IP-based contractual agreements;
- acquiring new technology and find suppliers;
- increasing the market value of the company;
- acquiring venture capital and enhancing access to finance;
- obtaining access to new export markets by marketing and product differentiation.

In addition, a careful search for conflicting existing IP rights, and the examination of applications by IP Offices can help an enterprise to avoid conflicts with third parties and unnecessary litigation.

One can differentiate among three kinds of entities interested in using the intellectual property system:

- large national or multinational companies which usually have special divisions staffed by qualified experts to handle intellectual property matters;
- small and medium-sized enterprises play essential role in local economy development;
- universities and R&D institutions.



There are several advantages for SMEs to manage change more effectively which pre-destines their enhanced interest for innovation and intellectual property:

- they have limited resources and staff but the natural advantage of small size, flexibility and low start-up costs in competition;
- they have an enhanced dynamism and adaptability to the technological and market changes and start-up ventures, often as sub-contractors of larger companies;
- they have an increased sensitivity and receptivity regarding new and original creations as well as individuality, uniqueness, quality and innovation culture.

As a result, SMEs play an important role in the creation and development of new companies, the emergence of new economic activities, the diversification of the goods and services and the generation of employment and more equitable income distribution.

Governments and para-governmental agencies, research and development institutions are promoting SMEs activities in view of their special needs by special SME-friendly programs (awareness-raising workshops, training courses), preferential measures (e.g., discount on patent fees), special services (free-of-charge consultations, broker services for SMEs licensing, etc.), financial assistance to help SMEs to enforce their intellectual property rights (e.g., patent insurance for SMEs).

Universities and R&D institutions shall self-regulate their intellectual property policies regarding in particular search of patent databases, disclosure of inventions, valorization, commercialization and marketing of results through licensing, claim of ownership rights in case of sponsored research, distribution of royalty revenue between inventors and institutions.

The general requirement for economic entities: the intellectual property should be integrated in the business plan and linked to development and marketing throughout the business cycle (e.g. identification of the status of intangible assets, market niches, protection management, valuation and commercial exploitation of intellectual property, searching and retrieving the relevant patent information as a source of technical, legal and business data and inspiration, monitoring the state of the art and the technological developments of competitors, legal status check and clearance of intellectual property rights in order to avoid waste of investment, infringement of right and find possible cooperation by licensing, franchising, joint venture, product promotion by designs and commercial).

Relevant websites:

- access to research and innovation, and better use of patents by SMEs:

[http://europa.eu.int/comm/enterprise/enterprise\\_policy/best-direc](http://europa.eu.int/comm/enterprise/enterprise_policy/best-direc) ...

- sample of intellectual property policies:

<http://inst-studies.tc.columbia.edu/baldwin/IntellectualProperty/sa> ...

## **Chapter II. Registered industrial property rights**

### **1. Protection by registered rights of useful creations of the mind aimed at upgrading the functional quality of products**

Under this group of creations and rights the following forms of protection may be mentioned:

- general form of protection: patents for inventions;
- special forms of protection for utility models, layout designs of integrated circuits, plant varieties, genetic resources and traditional knowledge.

All these forms of protection are aimed at upgrading the functional (technical, utilitarian) intellectual quality of the products as opposed to their formal and marketing qualities.

#### **1.1 Patents for inventions as a general form of protection**

##### **1.1.1 Options for the intellectual property status of inventions**

The inventor or his successor in title has the following five market and legal options for the selection of the intellectual property status of his invention:

- to keep it secret as undisclosed information under trade secret protection (e.g., a manufacturing process or formula, if its disclosure through patenting would “give away” the information without any hope of proving infringement);
- to disclose the invention before filing a patent application (e.g., at an exhibition);
- to publish the invention without patent protection in a copyrightable work (e.g., in a publication);
- to incorporate the invention without patent protection in publicly available market goods;
- to disclose the invention as a *quid pro quo* for patent protection (if the use of invention can be easily proved).

### **1.1.1.1 Trade secret protection**

The advantages of a trade secret protection to be considered as compared to a patent are as follows:

- it is not disclosed to the public, whereas a patent cannot be obtained unless full and adequate disclosure is made; the protection is not limited only to patentable inventions, but the know-how, a compilation of information and other peripheral business information can be trade secrets;
- there is no limitation as to term and territory of trade secret protection, it exists automatically without any registration, and no priority principle applies, therefore parallel protection is available for the same information for different owners.

The disadvantages of trade secret protection as compared with patent protection are as follows:

- the legal regulation is usually vague, the enforcement is uncertain, the keeping of the secrecy is difficult and risky due to the mobile workforce and the constantly developing competitive intelligence tools and methods;
- the protection is directed against provable misappropriation of the trade secret but does not exclude independent development and reverse engineering of the trade secret.

(For more detail see Chapter IV, paragraph 4).

### **1.1.1.2 Disclosure of the invention before filing a patent application**

The disclosure of an invention before filing a patent application (e.g. at an exhibition without temporary protection or exhibition priority) might result in falling into the public domain and might have a novelty destroying effect with the end result that the creation might be excluded from the possibility of being patented. As a consequence the information becomes public good that can be used freely –without constraints.

In order to avoid unauthorized disclosure or misappropriation of an invention, it is advisable not to show anyone the invention before filing an application or to conclude a secrecy or confidentiality agreement whereby the inventor informs third parties about the confidential handling of his invention, to deposit the invention's description with a notary public or to file a patent application before disclosure.

The patent laws of certain countries provide for a “grace period” during which the patentability of an invention is not affected by the disclosure. (For more detail see Chapter II, paragraph 1.1.2.3). The exhibition priority has similar effects in certain countries.

In the United States of America, an inventor may officially and affirmatively waive his rights and put the invention into the public domain for defensive purposes through State Invention Registration (SIR) with the USPTO. Registration is available to those who do not wish to obtain exclusive patent rights but want to be free from the patent rights of others and wish to disclose an invention in a patent-like document, which is used as prior art in the patent examiners' database against patent applications relating to the same invention. This form of registration is normally used for inventions resulting from work at federal research agencies and inventions which give a competitive advantage but where obtaining a patent would be long, expensive or doubtful.

Defensive publication as a way of protection is a new practice area for law firms (see e.g. website: [www.ip.com](http://www.ip.com) )

### **1.1.1.3 Publication of the invention in a copyrightable work**

The invention may be disclosed in a publication protected by copyright. Scientists for the promotion of their scientific career or sometimes attracted by “vanity publications” are usually oriented at disclosure of their results (under the famous axiom “publish or perish”). Copyright, as a form of intellectual property law, protects original works of authorship including literary (scientific, technical), dramatic, musical and artistic works. Technical books, brochures, leaflets and drawings, including disclosure of scientific results and descriptions of inventions are protected by copyright.

However, copyright protection extends to forms of expression and not to ideas, procedures, methods of operation or mathematical concepts as such. The creator of a work can prohibit or authorize its reproduction, public performance, broadcasting, translation and adaptation but not its exploitation in product or process.

Therefore, if the disclosure of an invention is made in a scientific, technical or other publication, it is the form of expression of the author's ideas that is protected rather than the ideas as such. Copyright protects the author against the reproduction or copying of his article without his consent but does not prevent a third party from using in practice the ideas published in the article (“idea/expression dichotomy”).

Furthermore, copyright protection of the publication does not prevent the invention contained in the article from falling into the public domain and becoming prior art in the examination databases. The publication can fix the scientific priority of the research result and can promote the author's scientific career but, on the other hand, it can destroy the novelty of his invention if no grace period or earlier filing or priority date applies to it.

In summary, copyright protection, as compared with patent protection

- extends to the prevention of the commercial exploitation in a medium of expression (e.g., a book); it does not cover the idea expressed;
- starts automatically if the preconditions (fixation in a tangible medium or minimal level of creativity) are met, no registration or granting of right is needed;
- does not prevent independent creations.

(For more detail see Chapter III, paragraphs 1 and 2).

#### **1.1.1.4 Incorporation of the invention in market goods without patent protection**

The embodiment of the invention in publicly available market goods on the one hand destroys the novelty of the invention, on the other hand it makes the invention available for reverse engineering irrespective of whether the invention is under trade secret protection.

#### **1.1.1.5 Disclosure of the invention as a *quid pro quo* for patent protection**

Patent protection:

- requires that the invention be disclosed to the public allowing others to study the invention even while it is patent protected and to use it when the patent runs out;
- extends to the prevention of the commercial exploitation of an invention in products or processes;
- is generally granted after an examination as to the standards of patentability;
- provides that, in case of competing applications, the priority principle apply, so it does not recognize independent creation;
- is limited in time and space;
- does not prevent inventing around (experimental use is, as a rule possible).

The patent system offers as a bargain to the patentees exclusive, preventive market rights in order to promote the commercial exploitation of their patented inventions in return for having disclosed the inventions. Accordingly, there is no need for reverse engineering for the purpose of learning the technology.

National laws therefore require that an applicant for a patent disclose his invention in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art and may require the applicant to indicate the best mode for carrying out the invention known to the inventor at the filing date or, where priority is claimed, at the priority date of the application.

### **1.1.2 Substantive patent law**

#### **1.1.2.1 Patentable subject matter**

According to the global standards, patent means the title granted to protect an invention. Invention means an idea with a useful practical application in a product or process in any field of technology (non-discrimination among fields of technology). For practical orientation purposes, following the international patent classification, an invention may fall into one of the following domains without it being a legally exhaustive or limited list:

- human necessities;
- performing operations; transporting;
- chemistry; metallurgy;
- textiles; paper;
- fixed constructions;

- mechanical engineering; lightning; weapons;
- physics;
- electricity.

Inventions may relate from a small spare part to an entire power station.

In the United States of America, the following categories may be the subject matter of patents (“utility patents”): a process, a machine, an article of manufacture, a composition of matter, and any improvement of any of the above.

Computer software, pharmaceutical and agrochemical products, biotechnological processes, biological material and e-commerce business methods on the Internet are special subject matter of patentable inventions (see paragraph 1.1.4).

Patents do not protect ideas in general, only their functional, utilitarian application which can be or may relate to a product or a process and are concerned with how things work, how they are made and what they are made of.

### **1.1.2.2 The standards of the patentability of an invention**

A patent for an invention is not available for commonplace improvements, it is usually granted when the invention meets certain strict creativity requirements, namely, when it:

- is new,
- involves an inventive step (is non-obvious),
- is capable of industrial application.

The following, even if they are inventions, shall be excluded from patent protection:

- discoveries (which do not create but only reveal the existence of something), scientific theories and mathematical methods;
- instructions to the human mind as schemes, rules or methods for doing business, performing purely mental acts or playing games;
- methods for treatment of the human or animal body by surgery or therapy, as well as diagnostic methods practiced on the human or animal body; this provision shall not apply to products (e.g. medical equipment) for use in any of those methods.

The following may be excluded from the patent protection:

- plants and animals other than microorganisms;
- essentially biological processes for the production of plants or animals other than non-biological and microbiological processes;
- plant varieties. However, countries which exclude plant varieties from patent protection must provide for an effective sui generis system of protection (usually under the UPOV system, see paragraph 1.2.3);

- inventions, the prevention within the country of the commercial exploitation of which is necessary to protect public order or morality, including to protection human, animal or plant life or health or to avoid serious prejudice to the environment, provided that such exclusion is not made merely because the exploitation is prohibited by law.

### **1.1.2.3 The standard of novelty; the grace period**

An invention is new if it is not anticipated by the prior art (which is found in a single item and which was accessible to the public).

In certain countries according to the requirement of universal novelty, prior art is constituted by everything that has been disclosed to the public anywhere in the world, by publication in tangible form or by oral disclosure, by use or any other way prior to the filing or priority date of the application. On the other hand, in other countries, non-written disclosures, such as oral communications, or use outside their jurisdiction, do not form part of prior art, and thus do not constitute a bar to patentability.

The quick-and-easy publication facility of the Internet raised additional issues related to the prior art effect of technical information disclosed on the Internet. The authenticity, veracity and integrity of information are critical issues for prior art in cyberspace. Compared with conventional paper publications, alteration and modification of content are easier, and more frequently occur, in the Internet environment.

According to the prevailing opinion, information shall be deemed to have been made available to the public, if there is a reasonable possibility that it could have been accessed by the public.

With regard to new media the same principles should apply which have been developed for the assessment of a disclosure to the public through other means. Since the place and means of a disclosure are not determinative, the Internet or other new media do not require a treatment different from other forms of disclosure. It has to be evaluated on a case-by-case basis whether passwords or other means restrict the access so that information is not public.

A disclosure through new media can lead to specific evidentiary issues. However, the existing principles regarding the burden of proof should remain applicable.

The prior art usually includes any patent application disclosing the claimed invention to the extent that such application or the patent granted thereon is published subsequently by a patent Office, provided that the filing date or, where priority is claimed, the priority date of such application is earlier (principle of “whole contents” which is applicable only with regard to the novelty but not with regard to the inventive step).

Several countries provide for a “grace period” which means that the disclosure of information which would otherwise affect the patentability of the invention claimed in that application does not affect the patentability of that invention where the invention was disclosed within twelve month preceding the filing date, or, where priority is claimed, the priority date of the application, and if it was by reason or in consequence of acts committed by the applicant or his predecessor in title or of an abuse committed by a third party with regard to the applicant or his predecessor in title.

#### **1.1.2.4 Inventive step (non-obviousness)**

The term inventive step (or inventive activity), called non-obviousness in some countries, is, like novelty, one of the fundamental requirements of patentability. It is, in principle, widely recognized throughout different patent systems. An invention is considered to involve an inventive step or to be non-obvious if, compared to the prior art, it is not obvious to a person having ordinary skill in the art. Thus, while the criteria of novelty is fulfilled as soon as there is any kind of difference between the claimed invention and the prior art, inventive step is only found if there is a certain qualitative difference between the prior art and the invention. This may not be the case if the claimed invention would, at the date of filing or of priority, have been obvious for a person skilled in the art taking into account his general knowledge and combining multiple items of prior art, that is an obvious, evident modification of what is already known.

In a similar way as it is the case with regard to novelty, inventive step or non-obviousness is examined in comparison to the existing prior art at the date of filing or of priority of the application in question. Therefore, any difference between patent systems with regard to the definition of prior art will influence the result of any examination of inventive step or non-obviousness.

Not only the definition of the term inventive step as such, but also its practical application vary considerably. For example, certain systems apply the so-called “problem and solution” approach, comprising (1) the determination of the closest prior art, (2) the establishment of the technical problem to be solved, and (3) establishing whether, considering the technical problem and the closest prior art, the invention would be obvious to the person skilled in the art. Other systems have developed different methods for the examination of inventive activity.

The notion of a person skilled in the art is not defined in the same way in all patent systems: sometimes, that term means a person with thorough knowledge of the relevant technical field (without necessarily being a specialist), while in other cases, the person skilled in the art may be close to a layman.

While certain systems consider the contents of previously filed applications to destroy novelty and inventive step of a later filed application, others consider these contents only in respect of novelty, but not when assessing the requirement of inventive step.

In certain systems, for the determination of inventive step, different items of prior art may be combined together, if such combination would have been obvious to the person skilled in the art.

#### **1.1.2.5 Industrial applicability (utility)**

“Industrial applicability” or “utility” (in the United States of America) is the third widely recognized requirement of patentability. Its objective is to exclude from patentability inventions, which have no utility in any field of industry, which do not achieve the objective, claimed by the invention (e.g., *perpetuum mobile*) or which may only be used for private purposes.

In those systems which use the term “industrial applicability”, it means in general that the invention can be made or used in any kind of industry, whereby the term “industry” has to be understood in its broadest sense, it shall cover, in particular, handicraft, agriculture, fishery and services.



The term “utility”, on the other hand, is a somewhat more complex notion, according to which it may be examined, in particular, whether an invention is able to do something, whether it works to solve the problem it is supposed to solve, and whether it has some social benefit, a specific, substantial and credible utility.

#### **1.1.2.6 The right to a patent; the right of priority and the right to be named as inventor**

The right to a patent usually belongs to the inventor or his successor in title. If two or more persons have created the invention jointly, the right to the patent belongs to them or their successor in title jointly.

If two or more persons have created an invention independently of each other, in the majority of countries, the right to the patent belongs to the inventor or his successor in title who filed the application with the earliest date of priority (“first-to-file principle”).

In the United States of America, under the “first-to-invent principle” the person who created the first concept of the invention has the priority. The priority disputes are solved in an interference procedure.

The date of priority (“Convention priority”) may be the date of a previous filing in the case defined by the Paris Convention for the Protection of Industrial Property. (For more detail see Chapter II, paragraph 1.3.1.1).

The right to a patent for an employee invention belongs in the absence of contractual provisions to the contrary, to the employer or the person entitled under other legal relationships. Whether the inventor of an employee invention is entitled to remuneration according to the economic result and his contribution or to arbitration is governed by the relevant national legislation.

In any case, the inventor is entitled to the moral right to be named as such in the documents concerning the patent (but not on the packaging of the patented product or in the trademark of the product). He can also renounce in a special written declaration the right to be named in these documents.

#### **1.1.2.7 The rights conferred by the patent**

The intrinsic value of intellectual property is in its exclusive (or rather exclusion) rights to exclude others provisionally from limited and carefully circumscribed areas of market activities and to determine the price of the product without the pressure of competition of imitators.

The importance of intellectual property for the investors is determined by the fact that it is regarded as a tool for mitigating the risk on capital investments and as a market guarantee, a legal security contributing to bring high rates of return on capital, which is crucial in order to attract venture capital.

According to the global norms, a patent usually confers on its owner the following set of exclusive rights for a limited period of time (subject to a number of exceptions):

- where the subject matter of a patent is a product, to prevent third parties not having the owner's consent from the acts of: making, using, offering for sale, selling, or importing for these purposes that products;
- where the subject matter of a patent is a process, to prevent third parties not having the owner's consent from the act of using the process, and from the acts of using, offering for sale, selling or importing for these purposes at least the product obtained directly by that process.

It must be underlined that the patent confers a negative right of prevention and not ownership of the subject matter or positive exploitation right, market authorization to make, use or sell the invention, which is governed by other legal and market regulatory measures (e.g., regarding pharmaceuticals, agrochemicals, environment standards) that also apply to patented inventions.

Patent owners usually also have the right to assign the patent, or transfer it by succession, and to conclude licensing contracts.

Patent protection is effective not only against infringement, but also against independent creation by another inventor, except in the case of prior use. Reverse engineering (reconstruction by decompilation of the product put on the market) of the invention is practically unnecessary because patented inventions are disclosed and the information is available. On the other hand, experimental use for inventing around is, as a rule, possible.

#### **1.1.2.8 The term, territory and scope of protection**

The term of protection is 20 years from the date of filing of the application on the territory of the country where or for which the patent was granted. During the term of protection, usually, annual maintenance fees are payable upon which the protection is conditional.

The extent of protection conferred by the patent is determined by the conceptual definition of the invention by the claims, which are to be interpreted in the light of the description and drawings, so as to combine fair protection for the owner of the patent with a reasonable degree of certainty for third parties.

As to the interpretation of claims in most patent systems, the literal text of the claims forms the basis for the determination of the scope of protection of the patent. However, while certain systems do not allow an interpretation of the claims to go much beyond their wording, others have developed a broad way of interpreting the claims.

In certain systems the claims have to be interpreted in an objective manner, while in others, what the inventor subjectively had intended to say is taken into consideration.

In certain patent systems, only the description and the drawings may be used in order to interpret the claims. In other systems, further –or additional– means of interpreting the claims may be allowed.

While certain legal systems provide that equivalents are covered by the claims, other legal systems do not provide for equivalents. In many systems, the doctrine of equivalents has been developed by case law, and is not to be found in statutory law. Systems vary widely as to the scope of equivalents applied.

An element is generally considered as being equivalent to an element as expressed in a claim if, at the time of any alleged infringement, either of the following conditions is fulfilled in regard to the invention as claimed:

- the equivalent element performs substantially the same function in substantially the same way and produces substantially the same result as the element as expressed in the claim; or
- it is obvious to a person skilled in the art that the same result as that achieved by means of the element as expressed in the claim can be achieved by means of the equivalent element.

#### **1.1.2.9 The rights of the prior user**

Under the system of first-to-file priority, a patent has no effect against any person who, in good faith, for the purposes of his enterprise or business, before the filing date, or, where priority is claimed, the priority date of the application on which the patent is granted, and within the country was using the invention or was making effective and serious preparations for such use (secretly, otherwise it has novelty destroying effect). Any such person has the right, for the purposes of his enterprise or business, to continue such use or to use the invention as envisaged in such preparations.

The rights of the prior user may only be transferred or devolve together with his enterprise or business, or with that part of his enterprise or business in which the use or preparations for the use have been made. Under the system of first-to-invent priority (United States of America) rights of prior user are not envisaged.

#### **1.1.2.10 Limitations of rights with respect to means of transport and transit goods**

In order not to disturb international transport, the rights under a patent do not extend to the use of the patented invention on any foreign vessel, aircraft or land vehicle which temporarily or accidentally enters the waters, airspace or land of the country where the patent is in force, provided that the patented invention is used exclusively for the needs of the vessel or in the construction or operation of the aircraft, spacecraft or land vehicle.

#### **1.1.2.11 The exceptions to the rights conferred by the patent**

Countries may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with the normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties.

According to such exceptions, the owner of a patent usually has no right to prevent third parties from performing, without his authorization, certain acts in the following circumstances:

- where the act is done privately and on a non-commercial scale, provided that it does not significantly prejudice the economic interests of the owner of the patent;
- where the act consists of making or using for purely experimental purposes or for scientific research (“research exception” to advance science and technology by follow-on innovation);
- where the act consists of the extemporaneous preparation for individual cases, in a pharmacy or by a medical doctor, of a medicine in accordance with a medical prescription, or acts concerning the medicine so prepared.

#### **1.1.2.12 Exhaustion of patent rights**

Exhaustion of patent right means that, after the first sale of the patented goods on the market, by the owner of the patent or with his consent, the owner has no further control on the circulation, distribution and pricing of those goods. It means that the rights under the patent shall not extend to acts in respect of articles which have been put on the market by the owner of the patent or with his consent. There are three kinds of exhaustion: national, regional and international. Each country remains free to establish its own regime for the complex issue of exhaustion of intellectual property rights.

In numerous countries, the national exhaustion of patent rights means that putting the patented goods on the domestic market or free trade agreement market exhausts the patent rights, but putting the same goods on other export market does not entail the exhaustion of the rights. This means that the owner of the patent may prevent the reimport or parallel import of the exported goods. It creates less competition, higher prices but more incentive for investments.

Regional exhaustion of patent rights (e.g. by putting the patented goods on the market in the European Union) means that the owner of the patent may prevent the reimport or parallel import of the exported goods only from outside the European Union, but not from within the internal market of the European Union where primacy is given to the free movement of goods.

Finally, the international exhaustion of patent rights as a consequence of putting the patented goods on the market in any country means that the reimport or parallel import of exported patented goods is lawful. It creates more competition and lower prices regarding the grey market imports by exploiting the price differences. The international exhaustion is, as a rule, avoided since this would diminish the value of patents and may reduce investments into innovations. Businesses are interested –mainly for quality control and brand reputation– in controlling the movement of their goods across different markets because the products might be tailored to specific markets and the rebranding of product may damage the reputation.

#### **1.1.2.13 Compulsory licensing; Government use**

Governments play a supervisory role and can act, subject to certain conditions, to prevent patent owners from abusing those rights. On the other hand the owners have to avoid eroding the strength of patent rights.

According to the global TRIPS norms, there is no limitation as to the grounds for such action, there are only certain strict common conditions for both Government use, compulsory (non-voluntary) licensing, as well as dependent patents.

Generally, there are three categories of grounds:

- government use or non-commercial use in the public interest, in particular if national security, emergency, nutrition, public health or the development of other vital sectors of the national economy so requires; the TRIPS norms do not prevent Member Countries from measures to protect public health and, in particular, to promote access to medicines for all (e.g. by importing generic Aids drug);
- compulsory licensing in the event of abuse of patents (e.g., non-working or insufficient working of patents; anti-competitive exploitation, antitrust violation of competition law);
- compulsory licensing in the case of interdependence of patents.

The authorization of such use is to be considered on its individual merits, taking into account previous efforts made to obtain the authorization of the right holder; the use must be limited to a certain purpose for the supply of the domestic market, it must be non-exclusive and non-assignable; it must be terminated if the circumstances have changed; the right holder must be paid an adequate remuneration; any such decision must be subject to judicial review.

On request, made to the Court after the expiration of a period of four years from the date of filing of the patent application or three years from the date of the grant of the patent, whichever period expires last, the Court may issue a non-voluntary license if it is satisfied that the patented invention is not exploited or is insufficiently exploited, by working the invention locally or by importation in the country.

A non-voluntary license shall not be issued if the owner of the patent satisfies the Court that circumstances exist which justify the non-exploitation or insufficient exploitation of the patented invention in the country.

The decision issuing the non-voluntary license shall fix:

- the scope and function of the license;
- the time limit within which the licensee must begin to exploit the patented invention; and
- the amount of the adequate remuneration to be paid to the owner of the patent and the conditions of payment.

The beneficiary of the non-voluntary license shall have the right to exploit the patented invention in the country according to the terms set out in the decision issuing the license, shall commence the exploitation of the patented invention within the time limit fixed in the said decision and, thereafter, shall exploit the patented invention sufficiently.

In the case of inventing around a protected invention and of patenting the improvement of an invention, a certain dependency may arise between the two patents which can only be solved by an authorization to use the invention which has been invented around.

Where use of an invention is authorized to permit the exploitation of the patent (“the second patent”) which cannot be exploited without infringing another patent (“the first patent”), the following additional conditions apply:

- the invention claimed in the second patent must involve an important technical advance of considerable economic significance in relation to the invention claimed in the first patent;
- the owner of the first patent must be entitled to a cross-license on reasonable terms to use the invention claimed in the second patent; and
- the use authorized in respect of the first patent must be non-assignable except with the assignment of the second patent.

### **1.1.3 Procedural patent law**

#### **1.1.3.1 The procedure for the grant of a patent**

##### **1.1.3.1.1 Application; filing date**

To find out if the invention already exists, it is recommended to carry out exploratory search in the various patent databases either on-line or in person.

Depending on the search result one can decide whether it is worth trying to patent the invention.

The procedure begins with the filing of a patent application with the relevant Patent Office. The procedural patent law has been harmonized by the Patent Law Treaty (PLT). The PLT is designed to make a single internationally standardized set of formal requirements in harmony with the Patent Cooperation Treaty (PCT) for the national and regional Patent Offices and, in the national phase of the PCT, for the filing and processing of national and regional patent applications, the maintenance of patents and certain additional requirements related to patents or patent applications (for example, requirements concerning electronic filing, representatives and recordation with the Patent Office, reduced risk of loss of rights for failure to comply with formalities, relief and reinstatement of rights in case of missing certain time limits).

The PLT regulates the maximum set of requirements that an Office of a Contracting Party may apply. The Office may not provide for any other formal requirements in respect of the matters dealt with by this Treaty. In other words, the Treaty does not establish a completely uniform procedure for all Contracting Parties, but a Contracting Party is free to require fewer, or more user-friendly, requirements than those provided for in the Treaty.

The patent application consists of a request, a specification, a claim or claims, an abstract, a drawing or drawings, and the payment of a fee. Although detailed guides on filing patent applications are usually available at the Patent Offices, it is recommended to use the professional services of an accredited industrial property attorney (patent agent) in order to precisely and validly define in the proper legal and technical terms the scope of protection (“the property lines of the patent”). Industrial property attorneys (patent agents) are listed at the Patent Offices and in the telephone directories of most major cities and also on the Internet.

The patent application must identify the inventor(s) and the legal grounds of the applicant's entitlement.

The filing date which is the reference date for the examination of a patent application is usually the date on which the Patent Office has received at least the following minimal elements, filed by the means permitted by the Office:

- an express or implicit indication to the effect that the elements are intended to be an application;
- indications allowing the identity of the applicant to be established or allowing the applicant to be contacted by the Office;
- a part which on the face of it appears to be a description.

The applicant may comply with the other requirements of a complete application at a later time within certain limits, without losing the filing date.

The application must disclose the invention in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art.

The disclosure of the invention to the public is considered to be the counterpart for receiving the exclusive right conferred by a patent. The disclosure allows the public to know the most recent technical developments and to freely use the technical teaching after the expiration of the patent (or if the patent is not granted). Adequate disclosure is therefore an important obligation of the applicant.

In principle, where the invention is not, or is not sufficiently disclosed, no patent may be granted, or a granted patent may be invalidated. As a general principle, an invention is disclosed if it can be carried out by a person skilled in the art as fully claimed based on the patent specification, without need for any additional inventiveness. Furthermore, the disclosure must be such that it shows the way to safely and repeatedly achieve the claimed result. Thus, a causal link between the claimed elements and the alleged technical result must exist.

The disclosure does not need to be in the description or in the claims only, but may result from the whole patent specification, and in some cases also from teachings in the prior art. But what needs to be disclosed is the invention, and the invention is defined by the claims. This leads, at least in many legal systems, to the conclusion that the claims must be supported by the description.

One particular case related to the disclosure of the invention is the issue of broad claims. In certain cases, the claims are drafted so broadly that the invention cannot, even by using other parts of the specification, such as the description or the drawings, be carried out by the person skilled in the art. This occurs more frequently in particular fields, for example, chemistry and biotechnology. Patents may be invalidated, or at least partly invalidated, if the breadth of the claims exceeds the disclosure in the specification.

The main divergence in the definition and application of the disclosure requirement is that certain patent systems request a disclosure allowing a person skilled in the art to carry out the invention, while other systems require the application to disclose the best mode known to the inventor to carry out the invention.

Main requirements regarding the application are as follows:

- the application must contain a description;
- the description must have the prescribed contents which must be presented in the prescribed order;
- the application must contain one or more claims, which define the matter for which protection is sought and which will determine the scope of the patent, which is disclosed in the description but not claimed, becomes part of the public domain;
- each claim must be clear and concise, must be supported by the description and presented in the prescribed manner;
- the abstract merely serves the purpose of technical information; in particular, it will not be taken into account for the purpose of interpreting the claims.

As to the drafting of claims certain systems require that only the *technical* features of the invention be contained in the claims, but not other features, such as economical or other elements. This is not the case for all patent systems. It has to be noted, however, that not all systems require an invention to have a technical character.

While certain patent systems require a two-part form of the claims (the first part containing the designation of the subject matter belonging to the prior art, the second part being the characterizing part indicating the new technical features for which protection is claimed), other systems do not require this kind of structure, so that the prior art basis does not always appear in the claims.

Certain patent laws allow for a plurality of closely related independent claims reflecting a single inventive concept to be contained in the same application (“unity of invention”), while according to other laws, the respective provisions are applied in a very narrow manner.

While certain legal systems allow for different categories of claims, such as for instance product, process or apparatus claim, to be included in the same application, other patent systems have restrictions in this respect.

Certain patent systems provide for restrictions on the dependency of sub-claims, which lead to a high number of dependent claims and, in certain offices, to high costs due to additional fees to be paid for each claim in excess of a certain number.

Certain systems allow the lack of support of the claims by the description to be a ground for rejection or invalidation of the patent.

The application may contain a declaration claiming the priority, pursuant to the Paris Convention for the Protection of Industrial Property, of one or more earlier national regional or international applications filed by the applicant or his predecessor in title in or for any State party to the said Convention. (For more detail see Chapter II, paragraph 1.3.1.1).

Where the application contains such a declaration, the Patent Office may require that the applicant furnish, within the prescribed time limit, a certified copy of the earlier application.



### **1.1.3.1.2 Examination as to form; search; publication**

The normal stages of the ex parte patent procedure are as follows: examination as to form, followed by search, publication after the expiry of 18 months from the priority date, substantive examination and grant or refusal of grant of a patent.

Where an application has a filing date and is not withdrawn, the Patent Office examines whether the application complies with the requirements of the law and regulations, including the language in which the application must be drafted.

If the Patent Office finds that not all the formal requirements have been fulfilled, the applicant is invited to comply with those requirements within a prescribed period, and if the applicant fails to do so the Patent Office rejects the application.

The applicant has the right, on his own initiative, to amend or correct or divide the application or to comply with the requirements applicable to the application up to the time when the application is in order for grant. No amendment or correction of the application may go beyond what has been disclosed in the application as filed. The applicant may withdraw the application at any time during its pendency.

The Patent Office carries out a search of the prior art regarding the novelty of the invention.

The Patent Office publishes each application filed with it together with the search report promptly after the expiration of 18 months from the filing date or, where priority is claimed, from the priority date of the application. However, where before the expiration of that 18-month period, the applicant presents a written request to the effect that his application be published, the Patent Office publishes the application promptly after the receipt of the request.

A published patent application provisionally confers on the applicant, from the date of publication, the same rights in respect of the subject-matter of the application as those conferred in respect of the subject-matter of a patent.

Substantive examination is usually carried out at the request of the applicant before the expiry of six months from the date of publication of the search report.

### **1.1.3.1.3 Grant; patent register; appeal**

If the application complies with all the formal and substantive requirements, the Patent Office grants, on payment of the prescribed fee, a patent on the application which extends to the national territory or to a region.

As soon as possible after the decision to grant the patent, the Patent Office publishes a notification that the patent has been granted and publishes the patent in the prescribed manner.

The Patent Office maintains a patent register in which the granted patents are recorded and numbered in the order of their grant.

The patent register includes such matters constituting or relating to the patent as are prescribed and entries of all corrections, amendments, changes in ownership or other matters that the Patent Office is empowered to record.

The patent register must be open to public inspection, subject to such rules as may be prescribed.

The file relating to a patent application may be inspected before the grant of the patent only with the written permission of the applicant. Where an application is withdrawn, the application file may only be inspected with the written permission of the person who withdrew the application.

The applicant may appeal to the court against any decision by which the Patent Office accords a filing date, treats the application as if it had not been filed, considers a declaration claiming priority not to have been made, rejects the application or refuses to grant a patent.

### **1.1.3.2 Procedures after grant**

#### **1.1.3.2.1 Infringement**

The performance of any act which is covered by the exclusive rights under a patent by a person other than the owner of the patent, and without the consent of the latter, in relation to a product or process falling within the scope of protection of the patent constitutes an infringement of the patent. The same applies to the provisional protection conferred on a published patent application.

A separate Part is devoted to the details of enforcement of intellectual property, including patent rights (see Part III).

In general, the owner of a patent and the applicant for a patent have the right to institute legal proceedings in the court against any person who has infringed or is infringing the patent or the provisional protection conferred on a published patent application. The owner of the patent and the applicant have the same right against any person who has performed acts or is performing acts which make it likely that such infringement will occur (“imminent infringement”).

One of the most important elements, question of law and fact, in establishing an infringement is the scope of the patent which is normally the decisive point in any patent litigation. The scope of the patent is determined in all countries by the claims. The meaning of the claims is ultimately interpreted by the courts. The manner in which the courts will interpret a claim in turn depends upon the domestic law.

In attempting to answer the question as to whether a particular structure infringes a particular claim of a patent for invention, the claim should be broken down into its individual elements, and these compared with the elements of the alleged infringing product or process to see whether they fit.

If the answer is “yes”, then infringement is established, depending of course, on whether the claim in question is valid. An infringing product or process must include each and every element of the invention defined in a claim.

Of course, the establishment of infringement is not always clear-cut.

As to the interpretation of claims whether or not a product or process falls within the scope of the patent protection, the literal text of all the elements of the claims form the basis for the determination of the scope of protection of the patent. While certain legal systems provide that equivalents are covered by the claims, other legal systems do not provide for equivalents and make distinction between literal infringement and infringement under the doctrine of equivalents.

Equivalency means, generally speaking, that objects are equal but not identical. In patent law the term “equivalency” is normally used to denote a situation where the alleged infringing product or process is deemed to be equal to the invention as defined by the claims and so falls within the scope of patent protection although it is not literally covered by the claims (“non-textual infringement”). The term is most commonly used where new elements are substituted for one or more of the elements defined in the claims. If elements are omitted, without being substituted, it is customary to speak of sub-combinations and partial protection as a special kind of equivalents, or as an independent form of infringements. On the other hand, where elements are added to the invention, the question of equivalency does not arise. Such embodiments are literally covered by the claims and therefore constitute literal infringement.

Particular feature of the patent infringement procedure is expressed in the reversal of the burden of proof. As it is well known, the burden of proof in any normal civil suit rests entirely on the plaintiff who asserts the truth of a particular fact.

This rule is required by the fact that in connection with a number of products it is almost impossible to detect the manufacturing process in the particularly valuable end-products and, consequently, almost impossible to produce evidence as to which process was in fact employed.

Therefore, for the purposes of civil proceedings in respect of infringement of the rights of the owner of a patent, if the subject matter of the patent is a process for obtaining a product, the judicial authorities have the authority to order the defendant to prove that the process applied by him to obtain an identical product is different from the patented process. Therefore, national laws provide, in at least one of the following circumstances, that any identical product, when produced without the consent of the patent owner is, in the absence of proof to the contrary, deemed to have been obtained by the patented process:

- if the product obtained by the patented process is new;
- if there is a substantial likelihood that the identical product was made by the process and the owner of the patent has been unable through reasonable efforts to determine the process actually used.

In the adduction of proof to the contrary, the legitimate interests of defendants in protecting their manufacturing and business secrets are taken into account.

If the owner of the patent proves that an infringement has been committed or is being committed, the court awards damages and grants an injunction to prevent further infringement and any other remedy provided in the general law.

If the owner of the patent proves imminent infringement, the court grants an injunction to prevent infringement and any other remedy provided in the general law.

### 1.1.3.2.2 Invalidation

The Court or other competent State organ usually may, on the application of any person, in an *inter partes* procedure, invalidate a patent, in whole or in part, on any of the following grounds:

- the subject matter of the patent is not patentable;
- the patent does not disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art.

In any case, an opportunity for judicial review of any decision to invalidate, revoke or forfeit a patent must be available.

Any patent, claim or part of a claim that has been invalidated is considered to be null and void from the date of the grant of the patent.

When a judicial decision to invalidate a patent, in whole or in part, becomes final, the court notifies the decision to the Patent Office, which records and publishes it as soon as possible.

## 1.1.4 Special features of certain kinds of inventions

### 1.1.4.1 Computer programs; e-commerce business methods

A computer program is a set of statements or instructions to be used directly or indirectly in a computer to bring about a certain result.

Computer programs can be protected by copyright, by a patent and/or by trade secret protection.

Computer programs, whether in source or object code, are protected by copyright as literary works. Copyright protection is available for the original “expression” but not the idea of the computer program.

Patent protection is not available for creations of purely abstract nature as an algorithm or mathematical formula but it is obtainable for a product or process that uses it in practice or is implemented by a computer program based on the specific application of the formula. In such a case, the software belongs to the technological art since it has a technical content, it solves a technical problem and produces a tangible effect by the combination of the software with a product or process.

Trade secret protection is available if a computer program has been kept confidential but it is suitable only for limited edition custom-made programs.

E-commerce business methods cover Internet-related process technology consisting of methods of doing business and corresponding processes, software applications and other closely related systems and supporting technologies (e.g. one click on-line shopping method). There are differences in the American and European patent practice regarding the patentability and examination of e-commerce business methods, it shall be decided on a case-by-case basis depending on the technical content of the methods.

A European Community proposal covers invention which involve the use of a computer and the use of a computer network or any other programmable device, i.e. inventions created by running a computer program or a similar device. The invention may be a product (for example a programmed computer) or a procedure.

Under the proposed Directive, the fundamental criterion for all patentable inventions is the principle of “technical contribution.” To be considered patentable, a computer implemented invention must be new and must make such a technical contribution, which is defined as a contribution to the state of the art in a technical field which is not obvious to a person skilled in the art.

It is pointed out that computer programs as such cannot be patented and will be excluded from the scope of patentability in the proposal for a Directive. They are only protected by copyright as laid down in the Directive on the legal protection of computer programs.

#### **1.1.4.2 Pharmaceutical and agrochemical products**

— According to the global norms, the patentability of pharmaceutical and agro-chemical products became universal while formerly in certain countries only processes were patentable in those fields of technology.

A special feature in certain countries is the supplementary protection certificate for pharmaceuticals and agro-chemicals as a compensation for the time loss resulting from testing and obtaining the marketing authorization.

This is not an extension of the patent term but a patent-like *sui generis* intellectual property right regulation. Protection is only granted for the product covered by the original authorization and not by the scope of the patent which can be wider. The patent is only a precondition for the patent owner to request the certificate which confers the same rights as the basic patent.

The term of protection equals the authorization period but cannot exceed five years. It ends when the marketing authorization expires or the basic patent is revoked.

Under the European Regulation, holders of both a patent and a certificate must be granted a maximum of 15 years’ protection from the time the medicinal product in question first receives marketing authorization.

The certificate may not be granted for a period of more than five years.

Certificate applications may be made for any product which is protected by a patent on the territory of a Member State and which has received marketing authorization as a medicinal product in accordance with the Community code concerning medicinal products for human use or the Community code concerning medicinal products for veterinary use.

The Regulation sets out the conditions for applying for a certificate, the cases in which applications will be accepted or rejected, the conditions for the expiry, invalidity and publication of the certificate and for appeals against decisions taken under the Regulation.

— The TRIPS Agreement makes provision for limited exceptions to patent rights. These exceptions must not “unreasonably” conflict with the “normal” exploitation of the patent. These exceptions are used in very different instances and in particular:

- to advance science and facilitate the transfer of technology, by allowing researchers to use a patented invention for research (research exception);
- to speed up the process of marketing a generic drug. Some countries allow manufacturers of generic drugs to use the patented invention to obtain marketing approval without the patent owner’s permission and before the patent protection expires. The generic producers can then market their versions as soon as the patent expires since the (generally very lengthy) procedure involved in obtaining marketing authorization has already been completed. This provision is called the Bolar provision.

In several countries, experiments by pre-expiry testing may not extend to the generation of data for regulatory purposes after the expiration of the patent protection.

— The regulatory data protection means that the producer of generic product cannot make unfair commercial use for obtaining regulatory approval for the product, of the data of originator of innovative product.

The European Parliament approved the 8+2+1 data protection formula:

- generic manufacturers are only able to introduce an authorization request eight years after an innovative medicine is first put on the market;
- the innovation industry enjoys an additional two-year marketing exclusivity. Hence generic manufacturers are only able to start the marketing of the generic copy after ten years;
- it is generally accepted that there should be an appropriate incentive, in terms of regulatory data protection, for companies to research and develop new indications for existing products. If, during the first eight years, the marketing authorization holder obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to their authorization, are held to bring a significant clinical benefit in comparison with existing therapies, the protection can be extended to a maximum of eleven years.

In the United States of America, the Medicare Modernization Act facilitates the increased competition from generic manufacturers, seeks to prevent anti-competitive use of pharmaceutical patents while preserving the market share of pioneer branded drug companies that have legitimate patent rights.

Among the key elements are:

- a reward for studying medicines for children of 6-months extension to the supplementary protection certificate - in effect, six-month patent extension;
- for off-patent medicines, ten-years of data protection for new studies awarded via a Pediatric Use Marketing Authorization (P.U.M.A).

— In order to secure essential medicines for developing countries (HIV/AIDS, tuberculosis and malaria) the European Council set up a system enabling pharmaceutical producers to sell developing countries essential medicines at reduced prices while ensuring that these products do not find their way back to the EU. The ultimate goal is to give the developing countries greater access to the essential medicines they need to fight the major communicable diseases and to prevent the diversion of exported medicines sold at affordable prices.

When setting a tiered price, the applicant manufacturer or exporter has two options:

- 75% of the average ex-factory price charged in OECD market,
- the direct production costs plus 15%.

Once a product has been approved as a tiered priced product the manufacturer and exporter affix a logo on all packaging, products and documents used in connection with the approved product.

According to the general obligation, it is illegal to import into the Community tiered priced products for the purposes of entry, release for free circulation, re-export, placing under suspensive procedures or placing in a free-zone or free warehouse.

Relevant website: <http://europa.eu.int/scadplus/leg/en/lvb/12056.htm> .

### **1.1.4.3 Biotechnological inventions**

— “Biotechnological inventions” are inventions which concern a product consisting of or containing biological material or a process by means of which biological material is produced, processed or used. “Biological material” is defined as any material consisting of or containing genetic information and capable of reproducing itself or being reproduced in a biological system. The biological material may be of microbiological, plant, animal or human origin, subcellular, unicellular or multicellular organisms and biologically active material. Biotechnological inventions may have very significant effect in the fields of medicine, food, energy and the protection of environment.

Biotechnological inventions belong to the broad and open concept of invention which is accepted worldwide in accordance with the TRIPS norms. Therefore, the legal protection of biotechnological inventions does not require the creation of a separate body of law and the national patent laws are the essential basis for their legal protection.

Nevertheless, the application of patentability standards demonstrates certain special features regarding:

- the technical character of biotechnological inventions and their demarcation from discoveries and the public domain;
- their industrial applicability, their novelty and their non-obviousness;
- their conformity to the ordre public, morality; and
- their disclosure to the public.

Regarding the patentability of biotechnological inventions, the relevant distinction is not between living and inanimate things, but between products of nature, whether living or not and human-made inventions, between nature and technology. On the other hand there is no possibility for “patenting the life” in general but patenting inventions regarding specific living things which are usually commodities on the market (yeast, flowers, pets etc.) and are object of tangible property. The main issue is the following: whether the biotechnological invention represents such type, degree and level of human intervention into the natural things and processes which reaches the threshold line of the standards of patentability.

As to the technical character of human intervention, generally speaking it has to produce an artificially created state of affairs in natural things and processes. This requirement aims at checking that no mere discoveries or natural things may be patented. The European Biotechnology Directive eliminates any doubts about the technical, man-made or artificial character of biological material where, though naturally occurring, the material has been isolated or produced by a human intervention, by an intellectual input into the natural process. This means that patents are not obtainable for the discovery of biological material in its natural state or for essentially biological processes, but isolated biological materials or materials that are the product or processes of human ingenuity are patentable. This particularly applies to genes which are isolated from their natural environment by means of technical processes and made available for industrial production.

As to the novelty of the said human intervention the general rules apply: it shall not belong to the existing prior art, including the public domain and the inventions under patent protection. The application of the requirement of inventive step/non-obviousness has its specificity because the techniques of isolation are usually standard routine. According to the examination practice, a process of making or using a novel and non-obvious biotechnological product is treated as being itself non-obvious.

One of the key issues of patentability is the industrial application (or in the US patent law: utility). An invention shall be considered as susceptible of industrial application if it can be made or used in any kind of industry, including agriculture.

Biological inventions are patentable if the biological material used by the invention indicates a function or specific, substantial and credible utility. For the evaluation of the patentability it is required for example that the industrial application of a sequence or a partial sequence of a gene must be disclosed in the patent application. A mere DNA sequence *per se* without indication of a function does not contain any technical information and is therefore not a patentable invention. Inventions are protected in relation to the disclosed industrial application (utility, function) and the breadth of claim shall be commensurate with the contribution to the art shown by disclosure.

Accordingly, the industrial application of a sequence or a partial sequence of a gene must be disclosed in the patent application.

There are some optional exceptions to the general rule of patentability which also apply to biotechnological inventions and counter-exceptions to the optional exceptions. Members of WTO may exclude from patentability:

- inventions, the prevention within their territory of the commercial exploitation of which is necessary to protect *ordre public* or morality, including to protect human, animal or plant life or health or to avoid serious prejudice to the environment, provided that such exclusion is not made merely because the exploitation is prohibited by their law;



- diagnostic, therapeutic and surgical methods for the treatment of humans or animals;
- plants and animals and essentially biological processes for their production; counter-exception in this respect: the exclusion cannot relate to microorganisms, non-biological and microbiological processes which are patentable under the general rule. Regarding the protection of plant varieties, there is a special rule: members must provide for the protection of plant varieties either by patents or by an effective *sui generis* system (UPOV) or by any combination thereof.

As to the possibility of exclusion from the general patent protection of plants and animals, the industrialized countries usually do not provide for such exclusion. This means that a higher grouping of transgenic plants or animals defined by a shared characteristic (“common transgene”) is patentable even if it comprises new varieties of plants or animals.

Patents are broad and strong forms of biotechnological invention protection, while the plant breeders’ right is focusing mainly on the propagating material of the specific embodiment of a variety.

Animal varieties or breeds produced by traditional biological methods have no *sui generis* legal system for their protection comparable to plant breeders’ rights.

However, genetically modified animals and the application of animal organs or parts (like genes, cell lines, egg cells, embryos, organs for xeno-transplantation, etc.) can be patentable since this is not confined to a particular animal species, through the genetic engineering treatment a massive-human intervention, a technical breeding process is present for useful purposes.

As to the requirement of conformity of biotechnological inventions with the *ordre public*, it expresses the precautionary public policy against possible unforeseeable dangers, risks, and hazards to the life, health and environment. “Morality” relates to the totality of conventionally accepted ethical norms according to which certain acts are right, others are wrong (e.g., using animals for clinical tests is right, but cruelty to them, causing them unnecessary suffering is wrong). It is the general opinion in patent practice that the mere fact that genetic manipulation is used does not render an invention immoral.

The patent laws provide that exploitation shall not be deemed to be contrary to the *ordre public* or morality merely because is prohibited by law or regulation. It means that there is a difference between patenting and exploitation. Morality issues arise regarding animals and humans.

The animal biotechnology is dominated by ethical questions concerning the allowable limits of human interference into the nature by the genetic recombination of animals which may lead to the loss of genetic diversity, loss of integrity of certain species by the chimerical animals, with no direct benefit, with unforeseeable consequences and suffering for the animals.

The European Biotechnology Directive tried to strike a balance and maintain proportionality between the medical benefits and the sufferings providing that shall be considered unpatentable the processes for modifying the genetic identity of animals which are likely to cause them suffering without any substantial medical benefit in terms of research, prevention, diagnosis or therapy to man or animal and also animals resulting from such processes.

It is a widely accepted axiom of the patent law that the human body *per se* and its organs are not patentable. According to the Directives, the human body, at the various stages of its formation and development, and the simple discovery of one of its elements, including the sequence or partial sequence of a gene, cannot constitute patentable inventions.

But this is not true to the application of certain parts of the human body which are separated, e.g. certain tissues, DNA sequences that are taken out of the body and used for the production of human-derived medicines (insulin, interferon, etc.) i.e. when a human part is used as a constituent of an invention. It is expected that this activity will be even more intensive due to the publication of Human Genome Map.

According to the Directives, an element isolated from the human body or otherwise produced by means of a technical process, including the sequence or partial sequence of a gene, may constitute a patentable invention, even if the structure of that element is identical to that of a natural element.

If an invention is based on biological material of human origin or if it uses such material, where a patent application is filed, the person from whose body the material is taken must have had an opportunity of expressing free and informed consent thereto, in accordance with national law.

On the basis of violation of *ordre public* or morality, the following in particular shall be considered unpatentable in this respect:

- processes for cloning human beings, including techniques of embryo splitting, designed to create a human being with the same genetic information as another living or deceased human being;
- processes for modifying the germ line genetic identity which influences the following generations of human beings; but this does not exclude somatic gene therapy of a certain person without influencing the following generations;
- use of human embryos for industrial or commercial purposes; in any case such exclusion does not affect inventions for therapeutic or diagnostic purposes which are applied to human embryos and are useful to it.

The patentability of genetic engineering relating to human stem cells is under discussion. This list is non-exhaustive and is to be seen as giving concrete form to the concepts of *ordre public* and morality.

According to the TRIPS Agreement, members may also exclude from patentability: diagnostic, therapeutic and surgical methods for the treatment of humans or animals.

According to the EPC, methods for treatment of the human or animal body by surgery or therapy and diagnostic methods practiced on the human or animal body shall not be regarded as inventions which are susceptible of industrial application. This provision shall not apply to products, in particular substances or compositions for use in any of these methods.

The methods of diagnosis practiced on humans or animals and of treatment of humans or animals by surgery or therapy, including gene-therapy are eligible to be patented in some countries (Australia, Japan and Korea for animals only, New Zealand, surgery with respect of cosmetic surgery, therapy for animals only, United States of America). On the other hand, several countries are excluding such processes from patentability.

Biopharmaceutical products produced by gene therapy techniques are eligible to be patented everywhere except products used in germ line gene therapy.

The second medical use claims of gene-derived products in the form “Use of substance X to treat illness Y” are also eligible to be patented if the use of the substance is taught for a new therapeutic purpose susceptible of industrial application (so-called “Swiss-style claims”).

— Besides the patentability of biotechnological inventions another issue is the scope of protection (extension and limitation) regarding the biological material and the process that enables a biological material to be produced.

The Biotechnology Directive provides for an important extension of the scope of patent protection for biological material and processes. Protection for genetic material possessing specific characteristics as a result of the invention extends to all biological material obtained from propagation or multiplication of the protected material. For example, a patent extends not only to the microorganisms in which a foreign DNA sequence has been inserted but also to the proteins, hormones, enzymes produced by it. Similarly a patent for a process will cover all products directly obtained from that process and material obtained through propagation or multiplication of products directly obtained from the process (“product by process protection”).

On the other hand, the Biotechnology Directive provides for an important limitation of the scope of patents for plants and animals in favor of farmers. The sale or other form of commercialization of plant propagation material to a farmer by the holder of the patent or with his consent for agricultural use implies authorization for the farmer to use the product of his harvest for propagation or multiplication by him on his own farm. This means that he is not obliged to buy new genetically modified seed each year.

The sale or any other form of commercialization of breeding stock or other animal reproductive material to a farmer by the holder of the patent or with his consent implies authorization for the farmer to use the protected livestock for an agriculture purpose. This includes making the animal or other animal reproductive material available for the purposes of pursuing his agricultural activity but not sale within the framework or for the purpose of a commercial reproduction activity.

In order to avoid conflicts between the complementary legal forms of gene patents and genetically engineered varieties, the Biotechnology Directive provides for compulsory cross-licensing between patentees and holders of earlier plant variety rights, and vice versa.

Where a breeder is unable to acquire or exploit a plant variety right without infringing a prior patent, he may seek a compulsory license on “reasonable terms” from the patentee for non-exclusive use of the patent. He must demonstrate that he has applied unsuccessfully to the holder of the prior patent for a contractual license and that the plant variety constitutes significant progress. The same applies reciprocally to a patentee who finds himself unable to exploit his patent without infringing a prior plant variety right.

Another alternative and complementary possibility of protection of biotechnological inventions is offered by trade secret law (undisclosed information protection).

The use of trade secret protection is limited regarding the biotechnological inventions due to the self-replicating character of biological material by which it can be reproduced without disclosing the secret. From the point of view of public interest, the patenting is preferable because the full disclosure of the invention gives an inspirational information for further research and the invention does not die together with the inventor.

Relevant website: <http://europa.eu.int/scadplus/leg/en/lvb/126056> .

## **1.2 Special creations and forms of protection**

### **1.2.1 Utility models**

The term “utility model” (“petty patents”) is merely a name given to smaller mechanical, practical innovations (devices, tools, household articles), having lower level inventiveness (second tier protection).

The utility model protection system is similar to the ordinary patent system (in some countries, a patent application can be transformed into a utility model application and vice-versa), but it is simpler, cheaper and more rapid. Therefore, it is important for SMEs which play a strategic role in relation to innovation and quick response to market demands.

The main differences between the utility model system and the ordinary patent system are as follows, in substance:

- the subject matter must usually be a movable, three-dimensional form, a structure, mechanism or configuration;
- the subject matter must be novel to qualify as a utility model but the standard of entry threshold, the inventive step required for patentable inventions is not required or is of lower level;
- the term of protection is generally shorter than the term of protection provided for a patent for an invention.

Regarding procedure, there is usually no requirement for a preliminary examination, the procedure is shorter and simpler, the fees required for obtaining and maintaining the right are generally lower than those applicable to patents. Usually a patent application can be changed into a utility model application.

The document that the inventor receives in the case of a utility model in several countries is called a “patent for utility model”.

Utility models as a second tier protection forms, are found in a limited number of countries of the world and in the OAPI regional agreement.

At present, almost all countries of the European Union have some forms of utility model protection. Japan has also a system for the protection of the utility models. The United States of America has never had any sort of protection similar to that of utility model protection.

According to a European Union proposal, only new inventions involving an inventive step and capable of industrial application may be protected by utility model. An invention is considered to be new if it does not form part of the state of the art.

It involves an inventive step if, relative to the state of the art, it is:

- either particularly effective (ease of application or use),
- or has a practical or industrial advantage.

An invention is capable of industrial application if it can be made or used in any kind of industry, including agriculture.

The following are therefore excluded:

- discoveries, scientific theories and mathematical methods;
- aesthetic creations;
- schemes, rules and methods for performing mental acts, playing games or doing business;
- presentations of information;
- surgical or therapeutic treatment procedures applicable to the human body or to the bodies of animals, and diagnostic procedures.

The rights conferred by a utility model shall extend to acts concerning a product covered by that utility model which are done after the product has been put on the market outside the Community by the right-holder or with his consent. However, such rights shall not apply where the product concerned has been put on the market within the Community.

The same invention may form the subject matter of a patent application and a utility model application. However, if the owners' rights are infringed, he may not institute proceedings under both sets of protection arrangements.

A utility model shall lapse:

- at the end of the protection period (6, 8 or 10 years),
- if the owner surrenders it,
- if the filing or search fees have not been paid on time.

An application for revocation of a utility model may be filed on the following grounds:

- if the subject matter of the utility model is not capable of protection,
- if the description of the invention is not sufficiently clear and complete,
- if the subject matter of the utility model extends beyond the content of the application,
- if the protection conferred by the utility model has been extended.

If the grounds for revocation affect the utility model only partially, revocation may take the form of a limitation of the utility model.

By way of exception, utility models shall not be granted for inventions:

- the exploitation of which would be contrary to public policy or morality,
- relating to biological material or to chemical or pharmaceutical substances or processes,
- involving computer programs.

The duration of the utility model shall be six years from the date of filing of the application. An extension of two years may be granted, renewable for a further two years. Protection may not last for more than 10 years.

Where the subject matter of the utility model is a product, the owner of the utility model shall have the right to prevent third parties who do not have his consent from making that product, using it, offering it for sale, selling it, or importing it for these purposes.

Where the subject matter of the utility model is a process, the owner of the utility model shall have the right to prevent third parties who do not have his consent from using that process, offering it for sale, selling it, or importing it for these purposes.

These rights shall not extend to:

- acts done privately and for non-commercial purposes,
- act done for experiments relating to the protected invention.

Relevant website: <http://europa.eu.int/scadplus/leg/en/lvb/126056> .

## 1.2.2 Layout-designs of integrated circuits

An integrated circuit is an electronic device that combines circuit elements always linked on, or in, a continuous material. More broadly, it is an active electronic device, or a combination of active electronic devices (such as transistors or diodes) and passive electronic devices (such as resistors and capacitors), configured in and upon a single semi-conductor crystal (such as silicon) in a manner which facilitates the performance of an electronic function.

Types of integrated circuit: a microprocessor (“computer on a chip”) and memory (“recordal and retrieval of certain data”); from another point of view: commodity and custom devices.

The importance of protecting intellectual property in integrated circuits is high because the unauthorized copying of innovative semiconductor chips causes substantial losses of revenue to innovative semiconductor companies. The new products, if copied, may not provide the investing firm with an adequate return on its enormous investment.

Given the complexity of integrated circuits, virtually all intellectual property rights come into play in protecting the rights of those that invest in the design and production of such circuits.

The following options are available for protection:

- In many countries, undisclosed information (trade secret) protection is available for integrated circuit layout-designs and related computer programs. Since the secrecy of a layout-design is dissipated once the integrated circuit is sold, reliance on trade secret law as the sole mean of protection is inadvisable.
- Most countries apply copyright protection to computer software used in the design, fabrication or testing of integrated circuits. Other countries exclude the application of copyright law on the ground that a layout-design lacks original artistic features and that copyright protection of a “technical drawing” does not protect the final useful article represented by the drawing.

- The patent law is, in many countries, the basis for the protection of basic electronic circuitry of an integrated circuit. However, layout-designs frequently do not rise to the level of inventiveness required by the patent law and the patent procedure is too long.
- Trademarks are often used in relation to integrated circuits on the package but they do not offer protection against the illegal reproduction of layout-designs.
- Special or *sui generis* laws on the protection of the layout-design or topography of integrated circuits have been enacted by a large number of countries.

In 1989, under the auspices of WIPO, the Treaty on Intellectual Property in Respect of Integrated Circuits was adopted at Washington, D.C., United States of America. The Treaty has not entered into force but its substantive provisions have, to a large extent, been adopted in the TRIPS Agreement. The main features of the protection mandated under the Treaty can be summarized as follows.

A layout-design is defined in the Treaty as the “three-dimensional disposition, however expressed, of the elements, at least one of which is an active element, and of some or all of the interconnections of an integrated circuit, or such a three-dimensional disposition prepared for an integrated circuit intended for manufacture.” Such a layout-design is considered eligible for protection under the terms of the Treaty if it is the result of its creator’s own intellectual effort and is not commonplace among creators of layout-designs and manufacturers of integrated circuits at the time of its creation.

The protection required under the Treaty, as modified in the TRIPS Agreement, is the prohibition, for a period of at least 10 years, of the performance of the following acts, without the authorization of the holder of the right:

- reproduction, whether by incorporation in an integrated circuit or otherwise, of a protected layout-design in its entirety or any part thereof, except the act of reproducing any part that does not comply with the requirement of originality; and
- importing, selling or otherwise distributing for commercial purposes, a protected layout-design or an integrated circuit in which a protected layout-design is incorporated.

The manner in which these rights in a layout-design are to be secured is not defined by the Treaty. Thus, a Contracting Party is free to implement its obligations under the Treaty through a special law on layout-designs (a solution which is more and more frequent), or its law on copyright, patents, utility models, industrial designs, unfair competition or any other law or a combination of any of those laws.

Contracting Parties are free to provide registration of a layout-design as a prerequisite for protection.

The rights in layout-designs provided for under the Treaty are subject to three exceptions. Firstly, a third party is able to perform any act with respect to a layout-design for the purposes of evaluation, analysis, research, or teaching. Secondly, a third party may copy a layout-design or part thereof in order to prepare a second, original, layout-design (“reverse engineering”). According to the Treaty, such a second layout-design is not to be regarded as infringing rights held in the first layout-design. Thirdly, a third party may perform any act in respect of a layout-design that was independently created.

According to the European Community Measures, the Member States are obliged to adopt legislation to protect topographies in so far as they are the result of their creator's own intellectual effort and are not commonplace in the semiconductor industry. The right to protection is granted to the person who is the topography's creator, subject to that person being a natural person who is a national of a Member State or ordinarily resident there, but Member States may specify, in accordance with the provisions of the Directive, to whom the right is granted where a topography is created in the course of the creator's employment or under a contract other than a contract of employment. Under certain conditions, protection must also be granted to natural persons, companies or other legal persons who first commercially exploit within a Member State a topography which has not yet been exploited commercially anywhere in the world and who have been exclusively authorized to commercially exploit the topography by the person entitled to dispose of it.

The Directive lays down the procedure for extending the right to protection to persons not covered by the Directive.

Member States may refuse or remove protection in respect of the topography of a semiconductor product where an application for registration in due form has not been filed with a public authority within two years of its being commercially exploited for the first time. They may require that material identifying or exemplifying the topography be deposited. However, they must ensure that material deposited is not made available to the public where it is a trade secret.

The rights granted are exclusive rights. They include the right to authorize or prohibit reproduction of a protected topography and the right to authorize or prohibit commercial exploitation or the importation for that purpose of a topography or of a semiconductor product manufactured using the topography. The exclusive right to authorize or prohibit reproduction does not apply to the reproduction for the purpose of analyzing, evaluating or teaching the concepts, processes, systems or techniques embodied in the topography or the topography itself.

Where registration of the topography is a condition for the coming into existence of exclusive rights, those rights will come into existence on the date on which the application for registration is filed or on the date on which the topography is first commercially exploited anywhere in the world, whichever comes first. If registration is not a condition for protection, the rights will come into existence when the topography is first commercially exploited anywhere in the world or when it is first fixed or encoded.

The exclusive rights come to an end 10 years from the end of the calendar year in which the topography was first commercially exploited anywhere in the world. Where registration is required, the 10-year period is calculated from the end of the calendar year in which the application for registration was filed or from the end of the calendar year in which the topography was first commercially exploited anywhere in the world, whichever comes first.

Relevant website: <http://europa.eu.int/scadplus/leg/en/lvb/126056>.



### 1.2.3 New varieties of plants

The options for the protection of plant innovations are as follows:

- the general patent system according to the TRIPS norms mainly for plant technology and higher grouping of transgenic plants;
- a *sui generis* term of plant variety protection like the UPOV system for actual species of plant varieties;
- the trade secret protection for certain elements of a variety and certain stages of the procedure.

Relevant website: <http://www.upov.int> .

According to the International Convention for the Protection of New Varieties of Plants (UPOV Convention) [1991 Act], in order to be eligible for protection, a plant variety which may belong to any plant *genera* or *species* must be:

- new;
- distinct;
- uniform;
- stable and
- must be given a denomination.

*Novelty*: A variety is deemed to be new if, at the date of filing of the application for a breeder's right, propagating or harvested material of the variety has not been sold or otherwise disposed of to others, by or with the consent of the breeder, for purposes of exploitation of the variety ("commercial novelty"):

- in the territory of the Contracting Party of the International Convention for the Protection of New Varieties of Plants (UPOV Convention) in which the application has been filed earlier than one year before that date, and
- in a territory other than that of the Contracting Party in which the application has been filed earlier than four years or, in the case of trees or of vines, earlier than six years before the said date.

*Distinctness*: The variety must be clearly distinguishable at the time of filing of the application from any other variety whose existence is a matter of common knowledge.

*Uniformity*: Subject to the variation that may be expected from the particular features of its mode of propagation, the variety must be sufficiently uniform in its relevant characteristics.

*Stability*: The relevant characteristic of the variety must remain unchanged after repeated propagation or in the case of a particular cycle of propagation, at the end of each such cycle.

*Denomination*: The variety must be given a denomination enabling it to be identified and which will be its generic designation; the denomination must not be liable to mislead or to cause confusion concerning the characteristics, value or identity of the new variety or the identity of the breeder.

Protection is normally granted only after the competent authority of the Contracting Party of UPOV in which protection is sought has ascertained that the plant variety for which protection is sought fulfills the above-mentioned criteria. The examination (Distinctness, Uniformity, and Stability – “DUS “) is based on field tests.

The period of protection, counted from the date of issue of the title of protection, must be at least 25 years for trees and vine, and at least 20 years for all other plants.

The protection is focusing mainly on the “seed” in wide sense, but does not extend to the idea behind the new plant variety, the genetic material contained in the variety or the method of breeding of the variety (e.g. genetic modification of seed).

The basic right of a breeder of a new plant variety is that his authorization is required for:

- production or reproduction (multiplication);
- conditioning for the purpose of propagation;
- offering for sale;
- selling or other marketing;
- exporting;
- importing;
- stocking for any of these purposes.

The breeder may make his authorization subject to conditions and limitations.

There are two classes of *material* to which such acts must relate and one class to which they may relate. The first two classes of material are:

- the propagating material; and
- the harvested material (including whole plants and parts of plants), if it has been obtained through the unauthorized use of propagating material unless the breeder has had reasonable opportunity to exercise his right in relation to the propagating material.

The third, optional, class consists of products made directly from harvested material, provided they have been obtained through the unauthorized use of harvested material unless the breeder has had reasonable opportunity to exercise his right in relation to the products made directly from the harvested material.

Furthermore, there are four *subject matters* to which the breeder’s right extends:

- the protected variety itself;
- varieties which are not clearly distinguishable from the protected variety;
- varieties which are essentially derived from the protected variety;
- varieties whose production requires the repeated use of the protected variety.

There are three compulsory exceptions to the defined breeder's right and one optional exception. The three compulsory exceptions are:

- acts done privately and for non-commercial purposes;
- acts done for experimental purposes (research exemption); and
- acts done for the purpose of breeding other varieties and except in the case of essentially derived varieties, exploiting such other varieties.

The free availability of the genetic resource embodied in a protected plant variety for the purpose of breeding other varieties is one of the main principles of the UPOV Convention.

The optional exception relates to farm-saved seed (“farmer’s privilege”): countries may exempt farm saved seed from the breeder’s right, within reasonable limits and subject to safeguarding the legitimate interests of the breeder. For example some countries have given farmers the right to replant seed from their previous harvest, but have limited this right to certain crops or to small farmers.

In order to enhance cooperation between gene patent holders and holders of plant variety right, the European Biotechnology Directive provides for compulsory cross-licensing between patentees and holders of earlier plant variety rights, and vice-versa.

Where a breeder is unable to acquire or exploit a plant variety right without infringing a prior patent (e.g. covering certain genes), he may seek a compulsory license on “reasonable terms” from the patentee for the non-exclusive use of the patent. The same applies reciprocally to a patentee who finds himself unable to exploit his patent without infringing a prior plant variety right.

It is to be noted that, in the United States of America, one can choose between a utility patent, plant variety protection, breeders right or plant patent according to the nature of the plant variety, for plant-related inventions.

#### **1.2.4. Genetic resources and traditional knowledge**

In 1991, in Rio de Janeiro, the Convention on Biological Diversity (the Biodiversity Convention) was signed by 168 nations and it entered into force on December 29, 1993, under the aegis of the United Nations Environment Program.

The three principal objectives of the Convention are as follows:

- to conserve the earth’s biological diversity for future generations,
- to exploit this biodiversity in a sustainable way,
- to share the benefits in a fair and equitable manner.

Under the Convention on Biological Diversity, several biotechnological legal issues emerge as follows:

- sovereignty of States over their genetic resources; ownership and protection of the genetic resources and traditional knowledge;
- access mechanism to genetic resources (including *in vivo* and *in vitro* collections) and traditional knowledge;
- voluntary licensing and benefit-sharing agreements on access to genetic resources and traditional knowledge;
- prevention of biopiracy;

Genetic resources mean genetic material of actual or potential value; genetic material means any material of plant, animal, microbial or other origin containing functional units of heredity.

Under the Convention on Biological Diversity, the international community has agreed that all States have sovereignty over their own genetic resources and are thus entitled to the “fair and equitable sharing of the benefits” that these resources provide through the use of their commercial potential.

Governments are committed to facilitating access for development and private investments to genetic resources on “mutually agreed terms” and on the basis of the country of origin’s “prior informed consent”. This country has the right to benefit from the exploitation of its resources in the form of financial payments, samples of what is collected, the participation or training of national researchers, the transfer of biotechnology equipment and know-how, or a share of any profits from the use of the resources.

The Convention also recognizes that many indigenous and local communities interact closely with biological diversity. They contribute to the conservation and sustainable use of biological diversity through their role as natural resource managers. They have also refined age-old skills and techniques for the sustainable exploitation of biological resources. This traditional knowledge can make an invaluable contribution to modern understanding of biological diversity.

Such communities deserve to share in the benefits derived from their achievements. Governments have therefore undertaken to respect, preserve and maintain traditional knowledge, innovations and practices. They pledge to promote their wider application with the approval and involvement of the holders of such knowledge, and to encourage the equitable sharing of the benefits arising from their utilization.

As far as the access regimes to genetic resources and traditional knowledge are concerned, this is up to the national biodiversity legislations and biodiversity authorities as national focal points, which are issuing bioprospecting concessions or licenses (“prior informed consent”) for the use of natural genetic resources and approving the respective agreements containing contractual clauses on the access to genetic resources and benefit sharing.

The traditional biotechnological knowledge (e.g. use of specific herb for medical purposes) is not an individual property but it is jointly used within a certain group of local community (collective ownership), without fixation (oral form or manual skill), not invented by identifiable persons with a date of creation but inherited collectively from the ancestors (traditional), it is used for everyday life, not for commercial purposes (non-commercial), it is a living body of knowledge which is supplemented and replenished with time without a specific ending point in its economic life.

Accordingly, the handling of the traditional knowledge of indigenous peoples is based on a collective moral framework (in certain cases without the concept of “property”), which is completely different from the individualist, commercial principle of the traditional IPR system that is not sufficient in addressing this form of knowledge.

However, several existing legal institutions of intellectual property appear to have potential to solve indirectly certain problems of protection of traditional biotechnological knowledge.

The trade secret protection may cover undisclosed traditional knowledge; the patent protection can be used for the protection of biotechnological inventions based on genetic resources but modified by human intervention in an inventive way. The existing materials remain in the public domain. Patent rights cannot validly cover pre-existing practices or naturally occurring biological material as such in its natural state.

The collective and certification marks, geographical indications, designs can also be used for the protection of products based on traditional indigenous knowledge or based on genetic resources.

In certain developing countries *sui generis* measures and laws exist for the protection of traditional knowledge and for regulation of access to biological resources.

A searchable database has been developed of contractual practices and clauses relating to intellectual property aspects of access to genetic resources and benefit-sharing.

It is possible to oppose industrial property rights of third persons who illegally –without agreement and prior informed consent– appropriate traditional knowledge or genetic resources (“biopiracy”).

As to the prevention of biopiracy several efforts are taken to prevent such abuse. The European Biotechnology Directive provides that if an invention is based on biological material of plant or animal origin or if it uses such material, the patent application should, where appropriate, include information on the geographical origin of such material, if known; whereas this is without prejudice to the processing of patent applications or the validity of rights arising from granted patents. Certain countries make efforts to introduce an obligatory biodiversity clearance type of regulation in the international law arena.

In order to avoid by defensive protection measures the unauthorized acquisition of IPRs (particularly patents) over traditional knowledge, a WIPO Portal of Traditional Knowledge Databases documenting and publishing classified traditional knowledge (e.g. Ayurveda) as searchable prior art, has been developed. A digital data base has also been established on traditional knowledge to avoid grant of patents on the knowledge which is in the public domain.

## 1.3 Patent protection abroad

### 1.3.1 Direct filing

#### 1.3.1.1 Paris Convention

Patent protection is available in other countries on the basis of the principles of the Paris Convention for the Protection of Industrial Property. Relevant website: <http://www.wipo.int>.

The TRIPS Agreement goes much further by establishing standards of protection for the main categories of intellectual property rights as well as rules on the enforcement of those rights. Relevant website: <http://www.wto.org>.

The Paris Convention applies to industrial property in its widest sense, including inventions, marks, industrial designs, utility models, trade names, indications of source, appellations of origin and the repression of unfair competition.

The TRIPS Agreement also mentions “undisclosed information” (“trade secrets”), “layout-designs (topographies) of integrated circuits” and “geographical indications” among the objects of intellectual property rights.

The substantive provisions of the Paris Convention fall into two main categories: national treatment and unionist or conventional treatment.

Under the provisions on national treatment, the Convention provides that, as regards the protection of industrial property, each Contracting State must grant the same protection to nationals of the other Contracting States as it grants to its own nationals. Nationals of non-Contracting States are also protected by the Convention if they are domiciled or have a real and effective industrial or commercial establishment in a Contracting State. The Convention allows the Contracting States to require mandatory representation of foreigners by professional domestic patent attorneys recorded in the country.

Since the Convention does not require reciprocity, therefore inequalities, diversity of treatments may arise among the legislations. In order to decrease such legislative inequalities, the Convention provides for special rights and advantages, limitations and restrictions of the legislations (unionist or conventional treatment).

The unionist treatment (as a counterbalance of the national treatment) concerns the facilitation of acquisition of rights, the scope and duration of rights and deregulation of certain requirements concerning the use, assignment, maintenance of rights.

The Convention provides for the right of priority in the case of patents (and utility models, where they exist), marks and industrial designs. This right means that, on the basis of a regular first application filed in one of the Contracting States, the applicant may, within a certain period of time (12 months for patents and utility models; six months for industrial designs and marks), apply for protection in any of the other Contracting States; these later applications are then regarded as if they had been filed on the same day as the first application, in other words, these later applications have priority (hence the expression “right of priority”) over applications which may have been filed during the same period of time by other persons for the same invention, utility model, mark or industrial design.

Moreover, these later applications, being based on a first application, will not be affected by any event that may have taken place in the interval, such as any publication of the invention or sale of articles bearing the mark or incorporating the industrial design.

One of the great practical advantages of this provision is that, when an applicant desires protection in several countries, he is not required to present all his applications at the same time but has six or 12 months at his disposal to decide in which countries he wishes to obtain protection and to organize with due care the steps he must take to secure protection. The selected countries are mainly those where the patent applicant wishes to make use of and sell his invention or protect it from possible competitors.

The Convention lays down a few common rules which all the Contracting States must follow. The most important are the following:

- patents granted in different Contracting States for the same invention are independent of each other: the granting of a patent in one Contracting State does not oblige the other Contracting States to grant a patent; a patent cannot be refused, annulled or terminated in any Contracting State on the ground that it has been refused or annulled or has terminated in any other Contracting State;
- the inventor has the right to be named as such in the patent;
- the grant of a patent may not be refused, and a patent may not be invalidated, on the ground that the sale of the patented product, or of a product obtained by means of the patented process, is subject to restrictions or limitations resulting from the domestic law (since patenting and exploiting are different issues);
- each Contracting State that takes legislative measures providing for the grant of compulsory licenses to prevent the abuses which might result from the exclusive rights conferred by a patent may do so only within certain limitations. Thus, a compulsory license (license not granted by the owner of the patent but by a public authority of the State concerned) based on failure to work the patented invention may only be granted pursuant to a request filed after three or four years of failure to work or insufficient working of the patented invention, and it must be refused if the patentee gives legitimate reasons to justify his inaction;
- furthermore, forfeiture of a patent may not be provided for, except in cases where the grant of a compulsory license would not have been sufficient to prevent the abuse. In the latter case, proceedings for forfeiture of a patent may be instituted, but only after the expiration of two years from the grant of the first compulsory license.

In the field of patents, the TRIPS Agreement contains additional obligations concerning, among others, the minimum term of protection, the protection of products and processes, the patentable subject matter, the allowable exclusions from protection, the minimum exclusive rights, the prohibition of certain types of discrimination, the protection of plant varieties by patents or a *sui generis* system, guidelines for compulsory licensing, and certain forms of evidence of infringement.

### 1.3.1.2 UPOV Convention

The main aim of the UPOV Convention is to give an incentive to plant breeding by protecting the rights of the breeders in new plant varieties. The Convention not only requires the member States to provide protection for new varieties of plants, but also contains explicit and detailed rules on the conditions and arrangements for granting protection. It furthermore contains rules on the scope, the possible restrictions and exceptions, and the forfeiture of protection. It establishes, subject to certain limitations, the principle of national treatment for plant breeders from other member States; this means that in any member State nationals or residents of another member State enjoy the same treatment as nationals or residents of that State. Finally, it introduces a right of priority.

Relevant website: <http://www.upov.int>.

### 1.3.2 Regional patent and plant variety rights systems

The basic intellectual property treaties administered by WIPO are supplemented by special agreements related only to certain categories of intellectual property protection or only to certain regions. On the basis of these agreements, two kinds of patent protection can in principle be obtained: centrally granted national patents (EPO, ARIPO) or uniform regional patents (EAPO, OAPI) or plant variety rights (CPVO).

Patents can be obtained in three ways: by filing

- national patent applications;
- regional patent applications (EPO, EAPO, OAPI, CPVO);
- international patent applications (PCT) which may be combined with regional patent applications.

#### Matrix of interconnections of regional and global systems for filing application and obtaining patent, utility model and plant variety rights

System Rights	Regional granting system of patents, utility models, plant variety rights	Global filing system of patent applications
National rights	EPO (patents) ARIPO (patents)	PCT (via EPO or ARIPO)
Uniform regional rights	EAPO (patents) OAPI (patents, utility models) CPVO (plant variety rights)	PCT (via EAPO or OAPI)

**EPO (European Patent Organization):** The European Patent Convention allows anyone—irrespective of nationality or domicile—to obtain a European patent for an invention in the designated Contracting States by filing a single application with, and making a single payment to the European Patent Office in Munich or its branch at The Hague.

The official languages are English, French and German. Residents of a Contracting State which has another language may file an application in that language. A translation in one of the three languages of the EPO must be filed within three months of the filing of the application or within 13 months of the priority date.



The centralized procedure at the European Patent Office follows the normal rules: there is a formalities examination (carried out at The Hague) followed by a search for the establishment of a search report; publication occurs at the expiration of 18 months from the priority date; substantive examination is carried out at the request of the applicant filed up to the end of six months after the date on which the European Patent Bulletin mentions the publication of the European search report; the procedure ends with the grant or refusal of the grant of a European patent.

Within nine months from the publication of the granting decision, any person (except the patent owner) may give notice to the EPO of opposition to the patent granted. The patent can be repealed or the opposition rejected depending on the issue of the procedure. Appeals can be filed against the decisions of the departments of EPO.

At the request of the applicant, a European patent application may, in special cases, be transformed into a national patent application.

The granted European patent is a bundle of national patents: it confers in each Contracting State for which it is granted the same rights as would be conferred by a national patent. The translations in the national languages must be filed in the respective designated States within three months after the publication of the mention of the grant. Revocation is only possible under the law of a Contracting State with effect for its territory.

Where the applicant does not have his residence or principal place of business in the territory of a Contracting State, he is required to be represented by a European patent agent in all proceedings other than the filing a European patent application.

It has to be taken into account that, in the European Union, in the framework of Community legislation, several regulations, directives and other acts have been adopted on intellectual property, including patent matters which also concern the EPO. It is to be noted that, among the EPO, USPTO and JPO a trilateral cooperation has been established and is going on.

Relevant website: <http://www.european.patent.office.org>.

Although the Munich Convention creates a single system for granting patents, there is still no Community patent belonging to the Community legal order. A single patent for the whole Community, at an affordable price and offering adequate legal protection, could help Europe transform research results and new technological and scientific know-how into industrial and commercial success stories. The aim is also to help Europe catch up on the United States and Japan in terms of private R&D investment.

The purpose of the proposed system is not to replace the existing national and European systems but to stand alongside them. Inventors will remain free to choose the type of patent protection best suited to their needs.

The main thrust of this proposal is the creation of a “symbiosis” between two systems: the Regulation on the Community patent and the Munich Convention.

The Regulation will supplement the Munich Convention. The Community patent will be issued by the Office as a European patent, specifying the territory of the Community instead of individual Member States. Implementation of this Regulation will require the Community to accede to the Munich Convention, and a revision of that Convention to enable the Office to grant a Community patent.

Once this Regulation has been adopted, the external jurisdiction for the Community patent will come under the exclusive jurisdiction of the Community.

The Community patent is unitary and autonomous, i.e. it has equal effect throughout the Community. It may only be granted, transferred or declared invalid for the whole of the Community.

The conditions for granting the patent, for example the conditions of patentability, are set out by the Munich Convention.

The right to the Community patent belongs to the inventor or his successor in title. If the inventor is an employee, the right to the patent is determined in accordance with the law of the State in which the employee is mainly employed or, if that State cannot be determined, with that of the State in which the employer has his place of business. Provisions also exist for obtaining a patent with joint proprietorship and for the change of proprietorship of the Community patent.

The application is made under the provisions of the Munich Convention. The Office examines the application and publishes it and the patent, if granted, in the Register of Community Patents and/or the Community Patents Bulletin.

The Community patent confers on its proprietor the right to prohibit, without his consent:

- the direct use of the invention, in particular making it, offering it, putting it on the market, importing it, etc.;
- the indirect use of the invention, through supplying it, etc.

The rights conferred by the Community patent do not extend to a number of areas detailed in the proposal for a Regulation, such as acts done privately and for non-commercial purposes.

Moreover, these rights do not extend to acts concerning the product covered by the patent carried out within the territories of the Member States, after that product has been put on the market in the Community by the proprietor of the patent or with his consent, unless there are legitimate grounds for doing so.

The rights of the patent do not apply to the prior use of the invention. Therefore, if a person, in good faith and for business purposes, uses the invention or makes effective and serious preparations before the filing date, this person has the right to continue such use or to use the invention as planned during the preparations.

The Community patent may be licensed in whole or in part for all or part of the Community. These licenses may be exclusive or non-exclusive. The rights conferred by the Community patent may be invoked against a licensee who breaches any restriction in the licensing contract.

The proprietor of a Community patent may authorize any person to use the invention, as a licensee, in return for appropriate compensation as fixed by the Commission. This authorization is given, and can also be withdrawn, by written communication to the Office and this entails a reduction of annual fees for renewing the patent. The Member States are not empowered to grant licenses of right in respect of a Community patent.

The Commission may grant a compulsory license for lack or insufficiency of exploitation of a Community patent or in the case of dependent patents. It can also authorize the use of a Community patent in some specific situations: in times of crisis, in other situations of extreme urgency, or in a situation where it is necessary to remedy a practice deemed after a judicial or administrative process to be anti-competitive.

Annual fees must be paid to the Office to renew Community patents. The amount of these fees will be fixed by means of an implementing regulation on fees, which will be adopted by a regulations committee.

The Community patent may be surrendered only in its entirety. Surrender must be declared in writing to the Office by the proprietor of the patent, and only takes effect once entered in the Register of Community Patents.

The Community patent has a duration of 20 years, calculated from the date of filing of the application. The patent will lapse if the renewal fee or any additional fee has not been paid on time.

The grounds for invalidity include, among others, the following:

- the subject-matter of the patent is not patentable according to Articles 52 to 57 of the Munich Convention;
- the patent does not disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art;
- the subject-matter of the patent extends beyond the content of the application as filed.

The patent is invalidated retroactively, except in decisions on infringement which have acquired the authority of *res judicata* and been enforced prior to the invalidity decision; nor does the retroactive effect of the invalidity affect contracts concluded and performed prior to the invalidity decision. However, in certain circumstances, it is possible to claim back sums paid under the relevant contract.

Any person may initiate invalidity proceedings, except in the case where the right of the proprietor of the patent to obtain the patent would be contested. In this case, the initiator of the application must be the person entitled to be entered in the Register of Community Patents as the sole proprietor of the patent or by all the persons entitled to be entered as joint proprietors.

Invalidity proceedings may be brought even if the Community patent has lapsed. The patent may be invalidated either in whole or in part.

The proposal provides for the creation of a centralized Community Intellectual Property Court to guarantee unity of law and consistent case law.

The court will comprise chambers of first instance and appeal. The court's rules of procedure, conditions and working methods will be laid down in the statute or the rules of procedure.

The centralized court will have exclusive jurisdiction for some actions, including litigation relating to the infringement and the validity of the Community patent. It will deal in particular with disputes between private parties and will be empowered to impose sanctions and award claims for damages. Its rulings will be enforceable.

Appeals against the decisions of the Office will be dealt with under procedures provided for by the Munich Convention.

An action for infringement must be based on an presumed infringement of the rights conferred by the patent.

This action may be brought by the proprietor of the patent or, in some cases, by the beneficiary of a license.

At the request of the proprietor, a Community patent may be limited in the form of an amendment to the claims, the description or the drawings. The request is only admissible with the agreement of a person who has a right *in rem* or a license recorded in the Register of Community Patents.

The Commission has the power to act if the Community's interest is at stake. It may refer an action for invalidity of a patent to the court and intervene in any proceedings brought before the court.

The Community court may impose various sanctions. If a Community patent has been infringed, the court may issue the following orders:

- an order prohibiting the defendant from continuing with the acts which infringed the patent;
- an order to seize the products resulting from the infringement;
- an order to seize the goods, materials, etc., which enable the invention to be used;
- an order imposing other sanctions adapted to specific circumstances.

The national courts will have jurisdiction which does not come within the exclusive jurisdiction of either the Court of Justice or the Community Intellectual Property Court. The national courts will therefore deal, for example, with:

- actions relating to the right to a patent over which an employer and an employee are in dispute;
- actions relating to levy of execution on the Community patent.

The national arbitration rules of the Member States will remain in force. A Community patent may not be declared invalid in arbitration proceedings.

A patent must be granted, in accordance with the Munich Convention, in a language of the proceedings before the Office (English, French or German) and must be published in that language with a translation of the claims into the other two languages (Italian and Spanish). A translation of the Community patent into all the Community languages is not necessary, although the proprietor of the patent has the option of producing and depositing translations of the patent in other official languages of the Member States. These translations will then be made available to the public. This measure is taken to avoid high costs which might dissuade from using the Community patent.

Relevant website: <http://europa.eu.int/scadplus/leg/en/lvb/126056>.

**ARIPO (African Regional Industrial Property Organization):** Anyone can file an application with the domestic Patent Office of any Contracting State; after a formal examination the application is forwarded to ARIPO in Harare, Zimbabwe. Foreigners must appoint a representative residing in a Contracting State. The official language of the Central Registry in Harare is English.

The centralized procedure at ARIPO follows the usual rules: there is a formality examination; this is followed by a search conducted in Harare; thereafter, a substantive examination is carried out without request; after the grant of the ARIPO patent, publication takes place. The ARIPO patent is a bundle of national patents: it confers in each Contracting State for which is granted the same rights as would be conferred by a national patent. The national Patent Offices have the power to refuse the grant of the patent within six months from the decision to grant.

If an ARIPO patent is refused, the applicant has three months to request further procedure under the domestic laws of a designated Contracting State.

Relevant website: <http://www.aripo.org>.

**EAPO (Eurasian Patent Organization):** The Eurasian Patent Convention allows anyone, irrespective of nationality or domicile, to obtain a Eurasian patent for an invention having effect in all the Contracting States, by filing a single application with, and making a single payment to, the Eurasian Patent Office in Moscow. The request part of an application for the grant of a Eurasian patent must be in Russian. Other parts of the Eurasian application may, at the time of the filing of the application, be in Russian or in any other language. For any parts that are not in Russian, a Russian translation must be furnished by the applicant within two months following the date of receipt, by the Eurasian Patent Office, of the Eurasian application. The Eurasian Patent Office accepts the filing of applications by facsimile, but the signed original must reach the Office within 14 days.

The centralized procedure in the Eurasian Patent Office follows the usual rules: there is an examination as to form; this is followed by search, publication after the expiry of 18 months from the priority date, substantive examination (which is carried out at the request of the applicant made before the expiry of six months from the date of publication of the search report), and grant or refusal of grant of a Eurasian patent.

If the grant of a Eurasian patent is refused, the applicant may transform his Eurasian application into national applications having the filing date and the priority date, if any, of the Eurasian application, in those Contracting States in which he wishes to obtain a national patent under the national procedure.

The granted Eurasian patent is not a bundle of national patents but has, in the Contracting States, a unitary legal effect governed by the Convention and the Patent Regulations adopted by the Administrative Council of EAPO.

Any dispute concerning the validity in a given Contracting State, or an infringement in a given Contracting State, of a Eurasian patent is decided by the national courts or other competent authorities of that State on the basis of the Convention and the Patent Regulations. Such decisions have legal effect only in the territory of that Contracting State.

In case of dispute, any national court or other competent authority of a Contracting State in which Russian is not a State language may require that the plaintiff furnish to it a translation of the Eurasian patent in that State's language.

There is no requirement and no possibility to designate Contracting States in the Eurasian patent application. The Eurasian patent has effect on the territory of all Contracting States from the date of its publication by the Eurasian Patent Office. However, at the time when the annual maintenance fees are due and are paid, the owner of the patent must designate by name those Contracting States in which he wishes the effect of the patent to continue. Designations must be addressed to the Eurasian Patent Office, and the maintenance fees must be paid at the same time. A separate fee is payable in respect of each designated Contracting State.

Any person who has the right to be a representative before the national Patent Office of a Contracting State and who is registered with the Eurasian Patent Office as a patent agent may act as a representative before the Eurasian Patent Office. Where the applicant does not have his residence or principal place of business in the territory of a Contracting State, he is required to be represented by such a registered patent agent.

Relevant website: <http://www.eapo.org>.

**OAPI (African Intellectual Property Organization):** Anyone can file an application with OAPI in Yaoundé, Cameroon, in French or English, regarding all countries of OAPI. Foreigners must appoint a representative residing in a member country. Patents or utility models are available.

The centralized procedure consists of a formality examination; a search; an examination as to the unity of the invention and as to whether the invention is patentable; the patent is granted and a notice of grant is published in the Official Bulletin without any guarantee as to its validity. OAPI patents afford the same unitary protection in all member countries.

Relevant website: <http://www.oapi.wipo.net>.

**CPVO (Community Plant Variety Office):** In 1994, the European Community Council adopted a Regulation on Community Plant Variety Rights (“CPVR”) and established the CPV Office (“CPVO”) in Angers, France. The substantive law of the Regulation closely mirrors the UPOV Convention. The Regulation establishes a unitary plant variety right which is granted by the CPVO and is effective throughout the Community. It can only be granted, transferred or terminated in respect of the whole Community.

Relevant website: <http://www.cpvo.fr>.

### 1.3.3 The Patent Cooperation Treaty (PCT)

The system of patent cooperation established by the PCT is aimed at facilitating the acquisition of patents by one application in multiple countries through worldwide linkages.

The PCT was concluded in 1970, amended in 1979, and modified in 1984 and 2001.

It is open to States party to the Paris Convention for the Protection of Industrial Property (1883). Instruments of ratification or accession must be deposited with the Director General of WIPO.

The Treaty makes it possible to seek patent protection for an invention simultaneously in each of a large number of countries by filing an “international” patent application. Such an application may be filed by anyone who is a national or resident of a Contracting State. It may generally be filed with the national patent office of the Contracting State of which the applicant is a national or resident or, at the applicant’s option, with the International Bureau of WIPO in Geneva. If the applicant is a national or resident of a Contracting State which is party to the European Patent Convention, the Harare Protocol on Patents and Industrial Designs (Harare Protocol), the revised Bangui Agreement Relating to the Creation of an African Intellectual Property Organization or the Eurasian Patent Convention, the international application may also be filed with the European Patent Office (EPO), the African Regional Industrial Property Organization (ARIPO), the African Intellectual Property Organization (OAPI) or the Eurasian Patent Office (EAPO), respectively.

The international application is then subjected to what is called an “international search.” That search is carried out by one of the major patent offices appointed by the PCT Assembly as an International Searching Authority (ISA). The said search results in an “international search report,” that is, a listing of the citations of such published documents that might affect the patentability of the invention claimed in the international application. At the same time, the ISA prepares a written opinion on patentability.

The international search report and the written opinion are communicated by the ISA to the applicant who may decide to withdraw his application, in particular where the said report or opinion makes the granting of patents unlikely.

If the international application is not withdrawn, it is, together with the international search report, published by the International Bureau. The written opinion is not published.

The procedure under the PCT has great advantages for the applicant, the patent offices and the general public:

- the applicant has up to 18 months more than he has in a procedure outside the PCT to reflect on the desirability of seeking protection in foreign countries, to appoint local patent agents in each foreign country, to prepare the necessary translations and to pay the national fees; he is assured that, if his international application is in the form prescribed by the PCT, it cannot be rejected on formal grounds by any designated or elected Office during the national phase of the processing of the application; on the basis of the international search report and the written opinion, he can evaluate with reasonable probability the chances of his invention being patented; and the applicant has the possibility during the international preliminary examination to amend the international application to put it in order before processing by the designated or elected Offices;
- the search and examination work of patent offices can be considerably reduced or virtually eliminated thanks to the international search report, the written opinion and, where applicable, the international preliminary examination report that accompany the international application;
- since each international application is published together with an international search report, third parties are in a better position to formulate a well-founded opinion about the patentability of the claimed invention.

To summarize, an applicant who intends to protect his invention in several countries can by using the PCT, extend the period (“delaying effect of the PCT”) which serves to:

- evaluate the chances of protecting the invention before incurring major costs in other countries;
- keep the options open to protect the invention while investigating its commercial possibilities in other countries;
- obtain more reliable patents in other countries;
- file applications electronically.

Relevant website: <http://www.wipo.int> (text of the PCT; PCT Applicant’s Guide, PCT Gazette, PCT Easy, PCT Newsletter).

### **1.3.4 The Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure**

The main feature of the Treaty is that a contracting State which allows or requires the deposit of microorganisms for the purposes of patent procedure must recognize, for such purposes, the deposit of a microorganism with any “international depositary authority”, irrespective of whether such authority is on or outside the territory of the said State.

Disclosure of the invention is a requirement for the grant of patents. Normally, an invention is disclosed by means of a written description. Where an invention involves a microorganism, disclosure is not possible in writing but can only be effected by the deposit, with a specialized institution, of a sample of the microorganism. In practice, the term “microorganism” is interpreted in a broad sense, covering biological material the deposit of which is necessary for the purposes of disclosure, in particular regarding inventions relating to the food and pharmaceutical fields.

It is in order to eliminate the need to deposit in each country in which protection is sought, that the Treaty provides that the deposit of a microorganism with any “international depositary authority” suffices for the purposes of patent procedure before the national patent offices of all of the contracting States and before any regional patent office (if such a regional office declares that it recognizes the effects of the Treaty). The EPO, ARIPO and EAPO made such a declaration.

Relevant website: <http://www.wipo.int>.

### **1.3.5 The Strasbourg Agreement Concerning the International Patent Classification**

The Strasbourg Agreement establishes the International Patent Classification (IPC) which divides technology into eight sections with approximately 67,000 subdivisions. Each subdivision has a symbol consisting of Arabic numerals and letters of the Latin alphabet.

The appropriate IPC symbols are indicated on each patent document (published patent applications and granted patents) as a “search tool.”



Classification is indispensable for the retrieval of patent documents in the search for “prior art”. Such retrieval is needed by patent examining authorities, potential inventors, research and development units, and others concerned with the application or development of technology.

The Patent Offices of about 80 States, four regional Offices and the International Bureau of WIPO under the Patent Cooperation Treaty (PCT) actually use the IPC.

In order to keep the IPC up to date, it is continuously revised and a new edition is published every five years.

Relevant website: <http://www.wipo.int/classifications/en/index.html>.

## **2. Industrial designs for upgrading the formal quality of products**

### **2.1 Options for the protection of the form of a product**

The creator of a design or other form of a product (e.g., work of applied art) has five market and legal options concerning the intellectual property status of his creation:

- to keep it secret as undisclosed information under the law of trade secret protection; however, this can only be done before any registration for protection since inherent trade secret protection cannot be used for the appearance of publicly available products; on the other hand, trade secret protection can be used efficiently only for the production process of a design;
- to demonstrate it publicly without any protection (e.g., at an exhibition without claiming temporary protection); such an act might have a novelty destroying effect and should therefore be avoided by the creator who wishes the registration of his industrial design right;
- to publish it in a copyrightable work (e.g., in a work of applied art such as a statuette holding a lamp); public disclosure irrespective of the copyright protection can have a novelty destroying effect for the purpose of registration of the design;
- to embody it without any protection in publicly available market goods; in this case, the protection can only be based on unfair competition law, specifically the provisions repressing confusion and the taking of undue advantage (free riding, slavish imitation). However, unregistered community design enjoy short and limited protection which is automatic and free, against actual copying;
- to disclose it as a quid quo pro for the registered industrial design right.

Relevant website: <http://www.wipo.int>.

## 2.2 Registered rights

The possible options for the protection of creations as to form of products through registration are as follows:

- the utilitarian form concerns the functional quality of the product and is, therefore, eligible for protection in the framework of the patent or utility model laws;
- the visual, ornamental, aesthetic, appearance of a product can be the subject of registration under the design patent provisions of the general patent law (United States of America) or under a *sui generis* industrial design protection law;
- the distinctive and non-functional appearance of a product (the three-dimensional shape of goods or their packaging) can be protected through registration under the trademark law.

Industrial designs are applied to a wide variety of industrial and handicraft products: from technical and medical instruments to watches, jewelry, and other luxury items, electrical appliances, housewares, vehicles, textiles and leisure goods. They appeal to the eye and the aesthetic sense of the buyers and therefore promote sales, thus adding to their commercial value.

Industrial design protection includes some of the following advantages:

- it prevents unauthorized copying or exploitation of registered designs or industrial products, thus helping to ensure a fair return on investments;
- it encourages creativity, innovation and fair competition, leading to the production of aesthetically attractive more fashionable, and diversified products under similar technical performances;
- it acts as a spur to a country's economic development by contributing to the expansion of commercial activities and by enhancing the export potential of national products;
- since the creation, development and protection of industrial designs can be relatively simple and inexpensive, their protection is also generally accessible to small and medium-sized enterprises, even to individual artists and craftsmen.

## 2.3 Substantive industrial design law

### 2.3.1 Characteristic features of industrial designs

Generally speaking, the subject matter of industrial design protection is the ornamental or aesthetic aspect of a useful article of manufacture.

The ornamental character of a design relates to its external appearance, the aesthetic, visual, decorative qualities of an article which can be perceived by the human eye or touch, but does not necessarily mean that has any artistic merits. The ornamental character can be expressed in two- or three-dimensional features such as composition of lines, colors, surface, shape, configuration, contours, pattern and texture. Such a composition or form gives a special appearance to a product of industry or handicraft.

The embodiment of the ornamental character in a useful article of manufacture (the whole or a part of a product, material, ornamentation) is another requirement for protection; this means that a design is not protected as such, but it must be capable of reproduction by industrial means and of being applied as a pattern to a series of useful articles of manufacture by an industrial process. The list of classes and subclasses of the International Classification under the Locarno Agreement Establishing an International Classification for Industrial Designs (1968) can be used for practical orientation purposes as to typical design products; this is, however, not legally limiting.

Designs contrary to morality (e.g. obscene forms) or public order (e.g. the emblem of a public authority) are excluded from protection.

The industrial design protection does not extend to:

- the idea behind the design (e.g., the method or principle of construction), the general theoretical, underlying principles of the design conception (e.g., certain fashions);
- the useful article of manufacture, the method of production, the construction or the technical functional features of that article;
- designs that are dictated essentially by technical or functional considerations, e.g., by the use or purpose of the article, because industrial design protection does not concern the functional, utilitarian nature of the article to which a design is applied.

### **2.3.2 Requirements for protection**

As to the requirements for protection, which are novelty or originality, according to the hybrid nature of design some laws follow patent features, other laws follow copyright features, other laws again follow both features. The requirement of novelty is more in line with the patent features while that of originality is more related to copyright features.

According to the TRIPS Agreement, protection is provided for independently created designs that are new or original. Designs are not new or original if they do not significantly differ from known designs or combinations of known designs.

The European Community Directive provides that to qualify for protection, a design has to be new and have an individual character.

In the practice of several countries, “novelty” means objective difference over the prior art, that is to say that no identical or very similar design is known to have existed before, while “originality” indicates that the design is not copied but is the result of its creator’s work and is not commonplace in the relevant field of activity.

### **2.3.3 Rights conferred; term of protection**

As to the rights conferred, industrial designs are usually protected against unauthorized copying or imitation. According to the TRIPS norms, the owner of a protected industrial design has the right to prevent third parties not having his consent from making, selling or importing articles bearing or embodying a design which is a copy, or substantially a copy, of the protected design, when such acts are undertaken for commercial purposes.

The term of protection under an industrial design registration is five to 15 years. Some States have a term of five years with two successive renewal periods of five years each. According to the TRIPS norms, the duration of protection must amount to at least 10 years.

According to the European Community Directive the design is protected for one or more periods of five years, with a maximum of 25 years. Registration confers on the designer the exclusive right to use the design and prevent any third party from using it.

The rights conferred by a design right do not extend to acts done on a private basis, for non-commercial or experimental purposes, or for the purposes of illustration or education. Also excluded from this protection are:

- items incorporated into a product which are not visible during “normal” use of this product;
- characteristics of a product’s appearance which are solely dictated by its technical function;
- characteristics of a product’s appearance which have to be reproduced in order to allow the product to be mechanically connected to, or placed in, around or against, another product (“must fit” features);
- equipment on board ships or aircraft which temporarily enter the territory of another Member State;
- spare parts or accessories which are imported into that Member State for the purpose of repairing the aforementioned vehicles;
- designs which are contrary to public order or morality.

If a Member State designs are protected by legal provisions concerning unregistered designs, copyright, trademarks, patents and utility models, etc., those provisions still apply side by side with the specific legislation on the protection of designs.

Relevant website: <http://europa.eu.int/scadplus/leg/en/lvb/126056>.

## **2.4 Procedure under industrial design law**

### **2.4.1 Right to protection; priority**

The right to legal protection in respect of an industrial design belongs to the creator (author, originator) of the design or to his employer or the person who has commissioned the design.

In the patent-like protection systems, where two or more applications for protection have been filed by different persons in respect of the same industrial design and the creators have created the industrial design independently of each other, the right to protection for that industrial design belongs to the applicant whose application has the earliest filing date or, where priority is claimed, the earliest priority date, as long as his application has not been withdrawn, considered to be withdrawn, or rejected.

## **2.4.2 Pre-registration procedure**

An application for the registration of an industrial design or multiple monoblast application related to several designs in the same class of International Classification must be made in the prescribed form (formality requirements and lists of patent attorneys are available at the Patent Offices), be filed with the competent Office and contain, among the usual elements, a photographic or graphic representation of the industrial design and an indication of the product or products in which the industrial design is intended to be incorporated. Industrial design protection is normally granted after the conclusion of the procedure of registration. The most commonly adopted examination system consists only in a formal examination of the application for registration. Some laws provide for substantive examination, namely for an examination as to whether the application meets the conditions of registration.

If the application has not been rejected and the prescribed fee has been paid, the Office registers the industrial design and issues a certificate of registration to the holder of the registration.

As soon as possible after the decision to register the industrial design, the Office publishes the industrial design in the manner prescribed by the law.

At the time of filing the application, a request may be made in certain countries for a deferment of the publication of the registered industrial design for a period of up to 12 months from the day following the filing date. In case of such requests, the Office publishes, upon registration, information on the holder of the registration. After the expiration of the deferment period, the registered industrial design is published unless the application has been withdrawn or the registration has been abandoned before the expiration of the said period. Any party affected by a decision of the Office may normally appeal before the competent court against such a decision.

## **2.4.3 Post-registration procedures**

### **2.4.3.1 Infringement proceedings**

The holder of the registration of an industrial design has the right to institute proceedings before the court against any person who has infringed or is infringing his rights. The holder has the same rights against any person who has performed or is performing acts which make it likely that such infringement will occur (“imminent infringement”).

If the holder of the registration proves that an infringement has been committed or is being committed, the court awards damages and grants an injunction to prevent further infringement and any other remedy provided in the general law. If the holder of the registration proves imminent infringement, the court grants an injunction to prevent infringement and any other remedy provided in the general law.

### **2.4.3.2 Invalidation**

The court may, at the request of any person, invalidate a registration on the ground that the registered industrial design is not eligible for protection. Any invalidated registration is considered to be null and void from the date of its registration.

## 2.5 Protection of industrial designs abroad

### 2.5.1 Direct filing; Paris Convention

As a general rule, industrial design protection is limited to the territory of the country in which protection is sought and granted. If protection is desired in other countries, separate direct national applications must be made and different procedures must be complied with in each country. The main principles of the Paris Convention for the Protection of Industrial Property, namely, the national treatment and unionist treatment, in particular the right of priority (six months) facilitate the acquisition of industrial design rights in other countries by allowing design creators to keep the options open during market investigation and evaluation. (For more detail see under Chapter II, paragraph 1.3.1.1). Industrial design protection must be provided for by laws in each country of the Paris Union, and protection cannot be forfeited on the ground that articles incorporating a design are not manufactured in certain countries. Regarding industrial designs, the TRIPS norms contain additional obligations concerning the minimum standards for protection, minimum term of protection, minimum exclusive rights, and assurances that procedures for the protection of textile designs are not unduly burdensome.

### 2.5.2 Regional design rights

Two types of registered design rights are available:

- national design rights,
- unitary regional design rights.

National design rights are obtainable directly by national registrations or registrations granted by the Office of the African Regional Industrial Property Organization (ARIPO), Harare, which have effect in the respective African countries.

Unitary regional design rights are obtainable by direct industrial design applications filed with the Benelux Designs Office (and also under the Hague Agreement Concerning the International Deposit of Industrial Designs) which have effect in Belgium, Luxembourg and the Netherlands, and by industrial design registrations made directly with the African Intellectual Property Organization (OAPI) (the Bangui Agreement), which have effect in the respective African countries. The European Community design has special features.

This Community system coexists with the national protection systems. Any issues not falling within the scope of the Regulation are covered by the national law of the Member State, including its private international law.

To qualify for protection, designs must be new and have an individual character (they must be different from existing products). Parts of complex products whose appearance determines the designs concerned (such as visible replacement parts in cars) will not be protected by this system. However, parts of other products which are visible during normal use of the product in which they are integrated may qualify for the protection provided by the Regulation.

The right to the Community design is vested in the designer or his successor in title. The Regulation provides for two forms of protection of designs directly applicable in each Member State, i.e.:

- without any formalities, as an “unregistered Community design”;
- as a “registered Community design”, if it is registered with the Office for Harmonization in the Internal Market (Trademarks and Designs), hereinafter referred to as the “Office” (OHIM).

The characteristic feature of the protection granted to an unregistered Community design is that it is short-term: it is protected for a period of three years as from the date on which the design was first made available to the public within the European Union (the product was put on sale through marketing or prior publication measures). This form of protection may be useful in sectors which produce large quantities of designs intended for products which frequently have a short economic life. The provisions of the Regulation will, in effect, allow them to qualify for a certain level of protection without having to go through a longer procedure.

In the case of the registered Community design, the protection is for a minimum of five years and a maximum of twenty-five years.

The significant difference in the degree of protection conferred is that a registered design is protected against both systematic copying and the independent development of a similar design, whereas an unregistered design is protected only against systematic copying. A registered design thus benefits from more formal and more comprehensive legal certainty.

Moreover, the “Office” (OHIM), which processes trademarks and designs, is not responsible for unregistered Community designs.

The rights conferred by the Community design do not extend to acts done privately and for non-commercial purposes, to acts done for experimental purposes, and to acts of reproduction for teaching purposes, for example.

The equipment on ships and aircraft registered in a third country when these temporarily enter the territory of the Community are also excluded from the scope.

The “Office” (OHIM) deals with implementation at Community level. The Member States have exclusive powers for infringements of (registered and unregistered) Community designs and, to that end, must designate one or more Community design courts of first and second instance.

Those courts are responsible for:

- infringement actions and - if they are permitted by national law - actions in respect of threatened infringement;
- actions for a declaration of invalidity of an unregistered Community design;
- counterclaims for a declaration of invalidity of a Community design raised in connection with infringement actions.

An application to register a Community design may be submitted to the “Office” (OHIM), the central industrial property office of a Member State or, in the Benelux countries which already have a common design, to the Benelux Design Office. In all cases, the application is transmitted to the “Office” (OHIM), which conducts a formal examination and, where applicable, grants the Community design to the applicant by entering it in the Community Design Register. The entry is then published by the Office in a Bulletin open to the public. The applicant may request that publication be deferred for a period of 30 months from the date of filing in order to protect sensitive information.

The Community design may be the subject of licenses for all or part of the Community, and such licenses may be exclusive or non-exclusive. The consent of the right holder is, of course, essential.

The registered Community design is declared invalid by the “Office” (OHIM) on direct application, or by a Community Design Court on a counterclaim in connection with an infringement action. It may be declared invalid for numerous reasons, and particularly if:

- it does not fulfil the requirements laid down for a Community design;
- the right holder does not genuinely hold the right to the Community design;
- it constitutes an improper use of a work protected under the copyright law of a Member State.

The “Office” (OHIM) or the Community Design Courts may declare it invalid, in accordance with their powers, on the basis of a valid application setting out acceptable grounds. In certain cases, the design may be maintained in a modified form.

The right holder may surrender a Community design in part or in its entirety. The “Office” (OHIM) and, where applicable, the licensees, must be informed accordingly. The surrender is published by the “Office” (OHIM).

The decisions taken by the “Office” (OHIM) in respect of the registered design are open to appeal before the Board of Appeal. Its decisions are also open to appeal before the Court of Justice of the European Communities. It is possible to appeal to the Court of Justice in certain cases if, for example, it is felt that there has been a lack of competence, an infringement of the Treaty, or an infringement of this Regulation.

Relevant website: <http://europa.eu.int/scadplus/leg/en/lvb/126056>.

### **2.5.3 The Hague Agreement**

The Hague Agreement Concerning the International Deposit of Industrial Designs, a multilateral treaty administered by WIPO, offers an alternative which simplifies the acquisition of industrial design rights in the Contracting States. It allows nationals and residents of, or companies established in a Contracting State, to obtain industrial design protection in all the other Contracting States through a simple and inexpensive procedure; namely a single international deposit (application) in one language (English or French) and payment of a single set of fees in one currency, directly with the International Bureau of WIPO.



*The Hague Agreement* may be summed up as follows. The international deposit of an industrial design may be made at the International Bureau of WIPO either direct or through the national industrial property Office of the Contracting State which is the country of origin of the applicant if the law of that country so permits.

The international deposit has, in each of the Contracting States designated by the applicant, the same effect as if all the formalities required by the domestic law for the grant of protection had been complied with by the applicant and as if all administrative acts required to that end had been accomplished before the Office of that State (or by the Benelux Designs Office, as the case may be).

The international deposit may extend its effects to the Contracting State which is the country of origin (if that State is designated by the applicant), unless the legislation of that State provides otherwise.

The International Bureau of WIPO publishes in a periodical bulletin, for each international deposit, reproductions in black and white or, at the request of the applicant, reproductions in color of the deposited photographs or other graphic representations. The applicant may request that the publication be deferred for a period not exceeding 12 months from the date of the international deposit or, if priority is claimed, from the priority date.

Each Contracting State designated by the applicant (or the Benelux Designs Office, if designated) may refuse protection within six months from the date of the publication of the international deposit. Refusal of protection can only be based on requirements of the domestic law other than the formalities and administrative acts to be accomplished under the domestic law by the Office of the Contracting State (or the Benelux Designs Office) which refuses the protection.

The term of protection of an international deposit is five years or, if it has been renewed, 10 years from the international deposit.

*The Geneva Act (1999) of the Hague Agreement* introduces a number of important changes to the Hague system for the registration of industrial designs. To date, the system had been governed by the Hague Act (1960) and London Act (1934). The Geneva Act enhances the existing system for the international registration of industrial designs by making it more compatible with the registration systems of countries such as Japan, the United Kingdom and the United States of America where protection of industrial designs is contingent on an examination to determine the novelty of the designs whose protection is applied for. The Geneva Act aims at broadening the geographical scope of international industrial design protection.

The Geneva Act requires countries to process international registrations according to their own legislation within a period of six months, which may be extended by a further six months for those countries whose law requires examination as to the novelty of the registered design. It also introduces a modified fee system, the optional deferment of publication of a design for up to 30 months and the possibility where publication is deferred to file samples of the design rather than photographs or other graphic representations. The latter features are of particular interest to the textile and fashion industries.

Relevant website: <http://www.wipo.int/classifications/en/index.html>.

## 2.5.4 Locarno Agreement

According to the Locarno Agreement Establishing an International Classification for Industrial Designs (1968), the competent Offices of the Contracting States must indicate in the official documents reflecting the deposit or registration of industrial designs the appropriate symbols of the Classification. They must do the same in any publication which the Offices issue in respect of deposits or registrations. The classification consists of 32 classes and 223 subclasses.

Relevant website: <http://www.wipo.int/classifications/en/index.html>.

### Matrix of Interconnections of Regional and Global Systems for Obtaining Registered Design Rights

System of registration/ Rights	Regional registration	Global registration
National rights	ARIPO	Hague Agreement
Unitary regional rights (Community design)	Benelux Designs Office OAPI, OHIM	Hague Agreement

## 3. Commercial symbols for upgrading the marketing quality of products and certain other intellectual property related signs

The following signs that indicate the origin, quality and represent the reputation of goods or services can be commercial symbols protected by intellectual property: trademarks, trade names, geographical indications of source and appellations of origin. In addition certain intellectual property related, mostly non-distinctive indications such as domain names, non-proprietary names of pharmaceuticals, plant variety denominations and intellectual property markings on goods or services can also be mentioned. The character merchandizing is closely linked with the commercial symbols.

### 3.1 Options for the protection of commercial symbols

The options concerning the protection of commercial symbols are as follows:

- protection of the signs under selection and elaboration in the pre-marketing and pre-registration phase as trade secrets;
- protection of potential commercial symbols like graphic, pictorial, three-dimensional creations or advertising slogans as copyrightable works;
- protection of unregistered trademarks, trade names or geographical indications under the provision on prohibition of causing confusion of the laws repressing unfair competition; protection of trademarks on the basis of common law protection (“passing off”);

- protection of trademarks on the ground of use or bona fide intent to use under certain trademark laws (under common law);
- special protection of well-known marks and certain geographical indications on the basis of their reputation;
- protection of trademarks, trade names, or appellations of origin on the basis of their registration.

These legal means can also be used alternatively (excluding each other) or cumulatively (complementing each other) depending on the specific circumstances and the relevant laws.

Relevant website: <http://www.wipo.int>

### **3.2 The functions of trademark protection**

In general, it may be said that a trademark as a badge of identity and as a valuable business asset performs five main functions which relate to the distinguishing of competing goods or services, their origin, their quality and their promotion as a factor of continuity in the changing market place.

- The first function of a trademark is to refer to a particular enterprise which offers the products or services on the market, namely to give an indication as to the origin, the source of the goods or services for which the mark is used. A strong trademark represents a significant market presence.
- The second function of a trademark is to promote the product recognition by mental association, to identify and distinguish the products or services of an enterprise from the products or services of other enterprises. Trademarks facilitate the choice to be made by consumers when buying certain products or making use of certain services, develop attraction and brand loyalty (a kind of emotional attachment based on client satisfaction) among customers.
- The third function of a trademark is to meet the particular continuing in the quality expectation of consumers regarding the products or services for which they are used. A trademark owner guarantees that only products that correspond to those standards and quality requirements will be offered under the trademark.
- The fourth function of a trademark is to promote as a brand name and image carrier the marketing and sale of products and the marketing and rendering of services.
- The fifth function is the investment protection regarding constituting the goodwill, that is the commercial reputation of the goods or services in connection with which the mark is used (“brand equity”). Depending on marketing decision monobrand or multibrand policy can be followed.

## **3.3 Substantive trademark law**

### **3.3.1 The kind of signs which can be trademarks**

According to the TRIPS norms: “Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colors as well as any combination of such signs, shall be eligible for registration as trademarks.”

The following constitutive elements and types of signs can be eligible as trademarks and protected depending on the various laws:

- visually perceptible (visible) signs such as words, existing or arbitrary marks, coined, fanciful designations, surnames and geographical names, pseudonyms, slogans, logotypes, domain names, alphanumeric signs (letters, numerals, abbreviations), figurative signs (pictures, pictorial designs, seals, drawings, devices, symbols, holograms, labels), combination of colors, shades, three-dimensional (3D) signs;
- sound signs (musical notes or others);
- smell signs (scent, fragrance);
- other invisible signs (“feel marks”) recognizable by touch (e.g., texture);
- combination of the above-listed constitutive elements in a composite mark.

Some countries accept only signs which can be represented graphically (that is graphically visible).

### **3.3.2 Certain specific types of trademarks**

The main types of marks from the point of view of their owners are as follows:

- individual trademarks: trademarks typically identify the goods and services produced or sold by individual enterprises. In certain countries several persons or entities can own a trademark as co-owners. It is also possible to register “combined trademarks” of two enterprises upon agreement in the name of one of them; several marks that have some common element (“brand-core”) may in some countries form associated trademarks or a family of trademarks;
- collective marks: those kinds of marks are used to indicate the common characteristics of goods and services of individual enterprises forming a “limited club” (umbrella trade association or association of producers); membership in the association is subject to compliance with certain rules (e.g. controlling the use of the mark); collective marks may be geographically descriptive;

- certification marks: refer to identifiable standards which guarantee a particular characteristic or quality of goods and services; according to the “open shop” principle the mark can be used for any goods or services that comply with the standards (“woolmark”). As a basic rule, the owner of the certification mark does not have the right to use the mark;
- national trademarks: refer to the fact that the product was actually produced in the given country, mainly from local raw materials;
- “regional brand”: it is still under discussion whether the European Union has a brand personality for creating a “Made in EU” label.

The main categories of marks from the point of view of the products to which the protection extends are as follows:

- trademarks (applied to natural or manufactured goods);
- service marks (applied to services) which are registered and protected on the same legal principle as trademarks. The services may be e.g. publicity, transport, insurance, laundry, treatment of materials.
- geographic marks: consist of terms which are descriptive of the geographic origin of goods or services. Such terms are not inherently distinctive and require proof of acquired distinctiveness through “secondary meaning”(marks that have become distinctive through use) and the lack of “goods/place association” in the minds of consumers.
- “3D shape” marks: three-dimensional signs (designs or shapes of goods or their containers). In the United States of America, the trade dress covers the totality of the elements of the look of a product or service (configurator or packaging). These elements create the whole visual image presented to the customers which can be protected as a type of trademark.

The rule that functional features are not protectable under trademark law applies with full force to trade dress.

The following “3D” marks usually may not be registered as trademarks: signs which consist exclusively of the shape which results from the nature of the goods themselves, or which is necessary to obtain a technical result, or which gives substantial value to the goods.

“3D shapes” are protectable indefinitely as trademarks if they are distinctive or their protection may be time-limited as industrial designs, if they are new or original or utility models if they are functional solutions. The protection may be alternative or cumulative. Last but not least “3D shapes” may be copyrightable works of applied arts if they are separable and capable of existing independently from the utilitarian product.

### **3.3.3 Criteria for the protection of trademarks**

There are two general grounds for refusal of protection of marks, namely absolute and relative grounds. The ground for refusal is absolute where:

- the sign lacks distinctiveness;
- the sign is contrary to public policy provisions.

The grounds for refusal are relative where the trademark violates prior rights of third persons.

Some national legislation may make registrability dependent on use of the mark. However, actual use of a trademark is not a condition for filing an application for registration. If intent to use is required, as in certain laws, an application cannot be refused solely on the ground that the intended use has not taken place before the expiry of a period of three years from the date of the application.

According to the European Directive, the following may not be registered, or if registered are liable to be declared invalid:

- signs which cannot constitute a trademark;
- trademarks which are devoid of any distinctive character;
- trademarks which are liable to mislead or are contrary to public policy or accepted principles of morality;
- trademarks which are of such a nature as to deceive the public;
- a trademark which is identical with or similar to an earlier trademark, where the goods or services which it represents are identical with or similar to those represented by the earlier mark.

### **3.3.4 The capacity to distinguish**

Distinctiveness can be broken down to the following categories:

- signs originally lacking distinctiveness as generic (public domain, commonplace) names of goods or services, or signs which have lost their distinctiveness by becoming generic names in the bona fide practice, customary, such as signs or names which, in everyday or technical language simply constitute the necessary, or usual description of goods or services; free signs which may serve to designate a feature of the product or service, particularly the type, quality, quantity, purpose, value, geographical origin, time of production of the goods or furnishing of the service; signs exclusively constituted by the shape imposed by the nature or function of the product or which give the product its substantive value; the generic parts of domain names (as “com”, “org”, “net”, “http”, “www”), terminological standards, as non-proprietary names of pharmaceuticals (INNs) and the plant variety denominations;
- inherently, naturally distinctive signs, such coined words, invented signs as arbitrary, fanciful, suggestive marks;
- signs which have acquired distinctiveness through use by the acquisition of a “secondary meaning” as descriptive, geographic, personal name signs.

In the case of composite marks, the applicant may under some trademark laws make a statement disclaiming the unregistrable parts of the mark, that is seeking protection of only the whole composite mark and not of the disclaimed parts.

### 3.3.5 Violation of public policy considerations

A sign violates public policy considerations, in particular, when:

- it is likely to mislead the public or trade circles due to its deceptive, misdescriptive or confusing character (e.g., a sign which misleads the public as to the true place of origin or characteristics of the goods or services);
- it is identical with or is an imitation of or contains an element without authorization of State emblems, official signs and hallmarks, armorial bearings, flags, or other emblems (e.g. national insignia), abbreviations and names of certain intergovernmental organizations (e.g., the Red Cross); the protected signs of States and intergovernmental organizations are notified by the countries through the International Bureau of WIPO;
- it is contrary to public order or morality (e.g., obscene, immoral, scandalous, shocking pictures or words);
- it consists of a geographical indication identifying wines or spirits not having this origin, irrespective of its misleading character.

Advertising restrictions applicable to certain products (e.g. tobacco) do not constitute any obstacle to the acquisition of trademark rights.

### 3.3.6 Violation of third persons' rights

The sign violates the earlier rights of third persons, in particular if:

- there are prior, identical bona fide registered trademark rights for the same goods or services of third persons or nearly resembling registered trademark rights for identical or closely related goods or services and there exists a likelihood of confusion; in case of such conflict, the applicant who was refused registration of a mark may obtain a letter of consent from or enter into an agreement with the owner of the prior registered mark admitting that the usage of the mark within certain defined conditions is not likely to cause confusion; in some countries there is a practice of registering marks subject to disclaimers in order to avoid objections;
- a sign makes use without permission of the name, picture, vocal style, distinctive costume of a third person in particular a celebrity; this constitutes an infringement of the right of publicity that is the inherent personal right of every human being to control the commercial use of his or her identity (“persona”);
- the sign makes use without permission of the industrial design or copyrightable work of a third person (e.g., a well-known fictional character);
- the sign makes use of the trade name, domain name or other business identifying distinctive sign of a third person;

- the sign is identical with, or confusingly similar to, or constitutes a translation of, a mark or trade name which is well known in the country for identical or similar goods or services of another enterprise, or if it is well-known and registered in the country for goods or services which are not identical or similar to those in respect of which registration is applied for, provided, in the latter case, that use of the mark in relation to those goods or services would indicate a connection between those goods or services and the owner of the well-known mark and that the interests of the owner of the well-known mark are likely to be damaged by such use.

### **3.3.7 The scope and content of the protection of the trademarks**

- Principle of territoriality: a trademark has a separate legal existence on the territory of each country where it has been registered or used. It means that the same trademark (e.g. “Polo”) may be registered for different owners in several countries.
- Principle of specificity: the scope of trademark protection extends only to the list of goods and services for which it was registered. The nature of the goods or services to which the trademark is to be applied can never be an obstacle to the registration of the trademark (e.g. tobacco).

The 34 classes of goods from chemicals through machines, furniture, textiles to agricultural products, and the seven classes of services from advertising through telecommunications to providing food and drink are established by the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks.

- Protected acts: the owner of a registered trademark usually has the exclusive right to prevent all third parties not having his consent from using, in the course of trade “as trademarks” for profit, identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered, where such use would result in a likelihood of confusion. Where an identical sign is used for identical goods or services there is a presumption of likelihood of confusion. Trademark rights do not allow their owner to prevent the “fair use” of a sign in a non-commercial, non-trademark sense (e.g., a family name or a descriptive use).
- Exhaustion of the right: the registration of a mark does not confer on the registered owner the right to preclude third parties from using the mark in relation to the goods put on the market in the country under the mark by the registered owner or with his consent, provided that these goods have not undergone any change. Trademarks owners may usually object to further commercialization where there are legitimate reasons (e.g. modification of goods or their packaging or “rebranding” them) to do so.

The term of protection is ten years from the filing date. It may be renewed for consecutive periods of ten years.



### 3.3.8 Use of trademarks on the Internet

The Internet raised the issue of the qualification of online use of trademarks as commercial use: it was uncertain whether such use could be the basis for registration of a right, whether it could lead to an unregistered or well-known mark, whether it could be an infringing use or whether it could sustain a mark against a challenge of non-use. These questions arose because trademarks are used on the Internet mainly for advertising purposes but are not applied in respect of goods or services (since they cannot be affixed to digital goods).

According to the provisions elaborated by WIPO as Joint Recommendations, the use of a sign on the Internet as a marketing channel is taken into consideration for determining whether rights in a sign have been acquired or maintained through use in a particular State.

Regarding the use of trademarks on the Internet, the majority of the problems are due to the fact that the law of trademarks is territorially limited, whereas the medium Internet is globally accessible. It becomes increasingly problematic to deal with problems arising in the potentially borderless world of electronic commerce with laws which are territorially limited and which differ widely from country to country. The three main problems are as follows:

- When can use of a sign on the Internet be considered to have taken place in a particular country?
- How can those who own trademark rights in identical or similar signs in different countries be enabled to use these signs concurrently on the Internet?
- How can courts take account of the territorial basis of industrial property rights in signs when determining remedies?

— The first question namely the localization of use is relevant for determining whether use on the Internet has contributed to establishing, maintaining or infringing an industrial property right in a sign in a particular country. According to the provisions, only use that has a “commercial effect” in a State, shall be treated as having taken place in that State, such as actual delivery goods or services, languages, interactivity of the website, registration of the website under a country code top level domain etc.

— According to the second question namely the coexistence on the Internet of identical or similar marks in different countries, the provisions introduce what might be called a “notice and avoid conflict” procedure. Right holders who use their sign in good faith are exempt from liability up to the point when they are notified of a conflicting right (use prior to notification).

In order to provide right holders with a sufficient degree of legal certainty as to how to avoid liability for the infringement of conflicting rights which they are already aware of, States provide for a “qualified disclaimer” as a sufficient measure to avoid liability. Such disclaimers are statements designed to avoid a commercial effect in a particular country, and to avoid confusion with the other right holder (use after the notification).

— As to the third question, remedies cannot amount to a global injunction but should be limited, as far as possible, to the territory in which the infringed industrial property right is recognized, and they should only be available if the allegedly infringing use of the sign can be deemed to have taken place in that territory.

## 3.4 Procedure under trademark law

### 3.4.1 Pre-registration procedure

In a large number of countries, trademark rights may be acquired only through registration. Detailed guides on filing trademark applications and list of trademark attorneys are available at Patent Offices. The trademark registration consists of the following phases:

- application for registration;
- examination as to form;
- examination as to substance regarding absolute, objective grounds for refusal (that is whether they are sufficiently distinctive, not deceptive, not immoral, etc.) or also relative grounds (that is whether the rights applied for are identical or similar to prior rights that have been applied for or granted for identical or similar goods) *ex-officio* and/or in an opposition procedure.

Many offices do not examine as to relative grounds.

The registration, in some countries already the application published in an official gazette and the register is accessible to the public. Priority among conflicting applications to registered trademarks is solved on the basis of first filing or first use, depending on the national system.

The trademark procedure has been harmonized to a great extent by the Trademark Law Treaty (TLT). The aim of the TLT is to make national and regional trademark registration systems more user-friendly. This is achieved through the simplification and harmonization of procedures and through removing pitfalls, thus making the procedure safe for the owners of marks and their representatives.

The great majority of the provisions of the TLT deal with the procedure before the Trademark Office which can be divided into three main phases: application for registration, changes after registration and renewal. The rules concerning each phase are so constructed as to make clear what a Trademark Office can require and what such an Office cannot require from the applicant or the owner.

### 3.4.2 Post-registration procedures

#### 3.4.2.1 Infringement proceedings

The holder of the registration of a mark has the right to institute proceedings in a court against any person who has infringed or is infringing his rights. The holder has the same right against any person who has performed acts or is performing acts which make it likely that such infringement will occur (“imminent infringement”). If the holder of the registration of a mark proves that an infringement has been committed or is being committed, the court awards damages and grants an injunction to prevent further infringement and any other remedy provided in the general law. If the holder of the registration of a mark proves imminent infringement, the court grants an injunction to prevent infringement and any other remedy provided in the general law. Part III is devoted to the details on enforcement of intellectual property, including trademark rights against counterfeit trademark goods.

### **3.4.2.2 Invalidation**

The court may, on the request of any person, invalidate a registration on the ground that the registration does not comply with the requirements of the law. Any invalidated registration is considered to be null and void from the date of the registration. When the decision of the court to invalidate a registration becomes final, the court notifies the Office of the decision and the Office records the decision in the register of marks and publishes it.

### **3.4.2.3 Revocation**

The court may, on the request of any person, revoke a registration in the case of abandonment or acquiescence:

- if the holder of the registration has not used the registered mark “as a mark” for profit in connection with the goods or services to which the registration applies during a period of five years, without good reason (justified reason for non-use of a mark may be a total ban on import or advertising applicable to certain goods);
- if, as a consequence of acts or inactivity of the holder of the registration, the registered mark has lost its distinctiveness and has become the common name in the trade for a good or service.

According to the Community Directive: where the proprietor of an earlier trademark has acquiesced, for a period of five successive years, in the use of a later registered trademark, he is no longer entitled either to apply for a declaration that the later trademark is invalid or to oppose the use of the later trademark in respect of the goods or services for which the later trademark has been used, unless registration of the later trademark was applied for in bad faith.

Unless there are proper reasons for non-use, the proprietor of a trademark may have his rights forfeited if:

- within a period of five years following the date of completion of the registration procedure, he has not put the trademark to genuine use in the Member State concerned in connection with the goods or services in respect of which it is registered; or
- if, during an uninterrupted period of five years, the trademark has not been put to genuine use.

The proprietor of a trademark may also have his rights forfeited where, in consequence of his acts or inactivity, the mark has become the common name in the trade for a product or service in respect of which it is registered or where, in consequence of the use made of it by the proprietor or with his consent, the trademark is liable to mislead the public.

## **3.5 The special protection of well-known marks**

The special protection of well-known trademarks is necessary because fame and reputation often spread faster than the trademark goods themselves. It is becoming easier to take a “free ride” on the reputation of a well-known trademark before the trademark owner has had the chance of getting local protection of his work.

The characteristics of the special protection of well-known marks:

- protection without registration;
- protection against registration or use by third persons;
- protection even regarding unrelated goods and services (which is exception from the principle of speciality);
- protection not only unauthorized and misleading use but also against unauthorized use that is diluting their reputation.

In determining whether a mark is a well-known mark, the competent authority must take into account any circumstances from which it may be inferred that the mark has a well-known status. In particular, it must consider the information submitted to it with respect to factors from which it may be inferred that the mark is, or is not, well known, including, but not limited to, information concerning:

- the degree of knowledge or recognition of the mark in the relevant sector of the public;
- the duration, extent and geographical area of any use of the mark;
- the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;
- the duration and geographical area of any registrations, and/or any applications for registration, of the mark, to the extent that they reflect use or recognition of the mark;
- the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by competent authorities;
- the value associated with the mark.

The above factors, which are guidelines to assist the competent authority to determine whether a mark is a well-known mark, are not pre-conditions for reaching that determination. Rather, the determination in each case will depend upon the particular circumstances of the case.

It is recommended by WIPO to the countries that a well-known mark be protected against registration or use of conflicting marks, business identifiers and domain names irrespective of the goods and services, the registration of the well-known mark and the risk of confusion. The conditions of protection are as follows: the use of the mark must indicate a connection between the goods and services and the owner of the well-known mark and would be likely to damage his interests; the use of the mark is likely to impair or dilute the distinctive character of the well-known mark; the use of the mark would take unfair advantage of the distinctive character of the well-known mark.

## **3.6 Registration of trademarks abroad**

### **3.6.1 Direct filing; Paris Convention**

As a general rule, the effect of a trademark registration is limited to the territory of the country where it was registered. If protection is desired in other countries, separate national filings can be made and different procedures must be complied with in each selected country. The main principles of the Paris Convention, the national treatment and the conventional treatment as the right of priority (of six months), facilitate the acquisition of trademark rights in other countries by allowing trademark owners to keep the options open during market investigation and evaluation.

The Paris Convention does not regulate the conditions for the filing and registration of marks which are therefore determined in each Contracting State by the domestic law. As a consequence, no application for the registration of a mark filed by a national of a Contracting State may be refused, nor may a registration be invalidated, on the ground that filing, registration or renewal has not been effected in the country of origin. Once the registration of a mark is obtained in a Contracting State, it is independent of its possible registration in any other country, including the country of origin; consequently, the lapse or annulment of the registration of a mark in one Contracting State does not affect the validity of that registration in other Contracting States.

Where a mark has been duly registered in the country of origin, it must, on request, be accepted for filing and protected in its original form in all other Contracting States (“tel quel” principle). Nevertheless, registration may be refused in well-defined cases, such as when the mark would infringe acquired rights of third parties, when it is devoid of distinctive character, when it is contrary to morality or public order, or when it is of such a nature as to be liable to deceive the public.

In the field of marks, the TRIPS Agreement provides additional obligations, in particular in respect of the types of signs that can be eligible for protection, of the registration of service marks, of the minimum rights under a registration and of additional protection for well-known marks.

### **3.6.2 Regional trademark rights; Community trademark**

Two types of registered trademark rights are available through certain regional and global registration systems:

- national rights (African Regional Intellectual Property Organization (ARIPO), Madrid Agreement);
- uniform regional rights (Office for Harmonization in the Internal Market (Trademarks and Designs) (OHIM)), Benelux Trademark Office, directly or through the Madrid Protocol or Agreement, OAPI (Bangui Agreement).

According to the relevant European Council Regulation, a system for the award of Community trademarks was introduced by the Office for Harmonization in the Internal Market (OHIM). Requiring no more than a single application to OHIM, the Community trademark has a unitary character in the sense that it produces the same effects throughout the Community.

A Community trademark may consist of any signs capable of being represented graphically (particularly words, designs, letters, numerals, the shape of goods or of their packaging) provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.

The following natural or legal persons, including authorities established under public law, may be proprietors of Community trademarks:

- nationals of the Member States;
- nationals of other States which are parties to the Paris Convention for the protection of industrial property;
- nationals of States which are not parties to the Paris Convention who are domiciled or have their seat within the territory of the Community or of a State which is party to the Paris Convention;
- nationals of any other State which accords to nationals of all the Member States the same protection for trademarks as it accords to its own nationals.

Registration is refused, in particular, in the case of:

- signs which are not suitable to serve as Community trademarks;
- trademarks which are devoid of any distinctive character;
- trademarks consisting of signs or indications that have become customary in current parlance or in the practices of the trade;
- trademarks which are contrary to public policy or to accepted principles of morality;
- trademarks which are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or services.

A Community trademark confers on its proprietor exclusive rights therein. The proprietor is entitled to prohibit all third parties from using in the course of trade:

- any sign which is identical with the Community trademark in relation to goods or services which are identical with those for which the Community trademark is registered;
- any sign for which there exists a likelihood of confusion on the part of the public in relation to another trademark;
- any sign which is identical with or similar to the Community trademark in relation to goods or services which are not similar to those for which the Community trademark is registered, if the sign is used to exploit the reputation or distinctive character of the trademark.

On the other hand, a Community trademark does not entitle the proprietor to prohibit a third party from using in the course of trade:

- his own name or address;
- indications concerning the kind, quality, quantity, intended purpose, value and geographical origin and the time of production of the goods or of rendering of the service or other characteristics of the goods or services;
- the trademark, where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts.

In the five years following registration, the proprietor must put the Community trademark to genuine use in the Community in connection with the goods or services for which it is registered.

A Community trademark as an object of property is dealt with for the whole area of the Community as a national trademark registered in the Member State in which the proprietor has his seat or his domicile or an establishment on the relevant date. Rules relating to transfer of the trademark to another party, levy of execution, bankruptcy or like proceedings, licensing and effects vis-à-vis third parties (opposability to third parties) are also laid down.

An application for a Community trademark may be filed, at the choice of the applicant, either at OHIM or at the central industrial property office of a Member State or at the Benelux Trademark Office. The office concerned must then take all steps to forward the application to OHIM within two weeks after filing. It must be accompanied by various documents and information (in particular, a registration request, information identifying the applicant and a list of the goods or services for which the registration is requested) and necessitates the payment of an application fee and, where appropriate, one or more class fees.

A person who has filed an application for a trademark in any State party to the Paris Convention enjoys a right of priority for the purpose of filing a Community application in respect of the same trademark during a period of six months from the date of filing of the first application.

The proprietor of an earlier trademark registered in a Member State who applies for an identical trademark for registration as a Community trademark may invoke the seniority of the earlier national trademark.

The Regulation sets out the provisions governing the filing of an application for a Community trademark, the conditions associated with the entitlement of the proprietor and the possibility for third parties to make written observations to OHIM and to oppose the registration of a trademark. In particular, the Regulation establishes the “searching” system designed to identify any conflict with other earlier rights which may arise in the opposition procedure and which may prevent registration of the Community trademark applied for.

At any time, the applicant may withdraw his application for a Community trademark or limit the list of products and services it contains. If it satisfies the relevant conditions, the application for a Community trademark is published.

The Community trademark is registered for ten years from the date of filing of the application. Registration is renewable for further periods of ten years.

A Community trademark may be surrendered in respect of some or all of the goods or services for which it is registered. On application to the OHIM and after examination, the rights of the proprietor of a Community trademark may be declared revoked if:

- within a continuous period of five years, the trademark has not been put to genuine use in the Community and there are no proper reasons for non-use;
- in consequence of acts or inactivity of the proprietor, the trademark has become the common name in the trade for a product or service in respect of which it is registered;
- the trademark is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services;
- the proprietor of the trademark no longer satisfies the conditions of entitlement applicable to proprietors of a Community trademark.

The Regulation lists the grounds which can invalidate the registration of a Community trademark and outlines the consequences of revocation and invalidity and the application procedure for revocation and invalidity.

An appeals procedure may be initiated against any decision of the OHIM examiners, Opposition Divisions, the Administration of Trademarks and Legal Divisions and the Cancellation Divisions. The Regulation defines the persons entitled to appeal, the time limit and form of appeal and specifies the conditions for interlocutory revision, the examination of appeals, appeals decisions and actions before the Court of Justice.

When the application is filed, a Community trademark may be designated as collective if it is capable of distinguishing the goods or services of the members of the association which is the proprietor of the mark from those of other undertakings. Associations of manufacturers, producers, suppliers of services or traders, as well as legal persons under public law, are entitled to register Community collective marks.

General provisions govern any proceedings before the OHIM (in particular, reasons for decisions, examination of facts by the OHIM, oral proceedings and taking of evidence, notification).

Natural or legal persons not having their domicile or an industrial or commercial establishment in the Community must be represented before the OHIM by a professional representative.

The Member States are required to designate in their territories a limited number of national courts and tribunals of first and second instance with exclusive jurisdiction for:

- all infringement actions;
- actions for declaration of non-infringement;
- counterclaims for revocation or invalidity of the Community trademark.

If infringement is established, the competent Community trademark court issues an order prohibiting the defendant from continuing the infringing activity. It must also take all necessary measures to ensure compliance with this prohibition.



Provisions are laid down in respect of provisional and protective measures, specific rules on related actions and further appeals.

The Regulation defines the procedure applicable to simultaneous and successive civil actions on the basis of Community and national trademarks. It also refers to the implementing provisions of national law for the purpose of prohibiting the use of Community trademarks, particularly national legislation allowing the initiation of actions for infringement of earlier rights against the use of a later Community trademark.

In certain cases, the applicant for or proprietor of a Community trademark may request the conversion of his Community trademark application or Community trademark into a national trademark application.

The OHIM is a Community body. It has legal personality. In each Member State, it enjoys the most extensive legal capacity accorded to legal persons by their national legislation. In particular, it can acquire or dispose of immovable or movable property and be a party to legal proceedings. The OHIM is represented by its President.

Applications for Community trademarks are filed in one of the official languages of the European Community. The languages of the OHIM are English, French, German, Italian and Spanish. Applicants must specify a second OHIM language as acceptable for possible use in opposition, revocation and invalidity proceedings.

Relevant website: <http://europa.eu.int/scadplus/leg/en/lvb/126056.html>.

### **3.6.3 Madrid Agreement and Madrid Protocol (marks)**

*The Madrid Agreement Concerning the International Registration of Marks (1891) and the Madrid Protocol (1989)* provide for the international registration of marks (both trademarks and service marks) with the International Bureau of WIPO in Geneva. Registrations effected under the Agreement are called international since they have effect in several countries, potentially in all the Contracting States (except the country of origin). In order to be able to enjoy the advantages of the Agreement, the applicant must be a national of one of the Contracting States or be domiciled or have a real and effective industrial or commercial establishment in one of the Contracting States. He must first make a “home” application and have his mark registered with the national or regional (Benelux) Trademark Office of the country of origin and may then only apply for international registration through that national or regional (Benelux) Trademark Office.

The international registration, once effected after a formal examination, is published by the International Bureau of WIPO and notified to the Contracting States or to the regional (Benelux) Trademark Office in which the applicant seeks protection. Each such country or the regional (Benelux) Trademark Office may, within one year, declare, indicating the grounds, that protection cannot be granted to the mark in its territory. Where such a declaration is made, the procedure continues in the refusing national or regional (Benelux) Trademark Office or before the courts of the Contracting State concerned. If such a declaration is not made within one year, the international registration has the effect of a national or regional (Benelux) registration.

International registration has several advantages for the owner of the mark. After registration of the mark in the Contracting country or in the regional (Benelux) Trademark Office which is the country of origin, he has only to file one application with and pay fees to one Office (the International Bureau of WIPO) and in one language (French), instead of filing separately with the national or in the regional (Benelux) Trademark Offices of the various Contracting States in different languages, and paying separate fees to each Office. Similar advantages exist in case of renewal (every 10 years) or modification of the registration. From the date of international registration, the protection of the mark in each of the designated Contracting States is the same as if the mark had been the subject of an application for registration filed directly with the Office of that Contracting State.

The effects of an international registration can be extended to a Contracting State not covered by the international application by filing a subsequent designation.

For a period of five years from the date of its registration, an international registration remains dependent on the mark registered or applied for in the Office of origin (possibility of “central attack”).

International registration is also to the advantage of national or the regional (Benelux) Trademark Offices, reducing the volume of the work they would otherwise have to perform. For example, they do not need to publish the marks. Part of the fees collected by the International Bureau is transferred to the Contracting States in which protection is sought.

*The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol) (1989)* was adopted in order to introduce certain new features into the system of international registration of marks (as existing under the Madrid Agreement). The new features remove the difficulties that are preventing certain States from adhering to the Madrid Agreement. The Madrid Protocol operates in a complementary way with the Madrid Agreement.

As compared with the Madrid Agreement, the Protocol introduces the following main innovations: the applicant may base his application for international registration not only on the registration of his mark in the national or regional Office of origin but also on an application for a national or regional registration filed with that Office (on either a home country registration or home country application); each Contracting State in which the applicant seeks protection may, within 18 months (instead of one year), and on an even longer period in case of opposition, declare that protection cannot be granted to the mark in its territory; the Office of each Contracting State may receive higher fees than under the Madrid Agreement; an international registration which is cancelled, at the request of the Office of origin, for example, because the basic application has been rejected or the basic registration has been invalidated within five years from the date of the international registration (“central attack”), may be transformed into national (or regional) applications benefiting from the same filing date and, where applicable, the same priority date (a possibility which does not exist under the Madrid Agreement).

Furthermore, the Protocol allows links with the trademark system of the European Community (EC) in the following way. Applicants using the Madrid Protocol system may designate the European Community in their international trademark applications. WIPO notifies the EC designations to OHIM and they are examined in the same way as direct CTM applications. The OHIM has 18 months to notify any provisional refusal relating to the EC designations. Similarly, CTM applications or registration may be used as a basic trademark for an international application.

Finally, applications governed by the Protocol can be filed not only in French but also in English or in Spanish.

The ROMARIN database reflecting the current status of international registrations is available on CD-ROM and DVD.

Relevant website: <http://www.wipo.int>.

### 3.6.4 Nice Agreement

The Nice Agreement establishes a classification of goods and services for the purposes of registering trademarks and service marks. The Trademark Offices of the Contracting States must indicate, in connection with each registration, the symbols of the classes.

The Classification consists of 34 classes.

Relevant website: <http://www.wipo.int/classifications/en/index.html>.

### 3.6.5 Vienna Agreement

The Agreement establishes a classification for marks consisting of or containing figurative elements. The competent Offices of the Contracting States must indicate in the official documents and publications relating to registrations and renewals of marks the appropriate symbols of the Classification which consists of 29 categories.

Relevant website: <http://www.wipo.int/classifications/en/index.html>.

## Matrix of interconnections of national, regional and global systems for obtaining registered trademark rights and rights to registered appellations of origin

System of registration/Rights	Regional registration	Global registration
National rights	ARIPO	Madrid Agreement Lisbon Agreement
Unitary regional rights	OHIM Benelux Trademark Office OAPI	Benelux Trademark Office via the Madrid Agreement

### 3.7 Trade names

Trade name means the name or designation which is used to identify and distinguish enterprises, as opposed to marks used to identify and distinguish goods or services. It may consist of the name of the owner of the enterprise or of his pseudonym, or of an invented name, or of an abbreviation, or of a description of the enterprise or of any other designation. The choice of a trade name is more restricted than that of a mark: many of the examples of types of marks, such as devices, reliefs and labels, cannot be used as a trade name because the latter must be a name or designation.

A trade name, and the use to which it may be put, must, in the first place, not be contrary to public order or morality. An obscene name or a name identical or similar to the name of a public authority would be examples in point. Furthermore, a trade name must not be liable to deceive trade circles, or the public, as to the nature of the enterprise identified by it. In order not to deceive trade circles or the public, a trade name should also not be identical or similar to another name which is no longer used but is well-known to the public.

Trade name rights are protected by:

- registration in the register of company names, under the civil, commercial or company law;
- registration as a trademark;
- the laws against unfair competition.

The protection of trade name is independent of registration, even if such registration is otherwise mandatory under other laws or regulations of the country. Such laws and regulations would probably provide for sanctions for failure to register a trade name. Such sanctions could not, however, consist of a denial of protection of the unregistered trade name against acts likely to cause confusion.

An unlawful act against which trade names are protected may be e.g. any subsequent use by a third party of the name itself, whether as a trade name or as a mark, and any such use of a similar trade name or mark, if likely to mislead the public. A trade name does not have to be distinctive; it can consist of a very common surname or of a description of the enterprise. In such cases, the same surname or description may be used by others, provided the likelihood of confusion to the public is avoided by clearly distinguishing the homonym name.

Possible conflicts between trade names and trademarks or domain names can be solved on the basis of the general rules of priority. Risk of confusion, dilution, association, as well as the reputation or notoriety of the earlier trademark or trade name is usually taken into account.

Names used in non-commercial manners (e.g. religions, professional, benevolent organizations) are also protectable.

### **3.8 Geographical indications; Madrid Agreement (indications of source); Lisbon Agreement; Community Rules**

A place name is sometimes used to identify a product. This “geographical indication” does not only say where the product was made. More importantly, it identifies the product’s special characteristics, which are the result of the product’s origins. It is closely connected with the identity, the State territory, national heritage, pride and sensitivity, and has a powerful business effect concerning mainly gourmet food products.

Well-known examples include “Champagne”, “Cognac”, “Tokay”, “Scotch”, “Roquefort” cheese, “Darjeeling” tea and “Gorgonzola”. Wine and spirits makers are particularly concerned about the use of place names to identify genuine products, and the TRIPS Agreement contains special provisions for these products. But the issue is also important for other types of goods.

Using the place name when the imitation was made elsewhere or when it does not have the usual characteristics can mislead consumers, and it can lead to unfair competition. The business is taken away from the genuine producers and their reputation is damaged. The TRIPS Agreement says countries have to prevent this misuse of place names.

Since geographical indications -enjoying “added value” benefits and building on the diversity of the world’s agriculture- are inherently collectively owned, they are excellent tool for regional or community based collective, economic or touristical marketing strategy for the rural development since they add dynamic marketing power to products.

On the other hand, if a name of a place is used as the designation of a kind of product (e.g. “Dijon Mustard”) it becomes “generic” geographical indication, name of the product. Like individual trademarks, collective geographical indications are subject to the principle of specialty (they are protected only for certain kinds of products on which they are actually used) and the principle of territoriality (they are protected for a given territory of states under the applicable laws of this state). The geographical indication cannot be delocalized and sold as a trademark.

Where geographical indications are used on goods the marketing of which is subject to an administrative approval procedure (e.g. wines and spirits), this procedure may be applied also for controlling the use of geographical indications applied to those goods.

Apart from national laws and multilateral treaties, several, bilateral agreements are in force regarding the protection of geographical indications which have the highest emotional value of nationality.

The TRIPS Agreement establishes certain obligations as regards the protection of geographical indications which it defines as “indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.” Geographical indications used to identify products reflect history, cultural tradition, commercial customs and embrace physical, administrative, economic and cultural geography. The notions of “indications of source” and of “appellations of origin,” which are used in the Paris Convention, are within the scope of geographical indications as defined by the TRIPS Agreement. New element that if the reputation of products identified by a geographical indication is essentially attributable to their origin, the indication can be protected on the basis of “reputation link” between the product and the place of production (e.g. tequila).

An indication of source is constituted by any denomination, expression or sign indicating that a product or service originates in a country, a region or a specific place (for instance “made in ...”). As a general rule, the use of false or deceptive indications of source is unlawful.

An appellation of origin is a more restrictive, collective geographical indication that had acquired a special meaning constituted by the denomination of a country, a region or a specific place which serves to designate a product originating therein, the characteristic qualities of which are due exclusively or essentially to the geographical environment, namely to natural and/or human factors. The use of an appellation of origin is lawful only for a certain, geographically delimited group of persons or enterprises located in the geographical area concerned and only in connection with the specific products originating therein and meeting the quality standard (for instance “Bordeaux”), where a specific “quality link” exists between the products and their original place of production.

The three basic means of protection of the collective goodwill, represented by the geographical indications at national level:

- protection under unfair competition law or passing off action against the use of misleading indications;
- protection under trademark law as marks;
- *sui generis* protection as protected appellations of origin or as registered geographical indications.

It is a generally accepted principle in trademark law not to grant individual trademark protection to geographical names because trademarks must not be descriptive or deceptive and because it would confer an unjustified monopoly upon one enterprise against other enterprises from the region. A geographical name may, however, be included as an element in a trademark consisting of several elements which add up to a particular composite sign. In such a case, only the overall appearance of the mark is protected, not its individual elements. Other persons would, therefore, be able to use the geographical name in a different composite sign without infringing the mark.

Furthermore, geographical name may serve as individual trademark if its use is fanciful, that is to say it has no connection with the products (“Mont Blanc pen”), or it acquired secondary meaning and therefore the public generally associates it with the goods or services offered by a particular company. This is usually a consequence of long and extensive use in a country.

For wines and spirits, the TRIPS Agreement provides higher levels of protection, i.e. even where there is no danger of the public being misled.

Some exceptions are allowed, for example if the name is already protected as a trademark or if it has become a generic term. For example, “cheddar” now refers to a particular type of cheese not necessarily made in Cheddar, in the United Kingdom. But any country wanting to make an exception for these reasons must be willing to negotiate with the country which wants to protect the geographical indication in question.

The agreement provides for further negotiations in the WTO to establish a multilateral system of notification and registration of geographical indications for wines. Also debated in the WTO is whether to negotiate extending this higher level of protection beyond wines and spirits.

Certification marks and collective marks as a general rule may protect geographical indications. Certification marks indicate that the goods or services on which they are used have specific qualities, which may also include geographical origin. Collective marks may indicate that the members of association, which is the owner of the mark are producing their products in a certain geographical area and comply with certain standards.

In case of conflicts between trademarks and geographical indications, various principles are applied: the rule of priority (bona fide first in time-first in right); coexistence between trademarks and certain geographical indications; exclusivity for well-known trademarks; dilution protection for well-known geographical indications; co-existence between homonymous geographical indications (the same names for products stemming from different locations).

In the field of geographical indications, the TRIPS Agreement contains additional obligations concerning prevention of use of indications which mislead the consumer as to the origin of the goods, prevention of use which constitutes an act of unfair competition, additional protection for geographical indications for wines and spirits. Negotiations concerning a possible multilateral registration system are also foreseen.

According to the Madrid Agreement (indications of source), all goods bearing a false or deceptive indication of source, by which one of the Contracting States, or a place situated therein, is directly or indirectly indicated as being the country or place of origin, must be seized on importation, or such importation must be prohibited, or other actions and sanctions must be applied in connection with such importation.

The Agreement provides for the cases and the manner in which seizure may be requested and effected. It prohibits the use, in connection with the sale or display or offering for sale of any goods, of all indications capable of deceiving the public as to the source of the goods. It is reserved to the courts of each Contracting State to decide what appellations (other than regional appellations concerning the source of products of the vine) do not, on account of their generic character, come within the scope of the Agreement.

The Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (1958) provides for the registration of appellations of origin. Such names are registered by the International Bureau of WIPO in Geneva on the request of the competent authorities of the interested Contracting State which gave *ex ante* recognition to the name as appellation of origin. The International Bureau communicates the registration to the other Contracting States. Except for a Contracting State which declares, within one year, that it cannot ensure the protection of a registered appellation, all Contracting States must protect the internationally registered name (even if it is used with terms such as “kind”, “type”, “make”, “imitation and the like”) as long as it continues to be protected in the country of origin.

Relevant website: <http://www.wipo.int>.

According to the European Community Regulation, a distinction is made between two classes of names:

- protected geographical indication (PGI): meaning the name of a region, specific place or country describing a product originating in that region, specific place or country and possessing a quality or reputation which may be attributed to the geographical environment with its inherent natural and/or human components;
- protected designation of origin (PDO): meaning the name of a region, specific place or country referring to a product originating in that region, specific place or country and whose quality or other characteristics are essentially or exclusively due to a particular geographical environment.

Conditions for qualifying for a PGI or PDO designation: to qualify for a PGI or PDO designation, a product must comply with a specification containing the following: the name and description of the product; the definition of the geographical area; the methods of preparation; factors relating to the geographic environment; the inspection bodies; details of labeling and any legislative requirements that must be met. The type of link between the product and the geographical location is more stringent in the case of the PDO designation, the quality or other characteristics being due essentially or exclusively to its geographical environment.

Registration procedure: An application for registration of a PGI or PDO may be made by any group of producers irrespective of its legal form or composition or, in exceptional circumstances, a natural or legal person. The application is sent to the Member State in which the geographical area in which the product originates is located. The Member State checks that it satisfies the requirements and forwards it to the other Member States and the Commission. The latter examines it and publishes it in the Official Journal of the European Communities. If no objections are notified within three months, the PGI or PDO is entered in a register kept by the Commission. Where objections are notified the Commission examines the reasons given before taking a decision.

An inspection body offering adequate guarantees of objectiveness and impartiality checks whether the product meets the criteria laid down in the specification. It withdraws the right of a producer or processor of a product which fails to meet those criteria to use the PGI or PDO designation. Any Member State may submit that a product no longer meets the criteria laid down in the specification. In such a case, the Commission decides whether to suspend or withdraw the PGI or PDO.

Relevant website: <http://europa.eu.int/scadplus/leg/en/lvb/126056.htm>.



The European Commission adopted in 2004 a set of amendments to the wine labeling regulation. With these amendments the two categories of “traditional expressions” used on wine labels to designate quality wines merged into one single category and third countries will be allowed to use them only if they comply with a set of strict conditions equivalent to those existing for Member States. Requests by third countries to use traditional expressions will be considered by the Commission and the Member States and the right of use will be granted if all conditions are fulfilled. The amendments were adopted in response to a number of concerns raised by third countries.

The rules governing the use of EU traditional expressions (i.e. terms used traditionally to designate quality wines and which refer to a production or aging method, a color, a quality, etc.) have been simplified.

The 2002 Regulation provided a system of two categories of traditional expressions. The first category contained expressions that could be used by third countries under certain conditions (such as “klassic”, “château”, “classico”, “reserva”, etc.) and the second category was exclusively reserved to wines produced in the EU and included traditional expressions, which were linked to production in particular geographical areas and were exclusively reserved for EU wines (such as “vin jaune”, “amarone”, “amontillado”, “ruby”, etc.). Some traditional expressions like “fino”, “claret”, etc., that had been used for a long time in other areas of the world were not allowed to appear in the EU market on wine labels produced by third countries.

In order to be able to use EU traditional expressions in the EU market a third country has to prove that:

- the traditional expression in question is recognized and governed by either applicable rules or by rules laid down by representative producer organization in the third country in question;
- the term to be protected is distinctive and/or enjoys a reputation in the third country in question;
- the term has been used for at least 10 years in the territory of the third country;
- the rules of the third country concerning the term in question do not mislead the consumer regarding the term.

Additionally only traditional expressions in the official language of the third country in question can be authorized. The use of a traditional expression in a language other than the official language of a third country is only allowed if the national legislation of this country provides for the foreign language in question and the said language has been in continual use in the country for a minimum of 25 years.

In the EU an Organization for an International Geographical Indications Network (ORIGIN) has been established.

*Relevant website: [http://europa.eu.int/rapid/start/cgi/guesten.ksh?p\\_action.gettxt=g...](http://europa.eu.int/rapid/start/cgi/guesten.ksh?p_action.gettxt=g...)*

## 3.9 Certain other intellectual property related signs

### 3.9.1 Domain names

Domain names are a simple form of Internet address, designed to enable users to locate sites on the Internet in an easy manner. Domain names may be registered in spaces known as “generic top-level domains”, such as “.com”, “.org” or “.net”, “.aero”, “.biz”, “.coop”, “.info”, “.museum”, “.name”, “.pro”, or in the “country code top-level domains”, such as “.ch” (Switzerland).

As commercial activities on the Internet have increased, domain names have acquired significance as business identifiers and, as such, have come into conflict with the system of business identifiers that existed before the arrival of the Internet and that are protected by intellectual property rights, namely, trademarks and other rights of business identification.

There are essential differences between trademarks and domain names. Trademarks are always business identifiers, are of territorial character and relate to specific goods or services, are registered by a public authority on the basis of an industrial property law and are protected by special industrial property rights after an examination procedure. In contrast, domain names are contact addresses in general, of a global character, not limited to a territory or to specific goods or services, are registered by private national agents on the basis of a contract, do not represent an intellectual property right and are registered on the basis of the first-come, first-served principle without any examination procedure. Domain names may be protected in some countries by means of unfair competition law.

It is possible for goods and services to be offered for sale over the Internet under a domain name so that such signs may constitute trademarks if they meet the relevant legal requirements under the applicable law. The generic parts of domain names (e.g., “.com”, “.org”, “.net”, “.http”, “.www” and “.@”) are devoid of any distinctive character but if the remainder (usually the beginning) is distinctive, it may be registered as a trademark for specific goods and services.

The trademark-domain name dilemma came up when certain well-known trademarks (like McDonalds, Rolls Royce, Coca-Cola, Nescafé) were appropriated and registered as domain names (by “cybersquatters” or “cyberpirates”) and offered for sale to the trademark owners. In this respect, the legal opinion was that the party enjoying prior protection could take measures against the subsequent registrant and user on the ground of passing off, but the registration of the domain name in itself was not regarded as use of the trademark.

The Uniform Dispute Resolution Policy (UDRP) adopted by the Internet Corporation for Assigned Names and Numbers (ICANN) has established a uniform and mandatory administrative dispute-resolution system to address cases of bad faith and abusive registration also known as “cybersquatting.” These streamlined procedures for resolving cases of clear abuse of trademark holders’ rights have so far proved to be very efficient and cost-effective. For a complaint to succeed under the Policy, the complainant must establish that the following three cumulative criteria are met: (i) the domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; (ii) the registrant of the domain name has no rights or legitimate interests in respect of the domain name; (iii) the domain name has been registered and is being used in bad faith. The Policy lists several examples of such bad faith, such as indications that the domain name has been registered for the purpose of selling it to the trademark owner, or of attracting visitors to the registrant’s site by creating a likelihood of confusion with a third party’s trademark.

If the panel orders the transfer or cancellation of the domain name, the registrar must implement such decision, except if the losing domain name registrant files a court case against the complainant within ten days of the panel decision.

One of the three Domain Name Dispute Resolution Service Providers approved by ICANN is WIPO. WIPO's panelists generally have expertise in trademark law and/or dispute resolution.

Relevant websites: <http://www.wipo.int> and <http://www.icann.org> .

### **3.9.2 International non-proprietary names (INNs)**

International non-proprietary names (INNs) are generic public domain names of active substances used in pharmaceutical preparations. The names are selected by the World Health Organization (WHO) in close cooperation with national nomenclature committees and are recommended for worldwide use as uniform names, terminological standards of the said substances. The INN system aims at facilitating the worldwide identification of medicines, regardless of the place of production, prescription, acquisition or use. Once a name has been formally adopted as an INN, the member States of WHO are bound to ensure that these names are not acquired as proprietary rights, for example as trademarks (e.g. "paracetamol" is an INN, "panadol" is a trademark).

### **3.9.3 Plant variety denominations**

Each State party to the Union for the Protection of New Varieties of Plants (UPOV Convention) must register the denomination of a new plant variety at the same time as it issues the title of protection for the new variety. The denomination is chosen by the breeder of the new variety but it must conform with certain criteria as a terminological standard. Among such criteria are the following: the denomination must enable the new variety to be identified; it must not be liable to mislead or to lead to confusion concerning the characteristics, value or identity of the new variety or the identity of the breeder; it must be different from every denomination which designates, in any member State, an existing variety of the same plant species or a closely related species; prior rights of third parties must not be affected. As a rule, the same denomination must be submitted for the new plant variety in the procedure before the national authorities of all member States.

The denomination is registered at the time the title of protection is issued and is destined to be the generic designation of the variety and so they cannot be registered as trademarks. Persons who offer for sale or market propagating material of a protected variety are required to use the denomination in connection with such offering for sale or marketing, and to do so even after expiration of the protection. A trademark, a trade name or a similar indication may, however, be associated with the variety denomination.

### **3.9.4 Intellectual property markings in respect of goods and services**

An indication or mention on a product, to the effect that the product is protected by a patent ("patent pending" or "patent applied for"), or utility model or by the registration of a design, or that a mark which the product carries is protected by registration, may be useful in order to inform third parties of the protection and thereby to warn them against infringement of the right concerned.

However, the presence of such an indication or mention may not be made a condition of the right to protection, because this would penalize the owner of the right too severely for the omission of the indication or mention. States are free, however, to provide in their national legislation for other consequences of the omission of such indication or mention. Mismarking or false marking is prohibited.

The situation is similar with respect to trademarks: if a registrant of a trademark fails to give notice via the circled ® symbol, or equivalent words, no profits and no damages may be recovered for the infringement of a registered mark unless the defendant had actual notice of the registration.

Regarding marking obligations under license agreements, it is usual for a licensee to accept the obligation to use only the licensor's trademarks or get up determined by the licensor to distinguish the licensed product during the term of the agreement. Such a clause in the license agreement is not anti-competitive, provided that the licensee is not prevented from identifying himself as the manufacturer of the licensed product.

### **3.9.5 Protection of State Emblems, Official Hallmarks, and Emblems of Intergovernmental Organizations**

The purpose of Article 6<sup>ter</sup> of the Paris Convention is to protect armorial bearings, flags and other State emblems of the States party to the Paris Convention as well as official signs and hallmarks indicating control and warranty adopted by them, armorial bearings, flags, other emblems, abbreviations and names of international intergovernmental organizations.

Any emblem or other official sign mentioned above for which a State party to the Paris Convention or an international intergovernmental organization wishes to obtain protection has to be communicated to the International Bureau of WIPO, which will then transmit the communication to the other States party to the Paris Convention. Nevertheless, such a communication is not obligatory in respect of flags of States.

Any State receiving the communication of an emblem or other official sign may, within a period of twelve months from the receipt of that communication, transmit its objections, if any, through the intermediary of the International Bureau, to the State or international intergovernmental organization at the request of which the communication was made.

The protection offered by Article 6<sup>ter</sup> to any emblem or other official signs mentioned above communicated and which has not been the subject of an objection is not of a general nature. The purpose of Article 6<sup>ter</sup> is only to prohibit the registration and use of trademarks which are identical to, or present a certain similarity with the above-mentioned emblems or official signs.

The protection under Article 6<sup>ter</sup> did not extend to armorial bearings, flags, other emblems, names and abbreviations of intergovernmental organizations which are already the subject of international agreements in force, intended to ensure their protection, such as the Geneva Convention for the amelioration of the condition of the wounded and sick in armed forces, of August 12, 1949, Article 44 of which protects the emblems of the Red Cross on a white ground, the words "Red Cross" or "Geneva Cross, and analogous emblems." The Nairobi Treaty protects the Olympic symbol against use for commercial purposes without the authorization of the National Olympic Committee.

### 3.9.6 Character Merchandizing

Broadly speaking, the term “character” covers both fictional human beings (for example James Bond) or non-human characters (for example, Donald Duck) and real persons (for example, famous personalities in the film or music, business, sportsmen, like Elvis Presley or Marlene Dietrich).

In the context of the merchandizing of characters, it is mainly the personal goodwill, reputation, the essential personality features easily recognized by the public at large which will be relevant. Those personality features are, for example, the name, image, appearance or voice of a character or symbols permitting the recognition of such characters which can have great potential for exploitation.

Character merchandizing can be defined as the adaptation or secondary exploitation, by the creator of a fictional character or by a real person or by one or several authorized third parties, of the essential personality features (such as the name, image or appearance) of a character in relation to various goods and/or services with a view to creating in prospective customers a desire to acquire those goods and/or to use those services because of the customer’s affinity with that character.

The following examples of character merchandizing can be given:

- a toy is the three-dimensional reproduction of the fictional character Mickey Mouse;
- a T-shirt bears the name or image of fictional characters;
- the label attached to a perfume or drink bottle bears the name of an actor or other celebrity.

A number of countries have a favorable approach, and most names and appearances of fictional characters are considered fanciful and therefore sufficiently distinctive to be registered as trademarks.

As regards the essential features of a real person, the latter, or the person or entity entitled to act in his name, may obtain the registration of his name or appearance as a mark in some countries. However, where a surname (which can also be a trade name) is registered as a mark, the exclusive right of the holder may be delimited, since other persons bearing the same name may, under certain conditions, continue to use their names, unless the registered mark concerns a well-known personality and/or trade name and the other persons intend to take advantage of the reputation of the registered mark by parasitic means.

In the context of copyright, the most relevant aspects of the merchandising of fictional characters and of image merchandising are books, pamphlets and other writings, cinematographic works, work of drawing and photographic works. As regards personality merchandising, the relevance of copyright is primarily in the sphere of photographic works.

Industrial design protection is mainly relevant for cartoon characters represented in the form of aesthetic designs for three-dimensional articles which mainly belong to the toy or costume jewelry areas (dolls, robots, puppets, action figures, brooches, “pins”) which generally originate in cartoons but which may sometimes represent real persons.

Many countries have enacted provisions, either under general law (Constitution, Civil Code, etc.) or under specific statutes, which enable a real person as such to be protected against the unauthorized commercial or advertising use of the essential features of his or her personality (name, pseudonym or nickname, image, symbols, etc.), including the protection against cybersquatting (e.g. in a domain name).

## **Chapter III. Copyright protection for forms of expressions and certain performances**

### **1. Main features of copyright and related rights**

#### **1.1 Copyright**

Protected works are as follows:

Article 2 of the Berne Convention reads in part as follows:

“The expression ‘literary and artistic works’ shall include every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression, such as books, pamphlets and other writings; lectures, addresses, sermons and other works of the same nature; dramatic or dramatico-musical works; choreographic works and entertainments in dumb show; musical compositions with or without words; cinematographic works to which are assimilated works expressed by a process analogous to cinematography; works of drawing, painting, architecture, sculpture, engraving and lithography; photographic works to which are assimilated works expressed by a process analogous to photography; works of applied art; illustrations, maps, plans, sketches and three-dimensional works relative to geography, topography, architecture or science. Translations, adaptations, arrangements of music and other alterations of a literary or artistic work shall be protected as original works without prejudice to the copyright in the original work. Collections of literary or artistic works such as encyclopaedias and anthologies which, by reason of the selection and arrangement of their contents, constitute intellectual creations shall be protected as such, without prejudice to the copyright in each of the works forming part of such collections.”

The list is not intended to limit the modes or forms of expressions which are protected by copyright law. It is not an exhaustive list. Other modes or forms of expression of works in the literary, scientific and artistic domain, not included in the list, are protected also by many copyright laws.

As a rule, all original creative expressions, irrespective of their communicative or useful purpose are eligible for copyright protection. Copyright extends to the expressions as works and not to the ideas behind them. The protection is against commercialization of the medium of expression without permission but not against the incorporation of ideas into useful articles; no priority principle exists: independent creation is possible. Examples of works which are not subject to copyright: words and short phrases, ideas, plans, methods of operation, procedures, systems, devices, blank forms, works taken from public documents or other common sources.

As a rule, copyright is independent of any formalities, examination, granting; it starts automatically as soon as the work is created or first fixed in tangible form. However, some laws allow for registration with the national copyright agency which might be advantageous for identifying and distinguishing the work and in some cases registration is a prerequisite to filing suit for copyright infringement. In the USA providing copyright notice (the © in a circle symbol, the copyright date and the name of copyright owner) assures stronger position and deterring effect against infringers.

There are two types of rights under copyright, economic rights, which allow the owner of rights to derive financial reward from the use of his works by others, and “moral rights,” which allow the author to take certain actions to preserve the personal link between himself and the work.

The next question, which we must examine, is what is meant by “using” a work protected by copyright. Most copyright laws state that the author or owner of rights has the exclusive right to “authorize or prevent” certain acts in relation to a work. Such acts include the following: reproduction of the work (making copies); public performance of the work; broadcasting or other communication to the public of the work; translation of the work; and adaptation of the work.

The right of the owner of copyright to prevent others from making copies of his works is the most basic right under copyright.

Other rights are recognized in national laws in order to ensure that the basic right of reproduction is respected. For example, most of the laws include a right to authorize distribution of copies of works; obviously, the right of reproduction would be of little economic value if the owner of copyright could not authorize the distribution of the copies made with his consent.

The right of distribution is usually subject to exhaustion upon first sale or other transfer of ownership of a particular copy, which means that, after the copyright owner has sold or otherwise transferred ownership of a particular copy of a work, the owner of that copy may dispose of it without the copyright owner’s further permission, for example, by giving it away or even by reselling it.

Another right which is achieving wider and wider recognition, including in the TRIPS Agreement, is the right to authorize rental of copies of certain categories of works, such as musical works included in phonograms, audiovisual works, and computer programs. The right of rental is justified because technological advances have made it very easy to copy these types of works; experience in some countries has shown that copies were made by customers of rental shops, and therefore, that the right to control rental practices was necessary in order to prevent abuse of the copyright owner’s right of reproduction.

Finally, some copyright laws include a right to control importation of copies as a means of preventing erosion of the principle of territoriality of copyright; that is, the legitimate economic interests of the copyright owner would be endangered if he could not exercise the rights of reproduction and distribution on a territorial basis.

There are some acts of reproducing a work which are exceptions to the general rule, because they do not require the authorization of the author or other owner of rights; these are known as “limitations” on rights. The subject of limitations on rights will be discussed later in this teaching material, but it bears mention here that an area of major concern at present relates to the scope of a limitation, traditionally present in copyright laws, which allows individuals to make single copies of works for private, personal and non-commercial purposes. The emergence of digital technology, which creates the possibility of making high-quality, unauthorized copies of works which are virtually indistinguishable from the source (and thus a perfect substitute for the purchase of, or other legitimate access to, authorized copies), has called into question the continued justification for such a limitation on the right of reproduction.

Under numerous national laws, a “public performance” is considered any performance of a work at a place where the public is or can be present, or at a place not open to the public, but where a substantial number of persons outside the normal circle of a family and its closest social acquaintances is present. On the basis of the right of public performance, the author or other owner of copyright may authorize live performances of a work, such as the presentation of a play in a theater or an orchestra performance of a symphony in a concert hall. Public performance also includes performance by means of recordings; thus, musical works embodied in phonograms are considered “publicly performed” when the phonograms are played over amplification equipment in such places as discotheques, airplanes, and shopping malls.

The right of “broadcasting” covers the transmission by wireless means for public reception of sounds or of images and sounds, whether by radio, television, or satellite. When a work is “communicated to the public,” a signal is distributed, by wire or wireless means, which can be received only by persons who possess the equipment necessary to decode the signal. An example of “communication to the public” is cable transmission.

Under the Berne Convention, authors have the exclusive right of authorizing public performance, broadcasting and communication to the public of their works. Under some national laws, the exclusive right of the author or other owner of rights to authorize broadcasting is replaced, in certain circumstances, by a right to equitable remuneration, although such a limitation on the broadcasting right is less and less common.

The acts of translating or adapting a work protected by copyright also require the authorization of the owner of rights. “Translation” means the expression of a work in a language other than that of the original version. “Adaptation” is generally understood as the modification of a work to create another work, for example adapting a novel to make a motion picture, or the modification of a work to make it suitable for different conditions of exploitation, e.g., by adapting an instructional textbook originally prepared for higher education into an instructional textbook intended for students at a lower level.

Translations and adaptations are works protected by copyright. Therefore, in order to reproduce and publish a translation or adaptation, authorization must be obtained from both the owner of the copyright in the original work and of the owner of copyright in the translation or adaptation.



The Berne Convention requires Member countries to grant to authors: the right to claim authorship of the work (sometimes called the right of “paternity”); and the right to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the work which would be prejudicial to the author’s honor or reputation (sometimes called the right of “integrity”). These rights, which are generally known as the moral rights of authors, are required to be independent of the economic rights and to remain with the author even after he has transferred his economic rights. It is worth noting that moral rights are only accorded to human authors; even if someone else is the owner of economic rights in a work (for example, a film producer or a publisher), only the individual creator has moral interest at stake.

The first limitation is the exclusion from copyright protection of certain categories of works. In some countries, works are excluded from protection if they are not fixed in tangible form; for example, a work of choreography would only be protected once the movements were written down in dance notation or recorded on videotape. In some (but not all) countries, moreover, the texts of laws, court and administrative decisions are excluded from copyright protection.

The second category of limitations on the rights of authors and other owners of copyright concerns particularly acts of exploitation, normally requiring the authorization of the owner of rights, which may, under circumstances specified in the law, be done without authorization. There are two basic types of limitations in this category: “free uses”, which are acts of exploitation of works which may be carried out without authorization and without an obligation to compensate the owner of rights for the use, and “non-voluntary licenses”, under which the acts of exploitation may be carried out without authorization, but with the obligation to compensate the owner of rights.

Examples of free uses include the making of quotations from a protected work, provided that the source of the quotation, including the name of the author, is mentioned and that the extent of the quotation is compatible with fair practice; use of works by way of illustration for teaching purposes; and use of works for the purpose of news reporting. In respect of a free use for reproduction, the Berne Convention contains a general rule, rather than an explicit limitation: Article 9(2) provides that member States may provide for free reproduction in “special cases” where the acts do not conflict with normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the author. As noted above, numerous laws contain provisions allowing reproduction of a work exclusively for the personal, private and non-commercial use of human individuals; the ease and quality of individual copying made possible by recent technology has led some countries to narrow the scope of such provisions, including through systems which allow certain copying but incorporate a mechanism for payment to owners of rights for the prejudice to their economic interests resulting from the copying.

In addition to specific free uses enumerated in national laws, the laws of some countries recognize the concept known as “fair use” or “fair dealing”, which allows use of works without the authorization of the owner of rights, taking into account factors such as the following: the nature and purpose of the use, including whether it is for commercial purposes; the nature of the work used; the amount of the work used in relation to the work as a whole; and the likely effect of the use on the potential commercial value of the work.

As noted above, “non-voluntary licenses” allow use of works in certain circumstances without the authorization of the owner of rights, but require that compensation be paid in respect of the use. Such licenses are called “non-voluntary” because they are allowed in the law, and do not result from the exercise of the exclusive right of the copyright owner to authorize particular acts. Non-voluntary licenses were usually created in circumstances where a new technology for the dissemination of works to the public had emerged, and where the national legislator feared that owners of rights would prevent the development of the new technology by refusing to authorize use of works. This was true of two non-voluntary licenses recognized in the Berne Convention, which allow the mechanical reproduction of musical works and broadcasting. It should be noted, however, that the justification for non-voluntary licenses is called increasingly into question, since effective alternatives now exist for making works available to the public based on authorizations given by the owners of rights, including in the form of collective management of rights.

Copyright does not continue indefinitely. The law provides for a period of time, a duration, during which the rights of the copyright owner exist. The period of duration of copyright begins from the moment when the work has been created, or, under some national law, when it has been expressed in a tangible form. The period of duration continues, in general, until some time after the death of the author. The purpose of this provision in the law is to enable the author’s successors to benefit economically from the exploitation of the work after the author’s death.

In countries which are party to the Berne Convention, and in many other countries, the duration of copyright provided for by national law is, as a general rule, the life of the author and not less than 50 years after his death. The Berne Convention also establishes periods of protection for works in respect of which the duration cannot be based on the life of a single human author, for example, anonymous, posthumous and cinematographic works. It should be noted that a trend exists in certain national laws toward lengthening of the duration of copyright. For example, a recent directive of the European Union requires that, as from July 1, 1995, the duration of copyright under the national laws of the member States be fixed at 70 years following the death of the author.

The owner of copyright in a work is generally, at least in the first instance, the person who created the work that is to say, the author of the work. There are exceptions to this general principle, including in the Berne Convention, which contains a set of rules for determining initial ownership of rights in cinematographic works (Article 14*bis*). Also, certain national laws provide that, when a work is created by an author who is employed for the purpose of creating that work, then the employer, not the author, is the owner of the copyright in the work. As noted above, however, moral rights always belong to the individual human author of the work, whoever may be the owner of economic rights.

The laws of many countries provide that, whoever is the initial owner of rights in a work, all economic rights may be transferred (moral rights, being personal to the author, can never be transferred). Transfers of copyright may take one of two forms: assignments and licenses.

Under an assignment, the owner of rights transfers the right to authorize or prohibit certain acts covered by one, several, or all rights under copyright. An assignment is a transfer of a property right; thus, if all rights are assigned, the person to whom the rights were assigned becomes the owner of copyright.

In some countries, an assignment of copyright is not legally possible, and only licensing is allowed. Licensing means that the owner of the copyright remains the owner but authorizes someone else to carry out certain acts covered by his economic rights, generally for a specific period of time and for a specific purpose. For example, the author of a novel may grant a license to a publisher to make and distribute copies of his work, and at the same time, he may grant a license to a film producer to make a film based on the novel. Licenses may be exclusive, which means that the owner of copyright agrees not to authorize any other person to carry out the licenses acts, or non-exclusive, which means that the copyright owner may authorize others to carry out the same acts. A license, unlike an assignment, does not generally convey the right to authorize others to carry out acts covered by economic rights.

Licensing may also take the form of collective management of rights. Under collective management, authors and other owners of rights grant exclusive licenses to a single entity, which acts on their behalf to grant authorizations, to collect and distribute remuneration, to prevent and defect infringement of rights, and to seek remedies for infringement. An advantage to authors in authorizing collective management lies in the fact that, with multiple possibilities for unauthorized use of works resulting from new technologies, a single body is capable of ensuring that mass uses take place on the basis of authorizations which are easily obtainable from a central source.

A European Parliament Directive introduced a compulsory resale right for the benefit of the author.

The resale right is an inalienable right to receive a percentage of the sales price obtained from any resale of the original work of art conducted by art market professionals, such as auction houses, art galleries or any other art dealers.

This right applies to manuscripts and works of graphic or plastic art such as pictures, collages, paintings, drawings, engravings, prints, lithographs, sculptures, tapestries, ceramics, glassware and photographs, provided they are made by the artist or are copies considered to be original works of art according to professional usage (limited productions or signed works, for example). It should be noted that the resale right does not apply to original manuscripts of writers and composers.

The resale right is payable by the seller and to the author of the work or, after his/her death, to those entitled under him/her.

The Member States may, nevertheless, provide that the resale right shall not apply to acts of resale where the seller has acquired the work directly from the author less than three years before that resale and where the resale price does not exceed EUR 10 000.

Relevant websites: <http://europa.eu.int/scadplus/leg/en/lvb/l26056.htm>.

A European Community Directive lays down a number of exceptions to the right of reproduction and the right of communication.

It introduces a mandatory exception to the right of reproduction in respect of certain temporary acts of reproduction which are integral to a technological process made for the purpose of enabling the lawful use or transmission in a network between third parties by an intermediary of a work or other subject matter that has no separate economic significance.

The Directive also makes provision for other non-mandatory exceptions to the rights of reproduction or communication. In these cases, they are accorded at national level by the Member State concerned.

The exemptions and limitations relating to the rights of reproduction and communication are optional and particularly concern the “public” domain. For three of these exceptions - reprography, private use and broadcasts made by social institutions –the rightholders should receive fair compensation.

With regard to the exceptions or limitations to distribution rights, these are accorded depending on the exceptions relating to reproduction or communication.

The Member States are obliged to provide legal protection against the circumvention of any effective technological measures covering works or any other subject-matter. This legal protection also relates to “preparatory acts” such as the manufacture, import, distribution, sale or provision of services for works with limited uses.

The rights management of a protected work or other subject-matter includes information relating to the work or subject-matter and the protection scheme. The Directive lays down provisions protecting the scheme from any unauthorized alterations or distribution.

Relevant websites: <http://europa.eu.int/scadplus/leg/en/lvb/126056.htm>.

## **1.2 Related rights**

A field of rights related to copyright has rapidly developed over the last 50 years. These related rights grew up around copyrighted works, and provide similar, although often more limited and of shorter duration, rights to:

- performing artists (such as actors and musicians) in their performances;
- producers of sound recordings (for example, cassette recordings and compact discs) in their recordings;
- broadcasting organizations in their radio and television programs.

The problem with regard to this category of intermediaries has become more acute with the rapid technological development of the last few decades. Where, at the very beginning of this century, the performance of dramatists, actors, or musicians ended with the play or concert in which they performed, it is no longer so with the advent of the phonograph, the radio, the motion picture, the television, the videogram and satellites.

These technological developments made possible the fixing of performances on a variety of material, viz., records, cassettes, tapes, films, etc. What was earlier a localized or short-lived phase of a performance in a hall before a limited audience became an increasingly permanent manifestation capable of virtually unlimited and repeated reproduction and use before an equally unlimited audience that went beyond national frontiers. The development of broadcasting and more recently, television, also had similar effects.

Protection of performers is provided in order to safeguard the interests of actors, singers, musicians, dancers, or other persons who act, sing, deliver, declaim, play in or otherwise perform literary or artistic works, including works or folklore, against certain unlawful uses of their performances. The term “producer of phonograms” denotes a person who, or a legal entity which, first fixes the sounds of a performance or other sounds. A phonogram is any exclusively aural fixation of sounds of a performance or of other sounds. A duplicate of a phonogram is any article containing sounds taken directly or indirectly from a phonogram and which embodies all or a substantial part of the sounds fixed in that phonogram. Gramophone records (discs), magnetophone cassettes and compact discs are duplicates of a phonogram. Broadcasting is usually understood as meaning telecommunication of sounds and/or images by means of radio waves for reception by the public at large. A broadcast is any program transmitted by broadcasting, in other words, transmitted by any wireless means (including laser, gamma rays, etc.) for public reception of sounds and of images and sounds.

### **1.3 Special works**

Copyright is usually described as protection of cultural values, literary and artistic works conveying information and entertainment.

Besides this mainstream copyright for literary and artistic works in the cultural and entertainment sphere, the copyright extends to the expression of functional ideas designs, signs, information and concerns the following types of works:

- technological descriptions,
- works of applied arts; cyberdesigns; distinctive signs,
- integrated circuits.

Technological descriptions and engineering drawings as original expressions are protected by the copyright. The copyright owner is protected against the copying (for example republications) of the descriptions or drawings, but he cannot prevent the making, selling and using in practice of the useful articles based on his functional, utilitarian, useful ideas.

Furthermore, the publication, irrespective of its copyright protection, will put the useful content into the public domain which, and as prior art, will bar any future patenting of it.

Works of applied arts (artistic jewelry, lamps, furniture etc.) are close to industrial designs. Objects qualifying for protection under the law of industrial designs might equally well receive protection from the law of copyright if they are laid down in design documents as literary works, drawing, plans or blueprints, or if they are embodied in a work of applied art.

In some countries a useful article’s design (e.g., a statuette holding a lamp) qualifies for copyright protection as applied art only if its pictorial, graphic or sculptural features can be identified separately and are capable of existing independently of the utilitarian aspects of the article. In some countries (France, Germany) industrial design and copyright protection can exist cumulatively. In other countries they are mutually exclusive: once the owner chooses one kind of protection, he can no longer invoke the other.

Decorative and creative icons used on the Internet as “cyber designs” are protected under copyright as drawings; functional features of icons are not entitled to copyright protection.

Graphic, pictorial, sculptural works, original cartoon characters as potential distinctive signs can be the subject of trademark registration only with the permission of the copyright owner.

Most countries apply copyright protection to the computer software used in the design, fabrication or testing of integrated circuits. Other countries do not apply copyright law because a layout-design lacks original artistic feature and the copyright protection of the “technical drawing” does not protect the final useful article represented by the drawing.

## **2. The protection of computer software**

Computer programs, whether in source or object code, are protected by copyright as literary works. The copyright protection is available for the original “expression” but not the idea of the computer program.

There is a controversy as to the extent to which copyright protection extends beyond the literal listings of a program to the non-literal components as the overall structure, sequence, organization and presentation of the program. While the copyright protects against the similarity of the codes as a result of copying, the patent protects against the similarity of idea irrespective of the used code. Therefore, copyright protection is sufficient for mass-marketed programs while patent protection is suitable for unique, inventive programs.

A European Community Council Directive obligates Member States to protect computer programs, by copyright, as literary works within the meaning of the Berne Convention for the Protection of Literary and Artistic Works.

The ideas and principles which underlie any element of a computer program, including those which underlie its interfaces, are not protected by copyright. A computer program is protected if it is original in the sense that it is the author's own intellectual creation.

In general, the author of a computer program is the natural or legal person or group of natural persons who created it. Where collective works are recognized by the legislation of a Member State, the person considered by the legislation of that Member State to have created the work is deemed to be its author. In the case of a program created by a group of natural persons, the exclusive rights are owned jointly. Where a computer program is created by an employee in the execution of his duties or following the instructions given by his employer, the employer alone will be entitled to exercise all economic rights in the program, unless otherwise provided for by contract.

Protection is accorded on the basis of residence, nationality and first publication as laid down by the relevant Member State.

The exclusive rights of the author include the right to perform or to authorize:

- the reproduction of a computer program;
- the translation, adaptation, arrangement and other alteration of a computer program;
- the distribution, including the rental, of a computer program or of copies thereof.

The Directive provides for certain exceptions to these restricted acts. In the absence of specific contractual provisions, the acts do not require authorization by the rightholder where they are necessary for the use of the computer program by the acquirer, including for error correction. Moreover, the making of a back-up copy by a person having a right to use the computer program may not be prevented by contract in so far as it is necessary for that use. A person having a right to use a copy of a computer program is entitled to observe, study or test the functioning of the program in order to determine the ideas and principles which underlie any element of the program if he does so while performing any of the acts of loading, displaying, running, transmitting or storing the program which he is entitled to perform.

There is also provision for a derogation which would allow the decompilation reverse engineering of a program under certain limited conditions and with the aim of achieving the interoperability of an independently created computer program.

Special protection measures will be taken against a person committing any of the acts listed below:

- any act of putting into circulation a copy of a computer program knowing, or having reason to believe, that it is an infringing copy;
- the possession, for commercial purposes, of a copy of a computer program knowing, or having reason to believe, that it is an infringing copy;
- any act of putting into circulation or the possession for commercial purposes of any means the intended purpose of which is to facilitate the unauthorized removal or circumvention of any technical device which may have been applied to protect a computer program.

Relevant websites: <http://europa.eu.int/scadplus/leg/en/lvb/l26056.htm>.

### **3. Protection of databases**

Databases may be protected automatically (without registration) by database right and/or copyright. Compilations of data or other material (databases), whether in machine readable or other form, which by reason of the selection or arrangement of their contents are a result of substantial investment are protected as such by database right. If the databases constitute original intellectual creations they may be protected by copyright.

The database right does not extend to the data or material itself but is without prejudice to any copyright subsisting in the data or material itself. The protection is provided against unauthorized extraction and reutilization of the data and lasts for 15 years from the making or from the publication. Fair dealing for research or private study —as an exception to the right— does not extend to the research for commercial purpose.

A European Parliament Directive covers databases defined as “a collection of independent works, data or other materials arranged in a systematic or methodical way and individually accessible by electronic or other means.”

The Directive provides:

- copyright protection for the intellectual creation involved in the selection and arrangement of materials;
- sui generis protection for an investment (in human and technical resources and effort and energy) in the obtaining, verification or presentation of the contents of a database.

The Directive does not apply to software used in the making or operation of the database or to the works and material contained therein. Nor does it affect the legal provisions covering, in particular, patents, marks, designs and models or unfair competition.

Protection of the scheme of a database under copyright law as defined by the TRIPS Agreement is accorded when the scheme constitutes, by virtue of the choice or arrangement of the material, an intellectual creation particular to its author.

The creator of a database enjoys a group of exclusive rights (restricted acts e.g. reproduction, alteration, distribution, etc.).

The legitimate user of a database may perform all the acts referred to in point 5 that are necessary for using the base, subject to certain restrictions.

In addition to the copyright arrangements, provision has also been made for another set of sui generis arrangements. Under the latter arrangements, the creator of a database, whether a natural or legal person, can prohibit the unauthorized retrieval and/or re-use of the contents.

*Sui generis* rights form pecuniary rights and as such can be transferred, assigned or granted under contractual license.

A lawful user may retrieve and re-use, without authorization and for commercial purposes, non-essential parts of the contents of a database. However, he may not perform acts which unreasonably prejudice the legitimate interests of the maker of the database or of a person providing the works or services contained in the base.

The right to prevent the unauthorized retrieval of the contents of a database extends for a period of 15 years with effect from the date on which the creation of the base was terminated.

Protection against unauthorized retrieval or re-use is accorded to databases whose maker is a national, a company or an undertaking resident in or having his/its registered office, central administration or principal place of business in the Community.

Relevant websites: <http://europa.eu.int/scadplus/leg/en/lvb/126056.htm> .

## **4. Collective management societies**

Permission to copy or use copyright material can generally be obtained from the copyright owner, but there are several organizations (collective management societies) that act collectively for groups of copyright owners.



Today, in the face of this mass consumption of music, the only way of safeguarding the rights of public performance and broadcasting of composers, songwriters, arrangers and translators consists in the creation of a link between the music “producers” and the music “consumers.” The concentration of the rights of performance and broadcasting of musical works in the hands of one body in each country -which we shall call a collective management organization here- and the blanket authorization to perform in public or broadcast protected music, granted by that collective management organization, constitute the collective management.

The collective management organization has to set out to secure all the rights of performance and broadcasting of musical works if it is to serve music users satisfactorily with a single blanket authorization. This aim of concentrating all rights may be promoted and furthered by the creation of a State monopoly. In itself, however, a monopoly does not confer any copyright on the collective management organization: with or without a monopoly, the organization still has to persuade authors to assign their rights of performance and broadcasting to it.

The European Commission noted that the Internal Market has largely become the framework for managing and using copyright and related rights: the digital environment, by definition, makes it possible to exploit rights across borders, but, at the same time, licensing for analogue exploitation is also increasingly taking on a cross-border dimension. Moreover, established Community legislation regarding intellectual property rights proper is now quite robust. It is based on seven harmonization directives. This being so, effective rights management is crucial to ensuring that the Internal Market functions properly in this field. Furthermore, it is important to be sure that the rights management system can adapt to new developments, such as the increasing demand for Community-wide licenses for the use of certain rights. It must also ensure that the necessary protection and remuneration of authors and performers are balanced against the demands of commercial users.

On the basis of these needs and of the results of the consultation process which commenced in 1995, the Commission has come to four main conclusions:

- an Internal Market for collective rights management will be more firmly established if a legislative framework on the governance of collecting societies is implemented at Community level. Such a framework would address the issues surrounding the establishment and status of collecting societies, the relationship they have with rightholders and commercial users, and lastly, their external supervision. This would make it possible to ensure that collecting societies are transparent, and that established Community law in the field of intellectual property is properly applied. It would foster the emergence of Community-wide licensing for the exploitation of rights. On this point, the Communication echoes the European Parliament's report of January 15, 2004, on collecting societies.
- there is no need, for the moment, to take any action at Community level with regard to individual rights management.
- the advent of Digital Rights Management (DRM) systems has generated high expectations, but a necessary precondition for their development is their interoperability and acceptance by all stakeholders, including consumers.

- with regard to the increasing demand for Community-wide licensing for the exploitation of certain rights, the Commission's Communication describes several options for improving the situation. In principle, the response to this demand should be market-led, but it could be supported by common rules on collective rights management and on good governance of collecting societies.

Relevant websites: [http://europa.eu.int/comm/internal\\_market/en/intprop/docs/index.htm](http://europa.eu.int/comm/internal_market/en/intprop/docs/index.htm)

## **5. Copyright protection abroad; treaties on copyrights and related rights**

### **5.1 The Berne Convention for the Protection of Literary and Artistic Works**

The Berne Convention for the Protection of Literary and Artistic Works has three basic principles and contains a series of provisions determining the minimum protection to be granted.

The three basic principles are the following:

- works originating in one of the Contracting States (that is, work whose author is a national of such a State or works which were first published in such a State) must be given the same protection in each of the other Contracting States as these other States grant to the works of their own nationals (principle of “national treatment”);
- such protection must not be conditional upon compliance with any formality (principle of “automatic” protection);
- such protection is independent of the existence of protection in the country of origin of the work (principle of the “independence” of the protection). If, however, a Contracting State provides for a longer term than the minimum provided for by the Convention and the work ceases to be protected in the country of origin, protection may be denied once protection in the country of origin ceases.

The minimum conventional standards of protection relate to the works and to the right to be protected as well as to the duration of the protection.

Relevant website: <http://www.wipo.int> .

### **5.2 Brussels Convention relating to the Distribution of Programme-Carrying Signals transmitting by Satellite**

The Convention provides for the obligation of each contracting State to take adequate measures to prevent the unauthorized distribution on or from its territory of any programme-carrying signal transmitted by satellite. The distribution is unauthorized if it has not been authorized by the organization –typically a broadcasting organization– which has decided what the programme consists of. The obligation exists in respect of organizations that are nationals of a contracting State.

The provisions of this Convention are not applicable, however, where the distribution of signals is made from a direct broadcasting satellite.

### **5.3 Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of their Phonograms**

The Convention provides for the obligation of each contracting State to protect a producer of phonograms who is a national of another contracting State against the making of duplicates without the consent of the producer, against the importation of such duplicates, where the making or importation is for the purposes of distribution to the public, and against the distribution of such duplicates to the public. “Phonogram” means an exclusively aural fixation (that is, it does not comprise, for example, the sound tracks of films or videocassettes), whatever be its form (disc, tape or other).

Protection may be provided as a matter of copyright law, *sui generis* (related rights) law, unfair competition law or penal law. Protection must last for at least 20 years from the first fixation or the first publication of the phonogram. However, national laws ever more frequently provide for a 50-year term of protection.

### **5.4 Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations**

The Convention secures protection in performances of performers, phonograms of producers of phonograms and broadcasts of broadcasting organizations.

— *Performers* (actors, singers, musicians, dancers and other persons who perform literary or artistic works) are protected against certain acts they have not consented to. Such acts are the broadcasting and the communication to the public of their live performance; the fixation of their live performance; the reproduction of such a fixation if the original fixation was made without their consent or if the reproduction is made for purposes different from those for which they gave their consent.

— *Producers of phonograms* enjoy the right to authorize or prohibit the direct or indirect reproduction of their phonograms. Phonograms are defined in the Rome Convention as meaning any exclusively aural fixation of sounds of a performance or of other sounds. When a phonogram published for commercial purposes gives rise to secondary uses (such as broadcasting or communication to the public in any form), a single equitable remuneration must be paid by the user to the performers, or to the producers of phonograms, or to both; contracting States are free, however, not to apply this rule or to limit its application.

— *Broadcasting organizations* enjoy the right to authorize or prohibit certain acts, namely: the re-broadcasting of their broadcasts; the fixation of their broadcasts; the reproduction of such fixations; the communication to the public of their television broadcasts if such communication is made in places accessible to the public against payment of an entrance fee.

The Rome Convention allows exceptions in national laws to the above-mentioned rights as regards private use, use of short excerpts in connection with the reporting of current events, ephemeral fixation by a broadcasting organization by means of its own facilities and for its own broadcasts, use solely for the purpose of teaching or scientific research and in any other cases –except for compulsory licenses that would be incompatible with the Berne Convention– where the national law provides exceptions to copyright in literary and artistic works. Furthermore, once a performer has consented to the incorporation of his performance in a visual or audiovisual fixation, the provisions on performers’ rights have no further application.

Protection must last at least until the end of a period of 20 years computed from the end of the year in which the fixation was made, for phonograms and for performances incorporated therein; the performance took place, for performances not incorporated in phonograms; the broadcast took place, for broadcasts. However, national laws ever more frequently provide for a 50-year term of protection, at least for phonograms and for performances.

## **5.5 WIPO Copyright Treaty (WCT)**

The Treaty mentions two subject matters to be protected by copyright, computer programs, whatever may be the mode or form of their expression, and compilations of data or other material (“databases”), in any form, which by reason of the selection or arrangement of their contents constitute intellectual creations. Where a database does not constitute such a creation, it is outside the scope of this Treaty.

As to the rights of authors, the Treaty deals with three: the right of distribution, the right of rental, and the right of communication to the public. Each of them is an exclusive right, subject to certain limitations and exceptions. Not all of the limitations or exceptions are mentioned in the following:

- the right of distribution is the right to authorize the making available to the public of the original and copies of a work through sale or other transfer of ownership;
- the right of rental is the right to authorize commercial rental to the public of the original and copies of three kinds of works: computer programs (except where the computer program itself is not the essential object of the rental), cinematographic works (but only in cases where commercial rental has led to widespread copying of such works materially impairing the exclusive right of reproduction), and works embodied in phonograms as determined in the national law of the Contracting Parties (except for countries that since April 15, 1994, have in force a system of equitable remuneration for such rental);
- the right of communication to the public is the right to authorize any communication to the public, by wire or wireless means, including “the making available to the public of works in a way that the members of the public may access the work from a place and at a time individually chosen by them.” The quoted expression covers in particular on-demand, interactive communication through the Internet.

The Treaty obliges the Contracting Parties to provide legal remedies against the circumvention of technological measures (e.g., encryption) used by authors in connection with the exercise of their rights and against the removal or altering of information, such as certain data that identify works or their authors, necessary for the management (e.g., licensing, collecting and distribution of royalties) of their rights (“rights management information”).

The Treaty obliges each Contracting Party to adopt, in accordance with its legal system, the measures necessary to ensure the application of the Treaty. In particular, the Contracting party must ensure that enforcement procedures are available under its law so as to permit effective action against any act of infringement of rights covered by the Treaty. Such action must include expeditious remedies to prevent infringement and remedies which constitute a deterrent to further infringements.

## **5.6 WIPO Performances and Phonograms Treaty (WPPT)**

The Treaty deals with intellectual property rights of two kinds of beneficiaries: performers (actors, singers, musicians, etc.), and producers of phonograms (the persons or legal entities who or which take the initiative and have the responsibility for the fixation of the sounds). They are dealt with in the same instrument because most of the rights granted by the Treaty to performers are rights connected with their fixed, purely aural performances (which are the subject matter of phonograms).

As far as performers are concerned, the Treaty grants performers four kinds of economic rights in their performances fixed in phonograms (not in audiovisual fixations, such as motion pictures): the right of reproduction, the right of distribution, the right of rental, and the right of making available. Each of them is an exclusive right, subject to certain limitations and exceptions. Not all of those limitations and exceptions are mentioned in the following:

- the right of reproduction is the right to authorize direct or indirect reproduction of the phonogram in any manner or form;
- the right of distribution is the right to authorize the making available to the public of the original and copies of the phonogram through sale or other transfer of ownership;
- the right of rental is the right to authorize the commercial rental to the public of the original and copies of the phonogram as determined in the national law of the Contracting Parties (except for countries that since April 15, 1994, have in force a system of equitable remuneration for such rental);
- the right of making available is the right to authorize the making available to the public, by wire or wireless means, of any performance fixed in a phonogram, in such a way that members of the public may access the fixed performance from a place and at a time individually chosen by them. This right covers, in particular, on-demand, interactive making available through the Internet.

The Treaty grants three kinds of economic rights to performers in respect of their unfixed (live) performances: the right of broadcasting (except in the case of rebroadcasting), the right of communication to the public (except where the performance is a broadcast performance), and the right of fixation.

The Treaty also grants performers moral rights: the right to claim to be identified as the performer and the right to object to any distortion, mutilation or other modification that would be prejudicial to the performer's reputation.

As far as producers of phonograms are concerned, the Treaty grants them four kinds of rights (all economic) in their phonograms: the right of reproduction, the right of distribution, the right of rental, and the right of making available. Each of them is an exclusive right, subject to certain limitations and exceptions. Not all of those limitations and exceptions are mentioned in the following:

- the right of reproduction is the right to authorize direct or indirect reproduction of the phonogram in any manner or form;
- the right of distribution is the right to authorize the making available to the public of the original and copies of the phonogram through sale or other transfer of ownership;
- the right of rental is the right to authorize the commercial rental to the public of the original and copies of the phonogram as determined in the national law of the Contracting Parties (except for countries that since April 15, 1994, have in force a system of equitable remuneration for such rental);
- the right of making available is the right to authorize making available to the public the phonogram, by wire or wireless means, in such a way that members of the public may access the phonogram from a place and at a time individually chosen by them. This right covers, in particular, on-demand, interactive making available through the Internet.

As far as both performers and phonogram producers are concerned, the Treaty obliges –subject to various exceptions and limitations not mentioned here– each Contracting Party to accord to nationals of the other Contracting Parties with regard to the rights specifically granted in the Treaty the treatment it accords to its own nationals (“national treatment”).

Furthermore, the Treaty provides that performers and producers of phonograms enjoy the right to a single equitable remuneration for the direct or indirect use of phonograms, published for commercial purposes, for broadcasting or for communication to the public. However, any Contracting Party may restrict or –provided that it makes a reservation to the Treaty– deny this right. In the case and to the extent of a reservation by a Contracting Party, the other Contracting Parties are permitted to deny, vis-à-vis the reserving Contracting Party, national treatment (“reciprocity”).

The term of protection must be at least 50 years.

The enjoyment and exercise of the rights provided in the Treaty cannot be subject to any formality.

The Treaty obliges the Contracting Parties to provide legal remedies against the circumvention of technical measures (e.g., encryption) used by performers or phonogram producers in connection with the exercise of their rights and against the removal or altering of information, such as the indication of certain data that identify the performer, the performance, the producer of the phonogram and the phonogram, necessary for the management (e.g., licensing, collecting and distribution of royalties) of the said rights (“rights management information”).

The Treaty obliges each Contracting Party to adopt, in accordance with its legal system, the measures necessary to ensure the application of the Treaty. In particular, the Contracting Party must ensure that enforcement procedures are available under its law so as to permit effective action against any act of infringement of rights covered by the Treaty. Such action must include expeditious remedies to prevent infringement and remedies which constitute a deterrent to further infringements.

## **5.7 Universal Copyright Convention (UCC)**

The UCC was developed by the United Nations Educational, Scientific and Cultural Organization (UNESCO) as an alternative with less burdensome conditions about the term and extent of protection to the Berne Convention for those states which disagreed with aspects of the Berne Convention, but still wished to participate in some form of multilateral copyright protection. These states included developing countries and the Soviet Union, which thought that the strong copyright protections granted by the Berne Convention overly benefited Western developed copyright-exporting nations, and the United States and most of Latin America. The Berne Convention states also became party to the UCC so that their copyrights would exist in non-Berne Convention states.

In the UCC there was no mention of any moral right. The United States was able to join the new Convention, while retaining her copyright term of two periods of 28 years and introducing a simple requirement of notice on published works of foreign authors not first published there: the symbol © together with the name of the copyright owner and the year of first publication.

Most of the States parties to the UCC –including USA and Russian Federation– are now also parties to the Berne Convention, so the UCC is largely irrelevant today.

## **6. Protection of folklore**

Folklore refers to the artistic aspects of traditional knowledge. Its protection is under international discussion.

The 1982 Model Provisions of WIPO and UNESCO define the term “expressions of folklore” as “productions consisting of characteristic elements of the traditional artistic heritage developed and maintained by a community or by individuals reflecting the traditional artistic expectations of such a community.”

The definition includes in particular “verbal expressions”(such as folk tales), “musical expressions”(such as tribal songs), “expressions by action”(such as tribal dance or other ritual), and “tangible expressions” (such as drawings, paintings, carvings, sculptures, pottery, terracotta, mosaic, woodwork, metalware, jewelry, basket weaving, needlework, textiles, carpets, costumes, musical instruments, architectural forms). The first three kinds of expressions need not be “reduced to material form”, that is to say, the words need not be written down, the music need not exist in musical notation and the dance need not exist in choreographic notation. On the other hand, tangible expressions by definition are incorporated in a permanent material, such as stone, wood, textile, metal, etc.

Only “artistic” heritage is covered by the term “expressions of folklore.” This means that, among other things, traditional beliefs, scientific views (e.g.. traditional cosmogony) or merely practical traditions as such, separated from possible traditional artistic forms of their expression, do not fall within the scope of “expressions of folklore.” On the other hand, “artistic” heritage is understood in the widest sense of the term and covers any traditional heritage appealing to our aesthetic sense.

Verbal expressions, musical expressions, expressions by action and tangible expressions may all consist of characteristic elements of the traditional artistic heritage and qualify as protected expressions of folklore.

There are two main categories of acts against which, under the Model Provisions, expressions of folklore are suggested to be protected; namely, “illicit exploitation” and “other prejudicial actions.”

“*Illicit exploitation*” of an expression of folklore is understood in the Model Provisions, as any utilization made both with gainful intent and outside the traditional or customary context of folklore, without authorization by a competent authority or the community concerned. This means that a utilization—even with gainful intent—within the traditional or customary context should not be subject to authorization.

“*Other prejudicial actions*” detrimental to interests related to the use of expressions of folklore are identified by the Model Provisions, as four cases of offenses subject to penal sanctions. Firstly, the Model Provisions provide for the protection of the “appellation of origin” of expressions of folklore. Secondly, any unauthorized utilization of an expression of folklore where authorization is required constitutes an offense. Thirdly, misleading the public by creating the impression that what is involved is an expression of folklore derived from a given community when, in fact, such is not the case is also punishable, as a form of “passing off.” Fourthly, it is an offense if, in the case of public uses, expressions of folklore are distorted in any direct or indirect manner “prejudicial to the cultural interests of the community concerned.”

When the Model Provisions determine the entity entitled to authorize the utilization of expressions of folklore, they alternatively refer to “competent authority” and “community concerned”, avoiding the term “owner.” They do not deal with the question of the ownership of expressions of folklore since this may be regulated in different ways from one country to another. In some countries, expressions of folklore may be regarded as the property (“style”) of the nation, while in other countries, a sense of ownership of the traditional artistic heritage may have developed in the ethnical communities concerned.



## **Chapter IV. Supplementary protection under the laws repressing unfair competition for creations of the mind and commercial symbols**

### **1. Repression of unfair competition in general**

The repression of unfair competition is directed against acts or practices, in the course of trade or business, that are contrary to honest practices, that is, a businessman's legal/ethical standard of behavior. The notion of unfair competition covers a great variety of acts which are linked with economic competition in the large sense and has a wider scope than intellectual property. The rules for the prevention of unfair competition and those for the prevention of restrictive business practices (antitrust laws) are interrelated and supplement each other, both aiming at ensuring the efficient operation of the market economy by the preservation of the fairness and freedom of competition and, to a certain extent, the protection of consumer interests.

Certain rules on the prevention of unfair competition supplement—as a secondary, more limited, line of defense—the protection of intellectual creations and commercial symbols where those are not protected by a registered industrial property right. Nevertheless, there are basic differences between the protection of registered industrial property rights, such as patents, registered industrial designs, registered trademarks on the one hand, and protection against acts of unfair competition on the other hand. Whereas industrial property rights are granted on an application filed with an Industrial Property Office and confer exclusive rights with respect to the subject matter concerned, the more limited protection against unfair competition is not based on a grant of rights but on the general consideration that acts contrary to honest business practices are to be prohibited. Where registered industrial property rights act as a primary barrier, unfair competition law acts as a secondary filter on a case-by-case basis in due consideration of the actual market conditions. Unfair competition law leaves a large margin of discretion to the courts.

Protection against unfair competition concerns intellectual creations and commercial symbols in particular in the following three cases:

- confusion; discrediting; misleading,
- taking undue advantage (“free riding”),
- making use of undisclosed information (“trade secret”).

## **2. Causing confusion (“passing off”); discrediting; misleading**

Confusion (“passing off”) is created by activity that causes, or is likely to cause, confusion with respect to a competitor’s enterprise or his activities, in particular, the products or services offered by him. “Passing off” covers the misrepresentation that the goods of an enterprise are those of a competitor.

There are two main areas in which confusion frequently occurs, namely indications of commercial origin on the one hand, and the appearance of the goods on the other hand. However, this does not preclude or limit the protection of other attributes or achievements against confusion.

Confusion may, in particular, be caused with respect to:

- a trademark, in particular, a well-known trademark, whether registered or not;
- a trade name;
- a business identifier other than a trademark or trade name (e.g., a label, a logo, a slogan);
- the appearance of a product (e.g., the design or other shape, the visual characteristics, the get-up, the trade dress, packaging);
- the presentation of products or services (e.g., a shop’s decoration);
- a celebrity or a well-known fictional character.

Discrediting means false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor.

Misleading can be caused by indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.

## **3. Taking undue advantage (“Free riding”)**

Free riding can be defined as any act that a competitor or another market operator undertakes with the intention of directly exploiting another person’s industrial or commercial achievement for his own business purposes, without substantially departing from the original achievement. Protection in such cases depends on a number of requirements which vary from country to country. As a minimum prerequisite, the indication or the product must have a certain distinctiveness (which may be of a level not sufficient for protection under specific legislation). Since the scope of protection may depend on the degree of distinctiveness, completely banal indications of products will not usually qualify for protection against mere imitation.

### **3.1 Slavish imitation; reverse engineering**

The concept of slavish imitation as a distinct act of unfair competition has been developed in several countries of Europe. This kind of unfair free riding is usually regarded as an exception to the general rule of free appropriation in the area of products or indications that are not eligible for protection or for which protection has lapsed under a specific legislation, or where there is no likelihood of confusion as to the source of the products. Usually, the unfairness is seen in the lack of research, investment, creativeness and expense on the part of the imitator, who has merely copied the achievement of another, despite the fact that alternative ways of competing effectively were available. The imitated products or indications are still required to possess a particular distinctiveness, which must not merely derive from technical features necessary for the product to function properly, but must concern aesthetic or decorative features that leave sufficient room for alternative shapes and designs.

Reverse engineering as distinguished from slavish imitation is a fair use and a legitimate competitive behavior. Reverse engineering-as already indicated-generally consists in examining or analyzing, by taking apart or decomposing, a product or substance in order to understand its structure, composition or operation and find out how it was made or constructed, and subsequently producing an improved version of the product or substance. Reverse engineering is commonly practiced in industry in connection with the products of competitors, for the purpose of learning the technology they embody, and eventually producing a competing (improved or different, but equivalent) product. In fact, it is part of the normal exercise of competition in a free market environment which, in turn, is based on broader public policy considerations. The practice of reverse engineering is, therefore, not unfair in itself; nevertheless, the product or other result obtained through reverse engineering may, under certain circumstances, constitute an infringement of an industrial property right. For example, if reverse engineering of a competitor's product falls under the claims of a valid patent (where appropriate, taking into account the doctrine of equivalence), that would constitute a patent infringement. If a patent is not infringed, but the manner in which the original product was copied is found to be dishonest or unfair (regardless of whether reverse engineering took place), the relevant acts might still be actionable on unfair competition grounds.

### **3.2 Exploitation of another's reputation and dilution of distinctive quality**

Another type of misappropriation that has been recognized in recent years as being contrary to honest business practices is that of unfairly taking advantage of the reputation or "prestige" of the market achievements of other industrial or commercial enterprises. For example, if the quality of a genuinely marked product or service has led consumers to associate the mark with a certain origin or consistency of product quality, its unauthorized use for other goods or services, while not causing confusion as to their source, might still be considered as unfair appropriation, parasitic use and dilution of a reputation. The doctrine may also apply to the appearance of products but, in such cases, the appearance must be recognized as indicating a certain degree of quality, image or distinctive prestige. Countries have different approaches to this kind of misappropriation.

## **4. Protection of trade secrets; know how; idea submission**

### **4.1 Trade secrets**

Competitive strength usually depends on innovative techniques as well as on engineering details and the accompanying know-how in the industrial and/or commercial field. However, such techniques and know-how—which amount to 90% of technology—are not always eligible for protection under patent law.

Trade secrets and patents cannot only coexist, but are in complementarity rather than in conflict. Trade secrets are the general form of defense for the creations of the mind: they can exist before granting the patent (at the research and development stage and during patent procedure), alongside the patent (supplementing the patent protection with the know-how to work the invention) and after the lapse of the patent (with the know-how developed after the expiration of the patent). For optimal protection, the two forms must be used as complementary forms, although in some cases, they can be used only alternatively (patent or trade secret protection for the invention).

Trade secrets are protected against unauthorized use and disclosure by various legal provisions. Some countries have enacted special provisions for the protection of trade secrets, either under the specific legislation on unfair competition or as part of another law. Other countries have enacted criminal, administrative, commercial or civil law provisions prohibiting the unauthorized use or disclosure of business secrets. Finally, it is not unusual to have combinations of the above means available.

According to the global TRIPS norms, information must be considered as secret if:

- it is not a matter of public knowledge, that is, it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within circles that normally deal with the kind of information in question; the information may include a formula, pattern, compilation, program, device, method, technique or process;
- it has actual or potential commercial value because it is secret; and
- it has been subject to reasonable steps taken under the circumstances, by the rightful holder, to keep it secret.

The general principle of the protection of trade secrets is that any act or practice, in the course of industrial or commercial activities, that results in the disclosure, acquisition or use by others of secret information without the consent of the person lawfully in control of that information (the rightful holder) in a manner contrary to honest commercial practices constitutes an act of unfair competition.

Disclosure, acquisition or use of secret information by others without the consent of the rightful holder may, in particular, result from the following improper and illegal methods:

- industrial or commercial espionage (e.g., theft by breaking and entering);
- breach of contract (e.g., by a double-dealing prospective licensee);
- breach of confidence (e.g., by a disloyal employee);
- inducement to commit any of the acts referred to;
- acquisition of secret information by a third party who knew, or was grossly negligent in failing to know, that such an act was involved in the acquisition.

Moreover, any act or practice, in the course of industrial and commercial activities, must be considered an act of unfair competition if it results in:

- an unfair commercial use of undisclosed test or other data, the origination of which involves considerable effort and which have been submitted for the purposes of obtaining approval of the marketing of pharmaceutical or agricultural chemical products which utilize new chemical entities, or
- the disclosure of such data, except where necessary to protect the public, or unless steps are taken to ensure that the data are protected against unfair commercial use.

Reverse engineering may discover the secret information from disassembling and observing the publicly available product or from publicly available literature such as technical manuals or promotional brochures.

As to the possible infringement of trade secrets by employee mobility, the generally adopted principle is that employees can use the skills and knowledge they have acquired in the course of their employment but cannot use protected trade secrets constituted of specific data.

## **4.2 Know-how**

The issue of know-how is closely connected with that of trade secrets. In a general sense, know-how constitutes a body of substantial, explicit or tacit technical information, whether inventive or copyrightable or not, that is valuable because it can be applied in practice and is secret or at least does not belong to the public domain or is not covered by a special legal title. Know-how may be identified in any appropriate form, it may include typed and printed matter, drawings, CD-ROM's etc., which are sometimes called "proprietary information," while research results in "tangible research property" (TRP) such as integrated circuit chips, biological material, chemical compounds that can be physically distributed. Part of the know-how is covered by trade secret (undisclosed information) protection and certain elements can even be protected by copyright or registered industrial property rights or are already the subject of pending applications while other parts, e.g., the practical knowledge gained by experience, or an employee's general knowledge and skills are not eligible for protection. It has to be mentioned that in France it is possible to deposit the information on any kind of creations in closed "enveloppe Soleau" with the Patent Office. It is not an intellectual property title but it attaches a (defensive) date to the information and provides proof of personal possession in case of litigation because of misappropriation of information. The different forms of know-how and the transfer of know-how independently or as a supplement to a central invention will be dealt with in the framework of licensing contracts (see Part II.).

### **4.3 Idea submission**

The so-called “idea submission” is also a form of know-how transfer when individuals unaffiliated with enterprises, submit their ideas, which they believe valuable, to enterprises expecting remuneration for any use of it.

The courts in a number of countries have established four legal theories for the protection of idea submission:

- it constitutes intellectual property in the sense that it is novel and original, it is concrete and it is used without the authorization of the originator of the idea;
- where there is an express contract on the compensation of the idea, the law on contracts should apply;
- implied contract can be inferred from the behavior of the parties involved;
- in the absence of an express or implied contract, where the idea used has unfairly enriched another at the originator’s expense, recovery of unjust enrichment should be available.

## **PART II. LICENSING OF INTELLECTUAL PROPERTY RIGHTS**

### **1. Licensing as a way of commercialization of rights**

In principle, the owner of a patent as a businessman in his own right can exploit for instance his inventions in two ways:

- by own exploitation, through his enterprise or founding a business for manufacturing and marketing the product resulting from the invention;
- by outside exploitation, by granting licenses to others or by assigning his right to others treating his right as a piece of property.

For the own exploitation of the invention, development funding and other resources may be obtained from invention promotion and marketing firms, venture capital organizations, or chambers of commerce; advice or market research may be asked for from business consultants experienced in innovation management. Lists of such organizations are usually available from the competent Patent Offices.

The second choice for the right owner for the commercialization of his invention is the granting of a license, i.e., the permission given to a person to exploit his right against royalties (license fees). From an economic point of view, licensing means the manufacturing and marketing of the product resulting from the invention through an enterprise other than the intellectual property right owner.

Another form of outside exploitation is the assignment of the right to another person to whom the full ownership of the right is transferred. Legally, this is similar to a sale while the granting of a license is rather similar to a rent, that is, a transfer of less-than-ownership rights.

### **2. Licensing as a way of technology transfer**

A technology transfer mechanism may be operated by several methods such as: collegial interchange, conference, publication, consulting, exchange of expertise and information, grants contracts, cooperative research and development agreements entered into between a government and a contractor, use of experimental or scientific facilities, small business funding, consortium agreement on research and development cooperation, confidentiality (non-disclosure) agreements regarding proprietary information, consultancy arrangements, turn-key projects, joint venture arrangements.

There are several kinds of licensing: patent, industrial design, trademark, copyright licensing, know-how contracts, franchising.

Three kinds of licensing may be distinguished that aim at upgrading:

- the functional quality of a product: patent licensing and know-how contract,
- the formal quality of a product: industrial design licensing,
- the marketing quality of a product: trademark licensing.

In practice, all these kinds of licensing are as a rule mixed and intertwined and can be a part of a larger agreement on joint venture, investment, or technology transfer.

The most important issues in licensing are as follows:

- the contract law,
- the antitrust rules,
- the technical cooperation,
- the financial issues,
- the international aspects,
- enforcement (jurisdiction and applicable law).

### **3. Finding potential licensors and licensees**

Potential licensors and licensees might be located mainly through:

- the patent information system;
- special Internet websites regarding technologies available for licensing;
- the general non-patent literature, commercial and technological publications, data banks; trade fairs; exhibitions; innovation promoting and financing organizations; chambers of crafts, commerce and industry, development and engineering offices, patent exploitation institutes.

The most valuable source of technological information is found in the patent documents issued in paper form, on CD-ROMs and also on the Internet.

Intellectual property data collections are available on WIPO's website and the websites of large regional and national Patent Offices.

There are several types of searches in collections of patent documents: novelty, patentability, validity, technological activity, status check, name, patent family, state-of-the art searches.

The state-of-the-art searches, also referred to as "informative searches" are made to determine the general state of the art for the solution of a given information for research and development activities and in order to know what patent publications already exist in the field of the research activity. Further reasons for this kind of search could be the wish to identify alternative technology or to evaluate a specific technology which is being offered for licensing or which is being considered for acquisition.

Regarding general non-patent literature and commercial and technological publications, several information providers (e.g., the National Technology Transfer Center, USA, "The British Library Science Technology and Business"), databanks (e.g., CORDIS/IPR-helpdesk/European Community Research and Development Service, Community of Science web Server), exhibitions, invention fairs (e.g., the annual "Salon des Inventions" in Geneva), invention promotion and marketing firms (e.g., the Technology Licensing Bureau of Higher Education in Germany, ANVAR in France, FPI in Switzerland, the Canadian Invention Centre) can be accessed.



## **4. Negotiating and drafting licensing contracts; checklist of points; model agreements**

Negotiating and drafting licensing contract is a complex, highly professional task which requires expertise. It is advisable first of all to obtain up-to-date information on licensing on the Internet or to contact the relevant organizations. Some of the several and ever increasing licensing-related websites are the following:

- Licensing Executive Society International (LESI): <http://les-europe.org/links.htm>
- Guide to International Licensing:  
<http://www.ladas.com/GUIDES/LICENSING/InternationalIPLicensing/Introduction.html>
- Exclusive License Agreement (model contract):  
<http://www.techtransfer.harvard.edu/ExclusiveLicense.html> .

It is also advisable to use technical, commercial and legal advisors to determine, before concluding a confidentiality agreement all the aspects of licensing professionally and mutually advantageously for the parties.

## **5. The licensing agreement; general provisions**

Generally speaking, under a licensing agreement, the owner of an intellectual property right (patent, trademark, etc.) as a licensor gives permission (license) to exploit his right and the person receiving the permission (licensee) is required to pay royalties. According to the general legal principle, a contract validly entered into is binding upon the parties, and the parties are bound to perform their obligations in accordance with the principle of good faith and fair dealing. Regarding the general legal principles, reference is made to the UNIDROIT Principles of International Commercial Contracts at <http://www.unidroit.org/english/principles/chapter-3.htm> .

The general provisions of a licensing agreement serve mainly for the identification of the objective and the main conditions of the contract. This objective of the parties will be expressed both generally and specifically in the license contract.

Their objective will be reflected in a general way either in a preamble consisting of a series of provisions often referred to as “recitals” or “whereas clauses,” or directly in the operative part of the license contract, consisting of a particular article entitled “teaching material.”

It is important to identify each party with sufficient certainty, in particular if there are more than one entity on either side. That identification is done by indicating the names and addresses of the parties, their registered Office or principal place of business. The contract might be invalid because of the lack of capacity or lack of authority of the parties or their representatives. In consequence, the authority of an agent to bind his principal as well as the authority of directors to bind their company must be thoroughly checked.

The subject-matter provisions identify the intellectual property rights to be licensed (e.g., patent, patent application, registered design, registered design application, know-how, software, trademark), the ownership of the rights (e.g., number of the patent, date of the patent grant, status of the application), the product to be made, used or sold, or the process to be applied, the description of the know-how, the warranty of the parties. The intellectual property rights are usually considerable legal security for both parties against their competitors.

The main obligation of the licensor is to grant the license on his right. The relevant provision of the contract must identify the nature of the license: exclusive, non-exclusive or sole license. In any case, the title remains in the ownership of the patentee.

In an exclusive license, the licensor agrees not to grant other licenses on the same right within the scope or field covered by the license. The licensor may reserve the right of exploitation of the exclusively licensed right to him, so that this is a “sole exclusive license” which represents a higher level of exclusivity. The non-exclusive license does not limit the licensor’s right to grant further licenses (it is a mere promise not to sue the licensee for infringement). The license can have several other contractual limitations regarding the permissible activities (to make, to sell, the fields of use, etc.), the prohibition of, restrictions to part of the claims as well as territorial or quantity restrictions or limitations on the sale prices.

The obligation of the licensee is to pay royalties or another form of consideration to the licensor. A down payment or advance payment at the time of signature of the agreement is one of the usual elements of license agreements. Royalties can take the form of a single payment (lump sum) or on-going fees which are fixed or based on specified criteria, such as sales volumes of the items (per-unit running royalty) or percentage of the value (turn-over based running royalty). The usual turnover percentage rate is a reference parameter and varies according to the industrial branch.

Minimum royalties are usually stipulated irrespective of the turnover or sales volume of activity on the part of the licensee of the items of the licensed goods.

The time-scale of a licensing agreement, that is its commencement, duration and termination, must be stipulated in the contract. An intellectual property right can be licensed for the maximum period of time during which it is in force (e.g., for patents, the maximum is generally 20 years). Shorter licensing periods may also be agreed upon and the parties may reserve the right to terminate the contract with effect for the future in case of occurrence of specified circumstances.

To be valid, a license contract must usually be in writing and signed by the parties.

There is usually no requirement that the fact that a license contract has been concluded be recorded; however, if either or both of the parties desire to do so, this may be done on payment of the prescribed fee. The recordation of licenses is advised to protect the parties against prior or subsequent exclusive licenses of the same right. In several countries, the licensee is entitled to institute legal proceedings concerning the license contract only if it has been recorded in the patent register.

Several countries require that all intellectual property license agreements be recorded with their government authorities for control as to compliance with the prohibition of anti-competitive practices.

Normally, the law of the country where a given act or performance is to take place governs the disputes arising out of that act or performance and the competent courts are the courts of that country. In the case of a license contract involving a foreign licensor and a domestic licensee, the law of the licensee's country would be applicable and the courts of that country would be competent since, most, if not all, acts or performances take place in that country. However, the contract may stipulate, subject to possible limitations under the law of the licensee's country, that disputes arising under the contract will be subject to arbitration rather than to judicial proceedings.

## **6. The prohibition of anticompetitive agreements**

The general principle governing contracts is that the parties are free to determine its contents and may derogate by mutual consent from the provisions relating to license contracts where not prohibited by law.

However, any provision having monopoly effect and conflicting with the prohibition of antitrust or anti-competitive practices is usually to be considered null and void. The main requirement is that as a rule exclusive intellectual property rights represent a pro-competitive monopoly, so that their owner should not exercise his right by abusing his monopoly, e.g., by imposing anti-competitive obligations on the licensee. The most important forms of such abuse can be, for example, tie-in clauses, export bans, minimum royalty clauses, grant-backs, conditions preventing challenges to validity and coercive package licensing. Tie-in clauses provide that the licensee may purchase materials only from certain sources; grant-back clauses secure exclusive rights to improvements in favor of the licensor.

Nothing in the TRIPS Agreement prevents Members from specifying in their legislation licensing practices or conditions that may in particular cases constitute an abuse of intellectual property rights having an adverse effect on competition in the relevant market. A Member may adopt, consistently with the other provisions of the Agreement, appropriate measures to prevent or control such practices in the light of the relevant laws and regulations of that Member.

Article 81 (1) of the EU Treaty prohibits agreements which may affect trade between Member States and which have as their object or effect the prevention, restriction or distortion of competition within the common market. Under Article 81 (3) an anti-competitive agreement may be exempted from the prohibition of Article 81 (1) if the positive effects brought about by the agreement outweigh its negative effects. The Commission can "block exempt" categories of agreements of the same nature.

Licensing is important for economic development and consumer welfare as it helps disseminate innovation and allows companies to integrate and use complementary technologies and capabilities. However, licensing agreements can also be used for anti-competitive purposes. For instance, when two competitors use a license agreement to divide markets between them, or when an important licensor excludes competing technologies from the market. As competition is one of the main driving forces of innovation and dissemination, it is important to find the right balance between protecting competition and protecting intellectual property rights.

Licensing agreements that restrict competition are prohibited by the EU competition rules, in particular Article 81 of the Treaty. However, licensing agreements in most cases also produce positive effects which outweigh their restrictive effects. The new rules consist of a “block exemption” Regulation and Guidelines. The block exemption Regulation creates a safe harbour for most licensing agreements. The Guidelines explain the application of Article 81 for agreements not covered by the safe harbour.

The new rules replace a 1996 block exemption Regulation. The new block exemption Regulation has a black list of hardcore antitrust violations. In other words, what is not explicitly excluded from the block exemption is now exempted. This contrasts and eliminates the strait jacket created by the white and grey lists contained in the 1996 Regulation.

To the extent that enterprises do not surpass the market share thresholds they do not have to worry about the compatibility of their agreements with EU competition law. At the same time, clearly defined “hardcore restrictions” which produce negative effects on the market are normally prohibited. In the absence of hardcore restrictions there is no presumption that agreements, either existing or new, falling outside the safe harbour are prohibited. Individual assessment of the likely effects of the agreement is required. This is very different from the old form based approach where restrictive clauses were often considered illegal outside of the scope of the block exemption. The Guidelines set out the principles for individual assessment outside of the safe harbor.

The new rules also become broader in scope since they will now cover design right and software copyright licensing, as requested by many who commented on the texts, and not just patent and know-how licensing. Where the Commission does not have the powers to adopt a block exemption regulation, as for patent pools and for copyright licensing in general, the Guidelines give clear guidance as to future enforcement policy.

The scope of the new rules is also extended by setting a more lenient policy for a number of important restrictions, in particular output restrictions, customer restrictions and field of use restrictions. These and other changes make that the new regulation will allow for effective dissemination of innovation and give companies greater scope and design freedom.

The rules are aligned on the Commission’s new generation of block exemption regulations and guidelines for distribution agreements and horizontal cooperation agreements while not ignoring the differences that obviously exist between licensing and distribution or licensing and research and development agreements.

Relevant websites: <http://www.europa.eu.int/scadplus/leg/lvb/126069.htm> and <http://europa.eu.int/comm/competition/whatsnew.html>.

In the United States of America the Department of Justice adopted certain antitrust guidelines that are similar to the European guidelines.

Relevant website: <http://www.usdoj.gov/atr/public/guidelines/ipguide.htm>.

In Japan, Unfair Trade Guidelines were adopted in 1989 and under these Guidelines, several types of clauses are listed as being highly likely to be deemed to be unfair trade practices, such as restricting the price of goods, imposing obligations after the termination of the agreement or expiration of the patent, imposing limitations on research and development programs of licensee.

Relevant website: <http://www.okuyama.com/license1/html> .

The European Commission adopted Guidelines on vertical constraints which may concern intellectual property rights as well.

Vertical restraints are agreements or concerted practices entered into between two or more companies each of which operates, for the purposes of the agreement, at a different level of the production or distribution chain, and relating to the conditions under which the parties may purchase, sell or resell certain goods or services. The guidelines set out the principles for the assessment of vertical agreements with a view to determining whether they affect competition between Member States.

The negative effects on the market that may result from vertical restraints which EC competition law aims to prevent are as follows:

- foreclosure of other suppliers or other buyers by raising barriers to entry;
- reduction of inter-brand competition between the companies operating on a market (by exclusive distribution);
- reduction of inter-brand competition between distributors (by single branding);
- limitations on the freedom of consumers to purchase goods or services in a Member State (by selective distribution, exclusive, supply, tying to another product).

However, vertical restraints often have positive effects, in particular by promoting non-price competition and improved quality of services. Consequently, the application of certain vertical restraints may be justifiable for a limited period where:

- one distributor may “free-ride” on the promotion efforts of another distributor;
- a manufacturer wants to enter a new geographic market, for instance by exporting to another country for the first time. This may involve certain "first-time investments" by the distributor to establish the brand in the market;
- certain retailers in some sectors have a reputation for stocking only "quality" products;
- client-specific investments have to be made by either the supplier or the buyer, such as in special equipment or training;
- know-how, once provided, cannot be taken back, and the provider of the know-how may not want it to be used for or by his competitors;

- in order to exploit economies of scale and thereby see a lower retail price for his product, the manufacturer may want to concentrate the resale of his product on a limited number of distributors;
- the usual providers of capital (banks, equity markets) provide capital sub-optimally when they have imperfect information on the quality of the borrower or there is an inadequate basis to secure the loan;
- a manufacturer increases sales by imposing a certain measure of uniformity and quality standardization on his distributors. This may enable him to create a brand image and thereby attract consumers. This can be found, for instance, in selective distribution and franchising.

According to European Regulations, R&D agreements may concern the acquisition of know-how, theoretical analyses, studies or experiments relating to products or processes, including experimental production, the establishment of the necessary facilities and the obtaining of the relevant intellectual property rights.

Exemption of agreements from the prohibition is subject to the following conditions:

- all the parties must have access to the results of the research;
- all the parties must be free to exploit the results. In the event of an agreement that is limited to R&D, the parties must be free independently to exploit any such results;
- any joint exploitation of results must be protected by intellectual property rights or constitute know-how that is decisive for the manufacture or application of the end products;
- firms entrusted with manufacture must be required to fulfil orders for supplies from all the parties to an agreement.

Exemption applies for the duration of the R&D unless the agreement provides only for the joint exploitation of the results. In that case, the exemption applies for seven years from the time the contract products are first put on the market.

The exemption does not apply to R&D agreements aimed directly or indirectly at:

- restricting the freedom of the participating undertakings to carry out R&D, either in a field unconnected with the field concerned or, after completion of the work provided for in the agreement, in the field to which it relates or in a connected field;
- prohibiting challenges to the validity of intellectual property rights held by the parties, whether exploited for the purposes of the R&D or arising from the R&D results;
- limiting output or sales;
- fixing prices;
- restricting supplies of the product to customers at the end of a seven-year period from the time the products are first put on the market;
- prohibiting passive sales in territories reserved for other parties;

- banning marketing of the products in the territories of other parties after a seven-year period from the time the products are first put on the market;
- preventing licenses from being granted to third parties to manufacture the contract goods where exploitation of the R&D results is not provided for or does not take place;
- requiring that demand from customers outside the common market not be met;
- requiring distribution to be restricted through, for example, the improper use of intellectual property rights.

Relevant websites: <http://europa.eu.int/scadplus/leg/en/lvb/126069.htm>.

## **7. Specific provisions regarding patent licensing**

The legal consequences of the loss of patent rights on the contractual obligations, under a licensing agreement are usually as follows.

If, before the expiration of the license contract, a licensed patent application is withdrawn or finally rejected, the grant of a patent on the basis of the licensed application is finally refused, or the licensed patent is finally declared invalid, the licensee is not required to make any further payments in relation to the patent application or patent in question.

Where payments have already been made under the license contract, on the terms of the license contract, and, in the absence of any contractual provision to the contrary, the licensee may recover the payments already made to the extent that he has not benefited from the license.

The licensor may reserve the right to terminate the exclusivity of a license, subject to a proportional reduction in the royalty, if the licensee does not begin exploitation within a reasonable period of time.

The licensor must inform the licensee of any third party rights in relation to the patent and of any other important circumstances. However, he is obliged to transfer economic, technical and organizational know-how only if this has been expressly agreed in the contract.

The licensee may transfer the license or grant sub-licenses to third parties only with the express consent of the licensor.

The right to sue infringers is normally the privilege of the licensor as owner of the patent. However, an exclusive licensee can sue for infringement in the name of the patent owner.

The licensee is usually protected against the inaction of the patent owner in case of infringement; he has the right to institute infringement proceedings in his own name, if the owner of the patent, after being called upon to do so by the licensee, does not do so within the specified period.

In a contractual license, a licensee may be granted the right to institute infringement proceedings without having to request the owner of the patent to do so, or, the licensee may be completely barred from instituting infringement proceedings.

Various approaches can be taken by the parties to the license contract for the provision of information and the definition of their respective rights in technological advances which either party may make or acquire.

The parties might decide that the mutual exchange of information on technological advances is in their best interests, and that each party shall be free to exploit, free of charge, the technological advance of the other party. This is called cross licensing.

Another possibility is to provide for grant back rights: the intellectual property owner, as partial consideration for the license, may require that the licensee “grant back” or “license back” to the licensor part or all of his rights in any improvements that the licensee may make to the licensed subject-matter. A grant-back contract is usually not exclusive.

The parties might also decide that if either party makes the technological advance of the other available to a third person for remuneration, then the other party shall be entitled to a share of that remuneration in the agreed manner and amount. In such cases it is usually further provided that the party making the technological advance should apply for patent protection and that in the event that he does not elect to do so, the other party may himself apply for protection, in the name of either party and at the expense of the applying party.

## **8. Specific provisions regarding trademark licensing**

Trademark licenses may be granted in addition to or separately from patent and know-how licenses. Among the provisions particular to most trademark licenses are the following:

The grant of permission to use the relevant mark is the first-stated provision of most trademark license agreements. The particulars of the mark are usually listed in a schedule to the license agreement, together with the products in respect of which the mark is to be used.

It will be important for the licensee to know how many other licensees will be allowed to operate in the license territory. It will also be important to ascertain whether the licensor himself intends to distribute the marked goods within the territory. Finally, it will be important to a licensee, where other licensees are allowed to operate, to be to sure that his competitors operate on comparable terms.

At the heart of any trademark license agreement is a provision that the licensee will not use the marks on products which do not conform to the standard of quality prescribed by the licensor. Quality control provisions provide that the user receive, on a confidential basis, all the specifications, technical data and know-how of the licensor to allow the prescribed quality standards to be met. Such clauses will usually be accompanied by a requirement that the user shall send sample products to the licensor and permit inspections of his factory or warehouses and methods of production, as well as the materials used, and the storage and packing of the finished products. The agreement should allow the licensee to dispose of the products which do not meet the quality standard provided they do not carry the trademark. “Naked licensing”, that is, licensing of a mark without an adequate control of the nature and quality of the goods or services of the licensee, is prohibited because uncontrolled licensing might mislead the public.



The license must designate the territory in which the trademark may be used. This will usually be accompanied by a prohibition of trading the goods and services under the mark outside the designated territory and by provisions by which the licensor undertakes to keep out of the license territory. Advertising material employed by the licensee may also be submitted to the licensor's approval.

In addition to the fees or royalties as a counterpart for the use of his trademark, the licensor may also require payments for the provision of skilled persons to instruct the licensee's employees as to the requirements to achieve the quality standards set out in the license agreement. Allocation of the costs of the sampling procedure also has to be provided for. Finally, the licensee is usually required to keep detailed books and records of sales of the trademarked products.

The licensee is normally required to report to the licensor all particulars of any infringement that may occur and the licensor usually has the right to institute infringement proceedings.

WIPO General Assembly adopted recommendations which cover formal requirements regarding request for recordal of a trademark license, request for amendment or cancellation of a recordal, effects of the non-recordal of a license, use of a mark on behalf of the holder and indication of the license.

## **9. The Know-How Contract**

It is possible to include provisions concerning know-how in a writing or document that is separate from a license contract. It is also possible to include such provisions in a license contract. In the case where the know-how relates to a patented invention or a registered trademark or industrial design, the provisions are usually found in the license contract that deals with that patented invention or other object of industrial property. This is particularly so when the owner of the patented invention or other object of industrial property is also the developer and holder of that know-how. For a variety of reasons, however, even in such a case, the provisions concerning the know-how might be placed in a separate or distinct writing or document. Whenever provisions concerning know-how appear in a separate or distinct writing or document, that writing or document is normally called a "know-how contract."

Through such provisions, one party—the supplier of the know-how—undertakes, to communicate the know-how to another party—the recipient of the know-how—for use by that other party.

Know-how may be communicated in tangible form: documents, photographs, blueprints, computer cards, microfilms among others. Examples of know-how that can be transmitted in such forms are: architectural plans of factory buildings, diagrams of the layout of a factory, the equipment, drawings or blueprints of machines, lists of spare parts, manuals or instructions for the operation of machines or the assembly of components, lists and specifications of new materials, labor and machine time calculations, process flow charts, packaging and storing instructions, reports on stability and environmental aspects, job descriptions for technical and professional personnel. Such know-how in tangible form is sometimes referred to as "technical information or data." The technology transfer is sometimes two-way.

Know-how may also be communicated in intangible form. Transmittal in intangible form is for example, the case where an engineer of the supplier of the know-how explains a process to an engineer of the recipient, or where the manufacturing engineer of the recipient witnesses a production line in the enterprise of the supplier (“show-how”). Another example is training of the recipient’s personnel in the supplier’s factory.

Know-how in intangible form relating to a demonstration of, or advice on, manufacturing and other operations is sometimes referred to as “technical services.” Know-how in intangible form relating to training is sometimes referred to as “technical assistance.” Where the know-how in intangible form consists of the actual direction of manufacturing or other operations, such as planning, financial and personal administration or marketing, it is sometimes referred to as “management services.”

The provisions on these various forms of know-how can be rather lengthy and may refer to annexes, schedules or tables attached to the contract document and which set forth in detail the technical information or data, or the service or assistance that is agreed to be provided.

The provisions concerning the transmittal of know-how in tangible form, on the one hand, and in intangible form, on the other hand, might be subject to separate writings or documents. Indeed, under the laws of certain countries, such provisions must be the subject of distinct contracts or agreements, each covering separately the different forms commonly called, “technical information contract”, “technical services contract,” “technical assistance contract,” and “management contract.”

The provisions concerning the know-how to be communicated are not limited, however, to a description of the know-how and the means by which it is to be transmitted. They extend as well to the price to be paid by the recipient of the know-how and to certain other matters relating to disclosure of the know-how to third persons.

The possibility that the know-how to be transmitted by the supplier to the recipient might be disclosed, accidentally or otherwise, to third persons, is a very real concern to the supplier of the know-how.

The know-how has usually been acquired or developed in the course of research and development activities and through experience in the application of industrial and business techniques in the operation of the supplier’s enterprise. That know-how may be the main reason for the supplier’s current competitive position, if not leadership, in the technology field concerned. As such, it is a valuable asset of the supplier and one to be preserved. At the same time, it is a resource which the supplier is willing to part with in exchange for an agreed price to be paid by the recipient and others who may wish to use it. Its supply to the recipient is consequently the result of a bargain. The price is not simply the payment by the recipient of a monetary remuneration fixed by the agreement between the supplier and the recipient, it is also the commitment by the recipient not to disclose the know-how to third persons except under certain conditions or with the consent of the supplier.

## 10. Franchising

Commercial transfer of technology may also take place in connection with the system of the franchising or distributorship of goods and services.

A franchise or distributorship is a business method arrangement whereby the reputation, know-how, commercial or technical assistance of one party are combined with the investment of another party for the purpose of selling goods or rendering services directly to the consumer.

Franchising may enable the franchiser to establish with limited investments a uniform network for the distribution of his products.

The goods in question may be durable, as in the case of automobiles or home appliances. They may be consumable in use, as, for example, prepared food or beverages. The services may extend to the rental of capital equipment, for example, automobiles, trucks or other power equipment, or to hotel operations, or dry cleaning facilities, or secretarial help.

The outlet for the marketing of such goods and services is usually based on a trademark or service mark or a trade name and a special décor or design of the premises. The license of such a mark or name by its owner is normally combined with the supply by that owner of know-how in some form, either technical information, technical services, technical assistance or management services concerning production, marketing, maintenance and administration. The owner of such a mark or trade name and know-how is called a “franchisor” or “licensor.” The party to whom the license is granted and the know-how is supplied is called the “franchisee,” “distributor” or “dealer.” The franchisee, distributor or dealer may own the premises or contribute money and time as an investment in the business firm. Other aspects of the business relationship of the parties to the contract, including sharing of the profits of the franchise or distributorship or paying the franchise fee for the use of the particular business method, will be agreed to between the franchisor or licensor and the franchisee, distributor or dealer and set forth in a document called a “franchise agreement” or “distributorship agreement.”

As in the case of an assignment, a license contract or a know-how contract, the law may require that such franchise or distributorship agreements be registered and reviewed or examined and approved by one or more designated government authorities. This is necessary because franchise agreements usually contain a combination of different vertical restraints (e.g. selective or exclusive distribution).

Relevant websites: <http://www.unidroit.org/english/publications/franchising/main.htm>;  
<http://www.unidroit.org/english/franchising/annex.htm> .

## 11. Licensing in case of technical standards

There exists an inherent potential conflict between “de jure” standards and patents as the underlying philosophies of standardization and patent rights are completely opposite.

Conflicts may arise when a certain technology protected by patent rights is implemented in a “de jure” standard.

It is important for the standardization body to be informed of existing patent rights of members or third parties which could be relevant for the standard setting process.

Concerning “de jure” standards, rules exist within most standardization bodies to avoid that a certain patented technology be implemented in a standard if the patentee does not agree to grant license(s) on a non-discriminatory basis.

A patent right whether owned by a member of the organization or a third party, which has been identified as relevant for a “de jure” standard, may be used in the standard only with the consent of the owner. Such a consent can be given by way of irrevocably undertaking to grant a license to any interested party (member or non-member of the organization) on a reasonable and non-discriminatory basis. Where a license is refused by the owner and where the refusal cannot be overcome by legal means, the respective patent right cannot be used in the creation of a standard or an existing standard will have to be changed or cancelled.

The terms of the license agreement should be determined by the parties to the agreement. Some indicative guidelines could be set as follows:

- the license terms should not hinder access to the market and should take into account the fact that several licenses may be necessary to use a standard;
- the license terms should provide for a reasonable sharing of profits between the owner and the licensee;
- the license terms should be adaptable to changes in the market conditions e.g. by renegotiation or by use of most favoured licensee clauses.

The statutes of the standardization body may provide for internal arbitration in case an agreement cannot be reached by the parties on the license terms.

The right of a member or a third party to challenge the validity of a patent right should not be restricted. At all times, the patent right owner must retain the right to enforce the patent right against infringers, be they members of the standardization body or third parties.

## **12. Change in ownership of rights**

The ownership of patent applications and patents may change. Changes in ownership may be effected by contract of assignment in writing but may also result from transfers by inheritance, for instance. The change in ownership of rights usually must be submitted to the Industrial Property Registry for recording.

As to the valuation of the assigned right, the most frequently used method in practice is the yield value determination according to license analogy, i.e., taking into account the royalties which could be received for a license concerning a particular patent. Another possible method of valuation is the asset evaluation on the basis of production costs or expected profit yield of the own exploitation of invention.

To be valid, a contract of assignment must be in writing and signed by the parties to the contract, the assignor and the assignee. These formal conditions are the same as those applicable to contractual licenses.

The owner of a registered trademark has the right, according to the TRIPS Agreement, to assign the trademark with or without the transfer of the business and associated goodwill to which the trademark belongs.

The transfer of ownership of a collective mark should be allowed less freely than that of an individual mark because collective marks imply, more than ordinary marks, a guarantee of origin, quality, or other characteristics, so that a change in ownership may be more likely to mislead or confuse consumers. For this reason, changes of ownership in respect of collective marks require the prior approval of the Minister responsible for the Industrial Property.

Since a trade name (unlike a mark) identifies an enterprise, or part of it, a change in ownership in respect of a trade name is allowed only if it occurs together with a change of ownership of the enterprise or of the part of it identified with the trade name.

## **PART III. ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS**

### **1. The importance of enforcement of intellectual property rights under the TRIPS Agreement**

Enforcement of industrial property rights has become of increasing importance due to the formidable expansion of technologies which facilitate infringing uses of protected inventions. The same is true in respect of trademarks because of the increasing worldwide investments in advertisement for trademarks.

The illegal nature of piracy and counterfeiting means they are clandestine businesses and thus are hard to statistically quantify. However, information provided by right holders and customs authorities can make estimates possible. Such information is available on the websites of many customs authorities and Non-Governmental Organizations (NGOs). They also show an alarming increase in these activities, and an escalating harm to national economies. On a global scale, piracy and counterfeiting activities are estimated to represent between 5 and 7% of world trade.

Many experts predict the problems of piracy and counterfeiting will become worse as the pace of globalization quickens. Advances in new technologies allow almost exact reproductions of original products, and the internationalization of economies and the worldwide demands for certain products and brands also results in a globalization of fake products. Counterfeit goods are making their way from cheap, low and easily discernible imitations of luxury goods, sold on the streets, to meticulously designed reproductions, which are sold as original, with high profit, to often unsuspecting consumers. Modern communication technologies make copying and storage of copyright protected content more and more effective, which gives rise to further concerns of increases in content piracy.

Some of the consequences of trademark violations, counterfeits and patent infringements are:

- consumers are cheated, health and safety are jeopardized when consumers purchase counterfeit pharmaceuticals, food, beverages, spare parts and other goods;
- jobs are lost, the black market economy expands, governments lose considerable revenue in uncollected taxes;
- the reputation of valued trademarks and patents is damaged as low quality imitations flood the market;
- intellectual property rights without effective enforcement are regarded as “paper tigers” without meaningful value;
- foreign and domestic investments are hindered as companies prefer investing in countries where intellectual property rights are protected;

- the price of imported technology increases as the owner of technology translates his or her higher legal risk into a higher price;
- admission of certain countries to key multilateral organizations (for example, the WTO) is delayed; failure of a country to meet its TRIPS obligations can jeopardize its market access rights and other benefits under the WTO.

The over-all obligation and “performance” requirement that Members of the TRIPS Agreement must have in place consists of enforcement procedures that permit effective action against any act of infringement by expeditious remedies to prevent infringement and remedies which constitute a deterrent to further infringement, that is which have a dissuasive, discouraging effect on the infringers. These procedures must, however, be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.

Due process of laws must be guaranteed by ensuring that procedures concerning the enforcement of intellectual property rights be thought but fair and equitable and are not unnecessarily complicated or costly, or entail unreasonable time limits or unwarranted delays.

Some relevant websites:

- Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement): [http://www.wto.org/english/tratop\\_e/trips\\_e/trips\\_e.htm](http://www.wto.org/english/tratop_e/trips_e/trips_e.htm)
- WIPO Enforcement Website: <http://www-test.wipo.int/enforcement/en/index.html>
- EU: <http://europa.eu.int/scadplus/leg/en/lvb/126032.htm> .

TRIPS Members are free to determine the appropriate method of implementing the provisions on enforcement within their own legal systems and practices. In most countries, the right holder will have different actions available to protect his rights and, depending on the characteristics and nature of the infringement, the action will fall within the competence of the civil or criminal courts, the customs or the police.

## **2. Possible ordinary remedies regarding enforcement by the judicial authorities**

Essentially, intellectual property rights are private rights. It is therefore the primary responsibility of the right holder to seek remedies in order to protect those rights. He must monitor the activities of his competitors as well as developments in the marketplace, and take action to stop any infringement of his rights or to obtain recovery of losses.

In serious cases, however, in particular when the infringement of IP rights is intentional and for commercial purposes, many countries will consider such infringements to be criminal, and therefore also provide for *ex officio*-action of the respective authorities.

Accordingly, effective enforcement may require the involvement of a number of persons or entities, such as attorneys, judges, customs, police, prosecutors, administrative authorities, and, in the area of copyright, collective management societies. In many countries, it may also be possible to obtain information and assistance through contacting national organizations or right holder associations concerned with fighting counterfeiting, piracy and other forms of intellectual property infringement.

An important first step for a right holder is the careful analysis and assessment of the alleged infringement. This examination should address a range of issues, such as who the infringer is, the impact the infringement may have on his business, the seriousness and the extent of the infringement, or the question of repeated infringement. Generally, it would be advisable to seek advice and to try to settle the dispute at an early stage, if possible.

Frequently, it is worth attempting to settle the situation in a 'friendly way' by informing the infringer of the activities in question and pointing out the existence of the right owner's intellectual property rights.

If an infringer does not agree to stop or change his activities, negotiation may become an important element of enforcing one's rights. Again, the success of such a proceeding will strongly depend on the circumstances of the case. In addition, alternative dispute resolution (ADR) procedures are increasingly recognized as offering an effective means for settling disputes concerning intellectual property.

Often, it may be useful for the right holder to avail himself of professional assistance by an IP attorney or agent before deciding on an appropriate course of action. It may also be useful for a right holder to consider contacting a respective right owner's association.

For disputes arising within the boundaries of a country, it is national law that will determine which court is competent to decide an IP dispute. A number of countries have established specialized tribunals for IP matters, which will adjudicate IP cases according to special rules of procedure.

In cases of cross-border litigation, the situation is more complicated.

Generally, matters of jurisdiction, as well as questions of applicable law, and recognition and enforcement of foreign judgements, are subject to a country's national rules of private international law.

A number of jurisdiction laws set forth the complementary concepts of 'general jurisdiction' and 'special jurisdiction': General jurisdiction is based primarily on the '*actor sequitur forum rei*' principle, the idea behind which is that the plaintiff must bring suit against the defendant in the State of his domicile, habitual residence, or principal place of business. Special jurisdiction rules focus more on the issue at stake, and refer jurisdiction in IP matters for example to the place where a registration or deposit has been issued, or, in cases of IP infringements considered as tort, where the harmful event took place or the damage occurred. Finding location of the harmful event can cause considerable problems when infringements occur on the Internet, since the global accessibility of the Internet makes the discernment of the physical location where the damages or infringing acts occurred difficult.



In common law systems, courts tend to establish jurisdiction by requiring having either personal jurisdiction over the defendant or subject matter jurisdiction over the controversy at hand. The latter has sometimes been denied by courts in disputes concerning IP rights because of the territorial nature of these rights. Additionally, common law countries adhere to the *forum non conveniens* doctrine. This doctrine allows courts to decline jurisdiction and refer the case to a court abroad if there is no genuine connection to a legal venue in the country, or the foreign court is considered to be more adequate to deal with the dispute.

The Internet raises, among others, also jurisdictional issues regarding cyberdelicts, namely on the possibility of establishment of the website personal jurisdiction, i.e. the power of court over a non-resident defendant for website related actions.

The European Commission's proposed Regulation provides for jurisdiction in "the courts for the place where the harmful event occurred or there is the risk of it occurring".

The difficulty stems from a reliance, as has generally been the case in private international law, on physical "points of attachment" –such as "the State...*in which* the harmful event...*occurred*"–for determining jurisdictional competence. This approach may not sit well with the essentially "de-localized", omnipresent character of the Internet and the activity conducted on it in connection of which someone using e.g. a trademark on the Internet may potentially sued in court in any country of the world.

In the USA two general categories of Internet websites are identified: active and passive.

Websites are active where defendants interactively do business in a state over the Internet by establishing not only virtual and accidental but also actual, contractual relationships ("electronic shop"). In those instances of substantial, continuous and systematic activities as points of attachment to the country, general personal jurisdiction is found by courts.

Passive websites do not conduct business and do not seek out actual customers, particular target group but merely reside in cyberspace ("electronic brochures") and provide virtual advertisements waiting to be visited by the initiative of the recipient. Courts do not exercise personal jurisdiction over the non-resident website owner in these cases of isolated electronic contacts.

"Choice of court clauses" in which parties of a contract determine, for example, a specific court, or the courts of a specific country, to have jurisdiction over disputes arising between them in connection with that contract, are widely utilized.

Alternative dispute resolution (ADR) procedures, such as arbitration and mediation procedures, are increasingly recognized as offering an effective alternative to court litigation for resolving intellectual property disputes. The WIPO Arbitration and Mediation Center provides ADR services for the resolution of commercial disputes involving intellectual property.

Notwithstanding its many advantages, ADR does not offer a complete alternative to court litigation; there are circumstances in which court litigation will be preferable.

In a number of cases, the right holder will decide to take legal action against the infringer. In most jurisdictions, remedies that may be available to right owners such as injunctions, damages, or provisional measures will be handled in civil courts.

The courts must be empowered to order injunctions, i.e., to order a party to desist from further infringements, including the possibility to prevent, block at the source the entry into the channels of commerce in their jurisdiction of imported goods that involve infringement of an intellectual property right, immediately after customs clearance of such goods. TRIPS Members are not obliged to accord such authority in respect of protected subject matter acquired or ordered by a person in good faith, i.e., prior to knowing or having reasonable grounds to know that dealing in such subject matter would entail infringement of an intellectual property right.

During injunctive proceedings, the right holder aims to order a party to desist from an infringement of a patent right, a trademark right, a copyright, or another IP right in the future.

The basis for an injunction is the existence of a threat that the defendant is about to violate the rights of the plaintiff. This threat has to be demonstrated by the plaintiff to the satisfaction of the court. It is generally easy to prove such a threat if the defendant has previously infringed the moving party's rights in the past. Such an existing violation normally will be deemed sufficient proof of likely repetition. In other circumstances, when the defendant has not yet committed a violation of the plaintiff's IP rights, the plaintiff has to reasonably assert to the court that an infringement is imminent. National laws provide the various elements that properly identify such a danger to the court. Instructions can be preliminary or interlocutory, and preventive or prohibitive.

In addition to injunctions which may be granted irrespective of the good or bad faith of the infringer, the judicial authorities have the authority to order the infringer to pay the right holder damages adequate to compensate him for the injury he has suffered because of the infringement of his intellectual property right.

The judicial authorities also have the authority to order the infringer to pay the right holder expenses, which may include appropriate attorney's fees. In appropriate cases, TRIPS Members may authorize the judicial authorities to order recovery of profits and/or payment of pre-established damages even where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activities.

The question how damages can be assessed is of great practical importance. Various concepts may be applied to determine damages:

- actual loss and defendant's profit,
- license analogy,
- immaterial / moral damages,
- pre-established damages / statutory damages.

In determining actual loss, the goal of the court is to reinstate the infringed upon party or put the infringed upon party in the position it would have been in had the infringement not occurred. To establish legal grounds for recovery, the plaintiff has to show that he has suffered a loss, for instance through a decline in sales figures, because of the infringement.

In the alternative, many countries allow successful claimants to recover net profits that the infringer has made from the infringement. This remedy aims at preventing the defendant from enriching himself at the plaintiff's expense. The infringer therefore must account for the profits he has made and repay these profits.

In addition to these traditional ways of assessing damages, some countries offer a third option, compensation based on a license analogy. The rationale behind this assessment is that the infringer must not be in a better position than he would have found himself if he had entered a license agreement with the right holder. Hence, the plaintiff is entitled to reasonable royalties for an infringement.

Some countries also provide for immaterial damages for IP infringements. This remedy is frequently utilized where the violation of rights is considered particularly serious, or where the infringement has been undertaken intentionally. In practice, such damages are typically ordered in cases where the plaintiff's reputation has been tarnished or undermined by the infringement.

In order to address the difficulties of a high burden of proof of actual damages, as well as to provide for harsher damage awards, some countries have set forth pre-established, or statutory, damages even punitive damages.

In addition to injunctions and damages, the courts may grant other remedies as well.

In order to establish an effective deterrent to infringement, the juridical authorities have the authority to order that goods that they found to be infringing be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the right holder, or, unless this would be contrary to existing constitutional requirements, destroyed.

To remedy the infringement, the judicial authorities also have the authority to order that materials and implements the predominant use of which has been in the creation of the infringing goods, be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to minimize the risks of further infringements. In considering such requests, the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties must be taken into account. With respect to counterfeit trademark goods, a special rule provides that the simple removal of the fake trademark unlawfully affixed is not sufficient, other than in exceptional cases, to permit the release of the goods into the channels of commerce.

The judicial authorities may be authorised to order the infringer to inform the right holder of the identity of third persons involved in the production and distribution of the infringing goods or services and of their channels of distribution. This option is aimed at assisting the right holders to find the source of the infringing goods and to take appropriate action against other persons in the distribution channels. This provision must be applied in a way that is in proportion to the seriousness of the infringement.

There are certain safeguards against abuse of enforcement procedures by over-zealous right holders. The judicial authorities must have the authority to order the applicant who has abused enforcement procedures to pay an adequate compensation to the defendant who has been wrongfully enjoined or restrained to cover both the injury suffered and expenses, including, as the case may be, appropriate attorney's fees. Public authorities and officials are exempted from liability only where their actions are taken or intended in good faith in the course of the administration of the law.

### **3. Possible extraordinary remedies regarding the enforcement by the judicial authorities**

Enforcement proceedings must permit effective action against infringement and they must include expeditious remedies. Since judicial proceedings may take a fair amount of time, it is necessary that the judicial authorities be empowered to grant the right holder provisional relief in order to stop an alleged infringement immediately.

Each TRIPS Member must ensure that its judicial authorities have the authority to order prompt and effective provisional measures. Such measures must be available in respect of all intellectual property rights. These provisions also apply to administrative procedures, to the extent that any provisional measure can be ordered as a result of such procedures.

Provisional measures have two main objectives. One is to prevent an infringement from occurring, and to prevent infringing goods from entering into the channels of commerce. This includes preventing imported infringing goods from being disseminated into the domestic distribution channels immediately after customs clearance. The other purpose is to preserve the relevant evidence with regard to the alleged infringement.

In order to accomplish these objectives, it may be necessary to take action without any prior hearing of the other party, whereas the general legal principle is that both parties must be heard. Therefore, the judicial authorities must have the authority to adopt provisional measures on the hearing of one party (*ex parte or inaudita altera parte*) where appropriate, in particular where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed. The common law systems often offer the option to work on the basis of so-called “Anton-Piller” orders.

The courts may require the applicant to provide any reasonably available adequate evidence that the applicant is the right holder and that the applicant’s right is being infringed or that such infringement is imminent. The applicant may also be required to supply information necessary for the identification of the goods. Where provisional measures have been adopted *ex parte*, the parties affected must be given notice, without delay after the execution of the measures at the latest. The defendant has a right to obtain review with a view to deciding, within a reasonable period after the notification of the measures, whether these measures should be modified, revoked or confirmed.

The provisions on provisional measures also contain certain safeguards against any abuse of such measures. The judicial authority may require the applicant to provide a security or equivalent assurance sufficient to protect the defendant and to prevent abuse. Provisional measures must, upon request by the defendant, be revoked or otherwise cease to have effect, if the applicant fails to initiate proceedings leading to a decision on the merits of the case within a reasonable period to be determined by the judicial authority. In the absence of such a determination, this period may not exceed 20 working days or 31 calendar days, whichever is the longer.

Where the provisional measures are revoked or where they lapse due to any act or omission by the applicant, or where it is subsequently found that there has been no infringement or threat of infringement of an intellectual property right, the judicial authorities have the authority to order the applicant to give the defendant appropriate compensation for any injury caused by these measures.

In addition to the provisional measures, the TRIPS Agreement provides for another type of extraordinary measures which can be taken by the judicial authorities, namely criminal proceedings.

The fifth and final section in the enforcement chapter of the TRIPS Agreement deals with criminal proceedings. Provision must be made for these to be applied at least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale, where the profit margins to be realized by private producers of trademark counterfeit goods and pirated copyright goods are enormous. The Agreement leaves it to its Members to decide whether to provide for criminal proceedings and penalties to be applied in other cases of infringement of intellectual property rights, in particular where they are committed wilfully and on a commercial scale. While in some countries only trademark counterfeiting and copyright piracy are treated as criminal, other countries apply criminal proceedings to nearly all forms of intellectual property infringements.

Sanctions must include imprisonment and/or monetary fines sufficient to provide a deterrent, consistent with the level of penalties applied for crimes of a corresponding gravity. Criminal remedies in appropriate cases must also include seizure, forfeiture and destruction of the infringing goods and of materials and instruments used to produce them.

#### **4. Special requirements related to border measures by the customs IP authorities**

The right owner plays a central role in achieving effective customs action in the fight against piracy and counterfeiting. He knows best the sensitive proprietary details of the original goods. Most countries provide for the option for the right holder to lodge an application for action, also called request for assistance, with the customs authorities, often at low cost for the right holder, or even without charging fees for the administrative process (for example, Art. 5 (7) of the recently adopted EU Council Regulation on customs action in IP infringement matters. Such an application raises the awareness of the authorities of possible infringements and provides them with the information necessary for effective action. Typically, such an application has to include an accurate description of the goods so as to enable an identification of the infringing goods. The applicant is required to furnish evidence of his legal status as a right holder as well as to aid the customs officials in identifying legitimate from illegitimate goods. Current trends in legislation aim, *inter alia*, to facilitate and streamline these procedures in order to enable a more active and more effective involvement of the right holder in border measures. Such streamlining measures include, for example, the establishment of standards for fees and timely notification procedures.

Information on details and formalities of the national application procedure may be sought at the respective customs authorities.

With the increase awareness of the growing number of counterfeit and pirated goods crossing borders, policy makers around the globe have begun to step up their efforts to establish more effective ways of dealing with unlawful IP activities.

The World Customs Organization (WCO) Enforcement Committee adopted, in February 2003, new model provisions for national legislation to implement fair and effective border measures.

In addition, at the national and regional level, a tendency of new legislative processes aimed at improving the effectiveness of customs control for IP rights can be noticed. For instance, in 2003, the EU has adopted a comprehensive “Regulation concerning customs action against goods suspected of infringing certain IP rights and the measures to be taken against goods found to have infringed such rights.”

The emphasis in the TRIPS Agreement is on the internal enforcement mechanisms, which, if effective, would enable infringing activities to be stopped at their source, their point of production. Wherever possible, this is both a more efficient way of enforcing intellectual property rights and less liable to give rise to risks of discrimination against imports than special border measures. However, the Agreement recognises that such enforcement at the source will not always be possible and that, in any event, not all countries are Members of the TRIPS Agreement. The Agreement therefore also recognizes the importance of border enforcement procedures that would enable right holders to obtain the cooperation of customs administrations so as to prevent the release of infringing imports into free circulation.

According to the Agreement, the goods which must be subject to border enforcement procedures must include at least counterfeit trademark and pirated copyright goods that are being presented for importation. These categories of goods are as follows:

- ‘counterfeit trademark goods’ shall mean any goods, including packaging, bearing without authorisation a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation;
- ‘pirated copyright goods’ shall mean any goods which are copies made without the consent of the right holder or person duly authorised by the right holder in the country of production and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country of importation.”

The basic mechanism established by the Agreement is that each Member must designate a “competent authority,” which can be administrative or judicial in nature at the option of the Members, to which applications by right holders for customs action can be lodged. The competent authority can thus be a judge who issues a provisional court order for execution by the customs authorities or a service within the customs administration itself with special responsibility for enforcement of intellectual property rights.

The right holder lodging an application with the competent authority is required to provide adequate evidence of an infringement of his rights on the face of it (*prima facie*) and to supply a sufficiently detailed description of the goods to make them readily recognisable by the customs authorities. The competent authorities then inform the applicant whether his application has been accepted and, if so, for what period, and give the necessary directions to the customs Officers. Thereafter, it is the responsibility of the applicant to initiate proceedings leading to a decision on the merits of the case.

In the countries whose laws require the competent authorities to act on their own initiative and to suspend the release of goods in respect of which they have acquired *prima facie* evidence that an intellectual property right is being infringed:

- the competent authorities may at any time seek from the right holder any information that may assist them to exercise these powers;
- the importer and the right holder must be promptly notified of the suspension. Where the importer has lodged an appeal against the suspension with the competent authorities, the suspension shall be subject to conditions;
- Members can only exempt both public authorities and officials from liability to appropriate remedial measures where actions are taken or intended in good faith.

The TRIPS provisions on border measures require the taking of what are essentially provisional measures against imports of infringing goods. Many of the same types of safeguards against abuse by over-zealous right holders are provided for in respect of provisional judicial measures.

## **5. Enforcement by technological means**

The prevention of IP infringements by technological means is one of the most dynamic areas related to the enforcement of intellectual property rights, in both the legal and technological arenas. Faced with an ongoing period of dramatic commercial losses caused by counterfeiting and piracy as well as IP infringements in general, IP right owners have made, over the past years, vast efforts to develop measures and technologies which aim to protect their products from being copied. Generally speaking, technological enforcement describes the use of technologies for the protection of IP protected products. In particular, such technologies enable the original product to be identified, or, notably in the online environment, prevent copying or other unauthorized uses of copyright protected content. The most common groups of such protection measures are optical measures (holograms, stickers, etc.) and, in the context of uses over digital networks, electronic measures, also known as technological protection measures (cryptography, passwords, etc).

## **6. EU Directive on enforcement of intellectual property rights**

The Directive seeks to create a level playing field for the enforcement of intellectual property rights in different EU countries, by bringing enforcement measures into line across the EU, especially in those countries where the enforcement of intellectual property rights is currently weakest.

The Directive also aims to establish a general framework for the exchange of information between the responsible national authorities.

The Directive maintains a balance between helping holders of intellectual property defend their rights and protecting users from unfair litigation (so-called rights of due process).

The Directive covers infringements of all intellectual property rights (both copyright and industrial property, such as trademarks or designs) which under European law have been harmonized within the EU.

It concentrates on infringements carried out for commercial purposes or which cause significant harm to rightholders.

The Directive is based on best practice in the Member States. The measures it would extend throughout the EU include, among others, injunctions to halt the sale of counterfeit or pirate goods, provisional measures such as precautionary seizures of suspected offenders' bank accounts, evidence-gathering powers for judicial authorities and powers to force offenders to pay damages to rightholders to compensate for lost income.

Intellectual property rights need to be protected and enforced within carefully defined limits, for reasons which vary according to the different types of intellectual property.

These reasons are, for the main rights concerned:

- for patents, the point is to protect the inventive idea. This allows the inventor to generate income from their invention which thus gives a powerful incentive for inventors to create new inventions. In addition, patents are published and so information about new technical developments can be disseminated to other people who can make use of them;
- for trademarks, the point is to protect the link between producer and product e.g. the logo, packaging. This has two advantages, it allows consumers to identify the origin of the products they buy and hence choose the level of quality and safety they are prepared to pay for. Secondly, it gives a powerful incentive for rightholders to invest in their specific products and improve their quality and image;
- for copyright, the point is to protect the expression of a creative work such as a book, a piece of music, or a film. This allows the creator of the work and other rightholders, to market creative content. IP serves to make available such content on appropriate terms. It also stimulates future creation and ensures the availability of high quality content for others to enjoy. Put simply, if an artist could not participate actively in the marketing of his or her work and get a share of the financial benefits, they would in most cases not be able to create and invest in their creation. If an intermediary like a film or record company did not get paid, they would not be able to produce and distribute it. Many major works enjoyed by millions would never see the light of day.

The term “fair use” comes from American practice. However, all EU Member States have certain exceptions to the rights in place, including for private copying or library use, which would roughly correspond to the idea of fair use. The Directive does not affect the scope of intellectual property law as established by existing EU and national law but only the enforcement of that law. E.g. there is a framework of EU law in place which does not make private lending subject to copyright protection.

Most Member States have exceptions in place in their national law regarding the copying of material in schools and libraries. In most cases therefore such use would be exempted from intellectual property rights and would not lead to an infringement in the first place.



The Directive does not introduce tougher sanctions against individuals downloading the odd track using file swapping software via their PCs for non-commercial purposes, though it does not stop Member State authorities from introducing and applying tougher laws.

The scope of this proposal covers infringement carried out for commercial purposes or which cause significant harm to the rightholder.

File swapping may be considered a copyright infringement depending on the national law in question.

The rule only covers illegal acts where authorization has not been given by the rightholder or where the appropriate remuneration has not been paid for the use of that piece of intellectual property.

Exchanging illegal content over the Internet is an illegal act or an infringement of copyright if it relates to music files.

Although considerable injury to rightholders can be caused by an individual via his/her computer linked to the Internet, it is not the interest of rightholders to spend a lot of time and money in litigation to catch offenders who are simply sharing a few files with a handful of friends.

The Directive aims to strike a fair balance between the interests of rightholders and legitimate users of intellectual property on the one hand and the wider opportunities the internet offers to consumers on the other, by focusing on commercial infringements or those which most damage rightholders' interests. It is not aimed at allowing the prosecution of large numbers of individuals using peer to peer (P2P) networks for casual file swapping.

For criminal sanctions to apply, the infringement must be "serious". An infringement is considered "serious" if carried out intentionally and for commercial purposes.

Although the Directive also includes references to proportionality, i.e. for the punishment to fit the crime, it is up to national judges to decide on sentencing on a case by case basis.

All EU Member States are bound by the rules of the TRIPS Agreement.

It is explicitly stated in the Directive that:

- none of its provisions in any way detracts from Member States' obligations under TRIPS;
- it does not set a limit on how far each Member State can go if it wants to go further than either TRIPS or indeed the provisions of the Directive itself.

The Directive goes further than TRIPS, particularly for those infringements which pose the greatest threats to rightholders, namely infringements of IPRs which are either committed for commercial reasons or which cause "significant harm" to the rightholder.

These “TRIPS plus” elements are:

- a right of representation for collecting societies and trade associations;
- a power for the authorities to seize documentary evidence relating to the suspected infringement (as well as the suspect goods themselves);
- an obligation for courts to provide information on the source of infringing goods (“right of information”);
- “interlocutory injunctions” (in advance of a decision on the merits of a case) to prevent suspected offenders and also intermediaries from profiting from an infringement;
- the seizure of offender’s bank accounts and other assets and profits to ensure payment of due damages;
- the recall of infringing goods at the offender’s own expense;
- the choice for the rightholder of either lump sum damages (up to double normal royalties or license fees) or compensation for lost profits;
- payment of legal costs (and “other expenses”) by the offender where an infringement is established;
- the publication of court decisions;
- the winding up of companies found guilty of the most serious infringements;
- the banning of machines used to produce counterfeit security features for goods covered by industrial property rights (e.g. trademarks).

The Directive would make a difference in all Member States. Apart from its specific provisions, the Directive is also a political signal which will encourage national courts to apply sanctions and remedies more vigorously.

The more national laws within the EU are brought into line with one another, the more “common ground” that is developed. These similarities will make it easier for cross-border litigation in the future.

The Directive is based on existing best practice and that is not the preserve of one single Member State. In addition, provisions in national law are often complex and fall within many different legislative acts, so the Commission is not in a position to give an authoritative overview of what currently applies where. The key point is that there is now a single legal framework applicable across the EU.

## 7. The WIPO Arbitration and Mediation Center as dispute resolution

Intellectual property is a central component of the contemporary knowledge economy, and its efficient exploitation is of crucial importance. However, disputes can interfere with intellectual property rights.

While the careful drafting of contracts will reduce their frequency, disputes will at times arise. Therefore, it is essential that they be managed and resolved efficiently. In order to do so, parties must be familiar with their dispute resolution options.

Although an intellectual property dispute can be resolved through court litigation, parties are, with increasing frequency, submitting disputes to mediation, arbitration or other alternative dispute resolution (“ADR”) procedures. ADR is appropriate for most intellectual property disputes, especially between parties from different jurisdictions. ADR can empower the parties by enhancing their control over the dispute resolution process. If well managed, ADR can save time and money. In addition, its consensual nature often results in a less adversarial process, allowing the parties to begin, continue, or enhance profitable business relationships with each other.

Since 1994, the Center has advised parties and their lawyers on ways to resolve intellectual property disputes, and provided them with access to high quality, efficient and cost-effective ADR procedures. Cases submitted to the Center have included both contractual (e.g. patent and software licenses, trademark coexistence agreements, distribution agreements for pharmaceutical products and research and development agreements) and non-contractual disputes (e.g. patent infringement).

Arbitration is a procedure in which a dispute is submitted, by agreement of the parties, to one or more arbitrators who make a binding decision on the dispute. In choosing arbitration, the parties opt for a private dispute resolution procedure instead of going to court.

Its principal characteristics are:

- *Arbitration is consensual:* an arbitration can only take place if both parties have agreed to it. In the case of future disputes arising under a contract, the parties insert an arbitration clause in the relevant contract. An existing dispute can be referred to arbitration by means of a submission agreement between the parties. In contrast to mediation, a party cannot unilaterally withdraw from an arbitration.
- *The parties choose the arbitrator(s):* under the WIPO Rules, the parties can select a sole arbitrator together. If they choose to have a three-member arbitral tribunal, each party appoints one of the arbitrators; those two persons then agree on the presiding arbitrator. Alternatively, the Center can suggest potential arbitrators with relevant expertise or directly appoint members of the arbitral tribunal. The Center maintains an extensive roster of arbitrators ranging from seasoned dispute-resolution generalists to highly specialized practitioners and experts covering the entire legal and technical spectrum of intellectual property.

- *Arbitration is neutral:* in addition to their selection of neutrals of an appropriate nationality, parties are able to choose such important elements as the applicable law, language and venue of the arbitration. This allows them to ensure that no party enjoys a home court advantage.
- *Arbitration is a confidential procedure:* the WIPO Arbitration Rules specifically protect the confidentiality of the existence of the arbitration, any disclosures made during that procedure, and the award. In certain circumstances, the WIPO Rules allow a party to restrict access to trade secrets or other confidential information that is submitted to the arbitral tribunal or to a confidentiality advisor to the tribunal.
- *The decision of the arbitral tribunal is final and easy to enforce:* under the WIPO Rules, the parties agree to carry out the decision of the arbitral tribunal without delay. International awards are enforced by national courts under the New York Convention, which permits them to be set aside only in very limited circumstances. More than 130 States are party to this Convention.

In a mediation procedure, a neutral intermediary, the mediator, helps the parties to reach a mutually satisfactory settlement of their dispute. Any settlement is recorded in an enforceable contract.

Experience shows that intellectual property litigation often ends in settlement. Mediation is an efficient and cost-effective way of achieving that result while preserving, and at times even enhancing, the relationship of the parties.

The principal characteristics of mediation are:

- *Mediation is a non-binding procedure controlled by the parties:* a party to a mediation cannot be forced to accept an outcome that it does not like. Unlike an arbitrator or a judge, the mediator is not a decision-maker. The mediator's role is, rather, to assist the parties in reaching a settlement of the dispute.

Indeed, even when the parties have agreed to submit a dispute to mediation, they are free to abandon the process at any time after the first meeting if they find that its continuation does not meet their interests.

However, parties usually participate actively in mediations once they begin.

If they decide to proceed with the mediation, the parties decide on how it should be conducted with the mediator.

- *Mediation is a confidential procedure:* in a mediation, the parties cannot be compelled to disclose information that they prefer to keep confidential. If, in order to promote resolution of the dispute, a party chooses to disclose confidential information or make admissions, that information cannot, under the WIPO Mediation Rules, be provided to anyone - including in subsequent court litigation or arbitration - outside the context of the mediation.

Under the WIPO Mediation Rules, the existence and outcome of the mediation are also confidential.

Mediation's confidentiality allows the parties to negotiate more freely and productively, without fear of publicity.

- *Mediation is an interest-based procedure:* in court litigation or arbitration, the outcome of a case is determined by the facts of the dispute and the applicable law. In a mediation, the parties can also be guided by their business interests. As such, the parties are free to choose an outcome that is oriented as much to the future of their business relationship as to their past conduct.

When the parties refer to their interests and engage in dialogue, mediation often results in a settlement that creates more value than would have been created if the underlying dispute had not occurred.

Because mediation is non-binding and confidential, it involves minimal risk for the parties and generates significant benefits. Indeed, one could say that, even when a settlement is not achieved, mediation never fails, as it causes the parties to define the facts and issues of the dispute, thus in any event preparing the ground for subsequent arbitration or court proceedings.

Relevant website: <http://arbiter.wipo.int> .

## **8. WTO Dispute settlement**

As regards dispute settlement, the TRIPS Agreement provides that the general GATT provisions on dispute settlement as elaborated in the 1994 Understanding on Rules and Procedures Governing the Settlement of Disputes shall apply to consultations and to the settlement of disputes under the TRIPS Agreement.

The Agreement on Establishing the World Trade Organization (WTO) establishes a Dispute Settlement Body (called DSB). This body shall, according to the Understanding, have the authority to establish panels, adopt panel and Appellate Body reports, maintain surveillance of rulings and recommendations concerning, inter alia, the application of TRIPS and to authorize the suspension of obligations under the agreement covered by the Understanding, among them also TRIPS. All decisions by the DSB, including the adoption of panel reports, are to be taken by consensus, which is deemed to exist if no Member present at the meeting when the decision is taken formally objects to the proposed decision.

As regards procedures, the Understanding contains provisions on consultations between parties to a dispute and on good offices, conciliation and mediation, which are all voluntary measures.

It may happen that such voluntary measures fail to solve the conflict. A complaining party may then request the setting up of a panel to consider the dispute. Such a panel will then be established unless the DSB by consensus decides not to do so. It is consequently not enough that one or a few States object to the setting up of a panel. Panels shall be composed of three persons unless the parties agree on a panel of five.

The panelists shall be well qualified governmental and/or non-governmental persons. If the parties do not agree on the panelists, the Director General of WTO, in consultation with, among others, the Chairman of the DSB, shall appoint the panel.

The function of a panel is to make an objective assessment of the matter before it. That assessment shall relate both to the facts of the case and to the applicability of, and the conformity with, the relevant covered agreement, including TRIPS. The report shall contain a consideration of whether a measure is consistent or not with the covered agreement. If it is found that it is in fact inconsistent, the panel shall recommend the Member concerned to bring the measure into conformity with that Agreement; in addition, the panel may suggest ways in which the Member could implement the recommendation. The panel report can not add to or diminish the rights and obligations under the covered agreement.

As a general rule, the panel report shall be finalized within six months. It shall then be submitted to the DSB for adoption. This shall generally take place within 60 days, unless an appeal has been lodged with an organ called the Standing Appellate Body set up by the DSB. The body consists of seven persons and it may examine the legal findings and conclusions of the panel. An appellate report shall, within thirty days, be adopted by the DSB and unconditionally accepted by the parties to the dispute unless the DSB by consensus decides not to adopt that report.

Unless otherwise agreed by the parties the period from the establishment of a panel until the panel's report is considered by the DSB shall not be more than nine months (12 months in the case of the appeal).

The Understanding provides for certain time-limits for members of WTO to comply with the recommending or ruling of the panel as adopted by the DSB. Generally, the Member concerned shall inform the DSB about its intentions in respect of the implementation of the decision by the DSB on the basis of the report. If there is disagreement as to the existence or consistency with a covered agreement of the measures undertaken to comply with those recommendations and rulings, recourse shall be made to the dispute settlement procedures.

In case of non-compliance, any party having invoked the dispute settlement procedures may request the authorization from the DSB to suspend the application to the non-complying Member of concessions or other obligations under the agreements covered by the Understanding. In considering the obligations in respect of which the suspension may be invoked, in the first instance the suspension shall apply to the same sector or sectors as that or those in which the violation has taken place. A "Sector" means in this respect, in relation to TRIPS, each one of the categories of intellectual property rights covered by that Agreement (e.g., copyright, patent, trademark, etc.). If it is not considered practicable or effective to apply a suspension in this way, the suspension may be applied to other sectors of the same Agreement. If also this is not considered practicable or effective, the complaining party may seek suspension of obligations relating to other agreements covered by the Understanding, for instance, in respect of goods in case there has been a violation of an intellectual property right.

# **Annex 1: List of global and European regional treaties, legal documents relating to intellectual property rights**

## **1. General treaties on the protection of intellectual property**

- Convention Establishing the World Intellectual Property Organization;
- Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement).

## **2. Treaties and secondary legislation providing for the Substantive Protection or facilitating the Acquisition of Industrial Property Rights**

- General Treaties: Paris Convention for the Protection of industrial property.

### **2.1 In the field of patents and new plant varieties**

#### **2.1.1 Global treaties**

- Patent Cooperation Treaty (PCT);
- Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure;
- Patent Law Treaty;
- Strasbourg Agreement Concerning the International Patent Classification;
- Washington Treaty on Intellectual Property in Respect of Integrated Circuits;
- International Convention for the Protection of New Varieties of Plants.

#### **2.1.2 European legal documents**

- European Patent Convention;
- Agreement on intellectual property rights relating to trade and pharmaceutical patents;
- Topographies of semiconductor products;
- Biotechnological inventions;

- Patent law in the field of biotechnology and genetic engineering: Commission report;
- Utility models: Green Paper;
- Protection of inventions by utility model;
- Green Paper: Community patent and the patent systems in Europe;
- Community patent;
- Patentability of computer-implemented inventions;
- Community Plant Variety Rights.

## **2.2 In the field of trademarks**

### **2.2.1 Global treaties and recommendations**

- Madrid Agreement Concerning the International Registration of Marks;
- Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks;
- Trademark Law Treaty;
- Nairobi Treaty on the Protection of Olympic Symbol;
- Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of Registration of Marks;
- Vienna Agreement Establishing an International Classification of Figurative Elements of Marks;
- Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks;
- Joint Recommendation Concerning Trademark License;
- Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet.

### **2.2.2 European legal documents**

- Community trademark,
- Community trademark: implementing Regulation,
- Approximation of the trademark laws of the Member States,
- Community Trademarks Office: Fees.



## **2.3 In the field of geographical indications and appellations of origin**

### **2.3.1 Global treaties**

- Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods;
- Lisbon Agreement for the Protection of Appellations of Origin and Their International Registration.

### **2.3.2 European legal document**

- Protected geographical indications (PGIs) and protected designations of origin (PDOs).

## **2.4 In the field of industrial designs**

### **2.4.1 Global treaties**

- Hague Agreement Concerning the International Deposit of Industrial Designs;
- Geneva Act of Hague Agreement;
- Locarno Agreement Establishing an International Classification for Industrial Designs.

### **2.4.2 European legal documents**

- Community design or model,
- Approximation of Member States' legislation on design.

## **2.5 Copyright and related rights**

### **2.5.1 Global treaties**

- Berne Convention for the Protection of Literary and Artistic Work;
- Brussels Convention Relating to the Distribution of Programme-Carrying Signals Transmitting by Satellite;
- Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms;
- Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations;
- WIPO Copyright Treaty (WCT);
- WIPO Performances and Phonograms Treaty (WPPT).

## **2.5.2 European legal documents**

- Computer programmes,
- Rental rights and lending rights,
- Satellite broadcasting and cable transmission,
- Term of protection,
- Green Paper,
- Databases,
- Legal protection of services based on, or consisting of, conditional access,
- Resale rights for the benefit of the author of an original work of art,
- Copyright and related rights in the information society.

## **2.6 Counterfeit goods and piracy**

### **2.6.1 European legal documents**

- Action plan,
- Enforcement of intellectual property rights.

## **2.7 Rules of competition**

Relevant websites: <http://wipo.int>  
<http://europa.eu.int/scadplus/leg/en/lvb/126034.htm>

## Annex 2: Selected intellectual property websites

### 1. Intellectual Property links in general

- IP Menu - The Home of Intellectual Property on the Internet: <http://www.ipmenu.com> ;
- Munich Intellectual Property Law Center - Links: <http://www.miplc.de/links.htm> ;
- EPO - Patent information on the Internet (link collection): <http://www.european-patent-office.org/online/index.htm> ;
- ELDIS Intellectual Property Rights Resource Guide: <http://www.eldis.org/ipr> ;
- QuickLinks: Daily Update on IP & Internet Law: <http://www.qlinks.net/quicklinks/index.shtml> ;
- Intellectual Property News Matrix: <http://intelproplaw.com/NewsSrch.shtml> ;
- The Patent Blog: <http://www.patentblog.com> ;
- The Copyright Blog: <http://www.copyrightblog.com> ;
- The Trademark Blog: <http://trademarkblog.us/blog> ;
- Franklin Pierce IP Mail Web Resources: <http://www.ipmall.piercelaw.edu> ;
- Mayall's IP Links (John Mayall, U.K.): <http://www.mayallj.freeseve.co.uk> ;
- European & International IP Links (Ralph Beier, von Bezo): <http://www.ip-firm.de/links.htm> ;
- European Union Internal Market Industrial Property Page: [http://europa.eu.int/comm/internal\\_market/en/indprop/i](http://europa.eu.int/comm/internal_market/en/indprop/i) ;
- European Union IPR Helpdesk: <http://www.ipr-helpdesk.org> ;
- EurActiv.com Portal - Links Dossier.

### 2. Global international organizations

- World Intellectual Property Organization (WIPO): <http://www.wipo.int> ;
- International Union for the Protection of New Varieties (UPOV): <http://www.upov.int> ;
- World Trade Organization (WTO) Intellectual Property: <http://www.wto.org> ;
- UNESCO Copyright Page: <http://www.unesco.org/culture/copyright> ;

- Organization for Economic Cooperation and Development (OECD): [http://www.oecd.orgopic/0,2681,en\\_2649\\_34797\\_1\\_1\\_1](http://www.oecd.orgopic/0,2681,en_2649_34797_1_1_1) ;
- International Chamber of Commerce Intellectual Property: [http://www.iccwbo.org/home/menu\\_intellectual\\_property](http://www.iccwbo.org/home/menu_intellectual_property) ;
- Intellectual Property Constituency of ICANN: <http://www.ipc.dnso.icann.org> ;

### **3. Regional Intellectual Property Offices**

- European Patent Office (EPO): <http://www.european-patent-office.org/index.htm> ;
- Eurasian Patent Organization (EAPO): <http://www.eapo.org> ;
- European Union Trade marks & Designs, Office of the Internal Market (OHIM): <http://www.oami.eu.int/en/default.htm> ;
- Community Plant Variety Office (CPVO): <http://www.cpvo.fr> ;
- Benelux Trademarks Office: <http://www.bmb-bbm.org> ;
- Benelux Designs Office: <http://bbtm-bbdm.org> ;
- African Intellectual Property Organization (AIPO/OAPI): <http://www.oapi.wipo.net/en/index.html> ;
- African Regional Industrial Organization (ARIPO): <http://www.aripo.org> ;
- Asia-Pacific Economic Cooperation (APEC) Intellectual Property Experts Group: <http://www.apecipeg.org> ;
- Patent Office of the Cooperation Council For the Arab States of the Gulf: <http://gulf-patent-office.org> ;
- Trilateral website (EPO-JPO-USPTO): <http://www.european-patent-office.org/tws/twsindex.htm> .

### **4. National Intellectual Property Offices**

- WIPO Directory of National and Regional Industrial Property: <http://www.wipo.int> ;
- Web Sites of Industrial Property Authorities Worldwide: [http://www.wipo.orgews/en/links/ipo\\_web.htm](http://www.wipo.orgews/en/links/ipo_web.htm) ;
- Patent Offices on the WWW: <http://www.piperpat.co.nz/resource/patoff.html> ;

## 5. Intellectual Property Laws

- Collection of Laws for Electronic Access (WIPO): <http://clea.wipo.int> ;
- European Community IP Regulations & Directives: [http://europa.eu.int/eur-lex/en/lif/reg/en\\_register](http://europa.eu.int/eur-lex/en/lif/reg/en_register) ;
- Europa-Gateway to EU: <http://europa.eu.int/scadplus/leg/en/s06020.htm> .

## 6. Representatives

- European Patent Office Database of Professional Representatives: <http://www.european-patent-office.org/repsearch.html> ;
- PIPERS worldwide directory of intellectual property attorneys: <http://www.piperpat.co.nz/resource/world.html> ;
- International Federation of Intellectual Property Attorney: <http://www.ficpi.org> ;
- Association of Patent Law Firms: <http://www.aplf.org> ;
- European Patent Institute (EPI): <http://www.patentepi.com/nix.html> .

## 7. Databases

- WIPO Intellectual Property Digital Library: <http://www.wipo.int/ipdl/en/index.jsp> ;
- European Patent Office (EPO): <http://www.espacenet.com> ;
- Community Trade Mark (EU) Database: [http://oami.eu.int/searchtrademark/la/en\\_tm\\_search](http://oami.eu.int/searchtrademark/la/en_tm_search) ;
- USPTO Web Patent Database: <http://www.uspto.gov/patft/index.html> .

## 8. Enforcement of IP rights

- WIPO Arbitration and Mediation Center: <http://arbiter.wipo.int> ;
- World Trade Organization TRIPS Dispute Settlement: [http://www.wto.org/english/whatis/t/t5\\_e/intel5\\_e](http://www.wto.org/english/whatis/t/t5_e/intel5_e) ;
- WIPO Internet Domain Name Arbitration Decisions: <http://arbiter.wipo.int/domains/decisions/index.htm> ;
- World Customs Organization (WCO): <http://www.wcoomd.org/ie/index.html> ;
- The Coalition for Intellectual Property Rights: <http://www.cipr.org> ;

- International Anti-Counterfeiting Coalition:  
[http://www.iacc.org/teampublish/109\\_467\\_1832.CMF?CFID=1104](http://www.iacc.org/teampublish/109_467_1832.CMF?CFID=1104) ... ;
- REACT European Anti-Counterfeiting Network:  
<http://demo.snbreact.nl/snbdemo/topinactive.htm> .

## 9. Intellectual Property Associations

- International Association for the Protection of Intellectual Property:  
<http://www.aippi.org> ;
- American Intellectual Property Law Association (AIPLA):  
<http://www.aipla.org> ;
- International Trademark Association (INTA): <http://www.inta.org> ;
- Intellectual Property Owners Association (IPO): <http://www.ipo.org> ;
- International Federation of Inventors' Associations: <http://www.invention-iffia.ch> ;
- Association of European Trade Mark Owners (MARQUES):  
<http://www.marques.org> ;
- Licensing Executive Society International (LEI): <http://www.les.org> ;
- Business Software Alliance (BSA): <http://www.bsa.org/usa> ;
- International Intellectual Property Alliance (IIPA): <http://www.iipa.com> ;
- International Intellectual Property Institute (IPI): <http://www.iipi.org> ;
- Broadcast Music International (BMI): <http://www.bmi.com/home.asp> ;
- International Confederation of Societies of Authors:  
<http://www.cisac.org/web/content.nsf/Builder?ReadForm> ;
- European Communities Trade Mark Association (ECTA): <http://www.ecta.org> ;
- Entertainment Software Association (ESA): <http://www.theesa.com> ;
- International Federation of the Phonographic Industry (IFPI): <http://www.ifpi.org> ;

## 10. Research and Teaching of Intellectual Property

- International Association for the Advancement of Teaching and Research in Intellectual Property: <http://www.atrip.org> ;
- “Centre d’études internationales de la propriété intellectuelle” (CEIPI): <http://www.ceipi.edu/gb/sectioninternationale/formation.html> ;
- Munich Intellectual Property Law Center: <http://www.miplc.de> ;
- Max Planck Institute for Intellectual Property: <http://www.intellecprop.mpg.de/enhanced/english/home> ;
- Center for Intellectual Property Law - John Marshall: <http://www.jmls.edu/catalog.cfm?dest=dir&linkon=> ;
- Intellectual Property Program - Franklin Pierce Law: [http://www.piercelaw.edu/academics\\_ip.htm](http://www.piercelaw.edu/academics_ip.htm) ;
- WIPO Worldwide Academy (Switzerland): <http://www.wipo.int/academy> .