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INTRODUCTION

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1 INTRODUCTION

Intellectual property law regulates the creation, use, and exploitation of mental or creative labour.¹ The term ‘intellectual property’ has been used for almost one hundred and fifty years to refer to the general area of law that encompasses copyright, patents, designs, and trade marks, as well as a host of related rights.² Intellectual property law creates property rights in a wide and diverse range of things from novels, computer programs, paintings, films, television broadcasts, and performances, through to dress designs, pharmaceuticals, genetically modified animals and plants. Intellectual property law also creates rights in the various insignia that are applied to goods and services from FUJITSU for computers to ‘I CAN’T BELIEVE IT’S NOT BUTTER’ for margarine. We are surrounded by and constantly interact with the subject matter of intellectual property law. For example, you are reading a copyright work bearing Oxford University Press’s trade mark. You are probably sitting on a chair protected by design rights and marking the book with a pen the mechanism for which has, at some stage, been patented. Alternatively you may be typing notes into a computer, which no doubt has parts (such as the mouse) which are protected by patents and design rights (in the shape of the product as well as the semiconductor chip topographies inside).

While there are a number of important differences between the various forms of intellectual property, one factor that they share in common is that they establish property protection

¹ According to Art. 2, para. viii, WIPO Convention (1967) ‘Intellectual property’ includes ‘the rights relating to—literary, artistic and scientific works—performances and performing artists, photographs and broadcasts—inventions in all fields of human endeavour—scientific discoveries—industrial designs—trade marks, service marks, and commercial names and designations—protection against unfair competition and all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields’.

² See Sherman and Bently, 95–100.

over intangible things such as ideas, inventions, signs, and information. While there is a close relationship between intangible property and the tangible objects in which they are embodied, intellectual property rights are distinct and separate from property rights in tangible goods. For example, when a person posts a letter to someone, the personal property in the ink and parchment is transferred to the recipient. If the recipient is pleased with the letter, they can frame it and hang it on the wall; if they are unhappy with the letter they can burn it; or, if it is a love letter, they might store it away in which case it will pass under the recipient's will when they die. Despite the recipient having personal property rights in the letter as a physical object, the sender (as author) retains intellectual property rights in the letter.³ The author will be the first owner of copyright in the letter, which will enable them to stop the recipient (or anyone else) from copying the letter or from posting it on the internet.

For many, the fact that intellectual property rights are separate from the physical objects in which they are embodied may be counter-intuitive. For example, if someone owns a recipe book, why should they not be able to photocopy a couple of recipes to send to a relative? Similarly, if someone owns an animal or plant, should they not be able to buy and sell seeds from the plant, or offspring of the animals? Or if someone purchases bottles of perfume in Singapore, should they not be able to sell them in the United Kingdom? One of the consequences of intellectual property rights being separate from property rights is that the legal answer to these questions might well be 'no'.⁴ As rights over intangibles, intellectual property rights limit what the owners of personal property are able to do with the things which they own.

While the law has long granted property rights in intangibles, the law did not accept 'intellectual property' as a distinct and (relatively) non-controversial form of property until late in the eighteenth century.⁵ In granting property status to intangibles the question arose as to how and where the boundary lines of the intangible property were to be determined. That is, once it was accepted that the law should grant property rights over intangibles, the question arose: how was the object of the property to be identified and its limits defined? While in real and personal property law, questions of this nature are answered by reference to the boundary posts and physical markers of the objects in question,⁶ one of the defining features of intangible property is that these reference points do not exist. As a result, each area of intellectual property law has been forced to develop its own techniques to define the parameters of the intangible property. These include schemes of deposit and registration techniques of representation (such as the patent specification and claims), statutory rules and legal concepts such as the requirement of sufficiency of disclosure (in patent law),⁷ and the originality requirement (in copyright law).⁸

One fact that will become apparent as we look at the various forms of intellectual property law is that they share a similar image of what means to 'create' (or produce), for example, a book,

³ Commercial practices frequently operate in apparent ignorance of the distinction: see R. Deazley, 'Collecting Photographs, Copyrights and Cash' [2001] *EIPR* 551 (describing, and doubting, the legitimacy of certain claims to copyright ownership of photographs used by the press).

⁴ J. Litman, 'Consumers and the Global Copyright Bargain' [1998] *IPQ* 139, 145. ('The copyright statute is a law that most people, at least in the United States, don't believe in, that is, they don't believe copyright law says what it says.')

⁵ It was not called intellectual property until midway through the nineteenth century.

⁶ And Latin maxims such as *cujus est solum, ejus usque ad coelum et ad inferos* (the owner of soil is presumed to own the airspace above and the matter below as far as the centre of the earth).

⁷ Which effectively means that the property claimed must correspond to the invented subject matter: see Ch. 20.

⁸ See Sherman and Bently, 25, 153–5, 185–93.

a design for a car, or a new type of pharmaceutical. More specifically, it is commonly assumed that it is an individual, rather than a god, a machine, a force of nature, or a muse that creates ideas, information, and technical principles. It is also assumed that the act of creation occurs when an individual exercises their mental labour to manipulate the underlying raw material.

Another fact that will become clear as we progress through the book is that intellectual property law is highly politicized. On the one hand there are groups who represent existing (or putative) right holders which have tended to argue that the existing laws provide inadequate protection: that, for example, the threshold for patent protection for genetically modified biological material is set too high, that copyright and patent protection need to be explicitly extended to cover multimedia works and software, that trade mark owners are not sufficiently protected against cyber squatters who acquire related domain names, and so on. At the other extreme, there are a range of groups who oppose stronger intellectual property protection: whether they be representatives of the developing world, consumers and users of intellectual property (such as home tapers, digital samplers, appropriation artists, 'netizens', and librarians), defenders of free speech, classical liberal economic theorists, competition lawyers, post-modern theorists, ecologists, or religious groups. While there is a tendency to caricature such debates about intellectual property as battles between good and evil, there are many shades of opinion between these extremes that deploy a diversity of more nuanced arguments.⁹

While anyone reading recent commentaries on music on the internet or the legal status of genetically modified plants and animals might be led to think otherwise, intellectual property law has a long and rich history. Despite this, intellectual property has only recently become part of the typical law school syllabus (although textbooks or treatises have existed since the middle of the nineteenth century). In part, the growing interest in intellectual property may be attributed to the fact that, in the last two decades or so, intellectual property law has come to be widely viewed as an area of primary economic and social importance.

The remainder of this chapter provides an introduction to some topics that impinge upon all areas of intellectual property law. After looking at some of the justifications that have been given for the grant of intellectual property rights, we explain the key international and regional structures that are central to an understanding of British intellectual property law.

2 JUSTIFICATIONS FOR INTELLECTUAL PROPERTY

Legal and political philosophers have often debated the status and legitimacy of intellectual property.¹⁰ In so doing, philosophers have typically asked 'why should we grant intellectual property rights?' For philosophers, it is important that this question is answered, since we have a choice as to whether we should grant such rights. It is also important because the decision to grant property rights in intangibles impinges on traders, the press and media, and the public.¹¹

⁹ See, e.g. A. Thierer and C. Crews, *Copy Fights: The Future of Intellectual Property in the Information Age* (Washington DC: Cato Institute, 2002).

¹⁰ For a useful collection, see A. Moore (ed.), *Intellectual Property: Moral, Legal and International Dilemmas* (1997).

¹¹ In *A v. B* [2003] QB 195, 205 para. 11 Lord Woolf CJ observed that 'any interference with the press has to be justified'. For emphasis on free speech, see P. Drahos, 'Decentring Communication: The Dark Side of Intellectual Property', in T. Campbell and W. Sidurski (eds.), *Freedom of Communication* (1994); J. Waldron, 'From Authors to Copiers: Individual Rights and Social Values in Intellectual Property' (1993) 68 *Chicago-Kent Law Review* 841. For emphasis on the relationship between intellectual properties, identity and alterity, see R. Coombe, *The Cultural Life of Intellectual Properties: Authorship, Appropriation and the Law* (1998).

Moreover, because the conventional arguments which justify the grant of private property rights in land and tangible resources are often premised on the scarcity or limited availability of such resources, and the impossibility of sharing, it seems especially important to justify the grant of exclusive rights over resources—ideas and information—that are not scarce and can be replicated without any direct detriment to the original possessor of the intangible (who continues to be able to use the idea or information). As we will see, philosophers have not always found intellectual property rights to be justified,¹² and there are now many commentators who doubt that all intellectual property rights are justified in the form they currently take.

The justifications that have been given for intellectual property tend to fall into one of two general categories. First, commentators often call upon ethical and moral arguments to justify intellectual property rights. For example, it is often said that copyright is justified because the law recognizes authors' natural or human rights over the products of their labour.¹³ Similarly, trade mark protection is justified insofar as it prevents third parties from becoming unjustly enriched by 'reaping where they have not sown'.

Alternatively, commentators often rely upon instrumental justifications that focus on the fact that intellectual property induces or encourages desirable activities.¹⁴ For example, the patent system is sometimes justified on the basis that it provides inventors with an incentive to invest in research and development of new products,¹⁵ or an incentive to disclose valuable technical information to the public, which would otherwise have remained secret. Similarly, the trade mark system is justified because it encourages traders to manufacture and sell high-quality products. It also encourages them to provide information to the public about those attributes.¹⁶ Instrumental arguments are typically premised on the position that without intellectual property protection there would be under-production of intellectual products. This

¹² A. Plant, 'The Economics of Copyright' (1934) *Economica* 167; S. Breyer, 'The Uneasy Case for Copyright: A Study of Copyright in Books, Photocopies and Computer Programs', 84 *Harvard Law Review* 281; R. Brown, 'Advertising and the Public Interest: The Legal Protection of Trade Symbols' (1948) 57 *Yale Law Journal* 1165 (on trade marks); N. Kinsella, 'Against Intellectual Property' (2002) 15 *Journal of Libertarian Studies* 1. Different theories may work better for different intellectual property rights: L. Paine, 'Trade Secrets and the Justifications of Intellectual Property: A Comment on Hettinger' (1990) 19 *Philosophy & Public Affairs* 247; *Sirena*, Case C-40/70 [1971] ECR 69 (the ECJ admitted that the interests protected by patents merited a higher degree of protection than trade marks.)

¹³ Universal Declaration of Human Rights Art. 27(2); Article II-17 (3) of the draft European Constitution (18 Jul. 2003) CONV 850/03; Charter of Fundamental Rights of the European Union, (7 Dec. 2000), Art. 17. For a critical assessment of such claims, see P. Drahos, 'Intellectual Property and Human Rights' [1999] *IPQ* 349. On the theoretical basis of these claims, see J. Hughes, 'The Philosophy of Intellectual Property' (1988) 77 *Georgetown Law Review* 287 (exploring application of Locke and Hegel); A. Moore, *Intellectual Property and Information Control: Philosophical Foundations and Contemporary Issues* (2001) (rejecting utilitarian argument and favouring a version of Lockean theory); W. Gordon, 'Property Right in Self Expression' (1993) 102 *Yale Law Journal* 1533. On desert, see L. Becker, 'Deserving to Own Intellectual Property' (1993) 68 *Chicago-Kent Law Review* 609. The ethical justifications provide an important basis for the claims of indigenous peoples over their traditional knowledge: see, e.g. M. Spence, 'Which Intellectual Property Rights are Trade-Related?', in Francioni, F. and Scovazzi, M. (eds.), *Environment, Human Rights and International Trade* (2001), 279–80 (describing the claims to inclusion of such rights in the TRIPS framework as based on commutative justice).

¹⁴ For an overview, see E. Hettinger, 'Justifying Intellectual Property Rights' (1989) 18 *Philosophy & Public Affairs* 31; F. Machlup and E. Penrose, 'The Patent Controversy in the Nineteenth Century' (1950) *Journal of Economic History* 1, 10 ff; T. Palmer, 'Are Patents and Copyrights Morally Justified?' (1990) 13 *Harvard Journal of Law and Public Policy* and reprinted in Thierer and Crews, *Copy Fights: The Future of Intellectual Property in the Information Age* (Washington DC: Cato Institute, 2002).

¹⁵ For an example, see W. Landes and R. Posner, 'An Economic Analysis of Copyright Law' (1989) 18 *Journal of Legal Studies* 325.

¹⁶ See, e.g. W. Landes and R. Posner, 'The Economics of Trademark Law' (1988) 78 *TM Rep* 267.

is because, while such products might be costly to create, once made available to the public they can often be readily copied. This means that (in the absence of rights giving exclusivity) a creator is likely to be undercut by competitors who have not incurred the costs of creation. The inability of the market to guarantee that an investor in research could recoup its investment is sometimes called ‘market failure’.

A set of related, but distinct, economic theory argues that by transforming potentially valuable intangible artefacts into property rights, those artefacts are more likely to be exploited to their optimal extent. Such a theory (in contrast with theories of intellectual property rights as incentives to create or disclose), are not concerned with how the intangibles came into existence, and tend towards the protection of a broader range of subject matter, potentially in perpetuity. This ‘neo-classical’ economic theory would draw the limit of intellectual property protection at the point where it begins to inhibit efficient uses (that is, where the costs of transacting with a property holder start to prevent uses to which parties would agree were there no such costs).¹⁷

These justifications are examined in more detail in the introductory sections dealing with copyright, patents, and trade marks.¹⁸

3 INTERNATIONAL INFLUENCES

One of the defining characteristics of intellectual property rights is that they are national or territorial in nature. That is, ordinarily they do not operate outside the national territory where they are granted.¹⁹ The territorial nature of intellectual property rights has long been a problem to rights holders whose works, inventions, and brands are the subject of transnational trade. Throughout the nineteenth century, a number of countries that saw themselves as net exporters of intellectual property began to explore ways of protecting their authors, designers, inventors, and trade mark owners in other jurisdictions. Initially, this was done by way of bilateral treaties, whereby two nations agreed to allow nationals of the other country to claim the protection of their respective laws. Towards the end of the nineteenth century a number of (largely European) countries entered into two multilateral arrangements: the Paris Convention for the Protection of Industrial Property of 1883 and the Berne Convention for the Protection of Literary and Artistic Works of 1886. While the detail of these treaties is left for later chapters, it is worth observing here that both treaties adopted as their central criterion for protection the principle of ‘national treatment’. The principle of national treatment is fundamentally a rule of non-discrimination. This provides that a member state of the Paris and Berne Union (country A) must offer the same protection to the nationals of other member states (say country B) as country A gives to its own nationals. The beauty of the principle of national treatment is that it allows countries the autonomy to develop and enforce their own laws,²⁰ while meeting the demands for international protection. Effectively, national treatment is a mechanism of international protection without harmonization.

¹⁷ Classic texts include: Landes & Posner, *The Economic Structure of Intellectual Property* (2003); E. Kitch, ‘The Nature and Function of the Patent System’, *Journal of Law & Economics* 265; W. Gordon, ‘Fair Use as Market Failure: A Structural and Economic Analysis of the Betamax Case and Its Predecessors’ (1982) 82 *Columbia Law Review* 1600. For a general discussion see W. Gordon and R. Watt (eds), *The Economics of Copyright: Developments in Research and Analysis* (2003).

¹⁸ See below Chapters 2, 14 and Part IV.

¹⁹ On the ability of UK courts to decide issues of infringement of foreign intellectual property rights, see Ch. 47.

²⁰ Although this is usual, it is not a necessary consequence of national treatment: see Ch. 47.

While the principle of national treatment provides rights owners with some protection in other jurisdictions, it only offers a partial solution. One problem that national treatment fails to address is that where country A requires registration as a prerequisite for protection, the right holder in country B must endure the time and cost of registration to protect their creations in country A. Since the end of the nineteenth century one of the goals of international intellectual property law has been to reduce the inconvenience caused by registration. In the copyright field, this was achieved by requiring members of the Berne Union to grant copyright protection without the need for formalities (such as registration). In the field of trade marks, a mechanism was developed under which a national trade mark owner could make an 'international registration' which would take effect almost automatically in designated countries.²¹ A similar procedure for international application for patents was not developed until 1970.²²

The expansion of international arrangements for the protection of intellectual property continued through the twentieth century and into the present one. Over this time, the Paris and Berne Conventions have been revised on a number of occasions, their membership has expanded (particularly as former colonies achieved independence), and a number of new treaties have been formulated. Most of these treaties have been developed and are supervised by the World Intellectual Property Organization (WIPO), which has its headquarters in Geneva.²³ It continues to be the main forum for the development of new intellectual property initiatives at an international level.

Early intellectual property treaties were largely established between countries with a shared interest in recognizing such rights (even if arrangements often implicated colonies which had quite different interests). For a long time, countries such as the USA, the USSR, and the People's Republic of China remained outside the treaty arrangements, often believing that as 'net consumers' of intellectual property, recognition of the rights of foreigners would work against their national economic interests. The persistent refusal of the USA to protect British copyright owners in the nineteenth century was a cause of great annoyance. While more acceptable arrangements were made in the twentieth century, the USA did not join the Berne Convention until 1988.

By the 1980s, the USA had realized that it was a net producer of intellectual property-based goods and, along with the EC and Japan, began to advocate for higher levels of intellectual property protection on a global basis. Frustrated by the difficulties encountered under the traditional treaty arrangements,²⁴ the developed countries began to employ tactics that were

²¹ The Madrid Agreement concerning the International Registration of Marks 1891. (However, given that trade mark procedures remained a matter for national law, this system proved unattractive to some countries, including the UK.)

²² The Patent Co-operation Treaty. Discussed at pp. 352–3, 373–4 below.

²³ WIPO, a specialized agency of the UN, was established by a treaty signed in Stockholm on 14 July 1967 (replacing 'BIRPI', the body which supervised the Berne and Paris Conventions). See K. Pfanner, 'World Intellectual Property Organization' (1979) 10 *IIC* 1. The most important treaty falling outside WIPO supervision is the Universal Copyright Convention of 1952, which operates under the auspices of UNESCO. K. Idris, 'WIPO and the Rule of Law in a Changing World' (1999) 61 *The Review* 11.

²⁴ The frustrations of the developed world can be traced back to 1967 with the Stockholm Protocol to the Berne Convention: H. Sacks, 'Crisis in International Copyright: The Protocol Regarding Developing Countries' (1969) *Journal of Business Law* 26. This was compounded by the failure to revise the Paris Convention between 1980 and 1984: K. Beier, 'One Hundred Years of International Cooperation: The Role of the Paris Convention in the Past, Present and Future' (1994) 15 *IIC* 1; Opinion 1/94 (1994) ECR I–5267, 5294. Yet more disappointment followed WIPO's failure to combat copyright piracy: see M. Blakeney, 'Intellectual Property in World Trade' (1995) 3 *International Trade Law Review* 76 (which provides a concise overview of the origins of TRIPS). See also K. Beier and G. Schricker (eds.), *GATT or WIPO?* (1996).

much more aggressive than had hitherto operated at WIPO.²⁵ More specifically, in the 1980s the US Government started to take advantage of its trading power to threaten trade sanctions against countries that did not offer sufficient protection to American intellectual property rights owners.²⁶ Frustrated by the experience of WIPO-controlled treaty negotiations, the USA also sought to bring intellectual property protection within the General Agreement on Tariffs and Trade system (GATT).

The GATT was formed after the Second World War with a view to stabilizing and liberalizing trade conditions on a worldwide basis. In 1986, a new round of negotiations begun which included 'Trade-Related Aspects of Intellectual Property Rights' (or TRIPS) on the agenda.²⁷ When compared with WIPO negotiations, the TRIPS negotiations had a number of advantages. First, they brought intellectual property rights within a broader framework, thus making clear to the parties that, although it may not have been in their interest to accept stronger intellectual property standards, these would be offset by other advantages elsewhere.²⁸ Second, as non-Governmental Organizations (NGOs) and other organizations are largely excluded from the treaty process, the GATT negotiations are conducted between countries in a more streamlined manner. The negotiations that began in 1986 were concluded in 1993,²⁹ and became part of the World Trade Organization agreement signed in Marrakesh in April 1994. There are 146 parties to the Agreement.³⁰

The TRIPS Agreement covers all the main areas of intellectual property.³¹ For the most part, it requires members of the WTO to recognize the existing standards of protection within the Berne and Paris Conventions.³² It also demands substantive protection for 'neighbouring rights'

²⁵ See E. Uphoff, *Intellectual Property and US Relations with Indonesia, Malaysia, Singapore and Thailand* (1991). In addition, the US Semiconductor Chip Protection Act 1984 heralded a return of reciprocity, rather than national treatment, as a technique for recognition of foreign entitlements: non-US nationals could not obtain the benefit of the 1984 Act unless similar laws were in place in the claimant's country. Japan and the EC responded by enacting equivalent laws.

²⁶ Most notoriously, under 'Special 301' of the Omnibus Trade and Competitiveness Act of 1988, *Pub L*, No. 100-418, 102 *Stat* 1176-9 the US Trade Representative conducts an annual audit, placing countries which fail to give adequate and effective protection on a 'watch list', followed (currently in the case of the Ukraine) by sanctions (the withdrawal of trade privileges). For annual reports and current watch lists see <http://www.ustr.gov>. The European Community also applied retaliatory measures against countries with inadequate intellectual property protection, under Council Regulation (EEC) No. 2641/84 of 17 Sept. 1984 on the strengthening of the common commercial policy with regard in particular to protection against illicit commercial practices OJ L 252/1 and Council Regulation (EEC) No. 4257/88 of 19 Dec. 1988 applying generalized tariff preferences for 1989 in respect of certain industrial products originating in developing countries OJ L 375/1.

²⁷ See C. Wadlow, 'Including trade in counterfeit goods: the origins of TRIPS as a GATT anti-counterfeiting code' [2007] *IPQ* 350.

²⁸ P. Gerhart, 'Why Lawmaking for Global Intellectual Property is Unbalanced' [2000] *EIPR* 309.

²⁹ S. Sell, *Private Power, Public Law: The Globalization of Intellectual Property Rights* (2003).

³⁰ China became a party in December 2001.

³¹ See Beier and Schriker (eds.), *GATT or WIPO?* (1996); D. Gervais, *The TRIPS Agreement—Drafting History and Analysis* (2nd edn. London, 2003); C. Arup, *The New WTO Agreements: Globalizing Law Through Services and Intellectual Property* (2002); P. Drahos, 'Global Property rights in Information: The story of TRIPS at the GATT' (1995) *Prometheus* 6; J. Reichman, 'Universal Minimum Standards of Intellectual Property Protection under the TRIPS Component of the WTO Agreement' (1995) 29 *The International Lawyer* 345. M. Spence, 'Which Intellectual Property Rights are Trade-Related?' in Francioni, F. and Scovazzi, M. (eds), *Environment, Human Rights and International Trade* (2001), 279-80 (attempting to locate a principled basis to justify the scope and content of TRIPS and permit its coherent development, and arguing that TRIPS Art. 7 fails to provide such a basis).

³² TRIPS Art. 2(1), Art. 9.

to copyright,³³ trade marks,³⁴ geographical indications,³⁵ designs,³⁶ patents,³⁷ topographies of integrated circuits,³⁸ and undisclosed information.³⁹ Perhaps the most significant difference between TRIPS and the existing treaties is in the detailed provisions on enforcement of intellectual property rights in Part III. Prior to TRIPS matters of procedure, remedies, and criminal sanctions had largely been left to national law.

TRIPS has had an important impact on the general development of intellectual property law since it came into force on 1 January 1995.⁴⁰ As the procedures of enforcement through the International Court of Justice are cumbersome, little could be done where a country ratified but did not comply with an intellectual property treaty. However, as a result of TRIPS being part of the WTO Agreement, if a country fails to bring its laws into line with TRIPS, another member may complain to the WTO and set in motion a so-called 'dispute resolution procedure'.⁴¹ This involves initial consultations between the parties, followed by the establishment of a panel of three experts that produces a report that the parties either accept or appeal. Where a successful complaint has been made against a nation, it is usually required that the relevant laws are amended so as to comply with the TRIPS Agreement,⁴² though the possibility exists for the parties to the dispute to reach an alternative arrangement.⁴³ The consultation procedures have been invoked over twenty times, and—perhaps surprisingly—most of the disputes have arisen between developed countries,⁴⁴ rather than between developed and

³³ TRIPS Art. 14.

³⁴ TRIPS Arts 15–21. For a conclusion that the TRIPS agreement covers trade names, see *EC v. US*, WT/DS 176/AR.

³⁵ TRIPS Arts 22–4.

³⁶ TRIPS Arts 25–6.

³⁷ TRIPS Arts 27–34.

³⁸ TRIPS Arts 35–8.

³⁹ TRIPS Art. 39.

⁴⁰ Developed countries were granted a transitional period of one year, developing countries five years. The WTO has been called a 'global regulatory ratchet in place for intellectual property, which for the time being is being worked by a technocratic elite': P. Drahos, 'Intellectual Property and Human Rights' [1999] *IPQ* 349, 370. Although TRIPS has had little direct impact on UK law, in general because the standards embodied in the Agreement reflect pre-existing European standards, it has been frequently referred to in cases interpreting UK (and European) legislation: see, e.g. T-1173/97 *IBM/Computer program product* [1999] *OJEP* 609 (referring to TRIPS Art. 27); *S. v. Havering Borough Council* (20 Nov. 2002), para. 11; *Libertel Groep BV v. Benelux MerkenBureau*, Case C-104/01 [2004] *FSR* (4) 65 (ECJ); *Nova Productions v. Mazooma Games* [2007] *EWCA Civ* 219 (CA).

⁴¹ TRIPS Arts 63–64; Understanding on Rules and Procedures Governing the Settlement of Disputes.

⁴² Procedures exist for determining a time-scale, if necessary by way of arbitration.

⁴³ As occurred in *EC v. US*, WT/DS 160 (where, following Panel Report that US violated TRIPS Art. 13, the EC accepted compensation in lieu of change in US law). It has been observed that agreements of this sort enable those who are rich enough to buy themselves out of compliance with TRIPS standards, and that this, in turn, undermines the moral force of the TRIPS Agreement.

⁴⁴ See, e.g. *US v. Japan*, WT/DS 28 (retrospective rights for sound recordings); *US v. Portugal*, WT/DS 37 (patent term); *EC v. Japan*, WT/DS 42 (retrospective rights for sound recordings); *US v. Ireland*, WT/DS 82 (copyright enforcement); *US v. EC/Denmark*, WT/DS 83/1 (enforcement, provisional measures); *US v. Sweden*, WT/DS 86/1 (enforcement, provisional measures); *EC v. Canada*, WT/DS 114 ('regulatory review' and 'stockpiling' exceptions to pharmaceutical patents); *US v. EC/Greece*, WT/DS 124/1 (enforcement of film copyright); *US v. EC/Greece*; WT/DS 125/1 (enforcement of copyright in relation to Greek TV stations); *Canada v. EC*, WT/DS 153 (EC supplementary protection certificates breach TRIPS Art. 27 on non-discrimination between technologies); *EC v. US*, WT/DS 160 (public playing of music); *US v. EC*, WT/DS 174 (geographical indications, beer); *EC v. US*, WT/DS 176 (US legislation on Cuban confiscations); *US v. Canada*, WT/DS 179 (patent term); *Australia v. EC*, WT/DS 290 (geographical indications).

less-developed countries.⁴⁵ To date there have been a limited but growing number of disputes,⁴⁶ with even fewer appeals.⁴⁷ Although there are aspects of the process that might be thought to need improvement,⁴⁸ so far the enforcement machinery has been effective without any need to resort to trade sanctions.

Although TRIPS is the single most important development in international intellectual property law of the last thirty years, it does not appear to have permanently eclipsed the role of WIPO. Indeed, not long after the Marrakesh Agreement was signed, two new intellectual property treaties were formulated and agreed through WIPO: the 1996 WIPO Copyright Treaty and the 1996 WIPO Performances and Phonograms Treaty. These reincorporated the Berne-plus elements of TRIPS into an exclusively intellectual property environment, as well as adding new TRIPS-plus elements. Other WIPO initiatives, particularly in relation to traditional knowledge and standardization of patent law, will continue to play a significant role in international intellectual property law (albeit now in tandem with the WTO).

Although the intellectual property instruments that have been developed at the international level have occasionally recognized the peculiar needs of the developing and least-developed countries (most notably in terms of transitional periods),⁴⁹ the globalization of intellectual property standards has largely been a process whereby the wish-lists of various developed-world lobby groups are inscribed into public international law.⁵⁰ One notable exception to this is found in the 1992 Convention on Biological Diversity (CBD), which recognizes the rights of the (indigenous) peoples who preserve biological resources to share in the

⁴⁵ *US v. Pakistan*, WT/DS 36, *US v. India*, WT/DS 50, *EC v. India*, WT/DS 79 (all on protection of pharmaceutical patent rights pending full recognition); *US v. Argentina*, WT/DS 171 (pharmaceutical patents); *US v. Argentina*, WT/DS 196 (on patents/confidential test data); *US v. Brazil*, WT/DS 199 (local working of patents, compulsory licences); *Brazil v. US*, WT/DS 224 (discrimination in patents).

⁴⁶ For example see: *Brazil v. US*, WT/DS 224 (re US Patents Code); *Australia v. EC*, WT/DS 290 (Geographical Indications); *US v. EC* WT/DS 174 (Geographical Indications); *US v. India*, WT/DS 50 (holding that India failed to provide a suitable set of procedures regarding filing of patent applications relating to pharmaceuticals, and granting exclusive marketing rights, largely affirmed on appeal); *EC v. India*, WT/DS 79/1 (largely following WT/DS50), *EC v. Canada*, WT/DS 114 (holding that Canadian exception to patent protection allowing 'stock-piling' prior to expiry of patent term breached TRIPS, but finding 'regulatory review' exception compatible with TRIPS Art. 30); *US v. Canada*, WT/DS 170 (Canada's patent term of 17 years from grant violated TRIPS Art. 33, affirmed on appeal); *EC v. US*, WT/DS 160 (holding that 'business' exemption, but not 'home-style' exemption, to liability for public playing of music from broadcasts, violated TRIPS Art. 13); *EC v. US*, WT/DS 176 (US law on Cuban confiscations mostly related to ownership of trade marks, an issue not covered by TRIPS; largely affirmed on appeal).

⁴⁷ *US v. India*, WT/DS 50 (overturning Panel's finding on extent of requirements of TRIPS Art. 70.8, but finding India in violation nevertheless); *US v. Canada*, WT/DS 170 (affirming Panel's finding that Canada's patent term based on grant violated TRIPS Art. 33), *EC v. US*, WT/DS 176 (overturning a number of Panel findings, as regards scope of TRIPS, national treatment, and most favoured nation standard, but largely affirming that US law on Cuban confiscations concerned 'ownership' of trade marks, a matter for Member States).

⁴⁸ One problem is the possibility of successive actions by different complainants over identical issues, as occurred in *US v. India*, WT/DS50 and *EC v. India*, WT/DS 79. For general discussion of reform see D. Georgiev and K. van der Borgh, *Reform and Development of the WTO Dispute Settlement System* (2006); Y. Taniguchi, A. Yanovich, J. Bohanes (eds), *The WTO in the Twenty-first Century: Dispute Settlement, Negotiations* (2007).

⁴⁹ TRIPS Arts 65–7.

⁵⁰ P. Gerhart, 'Why Lawmaking for Global Intellectual Property is Unbalanced' [2000] *EIPR* 309; D. Halbert, 'Intellectual Property Piracy: The Narrative Construction of Deviance' (1997) 10 *International Journal for the Semiotics of Law* 55. R. Sherwood, 'Why a Uniform Intellectual Property System Makes Sense for the World' in M. Wallerstein, M. Moge, R. Schoen (eds.), *Global Dimensions of Intellectual Property Rights in Science and Technology* (1993).

benefits arising from the commercial exploitation thereof.⁵¹ This has prompted further calls for greater protection for traditional intellectual resources of the developing world; notably plant culture, medicinal products, and indigenous folklore.⁵² Recent years have also witnessed growing resistance to the wholesale imposition of IP standards on the developing world.⁵³ Most importantly, the Ministerial declaration at the Doha review of TRIPS in December 2001 acknowledged the primacy of the right to life and health over the protection of intellectual property rights.⁵⁴ Moreover, the UK government established a Commission on Intellectual Property Rights which investigated the relationship between intellectual property rights and development, health, and food security, and proposed that such considerations be integrated in national and international policy making.⁵⁵ While the acknowledgement of the different positions and interests of developing countries is a welcome development, a number of commentators have observed a parallel trend for further 'ratcheting up' of standards through bilateral trade negotiations (particularly between the USA and developing-world countries).⁵⁶ The progressive geographical extension of higher standards for intellectual property rights through such trade arrangements raises the spectre of further norm-setting in the multilateral arena. Indeed, ministers at the meeting in Doha agreed to negotiate the establishment of an international registration system for geographical indications of wines and spirits, and to provide higher levels of protection for names of agricultural products.⁵⁷ As with many recent proposals to reform multilateral treaties, these proposals have stalled.

One of the notable developments in recent years is the gradual shift away from multilateral treaties as the sole domain in which the aims of the standardization and harmonization of intellectual property are pursued. In addition to the well documented shift (or return) to bilateral treaties (which we discuss below), there have also been moves towards more subtle forms

⁵¹ See pp. 355–6.

⁵² See V. Shiva, *Protecting our Biological and Intellectual Heritage in the Age of Bio-piracy* (1996).

⁵³ See, e.g. V. Shiva, *Protect or Plunder? Understanding Intellectual Property Rights* (2001). For a more general exploration of the appropriateness of imposing western legal concepts on other cultures, see R. Burrell, 'A Case Study in Cultural Imperialism: The Imposition of Copyright on China by the West', in L. Bently and S. Maniatis, *Intellectual Property and Ethics: Perspective on Intellectual Property*, Vol. iv (1998).

⁵⁴ WTO, Declaration on the TRIPS Agreement and Public Health (20 Nov. 2001) WT/MIN(01)/DEC/2. See pp. 353–5.

⁵⁵ See Commission on Intellectual Property Rights, *Integrating Intellectual Property Rights and Development Policy* (2002). The Commission was established by the Secretary of State for International Development in 2001 to consider how intellectual property rights regimes could be designed to benefit developing countries, to reduce poverty and hunger, improve health and education, and ensure environmental sustainability. See also, Royal Society, *Keeping Science Open: The Effects of Intellectual Property Policy on the Conduct of Science* (2003) (recommending that developing countries should not be required to implement tranches of legislation until their level of development is such that the benefits of implementation outweigh the disadvantages, though without giving an indication as to how this could be calculated). For a defensive response to these reports, see S. Crespi, 'Intellectual Property Rights Under Siege' [2003] *EIPR* 242. See also C. May, 'Why IPRs are a Global Political Issue' [2003] *EIPR* 1.

⁵⁶ See, e.g. Commission on Intellectual Property Rights, *Integrating Intellectual Property Rights and Development Policy* (2002), 162–4. For a recent example, see Ch. 17 of the US–Chile Trade Agreement, requiring implementation in Chile of standards well above those in TRIPS. An EU–Chile Agreement, while less ambitious, also contains TRIPS-plus obligations: see Council Decision of 18 Nov. 2002 on the signature and provisional application of certain provisions of an Agreement establishing an association between the European Community and its member states, of the one part and the Republic of Chile, of the other part [2002] *OJ L* 352/1, esp. Art. 170. See more generally Peter Yu, 'Currents and Cross Current in the International Intellectual Property Regime' (2004) *Loyola LA Law Review* 323, Peter Drahos, 'BITs and BIPs—Bilateralism in Intellectual Property' (2001) *Journal of World IP* 791.

⁵⁷ See below at Ch. 43.

of harmonization, particularly in the standards applied in the different intellectual property offices throughout the world. As well as the standardization of examination practice (such as is being developed between the American, European, and Japanese patent offices), the fact that the US Patent Office has outsourced some of its patent examination work to patent offices in Australia and South Korea is likely to have a subtle but nonetheless important impact on patent standards.

4 REGIONAL INFLUENCES

If an understanding of some of the basic aspects of international intellectual property is important for students of UK intellectual property law, familiarity with European Union law is essential. This is because the majority of developments in UK intellectual property law over the last thirty years have had their origin in the European Community and, since the Maastricht Treaty came into force in 1993, the European Union. Moreover, any future legal developments are likely to stem from, or at least be directed through, the Community/Union.

The European (then ‘Economic’) Community was established by the Treaty of Rome 1957 (hereafter ‘The Treaty’). In its initial conception, the Community focused on the goals of achieving a customs union, a single market, and avoiding the distortion of competition within that market.⁵⁸ The original Treaty has been amended and extended by the Treaty on European Union of Maastricht (hereafter ‘TEU’),⁵⁹ the Treaty of Amsterdam, and most recently the Treaty of Nice.⁶⁰ The Amsterdam Treaty introduced a consolidated version of the Treaty establishing the European Community (hereafter ‘EC’), operative from 1999.⁶¹ Under the Treaty on European Union, the possibility exists for further forms of action at Community level, for example in the field of criminal law.⁶² The Charter of Fundamental Rights of the European Union, proclaimed on 7 December 2000, is another possible influence on intellectual property

⁵⁸ Art. 2 EC (formerly Art. 2 of the Treaty) sets out the tasks of the Community as being to establish ‘a common market and economic and monetary union’ and ‘by implementing common policies and activities... to promote throughout the Community a harmonious, balanced and sustainable development in economic activities’. Subsequent provisions explain that the Community must prohibit restrictions on the import or export of goods, remove obstacles to the free movement of goods, persons, services, and capital; introduce a system ensuring that competition in the internal market is not distorted. Art. 3 EC (formerly Art. 3 of the Treaty).

⁵⁹ The TEU is important for intellectual property rights partly through its provisions recognizing fundamental rights as guaranteed by the European Convention for the Protection of Human Rights and Fundamental Freedoms (Art. 6, TEU, formerly Art. F) and on police and judicial cooperation in criminal matters (Arts. 29–30 TEU, formerly Art. K.1).

⁶⁰ In force from 2003. Article II–17(3) of the draft European Constitution provides that ‘intellectual property shall be protected’. (18 Jul. 2003) CONV 850/03.

⁶¹ In the latter document, many of the important provisions were renumbered. In this textbook, following the lead of the European Court of Justice, we will refer to Articles of the Treaty of Amsterdam as Art. X EC, and refer to corresponding provisions in parentheses (formerly Art. X of the Treaty). In some cases even this format will be confusing, because some provisions of the initial Treaty of Rome were ‘renumbered’ by amendments in 1992. The most important of these for our purposes is Art. 12 (formerly Art. 6 of the Treaty (as amended), and prior to that Art. 7 of the Treaty) (non-discrimination).

⁶² The ‘third’ pillar of the Treaty on European Union (Maastricht) covers ‘justice and home affairs’. But see *Commission v. Council*, Case C–176/03 [2006] *All ER (EC)* 1, [2005] *ECR I–7879* (ECJ) (striking down ‘framework decision’ under TEU because its object was environmental protection, a matter under the EC Treaty). This decision suggests that the EC can adopt criminal provisions under Art 95 EC. See Proposal for a European Parliament and Council Directive on criminal measures aimed at ensuring the enforcement of intellectual property rights [SEC(2005)848]/* COM/2005/0276 final—COD 2005/0127 */ (referring to Art. 95).

within Europe.⁶³ Despite the rejection by a number of member states of a new ‘Constitutional Treaty’ in 2005, many of the proposals in that treaty have made themselves into a new ‘Reform Treaty’ agreed at Lisbon in 2007.⁶⁴ This is currently awaiting ratification by member states. As far as intellectual property law is concerned, the Reform treaty contains a new special head of legislative power relating to Community Intellectual Property Rights.⁶⁵

In its early years, European intervention in British intellectual property law largely came through two avenues. First, the judicial interpretation of the Treaty of Rome produced various doctrines that limited the operation of national intellectual property laws in the Community. In addition, the Commission also played a role in policing various competition law aspects of the Treaty that had an impact on intellectual property law. However, for the last twenty years or so, most of the important interventions have been legislative in nature. In particular, there have been moves to centralize the administration of intellectual property rights and to harmonize national laws. As a result, it is not possible to describe British intellectual property law in any sensible way without constant reference to various European Council and Parliament Directives and Regulations, to the decisions of the Court of Justice and the Court of First Instance (interpreting both the EC Treaty and various directives and regulations),⁶⁶ the regulations and decisions of the Commission, as well as various intellectual property-granting offices (such as the Office of Harmonization in the Internal Market and the Community Plant Variety Office). Indeed, a high-profile judicial figure has asked whether national intellectual property rights have become ‘a moribund anachronism’.⁶⁷

4.1 FREE MOVEMENT OF GOODS AND THE INTERNAL MARKET

In the 1970s and 1980s, much of the influence of European Community law on British intellectual property law was a consequence of the interpretation of Articles 28 and 30 EC (formerly Articles 30 and 36 of the Treaty). These two provisions reflect the desire to establish an ‘internal market’, that is a single European market with no internal frontiers or national barriers to trade. To this end, Article 28 EC (formerly Article 30 of the Treaty) prohibits ‘quantitative

⁶³ See Craig and de Búrca, pp. 379–427. Note the influence of the European Union’s Charter of Fundamental Rights on the Advocate General’s opinion in *Netherlands v. European Parliament and Council*, Case C-377/98 [2001] ECR I-7079 (para. 197). On the legal status of the charter, see A. Menéndez, ‘Chartering Europe: Legal status and Policy Implications of the Charter of Fundamental Rights of the European Union’ (2002) 40 *Journal of Common Market Studies* 471. Presumably, the Charter may obtain legal status when directly referred to by legislation: see, e.g. Council Regulation (EC) No. 1/2003 of 16 Dec. 2002 on the implementation of the rules on competition laid down in Art. 81 and 82 of the Treaty [2003] OJ L 1/1), Recital 37.

⁶⁴ Signed 13 December 2007, OJ C 306.

⁶⁵ Lisbon Reform Treaty, inserting new Art. 97a mandating action establishing uniform intellectual property rights under the ‘ordinary procedure.’

⁶⁶ The Court of Justice has jurisdiction to give preliminary rulings concerning the interpretation of the Treaty. Where any question arises before a court of tribunal of a member state then it may refer the question to the Court under Art. 234 EC (formerly Art. 177(2) of the Treaty). If the court or tribunal is one against whose decision there is no judicial remedy under national law, that court or tribunal must refer the matter to the Court of Justice.

⁶⁷ H. Laddie, ‘National IPRS: A Moribund Anachronism in a Federal Europe?’ [2001] *EIPR* 402, 407 (arguing that national intellectual property rights are an anachronism but regretting that they are not yet moribund, and advocating the adoption of Community-wide rights and Community courts, in particular to prevent forum shopping). See also W. Kingston, ‘What Role Now for National Patent Offices?’ [2003] *EIPR* 289.

restrictions' on trade and provisions 'having equivalent effect'.⁶⁸ While the use of intellectual property rights to prevent the importing of goods from one Community country into another would be a 'quantitative restriction', Article 30 permits such restrictions where they are necessary to protect industrial and commercial property. This is conditional on the fact that such restrictions do not 'constitute a means of arbitrary discrimination or a disguised restriction on trade between member states'.⁶⁹

While Articles 28 and 30 EC appear to be contradictory, the two provisions were reconciled by permitting the maintenance and use of different national intellectual property laws, while simultaneously limiting the negative effects of the territorial nature of such rights through the so-called 'doctrine of exhaustion'.⁷⁰ Initially this was dressed up to appear as if it only invalidated the exercise of intellectual property rights, while preserving their existence (so as not to contravene Article 30).⁷¹ Later, the concept of the existence of the right was refined in terms of its 'specific subject matter'⁷² and the 'essential function' of the right. However clothed, the doctrine of exhaustion is best seen as a judicial and political compromise that allows the free movement of goods within the Community. This is despite the fact that national intellectual property rights enable intellectual property rights owners to interfere with the free movement of goods.

In a nutshell, the doctrine of exhaustion prohibits an intellectual property right owner from utilizing their rights to control the resale, import, or export of any goods that have been placed on the market in the Community by or with their consent. For example if A, who has acquired a patent in France and the United Kingdom over a particular machine, sells a machine in France, they cannot use their UK patent rights to prevent importing of the machine into the United Kingdom. This is based on the idea that the 'first sale' gives the intellectual property owner the reward that constitutes the 'specific subject matter'⁷³ of the right. It is irrelevant that the patentee expressly prohibited the purchaser from reselling the machine or exporting it. This is because it is the consent to first sale that is important.⁷⁴ As the doctrine of exhaustion

⁶⁸ Art. 49 EC (formerly Art. 59 of the Treaty) makes similar prohibition on restrictions on freedom to provide services.

⁶⁹ Note also Art. 295 EC (formerly Art. 222 of the Treaty).

⁷⁰ In this context, the national and territorial nature of the rights refers to the essential separateness and distinctiveness of each right—for example, the idea that a copyright owner in France and the UK has two separate French and UK copyrights. It was thought to follow from this that consent to distribution in France could in no way affect the exercise of the separate UK copyright. The doctrine of exhaustion does not change the distinctness of the two national rights (so, for example, each might be assigned separately to different persons). Rather, it limits the scope of each national law where the rights are in common control.

⁷¹ H. Cohen Jehoram, 'The *Ideal Standard* Judgment: An Unheeded Warning' [1999] *IPQ* 114. The distinction between existence and exercise was developed in the context of Art. 81 EC (formerly Art. 85 of the Treaty) in *Etablissements Consten SARL and Grundig-Verkaufs-GmbH v. EEC Commission*, Case C-6/65 [1966] *ECR* 299; *Music Vertrieb Membran GmbH and K-tel International v. GEMA*, Joined Cases C-55 and C-7/80 [1981] *ECR* 147.

⁷² In *Centrafarm BV and Adriaan De Peijper v. Sterling Drug*, Case C-15/74 [1974] *ECR* 1147 (Art. 30 derogations are limited to the purpose 'of safeguarding rights which constitute the specific subject matter of this property').

⁷³ *Centrafarm BV and Adriaan De Peijper v. Sterling Drug*, Case C-15/74 [1974] *ECR* 1147 (defining the specific subject matter of patents and trade marks). Note also the discussion of the concept by Advocate General Gulmann in *RTE and ITP v. EC Commission*, Joined Cases C-241/91 and C-242/91 [1995] *ECR* 808 (the 'Magill' Case).

⁷⁴ *Dansk Supermarked A/S v. Imerco A/S*, Case C-58/80 [1981] *ECR* 181.

facilitates the ‘parallel importation’ of goods within the Community, it operates to minimize price differentials for identical goods between countries in the Community.⁷⁵

The doctrine of exhaustion of rights only applies to the right to control distribution (resale, export, or import). It does not apply to the right to rent, perform, or show a (copyright) work in public where the ‘specific subject matter’ of the right allows the owner to control each and every use (for it is through charging for each use that the essential function of the right is achieved).⁷⁶ The case law of the ECJ has elaborated this general principle in a range of subsequent cases. Rather than rehearse the detailed reasoning, the resulting principles can be summarized as follows:

- (i) The principle of exhaustion applies to all types of intellectual property.⁷⁷
- (ii) Consent by the intellectual property right owner includes the consent of person or persons legally or economically dependent on the proprietor (e.g. a licensee or subsidiary).⁷⁸
- (iii) Consent by the intellectual property right owner does *not* include the consent of a person who is an independent assignee of the right (or who happens to be the holder of a right that once had a ‘common origin’). For example, the owner of copyright in countries A and B may assign the copyright in a particular work in country B. If the new owner of the right places works on the market in country B, the owner of copyright in country A (being independent) has not exhausted their rights in country A.⁷⁹ Although assignments of this nature will often be void as illegitimate agreements to divide up the market (and contrary to Article 81 EC),⁸⁰ where the assignments are valid the exception to the principle of exhaustion leaves open the possibility that intellectual property rights might restrict the free movement of goods. This can only be rectified by harmonized regimes (such as the Community trade mark) that forbid separate assignments of national rights.⁸¹
- (iv) National intellectual property rights may be used to prevent the further circulation of pirated, counterfeit, and other illicitly manufactured goods which by definition have not been placed on the market in the Community with the right holder’s consent.

⁷⁵ *Deutsche Grammophon GmbH v. Metro GmbH*, Case C-78/70 [1971] ECR 487.

⁷⁶ *Warner Bros. v. Christiansen*, Case C-158/86 [1988] ECR 2605 (rental); *Coditel SA v. Cine Vog Films SA (No. 1)*, Case C-62/79 [1980] ECR 881 (public performance). For more nuanced interpretations of *Coditel*, see IViR, *Recasting Copyright for the Knowledge Economy* (2006), pp. 21–30, and T. Dreier, ‘The Role of the ECJ for the Development of Copyright in the European Communities’ (2007) 54 *Journal of Copyright Society USA* 183, 198–200.

⁷⁷ See, e.g. *Deutsche Grammophon GmbH v. Metro GmbH*, Case C-78/70 [1971] ECR 487; *Music Vertrieb Membran GmbH and K-tel International v. GEMA*, Joined Cases C-55 and Case C-57/80 [1981] ECR 147; *EMI Electrola GmbH v. Patricia Im-und Export*, Case C-341/87 [1989] ECR 79.

⁷⁸ *Deutsche Grammophon GmbH v. Metro GmbH*, Case C-78/70 [1971] ECR 487 (subsidiary); *Keurkoop BV v. Nancy Kean Gifts BV*, Case C-144/81 [1982] ECR 2853.

⁷⁹ *IHT International Heiztechnik v. Ideal-Standard*, Case C-9/93 [1994] 1 ECR I-2789. This reversed *Sirena*, Case C-40/70 [1971] ECR 3711 and *Hag I*, Case C-192/73 [1974] ECR 731.

⁸⁰ Whether the agreement is treated as market sharing will depend on the context, the commitments, the intention of the parties, and the consideration provided. See *Etablissements Consten SARL and Grundig-Verkaufs-GmbH v. EEC Commission*, Case C-58/64 [1966] ECR 299 (assignment void). cf. *IHT International Heiztechnik v. Ideal-Standard*, Case C-9/93 [1994] 1 ECR I-2789 (assignment had been prompted by the assignor’s financial difficulties); *GSK Services Unlimited v. Commission*, Case T-168/01 [2006] ECR II-2969.

⁸¹ H. Cohen Jehoram, ‘The *Ideal Standard* Judgment: An Unheeded Warning’ [1999] *IPQ* 114.

- (v) Where intellectual property rights subsist in country A but not in country B (where A and B are both in the Community), and goods are legitimately placed on the market by parties unconnected with the right holder in country B, the right owner has not consented to the marketing of those goods and as such will not have exhausted their rights. The right holder can therefore prevent import into and distribution of the goods in country A.⁸²
- (vi) Where intellectual property rights subsist in country A but not in country B (where A and B are both in the Community), and goods are legitimately placed on the market by the right holder (or parties connected with the right holder) in country B, the right owner will have been taken to have consented to the marketing of those goods and so have exhausted their rights.⁸³
- (vii) Where intellectual property rights subsist in country A but are subject to a compulsory licence (i.e. any person may exploit the intellectual property right on payment of a fee), the rights are *not* exhausted when goods are manufactured under such a licence. Here, the intellectual property right owner will be able to use national laws to prevent imports into country B.⁸⁴
- (viii) Where goods have been marketed in the EC by the intellectual property right holder (or with their consent), the right of the owner of the goods to resell might permit behaviour (such as advertising) that overrides other aspects of the proprietor's intellectual property rights.⁸⁵
- (viii) Where goods have been marketed in the EC by the intellectual property right holder (or with their consent), but the goods have subsequently been altered, a series of specific rules have been developed that define when a resale is legitimate. These are considered later, in the context of trade marks.⁸⁶
- (ix) Where goods have been marketed *outside* the EC by the intellectual property right holder (or with their consent), the principle of exhaustion has no application. In the absence of harmonization, it is for member states (and where there has been harmonization, the ECJ) to determine the effects of such marketing.⁸⁷

Although the doctrine of exhaustion of rights has reduced some of the disruption that national intellectual property laws pose to the internal market, it has not provided a complete solution.

⁸² *EMI Electrola GmbH v. Patricia Im-und Export*, Case C-341/87 [1989] ECR 79. For the limits of this see *Commission v. French Republic*, Case C-23/99 [2000] ECR I-7653.

⁸³ *Merck & Co. v. Stephar BV & Exler*, Case C-187/80 [1981] ECR 2063 (marketing of drug in Italy when patent protection was not available); *Merck & Co. v. Primecrown*, Joined Cases C-267/95 and C-268/95 [1996] ECR I-6285 (affirming *Merck v. Stephar*).

⁸⁴ *Pharmon v. Hoechst*, Case C-19/84 [1985] ECR 2281 (import into the Netherlands of drugs manufactured under compulsory licence in the UK); *Music Vertrieb Membran GmbH and K-tel International v. GEMA*, Joined Cases C-55/80 and C-57/80 [1981] ECR 147. One problem with this effect is that it may undermine compulsory licences which are intended to induce voluntary licensing arrangements, since the latter (but not the former) will be treated as exhausting the intellectual property owner's rights.

⁸⁵ *Parfums Christian Dior SA v. Evora BV*, Case C-337/95 [1997] ECR I-6013; *Norwegian Government v. Astra Norge SA*, E1-98 [1999] 1 CMLR 860.

⁸⁶ See below at pp. 945–52.

⁸⁷ *EMI Records v. CBS United Kingdom*, Case C-51/75 [1976] ECR 811 (stopping import of copyright works from the US); *Polydor and RSO Records v. Harlequin Record Shops and Simons Records*, Case C-70/80 [1982] ECR 329 (stopping import of copyright works from EFTA countries); *Sebago and Ancienne Maison Dubois et fils SA v. GB-Unic SA*, Case C-173/98 [1999] CMLR 1317. See below at pp. 953–6.

This is because the national intellectual property laws of the member states can vary significantly. Since the principle of exhaustion comes into effect when the right owner consents to goods being placed on the market, that consent will not exist where a third party makes and distributes goods in a country where the right does not exist or has lapsed.⁸⁸ It is largely for this reason that the Commission set about to harmonize intellectual property laws in Europe.

4.2 COMPETITION RULES

The second way in which European initiatives have exerted an influence over British intellectual property law is through the rules on competition contained in Articles 81 and 82 EC (formerly Articles 85 and 86 of the Treaty). These provisions are designed to prevent anti-competitive agreements and practices, as well as abusive conduct by monopolies. These provisions impact on intellectual property law in a number of ways. Articles 81 and 82 EC are both couched as prohibitions and thus automatically render void arrangements between ‘undertakings’ which meet the specified criteria (or in the case of Article 81 are not exempted by Article 81(3)).⁸⁹ In certain cases, they also provide the basis for an action for damages,⁹⁰ a ground for applying to the Commission for a compulsory licence to exploit an intellectual property right,⁹¹ and a defence (a so-called ‘Euro-defence’) to an action for infringement of intellectual property rights.⁹² Articles 81 and 82 EC are both enforced by the European Commission, and from May 2004, by national competition authorities (in the United Kingdom, the Office of Fair Trading, and on appeal from a finding of infringement or rejecting a complaint, the Competition Appeal Tribunal).⁹³ If an undertaking is found to have been acting anti-competitively, the European Commission has the ability to impose serious fines, whether the behaviour was intentional or negligent.⁹⁴

⁸⁸ *Bassett v. SACEM*, Case C-402/85 [1987] ECR 1747; *EMI Electrola GmbH v. Patricia Im-und Export*, Case C-341/87 [1989] ECR 79.

⁸⁹ Art. 81(2). This might be a significant penalty where a patentee has carefully calculated the terms of the licence, only for it later to be held to be void.

⁹⁰ In the UK, either before a Court, or the Competition Appeal Tribunal: Competition Act 1998, s. 47A (introduced by the Enterprise Act 2002, s. 18).

⁹¹ *RTE and ITP v. EC Commission*, Joined Cases C-241/91 and C-242/91 [1995] ECR 808.

⁹² Whether and, if so, when abuse can be used as a defence is a controversial issue. See *Chiron Corp. v. Organon Teknika* [1993] FSR 324; [1994] FSR 202; *Intel v. Via Technologies* [2003] FSR 574 (para. 115); *Sportswear Spa v. Stonestyle* [2007] (2) 33. Two other penalties are available in serious cases: criminal penalties as regards dishonest ‘horizontal agreements’ (Enterprise Act 2002, Part 6) and disqualification of directors (Enterprise Act 2002, s. 204).

⁹³ Council Regulation (EC) No. 1/2003 of 16 Dec. 2002 on the implementation of the rules on competition laid down in Art. 81 and 82 of the Treaty [2003] OJ L 1/1, Art. 5. This Regulation sees a ‘modernization’ and decentralization of the enforcement of European competition law, with the European Commission operating as part of a ‘European Competition Network’ of national authorities. In general, the European Commission will enforce cases involving practices or agreements that affect at least three member states.

⁹⁴ Council Regulation No. 17/62 of 6 Feb. 1962: First Regulation Implementing Arts. 85 and 86 of the Treaty OJ Sp Ed 1962 No. 204/62 p. 87, reg. 15(2) fines of up to 1 million Euro or 10% of turnover in the preceding business year. Council Regulation No. 1/2003, Art. 7 (empowering the Commission to impose behavioural or structural remedies which are ‘proportionate’ and necessary to bring the infringement to an end); Art. 23(2) (fines of up to 10% of turnover in the preceding business year); Art. 24 (periodic penalties of up to 5% of average daily turnover per day). Competition Act 1998 (giving OFT power to impose penalties of up to 10% turnover for up to 3 years).

Article 81 prohibits ‘all agreements between undertakings...and concerted practices which may affect trade between member states and which have as their object or effect the prevention, restriction or distortion of competition’. As the term ‘undertakings’ has been interpreted liberally, Article 81 potentially applies to agreements concerning the licensing and assignment of intellectual property rights,⁹⁵ whether between competitors or parties at different levels of distribution (for example, exclusive distribution agreements). Article 81 goes on to outline certain practices, such as price fixing and market sharing, which will normally be prohibited. In other cases, a conclusion that the agreement has an anti-competitive effect depends on the actual conditions in which the agreement would function, including the economic contexts, the products covered by the agreement, and the structure of the market.⁹⁶

Even though the Treaty is not meant to prejudice the rules in member states governing the system of property ownership,⁹⁷ the European Commission and the European Court of Justice have had little hesitation in applying Article 81(1) to agreements involving intellectual property rights. According to the Court, interference with intellectual property rights is justified on the basis that it ‘does not affect the grant of those rights but only limits their exercise to the extent necessary to give effect to the prohibition under [Art. 81]’.⁹⁸ Article 81 also applies to institutions and arrangements for the collective administration of rights: a common feature of copyright exploitation.⁹⁹

Given the potential breadth of Article 81, it is important to note that Article 81(3) allows for Article 81(1) to be ‘declared inapplicable’ in a number of circumstances.¹⁰⁰ Such exemptions must ‘contribute to improving the production or distribution of goods or to promoting technical or economic progress, while allowing consumers a fair share of the resulting benefit’. The European Commission has issued a number of such ‘block exemptions’ in the form of Commission Regulations: the most important relate to ‘technology transfer agreements’, ‘R&D agreements’, and ‘vertical agreements’.¹⁰¹ These block exemptions enable operators to be confident that their agreements are exempt (though the benefit of a block exemption may be withdrawn as regards an individual agreement), and may also be treated as ‘guidelines’ even for agreements that fall outside the scope of the block exemption. In other situations, operators will have to form their own judgements as to whether agreements are exempt. (The

⁹⁵ For example, *Etablissements Consten SARL and Grundig-Verkaufs-GmbH v. EEC Commission*, Case C-583/64 [1966] ECR 299. (German manufacturer G appointed French company C as exclusive distributor in France. C had registration of GINT mark in France. The ECJ agreed with the Commission’s view that the agreement (including the provision allowing C to register the mark in France) was contrary to Art. 85.) Minor agreements are excluded: Commission Notice on agreements of minor importance which do not fall within the meaning of Art. 81(1) EC [2001] OJ C 368/13 (agreements between firms who are not competitors as falling outside of Art. 81(1) if the market share held by each of the parties does not exceed 15% on any of the relevant markets affected by the agreement). See, generally, Stothers, Ch. 3.

⁹⁶ *European Night Services v. Commission*, T-374/94 [1998] ECR II-3141.

⁹⁷ Art. 295 EC (formerly Art. 222 of the Treaty).

⁹⁸ *Etablissements Consten SARL and Grundig-Verkaufs-GmbH v. EEC Commission*, Case C-58/64 [1966] ECR 299. Cf. *Panayiotou v. Sony Music Entertainment* [1994] EMLR 229.

⁹⁹ See below at pp. 274–7, 296–302.

¹⁰⁰ Regulation No. 19/65/EEC.

¹⁰¹ Commission Regulation (EC) No 772/2004 on the application of Article 81(3) of the Treaty to categories of technology transfer agreements [2004] OJ L 123/11 (27 April 2004) (Technology Transfer Block Exemption: TTBER); VRR; see below at pp. 576–7, 968–9.

possibility for obtaining individual exemption through a notification system, which became an unacceptable administrative burden, has been abolished from May 2004.)¹⁰²

Article 82 EC prohibits an undertaking from abusing a dominant position. This prohibition has primarily affected intellectual property law in two ways. First, it provides a basis for regulating collective organizations that administer intellectual property rights on behalf of owners and which occupy a dominant position in the market. To prevent abuse, organizations in a dominant position are only able to impose obligations and restrictions that are necessary to achieve their legitimate aims.¹⁰³ Second, Article 82 provides a remedy for misuse or abuse of intellectual property rights. On one reading of Article 82, it is possible to argue that, as intellectual property rights confer monopoly rights, they necessarily place owners in a dominant position for the market covered by the intellectual property right. On this basis, all activities carried on by intellectual property right holders would need to be scrutinized to ensure that they were not abusive. However, the European Court of Justice has declined to use Article 82 in this way. Instead, the Court has made it clear that ownership of an intellectual property right does not of itself confer dominance in a market. As a consequence, a refusal to license an intellectual property right only constitutes an abuse of a dominant position in exceptional circumstances.¹⁰⁴

4.3 CENTRALIZATION AND HARMONIZATION

While the doctrine of exhaustion has reduced the impact of national intellectual property rights on the completion of the internal market, it has been unable to guarantee that barriers to trade would not arise where national laws differed in terms of substance or duration. Consequently, it soon became apparent that to achieve the holy grail of an internal market, some level of harmonization would be necessary. There are three relevant ways in which the Community is able to harmonize national laws.¹⁰⁵

¹⁰² Formerly, where there had been no notification to the Commission and an agreement fell outside the scope of a block exemption, the national court could not authorize an agreement: Regulation 17/62 of 6 Feb. 1962: First Regulation Implementing Arts. 85 and 86 of the Treaty *OJ Sp Ed* 1962, No. 204/62, 8, Art. 9. If faced with such a situation the court was forced to seek information from the Commission or refer the case to the ECJ. See Notice on Cooperation between National Courts and the Commission in Applying Arts. 85 and 86 EEC [1993] *OJ C* 39/6. However, the system of prior notification became unworkable, and has now been abolished. From 1 May 2004, Art. 81(3) is directly applicable by the courts of member states: Council Regulation No. 1/2003, Art. 1(2), Art. 6, Recital 4. The Commission may still produce block exemptions, may make decisions withdrawing the benefit of such exemptions in individual cases (Art. 29), or finding that Arts. 81 or 82 are inapplicable to individual cases (Art. 10).

¹⁰³ These are discussed below at pp. 298–9. *Re GEMA (No. 1)* [1971] CMLR D35; *Belgische Radio en Televisie (BRT) v. SABAM*, Case C-127/73 [1974] ECR 313.

¹⁰⁴ Thus, it was not an abuse for a designer and manufacturer of automobiles to refuse to license its intellectual property rights to persons wishing to manufacture replacement parts for vehicles. *AB Volvo v. Erik Veng (UK)*, Case 238/87 [1988] ECR 6211; *CICRA v. Regie Nationale des Usines Renault*, Case C-53/87 [1988] ECR 6039. However, an abuse of dominant position was found where a broadcasting organization which generated programme schedules in which copyright was held to subsist, refused to license a newspaper to publish those schedules on a weekly rather than daily basis: *RTE and ITP v. EC Commission*, Joined Cases C-241/91 and C-242/91 [1995] ECR 808 (the ‘Magill’ Case). Subsequent decisions have sought to identify the basis to the Magill Case, but as yet have proved inconclusive: *Oscar Bronner v. Media Print*, Case C-7/97 [1998] ECR I-7791; *Tierce Ladbroke v. Commission*, Case T-504/93 [1997] ECR II-923; *IMS Health Inc v. Commission*, Case T-184/01R [2002] 4 CMLR 58; *NDC Health Corporation and NDC Health GmbH*, Case C-481/01P(R); *Microsoft v. Commission*, Case T-201/04 [2007] 5 CMLR (11) 846.

¹⁰⁵ See generally, Craig and de Búrca, Chs. 3 and 4.

The Council can issue directives for the approximation of the laws of member states ‘as directly affect the establishing and function of the common market’.¹⁰⁶ Under this process a Commission issues a proposal and then consults with the European Parliament and Economic and Social Committee. To be passed, a proposal must be approved unanimously by the Council. The Council is also able to adopt measures (not just directives) ‘for the approximation of the provisions laid down by law, regulation or administrative action in Member States which have as their object the establishment and functioning of the internal market’.¹⁰⁷ Typically, this process begins with a Commission proposal,¹⁰⁸ which must be approved by the Council and the European Parliament. As only a qualified majority of the Council must support the proposal it is not necessary to have the unanimous approval of all the member states. Third, if action by the Community is ‘necessary to attain, in the course of the operation of the common market, one of the objectives of the Community, and this Treaty has not provided the necessary powers, the Council shall, acting unanimously on a proposal from the Commission after consulting the European Parliament, take the appropriate measures’.¹⁰⁹ This provision may only be used where no other provision of the Treaty gives the Community institutions the necessary power to act.¹¹⁰ It has usually been the basis for the establishment of Community offices.¹¹¹

Community involvement with intellectual property can be divided into four stages. In the 1970s, the focus of attention was on the establishment of a Community patent system, that is a system in which a single patent would be granted for the whole of the Community, enforceable in Community patent courts. To this end, in 1975 the Community Patent Convention was agreed to at an intergovernmental level between the (then nine) member states. However, the political will to introduce the scheme never materialized.¹¹² In part this was because in 1973 a separate instrument for the granting of patents, the European Patent Convention (EPC), had been agreed to between states (a number of which were then outside the EC). As such, there was little urgency to implement the distinct (though linked) Community patent. Despite attempts to revive the Treaty through a 1989 Protocol in Luxembourg,¹¹³ it is only in the last couple of years that a real will for a single Community patent regime has emerged. This has taken shape in the form of a Commission proposal to introduce a Community patent by way of a Community Regulation.¹¹⁴ In the meantime, the existence of the European Patent Convention has limited the ability of the Community to harmonize national patent laws.¹¹⁵ The reason for this is that

¹⁰⁶ Art. 94 EC.

¹⁰⁷ Art. 95 EC (formerly Art. 100A of the Treaty). See *Netherlands v. European Parliament and Council*, Case C-377/98 [2002] OJEO 231; [2002] FSR 575 (EC) paras. 13–29 (Biotech Directive was properly based on Art. 100A).

¹⁰⁸ The Protocol on the Application of the Principles of Subsidiarity and Proportionality states that the Community should legislate only to the extent necessary and that, in general, directives should be preferred to Regulations, and framework directives preferred to detailed measures (para. 6). It also requires the Commission to consult widely before proposing legislation (para. 9). Such consultation is usually by way of issuing Green Papers and holding meetings of ‘interested parties’.

¹⁰⁹ Art. 308 (formerly Art. 235 of the Treaty).

¹¹⁰ *Commission v. Council*, Case C-45/86 [1987] ECR 1493, para. 13.

¹¹¹ e.g. CTMR, Recital 4. In these cases the legislature is not harmonizing, but creating new rights: see Opinion 1/94 [1994] ECR I-5267 (para 59); Case C-377/98 (para 35).

¹¹² [1976] OJL 17/43.

¹¹³ Luxembourg Agreement of 15 Dec. 1989 relating to Community Patents (1989) OJL 401/1.

¹¹⁴ See below at p. 351. After the proposal stalled in 2004, it has, once again, been revived.

¹¹⁵ Paradoxically, the Community’s exclusive competence in the field of civil jurisdiction stands in the way of an inter-governmental agreement to simplify patent litigation: see A Arnall & R Jacob, ‘European Patent Litigation: Out of the Impasse?’ (2007) *EIPR* 209 (noting that member states cannot enter the proposed European

all member states are parties to and therefore bound by the EPC. At the same time, they cannot amend the Convention without the assent of the non-EC participants. In the two fields where Community action has taken place, the proposals have been made to appear as if they leave the EPC untouched. The two Regulations on Supplementary Protection Certificates are worded so as to avoid appearing to be extensions of the patent term.¹¹⁶ Similarly, the Directive of the European Parliament and Council on the Legal Protection of Biotechnological Inventions, which attempts to harmonize patent law for biological inventions, is presented as a Directive to harmonize the ‘interpretation’ of existing provisions of the EPC, rather than amending or modifying those provisions.

In the 1980s, attention turned to the harmonization of trade mark law. The first part of a two-pronged strategy was to approximate national trade mark laws. This was eventually completed by way of a directive.¹¹⁷ The second prong saw the establishment of a single office that granted Community trade marks enforceable in the courts of member states designated as Community Trade Mark Courts. The Community trade mark was introduced by way of a Council Regulation, and in 1996 the Office of Harmonization in the Internal Market was established in Alicante, Spain.¹¹⁸ As the substantive rules of the Regulation are virtually identical to those of the Directive, appeals of decisions of the Office of Harmonization to the OHIM’s Boards of Appeal, the Court of First Instance, and the ECJ offer valuable guidance to national authorities.

At the end of the 1980s, the third wave of harmonization began when the Commission set out to harmonize a number of aspects of copyright law.¹¹⁹ The need for action arose because the different levels of copyright protection in different member states was seen to constitute a potential barrier to trade.¹²⁰ In contrast with the approach taken to trade marks, the Community passed a series of seven Directives each harmonizing particular aspects of copyright law (especially relating to areas of technological change). In so doing, the Commission also aimed to set the standard of protection to be given to creators at a ‘high level’.¹²¹

The 1990s also witnessed Community intervention in relation to a number of the so-called *sui generis* intellectual property rights. A Community Plant Variety Regulation established a Community Office in Angers, France. In contrast to the strategy in relation to trade marks, no harmonization directive was passed regulating national law.¹²² A directive was also passed relating to the harmonization of the law relating to designs which was followed by a Regulation introducing a Community Registered Design (to be issued by the Office of Harmonization in the Internal Market), and a Community Unregistered Design Right.¹²³ The latter, available since April 2002, is the first Europe-wide, unitary right to be granted automatically, rather than after application to an office.¹²⁴

Patent Litigation Agreement, but suggesting possible revision limiting it to institutional questions to avoid overlap with Directive 2004/48 and Reg 44/2001).

¹¹⁶ SPC (MP) Reg.; SPC (PPP) Reg. ¹¹⁷ Trade Marks Directive.

¹¹⁸ See below at pp. 781–2 and Chapter 35, Section 3.

¹¹⁹ See below at Chapter 2, Section 7.

¹²⁰ It was also motivated by the prompting of the ECJ, e.g. in *EMI Electrola GmbH v. Patricia Im-und Export*, Case C–341/87 [1989] ECR 79.

¹²¹ For example, Duration Dir. Recital 10.

¹²² CPVR. See below at p. 593.

¹²³ See below at Section 4 of the Introduction to Part III.

¹²⁴ The Commission also put forward a proposal to harmonize the law on utility models which would have required member states to supplement patent protection with a system for issuing a second tier of rights for inventions. This proposal has been abandoned. See Bently and Sherman, 2nd edn., pp. 338–40.

Given the breadth of European intervention in intellectual property law, it is not surprising that a number of challenges have been made to particular European initiatives. In most cases, such challenges must be brought by national governments before the Court of Justice.¹²⁵ National courts do not have the power to declare acts of the Community institutions to be invalid.¹²⁶ If past experiences are much to go on, it seems that attempts to set aside Community legislation are unlikely to be successful.¹²⁷

4.3.1 Implementation

In the UK, directives have been implemented through the introduction of new statutes (as with the Trade Marks Act 1994), or more commonly by amending existing statutes by way of statutory instrument.¹²⁸ When implementing directives, the UK government has tended to rewrite the (often abstract) provisions used in the directives into the language that is more commonly found in British statutes. Unfortunately, such rewriting can make interpretation doubly difficult, and a number of UK judges have made adverse comments about this practice.¹²⁹ Unlike the case with directives, regulations do not need to be implemented into national law to be effective.¹³⁰ However, where national procedures need to be established (as with the Regulations on Supplementary Protection Certificates), some action must necessarily follow.

If a government fails to implement a directive or implements it partially or tardily, the Commission may commence an action against that member state before the ECJ.¹³¹ Moreover, pending implementation, a number of consequences may follow automatically.¹³² First, in accordance with general principles of European law, the provision has a direct effect 'vertically' on state bodies, including rights-granting bodies such as the Patent Office or Trade Marks Registry. This direct effect only applies where the provision is clear and unconditional.¹³³ Second, the national courts must interpret existing national law in line with

¹²⁵ The *locus standi* rules mean that the applicant must normally be a member state or community institution rather than an individual. But in certain circumstances an individual may challenge EC legislation: see *Codorniu SA v. Council*, Case C-309/89 [1994] ECR 1853 (Spanish producers of sparkling wine, also owners of graphic trade mark 'Gran Cremant de Codorniu', successfully objected to regulation restricting legitimate use of 'cremant' to wine made in France or Luxembourg).

¹²⁶ *Foto-Frost*, Case C-314/85 [1987] ECR 4199.

¹²⁷ *Spain v. The Council of the European Union*, Case C-350/92 [1995] ECR I-1985; *Metronome Music v. Music Point Hokamp GmbH*, Case C-200/96 [1998] ECR I-1953; *Netherlands v. European Parliament and Council*, Case C-377/98 [2002] OJEP 231; [2002] FSR 575 (ECJ).

¹²⁸ European Communities Act 1972, s. 1(2).

¹²⁹ *Philips Electronics BV v. Remington Consumer Products* [1998] RPC 283; *British Horseracing Board v. William Hill* [2001] 2 CMLR 212, 225; *Apple Computer Inc.'s Design Application* [2002] FSR (38) 602, 603.

¹³⁰ Art. 249 EC (formerly Art. 189 of the Treaty).

¹³¹ See, e.g. *Commission v. United Kingdom*, Case C-30/90 [1992] ECR I-829 (UK compulsory licence provisions incompatible with Treaty); and *Commission v. Ireland*, Case C-212/98 [1999] ECR I-8571 (failure of Republic of Ireland to implement the Satellite Directive); *Commission v. Ireland*, Case C-213/98 [2000] ECDR 201 (failure of Republic of Ireland to implement the Rental Directive); *Commission v. Ireland*, Case C-13/00 [2002] ECR I-2943; [2002] 2 CMLR 10 (failure of Ireland to implement the Paris Act of Berne and thus failure to fulfil its obligations under Art. 300(7) EC and Art. 5 of Protocol 28 of the European Economic Area of 2 May 1992).

¹³² See Craig and de Búrca, 268-303.

¹³³ *NV Algemene Transport en Expeditie Onderneming van Gend en Loos v. Nederlandse Administratie der Belastingen*, Case 26/62 [1963] ECR I. These conditions have been whittled away, so the question may well now be whether the provision is capable of being applied by a court to a specific case: *H.J. Banks & Co. v. British Coal Corporation*, Case C-128/92 [1994] ECR I-1209, 1237 (Advocate General Gervens). For an example, see *Mister Long Trade Mark* [1998] RPC 401 (TM Dir. Art. 13).

the unimplemented provisions of a directive: a consequence sometimes referred to as ‘indirect effect’.¹³⁴ Where this is not possible, individuals are not able to rely on the unimplemented provisions to bring an action against other private bodies: there is no ‘horizontal’ direct effect. While in these circumstances private individuals may not get the remedy they would have been entitled to if the directive had been implemented, they are not left without a course of action. This is because, if a private individual has suffered damage as a result of a government’s failure to implement a directive, the member state may be required to compensate the individual. For this to occur, the claimant must show that the object of the directive was to create rights, that the scope of rights is identifiable, and that failure to introduce such rights caused the damage.¹³⁵

4.3.2 Interpretation

When interpreting provisions that are intended to give effect to a European directive, not surprisingly the directive will be a critical aid to interpretation. For the uninitiated common lawyer, European directives may seem strange since they are often formulated in relatively vague language. In such cases, the provisions should be interpreted purposively.¹³⁶ While the text of the directive remains critical, particular attention should be given to the Recitals at the front of the directive, since these often provide specific examples explaining what a clause is intended to cover.

The material available to assist in the interpretation of a directive will be different from the material that is used to interpret British statutes. Whereas it is possible to look to Hansard when interpreting (purely) UK law, when considering the implementation of a European directive, what is said in the British Parliament will be of little assistance (except possibly as regards the implementation of optional aspects of European legislation).¹³⁷ Instead, attention must be paid to the European ‘*travaux préparatoires*’, such as Commission proposals.¹³⁸ In exceptional cases, it may be helpful to refer to the so-called ‘Agreed Statements’, that is to the minutes of what was agreed between the Commission and the Council.¹³⁹ Legislation is also to

¹³⁴ *Marleasing v. La Comercial Internacional de Alimentacion*, Case C-106/89 [1990] ECR I-4135; *Silhouette International Schmied GmbH & Co. KG v. Hartlauer Handgesellschaft mbH*, Case C-355/96 [1998] ECR I-4799; [1998] CMLR 953, 979; *Webb v. EMO Air Cargo* [1992] 2 All ER 43; [1995] 4 All ER 577.

¹³⁵ *Franovich v. Italian Republic*, Joined Cases C-6, and 9/90 [1991] ECR I-5357 (paras. 31–45); *R v. Secretary of State for Transport, ex p. Factortame* [1999] 3 CMLR 597.

¹³⁶ *Re Adidas AG*, Case C-223/98 [1999] 3 CMLR 895 (under Community law legislation is to be interpreted by reference to the wording taking into account the context and object of the legislation); *SA Société LTJ Diffusion v. SA Sadas* Case C-291/00 [2003] ECR I-02799 (AG, para. 18); *Ansul v. Ajax*, Case C-40/01 [2003] ECR I-2439, para. 26.

¹³⁷ *British Sugar v. Robertson* [1996] RPC 281, 292 (no room for the application of *Pepper v. Hart* or the *White Paper*). Cf. R. Burrell, H. Smith, and A. Coleman, ‘Three-dimensional Trade Marks: Should the Directive be Reshaped?’, in N. Dawson and A. Firth (eds.), *Trade Marks Retrospective: Perspectives in Intellectual Property*, vol. 7 (2000) 137, 160 n. 5.

¹³⁸ S. Schönberg and K. Frick, ‘Finishing, Refining, polishing: on the use of *travaux préparatoires* as an aid to the interpretation of Community legislation’ (2003) 28 *ELR* 149, 156–7 (observing that such documents have frequently been used in the interpretation of the regulations creating ‘supplementary protection certificates’ and on the registration of ‘geographical indications.’)

¹³⁹ Schönberg and Frick, 164–7. In relation to the TM Dir., see *Libertel Groep BV v. Benelux MerkenBureau*, Case C-104/01 [2004] FSR (4) 65 (para. 25) (ECJ) (noting that the Minutes specifically acknowledge that they should not be used in interpretation); *Heidelberger Bauchemie*, Case C-49/02 [2004] ECR I-6129, paras. 16–17; *Anheuser-Busch*, Case C-245/02 [2004] ECR I-10989 (ECJ, Grand Chamber) (paras. 78–80). For the general proposition that ‘declarations recorded in minutes... cannot be used for the purposes of interpreting a provision of Community law where no reference is made to the content of the declaration in the wording of the

be interpreted in the light of any international agreements to which the Community is a party, including, importantly, the TRIPs Agreement.¹⁴⁰

When interpreting British law implementing a directive, it may be important to take account of decisions of other European courts.¹⁴¹ Occasionally decisions given by the courts of member states before the adoption of the directive may provide some indication of what the directive was intended to achieve. Where a directive is meant to correspond to pre-harmonized law in one jurisdiction, the decisions of that jurisdiction may carry special weight.¹⁴² While the judgments of the courts of member states as to the meaning of a directive may be helpful, there is no obligation to follow the interpretation of the first court that happened to do so. Decisions of the courts of all member states are meant to be equally authoritative.

Ultimately, the question of the way a directive (or regulation) is to be interpreted is decided by the ECJ.¹⁴³ The Court is assisted by one of the eight Advocates General, who make reasoned submissions in order to assist the Court. The Advocate General's opinion may be a useful interpretative tool to resolve doubts over a decision of the ECJ. In some situations, particularly in relation to appeals from the Boards of Appeal of the OHIM, hearings are initially to the Court of First Instance (from whence appeals can be heard by the ECJ). Given the enormous workload of the ECJ, it seems likely (and desirable) that a specialist chamber of the Court of First Instance (with a limited possibility for further appeals to the ECJ) will be established sometime in the future. Until that time, the final word on the meaning of Community provisions is left to a tribunal that is clearly less than comfortable with intellectual property law.

4.4 EXTERNAL RELATIONS

Another way in which the European Community is involved in intellectual property law is through the role it plays in negotiating and signing treaties. The Community's treaty powers are set out in Article 133 EC (formerly Article 113 of the Treaty), as amended by the Treaty of Nice in 2003.¹⁴⁴ This gives the Community the exclusive power to enter into treaties with respect to common commercial policy, a notion which is expressly extended to the negotiation and

provision in question', see *VAG Sverige AB*, Case C-329/95 [1997] ECR I-2675 (para. 23) and *Antonissen*, Case C-292/89 [1991] ECR I-745, [1991] 2 CMLR 373 (para. 18). For British objections to use of such minutes where they are not public documents, see *Wagamama v. City Centre Restaurants* [1995] FSR 713, 725.

¹⁴⁰ *Heidelberger Bauchemie*, Case C-49/02 [2004] ECR I-6129, paras. 19-21.

¹⁴¹ For example in *Philips Electronics NV v. Remington Consumer Products* [1999] RPC 809, 820-1 reference was made to the Swedish decision in *Ide Line Aktiebolag AG v. Philips Electronics NV* [1997] ETMR 377; and in *Premier Brands UK v. Typhoon Europe* [2000] FSR 767 reference was made to a number of German decisions.

¹⁴² But for them to do so there must be solid evidence of the relevant legislative intention: *Wagamama v. City Centre Restaurants* [1995] FSR 713, 725. In *British Horseracing Board v. William Hill* [2002] ECDR 41 the Court of Appeal acknowledged that a different understanding of the Database Directive from that of Laddie J at first instance prevailed in Scandinavian countries, and noted that the latter's understanding may be significant given the fact that the Directive was said to be influenced by the so-called 'Nordic catalogue rule'. The Court of Appeal therefore referred the case to the ECJ.

¹⁴³ One controversial issue concerns when 'interpretation' permitted under Art. 234 EC ends, and determination of facts—a matter for the national courts—begins. See, generally, Craig and de Búrca, 493-4, and in the context of intellectual property, *Arsenal v. Reed*, Case C-206/01 [2002] ECR I-10273; *Arsenal FC plc v. Reed (No. 2)* [2003] 1 CMLR 13; [2003] 1 All ER 137 (CA). On the UK courts' relationship with the ECJ, see B. Trimmer, 'An Increasingly Uneasy Relationship—the English Courts and the European Court of Justice in Trade Mark Disputes', [2008] EIPR 87.

¹⁴⁴ In a case concerning the powers of the Community to enter TRIPs, the European Court of Justice held that Art. 113 (as it then was) did not cover treaties relating to intellectual property rights, except insofar as they related to border measures, Opinion 1/94 [1994] ECR I-5267, 5316. The TRIPs Agreement was entered into by

conclusion of agreements relating to ‘the commercial aspects of intellectual property’. Article 133(7) of the amended text continues to allow the Council, after consulting the Parliament, to enter into treaties relating to intellectual property.¹⁴⁵ To date the Community has entered into a number of intellectual property-related treaties. For example, the Community is now a party to TRIPS, the Madrid Protocol on international registration of trade marks, the WIPO Copyright Treaty and WIPO Performances and Phonograms Treaty,¹⁴⁶ as well as bilateral agreements with Morocco, Tunisia, and Australia for the protection of denominations of wine.¹⁴⁷ In October 2007, the European Commission announced that it would seek the authority of member states to begin negotiations of anti-counterfeiting trade agreements (with, inter alia, the US, Japan, Korea, Mexico, and New Zealand).

Although the United Kingdom has historically adopted a ‘dualist’ approach to international law (meaning that international treaties cannot be relied upon as a source of rights unless they have been implemented into national law), the Community’s participation in international norms presents the possibility of such norms being relied upon directly in certain circumstances. While the European Court of Justice has been willing to interpret European Community legislation in the light of its treaty obligation,¹⁴⁸ the Court has yet to hold that any provisions in international treaties have direct effect.¹⁴⁹

4.5 EUROPEAN ECONOMIC AREA

To understand intellectual property law in the United Kingdom, it is important to be familiar with the European Economic Area (EEA). This is an initiative entered into between the EC and certain satellite countries who are members of the European Free Trade Area (EFTA). In 1994, the majority of the countries then in EFTA decided to enter into a joint EC–EFTA initiative

the Community (under implied powers) and member states: Opinion 1/94 [1994] *ECR* I-5267. See generally Craig and de Búrca, 169–182.

¹⁴⁵ A. Dashwood, ‘External Relations Provisions of the Amsterdam Treaty’ (1998) 35 *CMLR* 119; P. Pescatore, ‘Opinion 1/94 on Conclusion of the WTO Agreement: Is There an Escape from a Programmed Disaster?’ (1999) 36 *CML Rev* 387.

¹⁴⁶ Council Decision 2000/278 of 16 Apr. 2000, [2000] *OJ L* 89/6; Council Decision of 27 Oct 2003 approving accession of the European Community to the Protocol relating to the Madrid Agreement Concerning the International Registration of Marks [2003] *OJ L* 296/1; Council Decision of 18 Dec 2006 Approving accession to the Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs *OJ L* 386/28 (29 Dec 2006).

¹⁴⁷ Under Art. 133. Council Regulation (EEC) No. 482/77 of 8 Mar. 1977 [1977] *OJ L* 65/1; Council Regulation (EEC) No. 3618/87 of 30 Nov. 1987 [1987] *OJ L* 3618/87; Council Decision 89/146/EEC of 12 Dec. 1988 [1989] *OJ L* 56/1.

¹⁴⁸ *Sociedad General de Autores y Editores de Espana (SGAE) v. Rafael Hoteles SL*, Case C–306/05 [2006] *ECR* I-11519, para. 35 (ECJ) (interpreting the Information Society Directive in the light of the Berne Convention). More radically, in *Hermes*, Case C–53/96 [1998] *ECR* I-3603, the ECJ held that it should interpret TRIPS Art. 50(6) to assist the national court to determine its own obligations and ‘to forestall future differences of interpretation’.

¹⁴⁹ *Dior*, Cases C–300/98 and C–392/98 [2000] *ECRI*–11307 (refusing to treat TRIPS Art. 50 as having ‘direct effect’); *Develey Holding v. OHIM*, Case C–238/06P (ECJ 8th ch) (25 Oct 2007) (refusing to treat Art. 6quinquies of Paris as of direct applicability because the Community is not a party to the Convention; and holding that it was not indirectly applicable via TRIPS Art. 2, because TRIPS is not itself to be regarded as directly applicable). *Merck Genericos v. Merck & Co*, Case C–431/05 (11 Sept 2007) (holding that patent term, a subject dealt with in TRIPS, Art. 33, was primarily a matter of national competence, because of the limited harmonization in the patent field to date). Note Council Decision 94/800/EC of 22 Dec. 1994, Recital 11 (‘whereas, by its nature, the Agreement Establishing the WTO, including the Annexes thereto, is not susceptible to being directly invoked in Community or Member State courts.’)

and form the European Economic Area.¹⁵⁰ The countries that joined the EEA from EFTA undertook to join various international conventions,¹⁵¹ to implement domestic provisions on the free movement of goods (similar to those in Articles 28 and 30 EC), on competition (equivalent to Articles 81 and 82), and a raft of EC directives (including those on trade marks and copyright).¹⁵² These provisions are enforced by the 'EFTA Surveillance Authority' and the 'EFTA Court'.¹⁵³ In return, the EC agreed to extend its provisions to the EEA countries. As a result where the term 'Community' or 'common market' are used in provisions falling within the EEA, they refer to the territories of the contracting parties.¹⁵⁴ Moreover, the doctrine of exhaustion and the jurisprudence of the ECJ on Article 28 EC explicitly apply to goods placed on the market in the EEA.¹⁵⁵

4.5.1 'Europe agreements'

Increasingly, 'European' intellectual property law is having an ever-expanding significance outside the EU. In part, this was promoted by the Treaty of Nice, which paved the way for a number of countries to join the Community on 1 May 2004.¹⁵⁶ In addition, the EC has entered into 'Europe Agreements' with so-called 'candidate countries'.¹⁵⁷ The agreements, which aim to establish a free-trade area, contain a number of provisions in relation to intellectual property.

The EC also operates a number of initiatives and has agreements with many satellite countries.¹⁵⁸ The EC has also entered into 'Euro-Med Association Agreements' with countries of the South and East Mediterranean,¹⁵⁹ 'Partnership and Co-operation Agreements' with countries in Eastern Europe and Central Asia,¹⁶⁰ and 'Stabilisation and Association Agreements' with Balkan states (such as Albania).¹⁶¹

Typically these agreements include prohibitions on 'quantitative restriction on imports and measures having equivalent effect', as well as competition provisions similar to Articles 81 and 82 EC. The agreements usually also require the contracting party to apply to become parties to

¹⁵⁰ Although the EFTA countries at one time included Austria, Finland, and Sweden, these have since acceded to the EC. The EFTA countries that are parties to the EEA are: Iceland, Norway, and Liechtenstein. The only remaining EFTA country, Switzerland, refused to join the EEA.

¹⁵¹ Indeed member states agreed to adhere to these Conventions, and the Court ruled that Ireland had failed to do so in *Commission v. Ireland*, Case C-13/00 (19 Mar 2002) (ECJ).

¹⁵² Agreement on the European Economic Area OJ L 001, 3 Jan. 1994, 3. See esp. Arts 11, 13, 53, 54. Subsequent instruments have updated the content of the obligations.

¹⁵³ See <http://www.efta.int>. There have been few decisions of the EFTA court of interest in intellectual property: *Mag Instrument v. California Trading Co.*, E2-97 [1998] 1 *CMLR* 331 discussed at p. 954 n. 151; *Paranova v. Merck*, E-3/02 [2003] *EFTA Court Reports* 101. See also E-10/02, *L'Oreal Norge SA v. Smart Club Norge SA* (pending) (requesting an interpretation of Art. 7 of the Trade Marks Directive).

¹⁵⁴ Para. 8 of Protocol 1 on Horizontal Adaptation to the EEA Agreement.

¹⁵⁵ Protocol 28 on Intellectual Property, Art. 2.

¹⁵⁶ Cyprus, The Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic, Slovenia. Bulgaria and Romania joined on 1 Jan. 2008.

¹⁵⁷ Turkey, Croatia, and Former Yugoslav Republic of Macedonia. Note the Council Decision of 19 May 2003 on the principles, priorities, and immediate objectives and conditions contained in the Accession Partnership with Turkey, *OJ L* 145/40.

¹⁵⁸ As part of the so-called 'neighbourhood policy'. See e.g. Communication from the Commission to the European Council and Parliament on Strengthening the Neighbourhood Policy, COM (2006) 726 final.

¹⁵⁹ e.g. Tunisia, Morocco, Israel, Jordan, Egypt, and Syria. The Agreement with Egypt came into force on 1 June 2004. Article 37 and annex VI relate to IPRs, obliging the parties mostly in relation to the international treaties. There are plans for a Euro-Med free trade area by 2010.

¹⁶⁰ These include Armenia, Georgia, Russia, Moldova, and the Ukraine.

¹⁶¹ EC-Albania Stabilization and Association Agreement, 22 May 2006, esp Arts 70, 73 and Annex V.

(or if already parties, to affirm their commitment to) various intellectual property treaties such as the European Patent Convention, the Union for the Protection of Plant Varieties, the Rome Convention, the Madrid Protocol, the Berne and Paris Conventions, the Madrid Agreement, and the Patent Cooperation Treaty. They also require states to implement the Community 'acquis' so as to approximate their laws on intellectual property with those of the EC. The implementation of these standards is monitored, and the Commission reports have frequently emphasized the importance of implementation both in law and in practice, in particular insisting on training law enforcement bodies and the judiciary on intellectual property matters.

4.6 NON-EUROPEAN UNION REGIONAL INITIATIVES

Finally, it is important to note that there are a number of European initiatives that are independent of the European Community/Union which relate to intellectual property law. One of the most important is the 1973 European Patent Convention (EPC). The EPC established a single central office for the granting of bundles of national patents in Munich. The EPC is a treaty independent of the European Union, and includes all the member states of the EU, the EEA, as well as a number of non-EEA countries such as Switzerland and Turkey.¹⁶²

The Council of Europe, a political organization founded in 1949 comprising 45 European countries, has also had an impact on intellectual property. While the Council of Europe is largely concerned with the promotion of democracy and human rights, it has undertaken a number of initiatives in the field of intellectual property. The Council supervises certain treaties, including treaties on patents (relating to formalities required for patents, international classification of patents, and the Strasbourg Treaty on the Unification of certain points of substantive law on patents for inventions) and copyright (in particular requiring recognition of the rights of broadcasting organizations), and the protection of authors where their works are broadcast across frontiers.¹⁶³ The Council also makes certain recommendations to governments (for example on copyright law and reprography),¹⁶⁴ as well as being a forum for discussion.

The European Convention on Human Rights, a treaty signed in 1950 under the aegis of the Council of Europe, requires contracting parties to recognize certain rights such as fair trial (Article 6), privacy (Article 8), freedom of expression (Article 10), and property (Article 1 of the first Protocol). Alleged failures to comply with the Convention are justiciable before the European Court of Human Rights (Article 19). Until recently the impact of the Convention on British intellectual property law was limited to cases of breach of confidence and remedies. However, with the coming into force of the Human Rights Act 1998 in October 2000, arguments based on the Convention have become more frequent and the jurisprudence of the

¹⁶² See p. 341 n. 29.

¹⁶³ For example the Convention on the Unification of Certain Points of Substantive Law on Patents for Inventions (1963) ETS No. 47 (the UK ratified the Convention which came into force in 1980); European Agreement on the Protection of Television Broadcasts (1960) ETS No. 34 and Protocol (1965) ETS No. 54, Additional Protocol (1974) ETS No. 81, and Additional Protocol (1985) ETS No. 113 (the UK ratified this Treaty in 1965); European Convention on Transfrontier Broadcasting (1989) ETS No. 132 (which the UK ratified in 1993) (defining, e.g. the act of broadcasting). With the stalling of the proposed WIPO Broadcasting Treaty, attention has turned in 2008 to the possibility of formulating a treaty within this forum.

¹⁶⁴ Recommendation no. R(90)11 of the Committee of Ministers to Member States on Principles Relating to Copyright Law Questions in the Field of Reprography (adopted by the Committee of Ministers on 25 Apr. 1990 at the 438th meeting of the Ministers' Deputies).

Court more relevant.¹⁶⁵ The Convention has, however, had some impact on the law of countries with more expansive intellectual property rights than those of the UK, particularly countries with broad laws against ‘unfair’ competition.¹⁶⁶

One recent development is likely to prove particularly significant: in *Anheuser-Busch Inc. v Portugal*,¹⁶⁷ the Grand Chamber of the European Court of Human Rights held that a trade mark application was a ‘possession’ for the purposes of Article 1 of the first Protocol. The question was whether the Convention had been breached when the Portuguese Supreme Court held that Anheuser-Busch’s trade mark application for BUDWEISER, made in 1981, was invalid on the basis of a Bilateral Treaty entered between Portugal and the Czech Republic in 1986, that is, five years *after* the trade mark application had been made. Having held that the application was a ‘possession’,¹⁶⁸ the majority found there was no undue deprivation, because the Supreme Court had been applying domestic law between parties in circumstances where the precise intent of the domestic law was in issue. This was not something that the Court felt was its place to judge. A much clearer and persuasive dissent (from Judges Caflisch and Cabral Barreto) carries the majority holding that a trade mark application is a possession to its logical conclusion: the 1986 Bilateral treaty, found to be retrospective, deprived Anheuser-Busch of its property and was not undertaken in the public interest or with compensation.¹⁶⁹ As the status of intellectual property rights as protected property is confirmed, policy makers will at the very least need to acquaint themselves with ECHR jurisprudence on when a ‘deprivation’ occurs, and in what circumstances such a taking is legitimate.¹⁷⁰

¹⁶⁵ For arguments based on ECHR, Art. 6(2) (presumption of innocence), see the discussion of criminal liability for trade mark infringement in *R v. Johnstone* [2003] FSR (42) 748; for arguments based on ECHR, Art. 8 (privacy) see chs. 44–6; for arguments based on ECHR, Art. 10 (free expression), see, e.g. *Levi’s v. Tesco* [2002] 3 CMLR 11; [2002] ETMR (95) 1153 (rejecting an argument for international exhaustion), *Ashdown v. Telegraph Group Ltd* [2001] 3 WLR 1368 (public interest defence to copyright); [2002] RPC 235; *Confetti Records v. Warner Music UK* [2003] EMLR (35) 790 (para. 161) (rejecting argument that ECHR Art. 10 requires a narrow reading of moral rights); *FCUK Trade Mark* [2007] RPC 1 (Arnold QC) (relevance of Art. 10 in assessment of the ‘morality’ objection to trade mark registration).

¹⁶⁶ *Hertel v. Switzerland*, Case 25181/94 (1999) 28 EHRR 534 (ECtHR) (application of Swiss unfair competition law to publication of research on health impact of microwaves breached ECHR, Art. 10); *Krone Verlag GmbH & Co Kg v. Austria*, Case 39069/97 (2006) 42 EHRR (28) 578 (application of Austrian unfair competition law against comparative advertiser breached ECHR, Art. 10).

¹⁶⁷ Application No 73049/01 (11 Jan 2007), [2007] EHRR (36) 830, [2007] ETMR (24) 343.

¹⁶⁸ [2007] EHRR (36) 830 (para 78), [2007] ETMR (24) 343, 364–5.

¹⁶⁹ [2007] ETMR (24) 343, 369–71.

¹⁷⁰ In general, a ‘deprivation’ must be lawful, in the public interest and strike a fair balance between the needs of the state and the rights of an individual. The latter balance, in all but exceptional cases, is only achieved by the payment of compensation.