The Existence and Exercise of Intellectual Property Rights in IT Products and Services: An EC Overview

by Serge J.H. Gijrath

Introduction

Any Australian or New Zealand company considering marketing its Information Technology ('IT') products or services in the EC and wishing to gain a competitive edge, should first carefully evaluate its existing Intellectual Property ('IP') portfolio. IP rights which may occur in the country of origin, do not always occur in a similar fashion in the EC.

In a highly innovative society, legislation may fall behind technological developments. New products, such as CD-I, may fit in the existing IP framework or qualify for new forms of protection. An IT company must be aware of the procedure, time and costs involved in obtaining IP protection, which may vary depending on IP right. In the EC, harmonisation measures regarding topics ranging from biotechnological inventions to databases are implemented, but national IP rights regimes still vary to a great extent.[1]

Even though the various national systems provide for different IP protection regimes, EC law treats the EC market as one territory. In this context, EC law distinguishes between the *existence* and the *exercise* of IP rights.[2]

Although the EC Treaty does not affect the existence[3] of IP rights recognized by an EC Member State, the exercise of such rights may be restricted by mandatory rules of EC law.

Consequently, derogations from the free movement of goods rules (Articles 30-36 EC Treaty) or the competition rules (Articles 85-86 EC Treaty) with respect to IP rights are allowed solely to the extent that these derogations are justified to protect the rights which constitute the *specific subject matter* of such IP rights.[4] The specific subject matter thus relates to the existence and will differ depending on the IP right.

IT companies who exploit an IP right, for example through contracts, or who defend such a right, for example through litigation, should keep in mind that the mere *existence* of an IP right does not necessarily imply its unimpeded *exercise*.

Referring to the IT sector entails referring to a broad range of products and services. This could include software or hardware, CD-I, mobile communication services, interfaces etc. I will make specific reference to certain products if specific regulations thereto exist.

Existence of IP rights with particular emphasis on the Netherlands[5]

In the EC, most IP rights require registration. The cost of registration and other formalities should be taken into account when an IT company considers its IP strategy for the various EC Member States.

Copyright

In all EC Member States, copyright is granted without registration. In many EC Member States, including the Netherlands,[6] computer software and other IT products are not yet specifically mentioned as protectable works in national copyright legislation. Legislation is pending to implement the EC Software Directive.[7] Following its enactment, software will be mentioned as a copyright protectable work.

In order to qualify for copyright protection, a work must be original. Currently, the originality test in the Netherlands is whether the work has personal character. For software, this rather low threshold is embodied in the EC Software Directive. Other Member States, such as Germany, apply stricter requirements regarding originality and will have to adjust their copyright legislation at least with respect to software and databases (see below).

Even though copyright notices are not required by Dutch law—nor by the law in most other EC countries— it is still recommended to mark the product, if possible in more than one place, with a copyright notice, in order to hamper illegal copying. The copyright notice should consist of the symbol ©, the year of first publication of the product and the name of the copyright owner. A company should provide its employees with clear guidelines as to the places where copyright notices should be included.

Database protection

The protection of databases has not been regulated in all EC Member States. On April 15, 1992 the Commission of the EC submitted to the Council a Proposal for a Directive

on the Legal Protection of Databases.[8] In practice, protection of databases is proposed on two grounds: 1) copyright and, 2) a *sui generis* right to prevent unfair extraction.

The draft EC Database Directive does not require registration of the database in order for it to be protected. The definition of the originality requirement is identical to the definition formulated in the EC Software Directive. This implies that by reason of selection and arrangement, a collection of materials in a database will constitute the author's own intellectual creation and thus qualify for copyright protection. The right to prevent unfair extraction includes the right to prohibit the re-use of the information contained in the re-produced work. The proposal is currently under careful scrutiny and has met criticism from various authors.[9]

In the Netherlands, the Supreme Court has asserted in *Van Dale v Romme*[10] that a database (ie a collection of words) can be protected by copyright only if it reflects the personal intellectual efforts of the maker.

Chip protection

The EC has implemented measures regarding the Legal Protection of Topographies of Semi-conductors (Chips).[11] In short, minimum requirements regarding chip protection are established which EC Member States must implement into their legislation.

In conformity with the EC Chips Directive, the Netherlands have enacted the Chips Protection Act of 1987. Chips are protected - for a period of ten years - under the Chips Protection Act if they result from the maker's personal intellectual efforts, that is if they are considered original.[12] Note that in the Nether-

lands registration of chips *is* required, if protection is sought. The Industrial Property Office at Rijswijk functions as a registrar and checks formalities only.

Patents

A single patent application covering some or all countries which are party to the European Patent Convention[13] ('EPC') can be filed with the European Patent Office ('EPO') at Rijswijk (the Netherlands) or Munich (Germany). Upon completion of the granting procedure, patents are issued for the countries of the

"The draft EC Database Directive does not require registration of the database in order for it to be protected"

EPC as designated by the patentee. The patentee obtains the protection provided by each country to national patents. Consequently, variations may occur per jurisdiction.

The Convention of the Community Patent,[14] which will create a unitary patent in the EC territory, has not come into force yet.

A patent application for the Netherlands only may be filed with the Patent Office at Rijswijk.[15] Patents expire in case of non-timely payment of a renewal fee. A Bill to amend the Netherlands Patent Act was introduced in the Netherlands in 1992. It is expected that the new Patent Act will come into force on 1 January 1994. The new Dutch patent application system will be con-

siderably simpler, in that the Netherlands Patent Office will investigate a patent application only on a limited number of formal requirements.

In order to qualify for patent protection, a product—or a process—must be new and inventive. Technical aspects in software can be patented, even if they relate to a specific application.[16] Patentability will have to be determined on a case-by-case basis. It is thought that the Netherlands Patents Office holds a broader interpretation on the patentability of software than the EPO.

Design rights

A novel outer appearance of a product with a utilitarian purpose may qualify for design protection, according to legislation in several EC Member States. In order to qualify for protection, a design must be registered. In the Benelux,[17] the Benelux Designs Bureau at the Hague is concerned with formal registration requirements only. It does not check the design for novelty.

Design rights have not been harmonized throughout the EC yet. If a Community Design will be established, a sort of EC design right will supersede the national design rights. It is uncertain whether a product can qualify for copyright and design protection simultaneously.[18]

Trademarks

This form of IP protection is often underestimated when it comes to the IT industry, especially since in various EC jurisdictions, including the Benelux, trademark protection can be obtained for services, too. Registration of the mark is required, for the Benelux with the Benelux Trademark Office at The Hague.

It is noteworthy that the Benelux Trademark Act offers a variety of registration possibilities. Names, devices, drawings, prints, stamps, characters, figures, shapes of products or packagings and any other indication used to distinguish the products or services of a business enterprise may be registered. It is not uncommon that one company registers several trademarks for one product, e.g. the name, logo and packaging. Contrary to the trademark authorities in other Member States, the Benelux Trademark Office engages in a formal examination of the trademark application only.

Benelux trademarks are divided in various classes, according to the international standard.[19] Typically, we advise IT companies to register their trademark for classes 9 (for hardware, software and interfaces), 16 (for printed matters) and, if the product is serviced, 42 (maintenance). Providers of telecommunication services are also suggested to register for class 38 (communication).

In comparison to the above, the registration procedure for trademarks is inexpensive.[20] International registration in the countries signatories to the Madrid Agreement,[21] can be effected after a single national registration has been performed. The applicant should designate the countries for which protection is sought. This way, registration can be effected in a number of countries in a fairly inexpensive manner. The applicant must have a real commercial or industrial connection with the country where the application is made. It must be kept in mind that not all EC Member States have such fairly simple registration procedures. In the UK and Spain, the (international) trademark application is actively ex-

amined by the national trademark authority.

Mention is made of the Community Trade Mark.[22] Under this system, it will be possible to obtain trademark protection for all EC Member States, following one application.

A trademark should have distinctive power. This is often forgotten by IT companies who register such positively descriptive marks as 'Multimedia Services' or 'MEGA FILE'. A descriptive trademark is a weak trademark. Especially in the computer industry with its jargon, it is

> *"Copyright can offer a most effective and efficient protection for many IT products..."*

advisable to develop a distinctive trademark.

Tradenames

There is no EC regulatory activity in the field of tradenames and with the exception of the Netherlands, in the EC Member States tradenames are not explicitly protected by a separate statute.

Under the Netherlands Tradenames Act, registration of a tradename is not required in order for it to merit protection. The only requirement is that the tradename must be used by the business more than just incidentally. Thus, an Australian telecommunications manufacturer can merit tradename protection in the Netherlands, provided that its trade name is known in the Netherlands,

because of, for example, the sale of products/services by that company in the Netherlands or because of the use of the tradename in advertisements.

Trade secrets

In a few EC Member States, such as Germany, Italy and Greece, trade secrets are specifically protected by law against unlawful appropriation. This is not the case for the Netherlands, the UK or France, although sometimes recourse can be taken to unfair competition law.

Comparative advertising

Although this area is not really connected with IT rights, it is important for IT companies to be aware that throughout the EC, there is a marked lack of conformity regarding the permissibility of comparative advertising. The EC has issued a Draft Directive on this topic,[23] which will not be discussed in this paper.

Sub-conclusion

Copyright can offer a most effective and efficient protection for many IT products, including software, databases, CD-I,[24] mask works, expert systems,[25] etc. Chips are protected under a separate regime.

It seems that relatively few software patents and designs have been applied for in the EC, including the Netherlands. This may have to do with the fact that it takes about one to three years to obtain a patent, even though national patents can be obtained faster, and that it is required that the invention has not been made public before the application. European patent law does not recognise a period of grace. Patent protection for high-tech inventions will, of course, be worthwhile. Probably, the Benelux Design Act is

Fourth National Conference on
Law, Computers and Artificial Intelligence

21-22 April, 1994 - University of Exeter

Preliminary Notice and Call for Papers

Themes

The fundamental problem of how to represent law computationally is still an unresolved question. Logic-based and rule-based representations and strategies, initially adopted because of the ease with which potentially useful mappings between legal knowledge and computational expression can be derived, are generally regarded as inadequate for conveying the many senses, nuances, social interpretations and uses of law which human experts effortlessly and intuitively adopt.

One theme of the conference will be to explore next-generation computational representations of law, including object-oriented, frame-based and connectionist (distributed) representations, and to compare and contrast these with current representation techniques. Philosophical and jurisprudential assumptions, as well as practical applications in areas such as computer-aided learning of law and legal expert systems, fall within this theme.

A second theme concerns the anxiety about the social implications of what is being done in the overlap area of law and AI. Do we really want to devote resources to describing, explaining and analyzing law, or to devising nonhuman responses about the interpretation and application of legal rules?

Papers addressing other issues which fall within the overlap areas of law, computer science and AI are also welcome.

Conference format

The format of the conference will be designed to foster the exchange of ideas and expertise. Included will be two special sessions, each addressing one of the special themes. There will be ample time being allowed for questions and discussion of all papers. The conference will start at 2pm on Thursday, 21 April, 1994 and finish at 5pm on Friday, 22 April, 1994. A special tutorial introduction to neural computing representations of law will be offered on the morning of 22 April, 1994.

Papers of less than 5000 words in length and including an abstract of less than 200 words should be sent to any of the local Academic Contacts by 1st October, 1993. Authors should clearly indicate the theme, if any, addressed by their paper. Authors will be notified of acceptance by 1st December, 1993 after papers have been refereed. Final versions of the papers will be required by 1st March, 1994 so that they can be distributed to participants in advance of the Conference. (Copyright will be retained by the authors).

Accommodation and full board, plus registration fees and a copy of the advanced proceedings, are estimated to be approximately £120 for academics and £200 for non-academics, with reductions for students. Registration forms, information and further details can be obtained from the local Academic Contacts.

Academic Contacts:

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of limited importance for IT products, especially given that no protection is obtained unless the outer appearance of the product is designed in a particular manner. The same holds for other national design rights systems.

It is recommended to register several trademarks in relation to one IT product/service. It is noted that through one registration (in the Benelux) and at relatively low cost, protection can be obtained in three EC countries at once. Subsequently, the Benelux registration could be followed by an international registration. Given the relative complexity of international trademark registrations, IT companies should well consider which territories they intend to cover with their products/services, before filing a further application. Tradename and trade secrets protection are less regulated in the EC.

Exercise of intellectual property rights

Specific subject matter

With respect to **copyright**, the *specific subject matter* will be rather difficult to define and will depend on the character of the specific product. Regarding software, the EC Software Directive is quite clear where it concerns actions which are reserved for the IP owner.[26] Moreover, under the EC Software Directive, the IP owner in the software will retain the right to control rental of his software, even after he has regularly put a copy of the software on the market.[27]

With respect to **patents**, reference is made to *Centrafarm v Sterling Drug and Winthrop*[28] in which the ECJ defined the *specific subject matter* of patents to include the exclusive rights

to: 1) use an invention in order to manufacture industrial products, 2) put these products into circulation for the first time, either directly or through licensing to third parties, and 3) oppose infringements.

With respect to **trademarks**, the *specific subject matter* of the trademark was defined in *Centrafarm v Sterling Drug and Winthrop* as: 'the exclusive right to use the trademark, for the purpose of putting products, protected by the trademark into circulation for the first time' and including—in the origin function of the mark—the right to prevent

> *"...the IP owner in the software will retain the right to control rental of his software, even after he has regularly put a copy of the software on the market"*

third parties from changing the packaging of the goods protected by trademark law in order to resell them into other EC Member States.[29]

Exploitation

IP rights will be exploited. Usually, exploitation is effected under the accompaniment of a distribution or a licence agreement in which the rights of the IP owner are laid down.

Before dealing with the limits on the exercise of IP rights, it is observed that contracts form a valuable instrument for the protection of IP rights. Particular reference is made to the protection of trade secrets and know how. As stated

above, trade secrets are not protected by statute in most EC Member States, including the Netherlands, even though protection may be afforded under unfair competition law. Confidential information clauses in license or distribution agreements, however, are normally enforceable and may survive the termination of such agreement.

Litigation

It will depend upon the importance which an IT company attaches to maintenance of its IP rights whether it will actively pursue their protection. In a highly innovative industry such as the IT sector, much is to be said for actively battling copyright and trade secrets infringers. Actively exercising IP rights can be effected by suing the infringer, but also by seizing infringing products. Variations with respect to the possible strategies to be followed will occur because of the variatons in legislation in the different jurisdictions.

In the Netherlands, especially with respect to copyright and trademarks, it is common practice to get an injunction in summary proceedings, which can be obtained in a matter of weeks. If such an action is successful, the defendant is usually not only ordered to refrain from further infringing, but *inter alia* also can be ordered to:

◆ make available to the plaintiff names and addresses of clients and data relating to profits and turn-over;

◆ recall and/or return infringing products;

◆ pay an advance on damages;

◆ account for profits; and

◆ rectify the infringement either in letters to end-users or in a public statement.

Attachments can be made both under copyright law, and following the enactment of the Act on the Combating of Counterfeited Goods,[30] under trademark law.

Legal costs, which will also vary per jurisdiction, may play a role when a company considers how to defend its IP rights. In several jurisdictions, the party gaining suit is not compensated for attorneys' fees. Nevertheless, substantial amounts may be obtained by claiming damages.

Limits on exercise: exhaustion of rights

According to this doctrine, once a copy of a product protected by IP rights has been put into circulation by the IP owner or with his consent, then his rights to control further circulation of that copy of the product have been exhausted. The complexity of this doctrine is enhanced by the fact that it is rather well-developed under the free movement of goods doctrine under EC law and under various national laws. In the Netherlands, various IP acts contain provisions relating to the exhaustion of rights.[31] Some authors argue that the exhaustion doctrine does not work internationally,[32] whereas it is felt by others that exhaustion does work internationally.[33]

It is uncertain how the exhaustion doctrine influences IP rights in services, given that there exists no case law in this respect. It is arguable that, for example, trademarks in services cannot exhaust, given the character of such mark.

With respect to software it is argued by some that the copyright therein would indeed exhaust after the first sale if it concerns standard or shrink-wrap software, whereas, in spite of the wording of article 4 (c) EC Software Directive, this would not be the case if it concerns custom-made software.

At least under EC law, once a product has been put into circulation by the IP owner (or with his consent) *within the EC*, little can be done against parallel imports.[34] The EC territory should for this purpose in fact be considered as one territory.

Even if the exhaustion doctrine works internationally, this does not imply for non-EC companies that they cannot act against parallel imports *into the EC*. It is suggested that for this purpose the IP rights are split between the non-EC parent and

"...copyright therein would indeed exhaust after the first sale if it concerns standard or shrink-wrap software..."

an EC subsidiary or affiliate. This would mean in the case of, for example, copyright, that the non-EC parent company would transfer (part of its) copyright in a product to the EC subsidiary. Consequently, if a parallel importer sells a product which he has purchased in, for example, Australia *into the EC*, - which would exhaust the Australian copyright -, he would still infringe the copyright of the EC copyright owner (the subsidiary). It is mentioned that this possible way of splitting the territory could be difficult for tax purposes. Besides, the underlying agreement between the parent and the subsidiary could possibly be unenforceable under Article 85(1) EC Treaty.

Limits on exercise: EC competition law

This topic is broad enough to be subject of a separate paper and it goes beyond the scope of this paper to extensively deal with restrictions imposed by EC competition law on the exercise of IP rights.[35] In this paper, a few general comments will be made only.

Restrictive clauses

Several clauses in IT license contracts may violate Article 85(1) of the EC Treaty and thus be unenforceable.[36]

If software is licensed as part of a know how 'package' which normally falls under the prohibition of Article 85(1) EC Treaty, the software may nevertheless be exempted given article 5(1) of the block exemption on know how licensing agreements.[37]

The following are some (non-exhaustive) examples of the most striking clauses in IP distribution or licence agreements which will be prohibited under EC competition law:

◆ resale price maintenance clauses or requirements to pay a minimum royalty;

◆ import and export restrictions which affect trade between Member States;

◆ 'tying' clauses (ie. clauses which require that certain software has to be used on hardware bought therewith);

◆ designated hardware clauses; clauses restricting maintenance necessary for use;[38]

◆ grant-back licenses concerning improvements in licensed software;

◆ automatic extension of the license if a new version of the software is issued;

◆ absolute prohibitions on reverse engineering;

◆ prohibitions on competition with the principal; and

◆ no-challenge clauses, prohibiting the licensee to challenge the validity of the licensed copyright or trademark;

It goes without saying that even though the above examples have been extracted from practice, case law, articles etc., more restrictions may occur according to the specific situation. It is always recommended to have distribution and license agreements reviewed for EC (competition) law aspects.

Abuse of a dominant position

The question arises whether the use of IP rights when marketing IT products (or services) may constitute a dominant position having an effect on trade between Member States, thus falling under the scope of Article 86 EC Treaty.[39]

The exercise of an IP right will not in itself constitute abuse of such dominant position.[40] This exercise includes the simple refusal to grant a license to a third party.[41] However, in the *Magill* case[42] the Court of First Instance ruled that the refusal to license listings relating to television programs under the circumstances constituted abuse of a dominant position. Indicative of abuse was the use of copyright to prevent the emergence on the market of a new product for which there was significant consumer demand.

It is difficult to predict the outcome of the appeal which is currently pending before the ECJ. Yet, if the decision in first instance is upheld, it is rather unlikely to yield substantive effects in the field of application of Article 86 in IT licensing, given the rather specific facts in

Magill. On the other hand, *Magill* may be applied in the field of standardisation (see below).

Limits on exercise: standardisation

Especially through ETSI (the European Telecommunications Standards Institute), the EC—in particular the Commission—is developing an approach favoring standardisation above the unlimited exercise of IP rights. In this respect, the Commission has published a Communication on Intellectual Property Rights and Standardisation.[43] Even though it is explicitly stated that:

"...is developing an approach favoring standardisation above the unlimited exercise of IP rights"

'a rightholder must in all cases retain the initial right to grant or refuse licenses on whatever exclusivity or territorial basis he wishes, subject to the application of Articles 30-36, 59, 66 and 85, 86 of the Treaty.'[44]

It is also stated that IP rights may be less in conflict with standardisation, where this is driven by reasons of quality, safety or conformity to certain technical norms.[45]

In the general principles IP holders are instructed to:

◆ identify in a timely manner any IP right which may be relevant to a standard being developed and to confirm or refuse permission for its incorporation in that standard promptly;

◆ offer fair, reasonable and non-discriminatory monetary or non-monetary terms for the license to use any IP right;

◆ regard an agreement to the incorporation of an IP right in a standard as irrevocable unless the exceptional circumstances justify withdrawal of licences once the standard is adopted.[46]

It remains to be seen whether a balance will be struck between 'the needs of public standardisation and the rights of owners of IP rights'.[47] Given the limited scope of Commission communications, it is uncertain which action the Commission can take against IP owners who refuse to comply with the above general principles.

Standardisation may be detrimental to IP rights, it can also have anticompetitive effects.[48] In the case *X/Open Group*,[49] the Commission permitted cooperation between a Group of major IT manufacturers regarding the joint development of a common application environment for UNIX, even though the agreement between the Group members contained restrictions concerning membership, allowing for discrimination against certain (non-) members. The Commission held that technical progress in terms of Article 85(3) EEC would be enhanced if standards would be developed.

The Members of the Group promised to publish the specification of their standards with a minimum of delay after adoption thereof.

Conclusion

In this paper, a broad overview was given on various aspects of IP protection in the EC. These aspects should be taken into account by Australian and New Zealand companies wishing to set up a competi-

tive strategy to protect their IP rights when doing business in the EC. It is important to realise that although the EC is a uniform market and harmonisation of national legislation is effected, national IP laws may nevertheless still vary. Some IP rights which come about after registration can be registered internationally. However, depending on specific circumstances it may be more practical to effect registration on a national basis.

IP rights may be enhanced through exploitation and litigation. The mere *existence* of an IP right is not everything as the *exercise* of such rights may be limited by restrictions imposed by EC law and policies. Given the variety of IT products and the different possible forms of IP protection, IT companies should consider which form of protection suits a particular product or service best. ✍

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Footnotes

¹ See: H. Cohen Jehoram, *Harmonising Intellectual Property Law within the European Communitv,* [1992] 5 IIC 622.

² The existence/exercise of rights dichotomy was first formulated by the European Court of Justice ('ECJ') in *Consten and Grundig v Commission of the European Communities,* Cases 56/64 and 58/64, [1966] ECR 299.

³ See Article 222 EC Treaty.

⁴ Cf. *Hoffmann-La Roche v Centrafarm,* Case 102/77, [1978] ECR 1139. The specific subject matter notion was formulated in *Deutsche Grammophon v Metro,* Case 78/70, [1971] ECR 487.

⁵ This section is partly based on: Marc E. Wallheimer, chapter on the Netherlands, in: Ed. Th.M.S. Hemnes, *Intellectual Propertv World Desk Reference,* Kluwer (1992);

⁶ For an overview regarding the Netherlands: S.J.H. Gijrath, *Recent Dutch developments in software protection,* [19911 13 Managing Intellectual Property 25:

⁷ Council Directive on Legal Protection of Computer Programs, 14 May 1991, OJ 1991 L122/42, Cf. D.W.F. Verkade, *Dutch Implementation*

of the EEC Directive on Computer Programs. [1992] 8 EIPR 289.

⁸ OJ 1992, C156/4.

⁹ See: J. Hughes and E. Weightman, *EC Database Protection: Fine Tuning the Commission's Proposal,* [1992] 5 EIPR 147; M. Pattison, *The European Commission's Proposal on the Protection of Computer Databases.* [1992] 4 EIPR 113.

¹⁰ Supreme Court, 4 January 1991, [1991] 2 Computerrecht 84 (in Dutch).

¹¹ Council Directive 87/54, OJ 1987, L24/36, extended lastly to persons from the United States and certain territories by Council Decision of 21 December 1992 93/16/EEC, OJ 1993, L011/20.

¹² The originality requirement is borrowed from the Netherlands Copyright Act.

¹³ Countries which were party to the European Patent Convetion on January 1,1993 include Austria, Belgium, France, Germany, Greece, Italy, Liechtenstein, Luxemburg, the Netherlands, Spain, Sweden, Switzerland and the UK.

¹⁴ OJ 1976, L171/1.

¹⁵ Costs relating to the filing of such a patent wjll amount to approx. NLG 6,000.00-10,000.00 as per January 1993.

¹⁶ *Vicom,* European Patent Office Technical Board of Appeal, 15 July 1986, [19871 5 EIPR D-100

¹⁷ The Benelux countries are: Belgium, the Netherlands and Luxemburg. The costs of a Benelux design registration will amount to approx. NLG 1,300.00 excluding legal services.

¹⁸ See also H. Cohen Jehoram, *The EC Green Paper on the Legal Protection of Industrial Desivn. Half Way down the Right Track—A View from the Benelux,* [1992] 3 EIPR 75

¹⁹ Agreement of Nice, June 15, 1957.

²⁰ For the Benelux countries, as of January 1993, the cost of registration of a single mark, for three classes amount to approx. NLG 1,300.00, excluding legal services.

²¹ Members as of January 1993: Algeria, Austria, Benelux, Bulgaria, China, Croatia, Cuba, Czechia, Egypt, France, Germany, Italy, Liechtenstein, Morocco, Monaco, Mongolia, North Korea, Poland, Portugal, Russia, Roumania, San Marino, Slovakia, Slovenia, Spain, Sudan, Switzerland, Ukraine, Vietnam, (former) Yugoslavia. (Estonia and Latvia have applied).

²² Amended Proposal COM (92) 443 final 4 November 1992. See also: Ch. Gielen, *Harmonisation of Trade Mark Law in Europe: The First Trade Mark Harmonisation Directive of the European Council,* [1992] 8 EIPR 262

²³ Draft Directive on Comparative Advertising, OJ 1991, C180/15.

²⁴ In case of CD-I the issue of moral rights afforded to the author by copyright may well be at stake. This issue, however. falls outside the scope of this paper.

²⁵ Expert system software can qualify for copyright protection. Expert system knowledge, however, may be protected under copyright in some countries, but not in others. See: J.H. Spoor, *Protecting Expert Svstems, in particular Expert Svstem Knowledge: A Challenge for Lawyers,* [1992] 1 EIPR 9.

²⁶ Article 4 (a), (b) of the EC Software Directive reserves the following acts to the copyright owner: reproduction,translation, adaptation, arrangement and any other alteration of software, and - insofar as they necessitate reproduction - loading, display, running, transmission and storage of the software program.

²⁷ Article 4 (c) EC Software Directive.

²⁸ Cases 15/74 and 16/74, [1974] ECR 1147 and 1183.

²⁹ Cf. *Hoffmann-l a Roche v Centrafarm,* supra note 5.

³⁰ Act of 23 November 1992, taking effect from 1 January 1993.

³¹ Article 30(4) Patent Act; Copyright: Supreme Court of the Netherlands, January 25, 1952, NJ 1952, 95; Article 6 Chips Protection Act; Article 13A (3) Benelux Trademark Act; Article 14(3) Benelux Designs Act.

³² See e.g. T. Heymann, EEC Competition Law and Antitrust and their Application on Software, Software Procurement 92, Conference Paper, p. 4.

³³ See e.g. F. Gotzen, *Distribution and Exhaustion in the EC Proposal for a Council Directive on the Legal Protection of Computer Programs,* [1990] 8 EIPR 299. Further discussion takes place within the framework of the GATT TRIPS negotations, where it is the viewpoint of the EC that IP rights do not exhaust internationally. See: Draft Agreement on Trade-Related Aspects of IP Rights, [1992] 6 World IP Report, 42.

³⁴ Cf. G. de Ulloa, *Licensing Contracts and Territoriality Clauses: Parallel Imports,* [1991] 6 ECLR 220.

³⁵ See for more specific overviews, in particular with respect to software licensing , *inter alia.*: J. Flynn, *Intellectual Property and Anti-trust: EC Attitudes,* [1992] 2 EIPR 49, I.S. Forrester, *Software Licensing in the Light of Current EC Competition I aw Considerations,* [1992] 1 ECLR 5; Ch. Vajda, *The Application of Communitv Competition Law to the Distribution of Computer Products and Parts,* [1992] 3 ECLR 110, Th. Vinje, *Compliance with Article 85 in Software Licensing,* 4 ECLR 165.

³⁶ In a nutshell, Article 85(1) EC Treaty prohibits agreements which restrict or distort competition in the EC market and which are capable of affecting trade between Member States. If an agreement is caught under Article 85(1) it will become null and void. Individual exemptions may be granted, however, under Article 85(3). Furthermore, the EC Commission has issued several 'block exemptions' dealing i.a. with agreements relating to exclusive distribution, exclusive purchasing, patent licensing, know-how licensing, franchising, research and development, specialisation and motor vehicle distribution and servicing.

³⁷ Commission Regulation 556/89, OJ 1989, L61/1.

³⁸ Cf. Article 5(1) of the EC Software Directive. According to Vinje, supra note 35, p. 169, besides disassembly for bug identification, diagnosis and modification to repair bugs, at least testing for the presence of viruses, pre-testing of software to identify and prevent any possible negative effects on existing programs/data and changing pa-

rameters to account for new circumstances (e.g. updating social security rates) are allowed and thus fall outside the *specific subject matter* of the IP protection provided to software by copyright.

[39] With respect to licensing, particular focus is made at Article 86 (d) which provides that abuse consists in: 'making the conclusion of contracts subject to acceptance by other parties of supplementary obligations which by their nature or according to commercial usage, have no connection with the subject of such contracts.'

[40] Cf. R.E. Myrick, *Will Intellectual Property on Technology still be Viable in a Unitary Market*, [1992] 9 EIPR 298, Th. Vinje, *Magill: Its Impact*

on the Information Technology Industry, [1992] 11 EIPR 397

[41] *Volvo v Veng*, Case 238/87, [1988] ECR 6211.

[42] Joint cases *Radio Telefix Eireann v Commission of the European Communities* Case T-69/89, [1991] CMLR 586, *The British Broadcasting Corporation v Commission of the European Communities* Case T-70/89, [1991] CMLR 669, *Independent Television Publications Ltd v Commission of the European Communities*, Case T-76/89, [1991] CMLR 745. RTE and ITP have filed an appeal with the European Court of Justice, which appeal was still pending at the date of writing.

[43] Commission Communication COM (92) - 445 final, adopted 27 October 1992

[44] Ibid., p. 19 nr. 4.7.2

[45] Ibid., p. 21 nrs. 4.8.3 - 4.8.4.

[46] Ibid., pp. 32-33.

[47] See also: D. Good, *How Far should IP Rights have to Give Way to Standardisation: The Policy Positions of ETSI and the EC*, [1992] 9 EIPR 295; R. Tuckett, *Access to Public Standards: Interoperability Revisited*, [1992] 12 EIPR 423.

[48] Cf. G. van Duijvenvoorde, C. Prins, M. Schiessl, *Linking Competition Law and IT Standardisation: Why the Commission should use Regulation 2821/71*, [1992] 5 EIPR 187

[49] Commission Decision 15 December 1987, OJ 1987,L35/36.

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