IV. INTELLECTUAL PROPERTY

A. Introduction

This Journal's previous piece on current developments in EC intellectual property noted that this area of law is dominated by the drive towards harmonisation.[1] This drive continues, and its success has been such that it can now begin to be seen in an overarching context of globalisation. The idea of a unified global system for the protection of intellectual property now seems at least conceivable, even if not immediately achievable. It is even possible to state that some stages have been achieved on the journey, most notably the TRIPs Agreement. Since adherence to this is a requirement of World Trade Organization (WTO) membership, the arguments in its favour have suddenly become "persuasive". It represents a tremendous achievement in terms of the protection and enforcement of intellectual property rights throughout the world. The World Intellectual Property Organisation's contribution here and elsewhere has been immense.

Nevertheless huge hurdles remain in the path of globalisation. For a start, the current system has its origins in patterns of law based on territoriality and sovereignty, and it is tremendously hard to redraw these. Furthermore, different legal systems have taken very different philosophical approaches to intellectual property. Questions regarding the appropriate protection for intellectual property are easy enough to state, but hard to answer. If it is difficult enough to decide what we should protect, and how and why, in the context of a single legislature, the problem becomes demoralisingly difficult to address in a real global environment. In practice, international progress towards globalisation can only be achieved by political negotiation: compromise seems the only alternative to stagnation. This presents a potential threat to the integrity and coherence of intellectual property protection, since the most powerful are likely to be the best heard. It is easy to pay lip-service to the concept of public interest, but in the consultation exercises which are so popular with contemporary legislators now, it is understandably those most sharply affected who respond; right holders who seek to bolster and increase their protection, and well-organised groups of users of protected goods and services. Their views are valuable and vital to the process, but wider thought is also crucial. Few members of the general public will either know or care about these exercises, yet these issues increasingly pervade their lives.

The speed of development of information and communications technologies has had a profound effect on the creation and use of intellectual property of every sort. Ease of access has begun to generate public expectations of cheap or even free access to material—witness the Napster case. Even if the more extreme

1. (1999) 48 I.C.L.Q. 710.

https://doi.org/10.1093/iclq/50.3.714 Published online by Cambridge University Press

approaches are rejected, there still remains a need to balance right holders' desires against a wider public interest, particularly in the fields of education, research, and access to information. The benefit of intellectual property to society as a whole must not be under-estimated, even though its intangible nature has been a matter of frustration to legislators throughout modern history at least. That benefit would be significantly undermined by the over-protection of intellectual property, but would be perhaps equally undermined by inadequate protection and lack of enforcement. It is important that legislators and others take a truly global view.[2]

B. Copyright

1. Accession of the EC to the WIPO "Internet" treaties

In March 2000 the Council approved the two World Intellectual Property Organisation (WIPO) Treaties adopted in Geneva in 1996—the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT).[3] The EC and the Member States played a significant role in the preparations and negotiations for the two treaties. The Treaties include new rights of distribution and electronic "making available",[4] provisions on copy-protection devices and unauthorised removal of rights management information,[5] and provisions obliging parties to provide effective procedures and remedies against infringement of rights.[6] It proved impossible to agree on the scope of the reproduction right under Article 9 of the Berne Convention and the WPPT in relation to temporary reproductions (such as those held in a computer memory or on a network server). This contentious issue also affects the EC's proposed harmonisation Directive. The scope of the WPPT was limited to aural performances only, it not having been possible to agree on the conditions for the inclusion of audiovisual performances.[7]

Each Treaty will come into force once 30 States have ratified it. This is the first time that the EC will become a party to an international copyright treaty in its own right. Since the Treaties cover matters where competence is shared between the EC and its Member States, the EC's instruments of ratification will be deposited following the deadline for implementation of the proposed Directive on copyright and related rights in the information society. Amongst other objectives, this proposed Directive aims to adapt EC legislation to reflect the content of the

2. For contributions to the debate see Samuelson [1999] E.I.P.R. 578, Gerhart [2000] E.I.P.R. 311, Perlmutter [2001] E.I.P.R. 111 and Brimelow [2001] E.I.P.R. 44.

3. The text of WCT may be found at http://www.wipo.int/treaties/ip/copyright/copyright.html. and the text of WPPT at http://www.wipo.int/treaties/ip/performances/performances.html. Council Decision 2000/278, [2000] OJ L89/6.

4. WCT Arts 6 and 8 and WPPT Arts 8, 10, 12 and 14.

5. WCT Arts 11 and 12 and WPPT Arts 18 and 19.

6. WCT Art. 14 and WPPT Art. 23.

7. Provisional agreement only on the protection of audiovisual performances was reached in December 2000, and no instrument was adopted. Although all delegations pledged their best efforts in the future to achieve consensus, the timetable for further negotiations is not yet known. For the provisionally agreed articles see http://www.wipo.int/eng/document/iavp/pdf/iavp–dc34.pdf. For the eventual stumbling block see http://www.europa.eu.int/comm/internal–market/en/intprop/introp/news/diplomat2.htm.

https://doi.org/10.1093/iclq/50.3.714 Published online by Cambridge University Press

WIPO Treaties. In spite of the failures to agree in certain areas, the WIPO Treaties still represent a significant step forward in terms of international protection for copyright and related rights, particularly with regard to the "digital agenda".

2. Copyright and related rights in the information society: the proposed Directive

The proposed Directive aims to provide a harmonised framework for copyright and related rights in the information society, and this objective is of manifest importance. The EC is anxious to establish a single market for the new products of the information society, and the Directive seeks to make cross-border trade in protected goods and services, particularly over the Internet, easier. The Directive is also a pre-requisite for the ratification of the two WIPO Treaties, by either the EC or any of the Member States. Although the Internet and related technologies offer tremendous opportunities for creative artists and the copyright-based industries, the ease with which material may be transmitted and copied poses considerable dangers. Inevitably, compromises have had to be made in the attempt to balance the rights and interests of those involved (including rightholders, network operators, users, consumer electronic industries and the educational community).

The proposed Directive clearly and simply establishes the rights of reproduction, communication to the public/making available, and distribution.[8] This is a welcome and positive step, offering significantly harmonised and strengthened rights. The Member States may apply various specified exceptions to restrictions on copying, usually with provision for the copyright holders to receive fair compensation. The position here is far less satisfactory.[9] There is an exhaustive list of 20 permissible exceptions, and a single mandatory exception—for certain temporary copies.[10] This structure inevitably undermines the aim of harmonisation, since the Member States are left free to adopt none or all of the optional exceptions. As for the exceptions themselves, some are already familiar in certain Member States, but others are new and/or more controversial. If Member States adopt very different approaches to their implementation, confusion is likely, and there is a real possibility that cross-border trade could be significantly hindered.[11] Exasperation seems certain, as do many references to the ECJ.

8. Arts 2, 3 and 4 of the Common position adopted by the Internal Market Council, [2000] OJ C344/1.

9. For trenchant criticism see Doherty & Griffiths [2000] E.I.P.R. 17, Vinje [2000] E.I.P.R. 551 and Hugenholtz [2000] E.I.P.R. 499.

10. Art. 5. The mandatory exception aims to cover temporary copies made as an inevitable result of digital technology, many of which are innocuous and should not be subject to copyright. However, drawing the line between the acceptable and unacceptable has been hugely difficult and controversial, as might be expected. See Hugenholtz [2000] E.I.P.R. 482.

11. For example, the question of whether there should be an exception for private copying is one on which there is a history of fundamental and legitimate disagreement, with similar differences on the use of copyright material for the purpose of parody. Unharmonised implementation of some of the exceptions, such as that for the benefit of people with a disability, has the potential to frustrate their purposes and create unwelcome and unnecessary barriers.

https://doi.org/10.1093/iclq/50.3.714 Published online by Cambridge University Press

The Council formally adopted a common position on the proposed Directive in September 2000.[12] In February 2001 the European Parliament voted to amend the common position, approving nine amendments.[13] Although the amendments are not extensive, there will be further delay as the Member States consider them under the conciliation procedure.[14] Assuming agreement is reached, final adoption of the Directive is likely during 2001, with implementation in the Member States within two years.

3. Artists' resale right

The proposed Directive on artists' resale right, first published in 1996, progresses slowly towards adoption. It would entitle the author of an original work of art to a percentage of the resale price of a work each time it is resold by or through an art-market professional. The percentage will vary according to the sale price.[15] Royalties will be payable by the seller to the author or those entitled under him. The right will last for 70 years after the death of the artist, and therefore its effect will be largely on 20th century art. Various changes had to be made to the original proposal, in order to overcome noisy and implacable opposition from certain quarters. There was strong dispute as to the appropriate threshold above which the royalty should be payable, and the transitional periods also proved contentious. The deadline for implementation is currently set at five years after the Directive's adoption (unusually long), and Member States where the resale right is not currently applied (namely the U.K., Ireland, the Netherlands, Luxembourg and Austria) may opt to apply the resale right only to sales of works by living artists for a further transitional period in addition to the five year period for transposition. The proposal is now before the Council for final adoption.[16]

C. Trade Mark

1. The Madrid Protocol

Although it seemed possible for a time that the EC would accede to the Madrid Protocol, that prospect has unfortunately receded. The Madrid Protocol provides for the international registration of marks at the International Bureau of WIPO at Geneva. An important innovation of the Madrid Protocol is that intergovernmental organisations which have a regional trade mark system may adhere to the Protocol. This was done with the specific intention of allowing the EC to accede to the protocol after the Community trade mark system was in force. The linking of the two systems should make the application process simpler and more efficient, and should contribute to increased trade between the EC and third countries.

12. *Supra* n.8. See also the Commission's response, SEC (2000) 1734 (Oct. 2000).

13. For details see http://www.europarl.eu.int/plenary/default–en.html.

14. For the Commission's (generally positive) reaction see COM(2001) 1734 final.

15. Royalties are not payable (under the current draft) below ECU 1000. The rates are 4% of the sale price between 1000 and 50,000 ECU, 3% between 50,000 and 250,000 ECU, and 2% above 250,000 ECU.

16. Commission proposal [1996] OJ C178/16, as amended [1998] OJ C125/8; Council's common position [2000] OJ C300/1; Commission Communication to Parliament COM (2000) 1516 final; Commission opinion on Parliament's amendments COM(2001) 47 final.

https://doi.org/10.1093/iclq/50.3.714 Published online by Cambridge University Press

However, the process of accession has stalled because of linguistic objections from Spain and Belgium.[17]

2. The Community Trade Mark

The Community trade mark has now been in operation for five years, and is proving extremely popular.[18] It offers applicants significant advantages: a single application in one language, examined under one set of standards and for a single fee, leads to unitary protection in all Member States. A considerable body of case law from the Office for Harmonization in the Internal Market (OHIM) has now been generated, fleshing out some of the substantive law.[19] Although shapes, smells and colours are now registrable in principle, such signs are not being successfully registered in tremendous numbers, because in practice it is hard to show that they are functioning as trade marks.[20] The outcome of the ECJ's deliberations on the registrability of the shape of the Philips three-headed rotary shaver will also be relevant here.[21]

A number of appeals have now reached the Court of First Instance from OHIM decisions that the sign applied for is not registrable, and it has in general agreed with the approach taken by the Boards of Appeal.[22] There has been some useful first instance case law on registration in bad faith, which is one of the absolute

17. English and French are the languages of the Madrid Union, whereas there are five official languages at the OHIM plus six national languages of the applicant, which may be the language in ex parte proceedings. Amended proposal for a Council Regulation modifying Regulation 40/94 on the Community trade mark: adopted by Commission 30 April 1998 [1998] OJ C194/5.

18. Regulation 40/94 on the Community trade mark [1994] OJ L 11/1.

19. The OHIM web site is http://www.oami.eu.int. This has (*inter alia*) all the decisions of the Boards of Appeal, Opposition and Cancellation Divisions, and searchable databases of pending and registered CTMs. See also an interview with OHIM's Vice-President: [2000] E.I.P.R. 528.

20. The requirement of graphic representation may also present a challenge in this context. In *Qlicksmart Pty Ltd's Application* ([1999] E.T.M.R. 335) registration of a sound described on the application form as a click was refused on grounds that it did not contain a representation of the mark. The appeal was dismissed because the description was insufficiently clear and precise, giving no indication as to how the sound was created. *Vennootschap onder Firma Senta Aromatic Marketing's Application* ([1999] E.T.M.R. 429) to register "the smell of fresh cut grass" for tennis balls was initially refused on the grounds that this was not a graphic representation of the mark. On appeal it was held that the smell of freshly cut grass was a distinct smell that everyone recognises from experience, so the description complied with the graphical representation requirement.

21. C–299/99 *Phillips Electronics* v. *Remington Consumer Products Ltd*. The opinion of Advocate General Colomer was delivered on 23 Jan. 2001.

22. Although in T–193/99 *Wm Wrigley Jr. Company* v. *OHIM* the CFI reversed the decision to refuse registration to "DOUBLEMINT" as exclusively descriptive under Art. 7(1)(c) of the Regulation, holding that the numerous meanings of the composite term deprived it of any descriptive function. For a typical decision under Art. 7(1)(b) see T–19/99 *DKV Deutsche Krankenversicherung AG* v. *OHIM* [2000] 1 C.M.L.R. 508, where the CFI agreed that "Companyline" was not registrable as it was devoid of distinctive character, being composed exclusively of customary English words. Note also that a sign must possess distinctive character throughout the Community, so an applicant seeking to show distinctiveness through use for the purposes of Art. 7(3) must demonstrate this in the substantial part of the Community where it was devoid of any such character under Art. 7(1): T–91/99 *Ford Motor Company* v. *OHIM* [2000] 2 C.M.L.R. 276.

https://doi.org/10.1093/iclq/50.3.714 Published online by Cambridge University Press

grounds for invalidity of a Community trade mark. Bad faith was described as a "narrow legal concept in the CTMR system", and could be understood as a "dishonest intention".[23]

3. The Trade Mark Directive

More useful case law continues to be generated on the interpretation of the Trade Mark Directive.[24] There are some interesting new issues, but some familiar themes recur: confusion and exhaustion are the old friends here.

One important new point concerned the use of geographical names. It is of obvious importance to other traders that no one person should acquire exclusive rights in a geographical name unless there is very good reason for this.[25] The Trade Mark Directive does not allow the registration of a sign that designates the geographic origin of goods, unless it has acquired a distinctive character before the date of application (Article 3). The ECJ considered this article in the *Windsurfing* case.[26] Whilst acknowledging the public interest that geographical names should remain available, the Court held that a trade mark would have acquired a distinctive character through use when it had come to identify the trade marked product as originating from a particular undertaking, thus distinguishing it from products originating from other undertakings. The geographical name has thereby gained a new significance, justifying its registration as a trade mark. The Court preferred the approach of considering each case on its individual merits, without special reference to the perceived importance of keeping the geographical name available for use by other undertakings: the national authority must make a global assessment of the evidence.[27] Although this flexibility of approach is to be preferred to over-scrupulous restrictions, the national authorities must exercise appropriate caution if other traders with a legitimate interest are not to be unfairly disadvantaged. The balance is a delicate one, and further guidance may be needed to avert unwelcome differences in approach at national level.

The definition of confusion has continued to perplex.[28] A trade mark owner is protected against others using confusingly similar signs, but the language of the Directive has itself produced considerable confusion—by referring to "likelihood of confusion which includes the likelihood of association with the earlier mark".[29] The ECJ has maintained the approach adopted in *Sabel*, that likelihood of association is not an alternative to likelihood of confusion, but serves to define its scope.[30] The likelihood of confusion must be appreciated globally, taking into

23. *Senso di Donna's Trade Mark* [2001] E.T.M.R. 5.
24. Directive 89/104 [1989] OJ L 40/1.
25. Under former British law, for example, certain signs were considered so important geographically that they could not be registered even if there was conclusive evidence that in trade they were understood to be the applicant's trade mark: *YORK Trade Mark* [1984] R.P.C. 231.
26. C–108/97 *Windsurfing Chiemisee* v. *Huber* [1999] ECR I–2779. Noted Fox [2000] E.I.P.R. 1.
27. The referring German court in this case had asked how far the German doctrine of *Freihaltebedürfnis* ("need to keep free") was relevant to the interpretation of Art. 3.
28. See Wagner, [1999] E.I.P.R. 127 and Würtenberger, [1999] E.I.P.R. 508.
29. Arts 4(1)(b) and 5(1)(b).
30. C–251/95 *Sabel BV* v. *Puma AG, Rudolf Dassler Sport* [1997] ECR 6191.

https://doi.org/10.1093/iclq/50.3.714 Published online by Cambridge University Press

account all the circumstances of the case. Thus in *Canon* the distinctive character of the earlier mark was a relevant consideration in determining whether confusion was likely.[31] These cases involved registration (Article 4(1)(b)), but it is now absolutely clear that the same concepts apply to the substantially identically worded infringement provision (Article 5(1)(b)).

In relation to an alleged infringement of the Adidas 3-stripe mark, registered with the Benelux Trade Mark Office, the Supreme Court of the Netherlands had thought that where risk of confusion could not be excluded because a mark had a particularly distinctive character, either *per se* or because of the reputation it enjoyed with the public, there might be justifiable reasons for concluding that a finding of a risk of association might be sufficient to justify a prohibition on the use of the signs in question. Clarification of the scope of Article 5(1)(b) was sought in a preliminary reference. The ECJ confirmed that its interpretation of Article 4(1)(b) applied here also, and stressed that "the very terms of the provision exclude its application where there is no likelihood of association on the part of the public."[32] The Court also confirmed that the reputation of the mark was an element which might be important, and observed that marks with a highly distinctive character, in particular because of their reputation, might therefore enjoy broader protection than marks with a less distinctive character. However, the reputation of the mark could not give grounds for presuming the existence of a likelihood of confusion simply because of the existence of a likelihood of association. The ECJ has thereby closed the door on the possibility that the Benelux concept of non-origin association would apply under the Directive, reaffirming its position in *Sabel* and *Canon*.[33]

These issues of reputation and distinctive character raise questions as to the interaction with the provisions concerning well-known marks.[34] Article 5(2) of the Directive concerns infringement of well-known marks, and allows additional protection where the mark "has a reputation" in a Member State. Confusion is not required here; the test is unfair advantage or detriment. The ECJ has now ruled on the question of "reputation": the trade mark must be known to a significant part of the relevant sectors of the public.[35] No case so far has required thorough consideration of these provisions.[36]

The activities of parallel importers benefit the internal market, but often trouble the holders of intellectual property rights. The ECJ continues to be asked to pronounce on the proper limits of trade mark rights in relation to parallel

31. C–39/97 *Canon Kabushiki Kaisha* v. *Metro-Goldwyn-Mayer Inc.* [1998] ECR I–5507.

32. C–425/98 *Marca Mode* v. *Adidas*: noted Turner-Kerr, [2001] E.I.P.R. 49.

33. Further detailed guidance as to the criteria to be applied in assessing the likelihood of confusion is to be found in C–342/97 *Lloyd Schufabrik Meyer & Co* v. *Klijsen* [1999] ECR 3819.

34. Arts 4(3), 4(4)(a), and 5(2).

35. C–375/97 *General Motors Corporation* v. *Yplon SA* [1999] 3 C.M.L.R. 427; [1999] E.T.M.R. 950. The national court should take into consideration all the relevant facts of the case, in particular the mark's market share, the intensity, geographical extent and duration of its use, and the size of the investment in promotion. It is not necessary that the mark should have a reputation throughout the territory of a Member State, it is sufficient that it extends to a substantial part of it.

36. Though for references to them see C–251/95 *Sabel BV* v. *Puma AG, Rudolf Dassler Sport* and C–425/98 *Marca Mode* v. *Adidas supra* n.30 and 32 respectively.

https://doi.org/10.1093/iclq/50.3.714 Published online by Cambridge University Press

traders. The Court has previously given detailed guidance on the repackaging of pharmaceutical products where the original trade mark has been re-affixed, notably in *Bristol-Myers Squibb*.[37] Article 7 of the Trade Mark Directive provides for exhaustion of trade mark rights once goods are put on the market in the Community under that trade mark with consent, but allows a proprietor to oppose further commercialisation of goods where there is a legitimate reason for doing so. Article 7 was interpreted in *Bristol-Myers Squibb*, although the Court made it clear that it had taken its own previous case law as a basis for determining the Article's meaning.[38] The question then arose as to whether the approach would be different if the original mark was not re-affixed, but was replaced, for instance where a manufacturer used variants of a trade mark in different Member States. The ECJ has now held that Article 7 does not apply to such cases, and the assessment must be made in the light of Article 30 of the Treaty. The conclusion is no different, however. In either case, the trade mark proprietor cannot oppose repackaging if that opposition contributes to the artificial partitioning of the markets between Member States. It is for the national courts to determine, in each specific case, whether it was objectively necessary for the parallel importer to re-affix or replace the trade mark used in the Member State of export.[39] Considerable doubt has been generated as the correct application of this test of necessity, and a further reference has been made to the ECJ.[40]

Building on the *Dior* case, which held that a reseller must be free to use another's trade mark in advertising the further commercialisation of that product,[41] the ECJ refused to prevent a specialist repairer of second-hand BMW cars from using the BMW mark to advertise his specialism. The use of a mark to suggest a commercial connection between its proprietor and the advertiser would have been a legitimate reason for opposition, but the mere fact that use of a mark in otherwise honest and fair advertising lent an aura of quality to the advertiser's business was not.[42]

Although Community-wide exhaustion has been accepted as essential to the functioning of the internal market, there is considerable disagreement over the need for a principle of international exhaustion in this context. Controversially, the ECJ in *Silhouette* held that national rules providing for international exhaustion are contrary to Article 7(1): the need for a unified approach within the internal market outweighed concerns for free trade at international level.[43] A

37. Joined Cases C–427, 429 & 436/93, *Bristol-Myers Squibb & Others* v. *Paranova A/S* [1996] ECR I–3457; Joined Cases C–71, 72 & 73/94, *Eurim-Pharm Arzneimittel GmbH* v. *Biersdorf AG & Others* [1996] ECR 3603; Case C–232/94, *MPA Pharma GmbH* v. *Rhône-Poulenc Pharma GmbH* [1996] ECR I–3671.

38. Based on Arts 30 and 36 EC, now Arts 28 and 30 EC.

39. C–379/97 *Pharmacia & Upjohn* v. *Paranova* [2000] 1 C.M.L.R. 51; [2000] F.S.R. 621.

40. *Glaxo Group & ors* v. *Dowelhurst (No 2)* [2000] E.T.M.R. 415; [2000] 2 C.M.L.R. 571; [2000] F.S.R. 529. See also Turner [2000] E.I.P.R. 434; Wong [2000] E.I.P.R. 585 and Kur [2000] I.P.Q. 301. For the text of the questions referred to the ECJ see http://www.wood.ccta.gov.uk/courtser/judgments.nsf

41. C–337/95 *Parfums Christian Dior* v. *Evora BV* [1997] E.C.R. I–6013.

42. C–63/97 *BMW* v. *Deenik* [1999] E.C.R. I–905.

43. C–355/96 *Silhouette International* v. *Hartlauer Handelsgesellschaft* [1998] E.C.R. 4799, confirmed in C–173/98 *Sebago Inc & Ancienne Maison Dubois* v. *GB-Unic* [1999] E.T.M.R. 681.

https://doi.org/10.1093/iclq/50.3.714 Published online by Cambridge University Press

challenge to the *Silhouette* decision is apparent in the English case *Davidoff*.[44] Davidoff was objecting to sales within the EEA of its products originally sold (far cheaper) for the Asian market. It was held that although Community law (*Silhouette*) allowed a trade mark proprietor to prevent importation of his marked goods into the Community, the proprietor also could consent to such importation. On the facts of this case Davidoff was deemed to have consented because of their failure to impose tight and explicit controls on resale. An immediate reference to the ECJ was ordered on the issue of implied consent, and other matters.[45]

There has been considerable pressure from both sides of the debate.[46] The Commission responded by ordering a report from external consultants on the impact of any change, and held hearings for representatives of interested parties, and Member States. The resulting report indicated that although the short term effects of a change to international exhaustion appeared small in macroeconomic terms, the longer term dynamic consequences were likely to be both more important and more difficult to predict.[47] In May 2000 the Commission announced that for the moment it had decided not to propose any change to the current Community-wide exhaustion regime. The decision is said to be strongly supported by only four Member States, eight regretting the decision and emphasising the need for change, the rest reserving their position.[48] Opposition from industry is to be expected, but the current climate of world trade suggests that progress towards a regime of international exhaustion is inevitable. A modified approach is also possible, with reasoned exceptions, say, for sectors where the dis-benefits outweigh the consumer dis-benefits. International agreements based on reciprocity may offer a way forward. Important though the issues may be to trade mark holders, their interests cannot justify an approach to exhaustion that goes

44. *Zino Davidoff* v. *A & G Imports* [1999] 2 C.M.L.R. 973; [1999] E.T.M.R. 700.

45. For the terms of the Order see [2000] 2 C.M.L.R. 750. The approach in *Davidoff* relies on contract law to limit the effect of *Silhouette* by sidestepping the issue of international exhaustion. Compare also the approach of the Scottish Court of Session in *Zino Davidoff* v. *M & S Toiletries Ltd* [2000] 2 C.M.L.R. 735 (distinguishing the English case on its facts) and *JOOP!* v. *M & S Toiletries Ltd* (judgment 4.4.2000), which found in each case that there was no consent to importation on the facts. In both cases Lord Kingarth expressed reservations about the implied consent argument: see MacQueen [2000] I.P.Q. 357 and Swift [2000] E.I.P.R. 377.

46. See, *inter alia*: Cornish [1998] E.I.P.R. 172; Hays & Hansen, [1998] E.I.P.R. 277; Zadra-Symes & Batista, [1998] E.I.P.R. 219; White, [1999] E.I.P.R. 176; Cohen Jehoram, (1999) 30 IIC 19; Wooldridge, [1999] I.P.Q. 379; Norman, [2000] E.I.P.R. 159 and Jones, [2000] E.I.P.R. 171. See also *Trade Marks, Fakes and Consumers,* Select Committee on Trade and Industry, Eighth Report, July 1999 (HC 380), which recommends progress towards international exhaustion, with certain sectoral exceptions. The Government's response is generally in line with this report's conclusions, although it pointedly does not commit itself to any specific position: *Appendix to the Tenth Special Report of the Select Committee on Trade and Industry*, Sept. 1999, (HC 797).

47. *The economic consequences of the choice of a regime of exhaustion in the area of trade marks. Final report for DGXV of the European Commission.* Prepared by NERA, SJ Berwin & Co & IIF Research, Feb. 1999, London (p.26). See also the Commission's *Working Paper on Exhaustion of Trade Mark Rights*: http//www.europa.eu.int/comm./dgs/internal–market/en/intprop/indprop/exhaust.htm.

48. See *Communiqué from Commissioner Bolkestein on the issue of exhaustion of trade mark rights*, 7 June 2000: http:www.europa.eu.int/comm./internal–market/en/intprop/indprop/comexhaust.htm

https://doi.org/10.1093/iclq/50.3.714 Published online by Cambridge University Press

beyond the legitimate objectives of trade mark law. The referral of *Davidoff* offers the ECJ an opportunity to reassess the approach taken in *Silhouette*.

D. Patents and Know-How

Steps towards harmonisation continue, along the broad lines envisaged by the Commission's 1997 Green Paper and subsequent Communication.[49] The Commission has now drafted a regulation to create a Community Patent, which would give applicants the option of a single EU-wide patent.[50] Currently patents are granted either on a national basis, or through the European Patent Office (EPO) in Munich, which grants so-called "European Patents" which are effectively bundles of national patents. The EPO route offers a single application and granting procedure, but Member States may require that the European Patent be translated into an official language, and it is the national court in each State which is competent to deal with disputes. The proposed Community patent would be granted and published in one of the languages of the EPO (English, French and German) and the claims would be published in the other two. A centralised tribunal would be set up, within the framework of the ECJ. It is envisaged that the Community patent would co-exist with the national and European systems. Previous attempts to create a single Community Patent—over a period of more than 30 years—proved fruitless. It is to be hoped that the success of the Community Trade Mark will provide an encouraging model.

A proposal for a directive concerning a harmonised approach to utility models was mentioned in a previous note.[51] An amended proposal has now been adopted: this includes most of the amendments suggested by the European Parliament in its opinion on the initial proposal. The main features of the utility model are unchanged; a lower level of inventiveness than that required for patents, no examination to establish novelty or inventive step, and a limited protection period of no more than 10 years.[52] It should also be mentioned in this context that the Biotechnology Directive was due for implementation in Member States by the end of July 2000.[53] Still more harmonisation has been placed on the longer-term agenda. The Commission has published a Consultation paper on whether the Community should harmonise the laws of the Member States on the patent protection of computer-implemented inventions.[54]

49. Green Paper COM(97) 314. Communication: follow up to the Green Paper COM(99) 42.

50. Proposal for a regulation on a Community Patent COM(2000) 412, adopted 5 July 2000.

51. (1999) 48 I.C.L.Q. 710.

52. Proposal for a Directive [1998] O.J. C36/13. Amended proposal COM(99) 309, adopted 30 June 1999.

53. Directive 98/44 [1998] O.J. L213/13. Implemented in the U.K. by Patents Regulations 2000 (S.I. 2000 No.2037) in force 28 July 2000. See also Llewelyn, [2000] E.I.P.R. 191.

54. Consultation Paper, *The Patentability of Computer-Implemented Inventions*, Oct. 2000: http://www.europa.eu.int/comm/internal–market/en/intprop/indprop/softpaten.htm. Comments were invited. See http://www.europa.eu.int/comm/internal–market/en/intprop/indprop/softreplies.htm for the submissions received.

https://doi.org/10.1093/iclq/50.3.714 Published online by Cambridge University Press

E. Other

An amended proposal for a Regulation on the Community Design has been adopted.[55] It takes account of the reactions of the European Parliament and the Economic and Social Committee, as well as developments from the Council's discussions of the original proposal.[56] It would provide for a unitary Community system for the legal protection of design, proposing two forms of protection at European level; a short-term unregistered design right, and a longer term registered design right. It includes all the relevant provisions on substantive design law, which are incorporated in the Design Directive.[57] National design rights will not be abolished; the two systems will co-exist. The conditions for protection are the same for both the registered and unregistered rights, namely novelty and individual character, and comply with the corresponding provisions of the Directive. Registration with OHIM is proposed, without substantive examination, and the term of protection is to be up to 25 years. The proposed unregistered right would be more limited than the registered right, lasting only three years, and would not allow the right holder to oppose designs which are the independent creation of another designer.

The protection of spare parts continues to be problematic. The Commission feels that a solution must be found within the framework of the Directive before spare parts can be brought within the Community Design. A consultation exercise, promised after the adoption of the Directive, is under way.[58] Note in this context the ECJ's decision that intra-Community transit does not form part of the specific subject matter of the design right. The dispute involved Renault car parts lawfully manufactured in Spain and lawfully marketed in Italy, which were subject to detention by customs at the request of the French design right holder on the presumption that they were counterfeit.[59]

It should also be noted here that the first fully argued English case concerning the Database Directive has now been reported, offering helpful guidance on the application of the main infringement provisions.[60]

CATHERINE SEVILLE*

55. COM(2000) 660.

56. Proposal for a Regulation COM(99) 310 adopted June 1999; amended proposal COM(2000) 660 adopted Oct. 2000. For comment see Thorne, [2000] E.I.P.R. 583.

57. Directive 98/71 on the Legal Protection of Designs [1998] OJ L289/28, implementation by 28 Oct. 2001.

58. See http://www.europa.eu.int/comm/internal–market/en/intprop/indprop/design-new.htm.

59. C–23/99 *Commission* v. *France* [2001] E.C.D.R. 2. The ECJ held that intra-Community transit consisted in the transportation of goods from one Member State to another, and involved no use of the appearance of the protected design. Intra-Community transit does not therefore form part of the specific subject matter of the right of industrial and commercial property in designs. Since manufacture and marketing of these goods are both lawful in the relevant Member States, the impediment to the free movement of goods is not justified.

60. *British Horseracing Board Ltd* v. *William Hill Organisation Ltd* Times Law Reports, 23 Feb. 2001.

* Director of Studies in Law, Newnham College, Cambridge.

https://doi.org/10.1093/iclq/50.3.714 Published online by Cambridge University Press