

INTELLECTUAL, INDUSTRIAL AND COMMERCIAL PROPERTY

Intellectual property includes all exclusive rights to intellectual creations. It encompasses two types of rights: industrial property, which includes inventions (patents), trademarks, industrial designs and models and designations of origin, and copyright, which includes artistic and literary property. For many years the European Union has had an active policy in this area, aimed at harmonising legislation between Member States and creating new forms of intellectual property to protect intellectual property rights within the Union.

LEGAL BASIS

Article 36 TFEU includes ‘protection of industrial and commercial property’ in the grounds for exemption from the free movement of goods. ‘Industrial and commercial property’ is applicable to all rights of industrial or intellectual property, including copyright, patents, trademarks, designs and models and designations of origin.

Article 114 TFEU on the approximation of laws between Member States is most often used as the legal basis in intellectual property, provided the objective of any such European action is the establishment or the functioning of the internal market.

The Treaty of Lisbon introduces a new legal basis which legitimises direct intervention by the Union in the field of intellectual property. According to Article 118, first paragraph, TFEU, ‘in the context of the establishment and functioning of the internal market, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish measures for the creation of European intellectual property rights to provide uniform protection of intellectual property rights throughout the Union and for the setting up of centralised Union-wide authorisation, coordination and supervision arrangements.’ The second paragraph of Article 118 states that the Council, by means of regulations and after consulting the European Parliament, may establish language arrangements for European intellectual property rights.

OBJECTIVES

Although governed by different national laws, intellectual property rights are also subject to European legislation. More specifically, the legislative activity of the Union chiefly consists of the harmonisation of certain aspects of intellectual property, particularly trademarks, designs and copyrights, as well as providing uniform protection of intellectual property rights throughout the Union through the creation of a single European system, as is the case for the Community trademark and Community design.

ACHIEVEMENTS

A. Legislative harmonisation

1. Trademarks, designs and models

The principal legal acts on trademarks, designs and models are listed below:

- First Council Directive 89/104/EEC of 21 December 1988 approximates national laws by laying down common rules on signs constituting trademarks, grounds for refusal or nullity, and rights conferred by trademarks. It was repealed by Directive 2008/95/EC of the European

Parliament and Council of 22 October 2008 to approximate the laws of the Member States relating to trademarks.

- Council Regulation (EC) No 40/94 of 20 December 1993 created a Community trademark alongside national trademarks and set up a Community trademark office, the ‘Office for Harmonization in the Internal Market (Trade Marks and Designs)’. Following a series of amendments, Regulation (EC) No 40/94 was eventually codified by Council Regulation (EC) No 207/2009 of 26 February 2009.
- Directive 98/71/EC of 13 October 1998 approximates national legislation on the legal protection of designs and models.
- Council Regulation (EC) No 6/2002 of 12 December 2001 institutes a Community system for the protection of designs and models.
- Council Decision 2006/954/EC of 18 December 2006 and Council Regulation (EC) No 1891/2006 of 18 December 2006 aim to link the Union system for the registration of designs or models to the World Intellectual Property Organization international registration system for industrial designs and models.

2. Copyright

a. Copyright in the information society

In order to adapt legislation on copyright and related rights to technological developments, in particular the information society, the European Parliament and the Council adopted Directive 2001/29/EC of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society. The Directive aims in particular to harmonise reproduction and communication rights, to make public and to distribute the works, while searching for a fair balance between the interests of the rightholder and the interests of the other parties. It also provides that the Member States should agree to exclusive author’s rights concerning the reproduction of their work as well as their communication and distribution to the public.

Moreover, the Directive contains a list of exceptions to these reproduction and communication rights in certain cases. With the exception of one, these exceptions are not mandatory.

b. Exploitation of rights

The principal legal acts in this area are listed below:

- Council Directive 92/100/EEC of 19 November 1992, on the renting and lending of works of art, repealed and replaced, for codification purposes, by Directive 2006/115/EC of the European Parliament and of the Council of 12 December 2006.
- Council Directive 93/83/EEC of 27 September 1993 on broadcasting and cable retransmission.
- Directive [2001/84/CE](#) of 27 September 2001 on the resale right for the benefit of the author of an original work of art.
- Directive 2006/115/CE of 12 December 2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property.

c. Term of protection of copyright and related rights

Directive 2006/116/CE of 12 December 2006 on the term of protection of copyright and certain related rights seeks to harmonise Member State legislation so that terms of protection are identical throughout the Union. Under this Directive, the term of protection for copyright is increased to 70 years after the death of the author, whereas the rights of performers expire 50 years after the date of the performance.

On 16 July 2008 the Commission presented a proposal for a Directive amending Directive 2006/116/CE with the aim of increasing the term of protection of performers and producers of phonograms from 50 to 95 years. On 23 April 2009 the European Parliament amended the proposal at first reading of the co-decision procedure, reducing the term of protection from 95 years (the term originally proposed by the Commission) to 70 years following the relevant event. This solution on the term of protection of rights (70 years) was chosen in Directive 2011/77/EU of the European Parliament and of the Council of 27 September 2011.

d. Computer programs and databases

Computer programs are subject to **Directive 91/250/CEE which** requires the Member States to protect computer programs by copyright, as literary works within the meaning of the Berne Convention for the Protection of Literary and Artistic Works. Amended on several occasions, the Directive was codified by Directive 2009/24/EC of the European Parliament and of the Council.

Directive 96/9/CE of the European Parliament and of the Council of 11 March 1996 provides for the legal protection of databases; a database being defined as 'a collection of independent works, data or other materials arranged in a systematic or methodical way and individually accessible by electronic or other means'. It stipulates that databases shall be protected both by copyright, covering intellectual creation, and by a 'sui generis' right protecting investment (of money, human resources, effort and energy) in the obtaining, verification or presentation of the contents.

3. Patents

a. Initial attempt at creating an EU patent

The introduction of an EU patent, a single patent protecting an invention throughout the European Union, has been under discussion for a long time. Following the Lisbon European Council in March 2000 recommending the creation of a European patent system, the Commission put forward a proposal for a Regulation on the Community patent on 1 August 2000. The Council did not secure the unanimous approval required for this proposal.

The debate on the creation of a European patent was resumed in December 2009 when the Council adopted a number of conclusions on improving the patent system in Europe. The agreed set of measures applied to the essential elements for creating a single EU patent and establishing a new patent court in the EU, but did not deal with translation arrangements for patents. The proposal submitted by the Commission on 30 June 2010 supplemented the set of measures required to outline the relative provisions for the translation of EU patents. However, given that the Council could not reach unanimous agreement on the applicable language requirements for EU patents, the Commission submitted a proposal on 14 December 2010 to launch enhanced cooperation in the area of unitary patent protection following a request by certain Member States. On 15 February 2011, the European Parliament gave its approval to the implementation of enhanced cooperation in the area of unitary patent protection. Twenty-five Member States (all Member States except Spain and Italy) have decided to move forward in providing the EU with a unitary patent. On 15 April 2011, the Commission proposed two legislative proposals with the aim of instituting this patent. On 1 December 2011, the Legal Affairs Committee of the European Parliament and the negotiators on behalf of the Presidency of

the Council approved this proposal. If agreement is confirmed by Parliament as a whole as well as by the 25 Member States in question, the Regulation should enter into force in 2014.

4. Efforts to combat counterfeiting

Given that differences among national systems for penalising such offences impede the Member States in their efforts to combat counterfeiting and piracy effectively, the European Parliament and the Council therefore adopted Directive 2004/48/EC on the enforcement of intellectual property rights relatively early on. The objective of this Directive is to step up efforts to combat piracy and counterfeiting by approximating national legislative systems so as to ensure a high, equivalent and homogeneous level of protection in the internal market. Directive 2004/48/EC provides for measures, procedures and compensation solely under civil and administrative law.

The Commission subsequently proposed the adoption of penal measures to combat infringements of intellectual property rights, including criminal-law penalties, with a view to stepping up the fight against counterfeiting and piracy, intended to supplement Directive 2004/48/EC. However, following its Communication of 23 November 2005 on the implications of the Court's judgment annulling the framework decision on the protection of the environment through criminal law, the Commission withdrew its proposal for a framework decision.

B. Court of Justice case-law

1. Existence and exercise of intellectual property rights

a. The distinction between the existence and exercise of a right was drawn in connection with the application of the Treaty's competition rules to the exploitation of industrial property rights. First raised in the *Consten-Grundig* judgment (56 and 58/64 of 13 July 1966) on the granting of a trade mark, it was subsequently restated in the important *Parke Davis* judgment (24/67 of 29 February 1968). The distinction was made between matters covered by the 'existence' of industrial property rights, governed by Article 36 TFEU and the derogation it provides, and matters relating to the 'exercise' of such rights, which could not elude the principle of free movement (see also the *Deutsche Grammophon* judgment (78/70 of 8 June 1971).

b. The 'existence' of a right is, however, an imprecise concept and too dependent on the intentions of national legislators. It was the concept of the 'specific subject-matter' which made it possible to determine what might be covered by the legal status of any industrial or intellectual property right without damaging the principle of free movement.

In the field of patents, the 'specific subject matter' consists, in the Court of Justice's view, in 'the exclusive right to use an invention with a view to manufacturing industrial products and putting them into circulation for the first time as well as the right to oppose infringements' (judgment in *Centrafarm v Sterling Drug*: 15/74 of 18 October 1974).

It took longer to define the 'specific subject-matter' of a trade mark. In the *Terrapin* judgment (119/75 of 22 June 1976), the Court found that 'the basic function of the trade mark [is] to guarantee to consumers that the product has the same origin', a definition later expanded in the *Hoffmann-Laroche* judgment, 'by enabling [them] without any possibility of confusion to distinguish that product from products which have another origin' (102/77 of 23 May 1978).

2. Theory of the 'exhaustion' of rights

a. Definition

This is the theory that the proprietor of an industrial and commercial property right protected by the law of one Member State cannot invoke that law to prevent '*the importation of products which have been put into circulation in another Member State*'. This theory applies to all domains of industrial property, but may in the case of trademarks undergo adjustment as a result of the judge's consideration of the 'essential function of the trademark', which is 'to guarantee the identity of the origin of the marked product to the consumer' (HAG II judgment in Case C-10/89 of 17 October 1990). The proprietor of a trade mark is justified in preventing a product from being marketed on his territory by a third party if the importer's conduct – such as repackaging the product or affixing a different trade mark – has made it impossible for the consumer to identify the origin of the marked product with certainty (Centrafarm v American Home Products judgment, 3/78 of 10 October 1978).

b. Limits

The theory of exhaustion of Union rights does not apply in the case of marketing of a counterfeit product, or of products marketed outside the European Economic Area. This is stipulated in Article 6 of the agreement on intellectual property rights concluded under the Uruguay Round (TRIPS, Agreement on Trade-Related Aspects of Intellectual Property Rights).

In July 1999 the Court ruled, in its judgment in *Sebago Inc. and Ancienne Maison Dubois & Fils SA v. GB-Unic SA* (C-173/98) that the Member States may not provide in their domestic law for exhaustion of the rights conferred by the trade mark in respect of products put on the market in non-member countries.

ROLE OF THE EUROPEAN PARLIAMENT

In its various resolutions on intellectual property rights, and particularly on the legal protection of databases, biotechnological inventions and copyright, Parliament has argued for the gradual harmonisation of intellectual, industrial and commercial property rights and also for the stepping up of efforts to combat counterfeiting and piracy. It has also opposed the patenting of parts of the human body. Parliament has similarly opposed the patenting of inventions capable of being implemented on a computer, its concerns here being to avoid obstructing the spread of innovation and to afford SMEs free access to software created by major international developers.

In the fight against infringements of intellectual property, the European Parliament adopted a resolution on 22 September 2010 in response to the Commission Communication entitled 'Enhancing the enforcement of intellectual property rights in the internal market' which, *inter alia*, provides guidelines to complement the existing legislative framework.

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