

Common Principles of European Intellectual Property Law

Edited by
ANSGAR OHLY

*Geistiges Eigentum und
Wettbewerbsrecht*

62

Mohr Siebeck

Geistiges Eigentum und Wettbewerbsrecht

Herausgegeben von

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Preface

Intellectual property law has been harmonised by EU law to a considerable extent. At the same time intellectual property rights have converged. The academic discussion has not kept pace with this development. European intellectual property law is often seen through the spectacles of national law; pan-European discussions about issues of Community law seem to be the exception rather than the rule. While intellectual property law has always been in the vanguard of EU harmonization, academic attempts to formulate common European principles and to suggest rules for areas as yet unaffected by harmonization are significantly less advanced than in general private law, where the work of various study groups has resulted in the Draft Common Frame of Reference.

Hence the steering group and the members of the Bayreuth DFG graduate school “Intellectual Property and the Public Domain” decided to invite some leading European scholars in this field to Bayreuth to enter into a discussion about common principles of European intellectual property law. This volume comprises the papers which were presented at the conference on 20 and 21 November 2009. Publication of this volume has taken embarrassingly long due to several obstacles. But all’s well that ends well.

First and foremost I would like to thank all contributors to this volume, both for their contributions and for their patience with the slow editing process. My thanks also go to *Daniela Simone* for doing a thorough, yet speedy English language check (all remaining mistakes are the authors’ and mine) and to all student assistants of my chair who helped me with my editorial work. I hope that this volume will give impulses to a process which has started, but which is still to gather momentum.

Bayreuth in December 2011

Ansgar Ohly

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I. Starting Points

Introduction: The Quest for Common Principles of European Intellectual Property Law – Useful, Futile, Dangerous?

Ansgar Ohly

I. The Quest for Common Principles

1. A Fragmented Discourse about Harmonised Law

In the historical development of intellectual property law, several eras can be distinguished: the age of privileges, the age of enlightenment, when the theoretical underpinnings of intellectual property law were devised and when the first IP statutes were drafted, and the late 19th century, when intellectual property law received its modern structure.¹ In Europe, the most recent decades, however, should probably be termed “the age of Europeanisation”. EU directives have resulted in the harmonisation of the European law of registered trade marks, of design law and of the provisions on enforcement. While a full harmonisation of copyright law has not been achieved yet, several directives have approximated the law in important respects, and further harmonisation does not seem a utopian prospect. In patent law, the European Patent Convention, while not forcing the member states to change the laws, has practically resulted in a harmonisation of the conditions of grant.

At the same time, intellectual property rights are extending, overlapping and converging.² Copyright in computer programs and software patents or design rights, three-dimensional marks and unfair competition protection of product shapes are examples in point. Often these rights are treated as strategically in-

¹ See *Gieseke*, *Vom Privileg zum Urheberrecht* (1995); *Höffner*, *Geschichte und Wesen des Urheberrechts*, Bd. 1, (2010); *Sherman and Bently*, *The Making of Modern Intellectual Property Law* (1999), pp. 11 et seq., 61 et seq.

² See *Derclaye and Leistner*, *Intellectual Property Overlaps – a European Perspective* (2011); *Kur*, in: *Schricker, Dreier, Kur* (eds.), *Geistiges Eigentum im Dienste der Innovation* (2001), pp. 23 et seq.; for overlaps between copyright and other intellectual property rights see *Quaedvlieg*, in: *Derclaye* (ed.), *Research Handbook on the Future of EU Copyright* (2009), pp. 408 ff.; *Ohly*, *Areas of Overlap Between Trade Mark Rights, Copyright and Design Rights in German Law*, *GRUR Int.* 2007, 704 et seq.

terchangeable in business practice. Licensing agreements cut across the borders of distinct IP rights. This tendency is reflected in EU law. The provisions of the EC Enforcement Directive³ apply generally and indistinctly to all intellectual property rights. The *Magill/IMS Health* principles on the abuse of a dominant position by the denial of licences (Art. 102 TFEU) were developed by the ECJ (now CJEU) in copyright cases,⁴ but they equally apply to other areas of intellectual property law.⁵

Although research into intellectual property issues has become much more intense in the last decades, the academic discussion has not fully kept pace with these developments. First, both practitioners and researchers often still look at intellectual property law through the spectacles of national law. While everyone is aware that harmonised law must be interpreted in accordance with the underlying EU directives, national patterns of interpretation which predate harmonisation still govern the application of the law. Lawyers tend to treat judgments handed down by their own national supreme courts with more interest and respect than CJEU decisions. A supranational European discussion about common issues of policy or interpretation has started,⁶ but it is still impeded by language difficulties, by differences between publication traditions and by the fact that the Court of Justice does not cite legal literature.

Secondly, even within the European jurisdictions, a growing specialisation among academics and practitioners has caused the areas of intellectual property law to drift apart. Copyright specialists are more interested in media law than in patents and sometimes even “feel the sublimity of their subject impaired by its relationship with industrial property law”⁷. Patent lawyers, who sometimes have an engineering or natural science background, tend to form a close-knit community, which is more interested in institutional issues and in the interaction between law, technology and markets than in other fields of intellectual property law. Trade mark law is more closely connected with unfair competition or trade practices law than with copyright or patents. As *Alois Troller* noted in his seminal treatise on intellectual property law:

³ 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 of 30 April 2004, corrected version: OJ L 195 of 2 June 2004, p. 16.

⁴ ECJ, case C-241, 242/91, [1995] ECR I-743 – *Magill*; ECJ, case C-418/01, [2004] ECR I-5069 – *IMS Health*.

⁵ As shown by the decision of the CFI (now the GC) in the *Microsoft* case, case T-201/04; [2007] ECR II-3601, where the court did not distinguish between the various intellectual property rights at stake.

⁶ This slightly polemic account has to be taken with a pinch of salt. It shall by no means belittle the achievements of the European research institutions and study groups in this field, see, for example, the European Copyright Code recently proposed by the Wittem Group, available online at www.copyrightcode.eu (last checked on 17 October 2011).

⁷ *Troller*, *Immaterialgüterrecht*, Vol. 1, 3rd ed. (1983), § 8 II (p. 102).

“[t]his professional specialisation can hardly be stopped. The practitioners working in this area will always strive to cultivate the field entrusted to them even better and to breed increasingly refined varieties.”⁸

Troller was not happy with this tendency. He thought that it was the task of intellectual property research “to master these centrifugal forces”.

2. The Example of European Private Law

In intellectual property research, the interest in common principles which are European and which also apply horizontally to all intellectual property rights is much less developed than in general private law, where research into common European principles has reached a high level of sophistication.⁹ The *Lando Principles*,¹⁰ the drafts prepared by the *Study Group on a European Civil Code*¹¹ and the *Acquis Principles*¹² represent results of academic work. The latter have recently become the basis of the Draft Common Frame of Reference.¹³ If, following *Ronald Dworkin*, one distinguishes between *rules*, which can be applied, and *principles*, which are more general and which can only be balanced,¹⁴ European private law academics have moved beyond formulating general principles and have reached the point where they feel confident enough to come up with blueprints for a European Civil Code.

In intellectual property law, the conditions for a similar research project to succeed should even be better than in general private law. Already before the start of European harmonisation there were more similarities between the

⁸ *Supra*, note 7.

⁹ See the overview over the various initiatives given by *Leible*, *Europäisches Privatrecht am Scheideweg*, NJW 2008, 2558, 2560; *Zimmermann*, *Textstufen in der modernen Entwicklung des europäischen Privatrechts*, EuZW 2008, 319.

¹⁰ *Lando and Beale* (eds.), *Principles of European Contract Law Parts I and II*. Prepared by the Commission on European Contract Law (1999); *Lando, Clive, Prüm and Zimmermann* (eds.), *Principles of European Contract Law Part III* (2003).

¹¹ Study Group on a European Civil Code (ed.), *Principles of European Law* (14 vols.) (2006 et seq.).

¹² Research Group on the Existing EC Private Law (ed.), *Contract I – Pre-contractual Obligations, Conclusion of Contract, Unfair Terms* (2007); *Contract II – General Provisions, Delivery of Goods, Package Travel and Payment Services* (2009).

¹³ Study Group on a European Civil Code/Research Group on EC Private Law (eds.), *Principles, Definitions and Model Rules of European Private Law, Draft Common Frame of Reference* (6 Vols.) (2009); for a critical appraisal see *Eidenmüller, Faust, Grigoleit, Jansen, Wagner and Zimmermann*, *The Common Frame of Reference for European Private Law – Policy Choices and Codification Problems*, (2008) 28 Ox JLS 659; *Jansen and Zimmermann*, “A European civil code in all but name”: discussing the nature and purposes of the draft common frame of reference, [2010] CLJ 98.

¹⁴ *Dworkin*, *Taking Rights Seriously* (1977), pp. 22 et seq., see also *Fikentscher*, *Methoden des Rechts*, Vol. II (1975), pp. 81 et seq.; *Esser*, *Grundsatz und Norm in der richterlichen Fortbildung des Privatrechts*, 4th ed. (1990), pp. 52 et seq., 69 et seq., 183 et seq.

patent, copyright and trade mark laws of the member states than between their contract or tort laws. While harmonisation in contract law has mainly focussed on consumer protection law, i.e. on a specific area, core areas of general intellectual property law have been harmonised. Nevertheless, nobody seems to have tried to draft European Principles of Intellectual Property Law yet.

3. Rules or Principles?

On the basis of *Dworkin's* distinction between rules and principles, the concept of “European principles” could be criticised as ambiguous. It can mean two different things.

On the one hand one could follow the example given by the research groups on European private law referred to above or the example of the American Law Institute's restatements and draft rules for areas not yet covered by the existing EU directives. Ultimately the result could be a draft European Intellectual Property Code, elaborated on the basis of the existing regulations and directives, of the CJEU case-law and of comparative law. This code would enhance the transparency of European intellectual property law while at the same time uncovering possible inconsistencies.¹⁵

If, however, the term “principles” is taken seriously, the task is different. It is not to draw up a map of the existing law but to identify the principles and policies which underlie EU law and which inform its application. Such a catalogue of principles would be more abstract than a set of directly applicable rules. In particular, many of these principles would be “horizontal” in that they would apply to several or all intellectual property rights.

Most contributors to this volume do not attempted to propose rules for further harmonisation, but stress the value of principles. In the area of conditions of protection there is little potential for horizontal rules. Since patents, trade marks and copyright protect different subject-matter and serve different purposes, the substantive requirements for protection differ as a matter of necessity. If a common denominator of these requirements can be identified at all, it will be very general. Principles, however, can provide orientation in at least one important respect, as *Alberto Musso* points out in his contribution: intellectual property rights interfere with the freedom of competition, hence they require justification. An important task for intellectual property research consists in collecting possible grounds of justification, such as the need for incentives, the protection of the creator's personality or the protection of market transparency,

¹⁵ See the draft German Intellectual Property Code recently presented by *Abrens* and *McGuire*: *Modellgesetz für Geistiges Eigentum* (2011) and *Abrens*, *Brauchen wir einen Allgemeinen Teil der Rechte des Geistigen Eigentums?*, GRUR 2006, 617, 620. Such a project would not need to start from scratch: recently a group of European copyright scholars known as the *Wittem Group* has proposed a draft European Copyright Code, see *supra*, note 6.

in applying them to the various intellectual property rights¹⁶ and in resisting unprincipled extensions of protection. *Matthias Leistner* argues that the law of secondary liability would benefit from an accepted set of criteria, which could apply generally even despite differences between the doctrinal foundations of national liability regimes. While the rules on exhaustion in trade mark law and copyright law are slightly different and while a codified rule of exhaustion is missing in patent law, *Jens Schovsbo* points out that there are several European principles which govern exhaustion. In enforcement law, Art. 3 of the EU Enforcement Directive explicitly lays down guidelines such as the principle of proportionality, the importance of which is stressed by *Marcus Norrgård*.

Principles have one advantage and one disadvantage. The advantage is that they are easier to agree upon than detailed rules. Who would doubt, for example, that the fundamental freedoms of communication, which *Christophe Geiger* discusses, deserve respect and protection. However, principles require balancing, thus they are inherently vague. When, for example, the CJEU in its recent case-law on Art. 5 (1) of the EU Trade Mark Directive, stresses that a trade mark will only be infringed by a use which interferes with the protected functions of a mark, it adopts a principled approach which is nevertheless too vague to give sufficient normative guidance to the courts of the member states.¹⁷ Ultimately, the result of the balancing exercise may even lack a rational basis, as *Dirk Visser* points out when characterising the prevention of misrepresentation and of misappropriation as the two basic emotions underlying unfair competition law.

4. Restating versus Policy-Making

One possible way of drafting European principles is the restatement, generalisation and extension of existing EU rules. This method has been adopted by the Acquis Group, as *Gerhard Dannemann* explains in his contribution. The price to pay for this method is that it leaves little room for discussing and shaping policy. Existing rules have to be accepted as starting-points, even if they seem unacceptable from a policy point of view.

This academic self-restraint is difficult to achieve in an area like intellectual property law, where policy issues lurk behind every corner and where the legislative process often resembles a tug-of-war between various interest groups. Hence it does not come as a surprise that policy issues play an important role in many contributions to this volume. While *Jean-Luc Piotrant* and *Christophe Geiger* each adopt a principled approach to copyright law, they differ in

¹⁶ Cf. the overviews over possible justifications given by *Bently* and *Sherman*, *Intellectual Property*, 3rd ed (2008), pp. 3 et seq.; *Hilty*, *Rationales for the Legal Protection of Intangible Goods and Cultural Heritage*, 40 IIC 883 (2009).

¹⁷ See *infra*, II 1.

their policy assumptions. *Jean-Luc Piotraut* rejects a broad fair use exception in copyright law and stresses the wisdom of the present system, in which the intellectual property right prevails unless carefully crafted exceptions apply. *Christophe Geiger*, on the other hand, points to the constitutional dimension of the balancing exercise between property and freedom of exception and argues in favour of a level playing-field.

II. Useful, Futile, Dangerous?

1. *Dangerous?*

Intellectual property law has not always benefited from European harmonisation. Critics feel that harmonisation has resulted in an ever-increasing level of protection, whereas the freedom of competition and the freedom of information have not sufficiently been taken into account. According to its recitals, the Directive on Copyright in the Information Society¹⁸ aims at a “high level of protection” and at a “rigorous, effective system for the protection of copyright and related rights”¹⁹ whereas the need for a fair balance between the interests of authors, investors and users features much less prominently.²⁰ In trade mark law, the policy underlying the protection of well-known marks against misappropriation has never been entirely clarified. Some member states already provided for such protection at the time of harmonisation, and this seems to have been a sufficient reason for adopting it into European law. The recent evaluation of the protection of databases has not yielded a conclusive result, nevertheless European intellectual property rights, once created, are there to stay. Given these developments, at least academics who are critical of an over-protection of intellectual creations will hesitate to advocate a further European harmonisation.

While this criticism does not aim at European principles but rather at the law-making by the EU institutions in general, a closer look at the case-law of the CJEU discloses some more specific dangers. In the legal reasoning of the Court, general principles play an important role. These principles, however, are often so vague that their application to individual cases is difficult to predict.²¹ What is more, the CJEU tends to treat dicta from earlier judgments as if they were statutory rules, without devoting much effort to analysing the earlier cases or to justifying the generalisation. Two examples may highlight these observations.

¹⁸ Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, OJ L 167 of 22 June 2001, p. 10.

¹⁹ Recitals 9, 11.

²⁰ See Recital 31.

²¹ See the criticism by *Dinwoodie*, Trade Mark Harmonisation – National Courts and the European Court of Justice, (2010) 41 IIC 1.

In its *Infopaq* judgment, the CJEU surprised the European copyright community by attempting to derive a European concept of “protected work” from the specific protection requirements which apply to computer programs, databases and photographs: the Infosoc directive applied “in relation to a subject-matter which is original in the sense that it is its author’s own intellectual creation”.²² Although the application of this threshold is eventually left to the member states, this reasoning is still methodologically doubtful, as the maxim “singularia non sunt extenda” militates against treating exceptions as a valid basis for generalisation. Soon afterwards, the CJEU already seemed to regard its proposition as a well-established principle. The Court held that the display of a graphic user interface on a screen did not constitute an expression of a computer program, but that it could be protected as a copyrightable work if it was its author’s own individual creation.²³ This is astonishing for two reasons. First, some legal systems provide for an exhaustive list of works which can attract copyright protection.²⁴ Second, the concept of a work as “the author’s own individual creation” was applied without further discussion. The sequence of these two cases shows the quick career of a dubious principle.

The other example is the theory of protected trade mark functions. According to Recital 11 of the Trade Mark Directive, the function of trade mark law is “in particular to guarantee the trade mark as an indication of origin”. While there is broad consent about this proposition, the justification for trade mark protection beyond the guarantee of commercial origin is much more disputed. While European trade mark law explicitly grants protection against dilution and misappropriation to well-known marks, it seemed for a long time that the “absolute” protection provided by Art. 9 (1)(a) CTMR and Art. 5 (1)(a) TMD only protected the origin function of the mark. In *L’Oréal v. Bellure*, however, the CJEU held that “these functions include not only the essential function of the trade mark, which is to guarantee to consumers the origin of the goods or services, but also its other functions, in particular that of guaranteeing the quality of the goods or services in question and those of communication, investment or advertising”.²⁵ While this statement may be an accurate account of the economic functions of trade marks, the Court does not give reasons for its view that these functions deserve the absolute protection afforded by Art. 5 (1) (a) TMD and that they are protected independently of an interference with the

²² CJEU, case C-5/08, [2009] ECR I-6569, paras. 31 et seq. – *Infopaq v. Danske Dagblades Forening*; see the comments by *Derclaye*, *Infopaq International A/S v Danske Dagblades Forening* (C-5/08): wonderful or worrisome? The impact of the ECJ ruling in *Infopaq* on UK copyright law, [2010] EIPR 247, and *Schulze*, *Schleichende Harmonisierung des urheberrechtlichen Werkbegriffs? – Anmerkung zu EuGH “Infopaq/DDF”, GRUR 2009, 1019 et seq.*

²³ CJEU, case C-393/09 (not yet in ECR), paras. 41, 45 et seq. – *Bezpečnostní softwarová asociace v. Ministerstvo kultury*.

²⁴ This is the case in British law, see *Bently* and *Sherman* (*supra*, n. 16), p. 58.

²⁵ CJEU, case C-487/08, [2009] ECR I-2009, 5226, para. 58 – *L’Oréal v. Bellure*.

origin function. Subsequent trade mark judgments have shown that the “trade mark functions” resemble a black box: it is very difficult to predict when the CJEU will regard one of these functions as affected.²⁶ Despite explicit criticism by the Commission and widespread unease with the “*L’Oréal* turn” in trade mark law, however, the Court has not given up its theory in its recent *Interflora* judgment.²⁷

To sum up, the role of European principles in the case-law of the Court of Justice has not always been a happy one, to say the least. The principles discussed are the results of premature generalisation, and they are too vague to provide normative guidance to the national courts of the member states. In addition, national courts are in a better position to give substance to broad principles on a case-by-case basis, whereas, due to the limitations of the preliminary reference procedure, the CJEU cannot decide cases, and the net of precedents necessarily remains wide-meshed.

2. *Futile?*

As a European academic, one should not entertain too many illusions about the impact of scholarly work on the making and application of EU law. Whereas national courts, if to a different extent, take account of monographs, commentaries and articles, the CJEU does not cite academic work. Some Advocates-General do, but the practice is inconsistent. Too often the CJEU case-law is a self-referential system: the only sources which the Court of Justice cites on a regular basis are the relevant treaties, regulations or directives and passages taken from its own judgments.

But one should not give up all hope: general principles can provide guidelines for legislation. In particular they can offer a referential system on the basis of which comments on current issues of intellectual property law and policy will gain clarity and force.

3. *Useful?*

Despite of all these objections, there is a good case for starting a discussion about common European structures, principles and rules of intellectual property law.

First, one of the problems of European intellectual property law is that it is too often made without proper regard for the underlying principles. As pointed out above, one method of harmonisation has been the combination of the most

²⁶ *Ohly*, Keyword Advertising or Why the ECJ’s Functional Approach to Trade Mark Infringement Does Not Function, (2010) 41 IIC 879, 881.

²⁷ CJEU, case C-323/09 (not yet in ECR), para. 34 – *Interflora v. Marks & Spencer*.