Chapter 3: Features common to Intellectual Property Rights

Resemblances and Differences

3-1 At first sight there are fewer resemblances than differences between any two categories of intellectual property rights. Patents may be protected for twenty years; trade marks (subject to use), indefinitely. Patents must be formally granted before they are valid; copyright is effective without formality. Trade marks are infringed only if the infringement is in the course of trade; copyright is infringed irrespective of the private or commercial nature of the infringing use. Nevertheless, many features are also common to intellectual property rights; and it is useful to take them into account, especially where cases arise in which the law provides overlapping or multiple protection.[1]

Creativity

3-2 All categories of intellectual property have a common feature, though the terms used to describe it vary considerably, namely, that of creativity in some form or another. In patent law, the tests are "novelty" and the presence of an "inventive step".[2] In trade mark law, the test is that of "distinctiveness": trade marks which are devoid of any distinctive character cannot be registered.[3] In copyright law, the test is "originality".[4] There are additional tests; and each of the basic tests has variants and qualifications. But creativity, however banal in some cases[5], is at the heart of the concept of intellectual property and is the prerequisite for the production of goods, the provision of services and the presentation of performances. Not all creativity is protected by intellectual property laws, as the next paragraph shows.

Skill and Value

3-3 Wider differences separate the various categories of intellectual property when it comes to the utility, application or value of the subject of intellectual property rights. To be patentable, an invention must be susceptible of industrial application.[6] To be registrable, a trade mark must be more than a purely descriptive designation.[7] In the absence of general laws on copyright at the European level, the situation is not so clear: some jurisdictions are more accommodating than others. But, with this proviso, a common factor is the degree of what English law calls the "skill, labour and judgment" going into the literary or artistic creation. Even compilations may exhibit these qualities, though it is doubtful whether all jurisdictions within the European Union would regard television programme listings as suitable for protection by copyright.[8]

Registration and Recognition

3-4 As a general rule, patents within the European Union must be the subject of a formal grant. Trade marks may be registered or unregistered.[9] Where they are registered, whether under national law or under the Community Trade Mark system, they are normally subject to specific laws on the protection of trade marks[10]; but, when they are unregistered, they are likely to be subject to laws on passing-off or on unfair

competition. Copyright does not require registration or formal recognition, but does require "fixation" in some form.[11]

Duration

3-5 Under European Union law or, in the absence of European Union law, under national laws within the European Union, the general principle is that patents are protected for a period of twenty years. Trade marks are protected indefinitely, provided that they continue to be used.[12] Copyright is protected for a period of seventy years after the author's death.[13] There are departures from the general rules in cases of supplementary protection for pharmaceutical patents[14] and in respect of neighbouring rights.[15]

"In the Course of Trade"

3-6 Neither in patent law nor in trade mark law is there any infringement of the intellectual property right unless the use of the patent or trade mark by a third party not having the consent of the patentee or trade mark owner is "in the course of trade".[16] No such restriction applies to copyright: even a private act, such as the transfer of copyright material from one medium to another - from compact disc to tape, for example, - constitutes an infringement; and the concept of "fair use", peculiar to copyright, is narrowly circumscribed.[17]

Enforcement

3-7 In all fields of intellectual property law the classic method of enforcement of rights is by way of an action for infringement. This stems from the exclusive rights conferred by law on the owners of intellectual property, who may prevent all parties not having their consent from using the rights in question. Much of the case law in the European Union has originated in infringement actions designed to prevent imports from other Member States.[18] Special laws exist in many national jurisdictions based on criminal sanctions for infringement of copyright; general criminal laws in the Member States may sometimes be invoked where patents and trade marks are infringed in circumstances justifying an action for fraud. Other means of enforcement may be administrative in character. At European Union level, there are means of enforcing intellectual property rights against pirates and counterfeiters seeking to import goods from outside the territory of the European Union.[19]

Exhaustion

3-8 Exhaustion of an intellectual property right is a restriction placed by law on the exercise of that right when goods subject to that right have been put on the market by the owner of the right or with his consent.[20] Where trade marks are concerned, the principle applies specifically to goods[21], even though services may also be the subject of trade mark protection.[22] And, where copyright is concerned, the principle does not apply to services consisting of performances.[23] The principle does, however, apply to copyright

goods.[24] In European Union law, exhaustion applies to marketing anywhere within the Union; not to marketing outside the Union.[25]

Relative importance of rights

3-9 To compare the "importance" of patents and trade marks, or of trade marks and copyright, not only involves an unacceptable generalisation about the goods and services to which the rights apply but also depends on individual value judgments and only marginally on economic and other more or less objective criteria. It is, in short, a largely sterile exercise; and it is mentioned here only because the Court of Justice itself was tempted into expressing a view on the matter. In a trade mark case, the Court observed that

> the trade mark right differs from other industrial property rights in that the things that are protected by the latter [sc patents] are often of greater importance and greater value than the rights deriving from a trade mark.[26]

In saying this, the Court did not go quite as far as the Advocate-General in the case, who took the view that

> originally a trade mark served to guarantee for the consumer the quality of a product, but it now serves increasingly, as national laws show, simply to support an advertising campaign. From the human standpoint, surely the debt that society might owe to the "inventor" of the name PREP is not the same, to say the least, as mankind's debt to the inventor of penicillin.

While this is true, it may equally well be argued that in economic terms the importance of a device for cutting off the top of a hard-boiled egg[27] cannot be compared with, say, the importance of the trade mark SHELL.

3-10 Owners of patents may well feel that, whatever the Court may say about the difference between patents and trade marks, the Court attaches more importance to the protection of copyright than to the protection of either trade marks or patents. They point to two cases in particular. On the copyright side, they point to the Court's decision in favour of copyright at the expense of the rules on the free movement of goods[28]; and, on the patent side, they point to the Court's decision in favour of the rules on the free movement of goods at the expense of the protection of patents.[29] There is a nice irony in the fact that, in the copyright case, the Advocate-General recommended that the rules on the free movement of goods should predominate, while in the patent case the Advocate-General - not the same one - recommended that the rules on the free movement of goods should give way to the principle of protecting industrial property. In both cases the Court disagreed with the respective Advocates-General. Sometimes these opinions are more persuasive than the judgments. Often they are better expressed.[30]

Investment and Reward

3-11 All intellectual property rights have in common the formal justification that they provide an incentive for investment and "ensure a reward for creative effort".[31] By giving the patentee, the trade mark owner and the author an exclusive right to the invention, the trade mark and the literary or artistic work, society encourages inventors

and their backers, traders and advertisers, publishers and others to invest in the development, preparation and marketing of the products and services concerned and rewards the creators of the rights by enabling them to exercise their exclusive right of economic exploitation. Recognition of this legal rationale for the exclusive right does not necessarily mean that this type of incentive best serves economic interests. .

Monopoly and Exclusivity

3-12 Exclusivity is tantamount to monopoly; and, both historically and economically, many laws creating intellectual property rights were explicitly intended to create monopolies for the purposes of encouraging investment and ensuring rewards.[32] However, monopolies as such have tended to fall foul of anti-trust laws generally and the rules on competition in the European Union in particular. Whether the ownership of an intellectual property right creates a "dominant position" depends on the circumstances: "mere ownership" of the right does not suffice.[33]

Consumers

3-13 In general, intellectual property law in the European Union is not intended for the direct benefit of consumers. To the extent that intellectual property rights encourage investment and reward creativity, they may have an indirect benefit to consumers. On the other hand, consumers may also benefit from the restrictions placed on the exclusivity of intellectual property rights. This is indeed the ultimate justification for the cases in which the Court of Justice has subordinated the exercise of intellectual property rights to the rules on the free movement of goods and services and to the rules on competition: greater benefits will accrue to consumers when they enjoy the economies of scale of a single market undivided by the kind of legal barrier to inter-state trade afforded by national laws for the protection of intellectual property. In the competition field, the conflict between a copyright "monopoly" and the interests of consumers was well summed up in observations by the Court of Justice.[34] Referring to the judgment from which it was hearing an appeal, the Court noted that the Court of First Instance had "established that there was a specific, constant and regular potential demand [for weekly television programme listings] on the part of consumers". The Court continued:

> Thus the appellants - who were, by force of circumstance, the only sources of the basic information on programme scheduling which is the indispensable raw material for compiling a weekly television guide - gave viewers wishing to obtain information on the choice of programmes for the week ahead no choice but to buy the weekly guides for each station and draw from each of them the information they needed to make comparisons. The appellants' refusal to provide basic information by relying on national copyright provisions thus prevented the appearance of a new product, a comprehensive weekly guide to programmes, which the appellants did not offer and for which there was a potential consumer demand. Such refusal constitutes an abuse [of a dominant position[35]].

[1] As in the case of design protection, which may be cumulative. See paragraph 4-23.
[2] Member States which belong to the European patent system follow in this respect the provisions of Articles 52 to 57, European Patent Convention.
[3] Article 3(1)(b), Council Directive EEC/104/89. See Annex. For recent case law on distinctiveness, see the endnotes to the indent concerned with absolue grounds for refusing registration, in paragraph 5-15..
[4] See, for example, Article 1(3), Council Directive EEC/48/93. This was the first Directive in the copyright field in the European Union. See Annex. Under Article 3(1), Directive EC/71/98 of the European Parliament and the Council, on Industrial Designs, the text of which is set out in the Annex, a design is protected to the extent that it "is new and has individual character".
[5] See paragraph 3-9.
[6] Article 52(1), European Patent Convention.
[7] Article 3(1)(c), Council Directive EEC/104/89.
[8] At the time of the *Magill* case (*RTE v Commission*, Case C-241/91; see Annex), some surprise was expressed that the Irish Court should have treated the listings at issue as protected by copyright; but it did not fall to the Court of Justice to rule on this question. The Court of Justice would, in any case, have been inclined to accept reasonable differences in national laws.
[9] Article 3(2), Council Directive EEC/104/89.
[10] Though the use of the trade mark may be prohibited pursuant to the provisions of law other than trade mark law of the Member State concerned or of the Community: ibid, sub-paragraph (a).
[11] See, for example, Article 3, Council Directive EEC/98/93, reproduced in the Annex.
[12] Articles 10 to 12, Council Directive EEC/104/89.
[13] Article 1(1), Council Directive EEC/98/93. See Annex.
[14] See paragraph 4-17.
[15] See paragraph 6-17.
[16] See, for example, Article 5(1) and (2), Council Directive EEC/104/89.
[17] "Fair use" has not been harmonized in the European Union and varies quite considerably from one Member State to another. See Article 10, Berne Convention for the Protection of Literary and Artistic Works.
[18] See paragraphs 4-11, 5-4 and 6-5.
[19] Council Regulation EC/3295/94: see Annex
[20] Case 15/74: *Centrafarm v Sterling Drugs* (patents); case 16/74: *Centrafarm v Winthrop* (trade marks).
[21] Article 7(1), Directive EEC/104/89.
[22] Article 1, ibid.
[23] Case 62/79: Coditel SA v Cine Vog Films SA.
[24] Case 78/80: *Deutsche Grammaphon GmbH v Metro- SB - Grossmärkte GmbH*. Strictly speaking, this was a case of "rights akin to copyright". On the specific issue of copyright goods, see Joined Cases 55 and 57/80: *Musik-Vertrieb Membran GmbH and K-Tel International v GEMA*.
[25] Case 51/75: *EMI v CBS.* See paragraph 5-21 and the cases cited in the endnotes to that paragraph.
[26] Case 40/70: *Sirena v Eda.*
[27] UK Patent No. BP1 400 835.
[28] Case 158/86: Warner Brothers v Christiansen.
[29] Case C-267-8/95: *Merck v Primecrown.*
[30] A case in point is the opinion of the Advocate-General in Case C-251/95 (*Sabel v Puma*), in which the opinion is clearer and less clumsy than the Court's judgment (and - a subjective view - more accurate).
[31] Case C-241/91: *RTE v Commission.* The Court of Justice was quoting, in paragraph 28, the judgment of the Court of First Instance.
[32] See, for example, in English law Section 6, Statute of Monopolies, 1624, which allowed patent monopolies for fourteen years on "any manner of new manufacture ... to the true and first inventor".
[33] Case 241/91, *RTE v Commission,* paragraph 46.
[34] *Ibid,* paragraphs 52 to 54.
[35] Under Article 82(b), EC Treaty.