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EU IP LAW. A short introduction to European intellectual property law

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EU IP Law

A short introduction to European Intellectual Property Law



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January 2019

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Preface to the first edition

The aim of this short introduction to European Intellectual Property (IP) law is to provide students who have little or no prior knowledge of European IP law with an overview of this field of law from a truly and entirely European perspective.

This book makes an attempt to explain the basics of intellectual property law with references to the European and the important international treaties. It is intended as a first introduction for students who are following a basic course in EU IP Law as part of a broader introduction to European Law or European Private Law. The book contains many sentences and parts thereof that are taken directly from case law and other official texts. These have, for ease of reading, not always been put between quotation marks.

This book was written by and is the sole responsibility of Paul van der Kooij and Dirk Visser of the IP department of the Institute for Private Law of Leiden Law School. We would like to thank Sheena Bruce, Alexander Odle and Caspar van Woensel who provided valuable suggestions and corrections.

It will be published in paperback form for those who want to use it outside the academic community. It is also made available in PDF form free for use by teachers and students anywhere. It may be freely distributed as printed copies to students or made available in internal networks of academic institutions.

Any suggestions for additions and corrections should be sent to d.j.g.visser@law.leidenuniv.nl.

Leiden/Amsterdam, November 2014

Preface to the 2019 edition

In this third edition all texts have been updated by Simon Dack, Paul van der Kooij, Dirk Visser and Charlotte Vrendenburg .

Leiden /Amsterdam, January 2019

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List of abbreviations

ADR	Alternative Dispute Resolution
BC	Berne Convention
BoA	Board of Appeal
© Dir	Copyright Directive
CDR	Community Design Regulation
CJEU	Court of Justice of the European Union (until December 2009: Court of Justice of the European Community) (curia.europa.eu)
CPVO	Community Plant Variety Office (www.cpvo.europa.eu)
CPVR	Community Plant Variety Regulation
EPC	European Patent Convention
EPO	European Patent Office (www.epo.org)
EUIPO	European Union Intellectual Property Office
EUTMD	European Union Trade Mark Directive
EUTMR	European Union Trade Mark Regulation
IR	Implementing Regulations of the EPC
OHIM	Office for Harmonization in the Internal Market (oami.europa.eu)
OJ	Official Journal of the European Union
OJ EPO	Official Journal of the European Patent Office
TRIPS	Trade-Related Aspects of Intellectual Property Rights
PCT	Patent Cooperation Treaty, Washington, 1970
PLT	Patent Law Treaty, Geneva, 2000

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TFEU	Treaty on the Functioning of the European Union
TLD	Top Level Domain
UDRP	Uniform Domain name Dispute Resolution Policy
WCT	WIPO Copyright Treaty, Geneva, 1996
WIPO	World Intellectual Property Organisation (www.wipo.int)
WPPT	WIPO Performances and Phonograms Treaty, Geneva, 1996

Short references to international treaties and EU instruments

Berne Convention	<u>Berne Convention for the Protection of Literary and Artistic Works, Berne, 1886, as amended</u>
Charter	<u>Charter of fundamental rights of the European Union</u>
Copyright Directive	<u>Directive 2001/29/EC of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society</u>
Collective Management Directive	<u>Directive 2014/26/EU of 26 February 2014 on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market</u>
Database Directive	<u>Directive 96/6/EC of 11 March 1996 on the legal protection of databases</u>
European Patent Convention and Implementing Regulations	<u>European Patent Convention</u>
Hague Agreement	<u>The Hague Agreement Concerning the International Deposit of Industrial Designs of November 6, 1925</u>
Paris Convention	<u>Paris Convention for the Protection of Industrial Property of 1883/1967</u>
Phonograms Convention	<u>Convention for the protection of producers of phonograms against unauthorized duplication of their phonograms, Geneva, 1971</u>
Plant variety Regulation	<u>Council Regulation (EC) No 2100/94 of 27 July 1994 on Community plant variety rights</u>

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Rental Directive	<u>Originally Directive 92/100/EEC of 19 November 1992 on rental right and lending right and on certain rights related to copyright in the field of intellectual property, replaced by 2006/115/EC of 12 December 2006</u>
Resale right Directive	<u>Directive 2001/84/EC of 27 September 2001 on the resale right for the benefit of the author of an original work of art</u>
Rome Convention	<u>International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations</u>
Satellite and cable Directive	<u>Directive 93/83/EEC of 27 September 1993 on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission</u>
Software Directive	<u>Originally Directive 91/250/EEC of 14 May 1991 on the legal protection of computer programs, replaced by Directive 2009/24/EC of 23 April 2009</u>
Term Directive	<u>Directive 93/98/EEC of 29 October 1993 harmonising the term of protection of copyright and certain related rights, as amended by Directive 2006/116/EC amended by Directive 2011/77/EU of 27 September 2011</u>
Trade mark Regulation (old)	<u>Originally Regulation No 40/94 of December 1993 on the Community trade mark, replaced by Regulation No 207/2009 of 26 February 2009</u>
Trade mark Regulation 2017	<u>Regulation (EU) 2017/1001 of 14 June 2017 on the European Union trade mark (codification)</u>

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Trade mark Directive	<u>Originally Directive 89/104/EEC of December 1988 to approximate the laws of the Member States relating to trade marks, replaced by Directive 2008/95/EC of 22 October 2008</u>
Trade mark Directive 2015	<u>Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks</u>
Treaty EU	<u>Treaty on the Functioning of the European Union</u>

Chapter 1 Introduction

1.1 Introduction

Intellectual property law is an area of the law dedicated to the protection of intangible assets. It can be subdivided into various fields. The most important fields of intellectual property law are patent law (which protects technical inventions), copyright law (which protects literary and artistic works) and trademark law (which protects signs that distinguish the goods and services of businesses). There is also specific protection for industrial design, for plant varieties, trade names and geographical indications and there are some rights related to copyright for performances, recordings, films and databases.

1.2 Rationale and history of intellectual property

The concept of *intellectual property* refers to the ownership of an exclusive right to a creation of the mind. A creation of the mind, which comprises the materialization of an innovative or creative idea, can be valuable to society. People can take advantage of new inventions and enjoy new works of art. New ideas can create economic as well as intellectual growth. In order for new ideas to benefit society they have to be used, which means that they have to be reproduced. If new ideas are profitable to society, then there should be an incentive to create new ideas. Such an incentive could be some kind of reward. Public recognition by society, by way of a higher social standing, fame, having a fan club, or getting a prize of some sort, could be a reward. This kind of recognition requires the creator of a new idea (for example: an inventor, artist, or author) to be recognized and mentioned as such and is the basis of what is called the moral right of an author or artist to be recognized as the maker of his work. This is the essence of the right of intellectual property, which will now be explained in more detail.

1.2.1 Temporary monopolies

From an economic point of view, the most straightforward incentive for creating new ideas is to grant a financial reward. Financial rewards can take the form of government subsidies or prizes. Another form of reward is a *temporary monopoly created by law*, giving the creator of a new idea a legal right to the exclusive exploitation of the idea for a limited period in time. Temporary monopolies created by law have since long been the reward of choice, as a simple yet permanent solution to the problem that ideas cannot usually be exploited and factually protected against copying *at the same time*. In order to exploit an idea, it has to be applied; by being applied, it becomes disclosed to the public; as soon as it becomes disclosed to the public it can be copied. Without the specific protection by law, disclosed ideas could simply be

copied by everyone without providing any financial reward to or recognition of the artist or inventor.

Some ideas do not have to be disclosed first, in order to be exploited. These ideas form an exception to the rule. An example is the recipe for a famous soft drink, or any other knowledge or know-how that can be kept a secret even though the final result or product is made publicly available while exploiting it. Such *trade secrets* can be protected just by keeping them secret. The protection of trade secrets is in some jurisdictions considered to be part of intellectual property law, even though there is no specific protection by law for trade secrets. If the creator of a new idea does not have the means to apply and exploit it, he could choose to disclose the idea to a third party bound by a confidentiality agreement. However, if this agreement is violated and the idea gets out, the rest of the world is free to copy it.

Was creating an incentive for new ideas always the aim of a temporary monopoly? Not at first: in Europe, in the Middle Ages, the entitlement to a temporary monopoly was primarily aimed at providing the means to recoup the investment that was needed for the materialization and subsequent reproduction and distribution of an idea. The printing of a Bible or an atlas, for example, was a very costly affair, and the most effective way to recoup the investment was to grant a temporary monopoly in the printing and the sale of copies of the work. Printing privileges also referred to as ‘patents’ were handed out by the king to individual printers or to guilds of printers. Later, it was generally viewed as more effective to grant the temporary monopolies not to printers and producers, but to the authors and inventors who created the new ideas. This was also considered more ‘just’. From that time on, granting temporary monopolies by law and creating incentives for new ideas have always been associated with each other.

1.2.2 *Freedom of competition*

Following the French revolution and the abolition of the guilds-system a belief emerged in the beneficial effects of free competition – or perhaps vice versa: a drive for greater freedoms, including in competition, lead to structural changes in European societies. Why was, and is, competition believed to be beneficial? Competition leads to lower prices, better quality and a larger variety of products on offer. Competition is even an incentive to create new ideas in itself. However, competition is to a large extent based on using and applying existing ideas of others; competition is in fact not possible without copying ideas to a certain degree. This means that there is an inherent and inevitable tension between, on the one hand, free

competition and, on the other hand, temporary monopolies for exploiting ideas. Governments (lawmakers) have since had to balance the freedom of competition with the interests of authors and inventors. In other words, recognition of intellectual property rights as temporary monopolies requires a balancing with freedom of competition and the advantages it holds.

1.2.3 Moral justifications

Apart from the economic efficiency that may justify the granting of temporary monopolies in the exploitation of ideas, there are several moral justifications. Viewed from the perspective of the author or inventor, it seems ‘just’ that he can reap the fruits of his own labour. This also follows from the Lockean labour theory. On the other hand, it seems ‘parasitic’ if a competitor simply ‘steals’ another’s idea and makes a profit from it without having to invest anything in the creation of the idea, at least if he does not pay any compensation to the inventor of the idea. All kinds of valid and rational objections can be made to the comparison between the stealing of tangible products/assets on the one hand and the copying of ideas on the other, but the fact remains that the comparison is intuitively attractive. It seems morally just for someone who comes up with a new idea to be recognised and rewarded. Coming up with something new appears better or morally superior to copying or imitating someone else’s idea. In some legal traditions, especially in the French, this way of reasoning is taken quite far by suggesting that intellectual property is ‘the most sacred right’ and ‘perpetual and inalienable.’ Nowadays, the extreme opposite is also fashionable, at least in some circles where it is suggested that intellectual property is a contradiction in terms. Some uphold that ideas and information ‘want to be free’, and/or should be free and should not be the subject of any monopoly, however temporary.

1.2.4 Human rights

In Article 27.2 of the Universal Declaration of Human Rights of 1948 intellectual property is recognised as a human right: ‘Everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author’. Intellectual property is also mentioned in Article 17.2 of the Charter of fundamental rights of the European Union: ‘Intellectual property shall be protected’. Although intellectual property may be a human right or a fundamental right, it is often limited by other human rights which are at least equally as fundamental, such as the rights and freedoms of expression and information, the right to privacy and the right to the protection of personal data.

1.3 International treaties

The first important international treaties which are still very relevant today are the Paris Convention of 1883/1967 for the protection of industrial property (mainly patents and trademarks) and the Berne Convention of 1886 (copyright). Another important more recent international regulation is the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) which is part of the World Trade Organization (WTO)-agreement of 1994. Those treaties will be discussed to some extent in the chapters related to the separate fields of intellectual property. There are all kinds of treaties on different aspects on intellectual property, many of them administered by the World Intellectual Property Organisation (WIPO) in Geneva. The most important of these WIPO treaties will also be mentioned in the following chapters on the individual intellectual property rights.

1.4 Intellectual property and the European Union

The European Union has a ‘common market’ where industrial and commercial property is respected by law.

1.4.1 History and terminology

The European Economic Community (EEC) was created in 1957 with the Treaty of Rome and started with six members: France, Germany, Italy, The Netherlands, Belgium and Luxembourg. Since then those countries have been joined by Denmark, Ireland and the United Kingdom (1973), Greece (1981), Portugal and Spain (1986), Austria, Finland and Sweden (1995), Cyprus (2004), Czech Republic (2004), Estonia (2004), Hungary (2004), Latvia (2004), Lithuania (2004), Malta (2004), Poland (2004) Slovakia (2004), Slovenia (2004), Bulgaria, Romania (2007) and Croatia (2013).

The name EEC changed into European Union (EU) in 1993 with the entry into force of the Treaty of Maastricht. With the Treaty of Lisbon the ‘Charter of fundamental rights of the European Union’ entered into force in 2009. Legislation in the EU is made by the Council of Ministers (of the Member States), the European Commission and the European Parliament through different instruments. There are ‘directives’ which have to be transposed into national law and there are ‘regulations’ which have a direct binding effect. There are several directives in the field of copyright law and related rights. There are also directives on trademark law and design protection and on related issues such as comparative advertising and unfair trade practices.

There is a regulation on Community Plant Variety Rights which entered into force in 1995. For the purpose of the implementation of this regulation, the Community Plant Variety Office (CPVO) has been established; it has its seat in Angers, France. Furthermore, there is a regulation on the EU trade mark (EUTMR), in force since 1996, and a regulation on the Community Design (CDR), in force since 2002. These regulations create unitary rights for the whole of the territory of the EU. Trade mark and design rights also have to be registered at a European Union Agency. This office which has its seat in Alicante, Spain, and originally was called the Office for Harmonization in the Internal Market (OHIM) is now called European Union Intellectual Property Office (EUIPO).

The highest court in Europe was founded in 1952 and was formerly called the Court of Justice of the European Communities. Since December 2009 it is called the Court of Justice of the European Union (CJEU). Among other things, the CJEU rules on preliminary questions from national courts on issues of harmonized European law. In 1989 a Court of First Instance was established, referred to since 2009 as the ‘General Court’, which hears, among other cases, appeals from the Boards of Appeal of the CPVO and EUIPO. Decisions of the General Court can be appealed to the CJEU.

In 1977 a European Patent Convention was adopted. This convention is, however, not part of the European Union system. It is a centralised system of granting patents which have to be enforced at the national level. The centralised granting takes place by the European Patent Office, mainly based in Munich, Germany, which has its own boards of appeal. This system is not subject to the jurisdiction of the CJEU. A more or less unified patent system of grant and enforcement has been created with the signing of the Unified Patent Court Agreement on 19 February 2013. Under the new system a ‘unitary patent’ will be immediately effective and enforceable in the new Unified Patent Court. Decisions of the Court will be directly binding throughout the participating Member States.

1.4.2 Internal market

One of the important aims of the EU has always been to create a common market. Therefore, the free movement of goods is an important principle of EU law. ‘Quantitative restrictions on [imports and exports] and all measures having equivalent effect shall be prohibited between Member States’. However this ‘shall not preclude prohibitions or restrictions on imports,

exports or goods in transit justified on grounds of [...] the protection of industrial and commercial property'.¹

Rules on competition are also an important part of EU law. 'All agreements between undertakings, decisions by associations of undertakings and concerted practices which may affect trade between Member States and which have as their object or effect the prevention, restriction or distortion of competition within the internal market', are prohibited as incompatible with the internal market. And 'any abuse by one or more undertakings of a dominant position within the internal market or in a substantial part of it shall be prohibited as incompatible with the internal market in so far as it may affect trade between Member States'.²

The CJEU has ruled that the owner of any intellectual property right cannot oppose the sale of goods which have been put on the market by the owner or with the owner's permission anywhere in the European Union. An attempt to partition markets within Europe by allowing an exclusive reseller to register a different trademark for an individual member-state was deemed to violate the principle of the current Article 101. This was considered as an agreement that would affect trade between Member States.³ So, a parent company owning a patent could not oppose the sale of patented goods in one European country which were brought on the market by a daughter company in another European country, where they were subject to a parallel national patent, owned by the same parent company.⁴

However, if intellectual property rights are owned by separate entities that do not have any economic relationship, national intellectual property rights do prevail over the free movement of goods.⁵ This also is the case if a trademark was previously owned by one entity and subsequently voluntarily split over two territories and partially sold to another entity, provided that no economic ties remain between the two new right owners.⁶ Also, if goods are brought on the market in a European country on the basis of a compulsory (patent) license, the right owner can stop the importation into another EU member-state.⁷

¹ Currently Articles 34 -36 Treaty on the Functioning of the European Union (TFEU), formerly Articles 30-36 and later 28-30 of the EC Treaty.

² Currently Articles 101-102 Treaty on the Functioning of the European Union (TFEU), formerly Articles 85-86 and later 81-82 of the EC Treaty.

³ CJEU 13 July 1966, Case [C-56-58/64](#), ECLI:EU:C:1966:41, Grundig & Consten.

⁴ CJEU 31 October 1974, Case [C-15-74](#), ECLI:EU:C:1974:114, Centrafarm/Sterling Drug.

⁵ CJEU 22 June 1976, Case [C-119/75](#), ECLI:EU:C:1976:94, Terrapin/Terranova.

⁶ CJEU 22 June 1994, Case [C-9/93](#), ECLI:EU:C:1994:261, Ideal Standard.

⁷ CJEU 9 July 1985, Case [C-19/84](#), ECLI:EU:C:1985:304, Pharmon/Hoechst.

Chapter 2 Trade marks

2.1 Introduction

A trade mark is a sign that distinguishes the goods or services of one undertaking from those of other undertakings.

2.1.1 Rationale

The main rationale or function of trade mark protection is to prevent confusion on the part of the public and to prevent the taking of unfair advantage by competitors, who may use signs which cause confusion with trade marks of others. As early as 1842 an English Court ruled: 'A man is not to sell his own goods under the pretence that they are the goods of another man. He cannot therefore be allowed to use names, marks, letters or other indicia, by which he may induce purchasers to believe, that the goods which he is selling are the manufacture of another person'.⁸

The 'origin function' is usually seen as the main, or essential function of trade mark law. According to the CJEU the essential function of the trade mark is to certify that the products covered by the mark originate from the proprietor's establishment. It is incompatible with this specific objective for more than one person to be authorized to use the same trade mark in the same territory. In other words, the trade mark right is an exclusive right.⁹

Competition implies that a consumer may choose with full knowledge between different products available on the market; hence the necessity for 'means of identification' of products or services competing on the market to enable the public to recognize the products and to trace the qualities or defects to the undertaking from which they come. For the trademark to play its part among these means of identification it is essential for the law to guarantee to the public that only those products originating from the proprietor of the trade mark should be sold under such trade mark. If the distinctive mark ceased to be unique, its very purpose of identifying the product would be frustrated thus distorting competition between undertakings and creating confusion for the public.¹⁰

⁸ Lord Langdale MR in *Perry v. Truefitt*, (1842) 6 Beav. 66; 49 ER 749. This is considered to be the starting point of the tort of passing off.

⁹ CJEC 22 June 1976, Case [C-119/75](#), ECLI:EU:C:1976:94,, Terrapin/Terranova, p. 1049.

¹⁰ CJEC 22 June 1976, Case [C-119/75](#), ECLI:EU:C:1976:94,, Terrapin/Terranova, p. 1050.

The functions of a trade mark are not limited to the essential function mentioned above, but also include other functions, in particular that of guaranteeing the quality of the goods or services in question and those of communication, investment or advertising.¹¹

The protection of what can be summarized as the goodwill function of the trade mark was already recognized in 1924 by a German court in the Odol-case. Odol was a famous trade mark for mouth wash. Its owner objected to the use of the sign Odol as a trade mark for steel products. The court held that there was no risk of confusion, but that there was a risk of dilution of the advertising power of the famous Odol mark, which the court deemed unfair.¹² In 1975 the Benelux Supreme Court ruled in its first decision that the owner of the famous trade mark for Dutch Gin ‘Claeryn’, could object to the use of the trade mark ‘Klarein’ (which sounds identical in Dutch) for a cleaning product, on the basis of the concept of dilution (1 March 1975, Case A/74/1). Dilution has since become a core concept in trade mark law.



[Picture: Claeryn/Klarein]

2.1.2 Territoriality

An important characteristic of trade mark law is its principle of territoriality. A trade mark right is granted for a certain territory. Usually this territory coincides with a country, but it can also cover a larger area, such as the Benelux (Belgium, the Netherlands and Luxemburg) or the European Union (EU). Within the EU there are three different kinds of trade marks; national trade marks, trade marks for the territory of the Benelux and EU Trade marks that

¹¹ CJEU 18 June 2009, Case [C-487/07](#), ECLI:EU:C:2009:378, L'Oréal /Bellure, at 58.

¹² Landgericht Elberfeld 11 September 1924, Juristische Wochenschrift 1925, 502.

cover the whole of the European Union. There are also international trade mark registrations, which will be discussed below, but they consist of a bundle of national trade marks.

2.1.3 Freedom of movement of goods

Before the harmonization of trade mark law in the European Union the Court of Justice rendered a few important decisions on the relationship between trade mark law and the free movement of goods in the European Union.

One of the first European cases about the internal market in combination with intellectual property rights is the Grundig/Consten case. In the 1960's the German company Grundig had transferred the trade mark 'Gint' (acronym of Grundig International) to Consten, its exclusive distributor in France. Consten could thus counter parallel import from outside of France. The Court of Justice ruled that the agreement by which the trade mark Gint was transferred (and thus also the intended exercise of the trade mark right to counter parallel imports into France) was incompatible with the principle of freedom of movement of goods in the European Community.¹³

A second case of importance in this field is the Terrapin/Terranova case. In the 1970's the German company Terranova opposed the German registration of the trade mark 'Terrapin' by the English company Terrapin, based on its own trade mark rights to the word 'Terranova'. The Court of Justice ruled: 'It is compatible with the provisions of the EEC Treaty relating to the free movement of goods for an undertaking established in a Member State, by virtue of a right to a trade mark and a right to a commercial name which are protected by the legislation of that state, to prevent the importation of products of an undertaking established in another Member State and bearing by virtue of the legislation of that State a name giving rise to confusion with the trade mark and commercial name of the first undertaking, provided that there are no agreements restricting competition and no legal or economic ties between the undertakings and that their respective rights have arisen independently of one another.'¹⁴

The condition that the respective rights should have arisen independently of one another was abolished in the 1990's. After a (voluntary) full territorial split-up of trade mark rights, it is also possible for a trade mark owner to oppose the sale of goods put on the market in another EU country with the permission of the other trade mark owner. American Standard was owner

¹³ CJEU 13 July 1966, Case [C-56-58/64](#), ECLI:EU:C:1966:41, Grundig, Consten/EC.

¹⁴ CJEU 22 June 1976, Case [C-119/75](#), ECLI:EU:C:1976:94,, Terrapin/Terranova.

of the trade mark 'Ideal Standard' through its German and French subsidiaries (Ideal-Standard GmbH and Ideal-Standard SA). The French subsidiary sold this trade mark to SGF which transferred it in its turn to CICH. A subsidiary of the latter (IHT) sold products in Germany which were produced by CICH in France under the trade mark 'Ideal Standard'. Ideal-Standard GmbH successfully opposed the sale of the products by IHT under the trade mark Ideal Standard in Germany. The Court of Justice ruled: 'The consent inherent in any transfer is not the same consent as the one required for the exhaustion principle to be effective. This requires that the right owner is authorized in the State of import to decide – directly or not – which products can be provided with the trade mark in the State of import, and to check the quality of such products. This authority will, however, end if he loses control over the trade mark by reason of transfer to a third party which does not have any economic relationship with him.'¹⁵ As to involuntary full split-up the same was already decided in 1990.¹⁶

In the Schweppes case the CJEU explained the exhaustion principle in situations where national trade mark rights for the same brand are owned by different parties that belong to different groups within the EU (so-called parallel trade marks). The ECJ ruled that a trade mark owner *cannot* oppose 'the import of identical goods bearing the same mark originating in another Member State in which that mark, which initially belonged to that proprietor, is now owned by a third party which has acquired the rights thereto by assignment, when, following that assignment, the proprietor, either acting alone or maintaining its coordinated trade mark strategy with that third party, has actively and deliberately continued to promote the appearance or image of a single global trade mark, thereby generating or increasing confusion on the part of the public concerned as to the commercial origin of goods bearing that mark, or there exist economic links between the proprietor and that third party, inasmuch as they coordinate their commercial policies or reach an agreement in order to exercise joint control over the use of the trade mark, so that it is possible for them to determine, directly or indirectly, the goods to which the trade mark is affixed and to control the quality of those goods'.¹⁷

¹⁵ CJEU 22 June 1994, Case [C-9/93](#), ECLI:EU:C:1994:261, IHT Danziger/Ideal Standard, at 43.

¹⁶ CJEU 17 October 1990, Case [C-10/89](#), ECLI:EU:C:1990:359, HAG II.

¹⁷ CJEU 20 December 2017, Case [C-291/16](#), ECLI:EU:C:2017:990, Schweppes / Red Paralela

2.1.4 *International treaties*

The protection of trade marks is guaranteed in the Paris Convention of 1883/1967¹⁸ and TRIPS (Agreement on Trade-Related Aspects of Intellectual Property Rights). The Paris Convention is especially known for two important rules under trade mark law. Well-known marks have to be protected against reproduction or imitation without the requirement of registration¹⁹ and coat of arms, flags and other State emblems of countries and of international intergovernmental organizations cannot be used as trade marks, if there is a risk of confusion.²⁰

The Madrid Agreement of 1891²¹ introduced the possibility of central registration of a trade mark at the World Intellectual Property Organization (WIPO) in Geneva for a large number of countries worldwide. The registration based on the Madrid Agreement is an administrative procedure which results in a bundle of national trade mark registrations which can be refused and opposed at the national level. It does not provide an international trade mark right. The Nice Agreement of June 1957²² introduced a common classification of goods and services for the purposes of the registration of marks. The TRIPS Treaty of 1994 contains several substantive rules on trade mark law that are implemented in European trade mark law.

2.1.5 *Harmonization in Europe*

Harmonization of trade mark law in Europe was realized by the Community Trade Mark Directive of 1989/2008 (CTMD) and the Community Trade Mark Regulation of 1993/2009 (CTMR). The Directive harmonized substantive trade mark law in the individual Member States and the Regulation introduced a Community trade mark for the territory of the European Union.

On 16 December 2015 the former trade mark regulation was amended by Regulation No 2015/2424, which entered into force on 23 March 2016. Also on 16 December 2015 a new directive was established (Directive (EU) 2015/2436) which entered into force on 13 January 2016; however, pursuant to Article 54 Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with most of this directive by

¹⁸ Paris Convention for the Protection of Industrial Property of 1883/1967.

¹⁹ Article 6bis Paris Convention.

²⁰ Article 6ter Paris Convention.

²¹ Madrid Agreement Concerning the International Registration of Marks of 1891.

²² Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 1957.

14 January 2019. In 2017 Regulation No 2015/2424 was replaced by a codified version, Regulation No 2017/1001 of 14 June 2017. Therefore, in this chapter, trade mark law will be discussed mainly on the basis of the current EU trade mark Regulation (2017), with references to the EU trade mark Directive of 2015, where appropriate. Unless stated otherwise, the rules under national trade mark law in Europe are more or less the same as the rules for the EU trade mark.

An important characteristic of the EU trade mark is its unitary character. It has equal effect throughout the EU. It cannot be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor can its use be prohibited, except in respect to the whole Union. This principle is applicable unless otherwise provided in the EU trade mark Regulation.²³ The office for the registration of the EU trade mark is the European Union Intellectual Property Office (EUIPO), originally called Office for Harmonization in the Internal Market (OHIM), which has its seat in Alicante, Spain.

2.2 Subject matter

As Article 4 of the Regulation states, an EU trade mark may consist of any signs, in particular words, including personal names, or designs, letters, numerals, colours, the shape of goods or of the packaging of goods, or sounds, provided that such signs are capable of:

- (a) distinguishing the goods or services of one undertaking from those of other undertakings; and
- (b) being represented on the Register of European Union trade marks ('the Register'), in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor.. The capacity to distinguish or individualize is the most important requirement for a trade mark. Therefore purely descriptive terms cannot be claimed as a trade mark.

Trade marks can be divided in traditional and non-traditional trade marks (or conventional and non-conventional trade marks). The reason for this is that over time a greater variety of trade marks has been introduced.

²³ Article 1.2 EUTMR.

2.2.1 *Traditional marks*

Traditional trade marks are word marks (such as BMW, Louis Vuitton or Heineken) and device marks, commonly known as logos, consisting of a picture (such as the Nike-swoosh, the Apple-sign or the Mercedes-star) and word and device marks (such as Coca Cola in its specific lettering). In practice traditional trade marks are by far the most important.

2.2.2 *Non-traditional marks*

Non-traditional trade marks can be subdivided in visible signs, such as colours, shapes, moving images, movements and holograms, and non-visible signs such as sounds, scents, tastes, textures. Trade marks in shapes (also known as three-dimensional marks) and colour marks are relevant in practice. Other signs such as movements, sounds and scents are very interesting because they pose interesting questions, but they are less important in everyday trade mark practice.

2.3 **Registration and subject matter exclusions**

A condition for protection as an EU trade mark is registration at the trade mark office (EUIPO). This is also a requirement for national trade marks under (harmonised) national trade mark law in Europe at their national trade mark office. Some countries also provide protection to non-registered trade marks. The Office refuses to register a trade mark if the application does not meet the requirements for a valid trade mark. EU trade marks can also be invalidated by the courts at a later stage. The grounds for refusal can be divided in absolute grounds and relative grounds.

2.3.1 *Absolute grounds for refusal by the trade mark office (Article 7 EUTMR).*

Trade mark applications are refused registration on a number of so-called absolute grounds, listed in Article 7(1) EUTMR, such as:

- (a) signs which do not conform to the requirements of Article 4 EUTMR, the most important being that, they must be signs capable of being represented ‘in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor’;
- (b) trade marks which are devoid of any distinctive character;
- (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time

of production of the goods or of rendering of the service, or other characteristics of the goods or service;

(d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade.

2.3.1.1 Sign and clear and precise representation, smells and sounds (Article 7(1)(a) EUTMR)

The first requirement for registration follows from the words ‘signs capable of being represented in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor. This is a part of the definition of a trade mark.’²⁴ The CJEU has ruled that the word ‘sign’ in itself contains a limitation. What this limitation exactly is, is not entirely clear. For example, the CJEU ruled that ‘a transparent bin or collection chamber forming part of the external surface of a vacuum cleaner’, is not a ‘sign’ and is therefore not capable of constituting a trade mark. The reason given for this is that, given the exclusivity inherent in trade mark right, the holder of a trade mark relating to such a nonspecific subject-matter would obtain an unfair competitive advantage, since he would be entitled to prevent his competitors from marketing vacuum cleaners having any kind of transparent collecting bin on their external surface, irrespective of its shape.’²⁵



[Picture: Dyson vacuum cleaner]

The CJEU also ruled under the old TM Regulation that a trade mark may consist of a sign which is not in itself capable of being perceived visually, provided that it can be represented graphically, particularly by means of images, lines or characters, and that the representation is ‘clear, precise, self-contained, easily accessible, intelligible, durable and objective’. ‘In respect of an olfactory sign (a scent or smell), the requirements of graphic representability are

²⁴ Article 4 EUTMR.

²⁵ CJEU 27 January 2007, Case [C-321/03](#), ECLI:EU:C:2007:51, Dyson/Registrar of Trade Marks, at 38.

not satisfied by a chemical formula, by a description in written words, by the deposit of an odour sample or by a combination of those elements.’²⁶ In practice, this ruled out the protection of scents or smells as trade marks in Europe. It is likely that this is still the case under the current requirement of clear and precise representation.

Regarding a sound sign, the old requirements for graphic representation were not met when the sign is represented graphically by means of a description using the written language, such as an indication that the sign consists of the notes of a musical work, the indication that it is the cry of an animal, a simple onomatopoeia, without any addition or a bare series of musical notes. The CJEU ruled in the *Shield Mark/BMB* case (2002) that those requirements were satisfied where the sign is represented by a stave divided into measures and showing, in particular, a clef, musical notes and rests whose form indicates the relative value and, where necessary, accidentals.²⁷



[Picture: Shield Mark sound mark]

Nowadays, sound marks can be registered in the form of a digital recording of the sound.

The trade mark office also refuses ‘trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service’. This ground also applies in a situation where more usual signs or indications exist to designate the same characteristics, regardless of the number of competitors who may have an interest in using the signs or indications which the mark consists of.²⁸

The requirement of distinctiveness often is an important hurdle in practice. From a marketing perspective, businesses tend to prefer highly descriptive trade marks. But a trade mark which lacks any distinctive character will be refused by the trade mark office.²⁹

²⁶ CJEU 12 December 2002, Case [C-273/00](#), ECLI:EU:C:2002:748, Sieckmann/DPM; smell mark.

²⁷ CJEU 27 November 2003, Case [C-283/01](#), ECLI:EU:C:2003:641, *Shield Mark/BMB*; sound marks.

²⁸ CJEU 12 February 2004, Case [C-363/99](#), ECLI:EU:C:2004:86, *KPN/BMB*.

²⁹ Article 7.1.b EUTMR.

The Court of Justice has clarified in the Doublemint case (2003),³⁰ why it is important to hold on to this principle in trade mark law. ‘By prohibiting the registration as Community trade marks of such signs and indications, Article 7(1)(c) [Trade Mark Regulation] pursues an aim which is in the public interest, namely that descriptive signs or indications relating to the characteristics of goods or services in respect of which registration is sought may be freely used by all. That provision accordingly prevents such signs and indications from being reserved to one undertaking alone because they have been registered as trade marks.’

In the Doublemint case the Court further explained when a sign should be considered descriptive: ‘In order for OHIM to refuse to register a trade mark under Article 7(1)(c) [Trade Mark Regulation], it is not necessary that the signs and indications composing the mark that are referred to in that Article actually be in use at the time of the application for registration in a way that is descriptive of goods or services such as those in relation to which the application is filed, or of characteristics of those goods or services. It is sufficient, as the wording of that provision itself indicates, that such signs and indications could be used for such purposes. A sign must therefore be refused registration under that provision if at least one of its possible meanings designates a characteristic of the goods or services concerned.’³¹

This sets the bar for the requirement of distinctive character. However, distinctive character is not a static phenomenon; it can arise and disappear, increase and decrease.

2.3.1.2 *Distinctiveness, acquired and lost*

If a trade mark has become distinctive in relation to the goods or services for which registration is requested as a result of its use, it will not be refused.³² This phenomenon is called the acquiring of ‘secondary meaning’. However, the trade mark must in principle be proven to have become distinctive all over Europe to be accepted as an EU trade mark.³³ The contrary is possible as well: a trade mark can become the common generic name for a product. Trade marks exclusively consisting of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade, can be refused³⁴ or revoked.

³⁰ CJEU 23 October 2003, Case [C-191/01 P](#), ECLI:EU:C:2003:579, Wrigley/OHIM; Doublemint, at 31.

³¹ CJEU 23 October 2003, Case [C-191/01 P](#), ECLI:EU:C:2003:579,, Wrigley/OHIM; Doublemint, at 32.

³² Article 7.3 EUTMR.

³³ CJEU 22 June 2006, Cases [C-24/05](#) and [C-25/05](#), ECLI:EU:C:2006:421 and ECLI:EU:C:2006:422, Storck/OHIM; shape of a sweet.

³⁴ Article 7.1.d EUTMR.

In determining (lack of) distinctiveness in a specific case, it can be helpful to consider where and how a sign is used. In a German case concerning a sign bearing a geographical indication, *Windsurfing Chiemsee/Huber* (1999), the CJEU considered that several aspects regarding the sign may be observed. It stated that: ‘In assessing the distinctive character of a mark in respect of which registration has been applied for, the following may also be taken into account: the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant class of persons who, because of the mark, identify goods as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations.’³⁵

2.3.1.3 *Shape or other characteristic (Article 7 (1)(e) EUTMR)*

The same requirement of ‘distinctive character’ applies to shape or three-dimensional (3D) marks. However, ‘When assessing the distinctiveness of a three-dimensional shape of product trade mark, a stricter test than that used for other types of trade mark must not be applied.’ According to the CJEU, in the ‘perception’ of the public it can ‘in practice be more difficult to establish distinctiveness in relation to a shape of product mark than a word or figurative trade mark. But whilst that may explain why such a mark is refused registration, it does not mean that it cannot acquire distinctive character following the use that has been made of it and thus be registered as a trade mark.’³⁶

The shape of packaging can also be descriptive of the contents and therefore lack distinctive character. A simple derogation from the common standard in the industry in question does not suffice to set aside descriptiveness as a ground for refusal, but a mark which differs significantly from the common standard in the industry in question and thereby fulfils its essential function as an indication of origin, does have distinctive character.³⁷

³⁵ CJEU 4 May 1999, Cases [C-108/97](#) and [C-109/97](#), ECLI:EU:C:1999:230, *Windsurfing Chiemsee/Huber*, at 51.

³⁶ CJEU 8 April 2003, joined Cases [C-53/01](#) to [C-55/01](#), ECLI:EU:C:2003:206, *Linde, Winward & Rado/DPMA*.

³⁷ CJEU 12 February 2004, Case [C-218/01](#), ECLI:EU:C:2004:88, *Henkel/DPMA*; liquid wool detergent.



[Picture: Henkel liquid wool detergent bottle]

There are three further limitations to the admissibility of 3D trade marks and trade marks consisting of ‘another characteristic’ of the goods on top of the requirement of distinctive character. Three categories of shapes cannot be registered as trade marks. These categories are signs which exclusively consist of:

- (i) the shape, or another characteristic, which results from the nature of the goods themselves;
- (ii) the shape, or another characteristic, of goods which is necessary to obtain a technical result;
- (iii) the shape, or another characteristic, which gives substantial value to the goods.³⁸

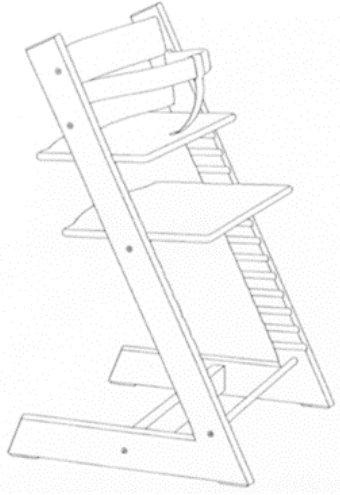
An important aspect of these limitations is that they cannot be overcome by acquired distinctiveness. These grounds for refusal are absolute: a sign which is refused registration on any of these categories can legally never acquire a distinctive character by the use made of it.³⁹

The first category, shapes which result from the nature of the goods themselves, would for instance include the shape of a banana in its natural appearance. This shape cannot be accepted as a trade mark for bananas. Usually shapes that result from the nature of the goods do not have any distinctiveness either, and will already be refused for that reason, despite the fact that such signs are generally popular with businesses for their marketing advantages. In the Hauck/Stokke case, the CJEU decided that this first category does not only apply to shapes which result from the nature of the goods themselves, but also to ‘essential characteristics which are inherent to the generic function or functions of that product and

³⁸ Article 7.1.e EUTMR.

³⁹ CJEU 18 June 2002, Case [C-299/99](#), ECLI:EU:C:2002:377, Philips/Remington; three-headed shaver, at 77 et seq.

which consumers may be looking for in the products of competitors.’⁴⁰ This means that in general basic forms or shapes of useful articles, such as a high-chair for children, cannot be registered as 3D trademarks.



[Picture: Stokke high chair for children]

Technical result

The second category, the shape of goods which is necessary to obtain a technical result, is more important in practice. ‘The rationale of the grounds for refusal of registration laid down in Article 3(1)(e) of the Directive [Article 4(1)(e) EUTMD 2015] is to prevent trade mark protection from granting its proprietor a monopoly on technical solutions or functional characteristics of a product which a user is likely to seek in the products of competitors. Article 3(1)(e) is thus intended to prevent the protection conferred by the trade mark right from being extended, beyond signs which serve to distinguish a product or service from those offered by competitors, so as to form an obstacle preventing competitors from freely offering for sale products incorporating such technical solutions or functional characteristics in competition with the proprietor of the trade mark.’⁴¹

When the shape of a product merely incorporates a technical solution, patent protection is available. Protection of that shape as a trade mark will have the effect that once the patent has expired, the trade mark would considerably and permanently reduce the opportunity for other undertakings to use that technical solution. In the system of intellectual property rights developed in the European Union, technical solutions are capable of protection only for a

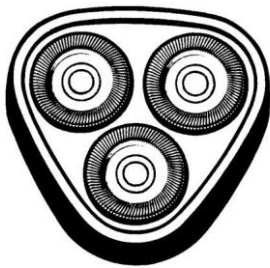
⁴⁰ CJEU 18 September 2014, Case [C-205/13](#), ECLI:EU:C:2014:2233, Hauck/Stokke.

⁴¹ CJEU 18 June 2002, Case [C-299/99](#), ECLI:EU:C:2002:377, Philips/Remington; three-headed shaver, at 75.

limited period, so that subsequently they may be freely used by all economic operators.⁴² This is in contrast with trade mark protection which, if consistently renewed, can last forever.

This limitation ‘must be interpreted to mean that a sign consisting exclusively of the shape of a product is unregistrable by virtue thereof if it is established that the essential functional features of that shape are attributable only to the technical result. Moreover, the ground for refusal or invalidity of registration imposed by that provision cannot be overcome by establishing that there are other shapes which allow the same technical result to be obtained.’⁴³

Important examples in case law that concern shapes of products of which it has been decided that they merely incorporate a technical solution are Philips’ three-headed shaver and Lego’s building brick.⁴⁴



[Picture: Philips’ three headed shaver]



[Picture: Lego’s building brick]

Moreover, in the Kit Kat case, the CJEU decided that Article 3(1)(e) precludes registration as a trade mark of a sign consisting of the shape of goods where that shape contains three essential features, one of which results from the nature of the goods themselves and two of which are necessary to obtain a technical result, provided, however, that at least one of the grounds for refusal of registration set out in that provision is fully applicable to the shape at issue. And furthermore, as far as Article 3(1)(e)(ii) is concerned, it held that this provision must be interpreted as referring only to the manner in which the goods at issue function and therefore does not apply to the manner in which the goods are manufactured.⁴⁵

⁴² CJEU 14 September 2010, Case [C-48/09 P](#), ECLI:EU:C:2010:516, Lego/BHIM, at 46.

⁴³ CJEU 18 June 2002, Case [C-299/99](#), ECLI:EU:C:2002:377, Philips/Remington; three-headed shaver, operative part, 4.

⁴⁴ See the footnotes above.

⁴⁵ CJEU 16 September 2015, Case [C-215/14](#), ECLI:EU:C:2015:604, Nestlé/Cadbury, Kit Kat, at 51 and 57.



[Picture: Kit Kat chocolate bar]

Substantial value

Like the ground for refusal to register that applies to the shapes of goods which are necessary to obtain a technical result, the ground for refusal to register signs consisting exclusively of shapes which give a substantial value to the goods, is to prevent granting a monopoly to those shapes.⁴⁶ This ground for refusal aims to avoid too much overlap with copyright- and design protection on the one hand, which are limited in time, and trade mark protection on the other.

In respect of a loudspeaker designed by Bang & Olufsen (2011) in the form of a pencil, the General Court noted that, for the goods at issue, the design is an element which will be very important in the consumer's choice even if the consumer also takes other characteristics of the goods at issue into account. In this instance, the shape for which registration was sought revealed a very specific design and the applicant itself specifically submitted, that the design of its loudspeaker is an essential element of its branding and increases the appeal of the product at issue, that is to say, its value.⁴⁷ The Court ruled that this ground for refusal applied.

⁴⁶ General Court 6 October 2011, Case [T-508/08](#), ECLI:EU:T:2011:575, Bang & Olufsen/OHIM, pencil shaped speaker, at 66.

⁴⁷ General Court 6 October 2011, Case [T-508/08](#), ECLI:EU:T:2011:575,, Bang & Olufsen/OHIM, pencil shaped speaker, at 73-74.

[Picture: speaker by Bang & Olufsen in the form of a pencil]



The fact that the shape is considered to give substantial value to the good does not preclude other characteristics of the goods, such as technical qualities, from also conferring considerable value on the goods at issue.⁴⁸

The issue of acquired distinctiveness due to prior use was dealt with in the Benetton/G-Star case (2007), regarding the Elwood trousers. In this case, the CJEU was asked whether the use made of a sign referred to in the third indent of Article 3(1)(e) of the Directive (Article 4(1)(e) EUTMD 2015), prior to the application for registration, is capable of enabling it to be registered as a trade mark or of precluding its invalidity where the sign has been registered. The Courts answer was negative: The shape of a product which gives substantial value to that product cannot constitute a trade mark even if prior to the application for registration it acquired attractiveness as a result of its recognition as a distinctive sign following advertising campaigns presenting the specific characteristics of the product in question.⁴⁹

In the Hauck/Stokke case, already referred to above, the CJEU ruled that the ‘substantial value’ rule also applies to ‘a sign which consists exclusively of the shape of a product with several characteristics each of which may give that product substantial value.’⁵⁰ Thus, also when a shape is partly technical or useful in nature and partly artistically attractive, the shape cannot be registered as a trademark, if the artistic attractiveness gives the product a substantial value.

‘The target public’s perception of the shape of that product is only one of the assessment criteria which may be used to determine whether that ground for refusal is applicable’.

‘[O]ther assessment criteria may also be taken into account, such as the nature of the category of goods concerned, the artistic value of the shape in question, its dissimilarity from other shapes in common use on the market concerned, a substantial price difference in relation to

⁴⁸ General Court 6 October 2011, Case [T-508/08](#), ECLI:EU:T:2011:575, Bang & Olufsen/OHIM, pencil shaped speaker, at 77.

⁴⁹ CJEU 20 September 2007, Case [C-371/06](#), ECLI:EU:C:2007:542, Benetton Group/G-Star International; Elwood trousers.

⁵⁰ CJEU 18 September 2014, Case [C-205/13](#), ECLI:EU:C:2014:2233, Hauck/Stokke.

similar products, and the development of a promotion strategy which focuses on accentuating the aesthetic characteristics of the product in question.’⁵¹ If the shape of a product is advertised as being highly attractive, it is very likely that it cannot be registered as a trademark.

In the Hauck/Stokke case, the CJEU has also ruled that article 3(1)(e) of the Directive (Article 4(1)(e) EUTMD 2015) ‘must be interpreted as meaning that the grounds for refusal of registration set out in the first and third indents of that provision may not be applied in combination’. But this does not mean that these grounds of refusal cannot apply to the same shape at the same time. The Stokke high chair for children probably is an example of a shape which results from the nature of the good itself, because it has many useful functions ‘which consumers may be looking for in the products of competitors’ but it also looks highly attractive, which does give it a substantial value.

Some other absolute grounds for refusal:

2.3.1.4 Public policy or morality (Article 7(1)(f) EUTMR)

Trade marks which are contrary to public policy or accepted principles of morality can also be refused.⁵² Offensive swear words, names of terrorist organisations and other rude words may be refused on this ground.

‘Signs which contain slightly rude words or mild sexual innuendo might not be refused, but signs which contain manifestly profane language or depict gross obscenity have no place on the register. An example of the former is to be found in Case R 111/2002-4 DICK & FANNY. By the same token, signs which invoke, for example, what most people would consider to be mildly pejorative terms such as ‘Pommy’ or ‘Yank’ ought to present no bar to registration under Article 7(1)(f), whereas obviously malevolent racial and cultural slurs, whether by word or pictorial representation, should not be allowed on a trade mark register. Signs which severely offend the religious sensitivities of a substantial group of the population are also best kept off the register, if not for moral reasons, at least for reasons of public policy, namely the risk of causing public disorder. Few would question that signs which appear to glorify

⁵¹ CJEU 18 September 2014, Case [C-205/13](#), ECLI:EU:C:2014:2233, Hauck/Stokke.

⁵² Article 7(1)(f) EUTMR.

terrorism or offend the victims of terrorism should not be registered: see, for example, Case R 176/2004-2 BIN LADEN'.⁵³

2.3.1.5 *Deception (Article 7(1)(g) EUTMR)*

Trade marks which are of such a nature so as to mislead the public, for instance as to the nature, quality or geographical origin of the goods or service will be refused.⁵⁴ This usually depends on the goods for which registration is sought. Often a trade mark that is too descriptive for one category of goods will be misleading for another. For instance, the indication 'Wine oh', which would be descriptive and therefore invalid for wine, was refused as a trade mark for mineral water.⁵⁵

Registration of a mark (e.g., 'Elizabeth Emanuel') which is identical to the name of the designer and first producer of, in this case, clothing on which this mark has been affixed 'may not, by reason of that particular feature alone, be refused registration on the ground that it would deceive the public [...] in particular where the goodwill associated with that trade mark, previously registered in a different graphic form, has been assigned together with the business making the goods to which the mark relates.'⁵⁶

'A geographical name may be registered as a trade mark if, following the use which has been made of it, it has come to identify the product in respect of which registration is applied for as originating from a particular undertaking and thus to distinguish that product from goods of other undertakings. Where that is the case, the geographical designation has gained a new significance and its connotation, no longer purely descriptive, justifies its registration as a trade mark.'⁵⁷

2.3.1.6 *Official signs (Article 7(1)(h) and (i) EUTMR)*

Trade marks which in the past have not been authorised by the competent authorities and are to be refused pursuant to Article 6ter of the Paris Convention are: the coat of arms, flags and other State emblems of countries or international intergovernmental organizations. These cannot be used as trade marks, if there is a risk of confusion. 'The aim of Article 6ter (1)(a) of the Paris Convention is to preclude the registration and use of trade marks which are identical

⁵³ OHIM Grand Board of Appeal of 6 July 2006, Case R 495/2005-G, 'screw you' (partially refused, accepted for certain goods sold in sex shops).

⁵⁴ Article 7(1)(g) EUTMR.

⁵⁵ OHIM Board of Appeal 7 March 2006, Case R 1074/2005-4, 'Wine oh!'.

⁵⁶ CJEU 30 March 2006, Case [C-259/04](#), ECLI:EU:C:2006:215, Elizabeth Emanuel/Continental Shelf 128; Elizabeth Emanuel.

⁵⁷ CJEU 4 May 1999, Cases [C-108/97](#) and [C-109/97](#), ECLI:EU:C:1999:230, Windsurfing Chiemsee/Huber, at 47.

to State emblems or which are to a certain degree similar to them. Such registration or use would adversely affect the right of the State to control the use of the symbols of its sovereignty and might, moreover, mislead the public as to the origin of the goods for which such marks are used. By virtue of Article 6ter (1)(b) of the Paris Convention, that protection also covers the armorial bearings, flags, other emblems, abbreviations and names of international intergovernmental organisations. State emblems and emblems of international intergovernmental organisations are protected not only against the registration and use of marks which are identical to them or which incorporate them but also against the inclusion in such marks of any imitation of those emblems from a heraldic point of view'.⁵⁸

A trade mark consisting of letters ECA in a circle of stars was refused because of its likeness to the European flag, the heraldic description of which is: 'On a field azure a circle of 12 mullets or, their points not touching'.⁵⁹



[Picture: European flag]

Trade marks which include badges, emblems or escutcheons other than those covered by Article 6ter of the Paris Convention and which are of particular public interest will also be refused, unless the consent of the competent authority to their registration has been given.

2.3.2 *Relative grounds for refusal (Article 8 EUTMR)*

Upon opposition by the proprietor of an earlier EU trade mark or a national trade mark of an EU Member State, the trade mark applied for shall not be registered, first of all, if it is 'too similar' according to the criteria that also apply to the scope of protection of trade marks

⁵⁸ General Court 21 April 2004, Case [T-127/02](#), ECLI:EU:T:2004:110, Concept/OHIM, at 39-40.

⁵⁹ General Court 21 April 2004, Case [T-127/02](#), ECLI:EU:T:2004:110,, Concept/OHIM.

against the use of other signs and trade marks. Those criteria will be discussed at length below, under the heading ‘scope of protection’.

But it is not only proprietors of earlier registered EU or national trade marks that can start opposition proceedings. Upon opposition by the proprietor of a non-registered trade mark or of another sign used in the course of trade of more than mere local significance, the trade mark applied for shall also not be registered where and to the extent that, pursuant to the EU legislation or the law of the Member State governing that sign: (a) rights to that sign were acquired prior to the date of application for registration of the EU trade mark, or the date of the priority claimed for the application for registration of the EU trade mark, or (b) that sign confers on its proprietor the right to prohibit the use of a subsequent trade mark.

An EU trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings where the use of such trade mark may be prohibited pursuant to another earlier right under the EU legislation or national law governing its protection, and in particular: (a) a right to a name; (b) a right of personal portrayal; (c) a copyright; (d) an industrial property right.⁶⁰

2.3.3 *Registration in bad faith*

An EU trade mark shall be declared invalid on application to the Office or based on a counterclaim in infringement proceedings where the applicant was acting in bad faith when he filed the application for the trade mark.⁶¹

In order to determine whether the applicant is acting in bad faith within the meaning of Article 52(1)(b) EUTMR, the court must take into consideration all the relevant factors specific to the particular case, which pertained at the time of filing the application for registration of the sign as an EU trade mark, in particular: (a) the fact that the applicant knows or must know that a third party is using, in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought; (b) the applicant’s intention to prevent that third party from continuing to use such a sign; and (c) the degree of legal protection enjoyed by the third party’s sign and by the sign for which registration is sought.⁶²

⁶⁰ See also Article 53(2) EUTMR.

⁶¹ Article 52(1)(b) EUTMR.

⁶² CJEU 11 June 2009, Case [C-529/07](#), ECLI:EU:C:2009:361, Lindt & Sprüngli/Frans Hauswirth, at 53.



[Picture: Lindt / Hauswirth – Easter bunny]

In this context we would also like to refer to Article 4(4)(g) of the Directive (Article 5(4)(c) EUTMD 2015), according to which a Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that, the trade mark is liable to be confused with a *mark which was in use abroad* on the filing date of the application and which is still in use there, provided that at the date of the application the applicant was acting in bad faith. The CJEU decided that the concept of ‘bad faith’, within the meaning of this provision, is an autonomous concept of European Union law which must be given a uniform interpretation in the European Union. In addition to the circumstances already mentioned above, the Court held that the fact that the person filing the trade mark knows or should know that a third party is using a mark abroad (in this particular case: in Japan) at the time of filing his application which is liable to be confused with the mark whose registration has been applied for is not sufficient, in itself, to permit the conclusion that the person making that application is acting in bad faith within the meaning of Article 4(4)(g) of the Directive (article 5(4)(c) EUTMD 2015) ⁶³

2.4 Scope of protection

The scope of protection of EU trade marks is laid down in Article 9 EUTMR, which lists the kinds of ‘use in the course of trade’ by third parties which the proprietor of the trade mark is entitled to prevent. This Article consist of parts a, b and c, which correspond with Article 10(2)(a), (b) and (c) EUTMD 2015. (Article 5(1)(a), 5(1)(b) and 5(2) of the old Trade Mark Directive).

⁶³ CJEU 27 June 2013, Case [C-320/12](#), ECLI:EU:C:2013:435, Malaysia Dairy Industries/Ankenævnet for Patenter og Varemærker; Yakult, at 29 and 37.

2.4.1 *Use*

It must firstly be established what qualifies as ‘use’ of a trade mark. For example, the CJEU has ruled that ‘an internet referencing service provider which stores, as a keyword, a sign identical with a trade mark and organizes the display of advertisements on the basis of that keyword does not use that sign’ within the meaning of the EUTMR and the EUTMD.⁶⁴ Also, ‘the operator of an online marketplace does not ‘use’ – for the purposes of Article 5 of Directive 89/104/EEC or Article 9 of Regulation No 40/94 - signs identical with or similar to trade marks which appear in offers for sale displayed on its site.’⁶⁵ Finally, a company which, merely fills, under an order from and under the instructions of another person, cans already bearing signs similar to trade marks and therefore merely executes a technical part of the production process of the final product without having any interest in the external presentation of those cans and in particular in the signs thereon, does not itself ‘use’ those signs.⁶⁶

2.4.2 *In the course of trade*

The use of a sign qualifies as use in the course of trade when ‘it takes place in the context of commercial activity with a view to economic advantage and not as a private matter.’⁶⁷ ‘When an individual sells a product bearing a trade mark through an online marketplace and the transaction does not take place in the context of a commercial activity, the proprietor of the trade mark cannot rely on his exclusive right. If, however, owing to their volume, their frequency or other characteristics, the sales made on such a marketplace go beyond the realms of a private activity, the seller will be regarded to be acting ‘in the course of trade.’⁶⁸

2.4.3 *Article 9(2)(a) EUTMR; double identity*

A trade mark owner can take legal action against any sign where ‘the sign is identical with the EU trade mark and is used in relation to goods or services which are identical with those for which the EU trade mark is registered’. As this concerns the use of an identical sign for identical goods, the customary name of this category is ‘double identity’. It mainly concerns cases of piracy: fake goods with fake trade marks. The CJEU has ruled that ‘a sign is identical with the trade mark where it reproduces, without any modification or addition, all the

⁶⁴ CJEU 23 March 2010, Cases [C-236/08](#), [C-237/08](#) and [C-238/08](#), ECLI:EU:C:2010:159, Google France.

⁶⁵ CJEU 12 July 2011, Case [C-324/09](#), ECLI:EU:C:2011:474, L’Oréal/eBay.

⁶⁶ CJEU 15 December 2011, Case [C-119/10](#), ECLI:EU:C:2011:837, Winters/Red Bull.

⁶⁷ CJEU 12 November 2002, Case [C-206/01](#), ECLI:EU:C:2002:651, Arsenal/Matthew Reed, at 40.

⁶⁸ CJEU 12 July 2011, Case [C-324/09](#), ECLI:EU:C:2011:474, L’Oréal/eBay, at 55.

elements constituting the trade mark or where, viewed as a whole, it contains differences so insignificant that they may go unnoticed by an average consumer.’⁶⁹

The CJEU ruled in the Arsenal/Reed case in 2002: ‘Where a third party uses in the course of trade a sign which is identical to a validly registered trade mark on goods which are identical to those for which it is registered, the trade mark proprietor of the mark is entitled, in circumstances such as those in the present case, to rely on [this ‘sub a’ clause] to prevent that use. It is immaterial that, in the context of that use, the sign is perceived as a badge of support for or loyalty or affiliation to the trade mark proprietor.’⁷⁰



[Picture: Arsenal/Reed]

According to the Court, the use of the Arsenal signs was such as to create the impression that there is a material link in the course of trade between the goods concerned and the trade mark proprietor. ‘That conclusion is not affected by the presence on Mr Reed’s stall of the notice stating that the goods at issue in the main proceedings are not official Arsenal FC products. Even on the assumption that such a notice may be relied on by a third party as a defence to an action for trade mark infringement, there is a clear possibility in the present case that some consumers, in particular if they come across the goods after they have been sold by Mr Reed and taken away from the stall where the notice appears, may interpret the sign as designating Arsenal FC as the undertaking of origin of the goods.’ This eventuality is commonly called ‘post sale confusion’.

However, in the Opel/Autec case in 2007, the CJEU decided that: ‘Where a trade mark is registered both for motor vehicles – in respect of which it is well known – and for toys, the affixing by a third party, without authorization from the trade mark proprietor, of a sign identical to that trade mark on scale models of vehicles bearing that trade mark, in order faithfully to reproduce those vehicles, and the marketing of those scale models constitute, [...]

⁶⁹ CJEU 20 March 2003, Case [C-291/00](#), ECLI:EU:C:2003:169, LTJ Diffusion/Sadas; Arthur (& Félicie).

⁷⁰ CJEU 12 November 2002, Case [C-206/01](#), ECLI:EU:C:2002:651, Arsenal/Matthew Reed.

a use which the proprietor of the trade mark is entitled to prevent if that use affects or is liable to affect the functions of the trade mark as a trade mark registered for toys'.⁷¹



[Picture: Opel/Autec]

With this last condition the CJEU introduced a limitation of the ‘sub a’ clause. The trade mark owner may have to prove that the use ‘is liable to affect the functions of the trade mark’. In this case it is strongly suggested that the use of a sign identical to the trade mark on scale models of vehicles bearing that trade mark does not affect the origin function, nor any other function of the trade mark.

2.4.4 Article 9(2)(b) EUTMR; likelihood of confusion

A trade mark owner can take legal action against any sign where ‘the sign is identical with, or similar to, the EU trade mark and is used in relation to goods or services which are identical with, or similar to, the goods or services for which the EU trade mark is registered, if there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark’. However, this last part is rather problematic, because ‘likelihood of association’ is generally considered to be a much broader concept than ‘likelihood of confusion’, and thus cannot possibly be included in it.

2.4.4.1 Puma/Sabel

The CJEU has decided in its Puma/Sabel case (1997) that the criterion ‘likelihood of confusion which includes the likelihood of association [...] is to be interpreted as meaning that the mere association which the public might make between two trade marks as a result of their analogous semantic content is not in itself a sufficient ground for concluding that there is

⁷¹ CJEU 25 January 2007, Case [C-48/05](#), ECLI:EU:C:2007:55, Adam Opel/Autec; model cars.

a likelihood of confusion within the meaning of that provision.’⁷² This is generally understood to mean that ‘mere association’ is never in itself enough to establish ‘likelihood of confusion.’ In another decision, it was stated that ‘The Court [in Puma/Sabel] did not excuse the national court from the necessary positive finding of the existence of a likelihood of confusion which constitutes the matter to be proved.’⁷³



[Picture: Puma and Sabel logo's]

How to establish the likelihood of confusion remains one of the most difficult and subjective issues in trade mark law. According to the CJEU: ‘The likelihood of confusion must be appreciated globally, taking into account all factors relevant to the circumstances of the case.’ It continued: ‘That global appreciation of the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components.’⁷⁴

The perception of marks in the mind of the average consumer in relation to the type of goods or services in question plays a decisive role in the global appreciation of the likelihood of confusion. The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. ‘The more distinctive the earlier mark, the greater will be the likelihood of confusion. It is therefore not impossible that the conceptual similarity resulting from the fact that two marks use images with analogous semantic content may give rise to a likelihood of confusion where the earlier mark has a particularly distinctive character, either per se or because of the reputation it enjoys with the public.’⁷⁵

2.4.4.2 *Average consumer*

In trade mark law, the risk of confusion must be established from the point of view of ‘the average consumer.’ The question being who the average consumer is?

⁷² CJEU 11 November 1997, Case [C-251/95](#), ECLI:EU:C:1997:528,, Puma/Sabel; bounding feline.

⁷³ CJEU 22 June 2000, Case [C-425/98](#), ECLI:EU:C:2000:339, Marca/Adidas; three versus two stripes, at 39.

⁷⁴ CJEU 11 November 1997, Case [C-251/95](#), ECLI:EU:C:1997:528, Puma/Sabel; bounding feline.

⁷⁵ CJEU 11 November 1997, Case [C-251/95](#), ECLI:EU:C:1997:528,, Puma/Sabel; bounding feline.

In the Lloyd/Loint's case of 1999 the CJEU said the following of the average consumer: 'For the purposes of that global appreciation, the average consumer of the category of products concerned is deemed to be reasonably well-informed and reasonably observant and circumspect.' 'However, account should be taken of the fact that the average consumer only rarely has the chance to make a direct comparison between the different marks but must place his trust in the imperfect picture of them that he has kept in his mind. It should also be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question.'⁷⁶

2.4.4.3 *Similarity and reputation*

In the Canon/Cannon case of 1998 the CJEU decided, '[A] global assessment of the likelihood of confusion implies some interdependence between the relevant factors, and in particular a similarity between the trade marks and between these goods or services. Accordingly, a lesser degree of similarity between these goods or services may be offset by a greater degree of similarity between the marks, and vice versa.'⁷⁷

The CJEU continued: 'The distinctive character of the earlier trade mark, and in particular its reputation, must be taken into account when determining whether the similarity between the goods or services covered by the two trade marks is sufficient to give rise to the likelihood of confusion.'⁷⁸

In the already mentioned case of Lloyd/Loint's, the Court of Justice decided that '[T]he more similar the goods or services covered and the more distinctive the earlier mark, the greater will be the likelihood of confusion. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, it is necessary to make a global assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings.'⁷⁹

2.4.4.4 *Similarity and conceptual differences*

In its Lloyd/Loint's decision the CJEU also ruled that '[I]t is possible that mere aural [or phonetical] similarity between trade marks may create a likelihood of confusion.' But in its

⁷⁶ CJEU 22 June 1999, Case [C-342/97](#), ECLI:EU:C:1999:323, Lloyd/Klijnsen; Lloyd/Loint's, at 26.

⁷⁷ CJEU 29 September 1998, Case [C-39/97](#), ECLI:EU:C:1998:442, Canon/Metro-Goldwyn-Mayer; Canon/Cannon.

⁷⁸ CJEU 29 September 1998, Case [C-39/97](#), ECLI:EU:C:1998:442,, Canon/Metro-Goldwyn-Mayer; Canon/Cannon.

⁷⁹ CJEU 22 June 1999, Case [C-342/97](#), ECLI:EU:C:1999:323, Lloyd/Klijnsen; Lloyd/Loint's.

Picasso/Picaro-decision of 2006 it ruled that conceptual differences can in certain circumstances counteract the visual and phonetic similarities between the signs concerned. For there to be such a counteraction, at least one of the signs at issue must have, from the point of view of the relevant public, a clear and specific meaning so that the public is capable of grasping it immediately. The marks Picasso and Picaro are visually and phonetically similar. ‘From the conceptual point of view, the word Picasso is particularly well known to the relevant public as being the name of the famous painter Pablo Picasso. The word Picaro may be understood by Spanish-speaking persons as referring *inter alia* to a character in Spanish literature, whereas it has no semantic content for the (majority) non-Spanish-speaking section of the relevant public’.⁸⁰

The fact that the word mark ‘OBELIX’ conveys a reference to a famous character from a comic strip and, from the point of view of the relevant public, has a clear and specific meaning that can immediately be grasped by the public, implies that conceptual differences with the trade mark ‘Mobilix’ may counteract aural and visual similarities between them.⁸¹ Such conceptual differences can in certain circumstances counteract the visual and phonetic similarities between the signs concerned.

2.4.5 Article 9(2)(c) EUTMR; Trade mark with a reputation

The owner of a trade mark with a reputation can take legal action against any sign where ‘the sign is identical with, or similar to, the EU trade mark irrespective of whether it is used in relation to goods or services which are identical with, similar to or not similar to those for which the EU trade mark is registered, where the latter has a reputation in the Union and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the EU trade mark.’ In the former Community Trade Mark Regulation (1993/2009) this provision seemed only to apply to use in relation to *dissimilar* goods or services. Therefore, the CJEU ruled in the Davidoff/Gofkid case that ‘it has not been seriously disputed before the Court that, where a sign is used for identical or similar goods or services, a mark with a reputation must enjoy protection which is at least as extensive as where a sign is used for non-similar goods and services.’ Consequently, ‘The Article cannot be interpreted in such sense that known trade marks would enjoy lesser protection if a sign is used for identical or similar goods or services, than if a sign is used for

⁸⁰ CJEU , 12 January 2006, Case [C-361/04 P](#), ECLI:EU:C:2006:25, Picasso/OHIM (and DaimlerChrysler).

⁸¹ CJEU 18 December 2008, Case [C-16/06 P](#), ECLI :EU :C :2008 :739, Les Éditions Albert René/Orange A/S; OBELIX/MOBILIX.

dissimilar goods or services.⁸² As a result of this case law, Article 9(2)(c) EUTMR now applies both to use for identical or similar and for dissimilar goods or services.



[Picture: Davidoff and Gofkid]

2.4.5.1 Reputation

The concept of ‘reputation’ assumes a certain degree of knowledge amongst the relevant public. The relevant public is the public which is addressed by the EU trade mark, that is to say, depending on the product or service marketed, either the public at large or a more specialized public, for example traders in a specific sector. An EU trade mark cannot be required to be known by a defined percentage of the public. The degree of knowledge required must be considered to be reached when the EU trade mark is known by a significant part of the public concerned with respect to the products or services covered by that trade mark.⁸³ Territorially, reputation must be considered to exist when the EU trade mark has a reputation in a substantial part of the territory of the European Union. Under certain circumstances ‘the territory of the Member State in question may be considered to constitute a substantial part of the territory of the Community.’⁸⁴



[Picture: Pago and Tirolmilch]

2.4.5.2 Establishing ‘a link’

The protection conferred to trade marks with a reputation ‘is not conditional on a finding of a degree of similarity between the mark with a reputation and the sign such that there exists a

⁸² CJEU 9 January 2003, Case [C-292/00](#), ECLI:EU:C:2003:9, Davidoff/Gofkid; Davidoff/Durfee.

⁸³ CJEU 6 October 2009, Case [C-301/07](#), ECLI:EU:C:2009:611, PAGO/Tirolmilch, at 21-24.

⁸⁴ CJEU 6 October 2009, Case [C-301/07](#), ECLI:EU:C:2009:611, PAGO/Tirolmilch.

likelihood of confusion between them on the part of the relevant section of the public. It is sufficient for the degree of similarity between the mark with a reputation and the sign to have the effect that the relevant section of the public establishes a link between the sign and the mark.’⁸⁵ ‘The fact that for the average consumer, who is reasonably well informed and reasonably observant and circumspect, the later mark calls the earlier mark with a reputation to mind is tantamount to the existence of such a link.’⁸⁶

2.4.5.3 *Detrimental to the distinctive character*

In the case of *Intel Corporation/CPM United Kingdom* (2008) the CJEU held that ‘[P]roof that the use of the later mark is or would be detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future.’⁸⁷

The Court of Justice further held, that the concept of ‘change in the economic behaviour of the average consumer’ lays down an objective condition. That change cannot be deduced solely from subjective elements such as consumers’ perceptions. The mere fact that consumers note the presence of a new sign similar to an earlier sign is not sufficient of itself to establish the existence of a detriment or a risk of detriment to the distinctive character of the earlier mark within the meaning of Article 8(5) EUTMR, in as much as that similarity does not cause any confusion in their minds. The Court agrees that the Regulation and the Court’s case-law do not require evidence to be deduced from actual detriment, but also admit the serious risk of such detriment, allowing the use of logical deductions. None the less, such deductions must not be the result of mere suppositions but must be founded on ‘an analysis of the probabilities and by taking account of the normal practice in the relevant commercial sector as well as all the other circumstances of the case’, as the Court of Justice clarified in the *WOLF Jardin and Outils WOLF* case (2013).⁸⁸

⁸⁵ CJEU 23 October 2003, Case [C-408/01](#), ECLI:EU:C:2003:582, *Adidas/Fitnessworld Trading*; three stripes versus two stripes.

⁸⁶ CJEU 4 November 2008, Case [C-252/07](#), ECLI:EU:C:2008:655, *Intel Corporation/CPM United Kingdom*, at 63.

⁸⁷ CJEU 4 November 2008, Case [C-252/07](#), ECLI:EU:C:2008:655, *Intel Corporation/CPM United Kingdom*, at 77.

⁸⁸ CJEU 14 November 2013, Case [C-383/12 P](#), ECLI:EU:C:2013:741, *Environmental Manufacturing/OHIM and Société Elmar Wolf*; *WOLF Jardin and Outils WOLF*, at 37, 42 and 43.



[picture: WOLF Jardin and Outils / WOLF]

But, apart from all this, ‘for the proprietor of a trade mark with a reputation to be effectively protected against that type of injury, Article 5(2) of Directive 89/104/EEC [Article 10(2)(c) EUTMD 2015] and Article 9(1)(c) of Regulation No 40/94 [Article 9(2)(c) EUTMR] must be interpreted as entitling the proprietor to prevent all use of a sign identical with or similar to that trade mark which reduces the distinctiveness of the mark, without it being required to wait for the end of the process of dilution, that is to say, the total loss of the trade mark’s distinctive character’.⁸⁹

2.4.5.4 *Unfair advantage*

Taking of unfair advantage of the distinctive character or the repute of a mark within the meaning of 9(2)(c) EUTMR, ‘does not require that there be a likelihood of confusion or a likelihood of detriment to the distinctive character or the repute of the mark or, more generally, to its proprietor. The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an advantage taken unfairly by that third party of the distinctive character or the repute of that mark where that party seeks by that use to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark’s image.’⁹⁰ This was decided by the CJEU in the L’Oreal /Bellure case on smell-a-likes.

⁸⁹ CJEU 22 September 2011, Case [C-323/09](#), ECLI:EU:C:2011:604, Interflora/Marks & Spencer, at 77.

⁹⁰ CJEU 18 June 2009, Case [C-487/07](#), ECLI:EU:C:2009:435, L’Oréal /Bellure.



[Picture: L’Oreal and Bellure]

Use as a keyword

The proprietor of a trade mark with a reputation is entitled to prevent a competitor from advertising on the basis of a key-word corresponding to that trade mark, which the competitor has, without the proprietor’s consent, selected in an internet referencing service in the following circumstances: 1) where the competitor by doing that takes unfair advantage of the distinctive character or repute of the trade mark (free-riding) or 2) where the advertising is detrimental to the distinctive character (dilution) or to the repute (tarnishment) of the trade mark. Advertising on the basis of such a keyword is detrimental to the distinctive character of a trade mark with a reputation (dilution) if, for example, it contributes to turning that trade mark into a generic term. The proprietor of a trade mark with a reputation is not entitled to prevent, inter alia, advertisements displayed by competitors on the basis of keywords corresponding to that trade mark, which put forward an alternative to the goods or services of the proprietor of that mark. However such advertisements must not concern offering a mere imitation of the goods or services of the proprietor of that trade mark, nor cause dilution or tarnishment and, moreover, must not adversely affect the functions of the trade mark with a reputation. Such use falls, as a rule, within the ambit of fair competition in the sector for the goods or services concerned and is thus not without ‘due cause’.⁹¹

In the Specsavers/Asda Stores case of 2013, the CJEU referred to the fact that the defendant Asda was itself associated with the colour green, which it used for the signs alleged to infringe the trade marks of the plaintiff Specsavers. According to the CJEU this could result

⁹¹ CJEU 22 September 2011, Case [C-323/09](#), ECLI:EU:C:2011:604, Interflora/Marks & Spencer.

in a reduction of the likelihood of confusion or association between those signs and the trade marks of the Specsavers group, to the extent that the relevant public could perceive the colour green of those signs originating from Asda. It, therefore, held that Article 9(2)(b) and (c) EUTMR must be interpreted as meaning that the fact that the third party making use of a sign which allegedly infringes the registered trade mark is itself associated, in the mind of a significant portion of the public, with the colour or particular combination of colours which it uses for the representation of that sign is relevant to the global assessment of the likelihood of confusion and unfair advantage for the purposes of that provision. As a consequence, this may also be relevant to determining whether the use of that sign has a ‘due cause’ within the meaning of Article 9(2)(c).⁹²

2.4.5.5 *Due cause*

Indeed, in the Leidseplein/Red Bull case in 2014 the Court held that the concept of ‘due cause’ may not only include objectively overriding reasons but may also relate to the subjective interests of a third party using a sign which is identical or similar to the mark with a reputation. It came to the conclusion that the proprietor of a trade mark with a reputation may be obliged, pursuant to the concept of ‘due cause’, to tolerate the use by a third party of a sign similar to that mark in relation to a product which is identical to that for which that mark was registered, if it is demonstrated that that sign was being used before that mark was filed and that the use of that sign in relation to the identical product was in good faith. In order to determine whether that is the case, the national court must, in particular, take account of: (a) how that sign has been accepted by, and what its reputation is with, the relevant public; (b) the degree of proximity between the goods and services for which that sign was originally used and the product for which the mark with a reputation was registered; and (c) the economic and commercial significance of the use for that product of the sign which is similar to that mark.⁹³



[Picture: Red Bull and Bulldog]

⁹² CJEU 18 July 2013, Case [C-252/12](#), ECLI:EU:C:2013:497, Specsavers/Asda Stores.

⁹³ CJEU 6 February 2014, Case [C-65/12](#), ECLI:EU:C:2014:49, Leidseplein Beheer, Hendrikus de Vries/Red Bull, at 45 and 60.

2.5 Limitation of the effects of an EU trade mark

2.5.1 *Descriptive use*

According to Article 14(1) an EU trade mark does not entitle the proprietor to prohibit a third party from using in the course of trade:

- (a) the name or address of the third party, where that third party is a natural person;
- (b) signs or indications which are not distinctive or which concern the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of the goods or services; and
- (c) the EU trade mark for the purpose of identifying or referring to goods or services as those of the proprietor of that trade mark, in particular, where the use of that trade mark is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts. Pursuant to Article 14(2), the above-mentioned rules shall only apply where the use made by the third party is in accordance with honest practices in industrial or commercial matters.

In the *Gillette/LA-Laboratories* case (2005) the CJEU decided that ‘use of the trade mark by a third party who is not its owner is necessary in order to indicate the intended purpose of a product marketed by that third party where such use in practice constitutes the only means of providing the public with comprehensible and complete information on that intended purpose in order to preserve the undistorted system of competition in the market for that product. The condition of ‘honest use’ constitutes in substance the expression of a duty to act fairly in relation to the legitimate interests of the trade mark owner.’⁹⁴

The Court of Justice further held that the use of the trade mark will not be in accordance with honest practices in industrial and commercial matters if, for example, (a) it is done in such a manner as to give the impression that there is a commercial connection between the third party and the trade mark owner; (b) it affects the value of the trade mark by taking unfair advantage of its distinctive character or repute; (c) it entails the discrediting or denigration of that mark; or (d) where the third party presents its product as an imitation or replica of the product bearing the trade mark of which it is not the owner. The fact that a third party uses a trade mark of which it is not the owner in order to indicate the intended purpose of the

⁹⁴ CJEU 17 March 2005, Case [C-228/03](#), ECLI:EU:C:2005:177, *Gillette/LA-Laboratories*.

product which it markets does not necessarily mean that it is presenting it as being of the same quality as, or having equivalent properties to, those of the product bearing the trade mark.⁹⁵



[Picture: Gillette/LA-Laboratories].

2.5.2 Exhaustion

An EU trade mark does not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the European Economic Area under that trade mark by the proprietor or with his consent. This is called “exhaustion” of rights. This principle, however, does not apply when the proprietor has legitimate reasons to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.⁹⁶

Articles 5 to 7 EUTMD (Articles 10, 14 and 15 EUTMD 2015) and Articles 9 to 12 EUTMR ‘do not entitle the proprietor of a trade mark to prohibit a third party from using the mark for the purpose of informing the public that he carries out the repair and maintenance of goods covered by that trade mark and put on the market under that mark by the proprietor or with his consent, or that he has specialised or is a specialist in the sale or the repair and maintenance of such goods, unless the mark is used in a way that may create to the impression that there is a commercial connection between the other undertaking and the trade mark proprietor, and in

⁹⁵ CJEU 17 March 2005, Case [C-228/03](#), ECLI:EU:C:2005:177, Gillette/LA-Laboratories.

⁹⁶ Article 13 EUTMR. The European Economic Area includes, apart from the EU Member States, Iceland, Norway and Liechtenstein.

particular that the reseller's business is affiliated to the trade mark proprietor's distribution network or that there is a special relationship between the two undertakings.'⁹⁷

'When trade-marked goods have been put on the Community market by the proprietor of the trade mark or with his consent, a reseller, besides being free to resell those goods, is also free to make use of the trade mark in order to bring to the public's attention the further commercialization of those goods.'⁹⁸

The proprietor of a trade mark may not rely on Article 7(2) EUTMD (Article 15(2) EUTMD 2015) or 13(2) EUTMR 'to oppose the use of the trade mark, by a reseller who habitually markets articles of the same kind, but not necessarily of the same quality, as the trade-marked goods, in ways customary in the reseller's sector of trade, for the purpose of bringing to the public's attention the further commercialization of those goods, unless it is established that, given the specific circumstances of the case, the use of the trade mark for this purpose seriously damages the reputation of the trade mark.'⁹⁹

Moreover, Article 5 EUTMD (Article 10 EUTMD 2015) precludes a proprietor of trade marks which, in a situation where there has been use shared with a third party, *had consented* to the use by that third party of signs which are identical to its marks in respect of certain goods in classes for which those marks are registered and which *no longer consents* to that use, from being deprived of any possibility of asserting the exclusive right conferred upon it by those marks against that third party and of itself exercising that exclusive right in respect of goods which are identical to those of that third party.¹⁰⁰

2.6 Period of protection, revocation and invalidity

2.6.1 Duration of registration

EU trade marks are protected for a period of 10 years from the date of filing of the application. Registration may be renewed for further periods of 10 years.¹⁰¹ This can be done

⁹⁷ CJEU 23 February 1999, Case [C-63/97](#), ECLI:EU:C:1999:82, BMW/Ronald Deenik.

⁹⁸ CJEU 4 November 1997, Case [C-337/95](#), ECLI:EU:C:1997:517, Dior/Evora.

⁹⁹ CJEU 4 November 1997, Case [C-337/95](#), ECLI:EU:C:1997:517, Dior/Evora.

¹⁰⁰ CJEU 19 September 2013, Case [C-661/11](#), ECLI:EU:C:2013:577, Martin Y Paz Diffusion/David Depuydt, Fabrik van Maroquinerie Gauquie, at 62.

¹⁰¹ Article 46 EUTMR.

for an unlimited number of times, as long as the trade mark does not get revoked or declared invalid for one of the reasons mentioned below.

2.6.2 Revocation (Article 58 EUTMR)

2.6.2.1 Genuine use

The most important requirement for unlimited prolongation of a trade mark right is continued ‘genuine use.’ If, within a period of five years following registration, the proprietor has not put the EU trade mark to genuine use in the Union in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the EU trade mark can be revoked on application, unless there are proper reasons for non-use.¹⁰² However, no person may claim that the proprietor’s rights in an EU trade mark should be revoked where, during the interval between expiry of the five-year period and filing of the application or counterclaim, genuine use of the trade mark has started or been resumed.¹⁰³

There is genuine use of a trade mark where the mark is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve a demand for those goods or services; genuine use does not include token use for the sole purpose of preserving the rights conferred by the mark.

When assessing whether use of a trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, particularly whether such use is viewed in the relevant economic sector as justified to maintain or create a share in the market for the goods or services protected by the mark, the nature of the goods or services at issue, the characteristics of the market and the scale and frequency of use of the mark.¹⁰⁴ ‘It is not possible to determine a priori, and in the abstract, what quantitative threshold should be chosen in order to determine whether use is genuine or not. A *de minimis* rule, which would not allow OHIM or, on appeal, the Court of First Instance, to appraise all the circumstances of the dispute before it, cannot therefore be laid down.’¹⁰⁵

¹⁰² Article 18 and 58(1)(a) EUTMR.

¹⁰³ Article 58(1)(a) EUTMR.

¹⁰⁴ CJEU 11 March 2003, Case [C-40/01](#), ECLI:EU:C:2003:145, Ansul/Ajax; Minimax.

¹⁰⁵ CJEU 11 May 2006, Case [C-416/04 P](#), ECLI:EU:C:2006:310, The Sunrider/OHIM; Vitafruit, at 72.

In the Onel/Omel case,¹⁰⁶ the CJEU held that Article 18(1), first subparagraph EUTMR must be interpreted as meaning that the territorial borders of the Member States should be disregarded in the assessment of whether a trade mark has been put to ‘genuine use in the Union’ within the meaning of that provision. It further held that an EU trade mark is put to ‘genuine use’ within the meaning of that provision when it is used in accordance with its essential function and for the purpose of maintaining or creating market share within the Union for the goods or services covered by it. It is for the referring court to assess whether the conditions are met in the main proceedings, taking account of all the relevant facts and circumstances, including the characteristics of the market concerned, the nature of the goods or services protected by the trade mark and the territorial extent and the scale of the use as well as its frequency and regularity.

Finally, according to Article 18(1), second subparagraph EUTMR the following shall also constitute use within the meaning of the first subparagraph: (a) use of the EU trade mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, regardless of whether or not the trade mark in the form as used is also registered in the name of the proprietor; and (b) affixing of the EU trade mark to goods or to the packaging thereof in the Union solely for export purposes. Taking into account this provision, in the Specsavers/Asda Stores case, already referred to above, the CJEU held that Article 18(1) and Article 58(1)(a) EUTMR must be interpreted as meaning that the condition of ‘genuine use’, within the meaning of those provisions, may be fulfilled where an EU figurative mark is used only in conjunction with an EU word mark which is superimposed over it, and the combination of those two marks is, furthermore, itself registered as an EU trade mark, to the extent that the differences between the form in which that trade mark is used and that in which it was registered do not change the distinctive character of that trade mark as registered.¹⁰⁷

¹⁰⁶ CJEU 19 December 2012, Case [C-149/11](#), ECLI:EU:C:2012:816, Leno Merken/Hagelkruis Beheer; Onel/Omel.

¹⁰⁷ CJEU 18 July 2013, Case [C-252/12](#), ECLI:EU:C:2013:497, Specsavers/Asda Stores.

[Picture: Specsavers trade mark, as registered and as used]

There can be proper reasons for non-use, in which case the trade mark will not be revoked. In this context, the CJEU held that ‘Obstacles having a direct relationship with a trade mark which make its use impossible or unreasonable and which are independent of the will of the proprietor of that mark constitute proper reasons for non-use of the mark.’¹⁰⁸



2.6.2.2 *Common name in trade*

If, in consequence of acts or inactivity of the proprietor, the trade mark has become the common name in trade for a product or service in respect of which it is registered, the EU trade mark can also be revoked on application to the Office or by a counter-claim in infringement proceedings.¹⁰⁹ Examples of former trade marks that have become generic are ‘escalator’, ‘cornflakes’, ‘yo-yo’, ‘thermos’, ‘heroin’ and ‘vaseline.’

In the Bostongurka case (2004) the Court of Justice decided that: ‘In cases where intermediaries participate in the distribution to the consumer or the end user of a product which is the subject of a registered trade mark, the relevant classes of persons whose views fall to be taken into account in determining whether that trade mark has become the common name in the trade for the product in question comprise all consumers and end users and, depending on the features of the market concerned, all those in the trade who deal with that product commercially.’¹¹⁰



[Picture: Bostongurka]

¹⁰⁸ CJEU 14 June 2007, Case [C-246/05](#), ECLI:EU:C:2007:340, Armin Häupl/Lidl Stiftung.

¹⁰⁹ Article 58(1)(b) EUTMR.

¹¹⁰ CJEU 29 April 2004, Case [C-371/02](#), ECLI:EU:C:2004:275, Björnekulla/Procordia; Bostongurka.

On the other hand, the Court of Justice has also held that a trade mark is liable to revocation in respect of a product for which it is registered if, in consequence of acts or inactivity of the proprietor, that trade mark has become the common name for that product from the point of view solely of end users of the product.¹¹¹



[Picture: Kornspitz]

2.6.3 Invalidity (Article 59 EUTMR)

Trade marks can be declared invalid in court proceedings on the same grounds as they can be refused on by the Office. (See Article 59(1)). They can, for example, also be declared as revoked on application to the Office or on the basis of a counterclaim in infringement proceedings if, in consequence of the use made of it by the proprietor of the trade mark or with his consent in respect of the goods or services for which it is registered, the trade mark is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services. Likewise, ‘a trade mark corresponding to the name of the designer and first manufacturer of the goods bearing that mark is not, by reason of that particular feature alone, liable to revocation on the ground that that mark would mislead the public, within the meaning of Article 12(2)(b) EUTMD [Article 20(b) EUTMD 2015], in particular where the goodwill associated with that mark has been assigned together with the business making the goods to which the mark relates.’¹¹²

Regarding the registration in bad faith, referred to in Article 59(1)(b) EUTMR, see also paragraph 2.3.3.

2.7 Transactional; assignment and licensing

An EU trade mark can be transferred, separately from any transfer of the undertaking, in respect of some or all of the goods or services for which it is registered. A transfer or assignment of the EU trade mark that is not made in writing and signed by the parties to the contract is void, except when it is a result of a judgment. A transfer of the whole of the undertaking includes the transfer of the EU trade mark except where, in accordance with the

¹¹¹ CJEU 6 March 2014, Case [C-409/12](#), ECLI:EU:C:2014:130, Backaldrin Österreich The Kornspitz Company/ Pfahnl Backmittel; Kornspitz, at 30.

¹¹² CJEU 30 March 2006, Case [C-259/04](#), ECLI:EU:C:2006:215, Elizabeth Emanuel/Continental Shelf 128; Elizabeth Emanuel.

law governing the transfer, there is agreement to the contrary or where circumstances clearly dictate otherwise.¹¹³

An EU trade mark can be licensed for some or all of the goods or services for which it is registered and for the whole or a part of the Union. A licence may be exclusive or non-exclusive. On request of one of the parties the grant or transfer of a licence in respect of an EU trade mark shall be entered in the Register and published.¹¹⁴

2.8 Trade names

Trade names identify undertakings themselves, rather than their goods or services. According to Article 8 of the Paris Convention of 1883/1967 ‘a trade name shall be protected in all the countries of the Union without the obligation of filing or registration, whether or not it forms part of a trade mark.’ For the protection of trade names registration is not required. Trade name protection is not harmonized at the European level. Trade names are protected under national law against the use of other confusingly similar trade names.

Trade mark versus trade name

In the Céline case the CJEU held that the unauthorized use by a third party of a company name, trade name or shop name which is identical to an earlier mark in connection with the marketing of goods which are identical to those in relation to which that mark was registered, constitutes use which the proprietor of that mark is entitled to prevent in accordance with Article 5(1)(a) EUTMD [Article 10(2)(a) EUTMD 2015], where the use is in relation to goods in such a way as to affect or be liable to affect the functions of the mark, in particular its essential function of guaranteeing to consumers the origin of the goods or services.¹¹⁵ The essence of this rule has been codified in Article 9(3)(d) EUTMR.

2.9 Domain names

Domain names serve as internet addresses, but also as signs that distinguish goods, services or companies. The registration and use of a domain name can therefore violate trade mark and/or trade name rights.

¹¹³ Article 20 EUTMR.

¹¹⁴ Article 25.1 and 25.5 EUTMR.

¹¹⁵ CJEU 11 September 2007, Case [C-17/06](#), ECLI:EU:C:2007:497, Céline SARL/Céline SA, at 26. Cf. also CJEU 16 November 2004, Case [C-245/02](#), ECLI:EU:C:2004:717, Anheuser Busch/Budějovický Budvar; Budweiser.

At the international level, WIPO domain name arbitration is available for conflicts regarding domain names under several important generic Top Level Domains (gTLDs), such as .com, .net and .org and for some country code Top Level Domains (ccTLDs), such as .ie, .nl and .pl. The Uniform Domain Name Dispute Resolution Policy (UDRP) is administered by the WIPO Arbitration and Mediation Center. It is in force since December 1999 and its procedure is conducted fully online.

Since 2005 it is possible to register and use domain names under the '.eu' top-level domain. This is based on an EU Regulation of 2002¹¹⁶ and a Commission Regulation of 2004¹¹⁷ amended in 2009.¹¹⁸ The objective of this Regulation is to implement the .eu country code Top Level Domain (ccTLD) within the Union. The Regulation sets out the conditions for such implementation, including the designation of a Registry, and establishes the general policy framework within which the Registry will function. By the end of 2012 nearly 4 million .eu domain names have been registered. The registration is managed by an organisation called EURid.

An .eu domain name registration can be challenged in a regular court in the EU, but .eu disputes can also be settled using the Alternative Dispute Resolution (ADR) process as outlined in European Commission Regulation No 874/2004. ADR is usually faster and often cheaper than normal court proceedings. ADRs are handled by the Prague-based Czech Arbitration Court, an independent body selected by EURid. The rulings of the Czech Arbitration Court are legally binding, unless a party chooses to appeal the decision through a conventional court of law. On average, ADRs are resolved within four months of being filed. If a case is resolved in favour of the complainant, use of the disputed .eu domain name is usually transferred to him or her in about 30 days after a decision to allow time for an appeal.

A registered .eu domain name is subject to revocation where that name is identical or confusingly similar to a name in respect of which prior rights exist and where it has been registered by its holder without rights or legitimate interest in the name or has been registered

¹¹⁶ Regulation (EC) No 733/2002 of 22 April 2002 on the implementation of the .eu Top Level Domain.

¹¹⁷ Commission Regulation (EC) No 874/2004 of 28 April 2004 laying down public policy rules concerning the implementation and functions of the .eu Top Level Domain and the principles governing registration.

¹¹⁸ Commission Regulation (EC) No 560/2009 of 26 June 2009 amending Regulation (EC) No 874/2004 laying down public policy rules concerning the implementation and functions of the .eu Top Level Domain and the principles governing registration.

or is being used in bad faith.¹¹⁹ In Article 21.2 and 3 the regulation contains a detailed list of what amounts to ‘a legitimate interest’ and ‘bad faith’.

A ‘prior right’ is a right which is recognised or established by national and/or Union law, such as registered national and EU trade marks, geographical indications or designations of origin, and, in as far as they are protected under national law in the Member-State where they are held: unregistered trade marks, trade names, business identifiers, company names, family names, and distinctive titles of protected literary and artistic works.¹²⁰

Where a domain name is considered by a Court of a Member State to be defamatory, racist or contrary to public policy, it is blocked by the Registry upon notification of a Court decision and shall be revoked upon notification of a final Court decision. The Registry blocks from future registration those names which have been subject to such a court order for as long as such order remains valid.¹²¹

¹¹⁹ Article 21 of Commission Regulation (EC) No 874/2004 of 28 April 2004.

¹²⁰ Article 10(1) of Commission Regulation (EC) No 874/2004 of 28 April 2004.

¹²¹ Article 18 of Commission Regulation (EC) No 874/2004 of 28 April 2004.

Chapter 3 Patents

3.1 Introduction

Patents offer protection for technical inventions which are novel and inventive having regard to what went before (the ‘prior art’).

Patent applications and patents take the form of a description of the invention (the ‘description’), followed by one or more claims defining the scope of protection sought (the ‘claims’). Patents may also contain drawings or figures illustrating the invention.

There are two broad categories of claim: a claim to a product (for example: a chemical compound or family of compounds; a machine or an apparatus; an electronic device; a drug; a novel food product, etc); and a claim to an activity (for example: a process for making a product; a use of a product; a method for carrying out an industrial process, etc). A single patent will typically contain claims directed to both categories of claim. One or more ‘independent’ claims setting out the invention are often followed by ‘dependent claims’ which refer back to the independent claim and which recite additional aspects of the invention. A claim may be quite short, or it may extend over a number of pages, but it is always drafted in the form of a single sentence. Generally speaking, the shorter a claim is, the broader its scope of protection will be.

3.1.1 The nature of the right

A granted patent provides the patentee with exclusive rights which enable him to take action to prevent others from using or commercialising the protected product or process for a specified period of time (generally 20 years from the date of filing).

It is important to note that a patent does not provide the patentee with a positive right to practice the invention. Whether or not the patentee can practice the invention will depend on the competitive landscape, and in particular on whether other patentees own patent rights which might be infringed by putting the invention into effect.

In order to be patentable, an invention must be new, involve an inventive step and be susceptible of industrial application. In addition, the patent application or patent must disclose

the invention in such a way as to make it possible for a person skilled in the art to carry it out: the invention must be ‘sufficiently disclosed’ (or ‘enabled’).

3.1.2 Justification for the patent system

The main justification advanced in support of the patent system imagines a mutually beneficial contract between the inventor and the state. On the one hand, the inventor is rewarded for his ingenuity and for disclosing his invention to the public with the grant of time-limited exclusive rights in respect of the invention. The theory is that granting patents for inventions stimulates innovation. Granting a patent is also intended to allow inventors to earn a return on their investment in the research and development of the invention.

On the other hand, the state - and society as a whole - benefits from the publication of the details of the invention. From a societal point of view, there are at least two short-term benefits. First, society may well benefit from the invention itself (for example: the addition to the market of a new medicine; or of an innovative electronic device). Second, society benefits from the disclosure of the invention and of how it works. This may very well make it possible to come up with new inventions, building on the insights of the inventor. A longer-term benefit for society is that after the period of exclusivity has expired, any third party may freely make use of the invention.

Not everyone is convinced by the contractual justification for patents. Critics point to the lack of statistical basis for the suggestion that the granting of patents stimulates innovation. They highlight problems in the area of electronics, where “patent thickets” have grown up which, it is said, tend to stifle innovation rather than reward it. They also point to the problem of “evergreening” in the pharmaceutical field, where often relatively trivial second and third generation patents, directed to (for example) pharmaceutical formulations or dosage regimes, are filed in an attempt to extend the lifespan of patent protection on medicines.

Despite such criticisms, no-one has so far come up with a credible and workable alternative to the patent system. In certain areas (the pharmaceutical field being a case in point), the business model underpinning the sector would fall away if it were not possible to protect inventions by means of the patent system. In such areas, it would be impossible to justify the

very significant investments necessary to bring inventions to market if there were no effective way of protecting the final product from being copied.

3.1.3 *Trade secrets as an alternative to patent protection?*

Occasionally, an inventor will have to decide whether to protect his invention by means of a patent, or to try to keep it secret. The advantage of keeping the invention secret is that the duration of ‘protection’ (in the sense of the secret being kept) is potentially limitless.

In the case of products destined to be sold on the open market, however, the decision is easily made, since trade secrets will generally not provide for any meaningful protection at all in such cases. There is no legal machinery to prevent third parties from ‘reverse engineering’ the product, and finding out what is in it, or what it is made of, or how it has been put together.

However, in the case of methods and processes which are carried out behind closed doors, and which rely on proprietary knowhow, there may be an argument for keeping the details of the process secret, rather than publishing them in the pages of a patent application.

Coca-Cola® is sometimes cited as an example of a recipe successfully being protected over many decades by means of trade secrets. Indeed, the idea of a secret recipe secured in a vault and known only to one or two executives within the company is part of the marketing narrative surrounding the soft drink. The reality is that the composition itself (though not necessarily the way in which the composition has been made) is almost certainly susceptible of chemical analysis using modern analytical techniques.

Recently, the Trade Secrets Directive¹²² has come into force. The purpose of the Directive is to provide a harmonised minimum level of protection in European member states for trade secrets.

¹²² Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure.

3.1.4 *European patents*

Patents are national rights which are territorial in scope. A patentee will have to decide where he will seek patent protection. A geographically broad area of protection will cost more, in terms of renewal fees, than more limited coverage. Up until the 1970s, in order to obtain patents in a number of different European jurisdictions a patentee would have to file national patent applications in each of the jurisdictions in which protection was sought. The European Patent Convention (EPC) of 1973¹²³ made it possible to file a single patent application which, when granted, would fall apart into a bundle of national patent rights which can then be validated in individual contracting states. For many contracting states, this validation procedure, which must be completed within three months, involves filing a translation of the specification (or in some cases only the claims) into one of the local official languages in the member state in question.

National patents filed directly at the patent offices of member states continue to be available to patent applicants, alongside the possibility of obtaining a ‘bundle’ of national patents using the European route. The European patent system has, however, proved extremely successful and has to a very large extent supplanted the filing of national patent applications.

The EPC is not a legal instrument of the European Union, but an international treaty. It is currently valid in 38 states, including all EU Member States.¹²⁴ Pursuant to Article 2(2) EPC, a European patent shall, in each of the contracting states for which it is granted, have the effect of and be subject to the same conditions as a national patent granted by that state, unless the EPC provides otherwise. It is important to understand the non-unitary nature of the granted European patent: as noted above, upon grant, a European patent falls apart into a bundle of national rights, which must be maintained and enforced at national level.

The substantive patent law discussed in this Chapter is the law set out in the EPC and its implementing regulations (the “Rules”). The European Patent Office has also published Guidelines for Examination in the EPO, and these too will be referred to in what follows, as

¹²³ The EPC was revised in 2000, with the new text (EPC 2000) coming into force on 13 December 2007.

¹²⁴ See www.epo.org.

will decisions of the Boards of Appeal and the Enlarged Boards of Appeal¹²⁵ of the EPO. The decisions of the Boards of Appeal and of the Enlarged Board form an important point of reference for national judges when interpreting the provisions of the EPC.

3.1.5 *Claiming priority*

An applicant filing a patent application in a contracting state of the EPC, or a WTO member recognised as giving rise to a priority right, can, within a year of filing the earlier application, file a European application and claim priority from the earlier application. Successfully claiming priority means that the effective date of the later application (the ‘priority date’) is considered to be the effective date of the earlier application.

The effective date of an application, whether it be the date of filing, or, where a claim to priority is made, the priority date, is of particular importance for determining the state of the art relevant to the novelty or obviousness of the subject-matter of the application: generally speaking, documents published after the effective date of the application do not belong to the state of the art, and cannot be cited against it¹²⁶. It is therefore important, especially in fast-moving areas of technology, to fix the effective date as expeditiously as possible, in order to establish an early cut-off point for the state of the art.

The practical advantage of first filing a national patent application, and a year later claiming priority from it, is that the applicant can ensure on the one hand that a patent filing is in place, whilst also taking the time to decide whether to proceed with a more extensive filing of patent applications in other jurisdictions. Such a course of action serves to keep the initial costs low.

For a valid claim to priority for a later European application, Article 87(1),(2) and (5) set out a number of conditions.¹²⁷ First, the previous application must have been filed in or for a state or WTO member recognised as giving rise to a priority right in accordance with the provisions of the EPC. Second, the applicant for the subsequent European patent must be the same applicant, or the successor in title to the applicant, who made the previous application.

¹²⁵ The Enlarged Board of Appeal of the EPO “clarifies and interprets important points of law relating to the EPC, and ensures uniform application of the law” (by the Boards of Appeal of the EPO and by the national courts), see www.epo.org.

¹²⁶ There are one or two exceptions to this rule. European patent applications with an earlier effective date, but a later date of publication are relevant for the examination of novelty (but not inventive step) of the later application: Article 53(3) and Article 56 EPC.

¹²⁷ See generally Guideline A-III, 6.

Third, the European application must have been made during a period of twelve months from the date of filing of the previous application (subject to certain exceptions, see Guideline A-III, 6.6). Finally, the European application must be in respect of the same invention as the invention disclosed in the previous application, which must be the "first application" in respect of the invention.

The applicant may claim more than one priority based on previous applications in the same or different states and/or WTO members.

It will therefore be appreciated that there are a number of international mechanisms in place which facilitate the overseas filing of patent applications. First, there is an international mechanism in place allowing applicants to benefit from national filings in order to establish an effective date for their application (the priority system discussed above). Second, there is the Patent Cooperation Treaty (PCT). This is a route which allows a single patent application to be filed which can later be pursued and prosecuted as national or regional applications (including as a European application) in many parts of the world. Third, there is the EPC, which allows a single application to be filed and examined by a central authority (the EPO), which then falls apart after grant into a bundle of national rights which are validated and enforced at a national level. What is missing, however, at European level, is a single unitary patent right which can be enforced across European borders as a single intellectual property right.

3.1.6 Towards a unitary European patent

A number of attempts have been made over the years to provide for a unitary European patent right: one which can be enforced supra-nationally in Europe, as a single patent right. One early attempt was the Convention for the European Patent for the Common Market, or the Community Patent Convention (CPC). The CPC was signed at Luxembourg on 15 December 1975, by the nine member states of the European Economic Community (as it then was).

In the event, a unitary patent right was a bridge too far for the member states at the time, and not enough countries ratified the treaty for it to enter into force. Nevertheless, present-day national patent laws governing patent infringement in almost all European member states are to a very large extent based on the provisions of the CPC.

More recently, an attempt has been made to pass legislation at European level to create a unitary European patent, with a unified patent court system to hear disputes in relation to the unitary patents. This attempt has involved passing two European Regulations establishing the new European patent with unitary effect¹²⁸ and dealing with language issues¹²⁹; and the drawing up of an international agreement¹³⁰ establishing the new Unified Patent Court system. These legal instruments were, after a long and difficult gestation period, finally agreed in 2012, although they have yet to enter into force.

Political considerations meant that it was impossible to agree where the new unified patent court should be established, and the final international agreement represents a political compromise. Local national and regional divisions established in European member states will be able to hear infringement actions, whereas attacks on the validity of unitary patents must in principle be brought before the central division.

That is not quite the whole story, however, since invalidity counterclaims can also be launched in infringement actions brought before local or regional divisions. The local or regional divisions can decide to hear the invalidity action themselves, or (with the agreement of parties) send both the infringement and validity claims off to the central division for a decision on the whole case. Local and regional divisions can also decide to ‘bifurcate’ the issues, and send only the invalidity part of the case to the central division, whilst retaining the infringement part of the case. The infringement part of the case can then be disposed of locally; or local proceedings can be stayed until the central division has determined the validity question.

The central division is itself the subject of a further political compromise. Instead of being located centrally, it has three seats, once each in London, Paris and Munich. The division of

¹²⁸ Regulation (EU) No. 1257/2012 of the European Parliament and of the Council of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection, OJ 31 December 2012, L 361/1, see: <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:361:0001:0008:EN:PDF>

¹²⁹ Council Regulation (EU) No 1260/2012 of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements, OJ 31 December 2012, L361/89.

¹³⁰ Agreement on a Unified Patent Court, see <https://www.unified-patent-court.org/sites/default/files/upc-agreement.pdf>

responsibilities between the seats is based, somewhat arbitrarily, on the technical classification of the subject-matter of the patent¹³¹.

There will be a single, centralised Court of Appeal, which will have its (sole) seat in Luxembourg. It is not intended that the CJEU will have jurisdiction to hear appeals on questions of validity or infringement, but clearly local national and regional divisions (as well as the central division and the central court of appeal) are free to refer questions of EU law to the CJEU where appropriate.

The unified court system also envisages patent arbitration and mediation centres in Lisbon and Ljubljana.

Following the implementation of the agreement and the Regulations, granted European patents will automatically have unitary effect unless the applicant has opted out of the scheme. It will be possible to opt out of the system during a transitional period of seven years, which may be extended by a further period of seven years. Because it will be possible to continue to opt out of the system until the very last day of the transitional period, European patents (and also regular national patents) are likely to continue to exist for decades to come. This circumstance, coupled with the complicated rules on jurisdiction set out in the agreement, mean that “forum shopping” (i.e. the choice by a litigant of the jurisdiction perceived to be most favourable, given the facts of the case) is likely to be elevated to an art form. This is unfortunate, because one of the stated aims of the new system was specifically to discourage forum shopping.

In terms of costs, the annual renewal fees of the unitary patent have been chosen so as to approximate to the costs of maintaining a traditional European patent in the four most frequently designated contracting member states¹³². Thus, in situations where protection is sought for four or more European countries, the costs of maintaining the unitary patent will be equal to or lower than that of maintaining a traditional European bundle patent.

¹³¹ The intention is that the French seat will deal with disputes in the field of electronics; the German seat with disputes in the mechanical field; and the UK seat with chemistry, including biotechnology and pharmaceuticals.

¹³² France, Germany, the United Kingdom and The Netherlands.

Because the unified patent court is supposed to be self-financing, the court costs for filing infringement actions will be significant, and depend on the value of the case¹³³. Reasonable legal fees are recoverable from the losing party up to a cap which depends on the value of the case¹³⁴. It is intended that small and medium sized litigants will not bear the brunt of a full costs award.

The geographical scope of the new regime is distinct from that which applies to traditional European ‘bundle’ patents. As noted above, traditional European patents can take effect in 38 contracting states, including all European member states. (For costs reasons, however, very few European patentees maintain European patents over the whole of their lifetime in the full contingent of contracting states).

The unitary patent regime, on the other hand, is intended to apply for the 26 European member states which participated in the enhanced cooperation to create the unitary patent¹³⁵. This assumes, however, that all 26 member states actually ratify the agreement before it enters into effect. In order for the new regime to come into force, the agreement must be ratified by at least 13 states, including France, Germany and the United Kingdom. As of January 2019, 16 member states have ratified, including France and the United Kingdom¹³⁶. Germany has not yet ratified the agreement, pending the determination of a complaint made to the German Constitutional Court on the question of the constitutionality, under German law, of the agreement and of the route chosen to implement it. At the time of writing, it is unclear when the German Constitutional Court will hand down its decision.

The geographical footprint of unitary patents will be fixed at the date of grant of the patent. If Germany ratifies the agreement in the near future, and if there are no further ratifications beyond the existing 16 ratifications prior to the new regime coming into effect, then the first granted European patents with unitary effect will be valid for 17 member states. Ratification after grant by other member states will not have any retrospective effect on the geographical coverage of unitary patents which have already been granted (though it will of course have an

¹³³ For a case valued at EUR 50 million or more, the Court fee for an infringement action will be EUR 221,000. SME’s and universities can apply for an exemption from the Court fee. For revocation actions, all cases, whatever their value, will attract a fixed Court fee of EUR 20,000.

¹³⁴ For a case valued at EUR 50 million or more, the recoverable fees will be capped at EUR 3 million per party.

¹³⁵ Neither Poland nor Spain took place in the enhanced cooperation.

¹³⁶ See <https://www.consilium.europa.eu/en/documents-publications/treaties-agreements/agreement/?id=2013001&DocLanguage=en#>

effect on any subsequently granted unitary patents).

‘Brexit’ presents a further complication. The legislative framework for the unitary patent does not envisage the possibility for ‘third countries’ (such as the United Kingdom, following its exit from the European Union) to take part in the new unitary patent scheme. Nor will it simply be a question of the other member states proceeding without the United Kingdom, not least because the United Kingdom has the right, under an international agreement (rather than an EU legal instrument), to host one of the seats of the new court¹³⁷. Amending this provision will require a full diplomatic conference, and that will no doubt open up discussions on other fronts. There is also a separate question as to whether the business community will consider the new unitary patent to be an interesting option without the participation of the UK, if indeed that is the outcome: it had generally been hoped that UK judges would play an influential role in framing the early jurisprudence of the central division (and of the court of appeal).

For these reasons, it is presently impossible to know whether the unitary patent system as currently envisaged will ever see the light of day; and if it does, whether industry will embrace it.

The Articles referred to in the remainder of this chapter are those of the EPC 2000, unless indicated otherwise. The Rules are those of the EPC Implementing Regulations.

3.2 Substantive requirements for patentability

3.2.1 Article 52: patentable inventions

Article 52 sets out the basic substantive requirements which must be fulfilled for a European patent to be granted. It also provides a list of products or activities which are not regarded as being inventions.

¹³⁷ The UK seat of the central division was intended to deal with biotechnological and pharmaceutical cases, an important technical area, with significant cross-border litigation.

According to Article 52(1), European patents shall be granted for any inventions, in all fields of technology, provided that they are new, involve an inventive step and are susceptible of industrial application. Article 52(2) contains a list of items which are not considered to be inventions.

In what follows, the substantive requirements set out in Article 52(1) will be considered, before turning to a consideration of the items referred to in Article 52(2).

3.2.1.1 Novelty

According to Article 54(1) and (2) an invention shall be considered new if it is not part of the state of the art. The state of the art comprises everything made available to the public by means of a written or oral description, by use, or in any other way, before the date of filing (or priority) of the European patent application. The Guidelines of the EPO¹³⁸ make clear that the definition of the ‘state of the art’ is very wide: there are no restrictions whatsoever as to the geographical location or language or manner in which the relevant information was made available to the public; and there is no age limit for the documents or other sources of information.

A written description is regarded as ‘made available to the public’ if, before the date of filing the application or before the priority date, it was possible for members of the public to gain knowledge of the content of the document without the use or dissemination of such knowledge being restricted by confidentiality obligations.

In the case of prior art documents, there is sometimes a dispute about whether or not a given document has in fact been made available to the public prior to the relevant date. This is particularly the case in fast moving technical fields, where there may be a large number of publications around the filing or priority date of the application. In the case of earlier patent documents, there is generally no room for controversy, since the date of publication is always stated on the front page of the patent. In the case of other documents, however, such as textbooks, or journals, or scientific theses, the position may be less clear.

There may be, for example, a dispute as to the exact date of publication of a periodical, or the precise date on which a scientific thesis was entered into the indexing system of a university

¹³⁸ See Guideline G-IV, 1.

library (and was thereby made available to the public). Such disputes are necessarily highly casuistic in nature, and it is often necessary to adduce evidence as to the exact date of publication (for example, a letter or witness statement from the publisher about the date on which a given publication was provided to subscribers; or evidence from a university librarian about the systems in place at the relevant time for entering documents into the university's indexing system)¹³⁹.

When examining a claim for novelty, it is necessary to determine whether each and every claimed technical feature is disclosed in a single prior art source: it is not permissible to combine separate items of prior art together, or even to combine disparate parts of a single prior art document together. Instead, all of the claimed technical features, must, in combination, be present in a single disclosure.

A lack of novelty may be explicit, in the sense that there is a clear and unambiguous disclosure of the claimed subject matter in a prior art document, but it can also be implicit, in the sense that carrying out the prior art will necessarily lead to something falling within the claim¹⁴⁰. For a lack of novelty to be made out in this way, there must be no doubt that a *slavish* reworking of the prior art *necessarily* leads to something falling within the claim. In practice, this often requires experimental evidence from experts charged with the task of carrying out a slavish reworking of the prior art.

3.2.1.1.1 Oral disclosures

The prior art disclosure does not have to be in writing. There may have been an oral prior art disclosure of the invention in a lecture or presentation for example. The ephemeral nature of such disclosures means that evidential burden which much be discharged in order for the objection to be made out is high. Again, cases on this are casuistic in nature, but there are suggestions in the reported case law of the Board of Appeal that in order for a lack of novelty to be made out, there must be *no reasonable doubt* that there was an oral disclosure of all of the claimed technical features. In the case of a presentation, the lecturer's own notes or slides may provide insufficient proof of what was actually disclosed, and the notes of a plurality of

¹³⁹ There is a rich seam of EPO caselaw on such matters. See Case Law of the Boards of Appeal, 8th Edition (2016), Chapter I, part C, par. 3, and in particular 3.3 to 3.4. The full text of this useful book is available on-line on the website of the EPO. See [here](#).

¹⁴⁰ See Guideline G-VI, 6.

audience members may be required before a firm conclusion can be drawn as to the content of the disclosure¹⁴¹.

3.2.1.1.2 *Chemical compositions of products*

The chemical composition of a product is considered to be known if the product as such is available to the public and can be analysed and reproduced by the skilled person, irrespective of whether or not particular reasons can be identified for analysing the composition. The same principle applies *mutatis mutandis* to any other product.¹⁴²

3.2.1.1.3 *Novelty and ‘colliding’ applications*

In Europe, in contrast to the historical position in some other parts of the world, the legislator chose for a ‘first to file’ legal order, rather than ‘first to invent’. Thus, the right to a patent on a given invention belongs to the first applicant to file a patent application, whether or not he was the first in time to devise the invention.

Since for practical and traditional reasons patent applications are only published some time after they are filed (Europe applications are generally published about eighteen months after the date of filing), it is necessary to find a way of dealing with applications which have an earlier effective date, but which were published later. Such applications are sometimes called ‘colliding’ applications.

There were a number of potential ways of dealing with colliding applications. One possibility would have been to consider that the earlier filed applications do not belong at all to the state of the art for applications filed before the earlier applications are published. Another solution, at the other end of the spectrum, would have been to consider the earlier filed (but later published) applications to be full prior art. Neither solution is ideal. In the end, a compromise solution was agreed by the contracting states, according to which earlier filed, but later published applications would be regarded as belonging to the state of the art for applications filed in the period before publication of the earlier filed application, *but only for the purposes of novelty*.

¹⁴¹ See Case Law of the Boards of Appeal, 8th Edition (2016), Chapter I, part C, par. 3.2.2.

¹⁴² Enlarged Board of Appeal, 18 December 1992, Case G 1/92, OJ EPO 1993, 277, Availability to the Public.

Thus, pursuant to Article 54(3), the content of European patent applications as filed, the dates of filing of which are prior to the date of the application mentioned in Article 54(2) and which were published on or after that date, are also be considered as part of the state of the art for the purposes of novelty. As soon as formal novelty is established, however, the earlier applications become irrelevant: no account is taken of such applications when examining inventive step (Article 56, second sentence).

3.2.1.1.4 Novelty and non-prejudicial disclosures

In contrast to the situation in parts of the world (the United States, for example), in Europe we do not have a generally applicable ‘grace period’ for inventors who inadvertently or unthinkingly disclose their invention to the public before having taken the precaution of filing a patent application in respect of the invention. There are nevertheless two situations in which a disclosure of the invention prior to the filing of an application is not considered to be prejudicial to the novelty of the later claim.

Article 55(1) sets out that a prior disclosure of the invention occurring no earlier than six months preceding the filing of the application will not be considered to belong to the state of the art if:

- a) it was due to an apparent abuse vis-à-vis the applicant or its legal predecessor (e.g., a disclosure by a third person of an invention which should have been kept secret); or
- b) the disclosure was a result of the display of the invention by the applicant or its legal predecessor at an officially recognised, international exhibition.¹⁴³

The Enlarged Board of Appeal has decided that for the calculation of the six-month period referred to in Article 55(1), the relevant starting date is the date the European patent application is actually filed; and that any priority date is not to be taken into account for calculating this period.¹⁴⁴

¹⁴³ See also Article 55(2) and Rule 25. Every few years, the EPO publishes a very modest list of relevant recognised exhibitions in the Official Journal. Generally only about one to four international exhibitions are recognised annually.

¹⁴⁴ Enlarged BoA 12 July 2000, consolidated Cases G 3/98, Six-month period/UNIVERSITY PATENTS and G 2/99, Six-month period/DEWERT, OJ EPO 2001, 62 and 83, respectively.

3.2.1.2 *Inventive step*

The EPC defines the quality of inventive step negatively. Pursuant to Article 56, an invention shall be considered to involve an inventive step if, having regard to the state of the art, it is ‘not obvious’ to a person skilled in the art.

According to the Guidelines, the term ‘obvious’ means ‘that which does not go beyond the normal progress of technology but merely follows plainly or logically from the prior art.’ In other words, something which does not involve the exercise of any skill or ability beyond that to be expected of an averagely skilled person.¹⁴⁵

The ‘person skilled in the art’ is presumed to be practitioner in the relevant field of technology, with average knowledge and ability, and an understanding of what is common general knowledge in his respective field of technology at the relevant date. He should also be presumed to have had access to everything that is regarded part of the ‘state of the art’, in particular any documents cited in the search report, and to have had at his disposal the means and capacity for routine work and experimentation which are normal for the field of technology in question. If the problem prompts the person skilled in the art to seek its solution in another technical field, the specialist in that field is the person qualified to solve the problem. Furthermore, the skilled person is expected to be aware of developments in his own technical field. He may be expected to look for suggestions in neighbouring and general technical fields or even in remote technical fields, if prompted by indications in the prior art to do so. Assessment of whether the solution involves an inventive step is based on the specialist's knowledge and ability.¹⁴⁶ In some circumstances, it may be appropriate to think of a skilled team, rather than a skilled person.

3.2.1.2.1 *The problem and solution approach*¹⁴⁷

When approaching the somewhat amorphous enquiry of whether or not the invention is ‘obvious’, use is usually made of the ‘problem and solution approach’ in order to distil out the right question.

There are three stages to this approach.

¹⁴⁵ Guideline G-VII, 2.

¹⁴⁶ Guideline G-VII, 1.

¹⁴⁷ See generally Guideline G-VII, 5.

First, the ‘closest prior art’ is determined. The closest prior art is the single prior art document disclosing the combination of features which constitute the most promising starting point for an obvious development leading to the invention.

It may be possible to launch an inventive step analysis from a number of different distinct points of departure, and in practice much turns on the selection of the correct starting point. The most promising springboard is often (but not always) the single prior art document having the greatest number of technical features in common with the invention. In other cases, however, it may be a document having fewer technical features in common, but a similar purpose to the invention.

The second step involves considering the technical problem solved by the technical difference between the claim and the closest prior art. The statement of technical problem is based on the technical effect achieved by the technical difference. Thus, if a method for making a device uses a new processing step, which leads to increased efficiency compared to the prior art, the problem is defined in general terms as being to provide an increase in efficiency. It is important not to incorporate into the statement of problem a hint of indication in the direction of the solution, since this will introduce ‘hindsight’ into the analysis. Thus, in the example referred to above, it would be inappropriate to make specific mention of any details of the claimed processing step which led to the increase in efficiency, since that would impermissibly incorporate a pointer into the statement of problem in the direction of the solution. The problem is therefore simply defined as improving the efficiency of the prior art process.

The objective problem so defined may or may not be the same as the subjective problem identified by the applicant in the description.

In the third stage of the enquiry, it is necessary to consider whether or not the skilled person, faced with the objective problem, would (not simply ‘*could*’), starting from the closest prior art and his common general knowledge, have come up with the claimed solution in an obvious manner. The assessment of inventive step can be challenging. It requires one to adopt the mantle of the knowledgeable and averagely skilled, but essentially unimaginative, person skilled in the art. Entirely removing hindsight from the analysis remains a difficult endeavour, since it is inevitably based on knowledge of the invention. In addition, even when the

structured problem and solution approach is adopted, the ultimate question of whether a given invention is ‘obvious’ remains an essentially subjective assessment.

3.2.1.2.2 *Secondary indicia*

A number of secondary indications (‘secondary indicia’) have been recognised in the caselaw as sometimes throwing light on the difficult question of inventive step¹⁴⁸. If, for example, the claimed invention gives rise to a technical effect or advantage which is surprising, this is generally regarded as a good indication of the presence of an inventive step¹⁴⁹.

Similarly, if the invention solves a long-felt need, this is generally regarded as an indication of inventive step. Commercial success, when coupled with evidence of a long-felt want, may also be relevant to the question of inventive step.

More broadly, it is legitimate to ask the question, in the face of an inventive step objection, why, if the invention really is so obvious, had nobody come up with it before?

3.2.1.3 *Industrial application*

The requirement set out in Article 52(1) that in order to be patentable, inventions must also be susceptible of industrial application, is further explained in Article 57 EPC. This sets out that an invention will be considered to be susceptible of industrial application if it can be made or used in any kind of industry, including agriculture.

The classic example of an invention which is not susceptible of industrial application is a claim directed to a perpetuum mobile (a perpetual motion device). Such devices run contrary to the established laws of nature, and for this reason they cannot be made or used in industry.

¹⁴⁸ See Guideline G-VII, 10.

¹⁴⁹ Where the technical effect achieved by the invention is not obvious, the third question of the problem and solution approach is often couched as follows: Would it have been obvious for the skilled person to modify the prior art in order to come to something falling within the claims, in the expectation that in doing so, the advantageous effects of the invention would have been achieved? If the advantages are indeed truly unexpected, then this question is answered in the negative; and the conclusion must be that the invention is not obvious.

Not many patents are directed to *perpetua mobilia*, however¹⁵⁰, and in most cases the way in which the claimed product or process can be made or used in industry will be self-evident¹⁵¹. The only technical area in which the requirement of industrial applicability arises in practice is in relation to sequences and partial sequences of genes, where the general requirements of Article 52(1) and Article 57 are supplemented by Rule 29(3), which makes clear that the industrial application of a sequence or a partial sequence of a gene must be disclosed in the patent application. A failure to do so will lead to rejection under Article 52(1).

3.2.1.4 *Sufficiency of disclosure: Article 83*

A further substantive requirement conveniently dealt with at this point is that the application must disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art.¹⁵²

Patent applications (and granted patents) must be sufficiently disclosed (or “enabled”) over the whole of scope of the claim. This requirement is intended to reflect the principle that the terms of the claim should correspond to, or be commensurate with, the contribution the applicant has made to the state of the art. Applicants are not permitted to monopolise whole areas of technology in which they have made no inventive contribution.

Thus, if an applicant has invented a substance ten times harder than diamond, he is entitled to claim the specific substance itself, and he may be entitled to claim a reasonable generalisation of the substance. He is not, however, entitled to direct a claim to “a substance ten times harder than diamond”, because he has not enabled such a class of compounds: he has provided only one substance which is in fact ten times harder than diamond, whilst he is claiming all such materials¹⁵³. Granting such a claim would not be commensurate with what the applicant has

¹⁵⁰ WIPO has created special classification groups for use by examiners encountering such applications, including F03G 7/10 for “alleged *perpetua mobilia*”. An Espacenet search reveals that as of January 2019 about 3,800 applications have been classified in this group. This represents a tiny percentage of the total number of patents filed.

¹⁵¹ Rule 42(1)(f) requires that the description should indicate the way in which the invention is industrially applicable in cases where that is not already obvious from the nature or description of the invention.

¹⁵² Article 83.

¹⁵³ Per Jacob LJ in *Lundbeck v Generics*, [2008] EWCA Civ 311

invented, and would act to block future research in the entire area of hard materials. Such a result is not in accordance with the principles of patent law.

3.2.1.5 Article 52(2): list of products or activities which are not considered to be inventions

The EPC nowhere defines the term ‘invention’. It does however provide, in Article 52(2), a list of things or activities which in particular shall *not* be regarded as inventions. These are:

- a. discoveries, scientific theories and mathematical methods,
- b. aesthetic creations,
- c. schemes, rules and methods for performing mental acts, playing games or doing business, and programs for computers,
- d. presentations of information.

The list is interpreted narrowly, and Article 52(3) makes clear that paragraph 2 excludes the patentability of the above referred to subjects or activities only to the extent that a European patent application or European patent relates to any subject or activity ‘as such’.

It is often suggested that there is an overarching ratio, based on a requirement of “technical character”, which unites and underpins the list of subject-matters set out in Article 52(2). Unfortunately, however, it has proved impossible for the Boards of Appeal to agree on a definition of what exactly is meant by the term “technical character”.

The meaning of the term ‘as such’ has also been the subject of discussion in the jurisprudence of the Boards of Appeal. In practice, it is often straightforward to use careful drafting in order to avoid or overcome objection under Article 52(2). Thus, while programs for computers are excluded, patents including claims which are directed to protecting the functionality of computer programs are commonly granted. For example, although patents would not have been available to protect the underlying source code of the computer program, Apple nevertheless obtained European patents with functionally defined claims directed to computer implemented methods protecting the “swipe to unlock” and “overscroll bounce”¹⁵⁴ functionalities of its mobile devices. Such functional claims are commonplace in the electronics area. (Perhaps ironically, a claim drafted in functional terms provides a

¹⁵⁴ “Overscroll bounce” is the name given to what happens when an attempt is made to scroll past the edge of a document on a touchscreen: when the user stops scrolling, the display “bounces” back to the visible area of the document.

significantly wider scope of protection than if it were possible to claim the a computer program as such).

Similarly, while discoveries as such are not patentable, making use of the discovery may well be. Thus, the observation that a known chemical compound tastes like butter is a matter of mere discovery, but claims which are directed to products or processes making use of the discovery (for example, a claim directed to a margarine composition comprising the compound; or a claim to the use of the compound to impart a butter flavour in edible compositions) will avoid objection.

The same is true of scientific theories: a scientific theory underpinning superconductivity would not in itself ('as such') be patentable, but new and inventive superconductors, making use of the theory, may very well be patentable¹⁵⁵.

3.2.2 *Article 53: exceptions to patentability*

In addition to the list of items which are not considered to be patentable inventions set out in Article 52, Article 53 sets out a list of subjects for which patents will not be granted.

3.2.2.1 *Article 53(a): public order and morality*

Article 53(a) sets out that European patents shall not be granted in respect of inventions, the commercial exploitation of which would be contrary to public order or morality. The provision makes clear that the exception will not be deemed to apply merely because it is prohibited by law or regulation in some or all of the contracting states. The purpose of the provision is to deny protection to inventions likely to induce riot or public disorder, or to lead to criminal or other generally offensive behaviour. The Guidelines note that this provision is likely to be invoked only in rare and extreme cases. The mere possibility of abuse of an invention is not sufficient to deny patent protection if the invention can also be exploited in a way which would not infringe public order and morality.¹⁵⁶ A fair test to apply is to consider whether it is probable that the public in general would regard the invention that abhorrent that the grant of patent rights to it would be inconceivable, such as for an instrument of torture..

¹⁵⁵ For other examples, see Guideline G-II, 3.

¹⁵⁶ See Guideline G-II, 4.1

3.2.2.2 *Article 53(b): plant or animal varieties*

Article 53(b) sets out that European patents shall not be granted in respect of plant or animal varieties or essentially biological processes for the production of plants or animals. The provision makes clear that this does not apply to microbiological processes or the products of such processes.

The exclusion of plant or animal varieties is also interpreted narrowly. Perhaps counter-intuitively, the exclusion applies specifically to claims directed to plant and animal *varieties*, and not to claims directed to, for example, genetically modified plants or animals. Indeed, for the avoidance of doubt, Rule 27(b) specifically notes that biotechnological inventions concerning plants or animals are patentable, if the technical feasibility of the invention is not confined to a particular plant or animal variety.

3.2.2.3 *Article 53(c): methods of treatment / diagnostic methods*

Article 53(c) sets out that European patents shall not be granted in respect of methods for treatment of the human or animal body by surgery or therapy and diagnostic methods practised on the human or animal body.

The provision makes clear that this will not apply to products, in particular substances or compositions, for use in any of these methods.

In practice, once again the use of established drafting techniques and a narrow approach to the interpretation of the exception have meant that the practical effect of the exception is limited. Thus, while no claim may validly be directed to a method a treatment of a human body using a given drug or medical device, it is quite possible to direct valid claims to the novel and inventive drug itself, or to the medical device, and such claims clearly enable the patentee to prevent others from selling or using the drug or medical device in order to treat human beings.

3.2.2.4 *Biotechnological inventions: Rules 26 to 29*

In principle, biotechnological inventions are patentable under the EPC. For European patent applications and patents concerning biotechnological inventions, the relevant provisions of the EPC are to be applied and interpreted in accordance with the provisions of Rules 26 to 29, which were incorporated into the implementing regulations in 1999 in order to give effect to Directive 98/44/EC of 6 July 1998 on the legal protection of biotechnological inventions

(OJ EPO 1999, 101). This Directive (the ‘Biotech Directive’) is also to be used as a supplementary means of interpretation of the EPC.

Rule 26 contains a list of definitions derived from the Biotech Directive. Rule 27 sets out that biotechnological inventions are also patentable if they relate to:

- (a) biological material which is isolated from its natural environment or produced by means of a technical process even if it previously occurred in nature;
- (b) plants or animals if the technical feasibility of the invention is not confined to a particular plant or animal variety;
- (c) a microbiological or other technical process, or a product obtained by means of such a process other than a plant or animal variety.

According to Rule 28(1), under Article 53(a), European patents shall not be granted in respect of biotechnological inventions which, in particular, concern:

- a) processes for cloning human beings;
- b) processes for modifying the germ line genetic identity of human beings;
- c) uses of human embryos for industrial or commercial purposes;
- d) processes for modifying the genetic identity of animals which are likely to cause them suffering without any substantial medical benefit to man or animal, and also animals resulting from such processes.

Rule 28(2), which was inserted as a result of a decision of the Administrative Council of the EPO dated 29 June 2017, seeks to gloss Article 53(2). It sets out that European patents shall not be granted in respect of plants or animals exclusively obtained by means of essentially biological processes. This provision was intended to overrule the decision of the Enlarged Board of Appeal in G 2/12, in which the Enlarged Board had held that the exclusion relating to essentially biological *processes* for the production of plants did not apply to the *products* of such processes.

Rule 29(1) sets out that 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. Rule 29(2) makes clear, nevertheless, that 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 the element is identical to that of a natural element.

Rule 29(3) sets out that the industrial application of a sequence or a partial sequence of a gene must be disclosed in the patent application.

The patentability of biotechnological inventions is considered in more detail in the Guidelines.¹⁵⁷

3.3 Formal requirements

In general, the application procedure before the European Patent Office consists of five stages.

3.3.1 First stage: filing the application and initial examination for formal requirements

European patent applications may be filed, either with the EPO, or, if the law of a contracting state so permits, with the central industrial property office or other competent authority of that state. Any application filed in this way shall have the same effect as if it had been filed on the same date with the EPO.¹⁵⁸ The national office shall forward the application to the EPO, in accordance with the implementing regulations.¹⁵⁹ If not, the application shall be deemed to be withdrawn.¹⁶⁰

A European patent application has to contain the following items: a) a request for the grant of a European patent; b) a description of the invention; c) one or more claims; d) any drawings referred to in the description or the claims; e) an abstract. A European patent application shall be subject to the payment of a filing fee and a search fee.¹⁶¹ If the filing fee or the search fee is not paid in due time, the application shall be deemed to be withdrawn. All the contracting states party to the Convention at the time of filing of the European patent application shall be deemed to be designated in the request for grant of a European patent.¹⁶²

¹⁵⁷ Guidelines G-II, 5.

¹⁵⁸ Article 75(1).

¹⁵⁹ Rule 37.

¹⁶⁰ Article 77 (1) and (3).

¹⁶¹ Article 78(1) and (2).

¹⁶² Article 79(1).

The date of filing, which determines the starting point for the period of protection, and which also fixes the cut-off point for prior art, is the date on which the formal requirements laid down in the implementing regulations are fulfilled.¹⁶³ As a consequence, pursuant to Rule 40, the date of filing is the date on which the documents filed by the applicant contain a) an indication that a European patent is sought, b) information identifying the applicant or allowing the applicant to be contacted, and c) a description or reference to a previously filed application.

Rules 41 *et seq.* contain a number of other detailed conditions with regard to the application. The request for grant of a European patent has to contain, *inter alia*: a petition for the grant; the title of the invention, which shall clearly and concisely state the technical designation of the invention; the name, address and nationality of the applicant; a description indicating the background art which can be regarded as useful to understand the invention; a disclosure of the invention, as claimed, in such terms that the technical problem and its solution can be understood; a description of the figures in the drawings; a description in detail of at least one way of carrying out the invention claimed, using examples where appropriate and referring to the drawings, if any; and an indication of the way in which the invention is industrially applicable.

At the end of the description, the application must contain one or more claims, which define the matter for which protection is sought in terms of the technical features of the invention. They have to be clear and concise and be supported by the description (Article 84). The implementing regulations specify that wherever appropriate, the claims shall contain a statement indicating the designation of the subject-matter of the invention which forms part of the prior art, and a characterising portion, beginning with the expression ‘characterised in that (or by)’ and specifying the technical features for which protection is sought.¹⁶⁴ This is not a hard requirement, however, and in practice, many claims filed today do not make use of the ‘two-part form’.

Pursuant to Article 82, the application has to relate to one invention only or to a group of inventions so linked as to form a single general inventive concept. This so-called “unity”

¹⁶³ Article 80.

¹⁶⁴ Rule 43(1).

requirement is fulfilled when there is a technical relationship among those inventions involving one or more of the same or corresponding special technical features.¹⁶⁵ The provisions regarding unity of invention reflect the principle that the fees paid for the search and examination of a European patent application are intended to cover a single invention, rather than a plurality of inventions.

In cases where the patent application contains a plurality of inventions, the applicant is permitted (and may be required by the examining division) to restrict the application to a single invention, and to file one or more separate ‘divisional’ applications, directed to the additional inventions. The divisional application may not extend beyond the content of the ‘mother’ application from which it has been derived. In practice, use is often made of this provision by applicants in order to keep alive, in the form of a pending divisional application, subject-matter which the examining division is not presently prepared to grant, whilst allowing other subject-matter to proceed to grant in the ‘mother’ application, even in situations where no lack of unity objection has been raised by the examining division. The outstanding divisional application will allow the applicant to mount another attempt to convince that a patent should be granted for the invention claimed in the divisional application too.

3.3.2 *Second stage: search*

Once the patent application has been accorded a date of filing, the EPO will examine whether a number of other requirements laid down in the EPC and the IR have been satisfied.¹⁶⁶ It will then draw up and publish a European search report in respect of the patent application on the basis of the claims, with due regard to the description and any drawings.¹⁶⁷ The search report mentions the documents uncovered by the EPO search examiner at the time of drawing up the report, which may be taken into consideration in deciding whether the invention to which the European patent application relates is new and involves an inventive step. The search report distinguishes by means of letter codes whether cited documents have been published before the date of priority claimed, or between the date of priority and the date of filing, or after the date of filing. Documents referring to an oral disclosure, a use or any other means of disclosure which took place before the date of filing of the European patent application are

¹⁶⁵ Rule 44(1), see also Rule 64.

¹⁶⁶ Article 90.

¹⁶⁷ Article 92.

also mentioned in the European search report, together with an indication of the date of publication, if available, of the document, and the date of the non-written disclosure.¹⁶⁸ The report is also accompanied by an opinion as to whether the application and the invention to which it relates meet the requirements of the EPC.¹⁶⁹

3.3.3 *Third stage: publication*

The EPO will publish the European patent application as soon as possible a) after the expiry of a period of eighteen months from the date of filing or, if priority has been claimed, from the date of priority, or b) at the request of the applicant, before the expiry of that period. As a general rule, the publication of the application will contain the description, the claims and any drawings as filed, as well as an abstract, and also the search report.¹⁷⁰ The EPO informs the applicant of the date on which the European Patent Bulletin will mention the publication of the European search report. The applicant may request examination of the European patent application up to six months after the date on which the European Patent Bulletin mentions the publication of the European search report. The request may not be withdrawn. If the request for examination has been filed before the European search report has been transmitted to the applicant, the EPO will invite the applicant to indicate, within a period to be specified, whether he wishes to proceed further with the application, and shall give him the opportunity to comment on the search report and to amend, where appropriate, the description, claims and drawings. If the applicant fails to reply in due time to the above-mentioned invitation, the application will be deemed to be withdrawn.¹⁷¹

3.3.4 *Fourth stage: substantive examination*

As noted above, the EPO will examine on request whether the application and the invention to which it relates meet the (substantive) requirements of the EPC. If the examination reveals that the application or the invention to which it relates does not meet the requirements of the EPC, the examining division will invite the applicant, as often as necessary, to file his observations and to amend the application, in accordance with Article 123.¹⁷²

¹⁶⁸ Rule 61(1), (3) and (4).

¹⁶⁹ Rule 62(1).

¹⁷⁰ Rule 68(1).

¹⁷¹ Rule 69(1) and Rule 70.

¹⁷² Article 94 and Rules 70 *et seq.*

3.3.5 *Fifth stage: grant or rejection*

If the examination division of the EPO is of the opinion that the European patent application and the invention to which it relates meet the requirements of the EPC, it will grant a European patent,¹⁷³ with the decision taking effect on the date on which the mention of the grant is published in the European Patent Bulletin.¹⁷⁴ The EPO then publishes the specification of the patent as soon as possible.¹⁷⁵ The specification of the patent includes the description, the claims and any drawings. It also indicates the nine month period for opposing the patent.¹⁷⁶ The EPO issues to the proprietor of the patent a certificate for a European patent.¹⁷⁷

3.3.6 *Opposition proceedings*

Although following grant the European patent falls apart into a bundle of national rights which must be validated and enforced nationally, it is still possible, in the first nine months following the publication of the mention of grant, to launch a centralised attack on the validity of the patent at the EPO. This is known as “opposition”. An opposition applies to the European patent in all contracting states in which the patent has effect.¹⁷⁸

Opposition may be filed on the grounds that a) the subject-matter of the European patent is not patentable under Articles 52 to 57, b) the European 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, or c) the subject-matter of the European patent extends beyond the content of the application as filed, or, if the patent was granted on a divisional application or on a new application filed under Article 61, beyond the content of the earlier application as filed.¹⁷⁹

An opposition may also be filed if the patent has been surrendered in all the designated contracting states or has lapsed in all those states.¹⁸⁰

¹⁷³ Article 97(1).

¹⁷⁴ Article 97(3).

¹⁷⁵ Article 98.

¹⁷⁶ Rule 73(1).

¹⁷⁷ Rule 74.

¹⁷⁸ Article 99(1) and (2).

¹⁷⁹ Article 100.

¹⁸⁰ Rule 75.

An opposition division, made up of EPO examiners, will examine the grounds for opposition, and, where appropriate, invite the parties (the patent proprietor; the opponent(s)) to file further submissions. Generally, following the exchange of written submissions, the opposition division will convene a hearing ('oral proceedings') at the EPO, at the end of which the opposition division will announce its decision either to revoke the patent, or to maintain it, perhaps in an amended form which meets the requirements of the EPC.¹⁸¹ In the latter case, the EPO will publish a new specification of the patent.¹⁸²

Decisions of the opposition division are appealable, and appeals are dealt with by the Boards of Appeal of the EPO, effectively an independent judiciary within the European Patent Organisation. Decisions of the Boards of Appeal on questions of validity arising during opposition proceedings (and also on appeal arising from rejections during examination proceedings) are an important source of guidance for practitioners and for national judges on how the provisions of the EPC are to be interpreted.

Opposition proceedings and the subsequent appeal stage have been widely criticised by users of the European patent system because of the unacceptably long time it takes for them to reach a conclusion. The average duration of opposition proceedings at first instance is presently about two years, and the average duration of appeal proceedings is now three years, although some cases take considerably longer. In the majority of contracting states¹⁸³, it is possible to file national invalidity proceedings whilst opposition or opposition appeal proceedings before the EPO are pending, and this may well be a quicker way of obtaining the view of a Court on the validity of a national part of the European bundle.

3.3.7 *Central limitation proceedings*

At the request of the proprietor, a granted patent may be revoked or be limited by an amendment of the claims. Such a request may not be filed while opposition proceedings are pending.¹⁸⁴

¹⁸¹ Article 101. The decision is taken on the day, but the grounds for the decision, which trigger the time limit for an appeal, are typically handed down some months later.

¹⁸² Article 103. See also Rules 76 *et seq.*

¹⁸³ Though not, for example, in Germany.

¹⁸⁴ See Articles 105 *et seq.* and Rules 90 *et seq.*

3.4 Right to a European patent

Pursuant to Article 60(1) the right to a European patent shall belong to the inventor or its successor in title. If two or more persons have made an invention independently of each other, the right to a European patent shall belong to the person whose European patent application has the earliest date of filing, provided that this first application has been published.¹⁸⁵

Although Article 60(1) appears to entitle the inventor, in proceedings before the EPO the applicant is deemed to be entitled to exercise the right to a European patent.¹⁸⁶ Nevertheless, the inventor shall have the right, vis-à-vis the applicant for or proprietor of a European patent, to be mentioned as such before the EPO.¹⁸⁷

Questions regarding entitlement are decided in national court proceedings. The question of which national court has jurisdiction to hear such a claim is dealt with in the Protocol on Recognition of 1973¹⁸⁸. If evidence is filed showing that national proceedings have been commenced to determine the entitlement to a European patent application, the EPO will stay examination proceedings in respect of the application until the national proceedings have been determined.¹⁸⁹ The applicant can request that proceedings be resumed, and an appealable decision on the matter will be taken by the legal division of the EPO. The legal division has a discretion to decide whether proceedings are to be continued. The exercise of the discretion will depend on, for example, the outcome of court proceedings at first instance and the duration of the stay of proceedings before the EPO, as well as evidence of an abuse of proceedings.¹⁹⁰

If by a final decision of a national court a natural or legal person other than the applicant is entitled to the grant of the European patent, three possibilities are at the disposal of the former: a) it may prosecute the patent application and place its own application in place of the original applicant, b) it may file a new application in respect of the same invention, or c) it may request that the original application be refused.¹⁹¹

¹⁸⁵ Article 60(2).

¹⁸⁶ Article 60(3). See also Article 59 with regard to multiple applicants.

¹⁸⁷ Article 62; see also Rule 19.

¹⁸⁸ Protocol on Jurisdiction and the Recognition of Decisions in respect of the Right to the Grant of a European Patent (Protocol on Recognition) 1973.

¹⁸⁹ See, for the details and circumstances of the stay, Rule 14 and Guideline A-IV, 2.

¹⁹⁰ Guideline A-IV, 2.2.5.2

¹⁹¹ Article 61(1).

If a new application is filed, it may be filed only in respect of subject-matter which does not extend beyond the content of the earlier application. If this requirement is complied with, the new application is deemed to have been filed on the date of filing of the earlier application.¹⁹²

Under Article 60(1), second sentence, if the inventor is an employee, the right to a European patent is determined (if necessary: in court proceedings) in accordance with the law of the state in which the employee is mainly employed. If this cannot be determined, the law to be applied is that of the state in which the employer has its place of business. As a result of this provision, the question of entitlement of the employee may be dealt with differently depending on the law of the state(s) concerned. Nevertheless, in many contracting states, absent contractual provisions to the contrary, national patent laws allocate ownership to the employee if the employee is the inventor of a new product or process, unless he/she has specifically been employed to do research (e.g., in a laboratory or on a research department of the company in question). In the latter case, the fruits of the employee's research endeavours will be enjoyed by the employer, which, as a result, will be entitled to the patent. National patent laws also often contain provisions according to which the 'employee-inventor' is entitled to an equitable remuneration (on top of their normal salary), if otherwise (without the extra remuneration) they would not receive sufficient compensation for the loss of the patent.

3.5 Fees

Pursuant to Article 51, the EPO may levy fees for any official task or procedure carried out under the EPC. The amounts of the fees and of other payments are fixed at a level which ensures that the revenue in respect thereof is sufficient to balance the budget of the organisation: Article 40(1).¹⁹³ Hence, the EPC and the implementing regulations levy fees for different type of services: e.g. a filing fee and a search fee,¹⁹⁴ a designation fee,¹⁹⁵ a renewal fee,¹⁹⁶ an examination fee,¹⁹⁷ an appeal fee,¹⁹⁸ and claims fees.¹⁹⁹ More detailed provisions

¹⁹² Article 61(2) and 76(1).

¹⁹³ Article 40(1).

¹⁹⁴ Article 78(2) and Rule 38.

¹⁹⁵ Article 79(2) and Rule 39.

¹⁹⁶ Article 86(1) and Rule 51.

¹⁹⁷ Article 94(1) and Rule 6.

¹⁹⁸ Article 108 and Rule 97.

¹⁹⁹ Rules 45 and 62.

with regard to all fees charged by the EPO have been laid down in the Rules relating to Fees.²⁰⁰ The amounts of the fees are published in the OJ and on the website of the EPO.²⁰¹

3.6 Scope of protection and infringement

Before discussing the acts which amount to infringement of the exclusive rights of the patentee, it is necessary to say something about the legal framework set out in the EPC for determining the scope of protection of a European patent.

3.6.1 Determining the scope of protection: Article 69 EPC and its Protocol

Article 69(1) sets out that the extent of the protection conferred by a European patent or a European patent application shall be determined by the claims. Nevertheless, the description and drawings shall be used to interpret the claims²⁰².

Article 1 of the *Protocol on the Interpretation of Article 69 EPC*, which is an integral part of the Convention,²⁰³ explains that Article 69 should not be interpreted as meaning that the extent of the protection conferred by a European patent is to be understood as that defined by the strict, literal meaning of the wording used in the claims, the description and drawings being employed only for the purpose of resolving an ambiguity found in the claims. Nor should it be taken to mean that the claims serve only as a guideline and that the actual protection conferred may extend to what, from a consideration of the description and drawings by a person skilled in the art, the patent proprietor has contemplated. On the contrary, it is to be interpreted as defining a position between these extremes which combines a fair protection for the patent proprietor with a reasonable degree of legal certainty for third parties.

Article 2 of the Protocol (inserted in EPC 2000) sets out that for the purpose of determining the extent of protection conferred by a European patent, due account shall be taken of any element which is equivalent to an element specified in the claims.

²⁰⁰ As adopted by decision of the Administrative Council of the European Patent Organisation of 7 December 2006, last amended by decision of 13 December 2013 (published on the website of the EPO).

²⁰¹ Article 3(3) of these Rules.

²⁰² Article 69(2) explains that for the period up to grant of the European patent, the extent of the protection conferred by the European patent application shall be determined by the claims contained in the application as published. However, the European patent as granted or as amended in opposition, limitation or revocation proceedings shall determine retroactively the protection conferred by the application, in so far as such protection is not thereby extended.

²⁰³ See Article 164.

The Protocol was felt to be necessary because of historically fundamentally different national approaches to claim construction. Some member states (in particular the UK) had, prior to the entry into force of the EPC, adopted a strict ‘black letter’ approach to claim interpretation, according to which the patentee was held to a fairly literal interpretation of the wording of the claims. This tended to favour legal certainty for third parties over granting a fair protection to the patentee.

Other jurisdictions, on the other hand, including Germany and The Netherlands, had in the past adopted a more liberal approach to determining the scope of protection, according to which the claims merely acted as a guideline as to what the patentee had contemplated. This flexible approach tended to favour the interests of the patentee in a fair protection for his invention over the interests of third parties in legal certainty. Article 69 and its Protocol were intended to ensure a harmonised future approach to determining the scope of protection of a European patent.

Determining whether or not a given activity or product amounts to an infringement involves an assessment of whether the allegedly infringing product or activity satisfies all of the technical features (or ‘integers’ of the claim).

Because patent claims are an attempt to capture a technical invention using words, problems will tend to arise in practice where there is room for discussion about the meaning of the words used in the claims; and in situations in which what the alleged infringer is doing does not appear to fall within the literal wording of a claim, but nevertheless seems to owe much to the invention.

In such cases, the national court will have to determine whether the claims, interpreted in the light of the description and drawings, and taking due account of equivalence, should be held to be infringed by the activities of the alleged infringer.

Article 2 of the Protocol to Article 69 sets out that ‘due account shall be taken’ of any element which is equivalent to an element specified in the claims, but provides no guidance as to what is meant by ‘equivalent’ (nor indeed ‘due account’). Different national courts have developed their own legal frameworks or doctrines to take account of equivalents. In The Netherlands,

for example, the lower courts have tended to use the American “function / way / result” test when examining an allegation of infringement under the doctrine of equivalents²⁰⁴. According to this test, the court will investigate whether the alleged equivalent means fulfil essentially the same function, in essentially the same way, in order to lead to essentially the same result as the patented means. If so, the means is held to infringe.

A criticism of the test, so stated, is that it does not appear to take adequate account of the interests of third parties in legal certainty. Perhaps for this reason, the Dutch Supreme Court has emphasised the importance of adopting a flexible approach to determining the scope of protection, employing a number of ‘points of view’ to answer the questions arising under Article 69. These points of view include the essence of the invention; the degree of innovation the invention possesses (with a wider scope of protection potentially being available for ‘ground-breaking’ inventions); and any statements the patentee may have made about the invention during the course of examination.

In the UK, recent guidance has been provided by the Supreme Court in *Actavis UK Limited and others v Eli Lilly and Company* ([2017] UKSC 48). There, the Supreme Court disapproved the existing English guidance on non-literal infringement, which according to the Supreme Court wrongly treated the question of equivalents as essentially a matter of claim interpretation. The Supreme Court noted that the version of the Protocol introduced by EPC 2000 had clearly introduced a separate doctrine of equivalence into European patent law.

The stepwise approach for equivalence endorsed by the UK Supreme Court in *Eli Lilly* involves answering three questions:

First, notwithstanding that it is not within the literal meaning of the relevant claim(s) of the patent, does the allegedly infringing variant achieve substantially the same result in substantially the same way as the invention, i.e. the inventive concept revealed by the patent?

Second, would it be obvious to the person skilled in the art, reading the patent at the priority date, but knowing that the variant achieves substantially the same result as the invention, that it does so in substantially the same way as the invention?

²⁰⁴ An alternative test, also imported from US practice, investigates whether the alleged infringement is “insubstantially different” from what is claimed.

Third, would such a reader of the patent have concluded that the patentee nonetheless intended that strict compliance with the literal meaning of the relevant claim(s) of the patent was an essential requirement of the invention?

If the answers to the first two questions are affirmative, and the answer to the third negative, then infringement will be made out.

Other national jurisdictions have their own approach to non-literal infringement. It is apparent from their judgments (and from their informal extra-judicial comments) that national judges do take account of their colleagues in other contracting states, and that they seek to align their approaches to such questions. Nevertheless, a full convergence is unlikely to be achieved absent a decision of the Court of Appeal of the Unified Patent Court system (if and when the unitary patent system comes into effect).

We turn now to the nature of the infringing acts.

3.6.2 The infringing acts: direct infringement

The question of infringement of a European patent is dealt with under national law.²⁰⁵ The national laws of European member states are to a greater or lesser extent aligned on the nature of infringing acts.

The holder of the patent is entitled to prevent others from performing, without his consent, the following acts in respect of a patented product: a) manufacturing, b) using, c) offering for sale, d) selling or other marketing, e) hiring, f) importing, g) storing for any of the before-mentioned purposes.²⁰⁶

If the subject-matter of the patent is a process, the scope of protection is not confined to carrying out the process, but also extends to dealings in the products directly obtained by the process²⁰⁷. For example, if a method for the production of a specific - but already existing -

²⁰⁵ Article 64(3).

²⁰⁶ See also Article 25 of the Agreement on a Unified Patent Court .

²⁰⁷ Article 64(2).

medicine is protected, the medicine as such enjoys protection by the process patent, but only in as far as it has been obtained directly by the protected method.

Moreover, pursuant to Article 67(1) a European patent *application* provisionally confers on the applicant, from the date of publication, the protection provided for by Article 64 (though it is open to a contracting state to decide that a European patent application shall not confer such protection). In this context each state must ensure at least that, from the date of publication of the application, the applicant can claim compensation reasonable in the circumstances from anyone who, in short, has used the invention in that state; see Article 67(2).

The application will be deemed never to have had the effects set out above if it is withdrawn, deemed to be withdrawn or finally refused.²⁰⁸ A European patent application or patent will also be deemed not to have had, from the outset (*ex tunc*), the effects specified above to the extent that the patent is revoked or limited in opposition, limitation or revocation proceedings.²⁰⁹

3.6.3 Indirect infringement

National patent laws also provide that patentees have the right to prevent any third party from supplying or offering to supply, in the member state in question, without the proprietor's consent, any person other than a party entitled to exploit the patented invention, with means relating to an essential element of that invention, for putting the invention into effect in the member state, in circumstances where the third party knows, or ought to know, that the means are suitable and intended for putting the invention into effect.

This provision does not apply when the means are staple commercial products (such as nuts and bolts), except where the third party induces the person supplied to perform any of the acts exclusively reserved for the patentee.

It is important to note the so-called “double territorial requirement”: indirect infringement will only be made out when the alleged infringer offers or supplies the “essential means” in the

²⁰⁸ Article 67(4).

²⁰⁹ Article 68.

member state in question, for the putting into effect of the invention in the same member state.

3.7 Period of protection

Pursuant to Article 63(1), the term of the European patent is 20 years from the date of filing of the application. Article 63(2) provides a possibility for a contracting state to extend this term, or to grant corresponding protection which follows immediately on expiry of the term of the patent, under the same conditions as those applying to national patents, in two situations: a) in order to take account of a state of war or similar emergency conditions affecting that state, or b) if the subject-matter of the European patent is a product or a process for manufacturing a product or a use of a product which has to undergo an administrative authorisation procedure required by law before it can be put on the market in that state.

In the framework of the European Union, two regulations have been adopted concerning supplementary protection: a) Regulation (EEC) No 1768/92 of 18 June 1992 concerning the creation of a supplementary protection certificate for medicinal products, replaced by Regulation (EC) No 469/2009 of 6 May 2009,²¹⁰ and b) Regulation (EC) No 1610/96 of 23 July 1996 concerning the creation of a similar certificate for plant protection products.²¹¹

According to the preamble to Regulation (EC) No 469/2009 (here: the ‘SPC Regulation’) there is a danger that medicinal products, especially those that are the result of long, costly research, will not continue to be developed in Europe unless they are covered by favourable rules that provide for sufficient protection to encourage such research. Without additional measures, the period of time necessary to obtain an authorisation to place a new medicinal product on the market may well erode the period of effective protection under the patent to such an extent that the remaining period of protection is insufficient to cover the investment put into the research.²¹²

²¹⁰ OJ 16 June 2009, L 152/1 (codified version).

²¹¹ OJ 8 August 1996, L 198/30.

²¹² In this context, see also Regulation (EC) No 726/2004 of 31 March 2004 laying down Community procedures for the authorisation and supervision of medicinal products for human and veterinary use and establishing a European Medicines Agency, OJ 30 April 2004, L 136/1 and Regulation (EC) No 1901/2006 of 12 December 2006 on medicinal products for paediatric use, OJ 27 December 2006, L 378/1.

There was also a risk of research centres situated in the member states relocating to countries that offer greater protection. For these reasons, it was decided to introduce a uniform solution at Community level, in order to prevent the heterogeneous development of national laws leading to further disparities which might create obstacles to the free movement of medicinal products within the Community. For this reason, the Regulation created a supplementary protection certificate, to be granted, under the same conditions, by each of the Member States at the request of the holder of a national or European patent relating to a medicinal product for which marketing authorisation has been granted.

Under the SPC Regulation, the proprietor of a patent can file an application for a supplementary certificate with the competent industrial property office of the member state which granted the so-called basic patent (Article 9(1)).²¹³ Once it has been established that the application meets all conditions laid down in the regulation, the supplementary protection certificate is granted. The certificate effectively extends the protection of the patent for a given medicinal product protected by the patent for a period equal to the period which elapsed between the date on which the application for a basic patent was filed, and the date of the first authorisation to place the product on the market in the Community, reduced by a period of five years. The duration of the certificate may not exceed five years from the date on which it takes effect (Article 13 (1) and (2)).

The SPC Regulation is not particularly clearly drafted, and its provisions have been the subject of a number of referrals from national Courts to the CJEU. At least four decisions concern the question of what is meant by the requirement in Article 3(a) of the SPC Regulation that the product which is the subject of the SPC must be ‘protected’ by a basic patent²¹⁴, and two more referrals on essentially the same point are pending²¹⁵. One reason that repeated referrals are necessary is because the answers the CJEU provides are often expressed in terms which are unclear or ambiguous (or both).

²¹³ Pursuant to Article 1(c) and (b) respectively, ‘basic patent’ means a patent which protects a product as such, a process to obtain a product or an application of a product, and which is designated by its holder for the purpose of the procedure for grant of a certificate, and ‘product’ means the active ingredient or combination of active ingredients of a medicinal product.

²¹⁴ CJEU 12 December 2013, Case C-443/12, EU:C:2013:833, *Actavis Group PTC and Actavis UK*; CJEU 12 December 2013, Case C-493/12, EU:C:2013:835, *Eli Lilly and Company*; *Actavis Group PTC and Actavis UK* (12 March 2015, C-577/13, EU:C:2015:165); and CJEU 25 July 2018, Case C-121/17, ECLI:EU:C:2018:585, *Teva v Gilead*.

²¹⁵ Case C-650/17, *Royalty Pharma’s application*, and *Sandoz v GD Searle* ([2018] EWCA Civ 49).

A number of other decisions have related to the meaning of the requirement of Article 3(c) of the SPC Regulation. According to Article 3(c) of the SPC Regulation, a certificate shall be granted if the product has not already been the subject of a certificate. The CJEU has held that the provision must be interpreted as not precluding the grant of a supplementary protection certificate to the holder of a basic patent for a product for which, at the time the certificate application is submitted, one or more certificates have already been granted to one or more holders of one or more other basic patents.²¹⁶

3.8 Exemptions and defences

National laws provide for a number of exemptions and defences to infringement. These may include:

- a) acts done privately and for non-commercial purposes;
- b) acts done for experimental purposes;
- c) the use of biological material for the purpose of breeding, or discovering and developing other plant varieties (the so-called *breeder's exemption*);
- d) acts carried out solely for the purpose of conducting the necessary tests and trials in accordance with Article 10(6) of Directive 2001/83/EC on the Community Code relating to medicinal products for human use;²¹⁷
- e) the extemporaneous preparation for individual cases in a pharmacy of a medicine in accordance with a medical prescription;
- f) acts as covered by the *farmers privilege* pursuant to Article 14 of Regulation (EC) No 2100/94; and
- g) the use by a farmer of protected livestock for farming purposes, on condition that the breeding animals were sold to the farmer by the patentee.

²¹⁶ CJEU 3 September 2009, Case [C-482/07](#), ECLI:EU:C:2009:501, *AHP Manufacturing BV v Bureau voor de Industriële Eigendom*. Some other decisions: CJEU 11 December 2003, Case [C-127/00](#), ECLI:EU:C:2003:661, *Hässle AB/Ratiopharm GmbH*, with regard to the phrase ‘first authorisation to place [a product] on the market’ in Article 19(1); CJEU 4 May 2006, Case [C-431/04](#), ECLI:EU:C:2006:291, *Massachusetts Institute of Technology v Deutsches Patent- und Markenamt*; on the meaning of the term ‘product’ in Article 1(b); CJEU 8 December 2011, Case [C-125/10](#), ECLI:EU:C:2011:812, *Merck Sharp & Dohme Corp. v Deutsches Patent- und Markenamt* and CJEU 13 February 2014, Case [C-555/13](#), ECLI:EU:C:2014:92, *Merck Canada v Accord Healthcare et al*, on the interpretation of Article 13 concerning the duration of the supplementary protection certificate; CJEU 14 November 2013, Case [C-210/13](#), ECLI:EU:C:2013:762, *Glaxosmithkline v Comptroller*, on the meaning of the concepts of ‘active ingredient’ and ‘combination of active ingredients’ in Article 1(b).

²¹⁷ OJ 28 November 2004, L 311/67.

In addition, as is the case for other intellectual property rights, the principle of European exhaustion applies: once a product has been placed on the market by the patentee or with his consent, the rights conferred by a European patent are in principle exhausted, with EU-wide effect.

With respect to exhaustion of national patent rights, the CJEU handed down a number of decisions from the 1970's onwards, in order to try to strike the right balance between IP rights on the one hand, and the principle of free movement of goods and services on the other.²¹⁸

The 'right of prior use' is another potential defence to an accusation of patent infringement. This defence requires the alleged infringer to show that, prior to the date of filing of the application, or, if a priority is claimed, before the date of priority, he had, in good faith, commenced use of a product or process included within the scope of protection of the (European) patent within the contracting state; or that he had made serious and effective preparations to that end. A successful defendant who has shown that he has a prior user right is permitted to continue the use, even after the patent has granted. It should be noted that the prior user right is a national right. A successfully pleaded national prior user right in France, for example, will not entitle the prior user to rely on the right in, say, Germany.

3.9 Transactional

3.9.1 Transfer and assignment

A European application or patent may be transferred or give rise to rights for one or more of the designated contracting states.²¹⁹ An interested party can request that a transfer be recorded in the European Patent Register. In such a case, documents providing evidence of the transfer will have to be provided and an administration fee is payable. The transfer has effect vis-à-vis the EPO only at the date when and to the extent that the above documents have been produced.²²⁰ This Rule also applies to any transfer of the European patent made during the opposition period or during opposition proceedings.²²¹

²¹⁸ See e.g. CJEU 31 October 1974, Case [C-15/74](#), ECLI:EU:C:1974:114, *Centrafarm v Sterling Drug*. With regard to the principle of exhaustion, see also para.2.5, 5.6 and 6.5.

²¹⁹ Article 71.

²²⁰ Rule 22.

²²¹ Rule 85; see also para. 3.2.3.

An assignment of a European patent application must be made in writing and requires the signature of the parties to the contract.²²² With respect to the assignment of a European patent and patent application, also the provisions laid down in the national patent laws of the designated contracting states will be applicable.²²³

3.9.2 Licensing

A European patent application may be licensed in whole or in part for the whole or part of the territories of the designated contracting states.²²⁴ Rule 22(1) and (2) (see above) apply *mutatis mutandis*.²²⁵ A license in respect of a European patent application shall be recorded a) as an exclusive license if the applicant and the licensee so request, or b) as a sub-license where it is granted by a licensor whose license is recorded in the European Patent Register.²²⁶ Moreover, a European patent may also form the subject of contractually granted exploitation rights, which may be exclusive or non-exclusive. Here too, national patent law is applicable.

Pursuant to Article 8 Regulation No 1257/2012, it is intended that the proprietor of a European patent with unitary effect will be able to file a statement with the EPO that it is prepared to allow any person to use the invention as a licensee in return for appropriate compensation. A license obtained under the Regulation shall be treated as a contractual license.

Apart from contractually granted licenses, the national patent laws of the designated states contain provisions relating to compulsory licenses. Dependent on the circumstances of the case, these provisions shall also be applicable with regard to European patents granted for such a state. In the European context examples of a compulsory license can be found in Article 12 of Directive 98/44/EC on the legal protection of biotechnological inventions²²⁷ and in Article 29(5a) of Council Regulation (EC) No 2100/94 on Community plant variety rights; see para. 6.6.

²²² Article 72.

²²³ See also Article 74.

²²⁴ Article 73.

²²⁵ Rule 23.

²²⁶ Rule 24.

²²⁷ OJ EPO 1999, 101.

Furthermore, Regulation (EC) No 816/2006 of 17 May 2006 contains provisions on compulsory licensing of patents relating to the manufacture of pharmaceutical products for export to countries with public health problems.²²⁸ In the preamble to this Regulation (points 5 and 13, respectively) it is stated that this Regulation is intended to be part of a wider European and international action to address public health problems faced by least developed countries and other developing countries, and in particular to improve access to affordable medicines which are safe and effective, including fixed-dose combinations, and whose quality is guaranteed. Moreover, the EU recognises an utmost desirability of promoting the transfer of technology and capacity building to countries with insufficient or no manufacturing capacity in the pharmaceutical sector, in order to facilitate and increase the production of pharmaceutical products by those countries.

3.9.3 *Technology transfer agreements*

Pursuant to Article 101(1) of the Treaty on the Functioning of the European Union (TFEU) (formerly: Article 81 of the EC Treaty), all agreements between undertakings, decisions by associations of undertakings and concerted practices which may affect trade between Member States and which have as their object or effect the prevention, restriction or distortion of competition within the internal market, shall be prohibited as incompatible with the internal market, in particular those which:

- a) directly or indirectly fix purchase or selling prices or any other trading conditions;
- b) limit or control production, markets, technical development, or investment;
- c) share markets or sources of supply;
- d) apply dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage;
- e) make the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.

However, pursuant to Article 101(3) TFEU, the provisions of paragraph 1 may be declared inapplicable in the case of:

²²⁸ OJ 9 June 2006, L 157/1.

- any agreement or category of agreements between undertakings,
- any decision or category of decisions by associations of undertakings,
- any concerted practice or category of concerted practices,

which contributes to improving the production or distribution of goods or to promoting technical or economic progress, while allowing consumers a fair share of the resulting benefit, and which does not:

- a) impose on the undertakings concerned restrictions which are not indispensable to the attainment of these objectives;
- b) afford such undertakings the possibility of eliminating competition in respect of a substantial part of the products in question.

An example in this context of an arrangement between a number of companies which the European Commission has declared to be unlikely to restrict competition and innovation is the following. A set of agreements aimed at giving third generation ('3G') mobile equipment manufacturers better access to patents was granted antitrust clearance by the Commission, because it held that improved access to patents is essential for a rapid introduction of 3G mobile services in Europe. According to the Commission, the clearance could be granted because the agreements in question were not limited to essential patents only, they did not foreclose competition in related or downstream markets, licensing would be carried out under non-discriminatory terms and competitively sensitive information was not exchanged. Furthermore, 3G manufacturers would not be forced to pay for patent rights other than those that they really needed. Finally, the licensing arrangements would not discourage further R&D and innovation in the mobile communications sector.²²⁹

Also, Regulation (EC) No 772/2004 of 27 April 2004 on the application of Article 81(3) of the Treaty to categories of technology transfer agreements exempts certain agreements (entered into between two undertakings permitting the production of contract products) of the working of Article 81(1) of the Treaty, by way of a so-called block exemption..²³⁰ It expired on 30 April 2014 and was replaced on that date by Regulation (EC) No 316/2014 of 21 March

²²⁹ See *Europa*, Press releases, Antitrust clearance for licensing of patents for third generation mobile services, No IP/02/1651 of 12 November 2002.

²³⁰ OJ 27 April 2004, L 123/11.

2014.²³¹ According to its preamble (points 4 and 5), technology transfer agreements will usually improve economic efficiency and be pro-competitive as they can reduce duplication of research and development, strengthen the incentive for the initial research and development, spur incremental innovation, facilitate diffusion and generate product market competition. The likelihood that such efficiency-enhancing and pro-competitive effects will outweigh any anti-competitive effects due to restrictions contained in technology transfer agreements depends on the degree of market power of the undertakings concerned and, therefore, on the extent to which those undertakings face competition from undertakings owning substitute technologies or undertakings producing substitute products. The Regulation only deals with agreements where the licensor permits the licensee and/or one or more of its sub-contractors to exploit the licensed technology, possibly after further research and development by the licensee and/or its sub-contractors, for the production of goods or services. It does not deal with licensing in the context of research and development agreements or to licensing in the context of specialization agreements, which are both covered by other regulations. It also does not deal with licensing agreements to set up technology pools, i.e. agreements for the pooling of technologies with the purpose of licensing them to third parties (preamble point 7).²³²

This Regulation also contains, *inter alia*, ‘market-share thresholds’ (Article 3). For example, where the undertakings party to the agreement are competing undertakings, the exemption provided for in Article 2 shall apply on condition that the combined market share of the parties does not exceed 20 % on the relevant market(s). It further contains so-called ‘hard-core restrictions’ (Article 4). For example, agreements which, directly or indirectly, in isolation or in combination with other factors under the control of the parties, have as their object the restriction of a party’s ability to determine its prices when selling products to third parties, and so-called ‘excluded restrictions’ (Article 5). For example, obligations contained in technology transfer agreements which include any direct or indirect obligation on the licensee to grant an exclusive licence to the licensor or to a third party designated by the licensor in respect of its own improvements to, or its own new applications of, the licensed technology.

²³¹ OJ 28 March 2014, L 93/17.

²³² In this context, patent pools for standards have become rather important. Organizations that set common standards for a particular industry, such as the International Organization for Standardization (ISO), in order to ensure the interoperability of products manufactured by different companies, often require so-called FRAND licenses (Fair, Reasonable and Non-Discriminatory) for members participating in the standard-setting process.

The Regulation is to expire on 30 April 2026. Once the Commission has evaluated its effectiveness, it will probably be extended.²³³

Another Regulation, similar to Regulation No 316/2014, is Regulation (EU) No 330/2010 of 20 April 2010 on the application of Article 101(3) TFEU to categories of vertical agreements and concerted practices.²³⁴ According to Article 1 of this Regulation ‘vertical agreement’ means an agreement or concerted practice entered into between two or more undertakings each of which operates, for the purposes of the agreement or the concerted practice, 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.²³⁵

²³³ See also <http://ec.europa.eu/competition/antitrust/legislation/transfer.html>.

²³⁴ OJ 23 April 2010, L 102/1.

²³⁵ See further Regulation (EU) No 1217/2010 of 14 December 2010 on the application of Article 101(3) TFEU to certain categories of research and development agreements, OJ 18 December 2010, L 335/36; and Regulation (EU) No 1218/2010 of 14 December 2010 on the application of Article 101(3) TFEU to certain categories of specialization agreements, OJ 18 December 2010, L 335/43.

Chapter 4 Copyright and related rights

4.1 Introduction

Copyright is the exclusive right of the author of an original literary or artistic work to authorise or prohibit certain acts relating to the work, such as reproduction (*copying*, hence the name *copyright*), distribution and communication to the public.

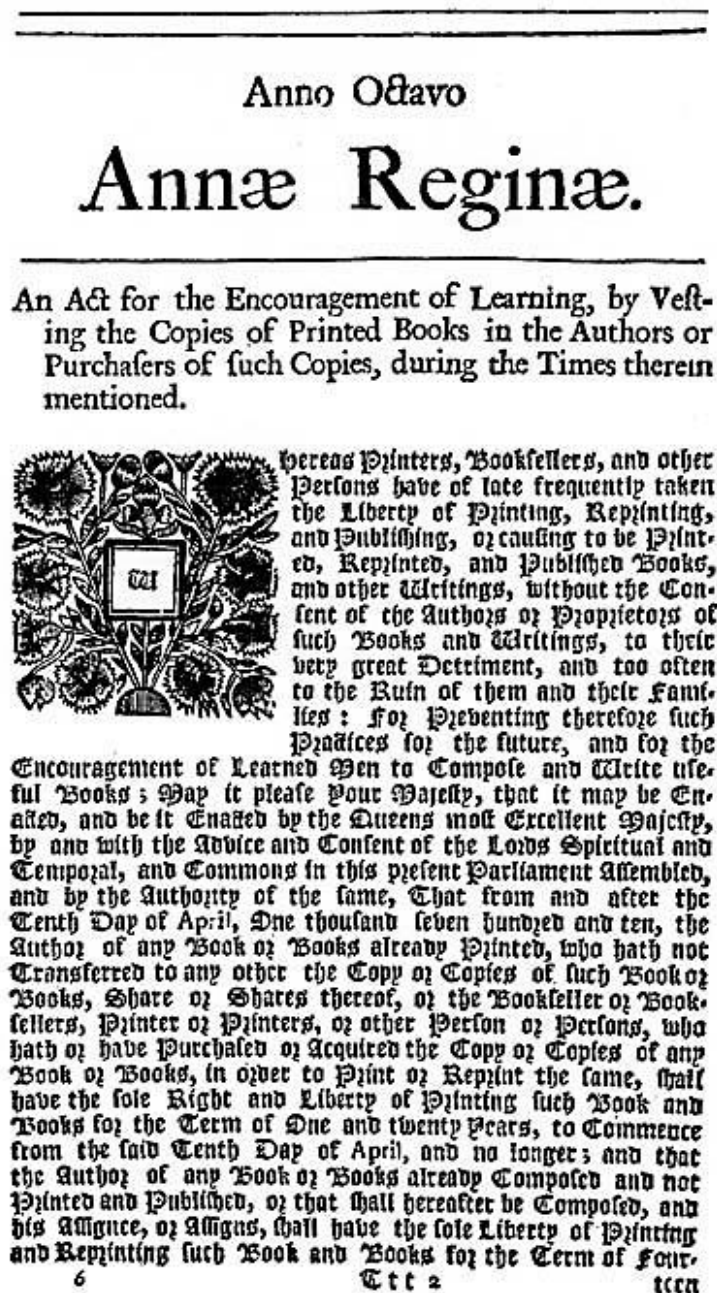
4.1.1 Rationale of copyright

There are several reasons to make protection by copyright, or author's right, as it is called in most continental languages, available. One reason is purely utilitarian. It is *useful* for society to *reward* the creation of literary or artistic works, because such rewards will encourage authors to create more works, by which society benefits. Another reason is based on the idea of a natural right. In that reasoning it is *just* that (only) the authors can pick and exploit the fruits of their own labour. Another reason is that a work reflects and even is an extension of the *personality* of the author, and that the protection of the personal integrity of authors extends to their works. This last reason is also the basis for the existence of moral rights for authors, such as the right to be identified as the author, next to their economic rights.

4.1.2 History

History of copyright is commonly associated with the invention of the printing press. In the beginning of the fifteenth century, in order to make investments in costly printing processes worthwhile, printers needed temporary monopolies in the printing of certain books, so that they could recoup the investment in such books. Initially those monopolies were vested in the printers themselves, who were usually organised in guilds.

Temporary monopolies or rights vested in the authors (rather than the printers) started with the Statute of Anne in England in 1709.



[Picture: Statute of Anne, 1709]

In 1886 the first and still most important international treaty on copyright, the Berne Convention (BC), was concluded, of which most countries in the world are now members.

4.1.3 *European harmonisation*

In the last decade of the twentieth century and the first years of the twenty first century, in Europe copyright was harmonised by a number of directives. The most important directive is called ‘copyright in the information society’ of 2001, usually (and hereinafter) simply referred to as the Copyright Directive (also: © Dir). The Copyright Directive was to a large extent based on another international treaty, the World Copyright Treaty (WCT) of 1996, which was meant to deal with the challenges of the internet.

4.2 **Subject matter**

4.2.1 *Introduction; types of works*

The subject matter of copyright protection is a (literary or artistic) *work*, which includes ‘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 [...]; works of drawing, painting, architecture, sculpture, engraving and lithography; photographic works [...]; works of applied art; illustrations, maps, plans, sketches and three-dimensional works relative to geography, topography, architecture or science.’²³⁶ This is a non-exhaustive list. For instance, computer programs and databases can also be protected by copyright. Translations, adaptations, arrangements of music and other alterations of a literary or artistic work are also protected as original works, without prejudice to the copyright in the underlying original work.²³⁷

It is important to note the difference between the work and copies of the work. A work is an intangible intellectual creation. Copies of the work are the fixations of the work in physical form. It is the intangible work that is subject to copyright.

²³⁶ Article 2(1) BC.

²³⁷ Article 2(3) BC.

4.2.2 *No registration or other formalities*

Unlike most intellectual property rights, there is no requirement of registration of any kind in copyright. On the contrary, according to Article 5.2 BC ‘the enjoyment and the exercise of [copyright] shall not be subject to any formality’. It is for instance not required to put the copyright notice © on a copy of a work to enjoy copyright protection. In some countries, such as the United Kingdom there is a fixation requirement, but in most other European countries a work only needs to be expressed in some way, in order to enjoy copyright protection.

4.2.3 *Originality requirement*

The main requirement for copyright protection is originality. This means that the work has to be the result of the author’s own intellectual creation, or, in other words, of the author’s own creativity. This threshold for protection, which is often described as the originality-requirement, is one of the most important and most difficult concepts in copyright. It can be described and defined in many different ways. For example, the Software Directive of 1991²³⁸ states ‘a computer program shall be protected if it is original in the sense that it is the author’s own intellectual creation’.²³⁹ On the other hand, in the preamble to the Term Directive of 1993²⁴⁰ it is stated that ‘an intellectual creation is an author’s own if it reflects the author’s personality’ and that photographs which are original in the sense that they are the author’s own intellectual creation shall be protected and that no other criteria shall be applied to determine their eligibility for protection.²⁴¹

The Copyright Directive does not contain a definition of a literary or artistic work, and it was long assumed that the originality-requirement was not harmonised on a European level for most types of works. However, since 2009 the CJEU has handed down several decisions in which it seems to rule that ‘a work’ is a harmonised concept for all types of works.

²³⁸ Software Directive, Article 1(3).

²³⁹ A similar definition applies to databases according to Article 3(1) of the Database Directive of 1996.

²⁴⁰ Term Directive, recital 17.

²⁴¹ Article 6 Term Directive.

Text

In the Infopaq case of 2009 the CJEU ruled that a text consisting of eleven words might be protected by copyright: ‘Regarding the elements of such works covered by the protection, it should be observed that they consist of words which, considered in isolation, are not as such an intellectual creation of the author who employs them. It is only through the choice, sequence and combination of those words that the author may express his creativity in an original manner and achieve a result which is an intellectual creation’.²⁴²

Photos

In the Painer-case of 2011 the CJEU ruled that a (portrait) photo is a protected work if it is ‘an intellectual creation of the author reflecting his personality and expressing his free and creative choices in the production of that photograph’. ‘As regards a portrait photograph, the photographer can make free and creative choices in several ways and at various points in its production. In the preparation phase, the photographer can choose the background, the subject’s pose and the lighting. When taking a portrait photograph, he can choose the framing, the angle of view and the atmosphere created. Finally, when selecting the snapshot, the photographer may choose from a variety of developing techniques the one he wishes to adopt or, where appropriate, use computer software. By making those various choices, the author of a portrait photograph can stamp the work created with his ‘personal touch’’.²⁴³

Data

In the Football Dataco-I case the CJEU ruled in 2012 that databases can be protected by copyright ‘provided that the selection or arrangement of the data which it contains amounts to an original expression of the creative freedom of its author [...] As a consequence the intellectual effort and skill of creating that data are not relevant in order to assess the eligibility of that database for protection by that right; it is irrelevant, for that purpose, whether or not the selection or arrangement of that data includes the addition of important significance to that data, and the significant labour and skill required for setting up that

²⁴² CJEU 16 July 2009, Case [C-5/08](#), ECLI:EU:C:2009:465, Infopaq I, at 45-46.

²⁴³ CJEU 1 December 2011, Case [C-145/10](#), ECLI:EU:C:2011:798, Painer, at 94 and 90-92 respectively.

database cannot as such justify such a protection if they do not express any originality in the selection or arrangement of the data which that database contains.’²⁴⁴

Design

According to the 1998 European Design Directive²⁴⁵, the extent to which, and the conditions under which, copyright protection is conferred to designs, including the level of originality required, shall be determined by each Member State. But in view of the recent case law of the CJEU it is quite likely that the originality requirement for copyright protection for designs is also to be considered harmonised by the 2001 Copyright Directive.²⁴⁶

4.2.4 *Subject matter exclusions*

Article 2 WCT states: ‘Copyright protection extends to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such.’²⁴⁷ It also does not apply to facts, such as news. Elaborate and detailed ideas, for example full formats for television shows or story lines for plays or films, however, can be protected by copyright. A relatively simple plot, such as the story of Romeo and Juliette or the mere idea of a boy going to a school for magicians is not protected by copyright. A particular expression in the form of a particular detailed story based on such an idea is, however, protected. In practice it is often very difficult to draw the line between ideas and expressions. The same goes for styles and trends in design which are considered not to be protected whilst individual designs may be protected.

The subject matter protected by copyright must be expressed in a manner which makes it identifiable with sufficient precision and objectivity, even though that expression is not necessarily in permanent form, as the CJEU ruled in 2018:²⁴⁸ ‘That is because, first, the authorities responsible for ensuring that the exclusive rights inherent in copyright are

²⁴⁴ CJEU 1 March 2012, Case [C-604/10](#), ECLI:EU:C:2012:115, Football Dataco-I, operative part.

²⁴⁵ Directive 98/71/EC of 13 October 1998 on the legal protection of designs.

²⁴⁶ CJEU 27 January 2011, Case [C-168/09](#), ECLI:EU:C:2011:29, Flos/Semeraro Casa e Famiglia, at 34.

²⁴⁷ Article 2 WCT. See also Article 1.2 Software Directive: ‘Ideas and principles which underlie any element of a computer program, including those which underlie its interfaces, are not protected by copyright under this Directive.’

²⁴⁸ CJEU 13 November 2018, Case [C-310/17](#), ECLI:EU:C:2018:899, Levola

protected must be able to identify, clearly and precisely, the subject matter so protected. The same is true for individuals, in particular economic operators, who must be able to identify, clearly and precisely, what is the subject matter of protection which third parties, especially competitors, enjoy. Secondly, the need to ensure that there is no element of subjectivity — given that it is detrimental to legal certainty — in the process of identifying the protected subject matter means that the latter must be capable of being expressed in a precise and objective manner. The taste of a food product cannot, however, be pinned down with precision and objectivity. Unlike, for example, a literary, pictorial, cinematographic or musical work, which is a precise and objective form of expression, the taste of a food product will be identified essentially on the basis of taste sensations and experiences, which are subjective and variable since they depend, *inter alia*, on factors particular to the person tasting the product concerned, such as age, food preferences and consumption habits, as well as on the environment or context in which the product is consumed. Moreover, it is not possible in the current state of scientific development to achieve by technical means a precise and objective identification of the taste of a food product which enables it to be distinguished from the taste of other products of the same kind’.

Therefore, the taste of a food product cannot be classified as a ‘work’ protected by copyright. The same probably applies to the smell of a perfume.

Functional aspects of objects and tools are not protected by copyright either, because they do not meet the originality requirement. The criterion of originality can for instance not be met by components of a graphic user interface which are differentiated only by their technical function.²⁴⁹ ‘Neither the functionality of a computer program nor the programming language and the format of data files used in a computer program in order to exploit certain of its functions constitute a form of expression of that program and, as such, are not protected by copyright’.²⁵⁰

Performances by performing artists e.g., actors, musicians and dancers are not considered to be protected by copyright. There is copyright in the plays, compositions and choreographies, which vests in the playwrights, composers and choreographers. In Europe and in many other

²⁴⁹ CJEU 22 December 2010, Case [C-393/09](#), ECLI:EU:C:2010:816, *Bezpečnostní Softwarová Asociace*, at 48.

²⁵⁰ CJEU 2 May 2012, Case [C-406/10](#), ECLI:EU:C:2012:259, *Sas Institute*, operative part 1.

countries performances are however protected by so called ‘neighbouring rights’ which are very similar to copyright and which are to be discussed at the end of this chapter.

In line with international consensus, but without a very clear reasoning, the CJEU has also decided that sporting events cannot be regarded as intellectual creations classifiable as works within the meaning of the Copyright Directive. That applies in particular to football matches, which are subject to rules of the game, leaving no room for creative freedom for the purposes of copyright.²⁵¹

4.3 Authorship and ownership

4.3.1 General

As a rule, copyright is initially owned by the author of the work. The author is the natural person that created the work. This rule is called the ‘creator doctrine’. There are, however, several exceptions in most countries. In some countries works made under employment are owned by the employer. In many other situations, such as works made for hire, or collective works, or works legally published without the name of the natural person, the copyright is owned by the producer, the publisher or some other legal entity. There are also many varieties of rebuttable presumptions of transfer of ownership for the benefit of producers. There are no *general* rules on ownership of copyright harmonized at the EU level, but there are some harmonized rules for *specific* types of works or specific types of authors.

4.3.2 Computer programs

The Software Directive contains Article 2 on authorship of computer programs in which it is left to the Member States to determine who initially owns the copyright. However, when a computer program is created by employees in the execution of their duties or following the instructions given by their employer, the employer shall exclusively be entitled to exercise all economic rights in the created program, unless otherwise provided by contract.²⁵²

²⁵¹ CJEU 4 October 2011, Cases [C-403/08](#) and [C-429/08](#), ECLI:EU:C:2011:631, Premier League, at 98.

²⁵² Article 2(3) Software Directive.

4.3.3 *Audio-visual or cinematographic works*

According to the Berne Convention, ownership of copyright in a cinematographic work shall be a matter for legislation in the country where protection is claimed. However, in the countries of the Union which, by legislation, include among the owners of copyright in a cinematographic work authors who have contributed to the making of the work the following applies. Authors that have undertaken to contribute, may not, in the absence of anything to the contrary or any special stipulation, object to the reproduction, distribution, public performance, communication to the public by wire, broadcasting or any other communication to the public, or to the subtitling or dubbing of texts, of the work.²⁵³

At the EU level there is some harmonization of ownership of copyright. The principal director of a cinematographic or audio-visual work shall be considered as its author or one of its authors. Member States shall be free to designate other co-authors.²⁵⁴ The CJEU has ruled that rights to exploit a cinematographic work vest by operation of law, directly and originally, in the principal director. This precludes national legislation which allocates those exploitation rights by operation of law exclusively to the producer of the work in question. It does, however, allow for the option of laying down a presumption of transfer, in favour of the producer of a cinematographic work, of rights to exploit the cinematographic work, provided that such a presumption is open for rebuttal and not precluding the principal director of that work from agreeing otherwise.²⁵⁵

4.4 **Scope of protection**

4.4.1 *Introduction*

The rights conferred by copyright consist of economic rights and moral rights. The moral rights are not harmonised on a European level. There are some minimum standards for moral rights in the Berne Convention. The economic rights can be divided into exclusive rights and remuneration rights. The exclusive economic rights are harmonised to high degree by Article 2, 3 and 4 of the Copyright Directive.

²⁵³ Article 14bis (2)(a) and (b) BC.

²⁵⁴ Article 2(1) Term Directive.

²⁵⁵ CJEU 9 February 2012, Case [C-277/10](#), ECLI:EU:C:2012:65, Luksan/Van der Let, operative part 1 and 2.

4.4.2 *The reproduction right (Article 2 © Dir.)*

The reproduction right is traditionally the core of the exclusive economic rights conferred by copyright. According to Article 2.1 of the Copyright Directive it is ‘the exclusive right to authorise or prohibit direct or indirect, temporary or permanent reproduction by any means and in any form, in whole or in part’. Any copying by hand or by any kind of machine or technology, including the fixation of live performances, amounts to a reproduction covered by the reproduction right. The most interesting aspect of the reproduction right is the extent to which it is covered by limitations or exceptions, which will be discussed later on.

4.4.3 *The right of adaptation*

The Berne Convention prescribes that authors of literary or artistic works shall enjoy the exclusive right of authorizing adaptations, arrangements and other alterations of their works.²⁵⁶ It is as yet unclear whether or not in the system of the Copyright Directive the reproduction right also encompasses the adaptation right. The right of adaptation is the right to adapt, translate, arrange or otherwise alter the work. It can be argued that in an adaptation the intellectual creation of the earlier author is reproduced. The scope of the right of adaptation, that is to say, the degree of similarity between two works which is required to consider something an inadmissible adaptation, is a very complicated factual issue.

4.4.4 *The right of communication to the public (Article 3 © Dir)*

Article 3(1) of the Copyright Directive contains the right of communication to the public, which is defined as ‘the exclusive right to authorise or prohibit any communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access them from a place and at a time individually chosen by them’. This last part, the ‘*making available right*’ is specifically aimed at downloading and on line viewing. The importance of making available on line is obviously steadily growing. Article 3(1) contains ‘maximum harmonisation’: it must be interpreted as precluding a Member State from giving wider protection to copyright holders by laying down that the concept of communication to the public includes a wider range of activities than those referred to in that provision.²⁵⁷

²⁵⁶ Article 12 BC.

²⁵⁷ CJEU 13 February 2014, Case [C-466/12](#), ECLI:EU:C:2014:76, Svensson/Retriever, operative part 2.

Broadcasting

This right of communication to the public includes the *broadcasting right*, i.e., the right to transmit works either over the air or through cables or by satellite, as part of a radio or television program or as part of another service by which ‘the public’ is reached. In the context of broadcasting the public can be defined as ‘an indeterminate number of potential viewers or listeners.’²⁵⁸ It is the transmission of broadcasts that amounts to an act relevant under copyright law. In the 2011 Premier League case, the CJEU stated that: ‘Mere reception as such of those broadcasts – that is to say, the picking up of the broadcasts and their visual display – in private circles does not reveal an act restricted by European Union legislation.’²⁵⁹

The broadcasting right is partly harmonised by the Satellite and Cable Directive. On the basis of that directive the right relating to the retransmission by cable operators of programs broadcasted by broadcasting organisations, can only be exercised through a collecting society.²⁶⁰ According to that same directive the ‘act of communication to the public by satellite occurs solely in the Member State where, under the control and responsibility of the broadcasting organization, the programme-carrying signals are introduced into an uninterrupted chain of communication leading to the satellite and down towards the earth.’²⁶¹

However, even if there is such an uninterrupted chain, there might be ‘an intervention’ by other operators than the initial broadcasting organisation in the course of a communication ‘with the result that they render the protected subject-matter accessible to a public wider than that targeted by the broadcasting organisation concerned, that is to say, a public which was not taken into account by the authors of those works when they authorised the use of the latter by the broadcasting organisation. In such a situation, the intervention of those operators is thus not covered by the authorisation granted to the broadcasting organisation.’²⁶² Thus, in that case ‘an operator expands the circle of persons having access to that communication and thereby renders the protected subject-matter accessible to a new public,’ which amounts to a separate communication to the public.

²⁵⁸ CJEU 14 July 2005, Case [C-192/04](#), ECLI:EU:C:2005:475, Lagardère, at 31.

²⁵⁹ CJEU 4 October 2011, Cases [C-403/08 and C-429/08](#), ECLI:EU:C:2011:631, Premier League, at 171.

²⁶⁰ Article 9 of the Satellite and Cable Directive.

²⁶¹ Article 1(2)(b) of the Satellite and Cable Directive.

²⁶² CJEU 13 October 2011, Cases [C-431/09 and C-432/09](#), ECLI:EU:C:2011:648, Airfield, at 76.

A broadcasting organisation does not carry out an act of communication to the public ‘when it transmits its programme-carrying signals exclusively to signal distributors without those signals being accessible to the public during, and as a result of that transmission, those distributors then sending those signals to their respective subscribers so that they may watch those programmes’.²⁶³ However, in such a case, these signal distributors do carry out an act of communication to the public.

Hotels

Earlier on, the CJEU already ruled along similar lines on transmission of television programs to hotel rooms. In the SGAE/Rafael Hoteles case of 2006 it decided: ‘When the author authorises the broadcast of his work, he considers only direct users, that is, the owners of reception equipment who, either personally or within their own private or family circles, receive the programme’. It added: ‘If reception is for a larger audience, possibly for profit, a new section of the receiving public hears or sees the work and the communication of the programme via a loudspeaker or analogous instrument no longer constitutes simple reception of the programme itself but is an independent act through which the broadcast work is communicated to a new public’. And: ‘The hotel is the organisation which intervenes, in full knowledge of the consequences of its action, to give access to the protected work to its customers. In the absence of that intervention, its customers, although physically within that area, would not, in principle, be able to enjoy the broadcast work.’²⁶⁴

In another case rendered in 2010 the CJEU also ruled that: ‘The hotelier, by installing televisions in his hotel rooms and by connecting them to the central antenna of the hotel, thereby, and without more, carries out an act of communication to the public.’²⁶⁵ Along the same line, the CJEU ruled in 2014 that the intentional distribution of a signal by means of television or radio sets in the bedrooms of a health spa establishment’s patients also qualifies as a communication to the public.²⁶⁶

²⁶³ CJEU 19 November 2015, Case [C-325/14](#), ECLI:EU:C:2015:764, (SBS Belgium).

²⁶⁴ CJEU 7 December 2006, Case [C-306/05](#), ECLI:EU:C:2006:764, SGAE/Rafael Hoteles, at 41 and 42.

²⁶⁵ CJEU 18 March 2010, Case [C-136/09](#), ECLI:EU:C:2010:151, Divani Acropolis Hotel.

²⁶⁶ CJEU 27 February 2014, Case [C-351/12](#), ECLI:EU:C:2014:110, OSA /Léčebné lázně Mariánské Lázně.

According to the CJEU, making available a cd-player and cd's also amounts to a communication to the public. 'A hotel operator which provides in guest bedrooms apparatus other than a television or radio, and phonograms in a physical or digital format capable of being broadcast or heard by means of that apparatus, is providing the two elements making it possible to make the sounds or representations of sounds fixed in a phonogram audible to the public, that is to say, phonograms'. Since he 'thereby provides its customers with the two elements necessary to enjoy the works in question, it follows that, without its intervention, the customers would not have access to those works. The role of that hotel operator is thus indispensable' (the Phonographic Performance (Ireland) decision of 2012).²⁶⁷

Retransmission

The CJEU, furthermore, ruled that 'communication to the public' also covers 'a retransmission of the works included in a terrestrial television broadcast where the retransmission is made by an organisation other than the original broadcaster, by means of an internet stream made available to the subscribers of that other organisation who may receive that retransmission by logging on to its server, even though those subscribers are within the area of reception of that terrestrial television broadcast and may lawfully receive the broadcast on a television receiver.'²⁶⁸ Apparently, in such a case it is not relevant whether the protected subject-matter is made accessible to a 'new public.'

Making available and hyperlinking

Making available information over the internet certainly amounts to a communication to the public. But hyperlinking to information, which is already available on the internet with permission of the right owners, is not a new or separate communication to the public, because it is not aimed at a new public.

In 2014, the Court of Justice ruled in the case of Svensson/Retriever that: '[T]he public targeted by the initial communication consisted of all potential visitors to the site concerned, since, given that access to the works on that site was not subject to any restrictive measures,

²⁶⁷ CJEU 15 March 2012, Case [C-162/10](#), ECLI:EU:C:2012:141, Phonographic Performance (Ireland), at 62-68.

²⁶⁸ CJEU 7 March 2013, Case [C-607/11](#), ECLI:EU:C:2013:147, ITV/TV Catchup, operative part.

all Internet users could therefore have free access to them. In those circumstances, it must be held that, where all the users of another site to whom the works at issue have been communicated by means of a clickable link could access those works directly on the site on which they were initially communicated, without the involvement of the manager of that other site, the users of the site managed by the latter must be deemed to be potential recipients of the initial communication and, therefore, as being part of the public taken into account by the copyright holders when they authorized the initial communication. Therefore, since there is no new public, the authorization of the copyright holders is not required'.²⁶⁹

In 2016, the CJEU in the GS Media case confirmed that hyperlinking to an illegal source is not permissible: “where it is established that [...] a person knew or ought to have known that the hyperlink he posted provides access to a work illegally placed on the internet, for example owing to the fact that he was notified thereof by the copyright holders, it is necessary to consider that the provision of that link constitutes a ‘communication to the public’”.²⁷⁰

The posting on one website of a photograph previously posted, without any restriction preventing it from being downloaded and with the consent of the copyright holder, on another website, not in the form of a hyperlink, but as an actual copy, is a communication to the public.²⁷¹

Media players and internet platforms

In 2017 the CJEU ruled that the sale of a multimedia player, on which there are pre-installed add-ons, available on the internet, containing hyperlinks to websites — that are freely accessible to the public — on which copyright-protected works have been made available to the public without the consent of the right holders, also constitute a communication to the public.²⁷² ‘The concept of ‘communication to the public’, is also applicable to ‘the making available and management, on the internet, of a sharing platform which, by means of indexation of metadata relating to protected works and the provision of a search engine,

²⁶⁹ CJEU 13 February 2014, Case [C-466/12](#), ECLI:EU:C:2014:76, Svensson/Retriever at 25-28.

²⁷⁰ CJEU 8 September 2016, [C-160/15](#), ECLI:EU:C:2016:644, GS Media / Sanoma, Playboy & Britt Dekker at 49.

²⁷¹ CJEU 7 August 2018, [C-161/17](#), ECLI:EU:C:2018:634, Land Nordrhein-Westfalen/Dirk Renckhoff

²⁷² CJEU 26 April 2017, [C-527/15](#), ECLI:EU:C:2017:300, Brein/Wullems.

allows users of that platform to locate those works and to share them in the context of a peer-to-peer network,' such as *The Pirate Bay*.²⁷³

Public viewing in cafés

The communication to the public concept also encompasses communication 'by loudspeaker or any other instrument transmitting, by signs, sounds or images, the broadcast of the work.'²⁷⁴ It covers transmission of the broadcast works, via a television screen and speakers, to the customers present in a public house, because those customers constitute an additional public which was not considered by the authors when they authorised the broadcasting of their works.²⁷⁵ The proprietor of a public house intentionally gives the customers present in that establishment access to a broadcast containing protected works via a television screen and speakers. Without his intervention the customers cannot enjoy the works broadcast, even though they are physically within the broadcast's catchment area.²⁷⁶

It is also relevant that a 'communication' within the meaning of Article 3(1) of the Copyright Directive is one that is meant to make profit. As the CJEU ruled in *Premier League*: '[I]t is indisputable that the proprietor transmits the broadcast works in his public house in order to benefit therefrom and that that transmission is liable to attract customers to whom the works transmitted are of interest. Consequently, the transmission in question has an effect upon the number of people going to that establishment and, ultimately, on its financial results.'²⁷⁷

Music at the dentist, at a health spa and at a rehabilitation centre

The patients of a dentist constitute a fixed circle of potential recipients. Consequently, they are not 'persons in general.' The number of persons to whom a same broadcast is made audible by the dentist is not large, indeed it is insignificant, and given that the number of persons present in a dental practice at the same time is, in general, very limited.²⁷⁸ In *SCF*

²⁷³ CJEU 14 June 2017, [C-610/15](#), ECLI:EU:C:2017:456, *Brein/Ziggo*.

²⁷⁴ Article 11bis(1)(iii) BC, CJEU 4 October 2011, Cases C-403/08 and C-429/08, *Premier League*, at 192.

²⁷⁵ CJEU 4 October 2011, Cases [C-403/08 and C-429/08](#), ECLI:EU:C:2011:631, *Premier League*, at 199.

²⁷⁶ CJEU 4 October 2011, Cases [C-403/08 and C-429/08](#), ECLI:EU:C:2011:631, *Premier League*, at 195.

²⁷⁷ CJEU 4 October 2011, Cases [C-403/08 and C-429/08](#), ECLI:EU:C:2011:631, *Premier League*, at 204-205.

²⁷⁸ CJEU 15 March 2012, Case [C-135/10](#), ECLI:EU:C:2012:140, *SCF Consorzio Fonografici/Marco del Corso*, at 95-96.

Conorzio Fonografici/Marco del Corso (2012) the Court of Justice ruled: ‘Finally, it cannot be disputed that, in a situation such as that in the main proceedings, a dentist who broadcasts phonograms, by way of background music, in the presence of his patients cannot reasonably either expect a rise in the number of patients because of that broadcast alone or increase the price of the treatment he provides. Therefore, such a broadcast is not liable, in itself, to have an impact on the income of that dentist.’²⁷⁹ Therefore, the Court concluded, ‘the broadcasting, free of charge, of phonograms within private dental practices engaged in professional economic activity, for the benefit of patients of those practices and enjoyed by them without any active choice on their part’, does not amount to a communication to the public.²⁸⁰ In a later decision the CJEU ruled that there is however a communication to the public at a luxury health spa.²⁸¹ In 2016 the CJEU confirmed all of its earlier decisions and ruled that the broadcasting of television programs in a rehabilitation centre to allow patients to watch television programmes on television sets installed there does amount to a communication of the public of the music contained in those programs.²⁸² The CJEU was of the opinion that this “constitutes the supply of additional services which, while not having any medical benefit, does have an impact on the establishment’s standing and attractiveness, thereby giving it a competitive advantage”.

Live public performance

In order for there to be communication to the public *within the meaning of the Copyright Directive*, the work broadcast must be transmitted to a ‘public not present at the place where the communication originates’, within the meaning of recital 23 in the preamble to the Copyright Directive.²⁸³ The harmonised concept of communication to the public ‘does not cover ‘direct representation or performance’, a concept referring to that of ‘public performance’ which appears in Article 11(1) of the Berne Convention and encompasses interpretation of the works before the public that is in direct physical contact with the actor or

²⁷⁹ CJEU 15 March 2012, Case [C-135/10](#), ECLI:EU:C:2012:140, SCF Consorzio Fonografici/Marco del Corso, at 97.

²⁸⁰ CJEU 15 March 2012, Case [C-135/10](#), ECLI:EU:C:2012:140, SCF Consorzio Fonografici/Marco del Corso, operative part.

²⁸¹ CJEU 27 February 2014, Case [C-351/12](#), ECLI:EU:C:2014:110, OSA/Léčebné lázně Mariánské Lázně, at 35.

²⁸² CJEU 31 May 2016, Case [C-117/15](#), ECLI:EU:C:2016:379, (Reha Training).

²⁸³ CJEU 4 October 2011, Cases [C-403/08 and C-429/08](#), ECLI:EU:C:2011:631, Premier League, at 200.

performer of those works’.²⁸⁴ When musical works are performed live, that element of direct physical contact exists, with the result that, the public is present at the place where the communication originates, and the harmonised concept does not apply, as the CJEU held in *Circul Globus București* (2011).²⁸⁵ However, all EU countries are members of the Berne Convention, and therefore, on the basis of Article 11.1 BC, the communication to the public does also cover live public performances all over the European Union.

4.4.5 *Distribution right*

The exclusive right to authorise or prohibit any form of distribution to the public by sale or otherwise is to be distinguished from the communication to the public right, primarily, because it involves the distribution of physical copies. The right to sell copies is an important exploitation right in any intellectual property laws. The most important characteristic of the distribution right is that it is exhausted after the first sale of a copy. Hence, the term ‘first-sale-doctrine’ in US intellectual property law describes the same phenomenon. The right owner cannot prohibit the second hand sale of copies of works. This exhaustion of the distribution right is in Europe territorial in nature. Only the first sale in the EU (or rather the European Economic Area) leads to exhaustion in the EU. The resale or parallel import within the EU is permitted after the first sale in the EU. Parallel import into the EU of goods which have been brought on the market outside EU with permission of the right holder is not permitted.

4.4.6 *Rental and lending*

A peculiarity of copyright which is not found in other intellectual property rights is the existence of a rental and lending right. This right is not affected by exhaustion. Rental is ‘making available for use, for a limited period of time and for direct or indirect economic or commercial advantage’ and is covered by an exclusive right. Lending is ‘making available for use, for a limited period of time and not for direct or indirect economic or commercial advantage, when it is made through establishments which are accessible to the public’ such as public libraries. Lending can be and is in most EU countries exempted from the exclusive

²⁸⁴ CJEU 4 October 2011, Cases [C-403/08 and C-429/08](#), ECLI:EU:C:2011:631, *Premier League*, at 201.

²⁸⁵ CJEU 24 November 2011, Cases [C-283/10](#), ECLI:EU:C:2011:772, *Circul Globus București*, at 37 – 39.

right and covered by a right to remuneration.²⁸⁶ The amount of remuneration to be paid by a public library should take account of the number of works made available to the public and, consequently, that large public lending establishments should pay a greater level of remuneration than smaller establishments.²⁸⁷

4.4.7 *Artist's resale right*

There is another exception to the exhaustion rule in Copyright. That is the author's resale right or *droit de suite*, in French. EU Member States have to 'provide, for the benefit of the author of an original work of art, a resale right, to be defined as an inalienable right, which cannot be waived, even in advance, to receive a royalty based on the sale price obtained for any resale of the work, subsequent to the first transfer of the work by the author'. This right applies to 'all acts of resale involving as sellers, buyers or intermediaries, art market professionals, such as salesrooms, art galleries and, in general, any dealers in works of art'.²⁸⁸ Member States can set a minimum sale price from which the sales shall be subject to resale right. This minimum sale price may however not exceed € 3.000,-. The royalty provided for is 4 % for the portion of the sale price up to € 50.000, - scaling down by a few steps to 0, 25 % for the portion of the sale price exceeding € 500.000,-, with a maximum of € 12.500,-.²⁸⁹

The other remuneration rights existing in the EU are connected to the exceptions and limitations in the Copyright Directive and will be discussed below, together with those exceptions and limitations.

4.4.8 *Moral rights*

Independent of the author's economic rights, and even after the transfer of the those rights, the author shall have the right to claim authorship of the work and to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honour or reputation.²⁹⁰ Moral rights are not harmonized at the EU level.

²⁸⁶ Articles 2, 3 and 6 Rental Directive.

²⁸⁷ CJEU 30 June 2011, Case [C-271/10](#), ECLI:EU:C:2011:442, VEWABelgium.

²⁸⁸ Article 1(1) and 1(2) Resale Right Directive.

²⁸⁹ Articles 3 and 4 Resale Right Directive.

²⁹⁰ Article 6bis1 BC.

4.5 Period of protection

The rights of an author of a literary or artistic work run for the life of the author and for 70 years after the author's death, irrespective of the date when the work is lawfully made available to the public. In the case of a work of joint authorship the term of protection is calculated from the death of the last surviving author. In the case of anonymous or pseudonymous works, the term of protection runs for 70 years after the work is lawfully made available to the public.

Where an EU Member State provides for particular provisions regarding copyright in respect of collective works or for a legal person to be designated as the right holder, the term of protection runs for 70 years after the work is lawfully made available to the public, except if the natural persons who have created the work are identified as such in the versions of the work which are made available to the public.

4.6 Exceptions and limitations

4.6.1 Introduction

In the EU the limitations and exceptions in copyright are mainly harmonized by Article 5 of the Copyright Directive, which contains one mandatory exception and a long list of optional exceptions and limitations. Some exceptions are subject to an obligation to pay remuneration. The exceptions and limitations are themselves limited by the so-called 'three-step-test' in Article 5.5 (see below), which is also included in several treaties. Some limitations are based on public policy arguments related to free speech and access to information, some are based on cultural policy arguments and others on the practical impossibility or undesirability to control certain kinds of use. Only the most important limitations and exceptions are discussed below. The Copyright Directive does not allow for a general 'fair use exception' as exists in the US.

4.6.2 Temporary acts of reproduction

The only mandatory exception to the reproduction right applies to temporary acts of reproduction 'which are transient or incidental and an integral and essential part of a technological process and whose sole purpose is to enable either (a) a transmission in a

network between third parties by an intermediary, or (b) a lawful use, of a work or other subject-matter to be made, and which have no independent economic significance’.²⁹¹ Such acts are not subject to the reproduction right. They do include all kinds of temporary storage which are part of transmitting information over the internet and the lawful use of digital information. The scanning of press articles for automated recognition and selection of certain information for the making of summaries is for instance allowed.²⁹² The CJEU also ruled that ‘the copies on the user’s computer screen and the copies in the internet ‘cache’ of that computer’s hard disk, made by an end-user in the course of viewing a website, satisfy the conditions that those copies must be temporary, that they must be transient or incidental in nature and that they must constitute an integral and essential part of a technological process and that they may therefore be made without the authorisation of the copyright holders.’²⁹³

Acts of temporary reproduction, on a multimedia player, of a copyright-protected work obtained by streaming from a website belonging to a third party offering that work without the consent of the copyright holder does not satisfy the conditions set out in those provisions.’²⁹⁴

4.6.3 *Exceptions to do with copying which require ‘fair compensation’*

EU Member States may, and most do, provide for exceptions to the reproduction right with respect to photocopying²⁹⁵ and to all copying for private use and ends that are neither directly nor indirectly commercial.²⁹⁶ These exceptions require a scheme for ‘fair compensation’ to be received by the right holders. In most EU countries this fair compensation is effectuated through a system of levies, either on blank media, or on recording equipment or on both.

Systems and levies vary considerably across Europe which inevitably leads to many issues related to parallel imports and has led to several cases before the CJEU.²⁹⁷ In the UK, for example, there is no levy system and private copying is allowed albeit to a very limited extent only. In France levies are relatively high. Attempts to further harmonize the levy systems

²⁹¹ Article 5(1) Copyright Directive.

²⁹² CJEU 17 January 2012, Case [C-302/10](#), ECLI:EU:C:2012:16, Infopaq/Danske Dagblades Forening II.

²⁹³ CJEU 5 June 2014, Case [C-360/13](#), ECLI:EU:C:2014:1195, PRCA/NLA.

²⁹⁴ CJEU 26 April 2017, [C-527/15](#), ECLI:EU:C:2017:300, Brein/Wullems.

²⁹⁵ Article 5(2)(a) Copyright Directive.

²⁹⁶ Article 5(2)(b) Copyright Directive.

²⁹⁷ CJEU 21 October 2010, Case [C-467/08](#), ECLI:EU:C:2010:620, Padawan/SGAE, CJEU 16 June 2011, Case [C-462/09](#), ECLI:EU:C:2011:397, Thuiskopie/Opus, CJEU 27 June 2013, Case [C-457/11](#), ECLI:EU:C:2013:426, VG Wort/Kyocera Mita, CJEU 11 July 2013, Case [C-521/11](#), ECLI:EU:C:2013:515, Amazon.com/Austro-Mechana.

have not yet been successful. The CJEU has decided that private copying from an illegal source is not allowed and that the harm of this kind of copying cannot be taken into account while setting the level of the private copying levies.²⁹⁸

4.6.4 *Other limitations on the reproduction right*

Member States may also provide for limitations for reproductions made by public libraries, educational establishments or museums, or by archives, for non-commercial purposes and for ephemeral recordings made by broadcasting organisations for their own broadcasts.²⁹⁹

4.6.5 *Limitations on all exclusive rights*

Member States may provide for exceptions or limitations to the purpose of illustration for non-commercial teaching or scientific research,³⁰⁰ reproduction by the press, communication to the public or making available of published articles on current economic, political or religious topics or of broadcast works or use in connection with the reporting of current events,³⁰¹ for quotations for purposes such as criticism or review,³⁰² and for the use of political speeches as well as extracts of public lectures.³⁰³ In these cases the source, including the author's name, has to be indicated, unless this is impossible.

Member States can also introduce limitations for the benefit of people with a disability,³⁰⁴ for use for the purposes of public security or for reporting of official proceedings,³⁰⁵ for use during religious celebrations or official celebrations organised by a public authority.³⁰⁶ There can also be limitations for works made to be located permanently in public places, for incidental inclusion in other material, for use for the purpose of advertising the public exhibition or sale of artistic works and for the purpose of caricature, parody or pastiche.³⁰⁷ Finally there also is a 'grandfather clause' for use in certain other cases of minor importance where exceptions or limitations already exist under national law, provided that they only

²⁹⁸ CJEU 10 April 2014, Case [C-435/12](#), ECLI:EU:C:2014:254, ACI Adam/ThuisKopie.

²⁹⁹ CJEU 24 April 2012, Case [C-510/10](#), ECLI:EU:C:2012:244, DR TV2 Danmark/NCB.

³⁰⁰ Article 5(3)(a) Copyright Directive.

³⁰¹ Article 5(3)(c) Copyright Directive.

³⁰² Article 5(3)(d) Copyright Directive.

³⁰³ Article 5(3)(f) Copyright Directive.

³⁰⁴ Article 5(3)(b) Copyright Directive.

³⁰⁵ Article 5(2)(e) Copyright Directive.

³⁰⁶ Article 5(3)(g) Copyright Directive.

³⁰⁷ Article 5(3)(h) and (k) Copyright Directive.

concern analogue uses and do not affect the free circulation of goods and services within the Union.

4.6.6 *Three-step-test*

Article 5.5 ©-Dir. contains the so-called ‘three step test’. All exceptions and limitations shall only be applied (1) in certain special cases (2) which do not conflict with a normal exploitation of the work and (3) do not unreasonably prejudice the legitimate interests of the right holder. This three-step-test is primarily aimed at the legislators in the Member States, but the CJEU and national courts do take the test into account when determining the scope of a limitation. The three step test is also part of the Berne Convention and TRIPS.³⁰⁸

The CJEU has ruled that Article 5(5) ©-Dir does not define the substantive content of the different exceptions and limitations but takes effect only at the time when they are applied by the Member States. Consequently, Article 5(5) ©-Dir is ‘not intended either to affect the substantive content of provisions falling within the scope of Article 5(2) of that directive or, inter alia, to extend the scope of the different exceptions and limitations provided for therein.’³⁰⁹

4.7 **Transactional**

4.7.1 *Assignment and licensing*

Copyright exists until 70 years after the death of the author and, therefore, is has to be transferrable to the heirs of the author as of the moment the author dies. In most countries the economic rights are also transferrable during lifetime and licensing, including exclusive licensing, is possible everywhere. The moral right can however not be transferred to another person or entity during the life of the author. In many EU countries there are more or less elaborate systems of copyright contract law, containing rules in favour of authors in their dealings with publishers and producers, in which they are considered to be the weaker party.

In the rental, lending and neighbouring rights directive, it is stated specifically that the exclusive rental right may be transferred, assigned or subject to the granting of contractual licences. But, where an author has transferred or assigned his rental right concerning a

³⁰⁸ Article 9(2) BC and Article 13 TRIPS.

³⁰⁹ CJEU 10 April 2014, Case [C-435/12](#), ECLI:EU:C:2014:254, ACI Adam/ThuisKopie, at 25-26.

phonogram or an original or copy of a film to a phonogram or film producer, that author or performer shall retain the right to obtain an equitable remuneration for the rental. The right to obtain an equitable remuneration for rental cannot be waived, but its administration may be entrusted to collecting societies.³¹⁰

4.7.2 *Collecting societies*

Collecting societies play a very important role in the process of the exploitation of copyright, especially in the field of music, and regarding the collection of remuneration for cable-distribution, photocopying, private copying, lending and the resale right. Collecting societies traditionally operate within separate Member States, which creates many problems for cross-border exploitation. Issues relating to cross border sales of physical copies within the EU have been the subject of several proceedings before the CJEU.

Currently, the issue of exploitation over the Internet is still a very considerable challenge for the collecting societies operating on a national basis. In 2014 a directive was adopted on the collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online uses in the internal market.³¹¹ The aim of the directive is to ‘ensure that collective management organisations act in the best interests of the right holders whose rights they represent and that they do not impose on them any obligations which are not objectively necessary for the protection of their rights and interests or for the effective management of their rights’ (Article 4).

4.8 **Neighbouring rights of performers, producers and broadcasters**

4.8.1 *Introduction*

Performing artists are not protected by copyright. This is mainly so for historical reasons. When copyright came about in the late nineteenth and early twentieth century the sound recording and broadcasting technology were not yet developed enough for there to be a real need to protect performing artists. Performing artists had to perform live in order for the

³¹⁰ Articles 3(3) and 5(1) and (3) Rental Directive.

³¹¹ Directive 2014/26/EU of 26 February 2014 on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market. OJ 20 March 2014, L 84/72.

public to enjoy their performance. There was as yet no way to enjoy their performance without their live performance for which they could ask to be compensated then and there. Later, from 1950 onwards, when sound recordings and later audio-visual recording technology and broadcasting were further developed, the need arose to protect performing artists. Live performances became the exception; people listened to and watched recorded performances and broadcasts. Copyright owners were however reluctant to allow performing artists to have full copyright protection. The performing arts were at that time also considered slightly less important or not of the same standard as the works of authors, composers and visual artists.

By 1960 the first international treaty was concluded to protect performing artists, i.e., the Rome Convention. This treaty came about mainly through the support and pressure of phonogram producers who managed to secure a 'neighbouring' right - neighbouring to copyright that is - for themselves. Broadcasting organisations also received a right, mainly as compensation for the fact that they would be the entities that would have to pay for the new neighbouring rights of the other two. This treaty contained a right of reproduction for all three right holders, several rights regarding recordings without permission and a right to an equitable remuneration for broadcasting and playing in public of sound recordings for performing artists and producers. Broadcasting organisations were also granted a rebroadcasting right.

Many European countries joined and implemented the Rome Convention over the years between 1960 and 1992. Mainly because the US did not join the Rome Convention, there was another treaty in 1971, the Phonograms Convention, which only contained a right against unauthorised copying of sound recordings and introduced the use of (p) as sign of protection for phonograms. Incidentally, the US codified this right as 'a copyright in sound recordings,' not as a neighbouring right.

In 1992 Council Directive 92/100/EEC on rental right and lending right and on certain rights related to copyright in the field of intellectual property came about. This directive introduced and harmonized neighbouring rights at the European level and introduced neighbouring rights not only for performing artists, phonogram producers and broadcasting organisations, but also for producers of the first fixations of films. In 1996 a new international treaty was concluded together with the WIPO Copyright Treaty (WCT), i.e., the WIPO Performances and

Phonograms Treaty (WPPT) which introduced ‘making available rights’ for the digital era for performers and phonogram producers. The WPPT was implemented in the Copyright Directive in 2001.

4.8.2 *Subject matter and ownership*

The subject matter of the neighbouring right of the performer is the performance.

“Performers” are actors, singers, musicians, dancers, and other persons who act, sing, deliver, recite, play in, interpret, or otherwise perform literary or artistic works or expressions of folklore.³¹² There is no international or European definition of any level of creativity in order to qualify for protection.

The phonogram is the subject of protection of the right of the phonogram producer.

“Phonogram” means the fixation of the sounds of a performance or of other sounds, or of a representation of sounds, other than in the form of a fixation incorporated in a cinematographic or other audio-visual work.³¹³ There is no originality requirement for this kind of protection.

The subject matter of the right of the broadcasting organisation is the broadcast.

“Broadcasting” means the transmission for public reception of sounds or of images and sounds.³¹⁴ In Europe broadcasts are protected irrespective of whether these broadcasts are transmitted by wire or over the air, including by cable or satellite.³¹⁵ There is no originality requirement for broadcasts. Cable distributors do however not have this right where they merely retransmit by cable the broadcasts of broadcasting organisations.³¹⁶

Separate from the copyright which is usually transferred to them, producers of the first fixations of films have a neighbouring right in respect of the original and copies of their films.

³¹² Article 2(a) WPPT.

³¹³ Article 2(d) WPPT.

³¹⁴ Article 3(f) Rome Convention.

³¹⁵ Article 7(2) Rental Directive.

³¹⁶ Article 7(3) Rental Directive.

4.8.3 *Scope and content*

The scope and content of the neighbouring rights is comparable to those of copyright, but more limited in some respects. All four neighbouring right holders have a reproduction right, a ‘making available’ right,³¹⁷ a rental and lending right³¹⁸ and a distribution right which is subject to EU exhaustion.³¹⁹ Performers also have a right regarding the broadcasting of their live performances. The most important neighbouring right in practice is the right of performers and phonogram producers to receive an “equitable remuneration” if a phonogram published for commercial purposes, or a reproduction of such phonogram, is used for broadcasting by wireless means or for any communication to the public.³²⁰ Broadcasters only have a right regarding the rebroadcasting of their broadcasts by wireless means, as well as the communication to the public of their broadcasts if such communication is made in places accessible to the public against payment of an entrance fee.³²¹

Neighbouring rights do not include an adaptation right.

4.8.4 *Limitations and duration*

Member States may and do usually provide for the same kinds of limitations with regard to the protection of performers, producers of phonograms, broadcasting organisations and of producers of the first fixations of films, as they provide for in connection with the protection of copyright in literary and artistic works.³²²

The term of protection

The rights of performers expire 50 years after the date of the performance. However, since 1 November 2013, if a fixation of the performance in a phonogram is lawfully published or lawfully communicated to the public within this period, the rights shall expire 70 years from the date of the first such publication or the first such communication to the public, whichever is the earlier. The rights of producers of phonograms expire 50 years after the fixation is made. However, if the phonogram has been lawfully published within this period, the said

³¹⁷ Articles 2 and 3 Copyright Directive.

³¹⁸ Article 3 Rental Directive.

³¹⁹ Article 9 Rental Directive.

³²⁰ Article 8(2) Rental Directive.

³²¹ Article 8(3) Rental Directive.

³²² Article 10(2) Rental Directive.

rights the rights shall expire 70 years from the date of the first such publication or the first such communication to the public, whichever is the earlier. The rights of producers of the first fixation of a film shall expire 50 years after the fixation is made. However, if the film is lawfully published or lawfully communicated to the public during this period, the rights shall expire 50 years from the date of the first such publication or the first such communication to the public, whichever is the earlier. The term 'film' shall designate a cinematographic or audio-visual work or moving images, whether or not accompanied by sound. The rights of broadcasting organizations shall expire 50 years after the first transmission of a broadcast, whether this broadcast is transmitted by wire or over the air, including by cable or satellite.³²³

4.9 Database right

4.9.1 Introduction

Large collections of data can be valuable to exploit and often require substantial investment. Collections of data that lack creativity or originality are for that reason traditionally not protected by copyright. For instance, the US Supreme Court ruled in 1991 that the mere 'sweat of the brow' invested in the creation of telephone directories does not qualify for protection.³²⁴ In many countries collections of data are sometimes protected against large scale copying by rules of unfair competition. In 1996 the EU introduced a so called *sui generis* ('of its own kind') right for the protection of collections of data, which do not qualify for copyright protection.

4.9.2 Subject matter and ownership

A database is a collection of independent works, data or other materials arranged in a systematic or methodical way and individually accessible by electronic or other means. Protection by the *sui generis* database right is provided to a database which shows that there has been qualitatively and/or quantitatively a substantial investment in either the obtaining, verification or presentation of the contents. The expression 'investment in ... the obtaining ... of the contents' of a database refers to the resources used to seek out existing independent materials and collect them in the database. It does not cover the resources used for the

³²³ Article 3 Term Directive as amended.

³²⁴ *Feist Publications, Inc., v. Rural Telephone Service Co.*, 499 U.S. 340 (1991).

creation of materials which make up the contents of a database. The expression ‘investment in ... the ... verification ... of the contents’ of a database refers to the resources used, with a view to ensuring the reliability of the information contained in that database, to monitor the accuracy of the materials collected when the database was created and during its operation. The resources used for verification during the stage of creation of materials which are subsequently collected in a database do not fall within that definition. This was decided by the CJEU in a case in which it also ruled that the resources used to draw up a list of horses in a race and to carry out checks in that connection do not constitute investment in the obtaining and verification of the contents of the database in which that list appears.³²⁵

4.9.3 *Scope and content*

The database right consists of an extraction right and a re-utilization right in relation to substantial parts of the databases, which are roughly comparable to the reproduction right and the communication to the public and distribution right in copyright.³²⁶ ‘Extraction’ means the permanent or temporary transfer of all or a substantial part of the contents of a database to another medium by any means or in any form; ‘re-utilization’ means any form of making available to the public all or a substantial part of the contents of a database by the distribution of copies, by renting, by on-line or other forms of transmission.

The first sale of a copy of a database within the EU by the right holders or with their consent exhausts the right to control resale of that copy within the EU. Also, the repeated and systematic extraction and/or re-utilization of insubstantial parts of the contents of the database implying acts which conflict with a normal exploitation of that database or which unreasonably prejudice the legitimate interests of the maker of the database shall not be permitted. This refers to unauthorised acts of extraction or re-utilisation the cumulative effect of which is to reconstitute and/or make available to the public, without the authorisation of the maker of the database, the whole or a substantial part of the contents of that database and thereby seriously prejudice the investment by the producer.³²⁷

³²⁵ CJEU 9 November 2004, Case [C-203/02](#), ECLI:EU:C:2004:695, British Horseracing Board/William Hill, operative part 1.

³²⁶ Article 7 Database Directive.

³²⁷ CJEU 9 November 2004, Case [C-203/02](#), ECLI:EU:C:2004:695, British Horseracing Board/William Hill, operative part 4.

The CJEU has ruled that ‘an operator who makes available on the Internet a dedicated meta search engine re-utilises the whole or a substantial part of the contents of a database protected, where that dedicated meta engine: (a) provides the end user with a search form which essentially offers the same range of functionality as the search form on the database site; (b) ‘translates’ queries from end users into the search engine for the database site ‘in real time’, so that all the information on that database is searched through; and (c) presents the results to the end user using the format of its website, grouping duplications together into a single block item but in an order that reflects criteria comparable to those used by the search engine of the database site concerned for presenting results.’³²⁸

The CJEU has also made clear that this does not apply to a general search engine based on an algorithm, such as Google or Yahoo.

4.9.4 *Limitations and duration*

Member States may apply limitations to the *sui generis* database right regarding the use of substantial parts of a database in the following cases: extraction for private purposes of the contents of a non-electronic database; extraction for the purposes of illustration for teaching or scientific research, as long as the source is indicated and to the extent justified by the non-commercial purpose to be achieved; and extraction and/or re-utilization for the purposes of public security or an administrative or judicial procedure.³²⁹ Note that use of an insubstantial part of a database is allowed in general, because the database right is limited to the use of substantial parts in the first place.

Term of protection

The database right runs from the date of completion of the production of the database until fifteen years from the first of January of the year following the date of completion. In the case of a database which is made available to the public in whatever manner before expiry of the period mentioned above, the term of protection by that right shall expire fifteen years from the first of January of the year following the date when the database was first made available to the public. Any substantial change, evaluated qualitatively or quantitatively, to the contents of

³²⁸ CJEU 19 December 2013, Case [C-202/12](#), ECLI:EU:C:2013:850, Innoweb/Wegener, operative part.

³²⁹ Article 9 Database Directive.

a database, including any substantial change resulting from the accumulation of successive additions, deletions or alterations, which would result in the database being considered to be a substantial new investment, evaluated qualitatively or quantitatively, shall qualify the database resulting from that investment for its own term of protection.³³⁰

³³⁰ Article 10 Database Directive.

Chapter 5 Designs

5.1 Introduction

5.1.1 History and rationale

Copyright law protects design which meets a certain standard of creative originality. Patent law protects technical inventions. Between those two rights there is an area of industrial design, which does not meet the requirements of either copyright or patent and is generally felt to deserve some degree of protection against copying for a limited time.

In 1925 the Hague Agreement was concluded which introduced the possibility of securing in all contracting countries, protection for their industrial designs by means of an international deposit made at the International Bureau of Industrial Property at Berne (now WIPO in Geneva). Individual European countries maintained their own differing systems of protection of industrial design.

5.1.2 European Harmonization

During the last decade of the 20th century the European Commission came to the conclusion that many substantial differences existed between the design laws of the Member States. It was of the opinion that as a consequence of such differences Community-wide competition was prevented and distorted, due to the large number of applications, offices, procedures, laws, nationally circumscribed exclusive rights and the combined administrative expense with correspondingly high costs and fees for applicants. The effect of design protection limited to the territory of individual Member States was believed to lead to a possible division of the internal market with regard to products incorporating a design which was the subject of national rights held by different individuals, and that this would constitute an obstacle to the free movement of goods.

This called for the creation of a Community design which would be directly applicable in each member state, through one application in accordance with a single procedure under one law: In other words, one design right for one area encompassing the whole EU.

The reasoning referred to above can be found in points 3 to 5 of the preamble to Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs (hereafter:

CDR).³³¹ It was preceded by Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs³³² which already had contributed to remedying the situation.

In the same preamble (points 7 and 8) it is stated that enhanced protection for industrial design not only promotes the contribution of individual designers to the sum of Community excellence in the field, but also encourages innovation and development of new products and investment in their production. Hence, a more accessible design-protection system adapted to the needs of the internal market is considered to be essential for Community industries.

As is the case for trade marks, the European Union Intellectual Property Office (hereafter also: the Office or EUIPO), is entrusted to carry out the tasks laid down in the Regulation.³³³

For the purposes of the Regulation the term ‘design’ refers to the appearance of the whole of a product resulting from the features of, in particular, the lines, contours, colours, shape, texture and/or materials of the product itself and/or its ornamentation. The term ‘product’ means any industrial or handicraft item, including *inter alia* parts intended to be assembled into a complex product, packaging, get-up, graphic symbols and typographic typefaces, but excluding computer programs. In the previous definition ‘complex product’ stands for a product which is composed of multiple components which can be replaced permitting disassembly and re-assembly of the product.³³⁴

5.2 Subject matter

5.2.1 Introduction

According to the preamble (points 15 to 17) a Community design should, as far as possible, serve the needs of all sectors of industry in the Community. Some of those sectors produce large numbers of designs for products frequently having a short life cycle. In those cases protection without the burden of registration formalities is an advantage and the duration of protection is of lesser significance. On the other hand, there are sectors of industry which

³³¹ OJ 5 January 2002, L 3/1; amended by Council Regulation (EC) No 1891/2006 of 18 December 2006 to give effect to the accession of the European Commission to the Geneva Act of the Hague Agreement concerning international registration of industrial designs, OJ 29 December 2006, L 386/14. The latter Agreement will not be discussed below.

³³² OJ 28 October 1998, L 289/28.

³³³ See <https://euiipo.europa.eu>.

³³⁴ Article 3 CDR.

value the advantages of registration for the greater legal certainty it provides and which require the possibility of a longer term of protection corresponding to the foreseeable market life of their products. This calls for two forms of protection, one being a short-term unregistered design and the other being a longer term registered design.

5.2.2 *Unregistered designs*

Pursuant to Article 1(2)(a) CDR a design shall be protected by an ‘unregistered Community design’, if made available to the public in the manner provided for in the Regulation. Such a design shall be deemed to have been made available to the public within the Community if it has been published, exhibited, used in trade or otherwise disclosed in such a way that, in the normal course of business, these events could reasonably have become known to the circles specialised in the sector concerned, operating within the Community. The mere disclosure to a third person under conditions of confidentiality does not make the design available.³³⁵

5.2.3 *Registered designs*

Pursuant to Article 1(2)(b) CDR a design shall be protected by a ‘registered Community design’ if it has been registered in the manner provided for in the Regulation. To that end, according to Article 12 CDR, the design must meet the requirements under Section 1.³³⁶ Title IV of the Regulation contains many provisions concerning the filing of applications (at the Office, or at the central intellectual property office of a member state, or at the Benelux Design Office), and the conditions which govern them.³³⁷

The Office only examines the application as to a number of formalities; whether or not the design in question corresponds to the substantive requirements of novelty and individual character (see paragraph 5.3) is for the courts to decide. The preamble explains (point 18) that this registration system should in principle not be based upon substantive examination as to compliance with requirements for protection prior to registration, thereby keeping to a minimum the registration and other procedural burdens on applicants.

If the formal requirements have been fulfilled the Office will register the application in the Community Design Register as a registered Community design, including the date of filing of the application.³³⁸ Upon registration, the Office shall publish the design in the Community

³³⁵ Article 11(2) CDR.

³³⁶ Articles 3-9 CDR.

³³⁷ Articles 35 *et seq.* CDR.

³³⁸ Article 48 CDR.

Designs Bulletin.³³⁹ Because the normal publication following registration of a Community design could in some cases destroy or jeopardise the success of a commercial operation involving the design, the facility which has been laid down in Article 50 CDR of a deferment of publication for a reasonable period affords a solution in such cases (see also the preamble, point 26).

5.2.4 *Subject matter exclusions*

In the Regulation, a number of subject matter exclusions have been laid down.

a) First, pursuant to Article 8(1) CDR, a Community design shall not subsist in features of appearance of a product which are solely dictated by its technical function, because by granting design protection to such features would hamper technological innovation.

In this context the CJEU ruled: ‘In order to determine whether the features of appearance of a product are exclusively dictated by its technical function, it must be established that the technical function is the only factor which determined those features, the existence of alternative designs not being decisive in that regard’. ‘If the existence of alternative designs fulfilling the same function as that of the product concerned was sufficient in itself to exclude the application of Article 8(1) CDR, a single economic operator would be able to obtain several registrations as a Community design of different possible forms of a product incorporating features of appearance of that product which are exclusively dictated by its technical function. That would enable such an operator to benefit, with regard to such a product, from exclusive protection which is, in practice, equivalent to that offered by a patent, but without being subject to the conditions applicable for obtaining the latter, which would prevent competitors offering a product incorporating certain functional features or limit the possible technical solutions, thereby depriving article 8(1) of its full effectiveness’. ‘In light of the foregoing, it must be held that Article 8(1) CDR excludes protection under the law on Community designs for features of appearance of a product where considerations other than the need for that product to fulfil its technical function, in particular those related to the visual aspect, have not played any role in the choice of those features, even if other designs fulfilling the same function exist’.³⁴⁰

³³⁹ Article 49 CDR.

³⁴⁰ CJEU 8 March 2018, Case [C-395/16](#), ECLI:EU:C:2018:172, Doceram / Ceramtec, operative part and nrs. 30-32.



[Picture: Doceram weld centring pins]

Likewise, according to point 10 of the preamble, the *interoperability* of products of different makes should not be hindered by extending protection to the design of mechanical fittings. As a consequence, a Community design shall not subsist in features of appearance of a product which must necessarily be reproduced in their exact form and dimensions in order to permit the product in which the design is incorporated or to which it is applied to be mechanically connected to or placed in, around or against another product so that either product may perform its function, see Article 8(2) CDR.

On the other hand, the mechanical fittings of *modular products* may constitute an important element of the innovative characteristics of these products and present a major marketing asset. Therefore, such fittings shall be eligible for protection (preamble point 11 and Article 8(3) CDR which refers to a design serving the purpose of allowing the multiple assembly or connection of mutually interchangeable products within a modular system).

b) Secondly, pursuant to Article 9 CDR a Community design shall not subsist in a design which is contrary to public policy or to accepted principles of morality. In this case, or if the design does not correspond to the definition of ‘design’ under Article 3(a) CDR, the Office shall refuse the application.³⁴¹

c) Thirdly, although this is not a subject matter exclusion *stricto sensu*, protection as a Community design shall not subsist in a design which constitutes a component part of a complex product (see paragraph 5.1 *in fine*) used within the meaning of Article 19(1) CDR for the purpose of the repair of that complex product so as to restore its original appearance.³⁴²

The preamble (point 13) explains that full-scale approximation of the laws of the Member States on this issue (especially aiming at the motorcar industry) could not be achieved through Directive 98/71/EC. Therefore, it has been considered appropriate not to confer any protection as a Community design for the designs referred to above until the Council has decided its policy on this issue on the basis of a Commission proposal.

5.3 Requirements

5.3.1 Introduction

Pursuant to Article 14 CDR the right to the Community design shall vest in the designer or their successor in title. If two or more persons have jointly developed a design, the right shall vest in them jointly. When a design is developed by an employee in the execution of his duties or following instructions given by his employer, the right shall vest in the employer, unless otherwise agreed or specified under national law. From this wording it follows, as a general rule, that if an employee has developed a design, but this design was not created in the execution of his duties, he shall be entitled to the Community design himself.

³⁴¹ Article 47(1) CDR.

³⁴² Article 110 CDR.

With regard to claims relating to the entitlement to a Community design and the effects of a judgment on entitlement to a registered Community design various provisions have been laid down in Articles 15 *et seq.* CDR.

Pursuant to Article 4(1) CDR a design shall be protected by a Community design to the extent that it is new and has individual character (see the next two paragraphs).

Finally, pursuant to Article 4(2) and (3) CDR a design applied to or incorporated in a product which constitutes a component part of a complex product (see paragraph 5.1 *in fine*) shall only be considered to be new and to have individual character: a) if the component part, once it has been incorporated into the complex product, remains visible during normal use of the latter; and b) to the extent that those visible features of the component part fulfil in themselves the requirements as to novelty and individual character. In this context, ‘normal use’ shall mean use by the end user, excluding maintenance, servicing or repair work. Hence, those features of a design which are excluded from protection for these reasons should not be taken into consideration for the purpose of assessing whether other features of the design fulfil the requirements of protection (preamble, point 12).

5.3.2 *Novelty*

A design is considered to be new if no identical design has been made available to the public:

a) in the case of an unregistered Community design, before the date on which the design for which protection is claimed has first been made available to the public;

b) in the case of a registered Community design, before the date of filing of the application for registration of the design for which protection is claimed, or, if priority is claimed, the date of priority. Designs shall be deemed to be identical if their features differ only in immaterial details.³⁴³ As to making the design available to the public, see paragraph 5.3.3.

It is not necessary for an applicant for a declaration of invalidity in respect of the contested design to prove not only that the earlier design had been made available to the public, but also that the informed public of the design whose validity is contested knew that earlier design. ‘That would be tantamount to requiring an applicant for a declaration of invalidity to provide evidence of two disclosures: a first disclosure to those in ‘circles specialised in the sector concerned’ and a second disclosure to users of the type of product relevant to the contested

³⁴³ Article 5 CDR.

design. Such a requirement, besides being incompatible with the interpretation of the phrase ‘sector concerned’, would add a condition that neither the letter nor the spirit of Article 7(1) CDR provides and would be irreconcilable with the principle arising from Article 10(1) of that regulation, according to which the protection granted by the Community design extends to ‘any design’ that fails to produce on the informed user a different overall impression’.³⁴⁴

Articles 41 *et seq.* CDR deal with the right of priority. In short, a person who has duly filed an application for a design right in a state party to the Paris Convention for the Protection of Industrial Property, or to the Agreement establishing the World Trade Organization, shall enjoy, for the purpose of filing an application for a registered Community design, a right of priority of six months from the date of filing of the first application. The applicant shall file a declaration of priority and a copy of the previous application. The effect of the right of priority shall be that the date of priority shall count as the date of filing of the application for a registered Community design for the purpose of, among others, Articles 5, 6 and 7 CDR. A similar right of (exhibition) priority has been laid down in Article 44 CDR.

5.3.3 *Individual character*

Pursuant to Article 6 CDR a design shall be considered to have individual character if the overall impression it produces on the informed user viewing the design differs from the overall impression produced on such a user by any design which has been made available to the public: a) in the case of an unregistered Community design, before the date on which the design for which protection is claimed has first been made available to the public; b) in the case of a registered Community design, before the date of filing the application for registration or, if a priority is claimed, the date of priority. In assessing individual character, the degree of freedom of the designer in developing the design shall be taken into account. See in this context also the preamble, point 14, according to which the assessment as to whether a design has individual character should be based on whether the overall impression produced on an informed user viewing the design, clearly differs from that produced on him by the existing design corpus, taking into consideration the nature of the product to which the design is applied or in which it is incorporated, and in particular the industrial sector to which it belongs. However, according to the CJEU, this reference to ‘the existing design corpus’ does not mean that a comparison should be made with a combination of features taken in

³⁴⁴ CJEU 21 September 2017, [C 361/15 P en C 405/15 P](#), ECLI:EU:C:2017:720, Easy Sanitary Solutions / Group Nivelles.

isolation and drawn from a number of earlier designs. In a case regarding a unregistered Community design in a striped shirt and a black knit top the CJEU ruled ‘that, in order for a design to be considered to have individual character, the overall impression which that design produces on the informed user must be different from that produced on such a user not by a combination of features taken in isolation and drawn from a number of earlier designs, but by one or more earlier designs, taken individually’.³⁴⁵



[Picture: Karen Millen/Dunnes]

The freedom of the designer referred to above could e.g. be influenced negatively by the constraints of the features imposed by the technical function of the product or an element thereof or by statutory requirements applicable to the product.

Regarding the term ‘informed user’ the CJEU held: ‘It should be noted, first, that Regulation No 6/2002 does not define the concept of the ‘informed user’. However (...) that concept must be understood as lying somewhere between that of the average consumer, applicable in trade mark matters, who need not have any specific knowledge and who, as a rule, makes no direct comparison between the trade marks in conflict, and the sectoral expert, who is an expert with detailed technical expertise. Thus, the concept of the informed user may be understood as referring, not to a user of average attention, but to a particularly observant one, either because of their personal experience or their extensive knowledge of the sector in question. (...) Second (...) it is true that the very nature of the informed user as defined above means that, when possible, he will make a direct comparison between the designs at issue. However, it cannot be ruled out that such a comparison may be impracticable or uncommon in the sector concerned, in particular because of specific circumstances or the characteristics

³⁴⁵ CJEU 19 June 2014, Case [C-345/13](#), ECLI:EU:C:2014:2013, Karen Millen/Dunnes, at 35.

of the devices which the designs at issue represent. Therefore, the General Court cannot reasonably be criticised as having erred in law on the ground that it assessed the overall impression produced by the designs in conflict without starting from the premise that an informed user would in all likelihood make a direct comparison of those designs. That is true all the more so since, in the absence of any precise indications to that effect in the context of Regulation No 6/2002, the European Union legislature cannot be regarded as having intended to limit the assessment of potential designs to a direct comparison. It follows that, even if the General Court's formulation (...) that 'that similarity would not be remembered by the informed user in the overall impression of the designs at issue' might indicate, when taken out of context, that the General Court based its reasoning on an indirect method of comparison based on an imperfect recollection, it does not reveal any error on the General Court's part. Third, as regards the informed user's level of attention, it should be noted that, although the informed user is not the well-informed and reasonably observant and circumspect average consumer who normally perceives a design as a whole and does not proceed to analyse its various details (...), he is also not an expert or specialist capable of observing in detail the minimal differences that may exist between the designs in conflict. Thus, the qualifier 'informed' suggests that, without being a designer or a technical expert, the user knows the various designs which exist in the sector concerned, possesses a certain degree of knowledge with regard to the features which those designs normally include, and, as a result of their interest in the products concerned, shows a relatively high degree of attention when they use them.³⁴⁶

For the purpose of applying Articles 5 and 6 CDR, a design shall be deemed to have been made available to the public if it has been published following registration or otherwise, or exhibited, used in trade or otherwise disclosed, before the date referred to in Articles 5(1)(a) and 6(1)(a) or in Articles 5(1)(b) and 6(1)(b), as the case may be, except where these events could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the Community.³⁴⁷ From the latter sentence it follows that, taking into account all circumstances of the case, a design may be considered to have been made available to the public even when this has occurred outside the Community, or conversely, it may be considered *not* to have been made available to the

³⁴⁶ CJEU 20 October 2011, Case [C-281/10 P](#), ECLI:EU:C:2011:679, PepsiCo/Grupo Promer, at 44, 53, 55-59. See also CJEU 18 October 2012, Joined Cases [C-101/11 P and C-102/11 P](#), ECLI:EU:C:2012:641, Herbert Neuman /José Manuel Baena Grupo, at 53-56.

³⁴⁷ Article 7(1) CDR.

public where the design has been shown to the public within the Community, but on a very small scale.

Moreover, pursuant to Article 7 CDR, the design shall not be deemed to have been made available to the public in three different situations:

a) if it has been disclosed to a third person under explicit or implicit conditions of confidentiality; in this context the Court of Justice held that it is possible that an *unregistered* Community design may not reasonably have become known in the normal course of business to the circles specialized in the sector concerned, operating within the European Union, even though it was disclosed to third parties without any explicit or implicit conditions of confidentiality, if it has been made available to only one undertaking in that sector or has been presented only in the showrooms of an undertaking outside the European Union. This is for the Community design court to assess, having regard to the circumstances of the case before it.³⁴⁸

b) if it has been made available to the public during the 12-month period preceding the date of filing of the application, or, if a priority is claimed, the date of priority, by the designer, their successor in title, or a third person as a result of information provided or action taken by the designer or their successor in title (the so-called ‘period of grace’);

c) if it has been made available to the public during the said 12-month period as a consequence of an abuse in relation to the designer or their successor in title. Regarding the cases referred to under b) and c) above, according to the preamble (point 20) it is necessary to allow the designer or their successor in title to test the products embodying the design in the marketplace before deciding whether the protection resulting from a registered Community design is desirable.

5.4 Scope of protection and rights conferred by the Community design

The scope of protection conferred by a Community design shall include any design which does not produce on the informed user a different overall impression. In assessing the scope of protection, the degree of freedom of the designer in developing this design shall be taken into account.³⁴⁹ With regard to the ‘informed user’ and the ‘degree of freedom of the designer’, see also paragraph 5.3.3. The CJEU has held that, ‘since in design matters the

³⁴⁸ CJEU 13 February 2014, Case [C-479/12](#), ECLI:EU:C:2014:75, H. Gautzsch Großhandel/ Münchener Boulevard Möbel Joseph Duna, at 36.

³⁴⁹ Article 10 CDR.

person making the comparison is an informed user who (...) is different from the ordinary average consumer, it is not mistaken, in the assessment of the overall impression of the designs at issue, to take account of the goods actually marketed which correspond to those designs.’³⁵⁰

A registered Community design shall confer on its holder the exclusive right to use it and to prevent any third party not having its consent from using it. The aforementioned use shall cover, in particular, the making, offering, putting on the market, importing, exporting or using of a product in which the design is incorporated or to which it is applied, or stocking such a product for those purposes.³⁵¹ According to the preamble (point 21) the exclusive nature of the right is consistent with its greater legal certainty.

An unregistered Community design shall confer on its holder the right to prevent the acts referred to in Article 19(1) CDR only if the contested use results from copying the protected design. The contested use shall not be deemed to result from copying the protected design if it results from an independent work of creation by a designer who may be reasonably thought not to be familiar with the design made available to the public by the holder.³⁵² According to the Court of Justice the holder of an unregistered Community design must bear the burden of proving that the contested use results from copying that design. However, if a Community design court finds that the fact of requiring that holder to prove that the contested use results from copying that design is likely to make it impossible or excessively difficult for such evidence to be produced, that court is required, in order to ensure observance of the principle of effectiveness, to use all procedures available to it under national law to counter that difficulty, including, where appropriate, rules of national law which provide for the burden of proof to be adjusted or lightened.³⁵³

Pursuant to Article 19(3) paragraph 2 of that Article shall also apply to a registered Community design subject to deferment of publication as long as the relevant entries in the register and the file have not been made available to the public in accordance with Article 50(4) CDR.

³⁵⁰ CJEU 20 October 2011, Case [C-281/10 P](#), ECLI:EU:C:2011:679, PepsiCo/Grupo Promer, at 73.

³⁵¹ Article 19(1) CDR.

³⁵² Article 19(2) CDR.

³⁵³ CJEU 13 February 2014, Case [C-479/12](#), ECLI:EU:C:2014:75, H. Gautzsch Großhandel/ Münchener Boulevard Möbel Joseph Duna, at 44.

5.5 Period of protection

Pursuant to Article 11 CDR a design which meets the requirements under Section 1 (Articles 3-9 CDR) shall be protected by an unregistered Community design for a period of three years as from the date on which the design was first made available to the public within the Community. In this context, a design shall be deemed to have been made available to the public within the Community if it has been published, exhibited, used in trade or otherwise disclosed in such a way that, in the normal course of business, these events could reasonably have become known to the circles specialised in the sector concerned, operating within the Community. The design shall not, however, be deemed to have been made available to the public for the sole reason that it has been disclosed to a third person under explicit or implicit conditions of confidentiality. In this context, the Court of Justice held that, under a proper interpretation of Article 11(2), it is possible that an unregistered design may reasonably have become known in the normal course of business to the circles specialized in the sector concerned, operating within the European Union, if images of the design were distributed to traders operating in that sector, which it is for the Community design court to assess, having regard to the circumstances of the case before it.³⁵⁴

Upon registration by the Office, a design which meets the requirements under Section 1 shall be protected by a registered Community design for a period of five years as from the date of the filing of the application. The right holder may have the term of protection renewed for one or more periods of five years each, up to a total term of 25 years from the date of filing.³⁵⁵ As to renewal of the registered Community design some formalities have been laid down in Article 13 CDR.

Furthermore, a registered Community design shall be declared invalid on application to the Office in accordance with the procedure in Titles VI and VII (Articles 51-61 CDR) or by a Community design court³⁵⁶ on the basis of a counterclaim in infringement proceedings. Likewise, an unregistered Community design shall be declared invalid by a Community design court on application to such a court or on the basis of a counterclaim in infringement proceedings.³⁵⁷ The grounds for invalidity have been enumerated in Article 25 CDR. Once a Community design has been declared invalid, it shall be deemed not to have had, as from the

³⁵⁴ CJEU 13 February 2014, Case [C-479/12](#), ECLI:EU:C:2014:75, H. Gautzsch Großhandel/ Münchener Boulevard Möbel Joseph Duna, at 30.

³⁵⁵ Article 12 CDR.

³⁵⁶ Cf. Article 80 CDR.

³⁵⁷ Article 24 CDR.

outset, the effects specified in the Regulation, to the extent that it has been declared invalid.³⁵⁸

As a general rule, the retroactive effect of invalidity shall not affect any decision on infringement which has acquired the authority of a final decision and been enforced prior to the invalidity decision, as well as any contract concluded prior to the invalidity decision as far as it has been performed before the decision.³⁵⁹

Apart from the invalidity proceedings referred to above, the holder of a registered Community design may also file a declaration of surrender of its right to the Office.³⁶⁰

5.6 Exemptions and defences

The rights conferred by a Community design may not be exercised in respect of:

- a) acts done privately and for non-commercial purposes;
- b) acts done for experimental purposes;
- c) acts of reproduction for the purpose of making citations or of teaching, provided that such acts are compatible with fair trade practice and do not unduly prejudice the normal exploitation of the design, and that mention is made of the source;

In this context the CJEU ruled: ‘Article 20(1)(c) CDR must be interpreted as meaning that a third party which, without the consent of the holder of the rights conferred by a Community design, uses, including via its website, images of goods corresponding to such designs when lawfully offering for sale goods intended to be used as accessories to the specific goods of the holder of the rights conferred by those designs, in order to explain or demonstrate the joint use of the goods thus offered for sale and the specific goods of the holder of those rights, carries out an act of reproduction for the purpose of making ‘citations’ within the meaning of Article 20(1)(c), such an act thus being authorised under that provision provided that it fulfils the cumulative conditions laid down therein, which is for the national court to verify’.³⁶¹

- d) the equipment on ships and aircraft registered in a third country when these temporarily enter the territory of the Community;

³⁵⁸ Article 26(1) CDR.

³⁵⁹ Article 26(2) CDR.

³⁶⁰ Article 51 CDR.

³⁶¹ CJEU 27 September 2017, [C 24/16 en C 25/16](#), ECLI:EU:C:2017:724, Nintendo / BigBen.

e) the importation in the Community of spare parts and accessories for the purpose of repairing such craft;

f) the execution of repairs on such craft.³⁶²

Moreover, the rights conferred by a Community design shall not extend to acts relating to a product in which a design included within the scope of protection of the Community design is incorporated or to which it is applied, when the product has been put on the market in the Community by the holder of the Community design or with their consent.³⁶³

Furthermore, a right of prior use shall exist for any third person who can establish that before the date of filing of the application, or, if a priority is claimed, before the date of priority, he has in good faith commenced use within the Community, or has made serious and effective preparations to that end, of a design included within the scope of protection of a registered Community design, which has not been copied from the latter. The right of prior use is a limited right. It shall entitle the third person to exploit the design for the purposes for which its use had been effected, or for which serious and effective preparations had been made, before the filing or priority date of the registered Community design. It shall not extend to granting a licence to another person to exploit the design. Furthermore it cannot be transferred except, where the third person is a business, along with that part of the business in the course of which the act was done or the preparations were made.³⁶⁴

Finally, any provision in the law of a member state allowing use of national designs by or for the government may be applied to Community designs, but only to the extent that the use is necessary for essential defence or security needs.³⁶⁵

5.7 Transactional

Title III of the Council Regulation deals with Community designs as objects of property. Pursuant to Article 27(1) CDR, unless Articles 28, 29, 30, 31 and 32 CDR provide otherwise, a Community design shall as an object of property be dealt with in its entirety, and for the whole area of the Community, as a national design right of the Member State in which:

³⁶² Article 20 CDR.

³⁶³ Article 21 CDR, the principle of exhaustion.

³⁶⁴ Article 22 CDR.

³⁶⁵ Article 23 CDR.

a) the holder has its seat or its domicile on the relevant date; or b) where point a) does not apply, the holder has an establishment on the relevant date.

The transfer of a registered Community design shall be subject to a number of provisions which have been enumerated in Article 28 CDR. Among others, they deal with the following:

- a) at the request of one of the parties, a transfer shall be entered in the register and published;
- b) until such time as the transfer has been entered in the register, the successor in title may not invoke the rights arising from the registration of the Community design.

Registered Community designs may be given as security or be the subject of rights in rem.³⁶⁶ They may also be attached in execution.³⁶⁷

Moreover, a Community design (registered or unregistered) may be licensed (on an exclusive or a non-exclusive basis) for the whole or part of the Community. Without prejudice to any legal proceedings based on laws of contract, the holder may invoke the rights conferred by the Community design against a licensee who breaches any provision in their licensing contract with regard to its duration, the form in which the design may be used, the range of products for which the licence is granted and the quality of products manufactured by the licensee.³⁶⁸ In the context of plant variety protection the CJEU has held³⁶⁹ that the holder or its licensee may bring an action for infringement against a third party which has obtained material through another person enjoying the right of exploitation who has contravened the conditions or limitations set out in the licensing contract that the latter person concluded at an earlier stage with the holder, to the extent that the conditions or limitations in question relate directly to the ‘essential features’ of the Community plant variety right concerned. It is for the referring court to make that assessment. Furthermore, in this context it is of no significance that the third party was aware or was deemed to be aware of the conditions or limitations imposed in the licensing contract. As a consequence, only if the said third party contravened conditions *not* related directly to the essential features of the right (e.g. conditions regarding the internal administration of the licensee) the Community plant variety right will be exhausted (cf. paragraph 5.6). Probably, with regard to Community designs, the same rule will apply, *mutatis mutandis*.

³⁶⁶ Article 29 CDR.

³⁶⁷ Article 30 CDR.

³⁶⁸ Article 32(1) and (2) CDR.

³⁶⁹ CJEU 20 October 2011, Case [C-140/10](#), ECLI :EU :C :2011 :677, Greenstar-Kanzi Europe/Jean Hustin, Jo Goossens.

5.7 Cumulative protection

According to the preamble (points 31 and 32) this Regulation does not preclude the application to designs protected by Community designs of the industrial property laws or other relevant laws of the Member States, such as those relating to design protection acquired by registration or those relating to unregistered designs, trade marks, patents and utility models, unfair competition or civil liability. In the absence of the full harmonisation of copyright law, it is -according to the preamble- important to establish the principle of cumulation of protection under the Community design and under copyright law, whilst leaving Member States free to establish the extent of copyright protection and the conditions under which such protection is conferred.

As a result, Article 96 CDR states that the provisions of this Regulation shall be without prejudice to any provisions of Community law or of the law of the Member States concerned relating to unregistered designs, trade marks or other distinctive signs, patents and utility models, typefaces, civil liability and unfair competition. Moreover, a design protected by a Community design shall also be eligible for protection under the law of copyright of Member States as from the date on which the design was created or laid down in any form. The extent to which, and the conditions under which, such a protection is conferred, including the level of originality required, shall be determined by each Member State individually.

Chapter 6 Plant variety rights

6.1 Introduction

As a result of the cross-breeding of plants, and the subsequent selection in the progeny, new varieties of plants can be created. Improving already existing varieties may lead to varieties which yield higher crops, provide plants which are better adapted to low temperatures or dry soil, or plants which are no longer susceptible to certain diseases.

Plant breeding is a time-consuming and therefore costly activity. Like in patent law, the legislator understood that plant breeders deserve legal protection for their achievements, which are often very valuable to society. Not only do they deserve protection, they also need it, like inventors, in order to be able to earn a reasonable return on their investments.

The object of plant variety (or: breeder's) rights, in short, is a plant grouping which can be a) defined by the expression of the characteristics from a given genotype or combination of genotypes, b) distinguished from any other plant grouping by the expression of at least one of the said characteristics, and c) considered as a unit with regard to its suitability for being propagated unchanged. In this definition a genotype means a set of genetic information, in other words: the entire genetic constitution of an individual plant.

International rules regarding plant variety rights have been laid down in the 1991 UPOV Convention³⁷⁰ and in Council Regulation (EC) No 2100/94 of 27 July 1994 on Community plant variety rights (hereafter: CPVR).³⁷¹ For the purpose of the implementation of this Regulation a Community Plant Variety Office (CPVO) has been established; it has its seat in Angers, France. Specific rules regarding plant variety protection are in many respects different from the rules laid down in patent regulations, because of the fact that the object of

³⁷⁰ See www.upov.int. The official title of this Convention is: International Convention for the Protection of New Varieties of Plants. On the date of its adoption (Paris, 2 December 1961) it established the International Union for the Protection of New Varieties of Plants, which has its seat in Geneva, Switzerland. UPOV is the French acronym for Union internationale pour la Protection des Obtentions Végétales. The text of the Convention was revised in 1972, 1978 and 1991. In the year 2018, 75 states had become members of the Union, among which the EU as such.

³⁷¹ OJ 1 September 1994, L 227/1; latest amendment published in OJ 11 January 2008, L 8/2. See www.cpvo.europa.eu. The substantive provisions of the Council Regulation and of the 1991 UPOV Convention are almost identical. Implementing rules have been laid down in Commission Regulation (EC) 874/2009, OJ 24 September 2009, L 251/3, amended by Commission Implementing Regulation (EU) 2016/1448, OJ 2 September 2016, L 236/1.

protection consists of living matter. Besides, national regulations concerning plant variety rights have been enacted in many countries all over the world.³⁷²

As far as the European Union is concerned, the national laws of the Member States still show a lot of differences. Therefore, the question has been raised whether an EU Directive in this field of law would be helpful to prevent barriers to the free movement of goods and thus to eliminate distortions of the conditions of competition in the internal market.³⁷³

6.2 Requirements

According to Article 11 CPVR, the person(s) who bred, or discovered and developed the variety, or his/her/their successor(s) in title, shall be entitled to the Community plant variety right. This provision shall also apply to two or more persons in cases where one or more of them discovered the variety and the other or others developed it. Entitlement shall also be vested jointly in the breeder and any other person if they have agreed to joint entitlement by written declaration. If the breeder is an employee, the entitlement shall be determined in accordance with the national law applicable to the employment relationship.

Once an application for a Community plant variety right has been filed (at the CPVO or at one of the sub-offices or national agencies),³⁷⁴ a formal, substantive and technical examination will take place.³⁷⁵ The latter examination is carried out by a competent office in one of the Member States entrusted with this responsibility by the Administrative Council of the CPVO.

Pursuant to Article 6 CPVR Community plant variety rights shall be granted for varieties that are distinct, uniform, stable and new. Moreover, the variety must be designated by a suitable denomination.

In short, a variety shall be deemed to be *distinct* if it is clearly distinguishable by one or more characteristics from any other variety whose existence is a matter of common knowledge on the date of the application. Such other variety shall be deemed to be a matter of common

³⁷² The current legislation of almost 70 countries has been published on www.upov.int.

³⁷³ Cf. P.A.C.E. van der Kooij, 'Towards an EC Directive on plant breeder's rights?', *Journal of Intellectual Property Law & Practice* 2008, p. 97-101.

³⁷⁴ Cf. Article 49 CPVR.

³⁷⁵ See Articles 53 *et seq.* CPVR.

knowledge, e.g. if it was already the object of a plant variety right or entered in an official register of plant varieties.³⁷⁶ The CJEU has held that if a decision regarding the distinctness of a variety is being challenged in court proceedings, the court is not required to carry out a complete review of the examination, but is entitled, in the light of the scientific and technical complexity of the condition of distinctness, to limit itself to a review of manifest errors of assessment.³⁷⁷

A variety shall be deemed to be *uniform* (homogeneous) if, subject to the variation that may be expected from the particular features of its propagation, it is sufficiently uniform in the expression of the characteristics included in the examination for distinctness and the characteristics used for the variety description.³⁷⁸ Thus, the Regulation takes into account the fact that, as a result of the laws of nature, vegetatively and generatively propagated varieties (by way of grafting and through the use of seeds, respectively) will show different levels of homogeneity.

A variety shall be deemed to be *stable* if the expression of the said characteristics remain unchanged after repeated propagation or, in the case of a particular cycle of propagation, at the end of each such cycle.³⁷⁹ The ‘particular cycle’ refers to the so-called crossing of inbred lines, which results in hybrid varieties (such as maize). Once again as a consequence of genetics, hybrid varieties as such are not stable. The inbred lines must therefore be crossed again and again to provide the hybrid variety.

A variety shall be deemed to be *new* if, at the date of application (parts of) plants belonging to the variety (‘variety constituents’, e.g. grafts, seeds) have not been sold or otherwise disposed of to others, by or with the consent of the breeder, for purposes of exploitation of the variety: a) earlier than one year before that date within the territory of the EU, or b) earlier than four years or, in the case of trees and vines, earlier than six years before that date, outside the territory of the EU.³⁸⁰ As a result, in plant variety protection law, and unlike the situation in patent law, three different ‘periods of grace’ exist.

³⁷⁶ Article 7 CPVR.

³⁷⁷ CJEU 15 April 2010, Case [C-38/09 P](#), ECLI:EU:C:2010:196, Ralf Schröder/CPVO. See also CJEU 8 June 2017, Case C-625/15 P, ECLI:EU:C:2017:435, Schniga/CPVO.

³⁷⁸ Article 8 CPVR.

³⁷⁹ Article 9 CPVR.

³⁸⁰ Article 10(1) CPVR.

Finally, any person who, within the EU, offers or disposes of to others for commercial purposes variety constituents of a protected variety, must use the *variety denomination* designated pursuant to Article 63 CPVR. The main function of this denomination is to identify the variety and thus to prevent confusion in commercial transactions. The variety denomination must be readily distinguishable and clearly legible. If a trade mark is associated with it, the denomination must be easily recognizable as such.³⁸¹

If the CPVO is of the opinion that the findings of the examination are sufficient to decide on the application and there are no (other) impediments, it shall grant the Community plant variety right. The decision shall include an official description of the variety.³⁸² Pursuant to Articles 67 *et seq.* CPVR an appeal can come from a large number of decisions at the Office. The Board of Appeal of the CPVO shall examine whether the appeal is well-founded. Against decisions of the Board of Appeal a further appeal may be brought before the Court of Justice.³⁸³

6.3 Scope of protection

The holder of the Community plant variety right is entitled to prevent others, from performing the following acts without its consent in respect of *variety constituents*: a) production or reproduction (multiplication), b) conditioning for the purpose of propagation, c) offering for sale, d) selling or other marketing, e) exporting from the Community, f) importing to the Community, g) stocking for any of the above-mentioned purposes. The same rules apply in case of *harvested material* (e.g. apples, corn, flowers), but only if this material was obtained through the unauthorized use of variety constituents of the protected variety, and unless the holder has had reasonable opportunity to exercise its right in relation to the said variety constituents.³⁸⁴ According to Article 13(4) CPVR it may be provided that in specific cases the provisions of paragraph 2 of this Article shall also apply in respect of *products* obtained directly from (harvested) material (such as apple juice, marmalade, cake etc.). However, so

³⁸¹ Article 17(1) CPVR.

³⁸² Article 62 CPVR.

³⁸³ Articles 71 and 73 CPVR. The case law of the Board of Appeal (as well as relevant case law from national courts) is published on the website of the Office ('PVR Case Law Database').

³⁸⁴ Article 13(2) and (3) CPVR. In its decision of 14 February 2006, Case X ZR 93/04, GRUR 2006, 575, *Melanie*, the German Bundesgerichtshof held, that for the latter provision to be applicable the breeder does not have to fulfil the obligation to apply for protection in all EU Member States.

far such a provision has not been introduced in the Regulation, although it exists in a small number of national plant variety protection laws.

The provisions of paragraphs 1 to 4 of Article 13 CPVR shall also apply in relation to a) varieties which are essentially derived from the protected variety, b) varieties which are not distinct from the protected variety, and c) varieties whose production requires the repeated use of the protected variety.³⁸⁵

6.4 Period of protection

Pursuant to Article 19 CPVR the term of protection of the Community plant variety right shall run until the end of the 25th calendar year or, in the case of varieties of vine and tree species, until the end of the 30th calendar year, following the year of grant. The latter varieties experience a longer development before they start bearing fruit. The Council, on proposal from the Commission, may, in respect of specific genera or species, provide for an extension of these terms up to a further five years.³⁸⁶

Unlike the current regulations in the field of patent law, in plant variety protection law (pursuant to the Council Regulation as well as according to national laws) the duration of the technical examination of a variety shall not be deducted from the period of protection.

A Community plant variety right shall lapse before the expiry of the said terms, if the holder surrenders it by sending a written declaration to such effect to the Office.³⁸⁷ Moreover, the Office is entitled to declare the right null and void or to cancel the right, in a number of situations, set out in Articles 20 and 21 CPVR, respectively.

6.5 Exemptions and defences

For the purposes of safeguarding agricultural production, farmers are authorized to use, for propagating purposes, in the field on their own holding the product of the harvest which they

³⁸⁵ Article 13(5), see also Article 13(6) for a (complicated) definition of essentially derived variety (in short: a variety which is predominantly derived from the initial variety, and which conforms essentially to the initial variety in the expression of the characteristics that result from the genotype of the initial variety).

³⁸⁶ See in this respect Council Regulation (EC) No 2470/96 of 17 December 1996, OJ 1996, L 335/10 (extension of the term of protection for potatoes).

³⁸⁷ Article 19(3) CPVR.

have obtained by planting, on their own holding, propagating material of a protected variety. This is the so-called *farmer's privilege*, which pursuant to Article 14(2) CPVR shall apply to a limited number of agricultural plant species, categorized as fodder plants, cereals, potatoes and oil and fibre plants.³⁸⁸ This restriction in the public interest has also been laid down in national plant variety protection regimes, and because it enables governments to take into account the local political and socio-economic situation, the number of species to which the farmer's privilege applies differs from country to country (and may also be different from the species enumerated in Article 14 CPVR). The limitation has been the subject of many debates, also before the CJEU.³⁸⁹

Pursuant to Article 15 CPVR the effects of the Community plant variety right are further limited, in the case of a) acts done privately and for non-commercial purposes, b) acts done for experimental purposes, c) acts done for the purpose of breeding, or discovering and developing other varieties, d) acts referred to in Article 13(2) to (4) CPVR (see above) in respect of such other varieties (except in the case of essentially derived varieties), and e) acts whose prohibition would violate the provisions laid down elsewhere (e.g. in Article 13(8) CPVR with regard to provisions adopted on the grounds of public morality, policy or security).

The most remarkable limitation referred to above is the so-called *breeder's exemption* (mentioned under c and d), which provides the principle of independence of subsequent (improvements of) plant varieties. Nowadays, it probably represents the most important difference between patent law and plant variety protection law.³⁹⁰

³⁸⁸ See also Commission Regulation (EC) No 1768/95 of 24 July 1995 implementing rules on the agricultural exemption, OJ 1995, L 173/14; amended by Commission Regulation (EC) No 2605/98 of 3 December 1998, OJ 1998, L 328/6.

³⁸⁹ See CJEU 10 April 2003, Case [C-305/00](#), ECLI:EU:C:2003:218, Christian Schulin/Saatgut-Treuhandverwaltungsgesellschaft mbH; CJEU 11 March 2004, Case [C-182/01](#), ECLI:EU:C:2004:135, Saatgut-Treuhandverwaltungsgesellschaft mbH/Werner Jäger; CJEU 14 October 2004, Case [C-336/02](#), ECLI:EU:C:2004:622, Saatgut-Treuhandverwaltungsgesellschaft mbH/Brangewitz; CJEU 8 June 2006, Cases [C-7/05](#), [C-8/05](#) and [C-9/05](#), ECLI:EU:C:2006:376, Saatgut-Treuhandverwaltungsgesellschaft mbH/The heirs of Dieter Deppe; CJEU 5 July 2012, Case [C-509/10](#), ECLI:EU:C:2012:416, Josef Geistbeck, Thomas Geistbeck/Saatgut-Treuhandverwaltungs GmbH; CJEU 15 November 2012, Case [C-56/11](#), Raiffeisen-Waren-Zentrale Rhein-Main eG/Saatgut-Treuhandverwaltungs GmbH; CJEU 25 June 2015, Case C 242/14, Saatgut-Treuhandverwaltungs GmbH/Vogel.

³⁹⁰ For background information see P.A.C.E. van der Kooij, 'Towards a breeder's exemption in patent law?', *European Intellectual Property Review* 2010, p. 545 *et seq.*

Another limitation of the Community plant variety right is the principle of *exhaustion*, which also plays an important role in other intellectual property laws, but which has, once again, been tailor-made for the purpose of regulating living matter. As a result, in short, pursuant to Article 16 CPVR the Community plant variety right shall not extend to acts concerning any material of the protected variety which has been disposed of to others by the breeder or with their consent, in any part of the EU, unless such acts a) involve further propagation of the variety in question, except where such propagation was intended when the material was disposed of, or b) involve an export of variety constituents into a third country which does not protect varieties of the plant genus or species to which the variety belongs, except where the exported material is for final consumption purposes.

6.6 Transactional

The Community plant variety right may be the object of a transfer to one or more successors in title, in accordance with the provisions laid down in Article 23 CPVR.

Moreover, Community plant variety rights may form in full or in part the subject of contractually granted exploitation rights. Exploitation rights may be exclusive or non-exclusive.³⁹¹ Pursuant to Article 27(2) CPVR the holder may invoke the rights conferred by the Community plant variety right against a person enjoying the right of exploitation who contravened any of the conditions or limitations attached to this exploitation right.

The CJEU has held³⁹² that the holder or their licensee may bring an action for infringement (cf. Article 94 CPVR) against a third party which has obtained material through another person enjoying the right of exploitation who has contravened the conditions or limitations set out in the licensing contract that the latter person concluded at an earlier stage with the holder, to the extent that the conditions or limitations in question relate directly to the ‘essential features’ of the Community plant variety right concerned. It is for the referring court to make that assessment. Furthermore, in this context it is of no significance that the third party was aware or was deemed to be aware of the conditions or limitations imposed in the licensing contract. As a consequence, only if the said third party contravened conditions *not* related

³⁹¹ Article 27(1) CPVR.

³⁹² CJEU 20 October 2011, Case [C-140/10](#), ECLI:EU:C:2011:677, Greenstar-Kanzi Europe/Jean Hustin, Jo Goossens.

directly to the essential features of the right (e.g. conditions regarding the internal administration of the licensee) the Community plant variety right will be exhausted (see paragraph 6.5).

Finally, Article 29 CPVR contains a number of provisions concerning compulsory licenses, which shall be granted to one or more persons by the Office, on application, but only on grounds of public interest and after consulting of the Administrative Council. Article 29(5a) CPVR deals with a compulsory licence for the non-exclusive use of a protected variety to be granted to the holder of a patent for a biotechnological invention, provided that a contractual licence could not be obtained and the invention constitutes significant technical progress of considerable economic interest compared with the protected plant variety. In the latter case, the holder of the Community plant variety right is entitled to a non-exclusive cross-licence on reasonable terms.

Further reading

Online resources

See also: list of abbreviations

WIPO Intellectual Property Handbook (2004) www.wipo.int/about-ip/en/iprm/

EUIPO Academy Learning Portal (OALP) <https://euipo.europa.eu/knowledge/>

European Commission – [Intellectual Property](#)

Some national IP offices in the EU with a website in English:

German Patent and Trade Mark Office (DPMA) www.dpma.de/english/

Benelux Office for Intellectual Property (BOIP) www.boip.int

Danish Patent and Trademark Office (DKPTO) www.dkpto.org

Irish Patents Office www.patentsoffice.ie

UK IP Office www.gov.uk/government/organisations/intellectual-property-office

Blogs

<http://ipkitten.blogspot.nl>

<http://the1709blog.blogspot.nl> (copyright)

<http://kluwercopyrightblog.com>

<http://kluwerpatentblog.com>

<http://www.marques.org/class46/>

Books

General

European Intellectual Property Law, Annette Kur & Thomas Dreier, Edward Elgar 2013

European Intellectual Property Law, Justine Pila and Paul Torremans, OUP 2016 (UK)

Intellectual Property Law, Lionel Bently & Brad Sherman, OUP 2014 (UK) *Intellectual Property: Patents, Copyrights, Trademarks & Allied Rights*, William Cornish, David Llewelyn and Tanya Aplin, Sweet & Maxwell 2013 (UK)

Holyoak and Torremans Intellectual Property Law, Paul Torremans, OUP 2013 (Germany)

Intellectual Property Law in Germany, Alexander Klett, Beck 2008 (France)

Intellectual Property in France, Nicolas Bouche, KLI 2011

Patent Law

Concise European Patent Law, 2nd edition, Richard Hacon and Jochen Pagenberg (eds.), KLI 2008

Visser's Annotated European Patent Convention, Derk Visser, WK 2018

Trademark Law and Design Law

Concise European Trade Mark and Design Law, Charles Gielen and Verena von Bomhard (eds.), KLI 2017

European Trade Mark Law, Annette Kur and Martin Senftleben, OUP 2017.

European Trademark Law: Community Trademark Law and Harmonized National Trademark Law, Tobias Cohen Jehoram, Constant Van Nispen and Tony Huydecoper, KLI 2010

Design Law: European Union and United States Of America, Uma Suthersanen, Sweet & Maxwell 2010

Copyright and Related Rights

EU Copyright Law, Irini Stamatoudi and Paul Torremans (eds.), Edward Elgar 2014

European Copyright Law: A Commentary, Michel Walter and Silke von Lewinski (eds.), OUP 2010

Copyright in the Information Society, A Guide to National Implementation of the European Directive, Brigitte Lindner, Edward Elgar 2011

International Copyright: Principles, Law, and Practice, Paul Goldstein and P. Bernt Hugenholtz, OUP 2013

Concise European Copyright Law, Thomas Dreier and Bernt Hugenholtz (eds.) KLI 2016,

Plant Variety Protection

European Union Plant Variety Protection, Gert Würtenberger, Paul van der Kooij, Bart Kiewiet and Martin Ekvad, OUP 2015

European Plant Intellectual Property, Margaret Llewelyn and Mike Adcock, Hart 2006

Journals

EIPR - European Intellectual Property Law, Sweet & Maxwell.

IIC - International Review of Intellectual Property and Competition Law, Springer.

JIPLP – Journal of Intellectual Property Law & Practice, Oxford University Press.