

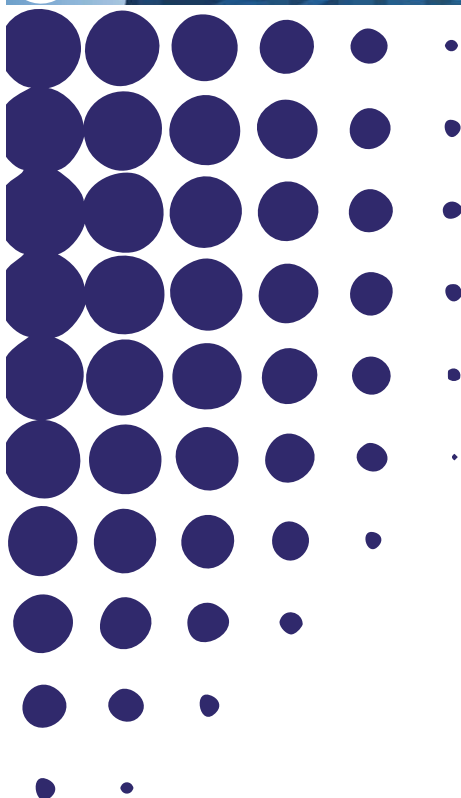
WP5/25 SEARCH WORKING PAPER

Harmonization of Intellectual Property Rights within and beyond the European Union:

The Acquis Communautaire in the Framework of the European Neighbourhood Policy

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Harmonization of Intellectual Property Rights within and beyond the European Union: The *Acquis Communautaire* in the Framework of the European Neighbourhood Policy

Marcella Favale and Maurizio Borghi*

Abstract

This Working Paper examines the legal framework regarding intellectual property rights within the EU and its neighbouring countries (NCs), on the background of the international obligations that are binding on all these states. To this end, it analyses the current level of harmonization of intellectual property rights (namely: copyright, patents, trade marks, geographical indications and design rights) within the EU and it examines the international engagements of NCs to approximate their IP law to the *aquis communautaire*. In this respect, the paper discusses the bilateral agreements in which NCs commit to approximation to European IP law, and the evaluations made by EU authorities. The level of approximation of four NCs is assessed, namely: Egypt, Israel, Moldova and Ukraine. The review of the European Neighbouring Policy (ENP) relating to intellectual property rights in general, and of and of the focus countries in particular, suggests that the level of IP protection in European neighbouring countries varies greatly, with some similarities which can be detected within the policy sub-groups (Eastern European, Southern Mediterranean, and Black Sea countries) The Paper identifies the strengths and pitfalls of the ENP with respect to intellectual property rights, and concludes that harmonization alone cannot lower the barriers to trade if it is not paralleled by substantial improvement in the coordination of judicial procedures and enforcement mechanisms.

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A. The International Framework of IP Harmonization

The approximation of national laws protecting intellectual property rights seems an inevitable process, since an increasingly global marketplace facilitates access to worldwide protected works (and consequent infringement). In this perspective, standardised IP protection would be insufficient if limited to a confined area. Intellectual property harmonization in the European Union therefore comes from European legislative instruments as well as from international treaties, more and more negotiated by the EU as a whole, as the Article 118 of Treaty on the Functioning of the European Union (TFEU)¹ now allows it.

The first treaty aimed at harmonising international provisions on intellectual property law was the Paris Convention for the Protection of Industrial Property of March 1883 (revised at Stockholm on July 14, 1967),² followed by the Berne Convention of 1886.³ For the harmonization of copyright, the relevant provisions are included in the Paris Act of the Berne Convention of 1971 and by the WIPO Copyright Treaty of 1996. Related Rights, Sound Recordings, Performances, and Broadcasts are instead regulated by the Rome Convention of 1968⁴ and the WIPO Performances and Phonograms Treaty 1996. Finally, both copyright and related rights are covered by the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs)⁵ negotiated during the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) in 1994. All EU Member States are signatories of the above treaties.

The TRIPs (or “the Agreements”) set minimum standard of protection for most

1 Text available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2008:115:0047:0199:en:PDF> >.

2 Paris Convention for the Protection of Industrial Property, March 20, 1883, 21 U.S.T. 1583, 828 U.N.T.S. 305.

3 Berne Convention for the Protection of Literary and Artistic Works, September 9, 1886, 828 U.N.T.S. 221 (revised July 24, 1971 - Paris) [hereinafter : the Berne Convention].

4 International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, done at Rome on October 26 , 1961, available at http://www.wipo.int/treaties/en/ip/rome/trtdocs_wo024.html#P127_12121 > [hereinafter : the Rome Convention].

5 Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, April 15, 1994, 1869 U.N.T.S. 299, 33 I.L.M. 1125, art.28(1) [hereinafter :TRIPs). The TRIPs Agreement incorporates almost all provisions of the Paris and Berne Conventions.

intellectual property rights, and are the most comprehensive international treaty on IP rights to date. The Agreements mandate compliance by signatories with the Berne Convention (except for moral rights requirements) and the Rome Convention;⁶ they introduce protection for Computer Programs and Compilation of Data;⁷ they mandate implementation of Rental Rights for computer programs and cinematographic works;⁸ they set the minimum term of protection for copyright works (except photographic works and works of applied art) at 50 years after the death of the author;⁹ and they extend the “three step test” from the exceptions to the reproduction right (as provided by the Berne Convention) to all acts unauthorised by rightholders.¹⁰

The “three step tests”, introduced by the Paris Act of the Berne Convention is a limitation to the limitations and exceptions to the exclusive rights granted by the Agreements. Exceptions and limitations, according to this rule, should be limited to certain special cases which do not conflict with the normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the rightholders.¹¹

Finally, as for copyright related rights such as the protection of performers, of the producers of phonograms and of broadcasting organizations, the TRIPs redefine their exclusive rights in a way that restricts the provisions of the Rome Convention.¹² However, the minimum term of protection, which for the Rome Convention was of 20 years,¹³ in the TRIPs is more favourable to rightholders, with a provided term of 50 years (20 years for broadcasting).¹⁴

Modifications to the TRIPs agreements are object of negotiations among Members since the year 2000. The Doha round, launched in November 2001, has not yet been finalised

6 TRIPs, Articles 1.3 and 9.1.

7 TRIPs, Article 10.

8 TRIPs, Article 11.

9 TRIPs, Article 12.

10 TRIPs, Article 13.

11 Berne Convention, Article 9.2; TRIPs, Article 13.

12 TRIPs, Article 14.

13 Rome Convention, Article 14.

14 TRIPs, Article 14.5.

because of a persistent lack of consensus among the 157 signatories of the TRIPs. In truth, some of the text of the proposed modifications has been agreed, but under the principle of the “single undertaking”,¹⁵ no modification can be implemented until an agreement is reached on the whole text. At the last Formal Trade Negotiation Meeting¹⁶ in December 2012, WTO Director General Pascal Lamy called for – at least partial-credible results of the negotiations in view of the forthcoming ministerial meeting to be held in Bali.¹⁷ This indicates that despite more than a decade of negotiations, a consensus is still far from being in sight.

Themes under discussion in the TRIPs Council include agricultural and non-agricultural policies, market access for service providers, trade facilitation, rules for anti-dumping, subsidies and regional trade agreements, and the environment.¹⁸

Intellectual property issues focus on the institution of a multilateral register for wines and spirits,¹⁹ extension of the higher level of protection, currently reserved to wine and spirits, to other products,²⁰ and rules on biopiracy, benefit sharing, and traditional knowledge. In truth, only the first topic is officially on the negotiation agenda. The other issues are still object of consultations for lack of consensus among Members as to whether including them or not in the negotiations.²¹

On the subject-matter of patents, procedural harmonization at international level is provided by the Patent Cooperation Treaty (PCT). The treaty was concluded in 1970 and provides a single application procedure for an international patent, valid in the chosen number of countries. As of May 2013 the contracting states of the PCT are 147, including all EU Member States. The last Country to join the Treaty, in May 2013, was

15 The principle is sanctioned by paragraphs 47 to 52 of the DOHA WTO 2001 Ministerial Declaration, WT/MIN(01)/DEC/1, 20 November 2001, available at <http://www.wto.org/English/thewto_e/minist_e/min01_e/mindecl_e.htm#organization>.

16 Meeting of the TRIPs Council, the institution charged of the negotiations consisting of chairs from all TRIPs Members.

17 See <http://www.wto.org/english/news_e/news12_e/tnc_stat_07dec12_e.htm>.

18 Trade topics are available at <http://www.wto.org/english/tratop_e/tratop_e.htm>.

19 See <http://www.wto.org/english/tratop_e/trips_e/gi_background_e.htm#wines_spirits>.

20 See <http://www.wto.org/english/tratop_e/trips_e/gi_background_e.htm#protection>.

21 See <www.wto.org/english/news_e/infocenter_e/brief_ip_e.doc>

South Arabia.²²

Further harmonization at the patent procedural level has been achieved by the Patent Law Treaty (PLT),²³ which sets procedural standards for patent applications worldwide. This is a multilateral agreement administered by WIPO and adopted in Geneva in the year 2000. As of 2013 the PLT is signed by 53 countries and by the European Patent Organization (EPO).²⁴ It entered in force on the 28th of April 2005.

The first draft of this agreement proposed substantive standards on patent protection. But the impossibility to reach an agreement on some controversial issues led to an amended version of the treaty dealing with only procedural issues. The treaty today harmonises for example the requirements to obtain a filing date for a patent application, and the content and the formal requirements of patent applications. Also, it simplifies the filing procedure and facilitates the implementation of electronic filing.²⁵

An international harmonization on substantive patent law has been envisaged as soon as the PLT was adopted in the year 2000.²⁶ The Standing Committee on the Law of Patents²⁷ initiated works to harmonize international patent law with a Substantive Patent Law Treaty (SPLT).²⁸ At the outset, points to be regulated were the definition of prior art, novelty, inventive step (non-obviousness), industrial applicability (utility), the drafting and interpretation of claims and the requirement of sufficient disclosure of the invention. The Committee also agreed that it would consider in due course other -more controversial- issues: first-to-file versus first-to-invent systems, publication terms, and

22 See <<http://www.worldipreview.com/news/saudi-arabia-signs-to-pct>>.

23 Text available at <http://www.wipo.int/treaties/en/ip/plt/trtdocs_wo038.html>.

24 The EPO is the intergovernmental organization set up by the EPC in 1977. It consists of the European Patent Office (EPO) and the Administrative Councils, which administers the Office's activities. See <<http://www.epo.org>>.

25 For an historical overview of the PLT, see <<http://www.wipo.int/patent-law/en/plt.htm>>.

26 See <<http://www.wipo.int/patent-law/en/harmonization.htm>>.

27 The Standing Committee on the Law of Patents is composed by all Member States of WIPO and/or of the Paris Union, and, as observers, certain Member States of the UN non-members of WIPO and/or Paris Union, as well as a number of intergovernmental and non-governmental organizations. See <<http://www.wipo.int/patent-law/en/scp.htm>>.

28 However, substantive harmonization at patent level was considered premature by some literature. See Jerome H. Reichman and Rochelle Cooper Dreyfuss, 'Harmonization Without Consensus: Critical Reflections on Drafting a Substantive Patent Law Treaty', *Duke Law Journal* 2007, 57, 85.

opposition.²⁹

However, despite several more sessions of the Standing Committee dedicated to the drafting and amendment of the proposed SPLT, many year passed without the achievement of a consensus on the text of the treaty. In order to solve the impasse, a joint proposition from the US, Japan, and the European Patent Office was submitted to the Committee in May 2004 to approve an initial package regulating the less controversial issues, such as the definition of prior art, grace period, novelty and inventive step. But the WIPO general assembly failed to reach a consensus on the matter and the proposal was rejected. Later, informal consultations held in 2005 by the Director General of WIPO suggested that a consensus could be more easily reached on the matter of prior art, grace period, novelty, inventive step, sufficiency of disclosure, and genetic resource; whereas other issues such as patentable subject matter and the exceptions to patentability were more controversial. However, following the opposition of Brazil, again no agreement was reached on the implementation of part of the treaty. Other problematic issues were the disclosure of the origin of genetic resources and the protection of traditional knowledge in the framework of inventions based on genetic material or on traditional knowledge.³⁰

To date, after the seventeenth session of the Standing Committee, no agreement has been reached, either partial or comprehensive, on the matter. Meanwhile, some WIPO members focus on the development of technological platforms in order to streamline patent application process internationally. One example is the Patent Prosecution Highway program, which is aimed at facilitating patent examination across leading patent countries³¹

On intellectual property rights enforcement, a much discussed international treaty deserves to be cited. The Anti-Counterfeiting Trade Agreement (ACTA)³² intended to

29 On the works of the Standing Committee in this sense see <<http://www.wipo.int/patent-law/en/scp.htm>>.

30 On the historical background of the SPLT see <<http://www.wipo.int/patent-law/en/harmonization.htm>>.

31 This is a program to facilitate patent examination across the leading patent countries (the US, the EU, Japan, China and Korea) which account for 80% of the patent filing on the world. See <<http://www.ipo.gov.uk/p-pph.htm>>.

32 A consolidated text of the agreement is available at

provide harmonization on civil procedural rules against counterfeiting, extended powers to customs officials in relation to suspected counterfeiting, stricter criminal penalties³³ for people involved at various level of counterfeiting, enforcement in the digital environment with both civil and criminal norms, and international cooperation to achieve the above.

The Treaty was signed, between 2011 and 2012, by 31 Countries, including 22 EU Member States, and by the European Union itself. However, the treaty would have entered into force only after the ratification of at least six countries; but only Japan ratified it. Following enormous opposition by civil rights associations, protests from several governments as well as – reportedly – millions of citizens, and heated polemics in the press, especially relating to the secrecy of the treaty's negotiations, the EU Parliament rejected the ratification by a large majority in July 2012.³⁴

The need for a separate international instrument for IP enforcement stemmed, arguably, by the inability of the TRIPs Council to develop a TRIPs plus option that would handle enforcement issues.³⁵ In fact, the TRIPs Council is having difficulties to develop several areas covered by the TRIPs. This is why some nations have taken the matter into their own hands and have sought alternative negotiating tables.³⁶ ACTA was just one example of an alternative agreement for international IP issues. Many more examples are provided by several Free Trade Agreements (FTAs) of developed nations between them or with developing economies. Concerns have been raised about these FTAs, which are reported to force TRIPs-plus provisions on developing countries, with the aim of extending rightholders' protection (in particular drug manufacturers).³⁷ The European Union has 28 Trade Agreement already in place and 11 under way, in addition to Trade

<http://trade.ec.europa.eu/doclib/docs/2010/october/tradoc_146699.pdf>.

33 Criminal penalties were considered already at the EU level in the IP Enforcement Directive (see *infra*, Section 2) but they were excluded by the EU Parliament. This treaty was criticised because it would impose on the EU those criminal penalties that have been previously excluded. See Christophe Geiger, 'Weakening multilateralism in intellectual property lawmaking: a European perspective on ACTA', *W.I.P.O.J.* 2012, 3(2), 166-177, at 174.

34 See <<http://ec.europa.eu/trade/policy/accessing-markets/intellectual-property/>>.

35 Herchel Smith, 'International proposals for the criminal enforcement of intellectual property rights: international concern with counterfeiting and piracy' *I.P.Q.* 2009, 1, 1-26, at 16.

36 *Ibid.*

37 Assafa Endeshaw, 'Free trade agreements as surrogates for TRIPs-Plus' *E.I.P.R.* 2006, 28(7), 374-380, at 6.

and Development negotiations, Associations Agreements, and Customs Unions.³⁸

On the 8th of July 2013, talks have started between the US and the EU for the largest FTA to date. The agreement seeks to eliminate trade tariffs between the two economies and to harmonize industry standards. Talks will be particularly difficult around a number of issues : In the agricultural sector, genetically modified crops and hormones in meat will be supported by the US and opposed by the EU. The US will also seek to liberalize data flows in order to facilitate the implementation in the European market of some business models based on personal data monitoring for targeted advertising. Finally, strong intellectual property protection will be relaunched. However, talks in this area are already being hampered by the opposition of France, which appeals to a « cultural exception » to protect its own film industry from Hollywood.³⁹

WIPO's action in matter of intellectual property include also several negotiations and initiatives to implement international treaties on a number of copyright exceptions. In particular, limitations and exceptions for libraries and archives, for educational and research institutions, and for persons with disabilities are under consideration, in addition to the protection of broadcasting organizations. On the exception for visually impaired people an international treaty has been adopted on the 27th of June 2013. This historical treaty follows several international actions and initiatives, such as the United Nations Convention on the Rights of Persons with Disabilities of 2006⁴⁰ and WIPO's Visually Impaired Persons Initiative of 2009.⁴¹ An extraordinary session of WIPO General Assembly already in 2012 had agreed that negotiations were sufficiently advanced to organise a diplomatic conference aimed at finalising the treaty, and this was confirmed in further negotiations held in early 2013.⁴²

The Marrakesh Treaty to Facilitate Access to Published Works for Persons who are

38 Memo: The EU's free trade agreements – where are we? , 18-06-13, available at <http://europa.eu/rapid/press-release_MEMO-13-576_en.htm>.

39 Bryan Watkins, 'Bridging the Atlantic: The State of Free Trade Negotiations between the U.S. and EU-Briefing Paper 2/2013', May 2013, available at <http://www.amo.cz/editor/image/produkty1_soubory/amocz-bp-2013-02-1.pdf> ;

40 Available at <<http://www.un.org/disabilities/convention/conventionfull.shtml>>.

41 Portal of the initiative at <<http://www.visionip.org/portal/en/>>.

42 See <<http://www.wipo.int/pressroom/en/briefs/limitations.html>>.

Blind, Visually Impaired, or otherwise Print Disabled,⁴³ adopted on the 27th of June, was signed by Member States on the 28th. It will enter in force after the ratification of 20 WIPO Members . The treaty provides for a mandatory exception to the exclusive rights granted by copyright law (reproduction, communication to the public -or making available- and distribution) for visually impaired people.⁴⁴ According to this exception, a visually impaired person or an authorised entity can make accessible format copies of a protected work. However, the treaty leaves Members free to decide whether to provide for compensation to rightholders and whether to subject the exception to the commercial unavailability of accessible format copies.⁴⁵ The Marrakesh Treaty also provides for a cross-border exchange of accessible format copies, in that accessible copies realized in a signatory Member can be commercialised in another Member.⁴⁶

Meanwhile, The WIPO Standing Committee on Copyright and Related Right met for its 26th session in Geneva from the 29th of July to the 2nd of August 2013 to discuss the outstanding issues, which are : a) the protection of broadcasting organizations; b) limitations and exceptions for libraries and archives ; c) limitations and exceptions for educational and research institutions; and limitations and exceptions for persons with other disabilities.⁴⁷

43 Hereinafter : the Marrakesh Treaty. Available at http://www.wipo.int/edocs/mdocs/diplconf/en/vip_dc/vip_dc_8.pdf.

44 Marrakesh Treaty, Article 4.

45 Marrakesh Treaty, Article 4.4 and 4.5.

46 Marrakesh Treaty, Article 5.

47 See draft agenda of the 26th session at http://www.wipo.int/meetings/en/details.jsp?meeting_id=29944 >.

B. Intellectual Property Harmonization in the European Union

B.1 – Introduction

Conscious of the importance of intellectual property rights for the development and thriving of the European Single Market,⁴⁸ the European Union has made considerable efforts to achieve as much as possible, and when desirable, an approximation of the laws of Member States in this field. Since the implementation of the directives on Computer Programs (1991) and on Community Trademarks (1993), the European legislators have intensified their efforts, despite understandable difficulties posed by the cultural diversity and by the different commercial interests of a growing number of Member States.

What follows will give an overview of the EU legislative instruments aiming at the approximation of IP laws among Member States, with an occasional focus on some problematic issues. These legislative instruments are analysed, respectively, in the areas of: a) Copyright and related rights; b) Patents and utility models; c) Design; d) Trademarks and geographical indications; e) Other IP rights.

B. 2 – Copyright and Related Rights

Prompted by an increasing use of the Internet among EU citizens, which induced on the one hand growing copyright infringement and on the other hand fading borders within the Internal Market, the need for harmonization in the copyright field became stronger since the early Nineties. European harmonization in the area of copyright was first considered by the EU Commission in a Green Paper addressing several issues.⁴⁹ A need emerged to suppress obstacles to cross-border trade within the EU and to stem digital piracy. At the same time competitiveness of the EU as a whole was seen as suffering *vis à vis* its main trade partners (e.g. the US). Misappropriation of European-owned copyright works by non-EU citizens was also addressed by the Green Paper. Finally, excessive copyright protection was also seen as unduly creating a burden on the

48 Catherine Seville, Intellectual property, *I.C.L.Q.* 2011, 60(4), 1039-1055, at 1039.

49 Green Paper on Copyright and the Challenge of Technology – copyright issues requiring immediate action. COM (88) 172 final – 7 June 1983 [hereinafter : Green Paper 1983].

community by preventing the circulation of works and the diffusion of culture.⁵⁰ Feedback on this Green Paper produced a Follow-up⁵¹ in which the Commission displayed its action plan to address the above-mentioned issues.

The Commission's action plan pointed out that copyright protection needed to be strengthened, and this would involve a comprehensive approach.⁵² Member States had to accede to the multilateral conventions administered by WIPO and had to join the 1971 Paris Act of the Berne Convention of 1961 (although most Member States had already done so at that time). Further, Member States had to address the problem of piracy, exacerbated by new digital technologies, with a directive harmonising the protection of certain neighbouring rights, as those for phonogram recordings and performing artists. Minimum standards for enforcement (search and seizure, criminal and civil sanctions) had also to be implemented by Member States.⁵³

Separate instruments were also envisaged by the Commission to deal with the issues of home recording, distribution rights, exhaustion and rental rights, and the legal protection of computer programs and databases.⁵⁴ Further, the role of the EU in international negotiations for multilateral agreements on IP right, such as the TRIPs, was also encouraged and defined in the Follow-up.⁵⁵ Finally, the Commission outlined a few areas of concern where an action was required that had not been discussed in the Green Paper, such as Copyright term of protection, moral rights, reprography, and resale rights.⁵⁶ Finally, a directive for satellite broadcasting and cable retransmission was envisaged.⁵⁷

A following Green Paper was then produced by the Commission in 1995, addressing issues as applicable law, digital reproduction, communication, distribution rights, and

50 Paragraph 1.3 of the Green Paper 1983.

51 Follow-up to the Green Paper COM (90) 584 final – 17 January 1991, Paragraph 1.11

52 *Ibid*, page 3.

53 *Ibid*, page 6.

54 *Ibid*, Chapters 3 to 6.

55 *Ibid*, Chapter 7.

56 *Ibid*, Chapter 8.

57 *Ibid*, Chapter 9.

rights management systems, including technological protection measures. The 1995 Green Paper also addressed digital broadcasting rights and moral rights, which did not solicit an immediate action plan in the consequent Follow-up, issued in 1996. What this Follow-up focused on, and eventually produced, was a broadly comprehensive copyright directive, addressing the above issues alongside the home copying and the reprography rights discussed in the previous Green Paper.⁵⁸

Of the ambitious action plan of the 1991 Follow-up paper, the first to be enacted was the directive for the protection of computer programs in 1991, whose works were already under way while the Follow-up paper of 1991 was issued.⁵⁹ The directive addressed some crucial discrepancies in member states legislation on computer software, as for example the requisite of protection (originality), restricted acts, and permitted exceptions (e.g. decompilation for interoperability purposes⁶⁰). This directive, following amendments to the copyright term (see *infra*), was then codified in 2009.⁶¹ A Commission's report on the implementation of the software directive found that the objective of the directive had been achieved. But the implementation of the directive in the legislation of Member States was not quite satisfactory. However, no proceedings for non-implementation have hitherto been brought against Member States by the Commission.

The harmonised adherence to the Paris Act (1971) of the Berne Convention and to the Rome Convention of 1961 by EU Member States was also among the objectives identified by the action plan of the Follow-up paper of 1991. To this end, a Council Resolution on increased protection for copyright and neighbouring rights was issued in 1992.⁶² With this resolution the Council notes that the Member States of the Community, in so far as they have not already done so, should undertake, subject to their constitutional provisions, to become parties to the Paris Act of the Berne

58 This is the InfoSoc Copyright Directive. See *infra*.

59 Council Directive 91/250/EEC of 14 May 1991 on the legal protection of computer programs, OJ L 122, 17.05.1991 p. 42 – 46 [hereinafter : the Software Directive].

60 Article 6 of the Software Directive.

61 Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs, OJ L 111 , 05.05.2009, p. 16 -22.

62 Council Resolution on increased protection for copyright and neighbouring rights , OJ C 138 , 28.05.1992 p. 01– 01.

Convention and the Rome Convention by 1 January 1995, and should introduce national legislation to ensure effective compliance therewith.⁶³ In addition, the Council invites the Commission to ‘pay particular attention’ to the ratification of these international treaties by non-EU members when negotiating agreement with them.⁶⁴

Following the action plan of the Follow-up Paper of 1991, rental and lending rights were regulated by the Rental Rights Directive in 1992.⁶⁵ The directive provides for an harmonised regime for restricted acts in the matter of rental and lending rights and of reproduction, communication, distribution, fixation, and broadcasting of performances, phonograms and films. It applies to all copyright works, in that expanding the subject matter covered in the same area by TRIPs and WIPO treaties, which limit those rights to a number of copyright works.⁶⁶ The directive restricts unauthorised rental and lending of copyright works; and also limits reproduction, communication, distribution rights (in that repealed by the Copyright Directive of 2001), and fixation of the work. Finally, the directive sets remuneration rights for broadcasting of phonograms.⁶⁷ However, in a Report on the Public Lending Right in the European Union⁶⁸ the Commission expressed dissatisfaction for the incorrect implementation of the directive in several Member States, against which it started relevant proceedings.

Shortly afterwards the issue of the Rental Rights Directive, common rules were adopted at the EU level on satellite broadcasting and cable retransmission.⁶⁹ This directive covers the issue of satellite broadcasting (and cable retransmission of it) left unregulated by the previous directive. It established a ‘country of origin’ principle for broadcasts originating within the Community. Transmissions coming from outside the EU are

63 *Ibid*, paragraph 1.

64 *Ibid*, paragraph 2.

65 Council Directive 92/100/EEC of 19 November 1992 on rental right and lending right and on certain rights related to copyright in the field of intellectual property, OJ L 346, 27.11.1992, p. 61–66. Directive 92/100/EEC has been repealed and replaced by Directive 2006/115/EC, without prejudice to the obligations of the Member States relating to the time-limits for transposition into national law of the Directives [hereinafter : Rental Rights Directive].

66 See TRIPs Agreement 1994 Article 12, WCT 1996 Article 7, and WPPT 1996 Articles 9 and 13.

67 Article 8(2) of the Rental Rights Directive.

68 COM (2002) 502 final – 12 September 2002.

69 Council Directive 93/83/EEC of 27 September 1993 on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission, OJ L 248, 6.10.1993, p. 15–21 [hereinafter : the Satellite Broadcasting Directive].

protected as those coming from within the EU if the non-EU member state provides for the same level of copyright protection within its national law. Also, non-EU member state satellite broadcasts are protected within the EU if they have been requested by a EU-based company. As for cable retransmission, the directive makes clear that right management in this sense is out of the scope of the directive and it should be entrusted to collecting societies.⁷⁰ In the report on the application of this directive the Commission declared that it wished to address the needs of EU citizens willing to access broadcasting coming from other Member States. To this end it would carry out studies with the concerned players to assess the scope for cross-border licensing and other solutions.⁷¹

Resale rights (or *droit de suite*), allowing rightholders to claim a share of the revenues from subsequent sales of some copyright works, were regulated in 2001 by a specific EU Directive.⁷² Resale rights were optional under the Berne Convention. As a consequence, very different provisions were implemented at the national level among EU Member States. The Resale Rights Directive instead mandate the provision of a *droit de suite* for a number of artefacts, mainly from visual and sculptural arts (original copy only, or a limited number of copies realized by the author).⁷³ It also sets boundaries for the price of the royalties payable under such a right, and it specifies that this right has the same duration of copyright (e.g. 70 years after the death of the author – see *infra*).

Most of the objectives of the above-cited Follow-up paper (1991) and indicated as priority issues in the subsequent Follow-up paper of 1996 were however addressed in a broadly reaching directive on copyright. The need for such a directive stemmed first and foremost by the so called “advent of the digital era”, that is, technological development

70 This principle was held by the ECJ. Case C 293/98 EGEDA v. Hosteleria Asturiana SA (ECJ 3 February 2000) [2000] ECR I-629.

71 Report on the Application of Directive 93/83/EEC – COM (2002) 430 final – 26 July 2002.

72 Directive 2001/84/EC of the European Parliament and of the Council of 27 September 2001 on the resale right for the benefit of the author of an original work of art, OJ L 272, 13.10.2001, p. 32–36 [hereinafter : the Resale Right Directive]

73 Article 2.1 of the Resale Right Directive specifies the types of work to which the legislation applies : ‘For the purposes of this Directive, “original work of art” means works of graphic or plastic art such as pictures, collages, paintings, drawings, engravings, prints, lithographs, sculptures, tapestries, ceramics, glassware and photographs, provided they are made by the artist himself or are copies considered to be original works of art.’ Original manuscript, while included in the Berne Convention (Art. 14Ter) are excluded from the directive.

allowing for unprecedented circulation of digital copyright works. The easy reproduction and distribution of digital works was perceived as a source of outspread copyright infringement by rightholders, hence calling (and lobbying) for action from the EU legislator.⁷⁴

A first proposal for a copyright directive aimed at addressing the specific threats of the digital world was issued in 1997,⁷⁵ and was amended in 1999.⁷⁶ Eventually, the so-called InfoSoc Directive (or EUCD, European Union Copyright Directive) was promulgated in 2001.⁷⁷ It harmonized the principal rights of a copyright holder (reproduction, communication and distribution rights⁷⁸), it provided for legal protection of technological protection measures (TPMs),⁷⁹ and it listed a number of exceptions to the exclusive rights that Member States could choose to implement.⁸⁰

Delays in the legislative procedure were mainly caused by the delicate issues of copyright exceptions and of technological protection measures. While the first proposal for a directive displayed a limited number of exceptions, compulsory for Member States, the final draft featured a much longer and more articulated list of exceptions that were mostly optional to implementation.⁸¹ Moreover, while the first proposal of the directive did not provide for a separate list of exceptions for technological protection measures, the final draft did, raising discussions on the undue creation by the directive of a new “right of access” to copyright works.⁸²

74 See for example generally Bernt Hugenholtz, ‘Why the Copyright Directive is Unimportant, and Possibly Invalid’ *EIPR* 2000,11, p. 501-502.

75 Proposal Directive 2001/29/EC: COM (97) 628 final-1997/0359/COD, O J C 108/6, 7/41998.

76 Amended proposal 2001/29/EC and explanatory memorandum: COM/99/0250 final - COD 97/0359, OJ C 180, 25.06.1999 p. 0006.

77 Council Directive 2001/29/EC of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, OJ L 167, 22.06.2001 P. 10 – 19 [hereinafter : « The Copyright Directive »]

78 Articles 2, 3 and 4 of the Copyright Directive.

79 Article 6 of the Copyright Directive.

80 Article 5 of the Copyright Directive mandate the implementation of the exception for transient copy as mandatory and leave Member States free to choose whether to implement the other 20 exceptions. This list of exceptions is meant to be exhaustive.

81 See Marcella Favale, ‘Fine-Tuning European Copyright Law to Strike A Balance Between the Rights of Owners and Users’, *European Law Review* 2008, 33(5), 687-708, at 697.

82 *Ibid* at 705. See also generally, on the emergence of an « access right » : Séverine Dusollier, ‘Incidences et Réalité d’un Droit d’Access’ in *Cahier du CRID* n°18 (Bruylant 2000) ; Jane

The Commission Staff working paper of 2004 on the review of the EU legal framework on copyright and related rights was overall satisfied of the achieved harmonization on copyright and it excluded imminent legislative action, except for some minor adjustments, mainly to enhance consistency among various directives in force. For example, it suggested to observe the effects of the InfoSoc directive in practice before modifying it to make it consistent with Article 7(1) of the Software Directive.⁸³

A report on the implementation of Articles 5 (copyright exceptions), 6 (TPMs), and 8 (sanctions and remedies) of the InfoSoc Directive was issued by the Commission in 2007.⁸⁴ As for copyright exceptions, the report focussed on a restrict number of exceptions ‘that are likely to have most impact in the digital environment’ (temporary reproduction ; private copying ; libraries, educational establishments, archives and museums ; reporting of current events ; quotation, criticism and review⁸⁵). It essentially conveyed that although most member states have implemented most of examined exceptions, national provisions vary substantially from country to country. The same conclusion seem suggested by the report in the other examined subject-matters (TPMs and remedies). No serious concerns for the goal of harmonization were overall expressed in the Commission report. However, the Commission also funded an independent report on the implementation of the InfoSoc Directive, to the IvIR Centre of the University of Amsterdam. The report found several weaknesses within the directive, relating in particular to the provisions on copyright exceptions and on the

Ginsburg, ‘Essay: From Having Copies to Experiencing Works: The Development of an Access Right in U.S. Copyright Law’, *J. Copyright Soc. USA* 2003, 50,113-116; Willem Grosheide, ‘Copyright Law from a User’s Perspective: Access Rights for Users’, *E.I.P.R.* 2001, 23(7) 321-325 ; Thomas Heide, ‘Copyright In The EU And U.S.: What “Access-Right”?’ *J. Copyright Soc. USA* 2001, 48(3), 363; Guido Westkamp, ‘Transient Copying and Public Communications: The Creeping Evolution of Use and Access Rights In European Copyright Law’ *Geo. Wash. Int’l L. Rev* 2004 36(5)1057-1108.

83 Article 7(1) of the Software Directive addresses the possession for commercial purposes or the act of putting in circulation a copyright works knowing or having reason to believe that it is an infringing copy. This is called in some jurisdiction « secondary infringement » and it is not addressed by the InfoSoc directive. See the European Commission staff working paper on the review of the EC legal framework in the field of copyright and related rights, SEC(2004) 995, 19.7.2004.

84 Commission Staff Working Document - Report to the Council, the European Parliament and the Economic and Social Committee on the application of Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society, Brussels, 30.11.2007 SEC(2007) 1556, available at <http://ec.europa.eu/internal_market/copyright/docs/copyright-infso/application-report_en.pdf>.

85 *Ibid* at 3.

protection of technological protection measures. In these areas, according to the report, harmonization is a long way ahead.⁸⁶

Meanwhile, some form of harmonization in the field of copyright was achieved by a number of decisions of the European Court of Justice. First, fundamental constructs such as “reproduction”, “work”, and the “originality requirement”, were defined in *Infopaq*.⁸⁷ Further, definition of *Infopaq*’s “author’s own intellectual creation” as involving “creative freedom”,⁸⁸ a “personal touch”,⁸⁹ “free and creative choices”⁹⁰ were also to be found in following jurisprudence of the Court, as well as a broad interpretation of the subject-matter deserving copyright protection.⁹¹ Despite the issue of territoriality⁹² and democracy concerns prompted by judiciary-produced harmonization,⁹³ there is no reason to believe that the action of the European Court will stop here.

Copyright Enforcement

The issue of copyright enforcement at the EU level has been met with a number of Community actions. First, the EU Council issued in 2004 the so-called IP Enforcement Directive, providing for minimum standards on civil remedies within the courts of

86 See the Study on the implementation and effect in Member States’ laws of Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society, available at <http://ec.europa.eu/internal_market/copyright/studies/> Part I, at 165 ; Part II, at 452.

87 *Infopaq International A/S v Danske Dagblades Forening* (C-5/08)*I.P.Q. 57 [2009] I-6569; [2009] E.C.D.R. 16.

88 *Football Association Premier League Ltd v QC Leisure and Karen Murphy v Media Protection Services Ltd* (C-403/08 and C-429/08) [2012] Bus. L.R. 1321.

89 *Eva-Maria Painer v Standard VerlagsGmbH* (C-145/10) [2012] E.C.D.R. 6.

90 *Football Dataco v Yahoo! UK Ltd* (C-604/10) [2012] E.C.D.R. 10.

91 *Bezpečnostní softwarová asociace* [2011] E.C.D.R. 3 and *SAS Institute Inc v World Programming Ltd* (C-406/10) [2012] E.C.D.R. 22.

92 Copyright law is essentially territorial. This principle was first stated in *Lagardère Active Broadcast v Société pour la perception de la rémunération équitable* (SPRE (C-192/04) [2005] E.C.R. I-7199; [2005] 3 C.M.L.R. 48. Territoriality is seen as impairing the process for harmonization. See Bernt Hugenholtz, ‘Harmonization or unification of EU copyright law’ in J. Axhamn (ed.), *Copyright in a borderless environment* (Kluwer 2012) p.189, at 194.

93 For a detailed analysis of the above jurisprudence and its meaning for copyright harmonization see Eleonora Rosati, ‘Towards an EU- wide copyright? (Judicial) pride and (legislative) prejudice’, *I.P.Q.* 2013, 1, 47-68, suggesting room for democracy concerns at 67.

Member States.⁹⁴ The Directive sets a general obligation for an efficient and not too costly procedure to protect copyright and also regulates evidence production, right of information, provisional measures, and injunctions. As for the choice of the forum, the Brussels regime applies, which from 2015 will be used also against non-signatory countries.⁹⁵ A report on the application of this directive was issued by the Commission,⁹⁶ accompanied by the relevant analysis⁹⁷, followed by two consultations,⁹⁸ a public hearing⁹⁹ and a number of conferences.¹⁰⁰ Also an Observatory on Infringement of Intellectual Property Rights was created (June 2012) charged with understanding the phenomenon of IP infringement and identifying possible avenues of action.¹⁰¹

94 Directive 2004/48/EC of The European Parliament and of The Council of 29 April 2004 on the Enforcement of Intellectual Property Rights, OJ L 157, 30.4.2004, p. 45–86.

95 Rules on jurisdictions are established by Council Regulation 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters OJ L 12, 16.01.2001, p. 01-23. This Regulation has now been repealed by Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, OJ L 351, 20.12.2012, p. 1-32. The new regulation extends the Brussels I to non-EU countries, in that EU residents will be able to bring to court non-EU residents before EU courts of law. It also introduces an exception to the *lis pendens* rule : the contractual choice of forum will prevail on the court first seized.

96 Report From the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, ‘Application of Directive 2004/48/EC of the European Parliament and the Council of 29 April 2004 on the enforcement of intellectual property rights’ - COM/2010/0779 final – available at <<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52010DC0779:EN:NOT>>.

97 Commission Staff Working Document Analysis of the application of Directive 2004/48/EC of the European Parliament and the Council of 29 April 2004 on the enforcement of intellectual property rights in the Member States, Brussels, 22.12.2010 SEC(2010) 1589 final, available at <<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=SEC:2010:1589:FIN:EN:PDF>>.

98 Consultation on the Commission Report on the enforcement of intellectual property rights <http://ec.europa.eu/internal_market/consultations/2011/intellectual_property_rights_en.htm>; Civil enforcement of intellectual property rights: public consultation on the efficiency of proceedings and accessibility of measures <http://ec.europa.eu/internal_market/consultations/2012/intellectual-property-rights_en.htm>.

99 Public Hearing on the Directive 2004/48/EC on the enforcement of intellectual property rights, ‘Challenges posed by the digital environment’ Brussels 7.6.2011, available at <http://ec.europa.eu/internal_market/iprenforcement/docs/conference20110607/programme_en.pdf>.

100 Conference ‘Jointly Building Resilient EU Responses to Counterfeiting’ – 22.04.2013 ; Conference on trade secrets, Brussels 29.06.2012 ; Conference on ‘Enforcement of intellectual property rights: the review of Directive 2004/48/EC’ – 26.04.2012; The 2009 High Level Conference on Counterfeiting and Piracy (“ContraFake 2009”) – Brussels 02.04.2009; The 2008 High Level Conference on Counterfeiting and Piracy – Brussels 13.05.2008, all available at <http://ec.europa.eu/internal_market/iprenforcement/directive/index_en.htm>

101 The Observatory is entrusted to the OHIM and it is a network of experts and stakeholders. See <<http://oami.europa.eu/ows/rw/pages/OBS/index.en.do>>

The IP Enforcement Directive has been met with scepticism by many copyright commentators. Main criticisms include an insufficient attention to civil liberties¹⁰² and a failure to hit the target. As for the latter, the directive is said to be mostly effective against occasional infringers, instead of curbing professional infringement, which is the real problem.¹⁰³

The Commission issued a report in December 2010 on the implementation of the IP Enforcement Directive.¹⁰⁴ In the Report the Commission highlighted that “noteworthy progress” has been made in IP enforcement in Europe since the directive has been implemented in the legislation of Member States. However, an amendment of the directive in a sense to include specific measures against IP infringement on the Internet (which the directive had not considered in its original draft) was considered.¹⁰⁵ In addition, the Commission examined the possibility to introduce procedural amendments such as provisional measures, injunctions, actions to gather and preserve evidence, and corrective measures (destruction of infringing goods and calculation of damages).¹⁰⁶

Copyright Term

Object of a dedicated series of EU directives, copyright duration affected first only the rights of literary authors, with the Copyright Term Directive of 1993.¹⁰⁷ Before this directive, the rights of the author were protected for different length of time in EU

102 See generally William Cornish et al., ‘Procedures and Remedies for Enforcing IPRs: the European Commission’s proposed Directive’ *E.I.P.R.* 2003, 25(10), 447-449.

103 See for example generally Marco Ricolfi, ‘The Proposed IP Enforcement Directive: Tough on Legitimate Competitors, Weak against Pirates’, *Italian Intell. Prop.* 2004/1, 3.

104 Report From the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, ‘Application of Directive 2004/48/EC of the European Parliament and the Council of 29 April 2004 on the enforcement of intellectual property rights’ COM(2010) 779 final - Brussels 22.12.2010.

105 The commission confirmed its intention to amend the IP Enforcement Directive, among other initiatives, in the Communication From the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, ‘A Single Market for Intellectual Property Rights Boosting creativity and innovation to provide economic growth, high quality jobs and first class products and services in Europe’, COM(2011) 287 final – Brussels 24.5.2011, at 19.

106 See also a comment on the report above : Christophe Geiger et al. ‘What developments for the European framework on enforcement of intellectual property rights? A comment on the evaluation report dated December 22, 2010’, *E.I.P.R.* 2011, 33(9), 543-549.

107 Council Directive 93/98/EEC of 29 October 1993 harmonizing the term of protection of copyright and certain related rights, OJ L 290, 24.11.1993, p. 9–13.

member states, ranging from mostly 50 years to 70 years in Germany and 80 years in Spain. With the Term Directive of 1993 copyright was instead protected in all Member States for 70 years after the death of the author. In 2006, this directive was replaced and repealed by Directive 2006/116/EC,¹⁰⁸ which extends this protection to sound recordings and introduces a term of 50 years after a given event for neighbouring rights. A last directive extending the 70 years term to performers and sound recordings was also adopted on 12 September 2011.¹⁰⁹

Orphan Works

A directive on Orphan Works was issued at the end of 2012, with the purpose of facilitating the diffusion of works whose authors are not known or cannot be located, mainly to the benefit of the European libraries.¹¹⁰ The issue of Orphan Works, emerging from recent initiatives aiming at mass digitization of creative content from large repositories, on the model of the Google Books initiative was extensively explored at the EU level, with for example an hearing on the Google Books settlement,¹¹¹ followed by a public hearing on Orphan Works in 2009.¹¹² The debate first led to a Memorandum of Understanding¹¹³ encouraging voluntary agreement among stakeholders for the exploitation of out-of-commerce works owned by public institutions and, eventually, led to the directive.

Licensing

108 Directive 2006/116/EC of the European Parliament and of the Council of 12 December 2006 on the term of protection of copyright and certain related rights, OJ L 372, 27.12.2006, p. 12-18.

109 Directive 2011/77/EU of the European Parliament and of the Council of 27 September 2011 amending Directive 2006/116/EC on the term of protection of copyright and certain related rights, OJ L 265, 11.10.2011, p. 01-05.

110 Directive 2012/28/EU of the European Parliament and of the Council of 25 October 2012 on certain permitted uses of orphan works OJ L 299, 27.10.2012, p. 5-12.

111 Google Book US Settlement Agreement information hearing, Brussels, 7.9.2009 at <http://ec.europa.eu/internal_market/copyright/copyright-info/hearing_en.htm>

112 Public Hearing on Orphan Works (26.10.2009) at <http://ec.europa.eu/internal_market/copyright/orphan_works/index_en.htm>.

113 Memorandum of Understanding 'Key Principles on the Digitisation and Making Available of Out-of-Commerce Works' 20.09.2011, at <http://ec.europa.eu/internal_market/copyright/docs/copyright-info/20110920-mou_en.pdf>.

In July 2011 another Green Paper was issued by the Commission regarding the online distribution of audiovisual works.¹¹⁴ The Green Papers solicited submissions on challenges and opportunities created by the digital environment for audiovisual media service providers. In particular, the paper discussed regulatory alternatives for licensing practices and remuneration of authors for the use of online works. Following the Green Paper a proposal for a directive on collective rights managements and multi-territorial licensing of rights in musical works for online uses was adopted by the Commission,¹¹⁵ alongside an initiative (Licences for Europe) involving a structured dialogue among stakeholders to achieve more efficient cross-boundary licensing in Europe.¹¹⁶

The proposed directive aims at harmonisation of the functioning of European collecting societies in a way to give authors more decisional weight in the management of their rights and to facilitate copyright licensing for online works. The proposed directive is currently at the stage of awaiting the opinion of the Economic and Social Committee of the European Parliament. The proposal will indicatively be discussed in the EU Parliament in November 2013.¹¹⁷

In a communication on “Content in the Digital Single Market” of 18 December 2012,¹¹⁸ the EU Commission announced an initiative to facilitate licensing of copyright works within business models implemented on the Internet : Licences for Europe. This initiative aims at establishing a structured dialogue among stakeholders in order to find viable solutions for licensing in the digital economy. To this end it organizes stakeholders in four working groups, which meet regularly to discuss possible solutions. The four working group are discussing the issues of: a) cross-border access and portability; b) small-scale licensing and user-generated content; c) audiovisual and film

114 Green Paper on the online distribution of audiovisual works in the European Union: ‘Opportunities and challenges towards a digital single market’ available at <http://ec.europa.eu/internal_market/consultations/2011/audiovisual_en.htm>.

115 Proposal for a Directive of the European Parliament and of the Council on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online uses in the internal market Brussels 11.7.2012, COM(2012) 372 final, 2012/0180 (COD).

116 See the website of the initiative at <<http://ec.europa.eu/licences-for-europe-dialogue/en/content/about-site>>.

117 See the procedural state of the proposal at <[http://www.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2012/0180\(COD\)&l=EN#basicInformation](http://www.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2012/0180(COD)&l=EN#basicInformation)>.

118 Communication From the Commission on ‘Content in the Digital Single Market’, COM(2012) 789 final, Brussels 18.12.2012.

heritage; and d) text and data mining. A midterm review has presented the state of the discussions on the 4th of July 2013. The initiative, although not exempt from tensions, is still under way.¹¹⁹

Parallel to practical strategies seeking solutions directly among stakeholders, the idea of a unified European copyright has slowly surfaced. The instrument elected to such achievement was first suggested by European bodies in 2009¹²⁰ and then confirmed by some academic literature¹²¹: a Community Regulation. Several years later, this is still considered a welcome and effective option by both European Institutions¹²² and copyright literature,¹²³ preliminary to the solution to other important issues such as the collective management of rights.

B. 3 – Patents

The laws of a number of countries in the field of patent protection were first harmonised by the Convention on the Grant of European Patents (also known as European Patent

119 In May the 22nd 2013 some technology SMEs, Open Access publishers, and representative of the research sector withdrew their participation to Licences for Europe because of their concerns on the topic of Text and Data Mining (TDM) within the initiative. In essence, these stakeholders were unsatisfied because of the absence of a copyright exception for TDM at the table of negotiations. See their letter of withdrawal at <http://www.libereurope.eu/sites/default/files/Letter_of_withdrawalL4E_TDM_May%2024_1.pdf>.

120 Reflection Document of DG INFSO and DG MARKT, 'Creative Content in a European Digital Single Market: Challenges for the Future' (22-10-2009) available at <http://ec.europa.eu/avpolicy/docs/other_actions/col_2009/reflection_paper.pdf>.

121 The Wittem Project suggested -and redacted- a European Copyright Code. See <<http://copyrightcode.eu>>. For an unification of European copyright were also the findings of the independent report commissioned by the president of the EU commission José Manuel Barroso to Prof. M. Monti. See Mario Monti, 'A new strategy for the single market at the service of Europe's Economy and Society', Report to the President of the European Commission José Manuel Barroso (09-05-2010) available at <http://ec.europa.eu/bepa/pdf/monti_report_final_10_05_2010_en.pdf>.

122 In a communication to the EU Parliament and others the EU Commission suggested the adoption of a European Copyright Code to be implemented by means of Community Regulation. See Communication From the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, 'A Single Market for Intellectual Property Rights Boosting creativity and innovation to provide economic growth, high quality jobs and first class products and services in Europe', Brussels 24.05.2011, COM(2011) 287 final, at 11.

123 Cook and Derclaye, 'An EU CopyrightCode' *I.P.Q.* 2011, 259-269, at 263 ; Eleonora Rosati, Towards an EU- wide copyright? (Judicial) pride and (legislative) prejudice, *I.P.Q.* 2013, 1, 47-68, at 67.

Convention, EPC) that was signed in 1973.¹²⁴ Although the EPC is an international treaty with no official links to EU institution, all EU Member States have signed the treaty. Moreover, the treaty established a European Patent Office (EPO) which provides a legal framework for a centralised procedure for patent application in Europe. The procedure does not grant a single European patent but rather a bundle of national patents, enforceable in the states for which the patent is filed. The European Patent Office is charged with receiving the applications and centrally administering revocation and opposition procedures. The most recent (XIV) edition of the EPC includes the amended text of 13 December 2007, the EPC implementing regulation, and the EPC protocols.¹²⁵

The EPC has harmonised the most essential features of patent protection, such as patentable subject matter (Article 27), rights conferred by a patent (Article 28), conditions on patent application (Article 29), exceptions to the rights and other allowed unauthorized uses (Articles 30 and 31), revocation/forfeiture, and term of protection (Articles 32 and 33).

The approximation of patent laws has proved particularly difficult to achieve in two most controversial sectors, extremely fast-moving and technology-dependent : biotechnological inventions and computer implemented inventions.

Biotech patents

In October 1996 a directive on the legal protection of biotechnological inventions was issued (the Biotech Directive),¹²⁶ crucially excluding from patentability the human body (at every stage of its development), plants, animals, and biologic processes.¹²⁷ The implementation of the Biotech Directive was not easy because of the ethical issues

124 The text of the EPC is available here <<http://www.epo.org/law-practice/legal-texts/html/epc/2010/e/ma1.html>>.

125 All documents are accessible at <<http://www.epo.org/law-practice/legal-texts/html/epc/2010/e/ma1>>.

126 Directive 98/44/EC of the European Parliament and of the Council of 6 July 1998 on the legal protection of biotechnological inventions, OJ L 213, 30.7.1998, p. 13–21 [hereinafter : the Biotech Directive].

127 Article 4 of the Biotech Directive.

involved and of the cultural differences among EU Member States.¹²⁸ Although all EU Member eventually implemented the directive, some countries did so very belatedly (in 2005 and 2006)¹²⁹ and for some others the implementation was somewhat piecemeal, as they adopted separate articles of the directive in different pieces of legislation (e.g. France and the UK).¹³⁰

The directive sanctions the patentability of biological material ‘which are new, which involve an inventive step and which are susceptible of industrial application’.¹³¹ However it introduces an exception for plant and animal varieties,¹³² which are not patentable unless ‘the technical feasibility of the invention is not confined to a particular plant or animal variety’.¹³³ In addition the directive excludes from patentability the inventions contrary to *ordre publique* or morality.¹³⁴ This provision resulted in heated debates within some Member States on a few key issues. In particular, the patentability of human embryonic stem cells and the creation of chimeras including human DNA were points of divergence between countries with a different cultural background.¹³⁵

The issue of human cloning was partially addressed by making a distinction between therapeutic cloning and cloning of human beings for the creation of identical individuals. While the latter was uncontroversially unpatentable, the first was considered patentable. The issue of human embryonic stem cell instead was settled in 2008 by the Enlarged Court of Appeal of the EPO in the case *WISCONSIN ALUMNI*

128 See Marcella Favale and Aurora Plomer, ‘Fundamental Disjunctions in the EU legal Order On Human Tissue, Cells and Advanced Regenerative Therapies’ *Maastricht Journal of European and Comparative Law* 2009, 16(1), 89-111, at 95 ; There is no such a thing as a common concept of ethics in Europe, hence the inevitable differences among EU Members *vis à vis* the Biotech Directive. See Paul Torremans, ‘The Construction of the Directive’s Moral Exclusions under the EPC’ in A. Plomer and P. Torremans (Eds) *Embryonic Stem Cell Patents* (OUP 2009), at 162.

129 The directive should have been implemented by July 2000.

130 See ‘State of Play of the Implementation of Directive 98/44/EC (Last revision 15-01-2007), available at <http://ec.europa.eu/internal_market/indprop/docs/invent/state-of-play_en.pdf>.

131 Biotech Directive Article 3. The principle is stated also in the EPC Article 52(1).

132 Biotech Directive Article 4.1 and EPC 53(b)

133 Biotech Directive Article 4.2. The same point was stated in G-1/98 *NOVARTIS II/Transgenic plant* (EPO Enlarged Board of Appeal 20 December 1999) [2000] OJEP 111.

134 Biotech Directive Article 6, EPC Article 53(a) and TRIPS Article 27(3)(a).

135 See Favale and Plomer above FN 128, at 95.

RESEARCH FOUNDATION/Use of Embryos.¹³⁶ The Court stated that inventions that at the time of filing involved the destruction of a human embryo are unpatentable, even if a subsequent process for sourcing stem cells would not require any longer the destruction of the embryo. Subsequently, the ECJ expressed a similar stance in *Brustle v Greenpeace*.¹³⁷ Asked, among others, to define the terms “human embryo” of the BioTech Directive, the European court gave a rather broad answer. By that, it raised concerns on the negative implications of such decision on European research on human embryonic stem cells.¹³⁸

Software patents

Another problematic issue related to technology patents is that of computer software. A computer program is in principle not patentable under the EPC. The text of the treaty states: ‘The following in particular shall not be regarded as inventions [...] : [...] programs for computers [...] as such’.¹³⁹ However, the qualification ‘as such’ leaves enough leeway for software to be patentable under certain conditions. The EPO in fact, and several national patent offices, have interpreted the ‘as such’ qualification so extensively that computer-implemented inventions, by contrast, are considered normally patentable.¹⁴⁰

Computer-implemented inventions can involve software, but the claims of the patent do

136 *G-2/06 WISCONSIN ALUMNI RESEARCH FOUNDATION/Use of Embryos* (EPO Enlarged Board of Appeal 25 November 2008 [2009] OJEP 306)

137 *Brustle v Greenpeace eV* (C-34/10) [2012] All E.R. (EC) 809 (ECJ (Grand Chamber)). For a comment of this important case see Aurora Plomer, ‘After *Brüstle*’ *Queen Mary J.I.P.* 2012, 2, 110, 125 ; Shawn H.E. Harmon, Graeme Laurie and Aidan Courtney Dignity, ‘Plurality and patentability: the unfinished story of *Brustle v Greenpeace*’ (case comment) *E.L. Rev.* 2013, 38(1), 92-106 ; Christopher Heath, ‘Germany: German Patent Act, sec.2; European Directive on the legal protection of biotechnological inventions, art.6(2)(c) - “Neural Precursor Cells/*Brustle*’s Patent” (Neurale Vorläuferzellen)’ (case comment) *IIC* 2010, 41(7), 853-858.

138 The court defined a human embryo as follows: ‘1. any human ovum after fertilisation; 2. any non-fertilised human ovum into which the cell nucleus from a mature human cell has been transplanted; and 3. any non-fertilised human ovum whose division and further development have been stimulated by parthenogenesis.’ See Harmon et al. *ibid*, at 106. The authors however warn against overstating the disruptive effects and the economic potential damages that such ruling has on the related research.

139 Article 52(2)(c) and (3) EPC.

140 See Reto M. Hilty and Christophe Geiger, ‘Patenting software? A judicial and socio economic analysis’ 2005, 36(6), 615-646, at 637.

not limit to software; they include also, for example, hardware.¹⁴¹ The stance of the EPO on computer-implemented invention has evolved overtime, in a sense gradually approaching the patentability of computer software ‘as such’. In fact, starting from the stance that the invention that ‘makes a technical contribution to the known art’¹⁴² is patentable, the EPO is currently convinced that ‘If a computer program is capable of bringing about, when running on a computer, a further technical effect going beyond these normal physical effects, it is not excluded from patentability, irrespective of whether is it claimed by itself or as a record on a carrier.’¹⁴³ This second interpretation induced some patent literature to argue that the most recent position of the EPO is in contrast to article 53 (2) and (3) of the EPC.¹⁴⁴

However the decisions of EPO Board of Appeal are not binding on the Members of the Convention, among which all EU Member States. This means that national court can still bring their own interpretation to the EPC, with obvious consequences of legal uncertainty within the Internal Market.¹⁴⁵ Also, some stakeholders would benefit from a levelling effect between EU software patents and US software patents.¹⁴⁶ Patentable subject-matter in the US is defined so broadly that it easily includes computer software, without specific limitations other than standard patentability requirements.¹⁴⁷ This is why a proposal for a Software Directive was produced in 2002 by the EU Commission.¹⁴⁸ The proposal was only restating the EPO interpretation of software patentability. It was mainly introduced for EU governance and harmonization purposes.¹⁴⁹ However, the proposal was rejected by the EU Parliament in 2005, and

141 See Edward.A. Madden, ‘European Software Patents: An Evolution’ C.L.P. 2002, 9(8), 176.

142 EPO Guidelines for Substantive Examination 1975, O.J. EPO 177/1985, Ch.IV, para.2.3

143 EPO, Examination Guidelines, 2009, Part C, Ch.4, para.2.3.6.

144 Carole Deschamps, ‘Patenting computer-related inventions in the US and in Europe: the need for domestic and international legal harmony’, *E.I.P.R.* 2011, 33(2), 103-114, at 10.

145 See Madden above, FN 141.

146 See Deschamps above, FN 144, at 114.

147 US Code, s.101 Title 35: “Whoever discovers any new and useful process, machine [...] or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.”

148 Proposal for a Directive of the European Parliament and of the Council on the patentability of computer-implemented inventions, COM/2002/0092 final - COD 2002/0047, OJ C 151E , 25.6.2002, p. 129–131.

149 See Deschamps above, FN 144, at 112.

amendments to the proposal were introduced to increase the restrictions for software patentability.¹⁵⁰ Moreover, open source organizations felt that an ‘official’ software patent system would be threatening for the market position of open software and it would raise barriers to (essentially SME) new entrants on the market, and therefore they strongly lobbied against the directive.¹⁵¹ The current scenario in the EU software patenting is that of *de facto* patentability of software under the broad interpretation of Article 52(2) and (3) EPC by the EPO, and eventually divergent interpretation at national level.

The Community Patent Reform

This and other issues on patenting inventions in Europe are bound to be substantially impacted by a most important development at the EU level: the Patent Reform. After a decade of negotiations, in 2012 25 of 28 EU Member States¹⁵² and the EU Parliament agreed on the ‘patent package’. This initiative involves a bundle of instruments that will induce the institution of an unified European patent system and a unified patent court. The procedure for the creation of a unified patent system has been unsurprisingly laborious. Already on the 5th of June 2000 the Commission had presented a proposal for a regulation that allowed the Community to join the EPC¹⁵³ and therefore for the creation of a Community Patent granted by the EPO. A few Council’s requests¹⁵⁴ followed this proposal in the following years, leading to the Commission Communication ‘Enhancing the patent system in Europe’.¹⁵⁵ In this communication the Commission envisaged a Community Patent as alternative, not as a replacement, for the European Patent. Citizens of the Community will have a choice whether to file an

150 Essentially, the amendments would have brought back the ‘technical contribution’ requirement of the EPO. See Steven B. Toeniskoetter, ‘Protection of Software Intellectual Property in Europe’ *Intell. Prop. L. Bull.* 2005-06, 10, 65-81, at 72

151 See Deschamps above, FN 144, at 11.

152 All Member States except for Italy and Spain signed the convention.

153 Proposal for a Council Regulation on the Community Patent (COM (2000) 412 final) , OJ C 337 E/278 – 28.11.2000.

154 Presidency Conclusions of the Brussels European Council (14/15 December 2006), point 29, <http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/92202.pdf>; Presidency Conclusions of the Brussels European Council (8/9 March 2007), point 13, <http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/93135.pdf>.

155 Communication from the Commission to the European Parliament and the Council - Enhancing the patent system in Europe -COM(2007) 165 final, Brussels, 3.4.2007.

application for a single patent enforceable in the whole Community or apply for a bundle of patents enforceable within the countries of choice.¹⁵⁶

The Community Patent would be unitary. This means that it will have ‘equal effect throughout the Community and may only be granted, transferred, declared invalid or lapse in respect of the whole of the Community’.¹⁵⁷ It will also be autonomous, subject only to the Regulation establishing it and to Community law.¹⁵⁸ To counterbalance the potential monopolistic effects of a Community Patent, the Commission suggested to implement a system of compulsory licensing;¹⁵⁹ and to guarantee legal certainty, it envisaged the creation of a central Community Intellectual Property Court¹⁶⁰ with jurisdiction on questions of infringement and validity of the Community Patent.

The above proposals have been incorporated in the three pieces of legislation that constitute the Community Patent Reform. Regulation 1257/2012¹⁶¹ outlines the features and the discipline of the Community Patent, thereby defined ‘European Patent with Unitary Effect’.¹⁶² Regulation 1260/2012¹⁶³ settles the crucial question of the translations of the patent application. Translations are reported to account for about one third of the overall costs of filing a patent under the current system.¹⁶⁴ The unitary patent regulation provides for the possibility to file applications in any of the official

156 The unitary patent system has been criticised as raising complication and uncertainty of the law, and for being unbalanced because it lacks attention to exceptions and limitations. See Reto Hilty et al., ‘The Unitary Patent Package: Twelve Reasons for Concern’ (October 17, 2012). Max Planck Institute for Intellectual Property & Competition Law Research Paper No. 12-12. Available at SSRN: <<http://ssrn.com/abstract=2169254>> .

157 Regulation (EU) No 1257/2012 of the European Parliament and of the Council of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection . OJ L 361 Vol. 55 31. December 2012 [hereinafter : Regulation 1257/2012], Article 2.1.

158 Although the legislation of Member States would apply to criminal liability and unfair competition. See *Ibid*, Article 2.2.

159 Regulation (EU) No 1257/2012, Article 21.

160 *Ibid*, Recital 7.

161 Regulation (EU) No 1257/2012 above FN 157.

162 *Ibid*, Article 3.

163 Council Regulation (EU) No 1260/2012 of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements OJ L 361 Vol. 55 31 December 2012 [hereinafter : Regulation 1260/2012].

164 Matthew Parker, ‘Giving Teeth to European Patent Reform: Overcoming Recent Legal Challenges’, *Emory International Law Review* Vol. 26 - Issue 2, 1079, at 1081.

languages of the EU. After the grant of the patent, applicants will be able to use a machine translation tool, developed by EPO in cooperation with Google.¹⁶⁵ Meanwhile, applicants with a limited budget will be allowed to provide only a translation in one of the EPO languages (French, English, and German). Moreover, under certain circumstances, a reimbursement for the translation in the EPO official languages will be provided.¹⁶⁶ Full human translation of the patent application and claims will be due by the patent owner only in the case of litigation.¹⁶⁷

The third piece of legislation of the patent reform is an international agreement,¹⁶⁸ open also to the non-EU countries that are part of the EPC, establishing a patent court with jurisdiction on cases regarding the unitary patents. The court will consist of a court of first instance, including a central division, local, and regional divisions ; and a court of appeal. Also, a joint registry for these cases will be established.

Initially, the ECJ opposed the institution of a patent court as devised in the draft agreement.¹⁶⁹ Following a request of opinion by the European Council, the Court argued essentially that a) the Patent Court would have jurisdictions on questions of EU law, which are exclusive jurisdiction of the ECJ; and b) that the agreement was depriving national courts of the right to apply for a ECJ opinion as a preliminary ruling.¹⁷⁰ Both questions were overcome by the final draft, which specified that the Patent Court was

165 See EPO web site at <<http://www.epo.org/law-practice/unitary/faq.html#faq-632>>.

166 Reimbursement can be claimed only by ‘SMEs, natural persons, non-profit organisations, universities and public research organisations’. See Regulation 1260/2012, Article 5.2.

167 Regulation 1260/2012, Article 4.

168 Council of the European Union, Agreement on a Unified Patent Court 16351/12 , PI 148 , COUR 77, Brussels, 11 January 2013, at <<http://register.consilium.europa.eu/pdf/en/12/st16/st16351.en12.pdf> > [hereinafter : the Agreement on a Unified Patent Court].

169 Opinion of the Court (Full Court) of 8 March 2011. Opinion delivered pursuant to Article 218(11) TFEU - Draft agreement - Creation of a unified patent litigation system - European and Community Patents Court - Compatibility of the draft agreement with the Treaties. Opinion 1/09. [2011] ECR Page I-01137.

170 The court argued :”...by conferring on an international court which is outside the institutional and judicial framework of the European Union an exclusive jurisdiction to hear a significant number of actions brought by individuals in the field of the Community patent and to interpret and apply European Union law in that field, would deprive courts of Member States of their powers in relation to the interpretation and application of European Union law and the Court of its powers to reply, by preliminary ruling, to questions referred by those courts and, consequently, would alter the essential character of the powers which the Treaties confer on the institutions of the European Union and on the Member States and which are indispensable to the preservation of the very nature of European Union law.” See Opinion C-1/09 above.

common to all Member States and therefore was part of their national judicial system; moreover this court, just as national courts, would have to apply EU law and refer to the ECJ for preliminary interpretations of it.¹⁷¹

Eventually, in June 2013, 26 of the -then- 27¹⁷² EU Member States signed the Agreement of a Unified Patent Court. The agreement will enter into force in January 2014, upon deposit of 13 signatures, including those of the three Member States with the highest number of patent applications (the UK, France, and Germany). This is a substantive and procedural piece of legislation consolidating fundamental norms on patent protection, exceptions to patent protection, institution of central, local and regional Unified Patent Courts, institution of arbitration and mediation centres (in Ljubljana and Lisbon), administrative and financial measures, the procedure of the process before the Court (including freezing¹⁷³ and provisional measures), and operational matters. A transitional period of seven year is provided by the Agreement during which cases under the jurisdiction of the Unified Court could be brought before national authorities.¹⁷⁴ All panels of the Unified Court (including local panels) will have a multinational composition of judges, arguably in order to provide independence of judgement.¹⁷⁵

Supplementary protection certificates and pharmaceutical products

Other few community actions in the area of patents need to be cited, such as the regulations for supplementary protection certificates, the regulation on the interface between medicinal products and patents, and the regulation on compulsory licensing of patents relating to the manufacture of pharmaceutical products for export in countries with public health problems.

171 See the Agreement on a Unified Patent Court at 6-7.

172 On the 1st of July 2013 Croatia has joined the EU. See <http://europa.eu/rapid/press-release_STAT-13-100_en.htm>.

173 Article 61(1) of the Agreement on a Unified Patent Court 16351/12 : ‘At the request of the applicant which has presented reasonably available evidence to support the claim that the patent has been infringed or is about to be infringed the Court may, even before the commencement of proceedings on the merits of the case, order a party not to remove from its jurisdiction any assets located therein, or not to deal in any assets, whether located within its jurisdiction or not.’

174 Article 83 of the Agreement.

175 Article 8 of the Agreement.

The term of protection granted by harmonized patent law, of 20 years from the grant of a patent has been considered insufficient in the field of medicinal products and plant protection products to allow the rightholders to recoup their investment, in consequence to the delays required by testing the product and obtaining the necessary authorizations to enter the market. This is why France and Italy¹⁷⁶ first, and the Community afterwards, issued legislation granting some additional form of protection. The first community action in this sense was the Medicinal Products Supplementary Protection Certificates Regulation of 1993,¹⁷⁷ subsequently replaced by Regulation 469/2009.¹⁷⁸ This peculiar protection is not technically a patent protection, but it grants the same privileges of patent protection (e.g. the same protection against infringement) and the same limitations. The protection is extended of a 'period equal to the period which elapsed between the date on which the application for a basic patent was lodged and the date of the first authorisation to place the product on the market in the Community, reduced by a period of five years'.¹⁷⁹

In the field of medicinal products, a general defence exists for the use of patented material for testing and trial purposes. Following case law in some Member States justifying the use of patented medicinal or agrochemical products for the preliminary testing required by market authorizations, the Community issued a number of directives¹⁸⁰ establishing a Community Code on medicines that, among other things,

176 See Trevor Cook, *EU Intellectual Property Law* (OUP 2010) at 543.

177 Council Regulation (EEC) No1768/92 of 18 June 1992 concerning the creation of a supplementary protection certificate for medicinal products , OJ L 182 of 2.7.1992, p. 01-05.

178 Regulation (EC) No 469/2009 of the European Parliament and of the Council of 6 May 2009 concerning the supplementary protection certificate for medicinal products (Codified version) OJ L 152/1 16.6.2009, p. 01-10.

179 Regulation 469/2009, Article 13.

180 Directive 2001/83/EC of the European Parliament and of the Council of 6 November 2001 on the Community code relating to medicinal products for human use (OJ L 311, 28.11.2001, p. 67) amended by : Directive 2002/98/EC of the European Parliament and of the Council of 27 January 2003 (OJ L 33 30 8.2.2003); Commission Directive 2003/63/EC of 25 June 2003 (OJ L 159 46 27.6.2003); Directive 2004/24/EC of the European Parliament and of the Council of 31 March 2004 (OJ L 136 85 30.4.2004); Directive 2004/27/EC of the European Parliament and of the Council of 31 March 2004(OJ L 136 34 30.4.2004); Regulation (EC) No 1901/2006 of the European Parliament and of the Council of 12 December 2006 (OJ L 378 1 27.12.2006); Regulation (EC) No 1394/2007 of the European Parliament and of the Council of 13 November 2007 (OJ L 324 121 10.12.2007); Directive 2008/29/EC of the European Parliament and of the Council of 11 March 2008 (OJ L 81 51 20.3.2008); Directive 2009/53/EC of the European Parliament and of the Council of 18 June 2009 (OJ L 168 33 30.6.2009) ; Commission Directive 2009/120/EC of 14 September 2009 (OJ L 242 3 15.9.2009) ; Directive 2010/84/EU of the European Parliament and of the Council of 15 December

provides for a defence against actions of patent infringement by ‘generic applicants’ implementing the ‘abridged authorization procedure’. The defence therefore, in the wording of the EU legislator, is rather limited. However, several Member States¹⁸¹ implemented the directives in a way to expand the scope of the defence. Moreover, the availability of such defence has been confirmed¹⁸² in the Agreement for a Unified Patent Court signed in June 2013.

Further, a compulsory licensing for patent relating to medicinal products is provided for export towards countries with public health problems. Article 31 TRIPs requires a number of conditions to the grant of compulsory licenses. However, given the impossibility for some least-developed countries to manufacture their own pharmaceuticals, the General Council issued a Decision that in essence has lowered the requirements to grant compulsory licences.¹⁸³ It is expected that a future amendment of the TRIPs will involve a modification of Article 31.¹⁸⁴

Utility Models

Less protected than patents, utility models are inventions that require a lower inventive step, and in consequence enjoy shorter protection. These models are protected in most Member States by national legislation,¹⁸⁵ but there is no Community legislation in force to regulate them. Following a 1995 Green Paper on utility models, the Commission presented a proposal for a Directive on Utility Models in 1997,¹⁸⁶ which was modified

2010 (OJ L 348 74 31.12.2010) ; Directive 2011/62/EU of the European Parliament and of the Council of 8 June 2011(OJ L 174 74 1.7.2011) ; Directive 2012/26/EU of the European Parliament and of the Council of 25 October 2012 (OJ L 299, 27.10.2012, p. 1–4).

181 Including France, Germany, Italy and Spain. See Cook, above FN Error: Reference source not found, at 556.

182 Article 27 (d) of the Agreement for a Unified Patent Court, dealing with limitation to patent protection, include directives 2001/83/EC and 2001/82/EC.

183 General Council, WT/L/540 and Corr.1, 1 September 2003, Implementation of paragraph 6 of the Doha Declaration on the TRIPs Agreements and public health, available at <http://www.wto.org/english/tratop_e/trips_e/implem_para6_e.htm> .

184 See Cook, FN Error: Reference source not found, at 557.

185 Except for the UK, Luxembourg and Sweden.

186 Proposal for a European Parliament and Council Directive approximating the legal arrangements for the protection of inventions by utility model, COM (97) 691, OJ C36/13 at <http://ec.europa.eu/internal_market/indprop/docs/model/util_en.pdf>.

in 1999.¹⁸⁷

The proposed legislation aimed at approximating the legislation of Member States by setting a common term of protection (10 years) and common requirement for registration. No formal examination was required, unlike patents. The examiner would only ascertain that the invention involves an inventive step and it is susceptible of industrial application.

The Commission issued a Staff Working paper in which it invited comments on the proposal of harmonising legislation on utility models.¹⁸⁸ Responses to the working paper were received mainly by governments and Ministries of the EU Member States. Three quarters of the respondents opposed the idea of a Community utility model on grounds of restricting competition, less legal certainty, and unsatisfactory criteria set by the proposed legislation. They invited the Commission to abandon the project.¹⁸⁹ Therefore, this proposal was formally withdrawn in September 2005. Despite strong arguments for the usefulness of an easier and shorter protection of certain type of technical inventions,¹⁹⁰ especially for SME, formal harmonization is no longer envisaged at community level in this field. Meanwhile, utility models are protected by the legislation on design and unfair competition.

B. 4 – Design

Having anticipated Patents by more than a decade, the Community Design exists since March 2002, when Regulation 6/2002 was enacted.¹⁹¹ Design rights within the EU

187 Amended proposal for a European Parliament and Council Directive approximating the legal arrangements for the protection of inventions by utility model. COM (99) 309 final/2 - Brussels 12.8. 1999.

188 Commission Staff Working Paper : Consultations on the impact of the Community utility model in order to update the Green Paper on the Protection of Utility Models in the Single Market (COM(95)370 final) Brussels 26.7.2001, SEC(2001) 1307.

189 Summary report of replies to the questionnaire on the impact of the Community utility model with a view to updating the Green Paper on protection by the utility model in the internal market (SEC(2001)1307), available at http://ec.europa.eu/internal_market/indprop/docs/model/utlreport_en.pdf >.

190 See generally Uma Suthersanen, *Utility Models and Innovation in Developing Countries* (International Centre for Trade and Sustainable Development (ICTSD) 2006).

191 Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs (consolidated version) OJ L 3, 5.1.2002, p. 1–24, available at http://oami.europa.eu/en/design/pdf/reg2002_6.pdf.

however were already protected by the Design Directive of 1998.¹⁹² As the forthcoming Community Patent, the Community Design coexists with national design rights. Applicants have the choice to register an industrial design (or a trademark) before the European authority (Office for the Harmonization of the Internal Market - OHIM) or to register it with any national authority. Unlike patents however, registered Community Design also coexist with unregistered community design (UCD) which enjoys a lower protection. According to the Design Directive, Registered Community Design is protected against commercialization of infringing products for up to 25 years,¹⁹³ whereas according to Regulation 6/2002 Community Unregistered Design is protected only for 3 years from the first publication.¹⁹⁴

Regulation 6/2002 establishes a number of norms for the regulation of a uniform Community Registered Design and a uniform unregistered design mostly derived from Directive 98/71/EC on the legal protection of designs. Both the Directive and the Regulation define 'design', 'product', the requirement of novelty and individual character, disclosure, design contrary to public policy and morality, scope and term of protection, invalidity, rights conferred by the design right and their limitations, and exhaustion of rights. Thus, while the Regulation applies these norms to the Community Design, the Directive applies the same norms to national design, in order to approximate the laws on Member States, *mutatis mutandis*.¹⁹⁵ However, the directive fails to harmonize national laws on unregistered design, which are still largely different among Member States, nor it does harmonize the national provisions on copyright protection and unfair competition relating to design.¹⁹⁶

Broader harmonization reaching outside the Community was achieved by accession of the European Community to the Geneva Act of the Hague Agreement.¹⁹⁷ The Hague

192 Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs, OJ L 289 , 28/10/1998 p. 28-35 [hereinafter : the Design Directive].

193 Design Directive, Article 10.

194 Regulation 6/2002, Article 11.

195 For example, while the directive refers appellated matters from national courts directly to the ECJ, the Regulation refers those matters to the OHMI board of appeal first, and to the ECJ in last instance.

196 See Cook, FN Error: Reference source not found, at 461.

197 Commission Regulation (EC) No 876/2007 amending Regulation (EC) No 2245/2002 implementing Council Regulation (EC) No 6/2002 on Community designs following the

Agreement allows for international registration of an industrial design (in the 60 signatory countries). The term of protection under the agreement is of five years, renewable for other five years (and supplementary five years, up to 15, in designated countries).¹⁹⁸

Component parts used for the purpose of repair of a complex product are excluded from the design protection both in the Directive and in the Regulation.¹⁹⁹ This exclusion from the harmonization process was mainly aimed at automotive spare parts, and it reflects the impossibility to find an agreement on the protection of these products at European level. Design protection for spare part is feared to introduce potential monopolies and abuse of dominant positions. Therefore the Commission sought to abolish such protection thorough Europe. However, this initiative was met by a strong opposition of automotive manufacturer. Given the impossibility to reach an agreement, the matter was left to national legislation. However, the Design Directive allows national legislation to protect spare parts if this is done to liberalise the market for such parts.²⁰⁰ Moreover, a Member State that at the time of the adoption of the directive does not have a protection for spare parts cannot introduce it.²⁰¹

The Commission proposed a modification of the Directive in order to liberalize the market for visible spare parts.²⁰² The proposal relaunched the ‘repair clause’ already featuring in the proposal for the Design Directive. According to this clause ‘Protection

accession of the European Community to the Geneva Act of the Hague Agreement concerning the international registration of industrial designs. Council Regulation (EC) No 1891/2006 of 18 December 2006 amending Regulations (EC) No 6/2002 and (EC) No 40/94 to give effect to the accession of the European Community to the Geneva Act of the Hague Agreement concerning the international registration of industrial designs; Council Decision of 18 December 2006 approving the accession of the European Community to the Geneva Act of the Hague Agreement concerning the international registration of industrial designs, adopted in Geneva on 2 July 1999; Commission Regulation (EC) No 877/2007 amending Regulation (EC) No 2246/2002 concerning the fees payable to the Office for Harmonization in the Internal Market (Trade Marks and Designs) following the accession of the European Community to the Geneva Act of the Hague Agreement concerning the international registration of industrial designs. The text of the agreement is available at < Geneva Act of the Hague Agreement>.

198 Geneva Act of the Hague Agreement, Article 17.

199 Article 14 of the Design Directive and Article 110 of the Regulation 6/2002.

200 Design Directive, Article 14.

201 Design Directive, Recital 19. This is the so-called ‘freeze plus’ solution.

202 Commission Staff Working Document Proposal for A Directive of The European Parliament and of the Council Amending Directive 98/71/EC on the Legal Protection of Designs -Extended Impact Assessment- COM(2004)582 Final - SEC(2004) 1097, Brussels 14.9.2004.

as a design shall not exist for a design which constitutes a component part of a complex product used within the meaning of Article 12(1) of this Directive, for the purpose of the repair of that complex product so as to restore its original appearance'.²⁰³

According to the Commission report the current scenario displays some countries with protection for spare parts, some other implementing a 'repair clause' and other providing for fair compensation combined with a repair clause.²⁰⁴ It has been submitted that the regulation of the market for spare parts is better left to national legislations.²⁰⁵ However, the proposal has been voted by the EU Parliament in 2007;²⁰⁶ but as of April 2013 the Council reported that it had not yet 'reached an agreement on its position at first reading regarding the proposal for a directive and cannot say at this stage when this item will be put on its agenda'.²⁰⁷

Steps forward on the path of harmonization have however been effected by the European Court of Justice. In the case *PepsiCo Inc v Office for Harmonisation in the Internal Market*²⁰⁸ the Court importantly defined the concept of 'informed user', which is different from the same concept applied to the domain of trademarks. The Court stated:

In the comparison of designs, the concept of the informed user lay somewhere between that of the average consumer, applicable in trade mark matters, who need not have any specific knowledge and usually made no direct comparison between the trade marks in conflict, and the sectoral expert, who was an expert with detailed technical expertise.

203 Article 14 of the Proposed Design Directive. See Proposal for a Directive of the European Parliament and of the Council amending Directive 98/71/EC on the legal protection of designs, SEC(2004) 1097, COM/2004/0582 final - COD 2004/0203.

204 Austria, Denmark, Finland, France, Germany, Portugal and Sweden protect spare parts ; Belgium, Ireland, Italy, Luxembourg, The Netherlands, Spain and United Kingdom feature a repairs clause ; Greece implements a repair clause with fair compensation ; Cyprus, Czech Republic, Estonia, Lithuania, Malta, Poland, Slovakia and Slovenia have no provisions for spare parts ; Hungary and Latvia have implement a 'repairs clause'. *Ibid*, at 3.

205 See generally Anna Kingsbury , International harmonisation of designs law: the case for diversity, E.I.P.R. 2010, 32(8), 382-395

206 See <<http://www.europarl.europa.eu/sides/getDoc.do?language=EN&reference=A6-0453/2007>>.

207 This was a written response (April 2013) to a written Parliamentary question dated March 2013. See <<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+WQ+P-2013-002543+0+DOC+XML+V0//EN>>.

208 *PepsiCo Inc v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* (OHIM) (C-281/10 P), European Court of Justice (Fourth Chamber), 20 October 2011 [2012] F.S.R. 5

Thus, the concept of the informed user referred not to a user of average attention but to a particularly observant one, either because of his personal experience or his extensive knowledge of the sector in question.

Also, on the definition of informed user in relation to promotional product with a view of determining the individual character of the product, the Court argued:

In relation to promotional items, the concept of “informed user” within Regulation 6/2002 art.6 included both the professional buyer and the final user of the product. The fact that one of those two groups of informed users perceived the designs at issue as producing the same overall impression was sufficient for a finding that the contested design lacked individual character.²⁰⁹

Other concepts attaining to industrial design law have been defined, and therefore harmonised, by European jurisprudence. For example, along with the concept of ‘informed user’ also the definition of ‘degree of freedom of the designer’ was recently considered by the CFI in *Antrax It Srl v Office for Harmonisation in the Internal Market*. Both constructs were argued to be influenced by the ‘saturation of the state of the art’.²¹⁰ Contributions to the definitions of industrial design concepts are also provided by the OHIM Board of appeal,²¹¹ arguing that to a broad ‘degree of freedom of the designer’ corresponds a stricter assessment of the ‘individual character’. Moreover, the ‘degree of freedom of the designer’ was also said to impact on the ‘different overall impression’ on the informed user, in that if the freedom of the designer is restricted minor differences between the designs may be sufficient to produce a different overall impression.²¹²

The most interesting and problematic issue related with the harmonization of industrial

209 *Sphere Time v Office for Harmonisation in the Internal Market* (Trade Marks and Designs) (OHIM) (T-68/10) General Court (Fourth Chamber) 14 June 2011[2011] E.C.D.R. 20

210 *Antrax It Srl v Office for Harmonisation in the Internal Market* (Trade Marks and Designs) (OHIM) (T-83/11) Unreported November 13, 2012 (GC) ; See also on individual character *Kwang Yang Motor Co Ltd v Office for Harmonisation in the Internal Market* (Trade Marks and Designs) (OHIM) (T-10/08) Unreported September 9, 2011 (GC).

211 See for example *Mafin SpA v Leng d’Or SA* (R 1342/2009-3) Office for Harmonization in the Internal Market (Third Board of Appeal) 18 January 2011[2011] E.T.M.R. 60.

212 Case T-9/07 *Grupo Promer Mon Graphic v OHMI - Pepsi Co* (Représentation d’un support promotionnel circulaire (18 March 2010), a decision upheld by the Court of Justice in Case C-281/10, *Pepsi Co v Grupo Promer Mon Graphic* (20 October 2011) relating to a promotional token included in crisps packets by Pepsi.

design legislation is its overlapping with copyright protection. Article 17 of the Design Directive states:

A design protected by a design right registered in or in respect of a Member State in accordance with this Directive shall also be eligible for protection under the law of copyright of that State as from the date on which the design was created or fixed in any form. The extent to which, and the conditions under which, such a protection is conferred, including the level of originality required, shall be determined by each Member State.²¹³

In addition, Article 16 of the same directive specifies that the Directive has to operate ‘without prejudice to any provisions of Community law or of the law of Member State concerned relating to unregistered design rights ...’ This wording suggests that design can always be protected by both design rights and by copyright in all Member States, but the extent of the protection (e.g. the term of protection) and the conditions to qualify for protection are left to Member States.

These measures, by admission of both the Design Directive and the Regulation 6/2002 are necessary in the absence of harmonization of design rights through the Community.²¹⁴ The original intention of the Commission was to harmonize more significantly European design rights, by clearing the field from peculiar provisions on the matter implemented by some Member States (e.g. the UK and Italy).²¹⁵ However, the final version of the Directive, following objections by said Member States, was amended in a way to leave it to Member States to determine the extent of the protection of industrial design rights.

Meanwhile, a form of harmonization impacting on design is arguably achieved with the

213 The principle is restated in the Regulation 6/2002, Article 96(2): “A design protected by a Community design shall also be eligible for protection under the law of copyright of Member States as from the date on which the design was created or fixed in any form. The extent to which, and the conditions under which, such a protection is conferred, including the level of originality required, shall be determined by each Member State.”

214 See Recital 32 of the Regulation 6/2002 Recital 8 of the Design Directive.

215 The commission in the Green Paper 1991 preceding the Design Directive declared that it intended abolish certain criteria in national design law such as the requirement of the production in at least 50 copies of the UK legislation and the requirement of the separability from the industrial application of the Italian legislation. See European Commission, Green Paper on the Legal Protection of Industrial Design, 111/F/5131/91-EN (Brussels: June 1991), para.11.3.4(c).

Copyright Directive 29/2001. Although the Copyright Directive states to be ‘without prejudice to ... design rights ...’,²¹⁶ a recent ruling of the ECJ applied the protection under the Copyright Directive also to any industrial design that meets the conditions of the Copyright Directive (*Flos SpA v Semeraro Casa e Famiglia SpA*).²¹⁷ While this ruling was met with severe criticisms by an authoritative commentator²¹⁸, it set a precedent for dispelling some of Member States autonomy guaranteed by the Design Directive. A broad interpretation of this ruling, in truth, suggests that unregistered design can be protected by the exclusive rights established by the Copyright Directive (reproduction, communication and distribution rights) and it must be subjected to the same copyright exceptions²¹⁹. As for the requirement for copyright protection these as well are set by the ECJ in *Infopaq*: industrial design will be protected if it is the “author’s own intellectual creation”.²²⁰

With this particular application of the Copyright Directive to unregistered design a door is arguably open for extended protection and further harmonization of unregistered design rights. However, further jurisprudence of the ECJ will show whether this was indeed a turn point in design protection or rather an occasional deviation from the traditional separation between copyright and design rights.²²¹

B.5 – Trademarks

The field of trademarks is a pioneer of harmonization at the European level. The

216 Article 9 of the Copyright Directive.

217 *Flos SpA v Semeraro Casa e Famiglia SpA* (C-168/09) European Court of Justice (Second Chamber) 27 January 2011, [2011] E.C.D.R. 8; [2011] R.P.C. 10, at 34.

218 Lionel Bently, ‘The return of industrial copyright?’, *E.I.P.R.* 2012, 34(10), 654-672, at 663.

219 The exceptions are set in Article 5 of the Copyright Directive.

220 ‘Copyright within the meaning of Article 2(a) of Directive 2001/29 is liable to apply only in relation to a subject-matter which is original in the sense that it is its author’s own intellectual creation’. See *Infopaq Int v Danske Dagblades Forening* (C-5/08) [2009] E.C.R.-I 6569; [2012] Bus. L.R. 102 at 37; The concept is confirmed in *Bezpečnostní Softwarová Asociace - Svaz Softwarové Ochrany v Ministerstvo Kultury* (C-393/09) [2011] F.S.R. 18.

221 Bently argues that the decision was taken by a chamber of the ECJ that do not normally hears cases of intellectual property. He evidences the lack of experience in the IP field of both judges and the advocate general. This might suggest that the principles stated in the ruling will not necessarily be followed by subsequent ECJ jurisprudence. See Bently above FN 218 at 663.

Trademark Directive aimed at the harmonization of the internal market was titled the “First Council Directive”²²² and a Community Trademark exists in Europe since 1994.

Trademark protection is mandated by TRIPs as for protectable subject matter, rights conferred, exceptions, and term of protection.²²³ Also, rules about the use of the trademark, the devolution of licensing, and the assignment are provided to signatory states by these international treaties.²²⁴

In the European Union, Directive 89/104/EEC²²⁵ of December 1988 was drafted with the express aim of harmonising the legislation of EU Member states on the subject matter of trademarks and was replaced by Directive 2008/95/EC (the Trademark Directive).²²⁶ The Directive defines the signs in which a trademark may consist,²²⁷ the grounds for refusal²²⁸, the rights granted, including limitations and exhaustion,²²⁹ the licensing conditions, the use (and sanctions for non-use),²³⁰ and the revocation.²³¹

Further, Regulation (EC) No. 40/94²³² establishing a unitary Community Trademark system was replaced by Regulation (EC) No. 207/2009.²³³ The regulation establishes a

222 First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, OJ L 040 , 11/02/1989 P. 01 – 07.

223 TRIPs, Articles 15 to 18.

224 TRIPs, Articles 19 to 21.

225 First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, OJ L 040 , 11/02/1989 P. 01 – 07.

226 Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks, OJ L 299/25, 08/11/2008 [hereinafter : Trademark Directive].

227 Trademark Directive, Article 2 : « A trade mark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings ».

228 *Ibid*, Articles 3 and 4.

229 *Ibid*, Articles 5 to 7.

230 *Ibid*, Articles 8, 10 and 11.

231 The revocation follows as well the non-use for 5 years. *Ibid*, Article 12.

232 Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark, OJ L 011 , 14/01/1994 P. 01 - 36

233 Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark, OJ L 78/1, 24/03/2009 [hereinafter : Regulation 207/2009].

regulatory framework for the application and grant of a Community Trademark (CTM) as well as for opposition procedures and enforcement. The Regulations have been amended in occasion of the EU enlargement of 2004 ad 2007 in order to extend its norms to accessing Member States.²³⁴ Other amendments were aimed at joining the international trademark system under the Madrid Agreement and Protocol.²³⁵ The Madrid System, administered by WIPO, sets formalities for international trademarks registrations. Applications for a trademark before the WIPO are valid for the number of countries indicated therein. With the accession of the European Union to the treaty, a trademark valid for the whole Community can be obtained by indicating the European Union on the application.

Community Trademarks therefore, established by Council regulation since 1994, precede Community Designs and Community Patents. As in the other systems, Community Trademark coexists with national trademarks and it gives unitary protection to a registered trademark in the whole EU territory. As the Community Design, the Community Trademark is administered by the Office for the Harmonisation of the Internal Market (OHIM), which receives the applications and records them in the Community Trademark Database (CTM Online).²³⁶ While litigation involving CTMs on the basis of the Trademark Directive falls under the jurisdiction of the EU General Court, matters referring to the Trademark Regulation are ruled by the OHIM, appealed before the OHIM Board of Appeal and only as a last instance, appealed to the EU General Court.

Jurisprudence, both from the EU General Court and the Board of Appeal, as in the other IP areas, has been a remarkable tool of harmonization in the matter of trademarks. Few illustrative examples might include the definition of the distinctive character of a trademark, which cannot be provided by a shape²³⁷ or by a particular position of the mark on the product,²³⁸ or by a particular texture of the product (e.g. glass);²³⁹ the

234 See Annex I of Regulation 207/2009.

235 Available at <http://www.wipo.int/madrid/en/> >.

236 <http://oami.europa.eu/CTMOnline/RequestManager/en_SearchBasic_NoReg# >.

237 Cases T-336/08, T-337/08, T-346/08, T-395/08 *Chocoladefabriken Lindt & Spruengli v OHIM* and Case T-13/09 *Storck v OHIM* (17 December 2010) . In this case the shape of bunny of the foiled chocolate manufactured by Lindt were held void of sufficient distinctive character.

238 Case T-547/08 *X Technology Swiss v OHIM* (15 June 2010) relating to the orange coloration of the

exclusion from registration if the essential functional characteristics of the shape of a product are attributable solely to the technical result ;²⁴⁰ the broader protection bestowed on marks with a “reputation”;²⁴¹ the definition of “unfair advantage”;²⁴² and the use of trademarks as a “keyword” in search engines.²⁴³

In 2008 the Commission issued two communications²⁴⁴ in which it announced its intent to make the Community Trade Mark more accessible to SMEs and to provide a more efficient system and better trademark protection. In 2010, under the Flagship Initiative ‘Innovation Union’ the Commission issued the Communication on Europe 2020,²⁴⁵ in which it declared the need to modernize the infrastructure supporting the trademark system in Europe, with a view to encouraging businesses to innovate. Meanwhile, between 2009 and 2011 a study assessing the current framework was carried out by the Max Plank Institute, involving the consultation of main stakeholders and national intellectual property offices. The study concluded for the solidity of the current European trademark system, but for the need of further harmonization of trademark legislation of Member States.²⁴⁶ In 2011 a review of the trade mark system was announced, including further modernization of the national systems and further

point of a sock ; and Case T-388/09 *Rosenruist v OHIM* [2011] ETMR 51 (28 September 2010) relating to two curved lines of stitching on a pocket.

239 Case T-141/06 *Glaverbel v OHIM* [2008] ETMR 37 relating to the texture of glass for building purposes; and Cases T-109/08 and T-110/08 *Freixenet v OHIM* (27 April 2010) relating to the texture of wine bottles that look frosty when filled.

240 Not even if the technical result can be achieved by other shapes. See Case C-299/99 *Koninklijke Philips Electronics NV v. Remington Consumer Products* [2002] ECR I-5475; [2002] ETMR 81; and Case C-48/09 *P Lego Juris v OHIM* (14 September 2010).

241 Case C-375/97 *General Motors Corporation v Yplon SA* [1999] ECR I-5421. Case C-301/07 *PAGO International v Tirolmilch* (6 October 2009), regarding the shape and color (green) of little glass bottles.

242 Case C-487/07 *L’Oréal v Bellure* [2009] ETMR 55, referring to smell-alike perfumes, in which the imitator openly referred to the characteristics of its product as similar to that of the superbrand l’Oréal.

243 Cases C-236/08, C-237/08 and C-238/08 *Google France v Louis Vuitton et al* (23 March 2010).

244 Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions, COM(2008) 394 final of 26.6.2008 and Communication on an Industrial Property Rights Strategy for Europe COM(2008) 465 final of 16.7.2008.

245 COM (2010) 546 final of 6.10.2010.

246 The Max Plank Institute Report is available at <http://ec.europa.eu/internal_market/indprop/tm/index_en.htm>.

approximation of EU trademark law.²⁴⁷

On 13th March 2013 the European Commission presented a package of initiatives, consisting in a directive and two regulations, aimed at making the trademark system more accessible by businesses (especially SME) while providing more effective enforcement tools. No radical changes are envisaged to the functioning of the Community Trademark System that, according to the Commission, resisted the test of the time and does not need structural modifications. New norms will only aim at modernise and streamline the existing system. Also the hearing of users associations that the Commission convened on its reform plans confirmed unanimously that further approximation is needed both at substantive and procedural level among national trademark systems.

In sum, the proposed new legislation will:

- Streamline and harmonise registration procedures, including at Member State level, taking the Community trade mark system as a benchmark;
- Modernise the existing provisions and increase legal certainty by amending outdated provisions, removing ambiguities, clarifying trade mark rights in terms of their scope and limitations and incorporating extensive case law of the Court of Justice;
- Improve the means to fight against counterfeit goods in transit through the EU's territory; and
- Facilitate cooperation between the Member States' offices and the EU trade mark agency – the Office for Harmonisation in the Internal Market (OHIM) – in order to promote convergence of their practices and the development of common tools.²⁴⁸

This target will be pursued by recasting the Trademark Directive and by revising Regulation 207/2009/EC and Regulation 2869/95²⁴⁹ on the registration fees payable to the OHIM.

247 IPR strategy for Europe COM(2011) 287 final of 24 May 2011, 'A Single Market for Intellectual Property Rights: Boosting creativity and innovation to provide economic growth, high quality jobs and first class products and services in Europe'.

248 See European Commission Press release of 27 March 2013 at <http://europa.eu/rapid/press-release_IP-13-287_en.htm?locale=en> .

249 Commission Regulation (EC) No 2869/95 of 13 December 1995 on the fees payable to the Office for Harmonization in the Internal Market (Trade Marks and Designs), OJ L 303, 15.12.1995, p. 33 – 38.

The EU Trade Mark Reform

Summing up, although the current community trademark system is presented by the EU Commission as a success story, further issues remain to be addressed at the Member States level. In particular, the cooperation among national trademark offices would need substantial improvement. A commission staff working paper reporting the findings of the impact study on the proposed new legislation, suggests an action of partial approximation of laws to be carried out by binding regulation as the best option to improve cooperation among national TM offices.²⁵⁰ As it appears, many national offices do not have sufficient equipment (IT equipment) to implement effective cooperation as for example through communication with a central database online. The new legislation would allow funding new infrastructures by the OHIM under the new cooperation scheme. The impact assessment indicates that the OHIM will be able to undertake this financial effort by using some of its funding for project cooperation and thanks to the new “one-class-per-fee system”.²⁵¹ The “one-class-per-fee system” is another new scheme introduced by the proposed legislation, which will allow applicants to register a trademark for one class of goods only. This will result in lower registration fees to the – main – benefit of SME.²⁵²

The Proposed Directive²⁵³ addresses a number of issues of the current frameworks. It broadens the definition of trademark²⁵⁴ by broadening the requirement of “graphic representability” as to include, for example, sound recordings in the trademark description. It crystallizes the principle that the rights conferred by trademark protection cannot be invoked against a previously existing trademark right. It clarifies that in cases

250 Commission Staff Working Paper ‘Executive Summary of the Impact Assessment Accompanying document to the Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark and the Proposal for a Directive of the European Parliament and of the Council to approximate the laws of the Member States relating to trade marks (recast)’ SWD/2013/096 final.

251 See the summary of the Impact assessment on the proposed Directive and Regulation available at <<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52013SC0096:EN:NOT>>.

252 *Ibid.*

253 Proposal for a Directive of the European Parliament and of the Council to approximate the laws of the Member States relating to trade marks (Recast) COM/2013/0162 final - 2013/0089 (COD) [hereinafter: Proposed Trademark Directive].

254 Trademark Directive, Article 3

of both double identity (identical trademark)²⁵⁵ and similarity (similar trademark)²⁵⁶ protection is granted only if the function of the trademark to guarantee the origin of goods or services is adversely affected. Further, following *Céline*,²⁵⁷ the new directive will also state that trademark use of trade names will be considered an infringing act if carried out within the same category of goods or services.

A clarification is also provided about the overlapping scope between the Directive on Comparative and Misleading Advertising and the Trademark Directive as for use in commercial advertising, in favour of the latter.²⁵⁸ The proposed directive in fact states that the matter is regulated by the Trademark Directive only in the areas not covered by the Directive on Comparative and Misleading Advertising.²⁵⁹

In order to improve the enforcement of trademark rights, the new directive would prohibit not only acts done for commercial purposes but also the import of infringing goods.²⁶⁰ This provisions extend trademark protection in that for the current legislation in the case of import of infringing goods only the consignor is considered an infringer, if making a commercial use of the good. This norm is introduced to discourage the sale of counterfeited goods over the Internet.

Further, another provision of the proposed directive addresses the problem of goods standing in the customs area of the EU, which following a ruling of the ECJ²⁶¹ cannot be considered infringing until a proof of such infringement is provided in relation with these goods, rightholders will have the possibility to stop the entry of these goods in the Single Market if the goods bear without authorization a trademark essentially identical to a trademark registered within the Union, regardless of whether they are released for

255 *Ibid*, Article 5(1)(a) .

256 *Ibid*, Article 5(1)(b).

257 Case C-17/06, *Céline*, ECR I-07041.

258 Directive 2006/114/EC of 12 December 2006 concerning misleading and comparative advertising, OJ L 376, 27.12.2006, p. 21.

259 Proposed Trademark Directive, Article 5.4.

260 Proposed Trademark Directive Article 10.1(c).

261 Cases C-446/09 *Philips* and C-495/09 *Nokia* at <<http://curia.europa.eu/juris/liste.jsf?language=en&num=C-446/09>> .

free circulation.²⁶² The new directive will also address acts preparatory to counterfeiting such as the distribution and sale of labels and packaging.²⁶³

Limitations to the use of trademarks will also be redefined by the new directive, as including non distinctive signs and use of the trademark for the purpose of referring to the goods or services of the trademark owner. However, this limitations will not apply if ‘it gives the impression that there is a commercial connection between the third party and the proprietor of the trade mark’ or if ‘it takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark without due cause’.²⁶⁴

Further, conflicts with protected geographical indications, traditional terms for wines, and traditional specialities becomes ground for refusal in the new directive, as they were in Regulation 207/2009.²⁶⁵ In the new law, national trademarks with reputation would enjoy the same protection as Community Trademarks;²⁶⁶ trademarks would be regulated as object of property; and a set of specific norm would be provided for collective marks, in order to differentiate them from certification marks.²⁶⁷ Procedure for trademark registration, as well as opposition, revocation and declaration of invalidity is also harmonised by the new directive,²⁶⁸ whereas a general duty of cooperation among national trademark offices and between the offices and the Agency²⁶⁹ is also mandated to Member States.²⁷⁰

The new directive would be issued in parallel with a new council regulation, amending Regulation 207/2009. The proposed regulation,²⁷¹ in addition to the same substantive

262 Proposed Trademark Directive, Article 10.5.

263 *Ibid*, Article 11.

264 *Ibid*, Article 14.

265 *Ibid*, Articles 4 and 5.

266 *Ibid*, Article 5 and 10.

267 *Ibid*, Articles 22 to 37.

268 *Ibid*, Articles 40 to 47.

269 The European Union Trade Marks and Design Agency, new denomination of OHIM established by the new Trademark Regulation.

270 Proposed Trademark Directive, Article 52.

271 Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 207/2009 on the Community trade mark COM/2013/0161 final; 2013/0088

modifications proposed by the new Trademark Directive, changes some denominations, such as “Community Trademark”, which would be replaced with the “European Trademark” and the “OHIM”, which would become the “European Union Trade Marks and Design Agency”.²⁷² In addition, the new regulation would streamline the application procedure to register a trademark, for example by eliminating national search regimes and facilitating observations by third parties.²⁷³

At the time of writing the Proposal for a new Trademark Directive is awaiting the decision of the Legal Affairs Committee to which it has been referred on the 16th of April 2013.²⁷⁴

B.6 – Geographical Indications

Protected in some European Member states by *sui generis* rights and in some other Member States by trademark rights, in addition to unfair competition laws, consumer protection laws, and laws on trade names and misleading trading practices, the geographical indications (GI) for agricultural products and foodstuffs also enjoy unitary community protection under the Community system of protection for geographical indications and designations of origin.²⁷⁵

At the international level, GI are protected in the 1970 Paris convention, by the 1891 Madrid Agreement for the Repression of False or Deceptive Indications of Source of Goods, which was the first multilateral agreement on this matter,²⁷⁶ and by the 1958 Lisbon Agreement for the Protection of Appellations of Origin and their International registration.²⁷⁷ The latter established the Lisbon system, which allows protection in all

(COD).

272 Section 5.1 of the Explanatory Memorandum included in the Proposal for Regulation above.

273 *Ibid*, Section 5.2.

274

<[<http://www.europarl.europa.eu/oeil/popups/ficheprocedure.do?lang=en&reference=2013/0089\(COD\)>](http://www.europarl.europa.eu/oeil/popups/ficheprocedure.do?lang=en&reference=2013/0089(COD))>.

²⁷⁵ Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs, OJ L 343, 14.12.2012, p. 01-29.

276 <http://www.wipo.int/madrid/en/legal_texts/trtdocs_wo015.html>.

277 At <http://www.wipo.int/lisbon/en/legal_texts/lisbon_agreement.html>.

countries signatories of the treaty thanks to a single registration.²⁷⁸ Finally, the TRIPs agreements provides for a standard definition and basic regulation of geographical indications.²⁷⁹

Some agricultural products, as for example wine or spirits, are object of specific regulation,²⁸⁰ whereas agricultural products and foodstuffs in general are object of separate regulations²⁸¹ within the Common Organisation of Agricultural Markets (COM).²⁸² These regulations provide for definition and protection for “traditional specialities guaranteed”, for “designations of origin” and for “geographical indications” for agricultural products (wine and spirits excluded).

Meanwhile, at international level more and more bilateral and multilateral agreements are signed for the protection of GI. The EU as well participates in several of these agreements, and promotes a *sui generis* protection of GI towards third countries.²⁸³ Therefore, the European Union strongly supports the protection of GI at international level.²⁸⁴ The EU is in fact also involved in negotiations at the WTO for the extension of

278 <http://www.wipo.int/lisbon/en/legal_texts/lisbon_agreement.htm>.

279 TRIPs agreements, Articles 22-24.

280 Commission Regulation (EEC) No 1608/76 of 4 June 1976 laying down detailed rules for the description and presentation of wines and grape musts, OJ L 183 , 08/07/1976 p. 01; Council Regulation (EEC) No 2333/92 of 13 July 1992 laying down general rules for the description and presentation of sparkling wines and aerated sparkling wines (OJ 1992 L 231, p. 9); Council Regulation 817/70 of 28 April 1970 laying down special provisions relating to quality wines produced in specified regions, OJ L 99, 5.05.1970, p. 59; Council Regulation (EEC) No 1576/89 of 29 May 1989 laying down general rules on the definition, description and presentation of spirit drinks, OJ L 160, 12.6.1989, p. 1-17.

281 Council Regulation (EC) No 509/2006 of 20 March 2006 on agricultural products and foodstuffs as traditional specialities guaranteed OJ L 93, 31.3.2006, p. 1-11 ; Council Regulation (EC) No 510/2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs, OJ L 93, 31.03.2006; Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs, OJ L 343, 14.12.2012, p. 01-29 (consolidating and repealing Regulations No 509/2006 and No 510/2006).

282 The CMO is part of the common agricultural policy of the UE. See <http://europa.eu/legislation_summaries/glossary/common_agricultural_markets_en.htm>.

283 See for example O’ Connor &C, ‘Geographical indications and TRIPs: 10 Years Later... A roadmap for EU GI holders to get protection in other WTO Members’ an independent report commissioned by the EU Commission, available at <http://trade.ec.europa.eu/doclib/docs/2007/june/tradoc_135088.pdf>.

284 In the field of GI, flexible solutions are considered preferable to substantive law. See Christophe Geiger et al. ‘Towards a Flexible International Framework for the Protection of Geographical Indications’ *The WIPO Journal* 2010 , 1(2), 147-158, at 157.

the higher level of protection for wines and spirits to other goods and the establishment of a multilateral register of GIs for wines and spirits within the TRIPs agreements.²⁸⁵ At the same time, a feasibility study has been commissioned by the EU commission on geographical indications protection for non-agricultural products in the internal market, published in February 2013,²⁸⁶ followed by a public hearing on the same matter on the 22nd of April 2013.²⁸⁷

B.7 – Other IP rights

Database Rights

Although collections of creative works stored in a database are obviously protected by copyright, databases themselves are object of a specific *sui generis* right, according to the Database Directive.²⁸⁸ This piece of EU legislation was prompted, as the Software Directive, by a great variety of provisions on the protection of databases among EU Member States, despite Article 2(5) of the Berne Convention. This article mandates protection for works that ‘by reason of the selection and arrangement of their contents, constitute intellectual creations’.²⁸⁹ However, the article was not considered sufficiently unequivocal by European jurisprudence, and therefore a need was felt for a specific piece of legislation that would protect the substantial investment of databases holders. The new right is an economic right conferred to the creator of a database ‘which shows that there has been qualitatively and/or quantitatively a substantial investment in either the obtaining verification or presentation of the contents’.²⁹⁰

In December 2005 the Commission published a report assessing the *sui generis* protection granted to databases. The report found that the economic impact of the *sui*

285 See <http://www.wto.org/english/tratop_e/trips_e/gi_background_e.htm>.

286 Insight Consulting et al. ‘Study on geographical indications protection for non-agricultural products in the internal market’ Available at <http://ec.europa.eu/internal_market/indprop/docs/geo-indications/130322_geo-indications-non-agri-study_en.pdf>.

287 The interventions at the public hearing are available at <http://ec.europa.eu/internal_market/indprop/geo-indications/index_en.htm>

288 Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases, OJ L 077, 27/03/1996 P. 20 - 28 [hereinafter : the Database Directive].

289 The provision was also restated by Article 10(2) of the WIPO copyright treaty 1996 (WCT).

290 Database Directive, Article 7(1).

generis right was unproven on the basis of the information available, and that further research was necessary. However, stakeholders consulted in the online survey found that the protection of databases is crucial to the success of their activities. Moreover, most respondent to the survey found that the *sui generis* protection brought about legal certainty in the field.²⁹¹

Clarification on important concepts for database protection such as the concept of ‘substantial investment’ necessary to qualify for protection and of ‘substantial part’ of a database necessary to encompass the infringement have been provided by the ECJ.²⁹²

Conditional Access Directive

When protected by technological devices that restrict access to the database, collections of creative works are also protected by the Conditional Access Directive.²⁹³ The directive protects encrypted radio and television broadcasts and information society services that implement access-controlling devices. It mandates Member States to prohibit ‘illicit devices’ designed to grant access to the above services. The definition of ‘illicit devices’, although provided by the directive as ‘[...]any equipment or software designed or adapted to give access to a protected service in an intelligible form without the authorisation of the service provider’,²⁹⁴ was object of attention from the ECJ jurisprudence. In *Football Association Premier League Ltd v QC Leisure* and *Murphy v Media Protection Services Ltd*, a decoder card bought in a foreign Member State (where the rights for football emissions are cheaper) and used in the Member State of origin was not considered by the Court as an ‘illicit device’.²⁹⁵

291 Intellectual property: evaluation of EU rules on databases, Reference: IP/05/1567, Event Date: 12/12/2005, available at <http://europa.eu/rapid/press-release_IP-05-1567_en.htm?locale=en>.

292 Case C-338/02, *Fixtures Marketing Ltd v Svenska AB* [2004] ECR I-10497, [2005] ECDR 4; Case C-444/02, *Fixtures Marketing Ltd v Organismos Prognostikon Agonon Podosfairou EG* [2004] ECR I-10549, [2005] ECDR 3; Case C-46/02, *Fixtures Marketing Ltd v Oy Veikkaus Ab* ECR I-10365, [2005] ECDR 2; C-203/02, *British Horseracing Board Ltd v William Hill Organization Ltd* [2004] ECR I-10415, [2005] ECDR 1; *Football Dataco Ltd v Sportradar GmbH* [2012] EWHC 1185 (Ch); [2012] 3 C.M.L.R. 18 (Ch D). See also generally Estelle Derclaye, ‘Database sui generis right: what is a substantial investment? A tentative definition’, IIC 2005, 36(1), 2-30.

293 Directive 98/84/EC of the European Parliament and of the Council of 20 November 1998 on the legal protection of services based on, or consisting of, conditional access, L320, 1998-11-28, pp. 54–57

294 *Ibid*, Article 2(e).

295 C-403/08 *Football Association Premier League Ltd v QC Leisure* and C-429/08 *Murphy v Media Protection Services Ltd* (ECJ (Grand Chamber) 04 October 2011).

Topographies of Semiconductor Products and Community Plant Variety

One of the first pieces of legislation aimed at the harmonization of IP rights in the EU was Directive 87/54/EEC on the Legal Protection of Topographies of Semiconductor Products.²⁹⁶ Semiconductor products are the silicon chips embedded in basically every modern electronic equipment, from personal computers to aeroplanes. Since neither patent nor copyright protection seems to be suitable to exploit the right on these artefacts, since the early 80's a need was felt for international harmonization, which prompted the adoption of the Topographies of Semiconductor Products Directive. Moreover, at international level, silicon chips are regulated by the Washington treaty of 1989²⁹⁷ and also by the TRIPs Agreements.²⁹⁸

Plant and animal varieties (except from microbiological processes) are excluded from patenting, according to Article 27(3)(b) TRIPs and Article 53(b) of EPC. The Biotech Directive confirms this exclusion at Article 4.1 (and Recitals 29 to 33).

Plant variety rights are however heavily regulated at the EU level, with two EU directives administering a Common Catalogue of Agricultural Plant Varieties and Rules for Marketing of vegetable seeds within Member States.²⁹⁹ Several Regulation, in addition, address Genetically Modified seeds and the marketing thereof.³⁰⁰

296 Council Directive 87/54/EEC of 16 December 1986 on the legal protection of topographies of semiconductor products OJ L24 of 27.01.1987, p. 36 . See also Council Decision 94/824/EC of 22 December 1994 extends the legal protection provided by Directive 87/54/EC to persons from a Member of the World Trade Organisation (OJ L349 of 31.12.1994, p. 201) and Council Decision 96/644/EC of 11 November 1996 extends the legal protection provided by Directive 87/54/EC to persons from the Isle of Man (OJ L293 of 16.11.1996, p. 18).

297 Treaty on Intellectual Property in Respect of Integrated Circuits, Washington, D.C., on May 26, 1989, available at <http://www.wipo.int/treaties/en/ip/washington/trtdocs_wo011.html>

298 TRIPs, Article 6.

299 Council Directive 2002/53/EC of 13 June 2002 on the common catalogue of varieties of agricultural plant species OJ L 193, 20.7.2002, p. 1–11; and Council Directive 2002/55/EC of 13 June 2002 on the marketing of vegetable seed OJ L 193, 20.7.2002, p. 33–59.

300 Regulation (EC) No 1829/2003 of the European Parliament and of the Council of 22 September 2003 on genetically modified food and feed (Text with EEA relevance) OJ L 268, 18.10.2003, p. 1–23; Commission Regulation (EC) No 641/2004 of 6 April 2004 on detailed rules for the implementation of Regulation (EC) No 1829/2003 of the European Parliament and of the Council as regards the application for the authorisation of new genetically modified food and feed, the notification of existing products and adventitious or technically unavoidable presence of genetically modified material which has benefited from a favourable risk evaluation (Text with EEA relevance) OJ L 102, 7.4.2004, p. 14–25; 2006/578/EC: Commission Decision of 23 August 2006 on

The Community Plant Variety Regulation³⁰¹ addresses the harmonization of norms for the protection of plant varieties among Member States. It establishes requirements for protection, derogations, limitations, and exhaustion of the plant variety rights,³⁰² which last for 25 years from the grant by the Community Plant Variety Office.³⁰³ The Office manages two Registers, one for applications for Community Plant Variety Rights and another for granted rights, with the specification of the information to be recorded therein.³⁰⁴

B.8 – Conclusion

Inconspicuously initiated with the protection of Topographies of Semiconductor Products, harmonization of European intellectual property rights has increasingly gained momentum, and it is undergoing a spell of legislative hyperactivity at the time of writing.

After two decades, an unified system for design and trademarks is already in place, and reportedly efficient, although it would benefit from some technological upgrade, which will be addressed by a proposed EU Directive and a Community Regulation.

A Unified Patent with an accessory Patent Court seems to be finally under way. After years of negotiations, and an initial resistance from the European Court of Justice, two regulations have been issued (by enhanced cooperation) establishing a Unified Patent and allowing to file a patent application in any language of the EU. Moreover, an international agreement signed by almost all EU Member states and open to non-EU EPC members will address the litigation related to the Unified Patent. The agreement will enter in force after the ratification of 13 members (including France, Germany and the UK).

emergency measures regarding the non-authorised genetically modified organism LL RICE 601 in rice products (notified under document number C(2006) 3863) (Text with EEA relevance) OJ L 230, 24.8.2006, p. 8–10.

301 Council Regulation (EC) No 2100/94 of 27 July 1994 on Community plant variety rights, OJ L 227, 01/09/1994 P. 01 – 30.

302 *Ibid*, Chapter I.

303 *Ibid*, Article 19.1.

304 *Ibid*, Chapter VIII.

Not surprisingly, Copyright is still the less harmonized area of Intellectual Property within the European Union. This is arguably due to its unregistered nature. But approximation of copyright laws is still considered the way forward by both EU legislators and copyright literature. The latter in particular has been very prolific with both criticisms to current legislative instruments³⁰⁵ and detailed suggestions, culminating in the proposition of an EU Copyright Code.³⁰⁶ The proposition appeared to have been picked up by the EU Commission, which at some stage seemed ready to enact it with a Community Regulation. However, no concrete proposals or drafts are available to date.

The legislative review above suggest that the process of approximation of law in the field of intellectual property rights is far from being concluded. On the contrary, the best part of it appears to be ahead of us.³⁰⁷ However, further harmonization in the copyright area, as well as in the intellectual property field as a whole, might come from legislative instruments other than European, as the proliferation of Free Trade Agreements including IP clauses seems to suggest. Careful attention needs to be paid, for example, to the intellectual property provisions in the US-EU trade agreements currently in the process of negotiation. Setting IP standards by this FTA will not only impact on the EU (or on the axis EU-US), but also on the global market, including European Neighbouring Countries and emerging economies. While the economic advantages of lowering trade barriers have been theoretically demonstrated,³⁰⁸ the role of exceptions and limitations to intellectual property rights within these international trade agreements is not clear, and it deserves further attention.

305 It is impossible here to cite the large body of literature that critically analyses current copyright law. See as an example Hugenholtz et al. *Harmonizing European Copyright Law. The Challenges of Better Law Making* (Kluwer Law International 2009).

306 See the European Copyright Code, elaborated within the Wittem Project 2002, available at <<http://www.copyrightcode.eu/>>.

307 See Trevor Cook and Estelle Derclaye, 'An EU Copyright Code: what and how, if ever?', *I.P.Q.* 2011, 3, 259-269, at 260.

308 See for example the Kommers (Swedish national Board of Trade) report: 'Potential Effects from an EU-US Free Trade Agreement' available at <<http://www.kommers.se/Documents/In%20English/Reports/Potential%20Effects%20from%20an%20EU-US%20Free%20Trade%20Agreement%20-%20Sweden%20i%20Focus.pdf>>.

C. Intellectual Property Rights in the European Neighbourhood Policy

C.1 – Introduction

The idea of a Neighbourhood Policy, as a policy aimed at strengthening the integration between the EU and its neighbouring countries (NCs) without engaging in full membership, started in 2002, when the UK pushed for a ‘wider Europe Initiative’ to be aimed at Belarus, Moldova, Russia and Ukraine. The European Council at the time approved the idea, but enlarged its scope to include Southern Mediterranean countries in this policy. In 2004 the policy took its current shape, with the addition of Armenia, Azerbaijan and Georgia, while Russia stepped back, preferring a more ‘equal’ cooperation with the EU.³⁰⁹

The EU Neighbouring Policy is well summarised by the often-quoted statement of the 2002 President of the EU Commission, Romano Prodi : ‘We have to be prepared to offer more than partnership and less than membership, without precluding the latter.’³¹⁰ Aim of this policy is therefore to ‘achieve the closest possible political association and the greatest possible degree of economic integration’³¹¹ that can be achieved between the EU and non-EU Member States. To this end, the EU and its neighbours need to ‘builds on common interests and on values – democracy, the rule of law, respect for human rights, and social cohesion’.³¹²

Geographically, the ENP consists of different streams : the Eastern Partnership (Prague 2009), including Eastern European Countries; the Southern Mediterranean Partnership, initially involving north African countries; and the Black Sea Synergy, including countries geographically located around the Black Sea.

The Southern Mediterranean Partnership was relaunched in 2008 in Paris as the ‘Union for the

309 Karen E. Smith, ‘The outsiders: the European neighbourhood policy’ July 2005 - 81(4) International Affairs 757-773 at 759.

310 Romano Prodi, ‘A wider Europe: a proximity policy as the key to stability’, speech to the Sixth ECSA World Conference, Brussels, 5–6 Dec. 2002, SPEECH/02/619, p. 3.

311 ENP Overview on the EU External Action page, at <http://eeas.europa.eu/enp/index_en.htm#2>.

312 *Ibid.*

Mediterranean', which includes a much larger spectrum of members.³¹³ The promises of the EU to countries achieving a sufficient development of the above shared values include: a) financial support; b) economic integration; c) facilitated cross-border movement of people; d) technical and policy support.³¹⁴

The ENP and its related policies have been object of criticisms for several reasons. For example, the ENP seems unbalanced in favour of Europe. Although it was defined as a joint cooperation, it appeared that the clauses of the agreements implementing this policy are more of a task list that the EU imposes to its neighbouring trading partners.³¹⁵ Moreover, the absence of details, figures, and timeframe on the respective obligations agreed in the Action Plans and related bilateral treaties did not help their successful implementation.³¹⁶ This is why, after a review of the ENP carried out in 2010/2011,³¹⁷ the Commission relaunched a corrected ENP, including a more detailed list of initiatives and funded actions of support of the EU and a more focussed description of the objectives that need to be achieved by the Neighbouring Countries in order to obtain a privileged relationship with the EU. In particular, the approach 'more for more' has been adopted, according to which the more a NC achieves social, political, and economic reforms, the more it will be integrated in the Internal Market.³¹⁸

In order to implement this policy,³¹⁹ a number of Action Plans are envisaged between the EU and each Neighbouring Country, in which the EU states the steps that have to be undertaken by the

313 Albania, Algeria, Bosnia and Herzegovina, Croatia, Egypt, Israel, Jordan, Lebanon, Mauritania, Monaco, Montenegro, Morocco, the Palestinian Authority, Syria, Tunisia and Turkey.

314 See <http://eeas.europa.eu/enp/index_en.htm#2>.

315 Michele Comelli et al., 'The European Neighbourhood Policy And The Southern Mediterranean : Drawing from the Lessons of Enlargement', Middle East Technical University Press, Ankara, Turkey 2009, at 159

316 *Ibid*, at 158.

317 A New Response to a Changing Neighbourhood A review of European Neighbourhood Policy, Joint Communication by the High Representative of The Union For Foreign Affairs And Security Policy and the European Commission, Brussels, 25/05/2011, COM(2011) 303.

318 *Ibid*, at 2.

319 For a more detailed overview of the ENP see the WP1/04 SEARCH WORKING PAPER Overview of the European Neighbourhood Policy: Its Edzard Wesselink, Ron Boschma January 2012, at <<http://www.ub.edu/searchproject/wp-content/uploads/2012/02/WP-1.4.pdf>>. See also the WP5/01 SEARCH WORKING PAPER, Guy Harpaz, 'Approximation of Laws under the European Neighbourhood Policy: A Typology of the Challenges and Obstacles that Lie Ahead', section 2.

country to show its commitment to the European values of democracy, human rights, rule of law, market economy, sustainable development, and good governance. The Action Plans (or Association Agendas for Eastern neighbours) are instrumental to the signature of Deep and Comprehensive Free Trade Agreements (DCFTAs), which will lower or erase trade barriers between the EU and the neighbouring countries. The EU is in fact the main trade partner of its neighbours, and it uses a number of incentives to push them towards political reform, which will benefit international trade and establish political stability in the area.³²⁰ Deep and Comprehensive Free Trade Agreements will provide for regulatory approximation between the EU and its neighbours, with the aim of lowering barriers to trade. They impact for example on sanitary and phytosanitary rules (SPS), animal welfare, customs and border procedures, competition, public procurement and Intellectual Property Rights (IPR).

IP Rights are therefore preliminarily covered in almost all Action Plans (or Association Agendas) elaborated within the ENP. However, it is necessary to note that only 12 NCs have currently agreed on Action Plans. Negotiations are under way for Algeria, whereas Belarus, Libya and Syria are out of the EU Neighbourhood Policy. Action Plans, in addition, often stem from Partnership and Cooperation Agreements (PCAs) and Association Agreements (AAs). The implementation of these agreements is monitored by the European External Action Service.

C.2 – The Action Plans

This section will provide an overview of the Action Plans devised by the EU for the NC within the European Neighbourhood Policy. The overview will be followed by a focus on the four NCs object of the study: Egypt, Israel, Moldova, and Ukraine.

The analysis of the Action Plans reveals interesting insight on the level of IPR protection in each country, the level of approximation of regulation between NCs and the EU, and also the level of leverage that the EU can use with each of its neighbours. A clear difference is visible between countries with a more developed economy or a more stable political establishment and countries politically or economically less reliable, from an EU point of view. For example, some Action Plans require from the signatory country a more general and less binding engagement towards the protection and enforcement of intellectual property rights, whereas other contain a long and detailed

320 European External Action Service at <http://eeas.europa.eu/enp/about-us/index_en.htm>.

list of normative and executive actions that the signatory country has to implement.

An example of the first type of Action Plan can be seen in the case of Israel, to which the EU only requires to ‘Enhance dialogue on the promotion of IP issues, including, for example, data protection, enhancement of enforcement through a dialogue with prosecutors and other relevant entities, etc.’³²¹ This somewhat moderate approach is visible also in the Action Plan with Jordan, where this country is only required to ‘Enhance protection of industrial and intellectual property rights,’ although this Action Plan requires as well from Jordan to ‘Strengthen the Trade’s Industrial Property Protection Directorate at the Ministry of Trade and Industry’ and to ‘Take measures to reduce circulation and trafficking of counterfeit/pirated goods in specifically targeted sectors.’ The reference to the objective of ‘reducing’ the IPR infringement, only in limited sectors, presents a stark contrast with most other Action Plans requiring a ‘fight’ against IPR ‘crime’ in every relevant area.³²²

An example of the second type of Action Plan, strict and detailed, can be seen in the case of Azerbaijan, which shows an unusually long and elaborated set of actions, which suggest both an embryonic IPR system and a strong leverage of the European Union. Clauses on the institutions to be created and on the legislation to be enacted, after having consulted ‘EU experts’, present the level of detail of national legislation, rather than of a framework agreement preliminary to an international treaty.³²³

Somewhat in the middle are all the other Plans with the remaining neighbouring countries, which are normally required to implement international treaties (e.g. TRIPs), to raise awareness in the IPR field, to increase resource for the judicial in order to better enforce IPR, and to develop cooperation with other countries or with the EU relevant enforcement bodies, in order to fight piracy. In addition, countries that have signed PCA with the EU, as for example Georgia and Moldova, are required to keep the engagements taken in those agreements, which consist of an approximation of their law to the *aquis communautaire* and the signature of the most relevant multilateral conventions on intellectual property.³²⁴

321 Action Plan with Israel at <http://ec.europa.eu/world/enp/pdf/action_plans/israel_enp_ap_final_en.pdf>.

322 Action Plan with Jordan at <http://ec.europa.eu/world/enp/pdf/action_plans/jordan_enp_ap_final_en.pdf

323 Action Plan with Azerbaijan at <http://ec.europa.eu/world/enp/pdf/action_plans/azerbaijan_enp_ap_final_en.pdf>.

324 These treaties are for example: TRIPs, Berne Convention for the Protection of Literary and Artistic Works (Paris

Also Southern Mediterranean Countries are required to implement legislation ‘similar to that of the EU’,³²⁵ and to sign to the above-mentioned multilateral conventions, as specified by their Association Agreements. All Euro-Mediterranean agreements³²⁶ contain a clause dealing with IPR which, with very similar wordings, mandate effective implementation of Intellectual Property Rights and their enforcement. An additional provision on regular assessment of such implementation is also included in the clause.³²⁷ Also the Euro-Med Agreement with Algeria, who

Act, 1971), International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (Rome, 1961), Protocol relating to the Madrid Agreement concerning the International Registration of Marks (Madrid, 1989), Nice Agreement concerning the International Classification of Goods and Services for the purposes of the Registration of Marks (Geneva 1977, and amended in 1979), Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for the purposes of Patent Procedures (1977, modified in 1980), International Convention for the Protection of New Varieties of Plants (UPOV) (Geneva Act, 1991), Paris Convention for the Protection of Industrial Property (Stockholm Act, 1967, and amended in 1979), Madrid Agreement concerning the International Registration of Marks (Stockholm Act, 1967, and amended in 1979), Patent Cooperation Treaty (Washington, 1970, amended in 1979 and modified in 1984). See for example ANNEX II (referred to in article 42) of the Partnership and Cooperation Agreement between the European Communities and their Member States, of the one part, and the Republic of Armenia, of the other part - Protocol on mutual assistance between authorities in customs matters - Final Act - Joint Declarations - Exchange of Letters in relation to the establishment of companies - Declaration of the French Government, Official Journal L 239, 09/09/1999 P. 0003 – 0050.

325 See Action Plans of Egypt, Tunisia and Morocco at <http://ec.europa.eu/world/enp/pdf/action_plans/>.

326 Euro-Mediterranean Interim Association Agreement on trade and cooperation between the European Community, of the one part, and the Palestine Liberation Organization for the benefit of the Palestinian Authority of the West Bank and the Gaza Strip, of the other part, [OJ L 187 of 16.7.1997]. Euro-Mediterranean Agreement establishing an Association between the European Communities and their Member States, of the one part, and the Arab Republic of Egypt, of the other part [OJ L 304 of 30.9.2004]. Euro-Mediterranean Agreement establishing an Association between the European Communities and their Member States, of the one part, and the Hashemite Kingdom of Jordan, of the other part [OJ L 129 of 15.5.2002]. Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the State of Israel, of the other part [OJ L 147 of 21.6.2000]. Euro-Mediterranean Agreement establishing an Association between the European Community and its Member States, of the one part, and the Republic of Lebanon, of the other part [Official Journal L 143 of 30.5.2006]. Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Kingdom of Morocco, of the other part [OJ L 070, 18.3.2000]. Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Tunisia, of the other part [OJ L 97 of 30.3.1998].

327 As an example, Article 39 of the Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Kingdom of Morocco, of the other part states :

‘1. The Parties shall provide suitable and effective protection of intellectual, industrial and commercial property rights, in line with the highest international standards. This shall encompass effective means of enforcing such rights.

2. Implementation of this Article and of Annex 7 shall be regularly assessed by the Parties. If difficulties which affect trade arise in connection with intellectual, industrial and commercial property rights, either Party may request urgent consultations to find mutually satisfactory solutions.’ Corresponding articles of the other Euro-Mediterranean agreements are worded in a very similar fashion.

does not have yet an Action Plan to implement, contains such a clause.³²⁸ And also the Association Agreement with the Palestinian authority, which does not include an IP clause in its Action Plan, contains the IP clause found in the other Euro-Med agreements.³²⁹

Azerbaijan is required to ‘Improve IP legislation and bring it into conformity with EU legislation’ and to implement the WIPO treaties.³³⁰ At the same time, other Black Sea Countries as Georgia and Moldova are required to conduct a study on piracy and counterfeiting, and ‘ensure effective dialogue with right holders’.³³¹

It is worth noting that most EU-NCs Agreements contains a “safeguard clause” which allows prohibitions or restrictions on imports or exports of goods on the ground (*inter alia*) of protection of intellectual property rights.³³² This provision is subject to a limitation, insofar such prohibitions or restrictions “shall not constitute a means of arbitrary discrimination or a disguised restriction on trade between the Parties”.³³³ The practical effect of Art 26 is that IP owners can prevent import of goods bearing their IPRs from the contracting country to EU and vice versa, even when these goods have been put in the relevant market by the IP owner himself or with his consent. In other words, Art 26 stipulates that the Agreement does not extend the principle of Community exhaustion of IPRs to contracting NCs, and therefore parallel import of IP-protected goods from NCs to EU and vice versa is still restricted.

Recent developments of the European Neighbouring Policy include the advanced negotiations for the signature of Association Agreements including Deep and Comprehensive Free Trade Agreements (DCFTA) with some countries of the Eastern Neighbourhood. Armenia, which had signed with the EU a Partnership and Cooperation Agreements (PCA) in 1999, has signed in July

328 Euro-Mediterranean Agreement establishing an Association between the European Community and its Member States, of the one part, and the People’s Democratic Republic of Algeria, of the other part [OJ L 265 of 10.10.2005], Article 44.

329 Euro-Mediterranean Interim Association Agreement on trade and cooperation between the European Community, of the one part, and the Palestine Liberation Organization for the benefit of the Palestinian Authority of the West Bank and the Gaza Strip, of the other part, [OJ L 187 of 16.7.1997], Article 33.

330 Action Plan with Azerbaijan at <http://ec.europa.eu/world/enp/pdf/action_plans/azerbaijan_enp_ap_final_en.pdf>.

331 See Action Plans of Georgia and Moldova at <http://ec.europa.eu/world/enp/pdf/action_plans/>.

332 See e.g. Euro-Mediterranean Agreement establishing an Association between the European Communities and their Member States, of the one part, and the Arab Republic of Egypt, of the other part (EMAA Egypt 2004), Art 26.

333 EMEA Egypt 2004, Art. 26.

2013 an Association Agreement including a DCFTA, which will substantially lower custom duties for Armenian trade with the EU, in exchange for rules on trade covering rules of origin, customs and intellectual property rights. Similarly, Georgia has completed negotiations on the future Association Agreement³³⁴ in July 2013 and Moldova in June 2013. They are all expected to initial the AAs at the Eastern Partnership Summit in Vilnius to be held in November 2013.³³⁵ Ukraine conversely had already concluded DFCTA negotiations in December 2011. But it is only in May 2013 that the Council decided on the signature and provisional application on the corresponding Association Agreement, to be done as well in Vilnius. However, the EU has specified that its signature is subject to the necessary political change in Ukraine.³³⁶

C.3 – Focus Countries: IP clauses in the Action Plans

Below is a short overview of the engagements taken by a number of selected neighbouring countries, object of a focus study, in the field of Intellectual Property Rights. The Countries are: Egypt, Israel, Moldova, and Ukraine. The clauses regarding IP Rights in their Action Plans are reviewed in the light of the assessment carried out by the European External Action Service (EEAS) and published by the European Commission.³³⁷

Egypt

According to the Action Plan between the EU and Egypt, the latter committed to the following undertakings in the field of IP Rights:

Intellectual property rights

- Accede to the conventions within the timeframe stipulated in the Association Agreement and apply the standards of protection stated in such conventions or other conventions and agreements to which Egypt is party.
- Strengthen enforcements of IPR legislation within TRIPS requirements.

334 See Statement by EU High Representative Catherine Ashton and Commissioner Štefan Füle on completion of negotiations on the future Association Agreement with Georgia Brussels, 24 July 2013 A 400/13 at <http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/138378.pdf>.

335 See the press release at <http://europa.eu/rapid/press-release_SPEECH-13-477_en.htm>.

336 <http://europa.eu/rapid/press-release_IP-13-436_en.htm>.

337 The country reports are available at <http://eeas.europa.eu/enp/documents/progress-reports/index_en.htm>.

- Reinforce the fight against piracy and counterfeiting and promote cooperation between the authorities involved, police, judiciary and customs.
- Significantly reduce circulation and trafficking of counterfeit/pirated goods.
- Increase awareness at both public and private level and encourage the establishment and effective functioning of associations of rights holders and consumers.
- Explore the possibility of enhanced interaction with other Euromed partners.
- Initiate a policy dialogue covering all aspects of IPR, including further legal/administrative improvements and possible membership of additional relevant conventions etc.

The Association Agreement mentioned in the action Plan was signed by Egypt in June 2004, and it contained the following clause on enforcing intellectual property rights and signing the most relevant multilateral conventions on this matter:³³⁸

Pursuant to the provisions of this Article and of Annex VI, the Parties shall grant and ensure adequate and effective protection of intellectual property rights in accordance with the prevailing international standards, including effective means of enforcing such rights.

Annex VI of the agreement, in turn, enlists the relevant multilateral conventions to be adopted by Egypt within four years from the entry into force of the agreement.

In addition, a joint declaration on Article 37 and Annex VI within the agreement defines IP Rights as follows:

For the purpose of this Agreement, intellectual property includes, in particular, copyright, including copyright in computer programmes, and neighbouring rights, patents, industrial designs, geographical indications, including appellations of origin, trademarks and service marks, topographies of integrated circuits, as well as the protection against unfair competition as referred to in Article 10 bis of the Paris Convention for the Protection of Industrial Property (Stockholm Act, 1967) and protection of undisclosed information on “know-how”.

The progress reports relating to the years from 2005 to 2011, albeit acknowledging that Egypt was signatory to many fundamental international conventions on intellectual property³³⁹ and that it had

338 Euro-Mediterranean Agreement establishing an Association between the European Communities and their Member States, of the one part, and the Arab Republic of Egypt, of the other part [OJ L 304 of 30.9.2004], Article 37

339 As for example the WTO Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, the Bern Copyright Convention, the Paris Patent Convention, the Paris Convention for Protection of Industrial Property of

enacted new legislation on this matter, pointed out that the level of IP enforcement in the country is far from being satisfactory. Piracy, in every area of intellectual creation, is a concerning issue, and jurisdictional response, including the court system, is overly slow.³⁴⁰

Moreover, still in 2007 some international treaties were yet to be signed by this country, such as the Madrid protocol relating to the Madrid Agreement Concerning the International Registration of Marks or the Treaty on the International Registration of Audiovisual Works. Also the WIPO Treaties were not fully implemented. The patent system needed streamlining, both at the stage of patent application and patent enforcement.³⁴¹

Although in 2009 the Madrid Protocol relating to the Madrid Agreement concerning the International Registration of Marks was signed, and Egypt was about to join also the International Convention for the Protection of New Varieties of Plants (UPOV), still some relevant conventions were overdue. The Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations, for example, and the Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for the Purposes of Patent Procedures needed to be signed. Moreover, enforcement of intellectual property rights was found to be unsatisfactory.³⁴²

Still in 2011 any of these conventions (including the UPOV) were signed, although piracy rates were reported as decreasing in 2010.³⁴³

1883, the Madrid Convention of 1954, and the Nice Convention for the classification of goods and services. Egypt also ratified the World Intellectual Property Organization (WIPO) Patent Cooperation Treaty in 2003.

340 Brussels, 2.3.2005 SEC (2005) 287 COMMISSION STAFF WORKING PAPER Annex to: "European Neighbourhood Policy" Country Report Egypt (COM (2005) 72 final).

341 Commission Of The European Communities, Brussels, 03.04.2008 Sec(2008)395 Commission Staff Working Document Accompanying the Communication from the Commission to the Council and the European Parliament 'Implementation of the European Neighbourhood Policy in 2007' Progress Report Egypt (COM(2008) 164 final).

342 Brussels, 12.5.2010 SEC(2010) 517 final Commission Staff Working Document Accompanying The Communication From The Commission To The European Parliament And The Council Taking stock of the European Neighbourhood Policy (ENP)- Implementation of the European Neighbourhood Policy in 2009: Progress Report Egypt {COM(2010) 207 final}.

343 Brussels, 25.5.2011 SEC (2011) 647 final Joint Staff Working Paper - Implementation of the European Neighbourhood Policy in 2010 - Country Report: Egypt {COM (2011) 303 final}. Brussels, 15.5.2012 SWD(2012) 113 final JOINT STAFF WORKING DOCUMENT Implementation of the European Neighbourhood Policy in Egypt Progress in 2011 and recommendations for action Accompanying the document Joint Communication To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions Delivering on a new European Neighbourhood Policy {JOIN(2012) 14 final}.

To date, no further improvement has been reported by EU authorities in the implementation of the Action Plan by Egypt, and more generally on the Egyptian normative and executive development of the infrastructure needed for the enforcement of IP Rights.

Israel

As mentioned above,³⁴⁴ the requirements of the Action Plan between the EU and Israel do not suggest a strong engagement in the field of Intellectual Property Rights. On the contrary, only a general commitment to enhance dialogue on this issue is required. The text of the relevant clause states:

Intellectual, industrial and commercial property rights

- Enhance dialogue on the promotion of IP issues, including, for example, data protection, enhancement of enforcement through a dialogue with prosecutors and other relevant entities, etc.

Israel as well as Egypt and the other Southern Mediterranean countries has signed an Association Agreement in June 2000.³⁴⁵ And this agreement as well includes a clause on the implementation and enforcement of intellectual property rights³⁴⁶ and on the signature of a number of multilateral conventions.³⁴⁷ However, no mention of this Association Agreement is made in the Action Plan.

The EEAS assessed the implementation of the Action Plan relating to Israel since 2006. The first assessment was strongly negative, recalling in particular the ‘inadequate protection against unfair commercial use of test data submitted by pharmaceutical companies’, despite the newly

344 See above, Section B.2.

345 Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the State of Israel, of the other part [OJ L 147 of 21.6.2000]

346 *Ibid*, Article 39(1). Pursuant to the provisions of this Article and of Annex VII, the Parties shall grant and ensure adequate and effective protection of intellectual, industrial and commercial property rights in accordance with the highest international standards, including effective means of enforcing such rights.

347 *Ibid*, Annex VII. The conventions that have to be signed within three years from the entry into force of the Agreement are : Berne Convention for the Protection of Literary and Artistic Works (Paris Act, 1971) ; Madrid Agreement concerning the International Registration of Marks (Stockholm Act, 1967 and amended in 1979) ; Protocol relating to the Madrid Agreement concerning the International Registration of Marks (Madrid, 1989) ; Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure (1977, modified in 1980) ; Patent Cooperation Treaty (Washington, 1970, amended in 1979 and modified in 1984). Moreover, the Annex specifies that the Association Council may decide to add other international treaties to the list.

implemented national legislation on Intellectual Property.³⁴⁸ However, in 2007 Israel signed an Agreement with the EU on Scientific and technical cooperation that was always positively assessed by the EU authorities.³⁴⁹

The problem of pharmaceutical products and of the weak protection of intellectual property right in Israel was reported to create unfair competition issues with European products still in 2008.³⁵⁰ While a new copyright law was implemented in Israel in 2008, the patent and design system was yet deemed unsatisfactory. However, at the end of the reporting period Israel started cooperation with the European Patent Office to harmonise examining procedures and to train patent examiners.³⁵¹

In 2009 Israel started the process of accession to the OECD, completed in 2010 with the signature of the OECD convention.³⁵² This seemed to produce a significant progress in the field on IP Rights protection, especially in the pharmaceutical area.³⁵³ In 2010 moreover Israel joined the Madrid Protocol that allows its citizen to apply for international trademarks.³⁵⁴ Moderate progress regarding the approximation of Israeli legislation with the European IP law was registered by the EEAS in 2011,³⁵⁵ but further efforts for alignment to international standards were still solicited in 2013,³⁵⁶

348 Brussels, 4.12.2006 SEC (2006)1507 Commission Staff Working Document Accompanying The : Communication From The Commission To The Council And The European Parliament On Strengthening The European Neighbourhood Policy ENP Progress Report Israel {COM(2006)726 final}.

349 Agreement on scientific and technical cooperation between the European Community and the State of Israel L 220/5 Official Journal of the European Union 25.8.2007.

350 Brussels, 23.4.2009 SEC(2009) 516 Commission Staff Working Document Accompanying The Communication From The Commission To The European Parliament And The Council Implementation of the European Neighbourhood Policy in 2008 Progress Report Israel{COM(2009) 188 final}.

351 *Ibid.*

352 <<http://www.oecd.org/israel/israelsaccessiontotheoecd.htm>>.

353 Brussels, 12.5.2010 SEC(2010) 520 final Commission Staff Working Document Accompanying The Communication From The Commission To The European Parliament And The Council Taking stock of the European Neighbourhood Policy (ENP) Implementation of the European Neighbourhood Policy in 2009 Progress Report Israel{COM(2010) 207 final}.

354 Brussels, 25.5.2011 SEC (2011) 642 final Joint Staff Working Paper Implementation of the European Neighbourhood Policy in 2010 Country Report: Israel {COM (2011) 303 final}.

355 Brussels, 15.5.2012 SWD(2012) 115 final Joint Staff Working Document Implementation of the European Neighbourhood Policy in Israel Progress in 2011 and recommendations for action Accompanying the document Joint Communication To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions Delivering on a new European Neighbourhood Policy{JOIN(2012) 14 final}.

356 Brussels, 20.3.2013 SWD(2013) 91 final Joint Staff Working Document Implementation of the European

despite the signature by Israel of the EU-Israel Agreement on Conformity Assessment and Acceptance of industrial products (ACAA).³⁵⁷

Moldova

The commitment of Moldova to the EU regarding Intellectual Property Rights stemming from its Action Plan is worded as follows:

Intellectual and industrial property rights

- Ensure a level of protection similar to that in the EU, including effective means of enforcement, in line with provisions in Articles 49 & 50 of the PCA.
- Apply international standards in this area, including in particular the TRIPS agreement.
- Ensure proper functioning of the judicial system to guarantee access to justice for rightholders and availability and effective implementation of sanctions.
- Consolidation of the relevant institutional structures, as well as of the offices for industrial rights, copyrights protection and collective societies. Extend co-operation with third country authorities and industry associations.
- Increase resources dedicated to enforcement, in particular for the customs authorities and the judicial system and increase seizures and actions against counterfeit/pirated goods in specifically targeted sectors.
- Improve enforcement of the relevant conventions provided for by PCA Article 49(2)
- Conduct a study on piracy and counterfeiting in Moldova and ensure effective dialogue with rights holders.

The Partnership and Cooperation Agreement³⁵⁸ cited in the Action Plan requires that Moldova continue the process of implementation of IP legislation. In particular Article 49 of the PCA states:

Neighbourhood Policy in Israel Progress in 2012 and recommendations for action Accompanying the document Joint Communication To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions European Neighbourhood Policy: Working towards a Stronger Partnership{JOIN(2013) 4 final}.

357 The first ACAA was signed with Israel in January 2013. Other ACAAs are in the process of negotiation with the other Southern Mediterranean neighbours Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestinian Authority, and Tunisia; and also with Ukraine, in sectors where its legislation is harmonised with the EU. See < http://ec.europa.eu/enterprise/policies/single-market-goods/international-aspects/aaa-neighbouring-countries/index_en.htm >.

358 Partnership and Cooperation Agreement between the European Communities and their Member States and the Republic of Moldova - Protocol on mutual assistance between administrative authorities in customs matters - Final Act - Joint Declarations - Exchange of Letters OJ L 181, 24.6.1998, p. 3–48.

1. Pursuant to the provisions of this Article and of Annex III, the Republic of Moldova shall continue to improve the protection of intellectual, industrial and commercial property rights in order to provide, by the end of the fifth year after the entry into force of the Agreement for a level of protection similar to that existing in the Community, including effective means of enforcing such rights.

2. By the end of the fifth year after entry into force of the Agreement, the Republic of Moldova shall accede to the multilateral conventions on intellectual, industrial and commercial property rights referred to in paragraph 1 of Annex III to which Member States of the Community are parties or which are de facto applied by Member States according to the relevant provisions contained in these conventions.

The conventions mentioned by Annex III are : the Berne Convention for the Protection of Literary and Artistic Works (Paris Act, 1971), the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (Rome, 1961) ; the Protocol relating to the Madrid Agreement concerning the International Registration of Marks (Madrid, 1989), the Nice Agreement concerning the International Classification of Goods and Services for the purposes of the Registration of Marks (Geneva 1977, amended 1979), and the International Convention for the Protection of New Varieties of Plants (UPOV) (Geneva Act, 1991). The Annex does not leave open to the Association Council the possibility to add new treaties, as it does in the Association Agreement with Israel.

The first report on the implementation of the Action Plan by the EEAS was rather positive. It cited the entry into force of the law on industrial design of 2007, the completion of the first study on piracy and the negotiation of a memorandum of understanding with the EPO relating to patent application practices and patent examiners training. However, further progress was needed to achieve the objectives of the Action Plan especially in terms of IP enforcement and awareness.³⁵⁹

More IP legislation was implemented by Moldova in 2008 including laws on trademarks, the protection of plant varieties, inventions and geographical indications, appellations of origins and traditional specialties. Draft laws on trademark and copyright were also adopted by the

359 Brussels, 03.04.2008 SEC(2008) 399 Commission Staff Working Document Accompanying the Communication from the Commission to the Council and the European Parliament 'Implementation of the European Neighbourhood Policy in 2007' Progress Report Moldova {COM(2008) 164 final}.

Government, and have to be adopted. A Documentation IPR Centre was opened, and a Cooperation Agreement with the European Patent Office was signed. However, disappointment was registered in the field of IP enforcement. The level of piracy was reported to be still very high, compared to EU levels.³⁶⁰

Procedures on patents in Moldova were improved with new legislation implemented in 2009, and the Singapore Treaty on the law of trademarks was ratified in March 2009. However, the legislation on copyright, previously approved by the government, was not adopted, and the levels of IPR infringement and piracy were still very high. At this stage, although Moldova had started negotiations with the EPO for an Extension Agreement, it did not yet solve the problem of its own membership to the Eurasian Patent Organization.³⁶¹

The law on copyright was finally adopted in 2010, while the in the field of intellectual property rights, the Republic of Moldova adopted a law on copyrights and related rights. The National Commission on Intellectual Property started its work and intended to implement and enforce IPR legislation. Moreover, a feasibility study was launched with the aim of negotiating the above-mentioned Extension Agreement with the European Patent Office. However, infringement and piracy remained high, with Moldova being the third country affected in the world.³⁶²

In 2011 Moldova ended its membership with the Eurasian Patent Convention, and its request for an Extension and Cooperation agreement with the EPO was accepted. Meanwhile, IP law was modified to allow authorities to take action *ex-officio* against IPR infringement.³⁶³ In 2012, a

360 Brussels, 23.4.2009 SEC(2009) 514 Commission Staff Working Document Accompanying the Communication From The Commission To The European Parliament And The Council Implementation of the European Neighbourhood Policy in 2008 Progress Report Republic of Moldova {COM(2009) 188 final}.

361 Brussels, 12.5.2010 SEC(2010) 523 final Commission Staff Working Document accompanying the Communication From The Commission To The European Parliament And The Council Taking stock of the European Neighbourhood Policy (ENP) Implementation of the European Neighbourhood Policy in 2009 Progress Report Republic of Moldova {COM(2010) 207 final}.

362 Brussels, 25.5.2011 SEC (2011) 643 final Joint Staff Working Paper Implementation of the European Neighbourhood Policy in 2010 Country report: Republic of Moldova {COM (2011) 303 final}.

363 Brussels, 15.5.2012 SWD (2012) 118 final Joint Staff Working Document Implementation of the European Neighbourhood Policy in the Republic of Moldova Progress in 2011 and recommendations for action Accompanying the document Joint Communication To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions Delivering on a new European Neighbourhood Policy {JOIN (2012) 14 final}.

regulation on the registration of works protected by copyright and related rights was approved.³⁶⁴ Meanwhile, the EU Parliament had approved a resolution on the negotiations of an EU-Moldova Association Agreement,³⁶⁵ which in the current stage will include a Deep and Comprehensive Free Trade Agreement. Last round of negotiations was concluded in June 2013, and the next meeting, as mentioned above, will be at Vilnius in November 2013.³⁶⁶

Ukraine

The commitments of Ukraine in the field of IP rights are worded in its Action Plan as follows:

Intellectual property

Strengthen cooperation on the protection of the IPR by exchange of experience and organisation of joint actions on the IPR issues as well as continue a dialogue on IPR issues in order to:

- proper implement standards embedded in the Enforcement Directive 2004/48/EC and the EC Council Regulation 1383/2003 concerning customs actions;
- take effective measures against counterfeiting and piracy and ensure effective implementation of the enforcement legislation and of sanctions for infringements of intellectual property rights;
- strengthen coherent and comprehensive enforcement capacity at public authorities level (administrative, judicial and operational authorities), in particular strengthen the number of State Inspectors at SDIP and increase the enforcement resources regarding internet piracy within the Ministry of Interior

In an update of the 24th of June 2013, endorsed by the EU-Ukraine Cooperation Council, the references to the EC Council Regulation was expanded with the reference to a discussion between the parties of the review under way of the regulation, with the aim to approximating Ukrainian law with it.³⁶⁷ Moreover, the part relating to the increase of the enforcement resources was made more

364 Brussels, 20.3.2013 SWD (2013) 80 final Joint Staff Working Document Implementation of the European Neighbourhood Policy in Republic of Moldova Progress in 2012 and recommendations for action Accompanying the document Joint Communication To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions European Neighbourhood Policy: Working towards a Stronger Partnership {JOIN (2013) 4 final}.

365 European Parliament resolution of 15 September 2011 containing the European Parliament's recommendations to the Council, the Commission and the EEAS on the negotiations between the EU and the Republic of Moldova on the Association Agreement (2011/2079(INI)), C 51 E/108 Official Journal of the European Union 22.2.2013.

366 See above, Section B.2.

367 The modified part of the clause read : 'proper implement standards embedded in the Enforcement Directive

generic, with the deletion of the reference to SDIP inspectors³⁶⁸.

Since 2006 Ukraine was reported to modify and upgrade its legislation to intellectual property rights.³⁶⁹ However, both normative instruments and enforcement measures were reported to be far from ideal by the EEAS also in 2007, despite the starting of the negotiations for Ukraine's accession to the WTO.³⁷⁰

After its accession to the WTO, Ukraine implemented a law 'On Amendments to several Laws of Ukraine on Intellectual Property Rights'. A number of proposals on IP rights laws were also presented to the relevant institutions and a Cooperation Agreement with the EPO were signed. However, cross-border IPR infringement and piracy were still reported to be very high.³⁷¹

The year 2010 saw in Ukraine the entry into force of the Singapore Treaty and the Strasbourg Agreement, and a new institution charged to draft IP legislation and to provide IP training was established: the State Intellectual Property Service of Ukraine (SIPSU).³⁷² However, the country still features among the first 13 worldwide for infringing software.³⁷³

2004/48/EC and the EC Council Regulation 1383/2003 concerning customs actions; the Parties will discuss the 13 results of the current review of this Regulation with the view for Ukraine to approximate with it once it is adopted by the EU'.

368 The text of the modified part stated: strengthen coherent and comprehensive enforcement capacity at public authorities level (administrative, judicial and operational authorities), in particular increasing the enforcement resources regarding internet piracy within the Ministry of Interior.

369 Brussels, 4.12.2006 Sec(2006)1505 Commission Staff Working Document Accompanying The : Communication From The Commission To The Council And The European Parliament On Strengthening The European Neighbourhood Policy ENP Progress Report Ukraine {COM(2006)726 final}.

370 Brussels, 03.04.2008 SEC(2008) 402 Commission Staff Working Document Accompanying the Communication from the Commission to the Council and the European Parliament 'Implementation of the European Neighbourhood Policy in 2007' Progress Report Ukraine {COM(2008) 164 final}.

371 SEC(2009) 515 Commission Staff Working Document Accompanying The Communication From The Commission To The European Parliament And The Council Implementation of the European Neighbourhood Policy in 2008 Progress Report Ukraine{COM(2009) 188 final}.

372 SWD(2012) 124 final Joint Staff Working Document Implementation of the European Neighbourhood Policy in Ukraine Progress in 2011 and recommendations for action Accompanying the document JOINT Communication To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions Delivering on a new European Neighbourhood Policy{JOIN(2012) 14 final}.

373 Brussels, 25.5.2011 SEC (2011) 646 final Joint Staff Working Paper Implementation of the European Neighbourhood Policy in 2010 Country Report: Ukraine {COM (2011) 303 final}.

Unfortunately, in 2012 the situation relating to IPR in Ukraine deteriorated. Neither the newly established institutions nor the old one seemed to be efficient in enforcing IPR legislation. The collective management of rights in particular raised concerns in terms of accreditation of the Collecting Societies. This particular improvement of the Ukrainian system was seen as instrumental for viable negotiations of a Deep and Comprehensive Free Trade Agreement.³⁷⁴ However, in 2013 the European Parliament addressed recommendations to the Council, the Commission, and the EEAS³⁷⁵ in relation to the ongoing negotiations of a new Association Agreement with Ukraine, including a DCFTA. If successful, this would be the first of a new type of Association Agreement with the Eastern European neighbours, including detailed norms to approximate intellectual property law between the neighbouring country and the EU.

The recommendations were followed by a proposal of the Commission which include a chapter that essentially enacts the approximation of laws between Ukraine and the EU by introducing detailed provisions that regulate all essential matters of Intellectual property law. The norms are drafted after the main EU legislative instruments of the EU on Intellectual Property rights, and covers copyright, broadcasting, resale rights, patents, design, trademarks, geographical indications, software, database, plant protection products, topographies of semiconductor products, plant varieties, genetic resources, traditional knowledge and folklore, enforcement of IP rights, liability of Intermediary Service Providers, and border measures.³⁷⁶

This agreement, clearly, by lowering trade barriers between Ukraine and the EU and by approximating Ukraine legislation to the *aquis communautaire*, would substantially integrate this country into the Internal Market. However, the Association Agreement has not yet been signed. The Vilnius meeting of the 13th of November would offer in this sense an ideal opportunity. But the EU has clearly stated that it will not sign the agreement in the absence of clear signs of improvement of

374 Brussels, 20.3.2013 SWD(2013) 84 final Joint Staff Working Document Implementation of the European Neighbourhood Policy in Ukraine Progress in 2012 and recommendations for action Accompanying the document Joint Communication To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions European Neighbourhood Policy: Working towards a Stronger Partnership{JOIN(2013) 4 final}.

375 Negotiations on the EU-Ukraine Association Agreement P7_TA(2011)0545 European Parliament resolution of 1 December 2011 containing the European Parliament's recommendations to the Council, the Commission and the EEAS on the negotiations of the EU-Ukraine Association Agreement (2011/2132(INI)) (2013/C 165 E/07) C 165 E/48 Official Journal of the European Union 11.6.2013

376 Proposal For A Council Decision on the conclusion of the Association Agreement between the European Union and its Member States, of the one part, and Ukraine, of the other part /* COM/2013/0290 final - 2013/0151 NLE */ , Chapter 9.

the judicial and political system.³⁷⁷

C.4 – Conclusion

The review of the ENP relating to IPR in general, and of the focus countries in particular, suggests that IPR status in European neighbouring countries varies greatly. Some similarities can be detected within the policy sub-groups (Eastern European, Southern Mediterranean, and Black Sea countries) but this is not a general rule. First, since barriers to trade can be produced not only by lack of implementation of IP norms but also by a dysfunctional infrastructure enforcing such rights, IPR assessment needs to be put in context.

A recent press release (March 2013) on the European Neighbouring policy effectively summarizes the general progress of neighbourhood countries as follows:

The country progress reports give a mixed picture of progress in democratic reforms undertaken in the Southern neighbourhood. Democratic elections were held in Egypt, Algeria and Libya. The EU increased its assistance for holding free and fair elections in line with international standards and deployed elections observation missions to Algeria, Egypt and Jordan. Civil society in the South has grown more vocal than in the past. Concerns remain about freedoms of assembly, association and expression, including media freedom, in many partners, notably Egypt and Algeria. Constitutional reform is slow. The EU has set up Task forces for Tunisia, Jordan and Egypt to improve the coordination of financial assistance provided by the EU, EU member States and international financial institutions.

Countries in the East increasingly take different paths. Moldova, Georgia and Armenia continued democratic reforms, and held elections which were generally in conformity with international standards. Ukraine's parliamentary elections presented a more mixed picture with several shortcomings and constituted a deterioration compared to standards previously achieved. Azerbaijan needs to make significant further efforts to meet its commitments in the field of democracy, including electoral processes. The elections in Belarus took place against an overall background of

377 The EU asks that Ukraine corrects its 'selective justice' and implements a new electoral law. As a sign of good will also requires that the former Ukrainian Prime Minister, Yulia Tymoshenko is released from imprisonment. See Press Release of the 30/08/2013 regarding the meeting between the Commissioner for Enlargement and European Neighbourhood Policy Štefan Füle and deputy chairman of the European Integration Committee of the Ukrainian parliament (Verkhovna Rada) Petro Poroshenko <http://europa.eu/rapid/press-release_MEMO-13-758_en.htm> and his meeting with Ukrainian opposition leaders at <http://europa.eu/rapid/press-release_MEMO-13-757_en.htm>.

repression.

This mixed scenario on the general progress of the European Neighbourhood Policy corresponds to the picture displayed by the analysis of the detailed country reports. While on the one hand a general progress can be detected in implementing IP legislation and in the signature (or at least advanced negotiation) of several international treaties and multilateral conventions, IPR infringement rates and piracy are not reported to be decreasing, if not marginally.

Nonetheless, negotiations progress at increasing speed towards the signature of Association Agreements with almost all neighbouring countries. The Eastern European block is the most advanced with several negotiation rounds now concluded towards the signature of Association Agreements including Deep and Comprehensive Free Trade Agreements (DCFTA). These Association Agreements, of an unprecedented level of detail and number of commitments on both sides, aim at lowering or erasing trade tariffs while at the same time approximating intellectual property law. However, since the progress of normative action within each NC does not seem to correspond to the progress of IPR enforcement, caution needs to be expressed.

Piracy rates, for example, are hardly available for the countries object of this policy. Customs procedures statistics are also provided sparingly. However, when figures are provided, they suggest an alarming scenario in terms of IPR infringement, only marginally improving – if at all. The signature of DCFTAs including accelerated approximation of NC's legislation to EU law does not in itself guarantee the establishment of an effective judicial system able to enforce it.

In sum, while the adoption of the EU intellectual property framework appears as a leap forward in terms of IPR protection in neighbouring countries, this alone cannot lower the barriers to trade if it is not paralleled by substantial improvement in the social, legal and economic system of these countries.