

Contemporary Intellectual Property

Law and Policy

Third Edition

Charlotte Waelde

Graeme Laurie

Abbe Brown

Smita Kheria

Jane Cornwell

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Intellectual property law: an introduction

Introduction

Scope and overview of chapter

- 1.1 This chapter is an introduction to the discipline of intellectual property (IP) law. You will examine the nature of IP as well as the aims and content of IP law. A brief overview will be given of the main rights and actions which make up IP law, together with an analysis of the various themes which underpin this area of law. The importance of the European and international dimensions to IP law will be emphasised, although throughout the starting point for discussion will be the jurisdictions of the UK. Here we lay the groundwork for the rest of this book, and you should use this chapter as a platform for further in-depth study.

1.2 **Learning objectives**

By the end of this chapter, you should be able to:

- define IP and the broad church that is IP law;
- articulate the aims and objectives of IP law and place it in its wider commercial setting;
- give a brief account of the range and type of intellectual property rights (IPRs) which exist;
- appreciate the relationships between different levels of IP law, that is, (a) national, (b) European and (c) international and
- understand the various influences on the formation, justifications for and development of IP law, as well as the tensions that arise when the law seeks to protect IP.

- 1.3 The rest of the chapter looks like this:

- What is intellectual property law? (1.4–1.17)
- What is intellectual property? (1.18–1.45)
- Developing intellectual property law (1.46–1.73)



Exercise

Before reading this chapter, ask yourself, what is 'intellectual property'? Do you think that it should receive legal protection? What form should that legal protection take? Try to justify your responses and then compare your views with what we say later.

What is intellectual property law?

- 1.4 This is a book about the law that protects IP. Let us begin, then, with a very brief overview of the various elements of this area of law, which at first will seem disconnected. We will then go on to explore the themes that tie these elements together, and to consider the influences that shape and form modern IP law.
- 1.5 IP law comprises a wide range of forms of protection for IP. It encompasses statutory and common law arrangements and has aspects which are shaped by international, European and national considerations. Under the umbrella of IP, a significant number of IPRs exist; each is tailored to protect a particular example of IP.

The statutory rights

- 1.6 There are four principal forms of IP, and in the UK these are protected by statute. They are as follows.

Patents: Patents Act 1977

- 1.7 Patent law protects *inventions*, which can be described as technical solutions to technical problems. An invention can be a product or a process. An invention is the paradigmatic example of 'industrial property'—a concept which we will explore in detail later. The Intellectual Property Office (UK-IPO) in Newport, Gwent is responsible for the grant of patents in the UK.¹ The European Patent Office in Munich is responsible for the grant of 'European' patents.² There is no such thing as a world patent.³ Patents require to be registered.

Copyright: Copyright, Designs and Patents Act 1988

- 1.8 Copyright law is designed to protect aesthetic and artistic creations such as literary, musical, dramatic and artistic works, known as *original works*, together with *derivative works* such as films, sound recordings, cable programmes, broadcasts and the typographical arrangement of a published work (ie the way the material is laid out). Copyright was expanded considerably throughout the course of the 20th century to protect new and emerging forms of IP such as computer software and databases. Copyright protection arises on the creation of a protectable work. There is no need to register the right (cf patents).

Designs: Registered Designs Act 1949 and Copyright, Designs and Patents Act 1988

- 1.9 Design law protects the way a product or article 'looks'. In the UK, designs can either be protected by registration or automatically, through unregistered design protection, on the creation of a design

¹ <http://www.ipo.gov.uk/pro-home.htm>.

² <http://www.european-patent-office.org/>.

³ Other important patent offices are the US Patent and Trademark Office <http://www.uspto.gov/> and the Japanese Patent Office <http://www.jpo.go.jp/>.

document or an article embodying the design. The two forms of protection are not mutually exclusive. There is potential for overlap between copyright protection for artistic works and design protection, although in the UK this is a complex interaction. The UK-IPO is responsible for the grant of UK registered designs and for maintaining the Design Register. Unregistered and registered Community design rights have also been available since 2002 and 2003 respectively, governed by Regulation 6/2002/EC on Community designs. Oversight of this system and the registration process is handled by the Office for Harmonisation in the Internal Market (OHIM) in Alicante, Spain.⁴

Trade marks: Trade Marks Act 1994

- 1.10 Trade marks operate to distinguish the goods and services of one enterprise from those of another. They exist as badges of origin and help the consumer to avoid confusion between goods or services of variable quality. Trade marks can assist greatly in bolstering protection for goods already protected by another form of IP law. For example, patent-protected drugs will invariably carry their own trade mark, for example 'Viagra' is the trade mark for the drug sildenafil citrate, the patent on which expired in 2013. The advantage of trade marks on patented products is, however, that the trade mark can continue long after the patent has expired, for example 'Valium'. Trade mark protection is awarded by registration. In the UK, this is handled by the Trade Mark Registry, once again, at the UK-IPO in Newport. A Community trade mark is also available, awarded by the OHIM.

Common law actions

- 1.11 Beyond these statutory rights a number of common law actions are also considered to make up the body of IP law in the UK. We examine these in full depth in Chapters 17, 18, and 19. For now, it is only important that you understand the ambit of the two main actions.

Passing off

- 1.12 Passing off protects the reputation of 'goodwill' of traders in respect of their product 'get-up', name or trading style. The action becomes relevant when traders copy a rival's 'get-up' and when this leads to, or is likely to lead to, public confusion between the competing products. There is much scope for overlap between trade mark protection and passing off. Often both actions are brought in the same dispute.

Breach of confidence

- 1.13 The common law action of breach of confidence is often included in the definition of IP law. The action can provide ancillary support in the protection of the interests of IP producers, especially when information about IP that is going to eventually be registered must be kept out of the public domain prior to registration, for example patents and registered designs. Registrable IPRs do require full public disclosure in the course of the application process. By its protection of trade secrets, breach of confidence also provides an alternative means of protecting valuable knowledge if a decision is made (to try to) keep it permanently outside the public domain.

Sui generis rights

- 1.14 In more recent years a series of new IPRs has been introduced, usually because of the success of arguments that existing forms of protection are inadequate to accommodate emerging technologies, and/

⁴ <http://oami.europa.eu/ows/rw/pages/index.en.do>.

or because political agendas have desired a novel and unique form of protection. Some key examples include the following:

Semi-conductor topography: Design Right (Semiconductor Topographies) Regulations 1989 (SI 1989/1100)

- 1.15 Semi-conductor topography concerns the layout of computer circuit boards. The UK originally created a 'topography right' in 1989 to comply with a European Directive.⁵ Since then topographies have been protected as a special form of unregistered design right. The move to protect this form of IP came after pressure was brought to bear by the United States which threatened to exclude foreign nationals from protection under its law if equivalent provisions did not exist in their own countries.

Plant breeders' rights: Plant Varieties and Seeds Act 1964 and Plant Varieties Act 1997

- 1.16 New varieties of plants and seeds can be protected by a right of protection under UK legislation which complies with a European Community Regulation from 1994.⁶ Moreover, protection of the rights in question is required by the International Union for the Protection of New Varieties of Plants (UPOV) Convention of 1961, as amended in 1991.⁷

Database rights: Copyright and Rights in Databases Regulations 1997 (SI 1997/3032), now incorporated into Copyright, Designs, Patents Act 1988

- 1.17 Compilations of data can receive protection in Europe as a *database* in two separate ways. First, if the structure of the compilation is original, then the structure is protected by copyright. If it is not original, then secondly, the underlying material can be protected if sufficient investment has been made in its compilation. 'Investment' is broadly defined and includes investment of both time and money. This material is protected by a 'database right' which entitles the 'maker' of the database to prevent another from extracting the whole or a significant part of the database without permission. This is a *sui generis* form of protection which is not required under international obligations. It will therefore only be accorded to foreign nationals whose country accords similar degrees of protection. Copyright protection in the contents of the database is not precluded by the existence of the new right.

Question

What could possibly unite the disparate areas of protection which have been considered so far? Can you see any common themes that might link them together?

What is intellectual property?

- 1.18 In this section we will attempt to make sense of this seemingly disparate collection of legal rights. Let us begin by asking, what really is 'intellectual property'?

⁵ Council Directive 87/54/EEC of 16 December 1986 on the legal protection of topographies of semiconductor products.

⁶ Council Regulation (EC) No 2100/94 of 27 July 1994 on Community plant variety rights (as amended).

⁷ UPOV Convention for the Protection of New Varieties of Plants 1961, 1991.

- 1.19 IP is frequently referred to as ‘the novel products of human intellectual endeavour’. Yet, the use of the term ‘property’ to describe intellectual products implies the existence of rights and, perhaps more importantly, remedies in respect of the property and any unwarranted interference with it. A property paradigm, in turn, implies a system of control to be exercised by the right holder, that is, control of the subject matter of his property right. What makes a book *your* book in legal terms is the fact that no one can take, use or otherwise interfere with your property without your permission. At this level, IP protection operates in a similar fashion to that afforded to other forms of property. IP is concerned with identifying and controlling permissible and impermissible dealings with intellectual products, usually by reference to the consent of the right holder, at least in the first instance. However, in many other respects an analogy with tangible property rights—that is, property rights over physical entities—does not help us to understand what we mean by *intellectual* property. For example, your book will not stop being your book at midnight tonight, yet in most cases IPRs eventually expire, leaving the subject matter without an owner and so free to be used or exploited by anyone. Similarly, no one can require you to lend your book to others so that they might benefit from it, whereas with certain forms of IP compulsory licences can be granted to third parties to exploit the property in question. Finally, for all forms of IP to exist, stringent criteria must be met, with these varying with the kind of IP protection that is sought. This is not true of other forms of property which assume the quality of *property* by sheer dint of their existence.
- 1.20 In order to understand how and why IP is treated in this way we must first appreciate that at the broadest level of abstraction IP is concerned with protection of information. Adele’s songs, Margaret Atwood’s latest poem, the website that supports this textbook, Jean Paul Gaultier’s designer labels, OUP’s electronic databases of authors, the chemical formulae for new cancer drugs, and the shape of Volvic’s newest mineral water bottle, are all protectable as IP; but equally they are all simply classes of information. Thus, unlike many forms of property, IPRs protect intangibles. This gives rise to considerable problems over the control of the property and its protection. For example, unlike tangible property, interference with IP can occur without exhaustion of the property itself. If I borrow your book you are automatically precluded from using it, but if I copy your process for refining sugar this in no way precludes you from using the process for your own ends, or indeed, from passing it to others. This makes protection and exploitation potentially problematic. It is largely for this reason that rights and remedies are not available for intellectual products in the abstract. Protectable IP does not exist, therefore, in unspecific and ill-defined ideas alone. Such ideas must be reduced to some tangible embodiment before rights and remedies will accrue.⁸
- 1.21 But this does not explain why IPRs expire, nor why the scope of these rights can be limited in certain circumstances. To understand these features of IP protection we must ask:



Question

Which interests are furthered, or compromised, by the protection of IP? Revisit your thoughts after you have considered the rest of this chapter.

A wide range of arguments can be put forward to justify IP. These will now be explored—and as will be seen, they are not necessarily consistent with each other.

⁸ A possible variation on this occurs with the protection of confidential information, which need not be in written form to be protected, but must nevertheless be sufficiently identifiable to merit protection. See Chapter 18.

Moral interests

- 1.22 A wise and now long-dead Scottish lawyer once wrote: 'Of all things, the produce of a man's intellectual labour is most peculiarly distinguishable as his own.'⁹ This neatly sums up the moral argument as to why IP is protected. Intellectual products are produced by the efforts of people who have contributed from within themselves to the creation of the new entity, and so it is thought that IP reflects a moral connection between the property and its creator. Thus, in theory at least, to protect the property is also to protect certain crucial personal interests. Such interests can be compromised, for example when control is relinquished to a third party and the property is subjected to some form of derogatory treatment. And, while a creator might happily renounce his economic stake in his property, for example by selling it, this does not mean that his moral interests are also abandoned. This sort of reasoning is directly reflected in the law of copyright, as we discuss in Chapter 3.
- 1.23 Another common moral reason to protect IP is because it would be unjust for others to benefit from a creator's time, labour and expenditure if it were possible simply to copy new intellectual products without fear of reprisal. The standard example is the experience of the pharmaceutical company. It is estimated that it costs upwards of \$800 million to bring a new drug to market.¹⁰ Most of this is spent in research and development and in gaining regulatory approval for the drug's safety and efficacy. However, once a drug is available it is incredibly easy to copy at a tiny fraction of this original cost. Would it be fair if rival companies were allowed to do so? Moreover, in that situation would any company go to the bother and expense of being the first to develop and market a new drug? These arguments focus, of course, on the investor or employers in respect of the innovation, rather than the individual innovator. It can also be argued that IP can lead to inefficient work to avoid existing rights, and can slow down the future innovation of others. Further, it could be said, at least in some sectors (software being a notable example) that there would be innovation without IP, and that even in pharmaceuticals there are other means, such as prizes, which would support innovation without the need for IP. This brings us to the all important issue of social interests which can be met, and hindered, by IP.

Social interests

- 1.24 Considerable social benefit can arise from IP. Indeed, it is precisely this argument that is advanced by pharmaceutical companies: 'Give us protection for our drugs and we will have an incentive to produce them: deprive us of that protection and the incentive is gone'. This may be true, but it is also important to appreciate that social interests can be significantly compromised if IP is protected too strongly. For example, if too much market control is given to a creator then a paradigm may be established which will interfere with healthy competition which will operate to the detriment of competitors and consumers alike. Similarly, an inventor might choose to suppress a significant technological development or refuse to license it to third parties, thereby compromising social interests which could benefit from access to the technology. Indeed, these arguments help to explain why limits are placed on IPRs, and we explore them further below.
- 1.25 In addition, the granting of IPRs over certain novel creations can give rise to social consternation about the morality of certain acts of creation and the legal protection of them. This has been most notable in recent years in the context of the patentability of the products of the biotechnology industry. Patents

⁹ Bell, *Commentaries*, I, 103.

¹⁰ CP Adams and VV Branter, 'Estimating the cost of new drug development: is it really \$802 million?' (2006) 25(2) *Health Affairs* 420, compare M Herper, 'The truly staggering cost of inventing new drugs' (10 February 2012) <http://www.forbes.com/sites/matthewherper/2012/02/10/the-truly-staggering-cost-of-inventing-new-drugs/>.

have been granted for the creation of genetically engineered human gene fragments and the development of transgenic animals which contain genetic material from foreign species, including humans. Many voices have been raised in Europe in objection to this as a fundamentally immoral practice. We explore this debate and its outcome in Chapter 12. It should be noted, however, that questions of morality in the granting of IPRs potentially impinge on all of the statutory forms of IP.¹¹ This is because IPRs are granted at the behest of the state. The courts are also most unwilling to treat iniquitous information as 'confidential' for the purposes of the common law.¹²

Economic interests

- 1.26 The economic interests of the producer of IP *and* his competitors *and* his customers will be affected when that property is exploited in the marketplace. The degree to which this occurs depends on the rights and remedies which are accorded to the property in question. It is here that we find one of the most serious areas of tension in IP protection. When IP is introduced into a market (as part of a product or through a licence to another person to make a product), it can have profound effects on the market's overall economic balance, as well as on the economic well-being of the whole geographical area in which it is exploited. There is, therefore, considerable room for dispute between the legitimate boundaries of IP protection and the encouragement of a free market economy. Indeed, this is most acutely felt within the confines of the European Union, where the commitment of member states to a single market in which goods can circulate freely between states is threatened by the exercise of IPRs, which, by their nature, potentially erect barriers to such free trade. We discuss this later in further detail.
- 1.27 Considering all of these interests, it should be clear that what is required is a balance that seeks to ensure that no one interest or group of interests dominates, while at the same time ensuring a fair and just degree of protection for any IP that has been produced. It is the overarching role and aim of IP law to achieve such a balance.

Policies and tensions in intellectual property

- 1.28 Consistent with the range of justifications for IP, the ongoing protection of IP is also driven by a number of important, and at times competing, policies. The outcome of any tussle between these policies ultimately shapes the nature and scope of IPRs and determines the future direction of IP law. Let us consider in more depth the various interests and policies at stake.

The protection of private interests through property rights

- 1.29 Property rights generally support and promote private interests, paramount among which is the interest of the owner to enjoy his property. Thus, these rights usually include exclusive control of the property and the right to exclude others from unauthorised use. Only in rare circumstances are the private rights of an owner curtailed to further a public interest, for example through the compulsory acquisition of land. The enjoyment of one's property is guaranteed as a matter of individual human rights,¹³ and it

¹¹ See, eg, *Glyn v Weston Feature Films* [1916] 1 Ch 261 (copyright); *Re Masterman's Application* [1991] RPC 89 (registered designs); *Re Hack's Application* (1941) 58 RPC 91 (trade marks).

¹² See *Coco v AN Clark (Engineers) Ltd* [1969] RPC 41, and *Attorney General v Guardian Newspapers (No 2)* [1990] 1 AC 109.

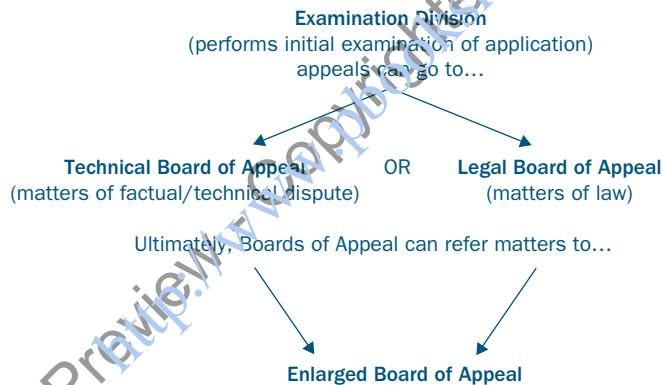
¹³ European Convention for the Protection of Human Rights and Fundamental Freedoms, 1950, Protocol 1, Art 1: 'Every natural person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law.'

is a fundamental tenet of EU law that national systems of property law should not be influenced by European measures.¹⁴

Reconciling public and private interests

- 1.30 The mere existence of IP can, however, significantly influence a number of public interests, as we have seen previously. All forms of IP contribute something new to the sum total of human knowledge, and this can occur across every conceivable realm of human experience; from the development of new pharmaceuticals to treat cancer and AIDS, to the design of more comfortable office chairs; from the creation of beautiful (and not so beautiful) works of art, literature, music or dance, to the introduction of distinctive packaging to assist consumers in distinguishing between the ever-burgeoning range of soft drinks on offer; from the splicing of genetic material to create a new strain of rose, to the improvement in processing times of computer board circuitry. All of these innovations can be the subject of IPRs, and their introduction to the public realm can surely only enrich the human condition.
- 1.31 It should be self-evident, then, that innovations such as these are to be encouraged, and the so-called *reward theory* of IP (see Diagram 1.1) seeks to promote this by engendering a cyclical pattern of social interaction whereby those who innovate are rewarded by the grant of property rights, which in turn act as an incentive to others to innovate, who are rewarded in their turn, and so on.

Diagram 1.1 The cyclical pattern of intellectual property production and protection



- 1.32 This model only serves its purpose, however, if the intellectual products find their way into the public domain, and it is one of the paradoxes of the IP regime that it seeks to promote public interests by granting private rights which—as we have seen previously—under a classic property model imply exclusive control over the subject matter. The public interest can, therefore, be jeopardised if private rights are exercised in a way that means that the property in question is not used or exploited in a public setting.
- 1.33 A further paradox arises from the particular type of property right that is granted. This is an exclusive right of control of what use can be made of, say, new technologies. The IP holder can exclude others from a variety of activities; for example, direct copying of their property by rivals or importation of samples of the property from a country where the price is lower, thereby stopping the importer from undercutting their prices. The potential for adverse influence from the exercise of IPRs can therefore extend across a

¹⁴ Art 345 TFEU states: 'The Treaties shall in no way prejudice the rules in Member States governing the system of property ownership'.

number of public interests. Not only might various technological, scientific, artistic or consumer ends be thwarted, but overzealous use of these rights can lead to a distortion in competition, which in turn impacts on wider economic interests, including those of the individual consumer who might have to pay higher prices to obtain new products, and those of competitors who must find another way to compete.

- 1.34 This is not to say that the existence of exclusive rights necessarily leads to these outcomes. Indeed, economists and others argue endlessly about whether exclusive rights hinder or promote competition, in that the rights can also serve as an incentive to others to engage in their own innovation and go on to obtain their own exclusive rights. What can be said with certainty, however, is that some exercise of power can have adverse outcomes. We see this most obviously in the context of Articles 101 and 102 of the Treaty on the Functioning of the European Union (TFEU), which respectively prohibit practices amounting to anti-competitive agreements (cartels) or abuses of a dominant market position, where these are likely to affect trade between member states. Each of these prohibitions has a potential direct bearing on the ways in which IP owners can exercise their rights, and the relationship between IP and competition has been receiving increasing attention from courts, regulators and academics. We revisit these provisions later, as well as in more detail in Chapter 21.
- 1.35 In other contexts the matter distils, once again, into a question of striking a balance between the potentially competing public and private interests. It is in this respect that IPRs differ most significantly from traditional property rights. Consider, for example, the following features that are found in the domain of IPRs.
- In some contexts an IP owner cannot simply refuse to exploit, or prevent others from exploiting, his property once he has received protection for it. The fear is that if this were so, certain technological developments would never make it into the public domain and further innovation would be stifled under the threat of a lawsuit for infringement of IPRs. Thus, in the context of patents and UK unregistered design law, compulsory licences can be granted to third parties who apply to the relevant authority¹⁵ if the right holder does not exploit his property within a certain period of time (three years from the date of grant as in the case of patents),¹⁶ or when the IPR is nearing the end of its term (the last five years of protection in the case of UK unregistered design right).¹⁷ These measures have the effect of removing the exclusive control of the IPR subject matter from the right holder; they are compensated to the extent that the third parties' entitlements are akin to those that would have been granted under a reasonable licence agreement, with a 'just' licence fee to be paid to the owner of the IP. A variation on this theme is the right of a government department to engage in otherwise infringing acts in relation to a patented invention without the consent of the proprietor 'for services of the Crown'.¹⁸ Here too compensation is payable to the IP owner (or an exclusive licensee) for 'any loss resulting from his not being awarded a contract to supply the patented product or ... to perform the patented process or supply a thing made by means of the patented process'.¹⁹
 - In other contexts, an IP owner may not be able to prevent certain uses of his property by others when these uses serve another valuable public interest. For example, copyright is not infringed when a third party engages in 'permitted acts' with respect to the work. These acts include copying done for the purposes of research or private study,²⁰ dealings with the work for the purposes of criticism,

¹⁵ This is the UK-IPO Office in the UK.

¹⁶ Patents Act 1977, s 48.

¹⁷ Copyright, Designs and Patents Act 1988, s 237.

¹⁸ Patents Act 1977, ss 55–58.

¹⁹ Patents Act 1977, s 57A.

²⁰ Copyright, Designs and Patents Act 1988, s 29.

review or news reporting²¹ and things done for the purposes of instruction, examination or education.²² The permitted acts in copyright law are considered to be fair dealings with the work, in that they serve independent and worthwhile interests without unduly compromising the individual (economic) interests of the copyright holder. However, the question of what is 'fair' is a matter of endless dispute, as we discuss in Chapter 5. Similarly, a trade mark owner cannot prevent the use of its trade mark by a rival who simply engages in comparative advertising, that is, compares its goods or services with those of the trade mark owner, if this is done in an accurate and honest manner.²³ This latter practice is thought to encourage competition by raising consumer awareness about the range and quality of products available on the market. This is discussed in Chapter 15.

- In all cases, as has been noted for intellectual products to qualify for protection, they must satisfy certain predetermined criteria in order to assume the quality of *property*. The stringency of the qualification criteria for each IP right will be seen to be aligned to the strength and length of the exclusive right that might ultimately be granted or obtained.

1.36 The balance which the law strikes between all these competing interests and ideas is endlessly controversial, with the result that proposals for reform, and actual reforms, are continuously occurring. In the UK, the Government ordered a review of the IP system in December 2005, headed by Mr Andrew Gowers. The review was published in December 2006 and made recommendations under seven headings: Balance, Coherence, Flexibility, Award, Use, Enforcement and Governance.²⁴ Another review of IP and Growth was undertaken by Ian Hargreaves and published in 2011.²⁵ Many of these reports' conclusions, recommendations and steps which were subsequently taken, as well as ongoing consultations, will be discussed later in this book.²⁶



Exercise

Compare and contrast the following forms of IP:

1.37 *Patents* protect inventions which must display *novelty*, that is, the invention must never previously have been made available to the public by any means anywhere in the world. This is the strictest requirement of its kind in IP law. However, if it and the other patentability criteria are met, the reward is the strongest type of IP right available. This is the right for the holder to prevent every unauthorised use of his invention in the marketplace. Thus, rivals cannot make and sell illicit copies of the protected invention, nor import any such copies, nor indeed sell the invention in a kit form without fear of an infringement action.²⁷ There is no requirement of 'copying'—the patent owner has the power to control any use of the invention, howsoever that arises. Thus, even if Abraham has no idea that Jacob already holds a patent for a vacuum cleaner that employs cyclone technology, and even when there is no suggestion whatsoever of any copying, Abraham can nevertheless be prevented from entering the public arena with his independently created version of the machine if it effectively embodies the kernel of Jacob's invention.

²¹ Copyright, Designs and Patents Act 1988, s 30.

²² Copyright, Designs and Patents Act 1988, ss 32–36.

²³ Trade Marks Act 1994, s 10(6), although note decision of the Court of Appeal in *O2 Holdings Ltd v Hutchison 3G Ltd* [2006] EWCA Civ 1656, [2006] ETMR 55 regarding this provision.

²⁴ Gowers Review of Intellectual Property, available at http://webarchive.nationalarchives.gov.uk/+http://www.hm-treasury.gov.uk/d/pbr06_gowers_report_755.pdf.

²⁵ <http://www.ipo.gov.uk/ipreview.htm>.

²⁶ <http://www.ipo.gov.uk/ipreview.htm>.

²⁷ Patents Act 1977, s 60.

- 1.38 *Copyright* protects works that demonstrate *originality*. Here, originality simply means that there must be some evidence of independent skill or intellectual endeavour on the part of the creator, and that the work is not simply copied from an existing work. Thus, if we take our class on an outing to Princes Street Gardens in Edinburgh and every member of the class sketches Edinburgh Castle, each and every sketch will attract copyright protection from the moment that it is created. It does not matter that the subject is the same because the drawings themselves are original works deserving legal protection. Moreover, if half of the class also takes a photograph of the castle, each photograph will also be protected by copyright. The originality requirement is met by the simple act of holding the camera at a certain angle and the independent exercise of judgement by each person as to when they release the shutter. In the realm of copyright, it does not matter that millions of photographs have already been taken of Edinburgh Castle: *originality* does not mean *novelty* in the same sense we find in patent law. There is a good reason why different terminology is used because the threshold to qualify for protection is set at a very different level. Furthermore, none of the people who have previously photographed or sketched the castle can prevent our students from doing so. The right received in copyright law is, as the name suggests, merely a right to prevent unauthorised copying or interference with one's own work. It is not a right to control all use of the underlying subject matter. As we explain in Chapter 2, copyright relates to the particular *expression* that the IP creator gives to their work. This is just as well, for were it otherwise copyright monopolies could significantly hinder the production of works in the fields of literature and the arts. Human beings are not very imaginative creatures. We always explore the same basic themes through our stories: birth, death, love, betrayal, revenge, hate, reconciliation and salvation. Copyright does not prevent anyone writing about these subjects, it merely protects the ways in which particular stories are told.



Question

What do 'novelty', 'individual character' and 'originality' mean in the context of design law? How, if at all, do these concepts dovetail with the previous definitions? What is the threshold criterion in trade mark law?

- 1.39 We can see, then, that the rights conferred by a copyright are much weaker than those conferred by a patent. Not only does this affect the nature and scope of the private rights of the property owner, but it also means that each of these IPRs will have a very different impact on the public sphere where it is exercised. Differential time limits are employed to minimise these effects. For example, a patent will initially only be granted for four years, although it can be renewed in successive years on the payment of a steadily increasing renewal fee,²⁸ up to a maximum of 20 years.²⁹ Compare this with copyright protection which, in the context of original works, lasts for the life of the author plus 70 years after their death. The compromise that is achieved balances, on the one hand, short and strong protection with, on the other, longer and weaker protection. In all cases when an IP right expires, however, the property enters the public sphere unconditionally, where it is free to be used by anyone.

²⁸ Patents (Fees) Rules 2007 (SI 2007/3292).

²⁹ A notable exception to this is the Supplementary Protection Certificate (SPC). These certificates can be granted in respect of 'medical products' and 'plant protection products' to extend legal protection for a further five years at the end of the initial 20-year period of patent protection. The market lead-in time for such products is often prolonged because of the requirement to subject them to regulatory and safety controls in the public interest. This results in a net reduction in the effectiveness of any patent that is granted, and an SPC is a means to redress this imbalance in favour of the intellectual property producer. Both forms of SPC operate under European Regulations (Regulation 469/2009 (medicinal products) 1992 OJ L182/1; Regulation 1610/96 (plant protection products) 1996 OJ L198/30).

- 1.40 Registration of IP is a common, although not universal, feature of protection regimes. Patents, trade marks and some design rights must be registered. In contrast, copyright protection arises whenever a work which satisfies the qualification criteria is created and UK unregistered design right exists whenever a design document is produced,³⁰ or an article is made to the design. Registration serves a number of functions, including identification of the subject matter to be protected, and a means to test whether the putative property is indeed 'new' (since a search of the relevant register can be carried out to determine if a similar or identical piece of property is already protected). Registers are public documents and provide a single point of reference for third parties to consider the current state of play in a particular field of innovation.



Discussion point For answer guidance visit www.oxfordtextbooks.co.uk/orc/waelde3e/

Look at Diagram 1.2. Why do each of patents, copyright and design rights ultimately expire whereas a trade mark can be protected for all time as long as it is re-registered every ten years?

- 1.41 When a right must be registered it is important to bear in mind that, as has been noted, the qualification criteria can be fairly stringent, and can call for no prior disclosure of the creation. The classic example of this is patent law, which requires that an invention must never have been made available to the public prior to the filing of an application for patent protection. This is also broadly true in the realm of registered design law.

What protection do intellectual products receive prior to registration?

- 1.42 Here, as noted, the importance of common law protection through the action of breach of confidence can become important. As we discuss in Chapter 18, the law of confidence protects confidential information, that is, information which is not part of the public domain. The action provides a remedy against those who disclose confidential information into that domain or are likely to do so. Thus, the threat of an action of breach of confidence can assist considerably in protecting the interests of IP producers in the period between the initial conception of their idea for a new creation and the time when they file for registration.
- 1.43 However, in order to receive any protection at all, you must be able to express your idea with a sufficient degree of specificity to make it realisable as a final product.³¹ This does not necessarily mean that you should write it down, although you would be wise to do so, but it does require that you can give sufficient substance to the information for which you wish to claim protection. Above all, you must keep the information secret and only disclose it to those persons upon whom you can impose a duty of confidence.



Question

If you write your idea down you will receive a form of IP protection in addition to what may be pursued using breach of confidence. Which protection will this be? How far will this protection extend?

³⁰ Defined in Copyright, Designs and Patents Act 1988, s 263(1).

³¹ *De Maudsley v Palumbo and Others* [1996] FSR 447.

Diagram 1.2 Core features of the statutory intellectual property rights

	Qualification criterion	Length of protection period	Strength of monopoly
Patents	Novelty	20 years max	Absolute monopoly
Copyright	Originality	Life of the author + 70 years for original works	Monopoly only over the expression of one's own creation
Registered designs	Novelty and with individual character	25 years max (five 5-year renewal periods)	Monopoly over use of design as it is applied to articles for which protection has been sought and granted
UK unregistered designs	Originality and not commonplace in the design field	15 years max (more limited if design exploited)	Monopoly against copying of design
Trade marks	Capacity to distinguish goods or services of right holder from those of another trader + No conflict with 'earlier trade mark'	10-year periods in perpetuity (with re-registration) Loss of right if no use for 5 consecutive years	Monopoly over use of mark in respect of goods or services for which it is registered If mark has a reputation right holder can prevent use on 'dissimilar' goods

Summary of common themes

1.44 A series of common themes and elements run through many, and sometimes all, forms of IP protection.

- **Qualification for protection: *newness***

All forms of IP must be 'new' in order to receive the protection of the law. However, the degree to which a creation must be new varies with each form of IP right.

- **Procedure for protection: *registration***

Many of the statutory IPRs require registration. This assists in the identification of the property to be protected and administration of the rights to be granted.

- **Form of protection: *control***

IP owners can control how their property is used and exploited by others. Different rights are conferred by the different IPRs. Note, however, that a common feature is that they only give a negative right of exclusion from the marketplace. That is, there is no positive entitlement to privilege or success in the market and so no real monopoly. The right is a public right to be exercised against those who would compete with the IP holder in a public forum. IP constraints rarely reach into the private sphere. Thus, as will be seen in Chapter 11, a patent is not infringed by acts done privately and for purposes which are not commercial.

- **Duration of protection: *time limits***

One feature of the need to strike a balance in the provision of IP protection can be seen in the imposition of time limits on the duration of many IPRs. Often, this is inversely related to the strength of the right which is offered.

- **Implementation of protection: remedies**

The remedies which are available for infringement of IPRs are, in the main, uniform. These are:

- Injunction (interdict)** An action requiring a third party to desist unlawful conduct, or to prevent him engaging therein. For example, an injunction might be granted to prevent a trader from selling infringing copies of your latest CD.
- Delivery up** But what is to stop the rogue trader from selling his 10,000 infringing copies anyway? This remedy ensures that the infringer must hand over all infringing copies for destruction.
- Damages or Account of profits** *Damages* will be assessed by the court to reflect what, in its opinion, you have lost as a result of an infringer's activities. An *account of profits* requires that the infringer's profits made from his illegal activities be handed over to you. Note that these two remedies are mutually exclusive, that is, you must opt for one or the other—you cannot ask for both.

Summary of common expressions and notices

1.45 Here are some common expressions and notices that you will find attached to works that claim IP protection.

- **Notices of protection**

- Patent pending** This term is used once a patent has been applied for but before it is granted. Inventors attach this to their inventions to put rivals on notice that an application is being considered. The novelty of an invention is tested by reference to what was publicly available prior to a patent application being filed. In this period an invention must not appear in the public domain—if it does, protection will never be granted. Once an application is filed, however, marketing of the invention can go ahead without any risk of prejudice to the patent application.
- © Copyright protection arises automatically whenever a qualifying work is created. However, in order to gain international recognition and reciprocity of that protection under the Universal Copyright Convention (1971), this symbol should appear on the work, together with the name of the author and the date when the work was first made publicly available.
- ® This symbol indicates that a trade mark is registered. Only formally registered marks are entitled to appear with this symbol. It is an offence falsely to represent that a mark is a registered trade mark.³²
- TM Intellectual property producers sometimes attach this symbol to signs, names or logos in an attempt to infer that these are trade marks. Often this happens when trade mark protection has been refused, or is unlikely to be granted, or the producer does not want to go to the time and expense of registering his mark. In Europe, this symbol has no legal effect whatsoever.
- Ⓓ This notice may appear on registered designs which seek recognition under the Hague Agreement Concerning the International Registration of Industrial

³² Trade Marks Act 1994, s 95.

Designs (1960). Under the 1960 agreement, the encircled D is to be accompanied by the year of the deposit, the name of the depositor and the number of the international deposit.

Ⓒ

This symbol puts others on notice that rights of producers of phonograms or performers are being claimed under the Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (1961). As previously, name and date must also appear.

T

This is a similar system to those previously, this time in respect of topography rights under the EC Directive 87/54 of 16 December 1986. Where the legislation of member states provides that semiconductor products manufactured using protected topographies may carry an indication, this should be in one of the following forms: Ⓓ, T, 'T', [T], or T*.

Developing intellectual property law

1.46 IP law is more in demand now than it has ever been. Businesses are increasingly seeing IP as important for their survival, and as a consequence increased pressure has been brought to bear on IP law to provide adequate protection for new and emerging technologies. Two forms of development have been possible.³³

- *Accretion* occurs when an existing right is extended to protect a new entity, for example the extension of copyright protection to computer software and databases.
- *Emulation* occurs when a new right is created to protect a new entity. This occurred with the advent of semiconductor topography protection and is also a device that has been used to protect the content of databases.

A paradox in development?

1.47 At the time of writing, IPRs remain creatures of national territorial effect only, with a few notable exceptions. National IP laws have been, however, under supranational influences for centuries, and indeed the drivers of modern IP development come almost exclusively from the international sphere. IP law is truly an international subject, and one cannot acquire a true understanding of the discipline by looking only at national rights.

The Map of Intellectual Property Law

National law

MOST IPRs ARE CREATURES
OF TERRITORIAL EFFECT ONLY

³³ See WR Cornish, 'The international relations of intellectual property' (1993) 52 CLJ 46.

European law influences on IP law

- (a) Programme of harmonisation and approximation of laws
 - (b) EU-wide IPRs
 - (Community trade marks and designs)
- (c) Treaty on the Functioning of the European Union
 - Free movement of goods and services
 - (Arts 345, 34 and 36)
 - Anti-restrictive and monopolistic practices
 - (Arts 101 and 102)

International agreements, conventions, protocols etc

Common features:

- (1) Access to protection and 'national treatment' for foreigners
- (2) Minimum (harmonised) standards of protection to be offered by national laws

National law

- 1.48 You will see later that many international instruments and European initiatives now shape and direct IP law. Despite this, there are very few IPRs which have an effect beyond the particular country jurisdiction in which they are granted. For the IPRs that must be registered, this means that IP producers must register their rights in each jurisdiction where they seek protection. This cumbersome process is eased in some cases by international agreements that permit one application to be lodged and then considered for a number of specified countries. For example, the Patent Cooperation Treaty (1970) provides such a mechanism for patents, the Madrid Agreement Concerning the International Registration of Marks (1891) and the Madrid Protocol (1989) offer an equivalent system for trade marks and the Hague Agreement Concerning the Deposit of Industrial Designs (1925) allows for the deposit of a single design application which will be recognised throughout all countries that are signatories to the agreement. In each case, however, it is national rights which are obtained ultimately, and infringement and enforcement procedures can only be invoked in the domestic courts of individual states.
- 1.49 In the context of copyright, signatory countries to the Berne Convention for the Protection of Literary and Artistic Works (1886) and the Universal Copyright Convention (1952) guarantee mutual recognition of copyright to nationals of fellow signatory states.



Exercise

To which of the previously mentioned international agreements is the UK a signatory? (Hint: each of these measures is administered by the World Intellectual Property Organization (WIPO) based in Geneva.)

A tension between legislative onslaught and judicial reticence

- 1.50 One outcome of this rather curious mix of national and international dimensions to IP law is that we can see the discipline being pulled in different directions depending on who is holding the reins at any given time. For example, there is a very significant push to maintain international legislative initiatives designed

to extend IP protection in the economic interests of IP producers. At the same time, it will be seen throughout this book that domestic courts, especially in the UK, are often seeking to restrict the scope and influence of IPRs through the interpretations that they give to IP legislation, as regards both itself and in relation to other principles such as competition and human rights. This affects IP law in a number of different ways. For one thing, it means that there may be considerable disharmony between different countries in terms of the actual rights that IP holders enjoy. Thus, even if the substantive legal provisions are the same, as they have been agreed internationally and incorporated into the letter of domestic law, the effect given to those provisions through interpretation by the national courts can result in fairly wide variations in practice.



Exercise

Consider whether this is an accurate statement of a phenomenon in modern IP law as you read through this book. Why might the courts approach IP questions in a manner which is different from that taken by policymakers? What are the wider implications of this disparity of approach? Which faction is likely to win out in the end? Will this be the right result?

The European dimension

- 1.51 It is precisely because IPRs have traditionally only been effective in individual states that the European Union has taken such an interest in this area of law. Primarily, this is because of the prospect that the exercise of IPRs within the European single market will have the effect of partitioning that market and thereby thwart one of the fundamental guiding principles of the Union, namely, that goods should be allowed to circulate freely within the single market. A moment's reflection should reveal how this can happen. If A has a patent only in France, the invention will only be protected in that country. They cannot, therefore, prevent the making or use of the invention elsewhere in the Union, nor can they control what happens to versions of the invention which they have produced once they leave French soil. However, the French patent should, in principle at least, allow them to prevent any imports into France, both of infringing goods that they have not authorised, and also of products comprising the invention which they might have sold elsewhere. While the first of these rights is thought to be permissible, the second has been severely curtailed in the name of protection of the single market. Other problems can arise when IPRs are protected unevenly within the single market's territory. For example, if copyright is protected for the life of the author plus 50 years in the UK (as used to be so), but subsists for the life of the author plus 70 years in Germany, material will fall out of copyright in the former earlier than the latter allowing it to be copied by anyone and to circulate freely except in Germany where it retains an additional 20 years of protection. Once again, this can lead to a division of the single market along private property lines.³⁴
- 1.52 The Union has launched a three-pronged offensive on IPRs as a result of these concerns in an attempt to minimise their adverse effects.

Harmonisation and approximation of laws

- 1.53 The Union has been engaged in a robust programme of harmonisation (also sometimes 'approximation') of certain crucial areas of IP law for over three decades. There is more potential for such action since the Lisbon Treaty came into effect in 2009. Article 118 TFEU provides for the promulgation of

³⁴ The term of copyright protection was made uniform by Council Directive 93/98/EEC of 29 October 1993 harmonising the term of protection of copyright and certain related rights. The term of protection is now life of the author plus 70 years for original works.

'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'.³⁵ Harmonisation has several advantages beyond ensuring that each member state applies the same legal provisions to IP protection. Perhaps most importantly, it brings the interpretation of IP law within the rubric of the Court of Justice of the European Union, and this is one way of addressing the potential for residual unevenness around the Union in the way in which IPRs are given effect by domestic courts.

1.54 Already a number of projects have been completed or are in progress. Other (wider) European initiatives also exist. Here are some key and more recent examples:

- *Patent law harmonisation* (European Patent Convention (1973 and 2000)), establishing the European Patent Office in Munich, Germany (1978). UK law was brought into line via the Patents Act 1977.³⁶
- *Trade mark approximation* (UK law) Trade Marks Act 1994.³⁷ Establishment of the Community trade mark, administered by the OHIM, in Alicante, Spain.³⁸
- Harmonisation of the *period of duration of rights in copyright* (now life of the author plus 70 years for original works, following the German model). See Duration of Copyright and Rights in Performances Regulations 1995 (SI 1995/3297).³⁹
- Harmonisation of the *legal protection of databases*, now embodied in the UK under the Copyright and Rights in Databases Regulations 1997 (SI 1997/3032), as incorporated into the Copyright, Designs and Patents Act 1988.⁴⁰
- Harmonisation of *legal protection of biotechnological inventions*. Parliament and Council Directive of July 1998, incorporated into domestic UK law in the Patents Regulations 2000 (SI 2000/2037).⁴¹
- Harmonisation of *design law*. The UK complied through amending the Registered Designs Act 1949 by the Registered Designs Regulations 2001 (SI 2001/3949).⁴² Establishment of Community registered and unregistered design rights, administered through the OHIM.⁴³
- The European Commission has adopted a proposal on a Directive for extended term protection for musical performers from 50 years to 95 years. Despite a controversial public consultation in which many stakeholders argued against such a move, the proposal led to Directive 2011/77/EU, adopted on 12 September 2011, which extends the term of protection for sound recordings from 50 years to 70 years.
- In parallel, a Green Paper was published in 2008 on copyright in the knowledge economy exploring the role of copyright in encouraging dissemination of knowledge in society and generating economic

³⁵ Treaty of Lisbon 2007/C OJ 306 17 December 2007, Art 84 inserts new Art 97A into Treaty on European Union, which became Art 118. For discussion as to the possible impact of this, see W Kingston, 'Intellectual property in the Lisbon Treaty' (2008) 30(11) EIPR 439–443.

³⁶ Note the European Patent Convention (EPC) is not an EU document. There are currently 38 signatories to the EPC, including the 28 member states of the EU (as at early 2013—see lists at <http://www.epo.org/about-us/organisation/member-states.html>).

³⁷ Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the member states relating to trade marks. Version 2008/95/CE consolidated version previously First Council Directive 89/104/EEC of 21 December 1988.

³⁸ Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark and see Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (codified version).

³⁹ Council Directive 93/98/EEC of 29 October 1993 harmonising the term of protection of copyright and certain related rights, which was replaced by Directive 2006/116/E, a consolidated version, which has now been amended by Directive 2011/77/EU.

⁴⁰ Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases.

⁴¹ Directive 98/44/EC of the European Parliament and of the Council of 6 July 1998 on the legal protection of biotechnological inventions.

⁴² Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs.

⁴³ Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs.

system'. This became a draft Agreement to establish a unified patent litigation system, but this was found by the Court of Justice of the European Union to be beyond the legislative capacities set out in the EU Treaties. The Commission quickly turned to a proposal for unitary patent courts, which led in late 2012 to the European Parliament approving a unitary package patent, which addresses both the application and enforcement process.⁴⁹ The same problems have re-emerged over time, including the very thorny issue of language: if patent law requires that an inventor describe in intricate detail the workings of his invention, and there are 23 official languages of the EU, the question of in which language or languages this description must appear invariably arises. Translations into all official languages would make patenting prohibitively expensive, but if we do not require all, then which? And where would any central court or courts be located? It will be interesting to note how the unitary patent package develops. We discuss this further in Chapter 10.



Question

Can you think of a reasonable compromise? Is it the same as that in the unitary patent package?

Free movement of goods and restrictions on anti-competitive practices

- 1.58 Another important influence of European law comes from certain key provisions in the TFEU. Because of the potential for IPRs to interfere with the aims and smooth operation of the single market, the European Court of Justice (ECJ) has taken it upon itself to rule on the extent to which the exercise of IPRs conflicts with European law, and to temper the scope of these rights as a result. Attention has focused on the interpretation of what are now Articles 34, 36 and 345 TFEU. Article 345 specifically reserves property law matters to the member states, including IP laws, but the Court has interpreted this to mean that only the *existence* of such rights enjoy unfettered national protection. The *exercise* of those rights may be curtailed if it represents an unjustified interference with free trading practices. Articles 34 and 36 operate to prohibit unjustified restrictions upon what can be imported and exported between member states. And, while Article 36 allows restrictions upon imports if they are justified to protect 'industrial or commercial property', it will not do so if the restriction which is imposed amounts to 'arbitrary discrimination' or 'disguised restriction' on trade which is otherwise legitimate.
- 1.59 A common example of how the Court has taken all of these interpretations and applied them to the exercise of IPRs is found in the context of parallel imports. While it is acceptable for an IP right holder to exercise their right within a particular member state, they will be deemed to have 'exhausted' their right if they permit export to one or more member states, or exercise the right there itself or allow the right to be exercised with their (free) consent. If, then, a third party who has legitimate possession of protected goods in member state X wishes to re-import the goods into the IP right holder's country (undoubtedly at a lower price than they are being sold by the right holder), the latter cannot prevent the former from doing so, as it would represent an unfair fetter on free trade. The right holder is said to have *exhausted* their rights in this regard, and can no longer impose any restrictions on the free circulation of those goods within the single market. Thus, in one sense the scope of the IP right is modified, in that 'the right to first market' now forms part of the right but also operates as a limitation on it. In all other

⁴⁹ See details on European Parliament News, 'Parliament approved unitary patent rules' (11 December 2012) <http://www.europarl.europa.eu/news/en/pressroom/content/20121210IPR04506/html/Parliament-approves-EU-unitary-patent-rules>; European Commission webpage http://ec.europa.eu/internal_market/indprop/patent/index_en.htm; discussion via IPKat, eg, <http://ipkitten.blogspot.co.uk/2012/12/european-council-endorses-unitary.html>.

senses, however, IPRs operate normally. Note, too, that these restrictions only apply when the intellectual products have been first marketed by the right holder themselves or with their ‘consent’, and this has led in turn to debate about the legal meaning of consent, requiring further rulings by the ECJ.⁵⁰ This is considered in more detail in Chapter 20.

International exhaustion

- 1.60 All of this is done in the name of protecting the integrity of the single market, that is, in regulating what happens *within* that market. But what is the position of the right holder who wants to exercise his rights to prevent goods entering the single market from outside its borders? Well, the ECJ has ruled that the principle of ‘international exhaustion’ does not apply to IPRs protected within the European Economic Area (EEA) (the European Union plus the members of the European Free Trade Association, namely Iceland, Liechtenstein and Norway). Thus, when S, the manufacturer of designer sunglasses, sold his previous year’s stock to a trader in Bulgaria—at that time outside the EU—he was nonetheless able to use his trade mark right in respect of the sunglasses (*Silhouette*) to prevent an Austrian retailer from buying the glasses cheaply and importing them back into the EEA to compete with the right holder.⁵¹ This has been a very controversial decision, not least because it is seen to favour the interests of manufacturers and IP holders over the interests of European consumers, by keeping lower cost, quality products out of the European marketplace. Further, neither the product nor the mark are being held out as anything other than that which they are, namely, the goods and mark of the IP holder. Thus, in strict terms, has the trade mark right not served its function, which is to act as a mark of quality and a badge of origin, albeit that there is conduct which is covered by the exclusive rights conferred on the national trade mark owner? Again, we explore this, and other, controversial issues in this realm in Chapter 20.

Anti-competitive practices

- 1.61 Articles 101 and 102 TFEU operate to ensure that free trade is not compromised by unacceptable, restrictive or monopolistic practices. Article 101 prohibits, inter alia, the establishment and operation of cartels between enterprises which have as their object or effect the distortion or prevention of competition in the single market. Article 102 concerns the abuse of a dominant position within a particular market by any particular commercial enterprise, to the extent that it affects trade *between* member states. The Article offers examples of how such an abuse might be affected; namely: (a) directly or indirectly imposing unfair purchase or selling prices or other unfair trading conditions; (b) limiting production, markets or technical development to the prejudice of consumers; (c) applying dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage; (d) making 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 the contracts. Any agreements which contravene Article 101 or 102 are void.
- 1.62 These provisions are policed by the European Commission which can offer guidance on the fine line between acceptable and unacceptable practices, as it has done, inter alia, by issuing ‘block exemptions’ for certain types of agreement or terms in agreements.⁵² By the same token, the Commission is also empowered to fine any undertaking which contravenes the terms of Articles 101 and 102.

⁵⁰ See, eg, Joined Cases C-414/99, C-415/99 and C-416/99 *Zino Davidoff SA v A & G Imports Ltd and Levi Strauss & Co and Others v Tesco Stores Ltd and Others*, Judgment of the Court, 20 November 2001.

⁵¹ See *Silhouette International Schmied GmbH & Co KG v Hartlauer Handelsgesellschaft mbH* [1998] ECR I-4799.

⁵² Commission Regulation (EEC) 240/96 on the application of Art 85(3) to certain categories of technology transfer agreements. (Note that Art 101 TFEU was originally Art 85 EC.)

- 1.63 The relevance of these provisions for IP right holders is seen most acutely in the context of licensing. IP can be exploited through licences, which are simply agreements between the right holder and third parties to determine how, when, where and for how much the third party can exploit the IP of the owner. Ordinarily, these licences are subject to domestic contract law, with the proviso that they must also accord with Articles 101 and 102. Thus, the terms of these agreements are potentially liable to scrutiny by the Commission, although the granting of block exemptions has made it clearer as to which provisions may or may not be included. Moreover, it is not the case that a refusal to enter an agreement with a third party to exploit IP is automatically a contravention of the TFEU, even though this might leave the right holder with exclusive control of its IP in the market.⁵³ In some rare circumstances, however, it may be abuse of a dominant position to refuse to license.⁵⁴ We discuss the margins of permissible and impermissible conduct in Chapters 20 and 21.

International obligations

- 1.64 We can see, then, that the EU has its own particular agenda for interfering with the exercise of IPRs and guiding their future development. However, beyond this particularised regional influence, other agendas have operated for well over a century, and today a large number of internationally-imposed obligations mould the nature and content of IPRs and ultimately determine the direction of IP law.
- 1.65 Although it has been the tradition of IP law to protect rights first and foremost at the national level, the international possibilities for the exploitation of IP have long been appreciated. Markets do not recognise territorial boundaries, and IP producers will always gravitate towards a potential market. And, as international trade became a more realistic possibility with the advent of the industrial revolution in the 19th century, so too industrialised nations realised that disparities between markets in terms of IP protection could have an adverse impact on the rights of their IP producers and, in turn, on their own economic interests. In a spirit of economic reciprocity, then, a number of countries sought to establish multilateral treaties to minimise these adverse effects. The first instruments to emerge were the *Paris Convention for the Protection of Industrial Property* (1883), and the *Berne Convention for the Protection of Literary and Artistic Works* (1886).

Paris Convention for the Protection of Industrial Property (1883, as revised)

The protection of 'industrial property' has as its objects patents, utility models, industrial designs, trade marks, service marks, trade names, indications of source or appellations of origin and the repression of unfair competition.

Berne Convention for the Protection of Literary and Artistic Works (1886, as revised)

The expression 'literary and artistic works' shall include every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression, such as books, pamphlets and other writings; lectures, addresses, sermons and other words of the same nature; dramatic or dramatico-musical

⁵³ *AB Volvo v Erik Veng (UK) Ltd* [1988] ECR 6211.

⁵⁴ The first landmark case is *Radio Telefis Eireann v EC Commission* [1991] ECR II-485.

works; choreographic works and entertainments in dumb show; musical compositions with or without words; cinematographic works to which are assimilated works expressed by a process analogous to cinematography; works of drawing, painting, architecture, sculpture, engraving and lithography; photographic works to which are assimilated works expressed by a process analogous to photography; works of applied art; illustrations, maps, plans, sketches and three-dimensional works related to geography, topography, architecture or science.



Question

Why two conventions and not one? What differentiates 'industrial property' under the Paris Convention from the entities protected under the Berne Convention? Does this remain a meaningful distinction in the modern age?

- 1.66 Signatory countries to these conventions undertook to provide two key elements of protection. The first is *national treatment* of foreigners, which, as the name suggests, means that any individual seeking protection in a signatory country beyond their own shores must be dealt with on the same terms as if they were a national of that country. Secondly, these instruments sought to establish certain baselines of protection, as the previous definitions indicate, to ensure that the same kinds of 'property' were protected in the various party states. The obligation to provide this level of protection is, however, very broadly drafted. For example, the UK does not have a specific law to guard against unfair competition, yet the argument is made that the UK nonetheless complies with its international obligations under the Paris Convention in a piecemeal fashion, inter alia, because of the existence of common law actions such as passing off and breach of confidence.



Discussion point

For answer guidance visit www.oxfordtextbooks.co.uk/orc/waelde3e/

What does protection against unfair competition mean? Do you think that the UK maintains a defensible position in this regard? Would it be preferable to institute a specific law in this area? Reconsider the question after you have read Chapter 17.

- 1.67 In summary, two main themes typify international agreements on IP protection: (1) access to protection and 'national treatment' for foreigners; and (2) minimum (harmonised) standards of protection to be offered by national laws.
- 1.68 The Paris and Berne Conventions, and indeed many other instruments, are administered by WIPO in Geneva.⁵⁵ Disputes and compliance measures may be dealt with through the International Court of Justice.

TRIPS Agreement (agreement on trade-related aspects of intellectual property rights, 1994)

- 1.69 The TRIPS Agreement was included in the Accord which finalised the Uruguay Round of the General Agreement on Tariffs and Trade (GATT, 1994). The Agreement touches all the major forms of IPR and is administered by the World Trade Organization (WTO), also based in Geneva. Importantly, states which

⁵⁵ For more information on international treaties and agreements, see the WIPO website at <http://www.wipo.org>.

do not comply with the provisions of TRIPS may face proceedings before the GATT dispute settlement system and this in turn may lead to the withdrawal of GATT privileges. A variable timescale for implementing TRIPS operates to ensure that developing and least developed countries have a transitional period in which to bring their laws into compliance with the Agreement.

- 1.70 TRIPS is similar to the Paris and Berne Conventions in that it provides for national treatment and seeks to harmonise basic IP provisions. However, in other respects it goes far beyond its 19th-century counterparts. For example, TRIPS puts more flesh on the bones of the elements of protection required of signatory countries, as we shall see in each of the chapters to come that deal with the substantive law. Moreover, TRIPS ties these countries into many of the essential terms of the Paris and Berne Conventions, even if they are not signatories to them, thereby considerably extending the reach of these instruments.⁵⁶
- 1.71 The motivation for the implementation of TRIPS is almost entirely economic. It was driven by the concerns of Western industrialised countries, and most notably the United States, which could not countenance the multi-billion dollar trade in unauthorised IP that had developed over the years, despite the existence of the Paris and Berne Conventions. One of the problems was that these Conventions had not attracted universal support, and in particular many of the countries where illicit trading was taking place were not signatories to them, and so were not subject to their terms. How then to implement a regime that could bring offending states under its influence? The answer was trade. By linking TRIPS to GATT, and so thereby bringing all signatory states under the auspices of the WTO, the relevant politicians and governments in control have been able to establish a system which is almost impossible to resist. No state in the modern world can develop without international trade; and so tight is the hold on that regime through GATT, that no state can fail to sign up, and thereby become obliged to comply with TRIPS. The real stroke of economic genius has been to link non-compliance with TRIPS to the withdrawal of GATT privileges, in the event of an adverse ruling by the WTO—which could potentially cripple a state's entire economy.⁵⁷ Finally, despite the power available for IP owners as a result of TRIPS, there has also been an increase in regional or bilateral trade agreements which require that states provide other parties with higher levels of protection than is required by TRIPS. Given the national treatment requirement, this can lead to higher levels of protection in a state's IP laws as a whole.⁵⁸ This is known as the phenomenon of TRIPS-plus. Similarly, and outside the organisations discussed, several developed countries led secret negotiations of the Anti-Counterfeiting Trade Agreement (ACTA). Activist groups, with a focus on access to knowledge and innovation, led strong challenges to this, and its content became more moderate; further, at the time of writing in 2013, it is unclear whether or not sufficient states will now choose to ratify the agreement.⁵⁹

Other international instruments

- 1.72 This has clearly not been an exhaustive account of the international measures which impact on IP law. It is not intended to be. Rather, this overview should give a good idea of the influences which international measures have on the discipline. Bear these in mind as you proceed through this book. For the sake of completeness, however, note too that there are many other international instruments which exist in this realm. We will consider them where this is relevant in the forthcoming chapters.

⁵⁶ TRIPS (1994), Arts 2 and 9.

⁵⁷ For further discussion, see F Ravidá, 'Influence of WTO decisions on international intellectual property' (2008) 3(5) *JILPLP* 314–326 and D Gervais, *The TRIPs Agreement: Drafting History and Analysis* (4th edn, 2012).

⁵⁸ D Vivas Eugui and J von Braun, 'Beyond FTA negotiations: implementing the new generation of intellectual property obligations' at 113 and P Drahos, 'Doing deals with Al Capone: paying protection money for intellectual property in the global knowledge economy' at 141 in P Yu (ed), *Intellectual Property and Information Wealth: Issues and Practices in the Digital Age. Volume 4: International Intellectual Property Law and Policy* (2007).

⁵⁹ PK Yu, 'Six secret (and now open) fears of ACTA' (2011) 64 *SMU Law Review* 975; discussion on ACTA FFII Blog, available at <http://acta.ffii.org/?p=633>; see also <http://www.ustr.gov/acta> (including text) and <http://ec.europa.eu/trade/tackling-unfair-trade/acta/>.

- *Patents*
 - Patent Cooperation Treaty, Washington 1970
 - Convention on the Grant of European Patents (European Patent Convention), Munich 1973, 2000. Protocol on Interpretation of Article 69
 - Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure, 1977
- *Copyright*
 - Universal Copyright Convention 1952, revised 1971
 - WIPO Copyright Treaty, 1996, and associated Agreed Statements
- *Designs*
 - Hague Agreement Concerning the International Registration of Industrial Designs, 1925, as revised
- *Trade marks*
 - Madrid Agreement Concerning the International Registration of Marks (1891, as revised, and Protocol, June 1989)
 - Trademark Law Treaty, Geneva 1994
- *Appellations of origin*
 - Lisbon Agreement for the Protection of Appellations of Origin and Their International Registration (1958, as revised)
- *Performers' rights*
 - WIPO Performances and Phonograms Treaty, 1996, and Agreed Statements
 - Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (1961)
 - The Beijing Treaty on Audiovisual Performances 2012 (adopted June 2012, not yet in force)
 - Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of their Phonograms, 1971
- *Plant breeders' rights*
 - International Convention for the Protection of New Varieties of Plants (UPOV Convention 1961, as revised 1991)
- *Integrated circuits*
 - Treaty on Intellectual Property in Respect of Integrated Circuits, 1989

Intellectual property and human rights

- 1.73 A final influence on the possible development of IP law that we must consider comes once again from the international plane, although this time the forces at work may be pulling in different directions. The European Convention for the Protection of Human Rights and Fundamental Freedoms (1950) was a post-war initiative by the Council of Europe designed to prevent a repeat of the atrocities of the era that

had gone immediately before. Its general approach was to establish fundamental, and largely negative, rights for individuals against the state: rights of non-interference. Over the years a rich and complex jurisprudence has grown around the Articles of the Convention through the work of the European Court of Human Rights in Strasbourg, but for the most part its rulings have only touched the lives of UK citizens indirectly, because successive governments had refused to make the terms of the Convention part of domestic law. All of this changed, however, with the passing of the Human Rights Act 1998, which came into full force in October 2000. The last decade has accordingly seen an explosion in speculation about the possibility of human rights having an impact in every conceivable area of law, including IP law.⁶⁰ And, as the courts of the jurisdictions in the UK continue to consider to what extent human rights arguments can affect IPRs and their enforcement, it is undeniable that this represents a potentially significant sea change in the power balance between the various institutions which shape and form this discipline. The place of human rights within the discussion of IP will be strengthened further (although with uncertain impact)⁶¹ now that the Lisbon Treaty has entered into force as discussed (para 1.53). This includes the Charter of Fundamental Rights, Article 17(2) of which provides that 'Intellectual property shall be protected'. Further, negotiations are ongoing in 2013 for the EU to become a party to the Convention,⁶² and the impact of this again remains to be seen.⁶³

The existence of IP, its infringement, business and societal impact (in particular in complex areas such as health, communications and the environment), the interaction between IP and other interests, and the conflicts between IP owners, access seekers and activists, will be explored in more detail in the following chapters.

Further reading

Books

- L Bently and S Maniatis, *Intellectual Property and Ethics* (1998)
- WR Cornish, *Intellectual Property: Omnipresent, Distracting, Irrelevant?* (2004)
- W Cornish, D Llewelyn and T Aplin, *Intellectual Property: Patents, Copyrights, Trademarks and Allied Rights* (7th edn, 2010)
- GB Dinwoodie and RC Dreyfuss, *A Neofederalist Vision of TRIPS* (2012)
- P Drahos, *A Philosophy of Intellectual Property* (1996)
- P Drahos with J Braithwaite, *Information Feudalism: Who Owns the Knowledge Economy?* (2003)
- P Drahos and R Mayne, *Global Intellectual Property Rights: Knowledge, Access and Development* (2002)
- G Ghidini, *Intellectual Property and Competition Law: The Innovation Nexus* (2006)

⁶⁰ *Ashdown v Telegraph Newspapers* [2001] 4 All ER 666. See also for a theoretical exploration of human rights in the context of copyright, STM Newman, 'Human rights and copyrights: a look at practical jurisprudence with reference to authors' rights' (2009) 31(2) EIPR 88.

⁶¹ See N MacCormick, 'Human rights and competition law: possible impact of the proposed EU Constitution' (2005) 2(4) SCRIPTed 444 (<http://www.law.ed.ac.uk/ahrc/script-ed/vol2-4/maccormick.asp>) and C Geiger, 'Intellectual property shall be protected!?' Article 17(2) of the Charter of Fundamental Rights of the European Union: a mysterious provision with an unclear scope' (2009) 31(3) EIPR 113.

⁶² Draft Agreement on the Accession of the European Union to the Convention for the Protection of Human Rights and Fundamental Freedoms CDDH-UE (2011)16fin, available at http://www.coe.int/t/dghl/standardsetting/hrpolicy/CDDH-UE/CDDH-UE_documents/CDDH-UE_2011_16_final_en.pdf.

⁶³ See, eg. existing presumptions of compliance, C Banner and A Thomson, 'Human rights review of state acts performed in compliance with EC law—*Bosphorus Airways v Ireland*' (2005) 6 EHRLR 649.

- MR Pugatch, *The Intellectual Property Debate: Perspectives from Law, Economics and Political Economy* (2006)
- B Sherman and L Bently, *The Making of Modern Intellectual Property* (3rd edn, 2008)
- U Suthersanen, G Dufield and KB Chow (eds), *Innovation Without Patents: Harnessing the Creative Spirit in a Diverse World* (2007)

Reports

- Gowers Review of Intellectual Property* (HM Treasury, 2006)
- I Hargreaves, *Digital Opportunity: A Review of Intellectual Property and Growth* (2011)
- Report of UK Commission on Intellectual Property Rights* (2002) <http://www.iprcommission.org/>

Articles and lectures

- A Brimelow, 'Does intellectual property need a new set of wheels?' (2001) 23(1) EIPR 44
- E Cameron and J Berger, 'Patents and public health: principle, politics and paradox', Inaugural British Academy Law Lecture, <http://www.law.ed.ac.uk/ahrc/script-ed/docs/cameron.asp>
- E Derclayé 'Should patent law help cool the planet? An inquiry from the point of view of environmental law', Part 1: (2009) 31(3) 168 and Part 2: (2009) 31(5) EIPR 227
- W Fikentscher, 'Intellectual property and competition—human economic universals or cultural specificities?—a farewell to neoclassics?' (2007) IIC 137
- C Geiger, 'Fundamental rights—a safeguard for the coherence of intellectual property law' (2004) 35 IIC 268
- EC Hettinger, 'Justifying intellectual property' (1999) 19 Philosophy and Public Affairs 31
- A Kur, 'A new framework for intellectual property rights—horizontal issues' (2004) 35 IIC 1
- Sir H Laddie, 'National IP rights: a moribund anachronism in a federal Europe?' (2001) 23(9) EIPR 402
- K Maskus and J Reichman, 'The globalisation of private knowledge goods and the privatization of global public goods' (2004) 7 JEL 279–320
- T Rychlicki, 'GPLv3: new software licence and new axiology of intellectual property law' (2008) 30(6) EIPR 232–243
- PK Yu, 'Currents and crosscurrents in the international intellectual property regime' (2004) 38 Loyola of Los Angeles Law Review 323

Ongoing updates

- The IPKat blog: <http://ipkitten.blogspot.com/>