

THE PROTECTION AND USE OF INTELLECTUAL PROPERTY RIGHTS WITHIN THE EU

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PART I: INTRODUCTION

A. Economic impacts of Intellectual Property Rights (IP-Rights):

Since the very beginning of the legal protection of intellectual property rights (IP-rights) there has always been a debate going on whether IP-rights help or harm the prosperity of a society. However, being a well established matter of fact, today the question is not whether to abolish IP-Protection-Systems but to use it in an effective way – effective for society as a whole, and effective for enterprises conquering a market and defending their success in the market. The EU-Commission definitely trusts in the sense and effectiveness of IP-Protection and promotes and stimulates both, the protection and use of IP-rights as a decisive competitive factor for the European market and its industries.

A.1. What are the functions of IP-Rights?

IP-Rights grant legal monopolies to their owners which allow them to get legal (and economic) control of their achievements in a certain industry – may it be a creative or a technical or a “mere” economic performance. These monopolies are effective in the territories they are granted for – locally, national-wide or even transnationally (here of major interest: EU-wide). The owner of IP-rights can prevent competitors from using his (legally protected) achievements; but even more important: he can allow using them by granting licenses to third parties. In many cases, a clever licensing-system can be of great and effective help to introduce a new product in a market, even more if it is concerning a huge market like the internal market of the EU.

A.2. *When is it worth investing in the Protection of IP-Rights?*

Some believe in that the best protection of their creative or inventive work would be to be the first, quickest and/or most attentive actor in the market with their relevant product or service. But experience has shown that apart from very special new technologies, this strategy does not really work, at least if it is not attended and supported by reasonable investments in IP-protection. The more a performance of a competitor is different and "more special" than that of the others, such a performance is worth to be legally protected. Important to know: Not for every IP-right it is necessary to apply for registration, first; however, suing a competitor upon a claim because of IP-rights infringements can be expensive – but reasonable, because in the end the infringer has to bear the costs.

B **Harmonisation of IP-Rights within the EU:**

Having recognized the importance and positive impacts of an effective – and first of all – Europe-wide IP-Protection-System, the EU-Commission has made many and successful efforts to harmonise national IP-Laws and even more to create new IP-rights, i.e.: EU-wide IP-rights.

B.1. *Harmonisation step-by-step*

For trade marks, industrial designs and other IP-rights, today it is a matter of fact, that real EU-IP-rights do exist. This means that enterprises can apply for and use IP-rights that – with one only application and registration in a central office within the EU – are valid EU-wide. Nevertheless, the itinerary to a complete harmonisation is a long lasting process that will take many more years. The aim of creating a real internal market within the EU – also with regard of IP-rights protection – is worth all efforts already done and still to be done.

B.2. *Open Issues*

Two IP-rights categories have revealed to be very critical with regard to harmonisation: the field of copyright law and that of technical inventions (utility models and patents). However, even with regard to these categories the EU-Commission succeeded in doing significant steps towards a harmonisation. Of course, international agreements with effect in EU-member-states are of additional help on this way.

PART II: TRADE MARKS

As every day's life shows, the importance of trade marks, brands and promotion of products and services is steadily increasing. So it does not astonish at all, that the harmonisation of trade mark law has been in the focus of the ambition of the EU-Commission at a very early stage of the harmonisation process.

A. Current Status of Harmonisation:

Since 1994, the EU provides for a genuine EU-trade mark as well as for a broadly harmonised system of national trade mark laws. Both, EU-trade mark law and the national trade mark law of the single member-states are in effect simultaneously. Additionally, the international registration of trade marks according to the "Madrid Agreement" and according to the "Protocol to the Madrid Agreement", familiar to trade mark owners outside the European Union, too, facilitates an effective protection of trade marks in the EU and also outside the EU.

B. Different Systems of Protection:

B.1. EU-Trade Marks

1. *Registered EU-Trade Marks*

The EU-Regulation on trade marks allows to apply for and get registered an EU-wide trade mark with one application, only. This is a genuine EU-IP-right which offers many advantages to trade mark owners: Less costs, less administration work and much less legal questions as this IP-right is ruled by one only Legislation. However, in so far as the EU-Regulation on trade mark law does not contain provisions to certain issues, national trade mark laws apply subsidiarily.

In comparison with a trade mark registration in all (actual) single 27 member states, the costs of a registration of a EU-trade mark is rather cheap: The basic registration fee is EUR 1.050,00 (by e-filing even EUR 900,00, only) and includes protection for goods and/or services belonging to up to three different (so-called) classes. The protection of a registered EU-trade mark is lasting for ten years starting from the day of application for registration and can be prolonged for further periods of 10 years, respectively (without limitation).

2. *Non-Registered EU-Trade Marks?*

In contrast to some national trade mark laws, the EU-Regulation on trade marks does not provide for a protection of trade marks that are used in the market, but not registered in the EU trade mark register.

B.2. *National Trade Marks*

The protection of trade marks according to the national trade mark laws is governed by the EU-Directive on trade marks. This Directive has led to a far going harmonisation of national trade mark laws in the different member-states of the EU. Nevertheless, that EU-Directive in some ways still allows differences between the single national trade mark laws.

1. *Registered Trade Marks*

The EU-Directive on trade marks is applicable on national trade marks in so far as registered trade marks are concerned. But even in so far, it does not deal with some important issues as e.g. the term of protection which therefore can vary from member-state to member-state according to their national trade mark laws. Of course the costs for registered national trade marks differ from member-state to member-state, too.

For many reasons, it can be desirable to register one or several national trade marks instead of a EU-trade mark. In some member states it is necessary to have a (legal) representative for filing the application.

2. *Non-Registered Trade Marks*

National trade mark laws can provide for a trade mark protection for trade marks because of their use, too. Further, international agreements can impose further categories of protection, e.g. the (national) protection of trade marks due to their reputation (so-called "notorious trade mark") according to the Paris Convention.

B.3. *Internationally registered Trade Marks*

Since the EU is a contracting party of the "Protocol to the Madrid Agreement", EU-trade marks can be achieved by international registrations, too.

C. Additional Categories of Protection:

As already mentioned, the EU-Directive on trade marks gives a lot of freedom to the member-states to provide for additional trade mark protection.

C.1. Protection of the corporate name

Trade marks protect goods and services and have to be distinguished from corporate names. Corporate names as such are not governed by EU trade mark law, and thus their protection can differ from member-state to member-state.

C.2. Protection of the title of creative works

Germany provides for a special protection of titles of creative works under trade mark law (but not as trade mark!). In other countries, titles of creative works can be protected as trade marks, under copyright law or under unfair competition law.

PART III: COPYRIGHTS

A. Current Status of Harmonisation:

The harmonisation of copyright law within the EU started rather late. The European Commission's Green Paper from 1988 on "Copyright and the technological challenge" formed the "initial spark" to this process. Paradigmatic for the step-by-step-harmonisation of IP-Law in general, Copyright law has not been completely harmonised within the EU until today, but in a kind of a continuing assimilation-process only of parts of it.

In the meantime the following directives have been enacted –

Directive on (the):

- protection of computer programmes (1991)
- exploitation right of rental and leasing (1992)
- exploitation right of cross-border satellite broadcasting and the cable retransmission (1993)
- term of protection (1993)
- protection of databases (1996)
- resale right (2001)
- copyright and neighbouring rights law in the information society (2001)

- enforcement of intellectual property rights (2004).

B. Open Issues:

Since then the European Commission continues on its way of harmonising copyright law within the European Union. However, further initiatives regarding a proposal to amend the directive on the term of protection as well as its Green Paper on "Copyrights in a knowledge driven economy" have not led to further directives, yet. The aim however will remain to come to a complete harmonisation of Copyright Law within the EU, one day.

PART IV: INDUSTRIAL DESIGNS

Often and in many industries, it is not paid much attention to the protection of industrial designs – what a mistake! Thus, it is a protection very easy and cheaply to achieve.

A. Current Status of Harmonisation:

According to the harmonisation of trade mark law, since 2002, the EU provides for a genuine EU-industrial design right as well as (already in 1998) for a broadly harmonised system of national industrial design right laws. Both, EU-industrial design right law and the national industrial design right laws of the single member-states are in effect simultaneously. Additionally, the international deposit of industrial design rights according the "Convention of The Hague", familiar to industrial design right owners outside the European Union, too, facilitates an effective protection of industrial design rights in the EU and also outside the EU.

B. Different Systems of Protection:

B.1. EU-Industrial Designs

1. Registered EU-Industrial Designs

The EU-Regulation on industrial designs allows to apply for and get registered an EU-wide industrial design right with one application, only. This, again, is a genuine EU-IP-right which offers many advantages to industrial design owners: Very few (however: less) costs, less administration work and much less legal questions as this IP-right is ruled by one only Legislation. However, in so far as the EU-Regulation on industrial design right law does not contain provisions to certain issues, national industrial design right laws apply subsidiarily.

The term of protection lasts five years and can be prolonged for four times for the same term (so the protection can last 25 years at maximum).

2. *Non-Registered EU-Industrial Designs*

In contrast to national industrial design right laws, the EU-Regulation on industrial designs does not only grant protection to registered industrial designs, but to non-registered industrial designs as well. The additional condition (apart from the general conditions) is that such an industrial design has to be brought to the knowledge of the public (but it is sufficient that the product in question has been put on the market in an usual way, so no special efforts have to be undertaken).

The term of protection lasts three years, only, in this case.

B.2. *National industrial Designs*

Similar to the registered EU-industrial designs, minimal differences from the forms and shapes (etc.) known at that time of application are sufficient in order to fulfill the criterions of "novelty" and "individual character".

1. *Registered Industrial Designs*

For many reasons, it can be desirable to register one or several national industrial designs instead of an EU-industrial design. In some member states it is necessary to have a (legal) representative for filing the application.

Of course the costs for registered national industrial designs differ from member-state to member-state, but they are much lower in general than the fees for trade marks.

2. *Non-Registered Industrial Designs?*

The EU-Directive on industrial design rights does not provide for a protection of non-registered design rights.

B.3. *Internationally registered Industrial Designs*

Since the EU is a contracting party of the "Convention of The Hague", EU-industrial design rights can be achieved by an international deposit, too.

C. **Special issues on Industrial Design Protection:**

According to the Regulation as well as to the Directive on the

protection of industrial designs, it is an elimination criterion if a part of a complex product is not visible during the intended use of that product – so that the part cannot benefit from an industrial design right protection in that case.

Additionally, - but only under the EU-Regulation on the protection of industrial designs -, there is a so-called repair-clause. This clause is stating that there is no industrial design right protection for a part of a complex product, either, in so far as in order to repair the complex product and to give back to it its original shape and look, that part must have a certain shape or look (etc.).

According to the high extent of harmonisation, European trade marks and European industrial designs are administrated by a special European Office (in Alicante, Spain), called Office of Harmonisation for the Internal Market (OHIM).

PART V: SUPPLEMENTARY PROTECTION OF ACHIEVEMENTS UNDER (UNFAIR) COMPETITION LAW

Under several aspects, commercial achievements can benefit from a supplementary protection under (unfair) competition law. In some cases, however, unfair competition law may not apply in addition or in the place of IP-rights (e.g. after their expiration).

A. Current Status of Harmonisation:

Up to now, there is to mention first of all the EU-Directive concerning unfair business-to-consumer commercial practices in the internal market, amending earlier Council's and European Parliament's Directives as well as a Regulation of the European Parliament and of the Council ('Unfair Commercial Practices Directive'). This Directive covers the commercial relationship between business-to-consumer (B2C) in a complete way, but it does not apply to the business-to-business relationship (B2B).

B. Aspects of Supplementary Protection:

Among the huge group of cases which form examples of unfair competition there are quite a few that lead to a supplementary protection of achievements which – under more or less different aspects – can be subject of an IP-right.

As important cases of unfair competition in this context have to be mentioned:

- slavish or systematic imitation of competitor's goods and/or services

- misleading practices
- sponging on the commercial success of a competitor and its goodwill with regard to individual goods and/or services
- obstruction of competitor's activities

PART VI: PATENTS and UTILITY MODELS

The harmonisation of the technical IP-rights, i.e. patents and utility models, is in delay for whatever reason – in comparison with other IP-rights.

A. Current Status of Harmonisation:

The intentions on harmonising the right on utility models – the IP-right for “small inventions” – did not go further than being discussed in a respective Green Paper of the European Commission.

The (international, i.e. not EU-genuine) Patent Cooperation Treaty has unified the formal conditions of the application for a patent. The European Patent Convention goes further and has unified the proceedings of the (material) examination of the technical invention. These proceedings are dealt with by the officers of the European Patent Office in Munich, Germany, and The Hague, Netherlands.

A genuine European Patent seems to come, soon. But this “feeling” is lasting for many many years already, so it still sounds: “to be expected”. However, the amount of open issues has been reduced in the recent past significantly, and therefore, Europe has never been as near to the new genuine European Patent right than today.

B. Patent Attorneys assist in filing applications:

The filing of a patent (and utility model) application falls in the competence of technical experts, i.e. patent attorneys. Though the process of filing takes time and is quite cost-intensive (in contrast to most other IP-rights), the outcome of a registered patent or utility model is much higher than with other IP-rights – generally speaking.

C. Cooperation with Patent Attorneys in infringement cases:

In infringement cases lawyers and patent attorneys work together. Due to the fact that in case of an infringement, that infringement mostly happens in a big territory (national- or even EU-wide), the actor often can choose “his” court. German courts in patent matters enjoy a high reputation, last but not least because of the rather short duration of the proceedings, but also for their expertise, first of all the courts of Düsseldorf, Mannheim and Munich.

PART VII: LICENSE AGREEMENTS

As already mentioned in the introduction, it can be of the essence not to use an IP-right by oneself (or by oneself, only), but to “share” the benefits of the legal monopoly granted by an IP-right, by licensing it to third parties.

A. License Agreements as a Category of Contract Law:

License agreements, first of all, form normal contracts which have to respect all laws applicable to contracts: national and EU-laws (etc.). As contract law (and civil law in general) is harmonised in small parts, only, within the EU, this leads to the fact that license agreements are generally governed by the (different) national laws of the member-states. In so far it can be referred to the chapters above regarding the different national laws.

B. Limitations in Licensing IP-Rights:

It has to be paid attention to another already mentioned aspect of IP-rights, too, i.e. their character of legal monopolies which in some way can cause a restriction on free competition. In other words, it is inherent to IP-rights that their use can get in conflict with antitrust law. This is evident, for IP-rights e.g. by a licensing system can perfectly be used to install a (re-)partition of the internal market – a negative effect to be strictly avoided, and controlled by the EU-Commission.

In this context, the Commission Regulation of 2004 on the application of EU-antitrust law to certain categories of technology transfer agreements have to be mentioned.

PART VIII: SUMMARY

As a conclusion it has to be stated that EU-IP-law is providing to enterprises many most useful new instruments in order to get a most cost- and time-effective IP-rights protection. However, the process of harmonisation is going on.

A. Continuing Harmonisation:

The actual status of harmonisation is strongly varying from IP-right to IP-right, but in general it can be summarised that trade mark law and industrial design law are harmonised to a very far extent; copyright law harmonisation is on its way, while the harmonisation of the technical IP-rights (patents and utility models) does not reach that far, yet.

B. Need of specialists in both – EU- and National IP-Law:

Even with regard to those fields of IP-law that can be regarded being harmonised in most aspects, though, national jurisdictions and national practices in the application of the relevant laws to these rights differ from country to country. The reason for this are differing traditions in the member states with regard to the special IP-right categories on the one hand, and different traditions of civil and civil procedural law in general on the other hand.

That's why the consultation of an IP-specialist with expertise to his national IP-law remains indispensable and is always highly recommend in order to avoid mistakes and in order to make a best use of IP-rights within the EU.

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EUROJURIS INTERNATIONAL BUSINESS GROUP:

who we are

Eurojuris International

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Eurojuris is now the leading network of law firms in Europe and worldwide with over 600 member firms and approximately 5000 lawyers. In addition Eurojuris can, through its correspondent firms, provide access to local firms in many other countries throughout the world. Members and correspondents are always well established medium sized independent law firms satisfying the Eurojuris criteria.

Eurojuris aims to provide more than just a reliable directory of legal firms. A permanent headquarters with full time staff to manage the organisation was created in 1993 and its responsibilities include co-ordinating numerous national activities, publishing brochures, newsletters and guides, organizing meetings and congresses, promoting specialist groups and setting up an organisation to provide cohesion among different legal systems and business cultures.

The Eurojuris commitment to quality is paramount and is maintained by ensuring that management procedures and work methods are tailored to match the client needs and are dynamic and open to constant improvement. It is also essential that all Eurojuris International members understand and implement approved work methods and that regular internal and external control procedures are reviewed on a systematic basis.

Eurojuris International Business Group

The Eurojuris International Business Group (Eurojuris IBG) is one of a number of the Eurojuris practice groups. Eurojuris IBG is a proactive, business generating group that was formed to enable a small group of Eurojuris members to focus on the needs of business clients. Members of the Eurojuris IBG are experienced in their practice areas and leaders in the international legal and business community.

Eurojuris IBG members aim to provide a Partner level service to clients and, through close co-operation with European colleagues, to provide a consistent and seamless service.

Eurojuris IBG aims to offer a uniform presentation and mutual legal education schemes with common practices and to develop common services for the clients of member firms.

As more and more businesses find that improved communication and access opens the way to more international trade, the need for legal representation throughout a number of jurisdictions becomes essential. Eurojuris IBG provides access to expert local knowledge through a lawyer in the jurisdiction of the client's head office.

The members of Eurojuris IBG maintain close levels of co-operation and knowledge of each other's firms. This is achieved not only via the usual media of email, fax and telephone, but also through regular meetings, some of which take place in the offices of the member firms to enable members to understand the way in which they can better serve their client's needs.

The members of Eurojuris IBG fulfill very strict criteria: they are business minded, they work with business clients across Europe and overseas, they all work in the English language and have some knowledge of other European languages. Importantly they are equipped with the most up to date information technology systems and maintain substantial Professional Indemnity Insurance.

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