



**Conference
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An Update on IP Law in Europe

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1. Patents

1.1 Proposal for a Directive on the Patentability of Computer-implemented Inventions - COM (2002)92.

- The central requirement of the proposal is that, in order to be patentable, an invention that is implemented through the execution of software on a computer or similar apparatus has to make a contribution in a technical field that is not obvious to a person of normal skill in that field. This is essentially a legal question of a kind that is answered all the time by patent offices and practitioners.
- The patentability of software and related inventions is currently determined principally by Art. 52 (2)(c) and (3) of the European Patent Convention (EPC), according to which computer programs "as such" (as well as business methods, mathematics and genes) are excluded from patentability. However, since the EPC came into force in 1978, more than 30,000 software-related patents have been granted, the majority now relating to digital data processing, data recognition, representation and information handling. This has fuelled debate on whether the limits of what is patentable are still sufficiently clear and applied properly.
- The proposal follows broadly the principles established by the EPC. They provide that patents should not be granted as such. But computers themselves are machines like other technological devices, and national courts have decided that there is no reason why a patent should not be granted for a machine programmed to carry out some technical function. But it still needs to be new and not obvious.
(taken from http://europa.eu.int/comm/internal_market/en/indprop/comp/02-32.htm)

1.2 Proposal for a Council Regulation on the Community Patent

- In the European Union, patent protection is currently provided by two systems, neither of which is based on a Community legal instrument: national patent systems and the European patent system. The national patent appeared first. In the Member States of the European Union, the national patent has undergone de facto harmonisation, arising from, inter alia, the signing of the Agreement of 15 April 1994 on Trade Related Aspects of Intellectual Property Rights (the TRIPS Agreement).
- The current proposal is aimed at creating a new unitary industrial property right, the Community Patent. It is thought to be essential for eliminating the distortion of competition which may result from the territorial nature of national protection rights.
- Quoting from the Proposal: "It is also one of the most suitable means of ensuring the free movement of goods protected by patents. The creation of a Community Patent will also enable undertakings to adapt their production and distribution activities to the European dimension. It is considered to be an essential tool if we are to succeed in transforming research results and the new technological and scientific know-how into industrial and commercial success stories - and thereby put an end to the "European paradox" in innovation - while at the same time stimulating private R&D investment, which is currently at a very low level in the European Union compared with the United States and Japan."
- The Community Patent system will coexist with the national and European patent systems. Inventors will remain free to choose the type of patent protection best suited to their needs.

- The main features of the Community Patent are that it must be of a unitary and autonomous nature, it must stem from a body of Community patent law, be affordable, have appropriate language arrangements, meet information requirements, guarantee legal certainty and coexist with existing patent systems.
- The Proposal is not without its controversy. There are those who believe that, in its current form, the Directive would pose a serious threat to innovation in Europe - see www.eurolinux.org The ICC, on the other hand, fully supports the Proposal - see www.iccwbo.org

2. Registered and Unregistered Designs

Regulation on Community Design, 12 December 2001

A design shall be protected by a Community Design to the extent that it is "new" and has "individual character".

A design shall be considered to be new if no identical design has been made available to the public - in the case of a Registered Community Design, before the filing of the application for registration; and - in the case of an Unregistered Community Design, before the date on which the design for which protection is sought was first made available to the public.

A design shall be considered to have individual character if "the overall impression it produces on the informed user differs from the overall impression produced on such a user by any design which has been made available to the public" before the aforesaid respective dates.

2.1 Registered Community Design Right

- The Regulation has been issued. It introduces a new, unitary right to register a design covering the member states of the EU. It will be administered by OHIM (Office for Harmonisation in the Internal Market), which will accept applications filed for the registration of designs and which will publish the designs once they have been registered.
- Registered Community Designs will be protected for an initial period of five years; they can be renewed four times, therefore providing a maximum of 25 years of protection.
- A Registered Community Design gives the owner the exclusive right to forbid completely the putting on the market of any design which "does not produce a different overall impression", which means it allows an owner to exclude all later creations without having to prove they are based on copies of his design.
- It is possible for applicants to defer the publication of the registered design for up to 30 months. That means that creators and industries can apply for a Registered Community Design and at the same time keep their designs secret until they can be put on the market.
- Applicants are also entitled to combine in a single application multiple variations of the same design which will greatly facilitate the protection of textile patterns and similar multiple designs.
- Grace period of 12 months in respect of disclosures - so that such disclosures will not invalidate the subsequent registration.

- The Registered Community Design will be available from 1 April 2003. The Implementing and Fees Regulations need to be adopted in 2002 by the European Commission.

2.2 Unregistered Community Design

- The Unregistered Community Design right is a new form of IP protection in the EU! It is also a unitary right covering all member states of the EU. It is based on the UK law on unregistered designs, although it does not protect the internal, non-visible features of an article, whereas UK law protects both internal and external features, whether visible or not.
- This protection comes into existence automatically by the mere fact of making product incorporating the design available to the public within the EU. The right is limited to 3 years and allows the owner to forbid the making of copies of the owner's designs, but it is a qualified monopoly, protecting only the reproduction of the design. Designs which arise from independent creation will not infringe.
- The Unregistered Community Design right came into force on 6 April 2002.
- "This right constitutes a vital element of protection for all industries such as clothing and shoes for example which renew their collections every season. They will be protected against counterfeiting and other infringing copies without any formality or cost involved for their designs in the entirety of the European Union." (Taken from OHIM Press Release, 14.12.01)

3. Trade Marks

3.1 Distinctive character of trade marks

- A series of decisions from various European tribunals indicate that the test for "distinctive character" which a trade mark must fulfil in order to qualify for registration is being set ever lower.
- In DOUBLEMINT, Wrigley sought to register the mark, which both the examination division and the Board of Appeal refused to do. They argued that it was solely descriptive. Upon further appeal, the Court of First Instance stated that only those trademarks are excluded from registration, which consist *exclusively* of descriptive signs or indications. The Court then said that the fact that the mark could have two possible meanings meant that the mark had "an ambiguous and suggestive meaning which is open to various interpretations". Hence the mark was not *exclusively* descriptive.
- In EASYBANK, this mark had been rejected by both the examining division and Board of Appeal. The CFI ruled that the words "easy" and "bank" combined did not enable customers to identify immediately and precisely either the specific banking services being provided or their characteristics. Therefore the Court found the combination distinctive.
- In BABY-DRY the OHIM examiner, the Board of Appeal and the CFI decided that the mark was descriptive, but were overruled by the ECJ. The Court said in this case that BABY-DRY would not "unhesitatingly" make the reasonably aware person immediately think of nappies. The "unusual syntactical juxtaposition" of the words made the mark

distinctive. It is not for the Trade Mark Registry to be "the keeper of the purity of the English language".

3.2 Registration of Community trade marks for retail services

- OHIM has now decided to accept that the services rendered by retail enterprises are, as such, eligible for registration for Community trade marks.
- The Office will accept the term "retail services" as a specification, but considers that a limitation to the field of activity or the more specific nature of the retail service is desirable, because it would reduce irrelevant and unnecessary oppositions and conflicts.

3.3 International exhaustion of trade mark rights

- In a combined case, Davidoff and Levi Strauss brought proceedings in the United Kingdom to prevent the release in the U.K. market of goods bearing their trade marks and which had been acquired by parallel importers from official distributors established outside the European Economic Area. The defendant objected on the basis that, because the plaintiffs' agreements with their non-EEA distributors did not specifically preclude re-sale into the EEA, the plaintiffs had implicitly consented thereto.
- The ECJ tried to balance the rights of intellectual property owners with the doctrine of the free movement of goods within the EEA, one of the pillars of the Community legal order.
- The ECJ held that the consent of a trade mark owner may be implied but only where the facts and circumstances unequivocally demonstrate that the trade mark owner has renounced its right to oppose the importation of the goods within the EEA.
- Implied consent cannot be inferred by the fact that the trade mark owner has not told subsequent purchasers outside the EEA that it is opposed to the importation of those goods into the EEA, that the goods carry no warning of a prohibition of their being imported into the EEA or that the trade mark owner has transferred the ownership of the goods without putting in any contractual reservations and the law governing the contract, in the absence of such reservations, allows a right to import into the EEA.
- The ECJ thus confirmed that European Community trade mark law is limited to European exhaustion of rights; and a trade mark proprietor can therefore market its products outside the EEA without exhausting its rights within the EEA. In other words, there is no such principle as the international exhaustion of rights.
- The consequence is that, as placing goods on the market outside the EEA does not exhaust a proprietor's right to oppose the importation of those goods without its consent, European Community law allows the proprietor to control the initial marketing and importation in the EEA of goods bearing the mark.

4. Copyright

4.1 The Harmonisation of certain aspects of Copyright and Related Rights in the information society.

- A Directive - 2001/29/EC - on this harmonisation entered into force on June 22, 2001 and must be implemented by the Member States before December 22, 2002.

- The Directive requires member states to provide for the exclusive right (the 'reproduction right') of authors to authorise or prohibit reproduction by any means and in any form of their works; and it makes similar provision as to the right of performers in respect of the fixation of their performances, phonogram producers in respect of phonograms, the producers of the first fixation of films in respect of originals (and of copies) of their films, and broadcasting organisations in respect of their broadcasts.
- Furthermore, member states are required to provide authors with the exclusive right to authorise or prohibit any communication (the 'right of communication') to the public of their works by wire or wireless means; similar rights are required to be provided to performers, phonogram producers, producers of the first fixations of films and broadcasting organisations.
- Member states also have to make sure that authors are provided with the exclusive right to authorise or prohibit any form of distribution of the originals of their works or copies to the public (the 'distribution right').
- Copyright owners are given the right to use encryption and to limit illegal downloading of audio and video files, but consumers will be able to download for personal use if the rightsholder gets "fair compensation".
- The Directive does not set out a rule for determining jurisdiction in Internet matters. This matter is therefore left for the national courts to resolve.
- The Directive specifically provides that the doctrine of exhaustion of rights does not apply to on-line services.
- Routing is the way that information makes its way through the Internet by being broken into small packets of information and transmitted separately and being stored temporarily on the way. Routing is expressly made a non-infringing act in Art 5(1)(a) of the Directive.
- The Directive obliges Member States to provide civil remedies to the copyright owners of articles, music, software, etc. to enable them to take action against those who destroy rights management information. Rights management information is defined in Art 7(2) of the Directive as information identifying the work, author, owner of the rights in the work and the terms and conditions of use of the copyright work.
- Member States are obliged under Art 6(1) to provide adequate legal protection for rights owners against circumvention of technological measures carried out knowing, or having reasonable grounds to know, that circumvention is the objective. Under Art 6(2) Member States must enact measures which prohibit circumvention devices.

4.2 Resale Rights Directive for artists

- The Resale Rights Directive (2001/84) for artists was adopted and will enter into force on 1 January 2006.
- The Directive allows an artist or his or her heirs to receive a percentage of the selling price - where the price exceeds €3,000 - when works of art are resold by an art-market professional, such as an auctioneer or gallery. The effect of this will be that works of art which do not attain such price will not be covered by the Directive. The maximum an artist can receive will be limited to €12,500 on a single sale.
- The percentage of the resale price of the works ranges from 4% to 0.25%.

- The European art markets' main competitor for the sale of modern and contemporary works is New York. The USA does not recognise resale rights and art market professionals fear that sales will shift to the United States and Switzerland. To try to avoid this, the principle of a reducing scale of rates was introduced.
- Member States which do not apply resale rights when the directive comes into force (six out of 15, the U.K. is one of them) will be able to restrict its application to living artists for a further four years, and to request an additional two years' extension of such restriction.

5. The Electronic Commerce Directive

- The Directive 2000/31 was adopted on 8 June 2000 and should have been implemented by 17 January 2002. Its task is to ensure that information society services benefit from the internal-market principles of free movement of services and freedom of establishment, in particular through the principle that the cross-border provision cannot be restricted.
- The Directive includes requirements regarding the role of national authorities, transparency requirements for web advertising, principles relating to contracting online, limitations to the liability of Internet intermediaries and requirements regarding disclosure of any codes of conduct, such as for online-dispute settlement, by which the service provider is bound.
- It covers all information society services, both business to business and business to consumer, services provided free of charge and services allowing for on-line electronic transactions.
- The Directive applies only to service providers established within the EU, but it takes care to avoid incompatibility and inconsistency with legal developments in other parts of the world.
- The Directive provides definitions for the "place of establishment" and "commercial communications".
- The main aim of the Directive is to boost consumer confidence and to give providers of information society services legal certainty, through this to benefit from the advantages of e-commerce.

6. Creation of the .eu Registry

- On November 6, 2001 the Council of Ministers formally adopted a Common Position No 9/2001 on the draft Regulation which establishes the top level domain, ".eu".
- The Commission will draw up the Register after publishing an appeal for interested parties and conclude a limited contract with it. The Commission will also adopt the general policy rules for the Registry after consultation with the Register. These rules will include policy of: extra-judicial regulation of contractors, speculative registration policy, domain name abuse, policy concerning eventual repeal of domain names, problems of languages and geographical concepts and the handling of intellectual property rights.
- On February 28, 2002 the European Parliament's plenary session voted its report on the .eu Regulation. The Parliament decided to recommend the establishment of a

committee, which would adopt both regulatory and advisory procedures depending on the issue they are asked to consider. It should be available by the end of 2002.

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Joe specialises in both contentious and non-contentious Intellectual Property and Information Technology matters. He handles litigation arising from infringements of copyrights, trade marks, designs and patents and passing off actions; and also deals with commercial contracts involving the licensing, acquisition and sale of rights, publishing (including multimedia and electronic publishing and advising on libel), technology transfer agreements, advertising, franchising and merchandising; manufacture and supply agreements, joint ventures, distribution and agency agreements, IP audits and competition law compliance procedures.

Joe is Collyer-Bristow's representative on the Intellectual Property Lawyers' Association in England and the Anti-Counterfeiting Group and is a member of the Competition Law Association, the Solicitors' European Group, LES, ITMA, ECTA and INTA.

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