

# INTELLECTUAL PROPERTY PRIMER\*

## WHAT IS INTELLECTUAL PROPERTY?

To some extent you may already know the answer to this question. We know that the inventor of a machine, the author of a book, or the writer of music somehow usually ‘own’ their work. From this ownership, certain consequences flow and you probably have been made aware of the fact that we cannot just copy or buy a copy of their works without consideration of their rights. Equally, original industrial designs of furniture, wallpaper and the like seem naturally to be owned by someone or some organization.

Each time we buy such ‘protected’ items, a part of what we pay goes back to the owner as recompense for the time, money, effort and thought they put into the creation of the work. This has resulted over the years in the development of industries such as the music industry growing worldwide and encouraging new talent to produce more and more original ideas and articles.

The following suggests some of the things that are entitled to protection as intellectual property under national intellectual property laws and / or various international treaties: discs, designs for objects, performances, images, broadcasts, logos, videos, trademarks, computer games, integrated circuits, computer programs, technical inventions,

Let’s begin with a more formal definition of intellectual property, so as to build a solid foundation for later explanations of the various types of intellectual property, and then the relevant governing international treaties. The best place to start is with a consideration of the meaning of the word *property*.

The outstanding features that most types of property share are that **the owner of the property is free to use it as she/he wishes, provided the use is not against the law, and to exclude others from so using that owned item of property.**

Now the term "intellectual property" is reserved for types of property that result from creations of the human mind, the intellect. Interestingly, the term *intellectual property* in the *Convention Establishing the World Intellectual Property Organization*, or "WIPO", does not have a more formal definition. The States that drafted the Convention chose to offer an inclusive list of the rights as relating to:

“Literary artistic and scientific works; performances of performing artists, phonograms, and broadcasts; inventions in all fields of human endeavor; scientific discoveries; industrial designs; trademarks, 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.” (Convention Establishing the World Intellectual Property Organization, Signed at Stockholm on July 14, 1967; Article 2, § viii)

For various administrative and historical reasons, intellectual property is usually dealt with under the following main headings:

- . 1) Literary, artistic and scientific works e.g. books. Protection of this property is governed by laws—concerning **Copyright**.
- . 2) Performances, broadcasts e.g. concerts. Protection of this property is governed by laws concerning Copyright's **Related Rights**.
- . 3) Inventions e.g. a new form of jet engine. Protection of inventions is covered by laws concerning **Patents**.
- . 4) Industrial designs e.g. the shape of a soft drinks bottle. **Industrial Designs** may be protected by its own

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\* The text is compiled on the basis of the WIPO DL 101 online course.

specialized laws, or those of Industrial Property or Copyright.

- . 5) Trademarks, service marks and commercial names and designations e.g. logos or names for a product with unique geographical origin, such as Champagne. Protection is normally available under various laws.
- . 6) Protection against unfair competition. e.g. false claims against a competitor or imitating a competitor with a view to deceive the customer. This is a theme that occurs in many of the modules in this course and is in fact the subject of a separate module.

Common to all of the areas are two principles:

- The creators of intellectual property can acquire rights as a result of their work.
- The rights to that work may be assigned or licensed to others.

### **Why do Intellectual Property Rights Matter?**

The first reason is that it is both just and appropriate that the person putting in the work and effort into an intellectual creation has some benefit as a result of this endeavor. The second reason is that by giving protection to intellectual property many such endeavors are encouraged and industries based on such work can grow, as people see that such work brings financial return.

An example of this later point is given by the case of the world pharmaceutical industry. An investment of many years, and R&D expenses (lab time for creation, testing, government or agency approval procedures) running into the hundreds of millions of pounds sterling (or yen, rands, lira, dollars) may be necessary before any new medicine reaches the market. Without the IP rights to exclude competitors from also making such a new medicine, the pharmaceutical company creating such a new compound would have no incentive to spend the time and efforts outlined above to develop their drugs.

Without patent protection, such a company would face economic losses originating from the "free-riding" of their competitors. Without trademark protection, this company, again, could not build "brand loyalty" that, hopefully, would last beyond the years of protection granted by patents.

Without the protections given within IP laws and treaties, such pharmaceutical firms simply would not commit an effort to experiment, in searching for new health products. As you can see from this brief example, without the protections outlined above, the world might well be literally less healthy than it is.

Intellectual property rights may also help to extend protection to such things as the unwritten and unrecorded cultural expression of many developing countries, generally known as folklore. With such protection they may be exploited to the benefit of the country and cultures of origin.<sup>9</sup>

### **The reason for States to enact national legislation, and to join as signatories to either (or both) regional or international treaties governing intellectual property rights include:**

- to provide incentive towards various creative endeavors of the mind by offering protections;
- to give such creators official recognition;
- to create repositories of vital information;
- to facilitate the growth of both domestic industry or culture, and international trade, through the treaties offering multi-lateral protection.

## **COPYRIGHT**

Much of the law concerning copyright is similar in all the countries that have signed international conventions and trade agreements. However, for a definitive answer to any copyright question your own country's laws should be consulted. In addition, **Berne Convention** and **TRIPS Agreement** are the two most relevant international agreements in the field of copyright.

### **What is Covered by Copyright?**

As with all fields of intellectual property **copyright** is concerned with protecting the work of the human intellect. The domain of copyright is the protection of literary and artistic works. These include writings, music, and works of the fine arts, such as paintings and sculptures, and technology-based works such as computer programs and electronic databases.

Note that copyright protects works, that is the expression of thoughts, and not ideas. So if you imagine a plot, this, as such, is not protected. For example, a plot consisting of a story about young men and women falling in love despite family and caste obstacles would not be protected. Different writers may build stories based on a similar plot. But when you express it in a synopsis or in, say, a short story, or a play, the expression of the plot in that story will be protected. Hence, for example, Shakespeare's play *Romeo and Juliet* would be considered as a creative expression of that plot. Still, other writers may build new stories based on a similar plot.

The Berne Convention (1886), which is the oldest international convention governing copyright, states the following in its Article 2:

"The expression 'literary and artistic works' shall include every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression, such as books, pamphlets and other writings; lectures, addresses, sermons and other works of the same nature; dramatic or dramatico-musical works; choreographic works and entertainments in dumb show; musical compositions with or without words; cinematographic works to which are assimilated works expressed by a process analogous to cinematography; works of drawing, painting, architecture, sculpture, engraving and lithography; photographic works, to which are assimilated works expressed by a process analogous to photography; works of applied art; illustrations, maps, plans, sketches and three-dimensional works relative to geography, topography, architecture or science. [.....] Translations, adaptations, arrangements of music and other alterations of a literary or artistic work shall be protected as original works without prejudice to the copyright in the original work. [.....] Collections of literary or artistic works such as encyclopaedias and anthologies which, by reason of the selection and arrangement of their contents, constitute intellectual creations shall be protected as such, without prejudice to the copyright in each of the works forming part of such collections."

There is no requirement that the literary and artistic work should be good or have artistic merits. It should, however, be original. The exact meaning of this requirement varies from country to country, and it is often determined by case law. In very general terms one may say that in countries belonging to the **common law** tradition very little is required, other than that the work must not be a copy of another work and that the author should have displayed a minimum amount of skill, labor and judgement in making it.

In countries belonging to the **civil law** tradition, the requirement is often stronger, for example that the work must bear the stamp of the author's personality. A creative effort would be required from the author that may go beyond mere skill, labor or judgement.

It should be borne in mind that works that are susceptible of being protected under the Berne Convention are not restricted to the examples quoted above. Such a list is not exhaustive. You will have noticed that the Berne Convention specifies that "the expression 'literary and artistic works' shall include every production in the literary,

scientific and artistic domain, whatever may be the mode or form of its expression, **such as...**” The expression “**such as**” opens the door to creations other than the ones set out in the list. For example, court decisions, in different countries, have protected material such as:

- private letters, - a divorce guide, - a haircut, - a floral decoration of a bridge, - a son -et -lumiere show, - examination papers.

Another important feature of Article 2 of the Berne Convention is that it protects what is commonly called “derivative works”. These are works that are derived from other, existing sources. Examples of derivative works include:

- translations of works into a different language;
- adaptations of works, such as making a film scenario based on a novel;
- arrangements of music, such as an orchestra version of a musical composition initially written for piano;
- other alterations of works, for example an abridgement of a novel;
- compilations of literary and artistic works, such as encyclopedias and anthologies. In such a case, the originality resides in the choice and arrangement of the materials.

You would have to bear in mind that, before embarking in a derivative work, you must respect the rights of the author of the initial work. For example, an author who wishes to translate a novel into a foreign language should seek proper authorization from the author of the novel that will be translated. Making the translation without proper authorization would expose the translator to the risk of being sued for copyright violation.

Copyright protects literary and artistic works, as the title of the Berne Convention states. The two concepts need to be taken in a very broad sense. The term literary, for example, does not mean just novels, poems or short stories: it could cover the maintenance manual of a car, or even things that are written but not supposed to be understood by the average human being, such as computer programs. The key to this expression in fact is the word “works”. What we mean by that is that expression, human expression, is the determining factor. So, if I have the idea of painting “sunset over the sea”, anyone else can use the same idea, which is not protected. But when I actually produce my painting of “sunset over the sea” the painting itself is expression, and that is protected.

**The owner of copyright in a protected work may use the work as he wishes, and may prevent others from using it without his authorization. Thus, the rights granted under national laws to the owner of copyright in a protected work are normally "exclusive rights": to use the work or to authorize others to use the work, subject to the legally recognized rights and interests of others.**

There are two types of rights under copyright: **economic rights**, which allow the owner of rights to derive financial reward from the use of his works by others, and **moral rights**, which allow the author to take certain actions to preserve the personal link between himself and the work. Now listen to the next audio segment and try to distinguish the various economic rights that are described.

The copyright holder has a set of different rights which are governed partly by the Berne Convention, where there are minimum rights, and partly by national law, which often takes the rights even further. Traditionally and historically, the **right of reproduction** is the key, which incidentally is reflected in the word copyright. The right of reproduction would, for instance, cover the printing of books – and photocopying too – but it also covers more modern methods of reproduction such as tape recording and the copying of tape recordings. It covers the storage of works in computer memories and of course the copying of computer programs on diskettes, CD-ROMS, C-D writeable ROMS and so on.

Another right that has a long history is the **right of performance**. You perform a work when you play a tune, for example, or when you act on stage, and over the years that right has given rise to a number of other rights, such as the **right of broadcasting** and the **right of communication** to the public, the latter being sometimes defined differently in various national laws: broadcasting may actually form part of communication to the public, or they may be linked parallel concepts, but typically all kinds of communication will be covered, broadcasting being one, but cable distribution could be another, and Internet distribution another again.

### **Right of Reproduction**

The right of the owner of copyright to prevent others from making copies of his works is the most basic right under copyright. For example, the making of copies of a protected work is the act performed by a publisher who wishes to distribute copies of a text-based work to the public, whether in the form of printed copies or digital media such as CD-ROMs. Likewise, the right of a phonogram producer to manufacture and distribute compact discs (CDs) containing recorded performances of musical works is based, in part, on the authorization given by the composers of such works to reproduce their compositions in the recording. Therefore, the right to control the act of reproduction is the legal basis for many forms of **exploitation** of protected works.

Other rights are recognized in national laws in addition to the basic right of reproduction. For example, some laws include a right to authorize *distribution* of copies of works; obviously, the right of reproduction would be of little economic value if the owner of copyright could not authorize the distribution of the copies made with his consent. The right of distribution is usually subject to exhaustion upon **first sale** or other transfer of ownership of a copy, which is made with the authorization of the rights owner. This means that, after the copyright owner has sold or otherwise transferred ownership of a particular copy of a work, the owner of that copy may dispose of it without the copyright owner's further permission, by giving it away or even by reselling it.

However, as regards *rental* of such copies, an increasing number of national copyright laws, as well as the TRIPS Agreement, have recognized a separate right for computer programs, audiovisual works and phonograms. The right of rental is justified because technological advances have made it very easy to copy these types of works; experience in some countries has showed that copies were made by customers of rental shops, and therefore, that the right to control rental practices was necessary in order to safeguard the copyright owner's right of reproduction. Finally, some copyright laws include a right to control *importation* of copies as a means of preventing erosion of the principle of territoriality of copyright; that is, the economic interests of the copyright owner would be endangered if he could not exercise the rights of reproduction and distribution on a territorial basis.

There are some acts of reproducing a work which are exceptions to the general rule, because they do not require the authorization of the author or other owner of rights; these are known as "limitations" on rights. For example, many national laws traditionally allow individuals to make single copies of works for private, personal and non-commercial purposes. The emergence of digital technology, which creates the possibility of making high-quality, unauthorized copies of works that are virtually indistinguishable from the source (and thus a perfect substitute for the purchase of, or other legitimate access to, authorized copies), has called into question the continued justification for such a limitation on the right of reproduction.

### **Rights of Public Performance, Broadcasting and Communication to the Public**

Normally under national law, a **public performance** is considered as any performance of a work at a **place where the public is or can be present**, or at a **place not open to the public**, but **where a substantial number of persons outside the normal circle of a family and its closest social acquaintances is present**.

On the basis of the right of public performance, the author or other owner of copyright may authorize live performances of a work, such as the presentation of a play in a theater or an orchestra performance of a symphony in a concert hall. Public performance also includes performance by means of recordings; thus, musical works embodied in phonograms are considered "publicly performed" when the phonograms are played over amplification

equipment in such places as discotheques, airplanes, and shopping malls.

The right of **broadcasting** covers the emission by wireless means for members of the public within range of the signal, whose equipment allows reception of sounds or of images and sounds, whether by radio, television, or satellite.

When a work is **communicated to the public**, a signal is diffused by wire or cable, which can be received only by persons who have access to equipment connected to the wire or cable system.

Under the Berne Convention, owners of copyright have the exclusive right of authorizing public performance, broadcasting and communication to the public of their works. Under some national laws, the exclusive right of the author or other owner of rights to authorize broadcasting is replaced, in certain circumstances, by a right to equitable remuneration, although such a limitation on the broadcasting right is less and less common.

### **Rights of Translation and Adaptation**

The acts of translating or adapting a work protected by copyright also require the authorization of the owner of rights. **Translation** means the expression of a work in a language other than that of the original version. **Adaptation** is generally understood as the modification of a work to create another work, for example adapting a novel to make a motion picture, or the modification of a work to make it suitable for different conditions of exploitation, e.g., by adapting an instructional textbook originally prepared for higher education into an instructional textbook intended for students at a lower level.

Translations and adaptations are works protected by copyright. Therefore, in order to reproduce and publish a translation or adaptation, authorization must be obtained from both the owner of the copyright in the original work and of the owner of copyright in the translation or adaptation.

Economic rights of the type mentioned above can be transferred or assigned to other owners usually for a sum of money or royalties depending on the proposed usage of the work. However, the second type of rights, **moral rights**, can never be transferred. They always remain with the original author of the work.

The rights just mentioned are known as economic rights. Moral rights are different: they are made up of two things, the first being the right of authorship. That is the right to claim the status of author of a work, and to have that authorship recognized. It is basically the right to have your name mentioned, for instance when the work is reproduced. If you have written a book, then you have a right by law to have your name mentioned as its author and also to be named when the work is used, at least within reasonable limits. We can't expect a disc jockey in a discotheque to announce the composer, lyric writer, arranger and so on for every record he plays; it doesn't go that far obviously, but if you play a work at a concert - a classical concert of modern music - the composer would clearly be entitled to have his name mentioned in the program. That would certainly be the practice for more important works such as those played in theaters or concert halls; indeed for all works in principle, we must name the author. This is also true of broadcasting in some cases, but not all the time. There again, the exact weighing of the details is something that is dealt with in national law, often with reference to practice or precedent.

Moral rights are the rights of respect, that is, the right to object to the work being distorted or used in contexts that are prejudicial to the honor and literary and artistic reputation of the author. The author can for example oppose the use of his work in a pornographic context, if the work is not pornographic in itself. And he can oppose the distortion of the work in such a way that its cultural or artistic integrity is adversely affected.

To acquire copyright, you don't have to do anything under the Berne Convention which works on the principle of there being no formalities. Basically, your work is protected by the fact of its creation. However, under some national legislation, notably in countries with common-law traditions, the work does have to be fixed before it is protected.

“Fixed” normally means written down or recorded. You don’t even have to record it yourself: if you compose a melody, hum it casually in the street and I manage to get it recorded, then it’s fixed. But it also means that it’s protected, so then if I use the recording of your melody, for further reproduction for example, I would be infringing your copyright. The difference here is really not that important; it is basically a question of the kind of proof you would need in a court in the very rare cases of works that are not fixed in the normal way, such as ballet routines. Nowadays you would fix a ballet on video and even use a special kind of writing to establish the choreography, but such things have not properly evolved until now. There could be a problem if you claimed that you had created a ballet and that somebody had made a play of it. The judge would then say, “Well, let me have some proof of the existence of your work.” If it were not set down in some material form, proof would be hard to provide. And yet in civil-law countries, the work is typically protected from the moment of its creation. So even if you think up a poem in your head, it’s protected. It would be your problem of course to prove what poem you thought up, how you did it and so on. Under common law, on the other hand, you would have to have it fixed in some way, perhaps written down or recorded on tape.

In Berne Convention countries, all foreign owners of rights or authors from other Berne countries qualify for protection under the Convention without any formalities, so there’s no need to make any registration. Some countries then impose formalities on their own citizens, which they can do as the international conventions are concerned only with how foreign citizens are treated. In principle a country can deal with its own nationals as it pleases, and then in the United States, for instance, there is a history of old requirements consisting on one hand in the registration of the work with the Copyright Office, which is part of the Library of Congress, and on the other hand in the claiming of copyright, by means of the reserved-rights notice, the circled letter ‘c’ that you probably have seen on a great many books, followed by the year date of first publication.

These things are particularly important for American works. So, for American works, the specific United States demands have to be looked into; what is more, foreign works can qualify for improved protection that goes beyond what is provided by the Berne Convention, so for certain works that are considered to be of particular interest to the US market, it could be worth checking up on that country’s registration requirements. Be that as it may, there is nevertheless protection from the outset, so in fact it is not necessary to do anything, and that goes for all Berne Convention countries.

## **Transfer of Copyright**

Many creative works protected by copyright require financial investment and professional skills for their production and further dissemination and mass distribution. Activities such as book publishing, sound recording or film producing are usually undertaken by specialized business organizations or companies, and not directly by the authors. Usually, authors and creators transfer their rights to these companies by way of contractual agreements, in return for compensation. The compensation may take different forms, such as lump sum payments, or royalties based on a percentage of revenues generated by the work.

The transfer (or assignment) could affect all the economic rights or only some of them (partial assignment). For example, an author of a novel written in English could sell to a publisher his reproduction and distribution rights, as well as his translation rights and his adaptation rights in the novel. But the author may choose to proceed otherwise: he may decide to split the rights he has between different persons. Thus the author of a novel may assign or transfer his rights to publish and reproduce the novel written originally in English to one publisher. He may assign the right to translate the novel into, say, French, Russian and Arabic to three other publishers. In addition he may assign the right to adapt his novel into a film (or an opera or a play) to other persons.

The transfer or assignment may be granted for a specific period of time and a limited territory, or for the duration of the full term of copyright and worldwide. Hence the copyright owner of a novel could assign to one publisher the rights to publish the book in English, for a specific territory, say, the United States of America, and for a period of 20 years. Or he may decide to assign to the same person the rights to publish the novel in English worldwide, and for the duration of copyright. The combinations here are many and depend on the negotiations between the

parties

As we have seen, assignments and transfers entail important consequences for the author. Legally, the assignee (the person to whom the right or rights have been assigned) is vested with the rights that have been contractually transferred to him. He thus becomes the new owner of such rights, for the agreed period of time and territory. It is thus important that the author be well aware about the consequences of such an operation. This is why many national copyright laws contain provisions requiring that assignments be made in writing and signed by or on behalf of the assignor, in order to be valid or effective. Such requirement helps to ensure that the author is well aware about the rights he is parting with, at what price, and on what conditions.

In principle, the copyright exists/ is valid as long as the national law says, but the minimum requirement under the Berne Convention is 50 years. The term is calculated from the end of year of the author's death which is more practical: you don't have to enquire into the day he died, you only need to know the year. But there has been a tendency in recent years to prolong that protection. In the European Union and for countries of the European economic area, the term is now 70 years from the end of year in which the author died, and the same term has been written into the US legislation – so there too it is 70 years. There is thus a definite tendency to prolong protection from 50 to 70 years.

Please note however that there are cases where in the Berne Convention the minimum requirement is less than 50 years post mortem. For example, for photographic works and works of applied art, the minimum term of protection is 25 years after the making of the work.

### **Limitations on Rights**

Strictly speaking, the first limitation is the exclusion from copyright protection of certain categories of works. In some countries, as you have heard, works are excluded from protection if they are not fixed in tangible form; for example, a work of choreography would only be protected once the movements were written down in dance notation or recorded on videotape. In some (but not all) countries, moreover, the texts of laws, court and administrative decisions are excluded from copyright protection.

The second category of limitations on the rights of authors and other owners of copyright concerns particular acts of exploitation, normally requiring the authorization of the owner of rights, which may, under circumstances specified in the law, be done without authorization. There are two basic types of limitations in this category:

- . 1) **Free uses**, which are acts of exploitation of works that may be carried out without authorization and without an obligation to compensate the owner of rights for the use;
- . 2) **Non-voluntary licenses**, under which the acts of exploitation may be carried out without authorization, but *with* the obligation to compensate the owner of rights.

Examples of free uses include: the making of quotations from a protected work, provided that the source of the quotation, including the name of the author, is mentioned and that the extent of the quotation is compatible with fair practice; use of works by way of illustration for teaching purposes; and use of works for the purpose of news reporting. In respect of the right of reproduction, the Berne Convention contains a general rule, rather than explicit detailed limitations: Article 9(2) provides that member States may provide for free reproduction in "certain special cases" where the acts do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the author. As noted above, numerous laws contain provisions allowing reproduction of a work exclusively for the personal, private and non-commercial use of individuals. However, the ease and quality of this individual copying, made possible by audiotaping or videotaping and even more recent technological improvements, has led some countries to narrow the scope of such provisions. Certain legal systems allow copying but incorporate a mechanism for payment to owners of rights for the prejudice to their economic interests, through a fee imposed on sales of blank tapes and / or tape recorders.



In addition to specific free uses enumerated in national laws, the laws of some countries recognize the concept known as **fair use** or **fair dealing**, which allows use of works without the authorization of the owner of rights, taking into account factors such as the following: the nature and purpose of the use, including whether it is for commercial purposes; the nature of the work used; the amount of the work used in relation to the work as a whole; and the likely effect of the use on the potential commercial value of the work.

As noted above, **non-voluntary licenses** allow use of works in certain circumstances without the authorization of the owner of rights, but which, by operation of law, require that compensation be paid in respect of the use. Such licenses are called "non-voluntary" because they are authorized by the law and do not result from the exercise of the copyright owner's exclusive right to authorize particular acts. Non-voluntary licenses were usually created in circumstances where a new technology for the dissemination of works to the public had emerged, and where the national legislature feared that owners of rights would prevent the development of the new technology by refusing to authorize use of works. This was true in the Berne Convention, which recognized two forms of non-voluntary licenses: firstly, to allow the mechanical reproduction of musical works and secondly for broadcasting. It should be noted, however, that the justification for non-voluntary licenses is called increasingly into question, since effective alternatives now exist for making works available to the public based on authorizations given by the owners of rights, including in the form of collective administration of rights.

## **Enforcement of Rights**

The Berne Convention contains few provisions concerning enforcement of rights, but the evolution of new national and international enforcement standards has been dramatic in recent years, due to two principal factors. The first is the galloping advances in the technological means for creation and use (both authorized and unauthorized) of protected material, and in particular, digital technology, which makes it possible to transmit and make perfect copies of any "information" existing in digital form, including works protected by copyright, anywhere in the world. The second factor is the increasing economic importance of the movement of goods and services protected by intellectual property rights in the realm of international trade; simply put, trade in products embodying intellectual property rights is now a booming, worldwide business. The TRIPS Agreement, which contains detailed provisions on the enforcement of rights, is ample evidence of this new link between intellectual property and trade. The following paragraphs identify and summarize some of the enforcement provisions found in recent national legislation, which may be divided into the following categories: conservatory or provisional measures; civil remedies; criminal sanctions; measures to be taken at the border; and measures, remedies and sanctions against abuses in respect of technical devices.

*Conservatory or provisional measures* have two purposes: first, to prevent infringements from occurring, particularly to prevent the entry of infringing goods into the channels of commerce, including entry of imported goods after clearance by customs; and second, to preserve relevant evidence in regard to an alleged infringement. Thus, judicial authorities in some countries may have the authority to order that provisional measures be carried out without advance notice to the alleged infringer. In this way, the alleged infringer is prevented from relocating the suspected infringing materials to avoid detection. The most common provisional measure is a search of the premises of the alleged infringer and seizure of suspected infringing goods, the equipment used to manufacture them, and all relevant documents and other records of the alleged infringing business activities.

*Civil remedies* compensate the owner of rights for economic injury suffered because of the infringement, usually in the form of monetary damages, and create an effective deterrent to further infringement, often in the form of a judicial order to destroy the infringing goods and the materials and implements which have been predominantly used for producing them; where there is a danger that infringing acts may be continued, the court may also issue injunctions against such acts, failure to comply with which would subject the infringer to payment of a fine.

*Criminal sanctions* are intended to punish those who willfully commit acts of piracy of copyright and related rights on a commercial scale, and, as in the case of civil remedies, to deter further infringement. The purpose of punishment is served by the imposition of substantial fines, and by sentences of imprisonment consistent with the

level of penalties applied for crimes of corresponding seriousness, particularly in cases of repeat offenses. The purpose of deterrence is served by orders for the seizure, forfeiture and destruction of infringing goods, as well as the materials and implements the predominant use of which has been to commit the offense.

**Measures to be taken at the border** are different from the enforcement measures described so far, in that they involve action by the customs authorities rather than by the judicial authorities. Border measures allow the owner of rights to request from customs authorities the suspension into circulation of goods that are suspected of infringing copyright. The purpose of the suspension into circulation is to provide the owner of rights a reasonable time to commence judicial proceedings against the suspected infringer, without the risk that the alleged infringing goods will disappear into circulation following customs clearance. The owner of rights must generally satisfy the customs authorities that there is *prima facie* evidence of infringement, must provide a detailed description of the goods so that they may be recognized, and must provide a security to indemnify the importer, the owner of the goods, and the customs authorities in case the goods turn out to be non-infringing.

The final category of enforcement provisions, which has achieved greater importance in the advent of digital technology, includes **measures, remedies and sanctions against abuses in respect of technical means**. In certain cases, the only practical means of preventing copying is through so-called "copy-protection" or "copy-management" systems, which contain technical devices that either prevent entirely the making of copies or make the quality of the copies so poor that they are unusable. Technical devices are also used to prevent the reception of encrypted commercial television programs except with use of decoders. However, it is technically possible to manufacture devices by means of which copy-protection and copy-management systems, as well as encryption systems, may be circumvented. The theory behind provisions against abuse of such devices is that their manufacture, importation and distribution should be considered infringements of copyright to be sanctioned in ways similar to other violations.

### **International Agreements Concerning Copyright**

The first treaty is the Berne Convention for the Protection of Literary and Artistic Works. It dates back to 1886, but has been revised several times, typically at about 20-year intervals. The latest version was adopted in Paris in 1971.

The Berne Convention deals with the protection of copyright. It is based on principles such as that of national treatment, meaning that under national law you cannot discriminate against works from other countries party to the Convention. It lays down very important minimum protection standards that have to be met by national law, although of course national law can go further – and establishes various other principles.

Recently, we had the TRIPS Agreement. This is the Agreement on Trade-Related Aspects of Intellectual Property Rights, which is one of the Agreements that emerged from the Uruguay Round of trade negotiations and is administered by the World Trade Organization.

The TRIPS Agreement among other things contains a reference to the substantive provisions of the Berne Convention, leaving aside moral rights, which are not considered trade-related. In order to comply with the TRIPS Agreement, countries have to comply with the provisions of the Berne Convention for a start, after which there are a number of additional norms of protection that are introduced by the TRIPS Agreement, most importantly regarding new types of creations (computer programs and original databases) and new forms of exploitation (right of rental).

So countries that acceded to or ratified the TRIPS Agreement must also comply with the Berne Convention (although Berne's Article 6*bis* is specifically excluded in the TRIPS language, as it does not concern trade by virtue of the moral right's inalienable nature); in addition the TRIPS Agreement seeks to address aspects of copyright relating to new technologies.

To expand from the sound segment you just listened to, in December of 1996, a Diplomatic Conference was held,

which concluded the newest international agreement protecting copyright: the WIPO Copyright Treaty (WCT). This treaty responded to the need to protect works when transmitted by digital means, including via the Internet. The subject matter to be protected through copyright by the WCT includes that of *computer programs*, whatever may be the mode or form of their expression, and compilations of data or other material, (*databases*) in any form, which by reason of the selection or arrangement of their content constitute intellectual creations. The *rights of authors* include the previously mentioned rights of *distribution, rental, and communication to the public, and it is made clear that the right of communication to the public covers the transmission of works through digital networks such as the Internet*. It is also stated that the right of reproduction as set out in the Berne Convention, fully applies in the digital environment. Hence the storage of a work in digital form in an electronic medium (for example by storing it in a computer memory) should constitute a reproduction of that work. These rights, as is normal, are subject to certain limitations and exceptions.

### **What benefits are there for developing countries from copyright protection?**

There are cultural, as well as economic benefits. We should not forget, in fact, that copyright also has to do with culture. All developing countries have very strong artistic communities. There are no people on earth who are not creative, and of course if there is no copyright protection, the artistic community is going to be cheated and prevented from earning money from their efforts. Nowadays literary and artistic works have become a very broad concept, including of course the cultural part, the artistic community, but also the information technology industry, or more specifically computer program industry.

A large amount of money might be invested in making a computer program, or film or a television program. But if as soon as one copy is out on the market, everybody is allowed to copy it, then the earning potential is gone and there will be no incentive to create or further invest. Creativity will, hence, be discouraged instead of being stimulated and national cultural output would be adversely affected. That's one aspect. The response to this could be to say that local works should be protected, while no protection should be afforded to foreign works, because then money would go out of the country, which developing countries can ill afford.

This would, however, be a somewhat shortsighted view. There are some solid arguments that could be stated in favor of international protection of works.

First, if protection were to be limited only to national works, foreign works would be allowed into the local market without any copyright cost. They would be sold at cut prices. Of course, consumers may benefit from such low prices. But this practice could detrimentally affect the sale of locally made products, which would have to compete with works of foreign origin distributed at a more attractive price. The dangerous result is that consumers might turn their backs on nationally made products and buy foreign but less expensive products. National culture, whether it is the music, or book or other industry may, therefore, suffer.

Second, one cannot emphasize enough the gains that local artists and creators, whether in developing countries or not, may derive from protection of their works abroad. Local markets may be limited and there is a need to derive revenues from cultural products that are exported and marketed outside. Nowadays, and thanks to modern means of communications, works are listened to, or read, or seen, not only in the local community or country in which they have been created, but also further afield. So much so, that in some instances, the income generated from the exploitation of a work on foreign soil may exceed substantially the revenues that are reaped from its national exploitation. Such a phenomenon can be observed frequently in the areas of music, TV programs, software, film, books, etc. Protection abroad, in foreign markets, is, thus, extremely important for authors and creators. And one has to be aware that an artist or a creator from a particular country will not, in all likelihood, enjoy protection abroad, if foreign authors and artists are not also themselves granted protection in his or her country.

### **Summary**

This module has addressed the general structure of copyright law and has provided an overview of:

- (1) the 'literary and artistic works' protected by copyright;
- (2) the rights granted to the owner of copyright;
- (3) the ownership and transfer of copyright;
- (4) the duration of protection;
- (5) the limitations on rights;
- (6) the enforcement of rights, and
- (7) international agreements concerning copyright.

The Berne Convention expansively listed 'literary and artistic works' so that “every production in the literary, scientific and artistic domain, whatever may be the mode or form of expression”, were included. Covered under this broad term is every original work of authorship, irrespective of its literary or artistic merit.

The owner of copyright in a protected work may use the work as he wishes, and may prevent others from using it without his authorization. Thus, since the holder may exclude others from acting against the holder's interests, these rights are referred to as “exclusive rights”. There are two other types of rights covered under copyright: economic rights and moral rights. Within the umbrella of *economic rights* are those several rights and applicable limitations, which may be alienable from the original holder. *Moral rights* will always remain with the original holder no matter whether the economic rights have been transferred.

In addition to the categories of works mentioned above, a new genre of work to be covered under copyright has emerged. This is multimedia production and although there is no legal definition, there is a consensus that the combination of sound, text, and images in digital format, which is made accessible by a computer program is considered an original expression of authorship and is therefore covered under the umbrella of copyright.

### **Legislative Texts:**

- Berne Convention for the Protection of Literary and Artistic Works
- TRIPS Agreement
- WIPO Performances and Phonograms Treaty (WPPT)
- WIPO Copyright Treaty (WCT)

\_ WIPO/OMPI

### **RELATED RIGHTS**

Related rights are rights that in certain respects resemble copyright. The purpose of related rights is to protect the legal interests of certain persons and legal entities who contribute to making works available to the public. One obvious example is the singer or musician that performs a composer's work to the public. The overall purpose of these related rights is to protect those people or organizations that add substantial creative, technical or organizational skill in the process of bringing a work to the public.

The first thing to say is that related rights is a fairly new term and some documents refer to the same rights under the term **neighboring rights**.

Related rights are not copyright, but they are closely associated with it; they are derived from a work protected by copyright. So the two are always, in some way, related. They offer the same kind of exclusivity as copyright, but they don't cover the actual works. They cover things that involve a work, in the general sense of bringing it to the public. Let's use the example of a copyright-protected song, and take it through the various stages.

Assuming that we have an original song, it is, of course, protected for the composer and the lyric writer as original copyright holders; they in due course will offer it to a singer who performs it and he or she will also need a form of protection. If it is to be recorded, or if the singer hopes to have it broadcast, those acts involve engaging another company, which will also want to be protected before it enters into an agreement. The first of these related rights then are the rights of those who **perform** the works, namely the performers, singers, actors, dancers, musicians and so on.

Then there is a second group, the phonogram producers, or more accurately producers of sound recordings as recording material moves on from vinyl phonograph records into the realm of CDs and digital recording media. Theirs is a more commercial kind of protection, in a sense, as the making of a quality sound recording has more to do with the protection of an investment, than with the artistic concerns involved in themaking, writing or performance of a song. Nevertheless, even here, in the whole process of selecting the instrumental backing, repertoires, arranging the music and so on, there are some creative elements as well as the more obvious and important economic element. We should bear in mind that these producers are among the most immediate victims of piracy, as they don't get the money that is diverted to the pirate producers, but then of course their loss, their financial loss, is passed down the line to the performers and authors. This is why **producers of sound recordings** have also been granted specific rights.

The third group receiving protection for their related rights are **broadcasters**. Their rights derive from their creative input, namely the making of broadcasts, not from the content of the broadcast, not from the film, for instance, but from the act of broadcasting it. The very fact that they have the ability to emit the signals constituting the broadcast gives them protection rights of a sort in those signals. And there again, it is the investments, the efforts that they made in putting together and broadcasting the various programs that are involved.

Related rights are not the same as copyright, but they are closely associated with it; **“they are derived from a work protected by copyright”**.

Sometimes related rights are associated with works that are not protected by copyright, e.g. works that are in the public domain. Let us consider, for example, a piano concerto by Beethoven. It may have been performed in a concert hall or it could have been recorded on a CD. As Beethoven died in 1827, all of his works are in the public domain and thus do not enjoy copyright protection. Hence anyone is free to play a particular composition, say one of Beethoven's piano concertos, or to record it on a CD, without having to obtain an authorization.

However, in the same example, the performers of the concert (pianist and orchestra), as well as the producer of the CD containing a recording of the concert, would enjoy related rights, with regard to, respectively their performance of the concert and its recording. Therefore, in the example under consideration, no one would be entitled to record a live performance of such concert without the consent of the performers. As well, no one is entitled to make copies of a sound recording containing the rendition of such piano concert, without the consent of the sound recording producer.

It may be interesting to note also that sound recording producers may enjoy protection even if what has been recorded is not in itself a work. A sound recording may contain natural sounds, such as bird songs, ocean waves, etc. These sounds are not works. Nevertheless, the sound recording company that has arranged for the production of the CD containing these sounds would be protected against any act of piracy involving such recording.

Related rights have been traditionally granted to three categories of beneficiaries: performers, producers of recordings and broadcasting organizations.

The **rights of performers** are recognized because their creative intervention is necessary to give life, for example, to musical works, dramatic and choreographic works, and motion pictures, and because they have a justifiable interest in legal protection of their individual interpretations.

The rights of producers of recordings are recognised because their creative, financial and organisational resources are necessary to make recorded sound available to the public in the form of commercial phonograms (tapes, cassettes, CDs, Mini Discs, etc.)

They also have a legitimate interest in having the legal resources necessary to take action against unauthorised uses, whether it be through the making and distribution of unauthorised copies (piracy) or in the form of unauthorised broadcasting or communication to the public of their phonograms.

Likewise, the **rights of broadcasting organizations** are recognised because of their role in making works available to the public, and in light of their justified interest in controlling the transmission and retransmission of their broadcasts.

The rights of broadcasters also have a very specific importance in relation to **sports programs**. In many countries, a sports program would not be considered eligible for copyright protection. There are countries, and the US is a prime example, that regard a football match, when it is filmed, as an **audiovisual work**, because it is considered sufficiently creative to be a work. But in many other countries the law provides that the game is the determining factor, and not creative to the point of qualifying for protection. The cameraman is merely following the action on the pitch and other incidental events. He might be a skilled manipulator of the camera, but he is not an artist. Very few such broadcasts, therefore, if any at all, would be considered worthy of protection.

And yet there is enormous interest in, say, the television rights for the Olympic Games. Millions or billions of dollars, pounds, euros, francs or yen can change hands.

But it would be an unattractive investment, would it not, if those broadcasters, having paid enormous sums of money years in advance for an exclusive license to broadcast, or for exclusive access to other major sporting events for the benefit of a given broadcasting area, were unable to invoke the protection offered by their **related rights** to prevent other companies from rebroadcasting their work or recording and selling videos of it.

This brief set of examples is intended to illustrate the reasons why the groups concerned, namely **performers, phonogram producers and broadcasters**, have been made eligible for **related rights**.

The first organised international response to the need for legal protection of the three categories of related rights beneficiaries was the conclusion, in 1961, of the Rome Convention, or more specifically, the "International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations." Unlike most international conventions, which follow in the wake of national legislation and are intended to synthesize existing laws, the Rome Convention was an attempt to establish international regulations in a new field where few national laws existed at the time. This meant that most States would have to draft and enact laws before adhering to the Convention.

Since the adoption of the Convention in 1961, a large number of States have legislated in matters related to the Convention, and the laws of many such States exceed the minimum levels of protection established by the Convention.

The most recent international response to meet these evolving legal protection needs came with the signing of the WIPO Performances and Phonograms Treaty ("WPPT"), concluded in Geneva on December 20, 1996. The development of this treaty was designed to offer further protection of the economic and moral rights of **performers**

and **producers of phonograms**, in particular as regards their exploitation in digital form, including over the Internet. This Treaty entered into force on May 20, 2002.

### **Rights Granted to the Beneficiaries of Related Rights**

The rights granted to the three beneficiaries of related rights in national laws are as follows, although not all rights may be granted in the same law.

- *Performers* are provided the rights to prevent fixation (recording), broadcasting and communication to the public of their live performances without their consent, and the right to prevent reproduction of fixations of their performances. The rights in respect of broadcasting and communication to the public of fixations on commercial phonograms may be in the form of equitable remuneration rather than a right to prevent. This would be through **non-voluntary licensing** discussed in the Copyright module. Due to the personal nature of their creations, some national laws also grant performers moral rights, which may be exercised to prevent unreasonable omission of their name, or modifications to their performances, which present them in an unfavourable light.
- *Producers of phonograms* are granted the rights to authorize or prohibit direct and indirect reproduction, importation and distribution of their phonograms and copies thereof, and the right to equitable remuneration for broadcasting and communication to the public of phonograms.
- *Broadcasting organizations* are provided the rights to authorize or prohibit rebroadcasting, fixation and reproduction of their broadcasts. Under some laws, additional rights are granted: for example, in the countries of the European Union, producers of phonograms and performers are granted a right of rental in respect of phonograms (and, in respect of performers, audio-visual works), and some countries grant specific rights over cable transmissions. Under the TRIPS Agreement, likewise, producers of phonograms (as well as any other right holders in phonograms under national law) are granted a right of rental.

As was the case in copyright, the Rome Convention and national laws contain **certain limitations** on rights allowing, for example, private use, use of short excerpts in connection with the reporting of current events, and use for teaching or scientific research, of protected performances, phonograms, and broadcasts. Many countries allow practically the same kinds of limitations on related rights as their laws provide in connection with protection of copyright.

The duration of protection of related rights under the Rome Convention is 20 years from the end of the year in which:

the performance took place, as regards performances not incorporated in phonograms;

the fixation (recording) is made, in the case of phonograms and performances included in phonograms;

the broadcast took place.

You should note that many national laws, which protect related rights, grant a longer term than the minimal terms contained in the Rome Convention.

In the TRIPS Agreement, the rights of performers and producers of phonograms are to be protected for 50 years from the end of the year in which the fixation was made or the performance took place, and the rights of broadcasting organisations for 20 years from the end of the year in which the broadcasting took place. So this means that countries adhering to the TRIPS Agreement would have to provide or modify their laws to offer longer protection than that required by the Rome Convention.

In terms of enforcement of rights, the remedies for infringement or violation of related rights are, in general, similar to those available to owners of copyright. These are conservatory or provisional measures; civil remedies; criminal sanctions; measures to be taken at the border; and measures, remedies and sanctions against abuses in respect of technical devices.

The idea of related rights has also attracted some attention as a way of protecting the unrecorded cultural expression of many developing countries, which is part of their folklore. Since it is often through the intervention of performers that these folkloric expressions are communicated to the public. By providing related rights protection, developing countries may also provide a means for protection of the vast, ancient and invaluable cultural expression which is a metaphor for their own existence and identity, indeed, the essence of what separates each culture from its neighbors across the frontier or across the world.

Likewise, protection of producers of phonograms and broadcasting organizations helps to establish the foundation for national industries capable of disseminating national cultural expression within the country and, perhaps more important, in markets outside it. The enormous current popularity of what is called "world music" demonstrates that such markets exist, but it is not always the case that the economic benefits from the exploitation of such markets return to the country where the cultural expressions originated.

In summary, protection of related rights might serve the twin objectives of preserving national culture and providing a means for commercially meaningful exploitation of international markets.

## **Summary**

In this section, you have learned about related rights, also referred to as neighbouring rights, or more specifically "rights neighbouring on copyright". The purpose of related rights is to protect the legal interests of certain persons or organizations who contribute to making the works available to the public or those who add creative, technical or organizational skill.

Traditionally, related rights have been granted to three categories of beneficiaries: performers, producers, and broadcasters. The need for legal protection of these three groups was identified in the Rome Convention in 1961 which was an attempt to establish international regulations in a new field where few national laws already existed. In other words, most States would normally have to draft and enact laws before adhering to the Convention. The Rome Convention, although imperfect and in need of revision, is still the only international benchmark for protection in this field. Like copyright, the Rome Convention and national laws do contain limitations on rights allowing for private use, use of short excerpts, and use for teaching or scientific research.

The duration of protection of related rights, as stated in the Rome Convention, is 20 years from the end of the year (1) the recording is made; (2) the performance took place; (3) the broadcast took place. Conservatory or provisional measures refer to the remedies for infringement or violation of related rights. These include civil remedies, criminal sanctions, measures to be taken at the border and measures, remedies and sanctions against abuses in respect of technical devices.

The newest treaty in the field of related rights, the WPPT, increased the scope of protection of the rights of performers and phonogram producers by venturing into the "digital age" with protections designed as regards the exploitation of protected works in digital form, including over the Internet.

It is important to note that related rights may also serve to protect the largely unwritten and unrecorded cultural expression of many developing countries. Protection of related rights has

become part of a much larger picture and is a necessary precondition to participate in the emerging system of international trade and investment.

## **Legislative Texts:**



- Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations
- TRIPS Agreement
- WIPO Performances and Phonograms Treaty (WPPT)
- Brussels Convention Relating to the Distribution of Programme- Carrying Signals Transmitted by Satellite

## TRADEMARKS

Trademarks existed in the ancient world. As long as 3000 years ago, Indian craftsmen used to engrave their signatures on their artistic creations before sending them to Iran. Later on, over 100 different Roman pottery marks were in use, including the FORTIS brand that became so famous that it was copied and counterfeited. With the flourishing trade in the Middle Ages the use of trademarks increased.

Today trademarks (often abbreviated as TM in English) are in common usage and most people on the planet could distinguish between the trademarks for the two soft drinks Pepsi-Cola\_ and Coca-Cola\_.

The growing importance of trademarks in commercial activities is due to the increased competition among companies undertaking trade in more than one country. Trademarks have been used to simplify the identification by consumers of goods or services, as well as their quality and value. Thus, a trademark may be considered as a tool of communication used by producers to attract consumers.

A trademark is basically a sign that is used to distinguish the goods or services offered by one undertaking from those offered by another. That's a very simplified definition, but it does explain essentially what a trademark is.

There are basically two main characteristics for a trademark: it must be distinctive and it should not be deceptive.

Therefore a formal definition of the term trademark could be:

**“A trademark is a sign that individualizes the goods of a given enterprise and distinguishes them from the goods of its competitors”**

A trademark may consist of words, designs, letters, numerals or packaging, slogans, devices, symbols, etc.

The Coca-Cola Company ® PepsiCo, Inc. ®

It is necessary to say that a service mark is similar to a trademark, differing only in that the latter protects goods, while the former protects services. Generally speaking the term trademarks includes both trademark and service marks.

Marks could come out as word marks, consisting of words, letters, numerals, abbreviations or names for instance, surnames. We need only think of a famous make of car, Ford – named, of course, after Henry Ford, who built the first one; then there is WH Smith, the booksellers and so on. We find many names used as trademarks. We also find abbreviations such as IBM, but trademarks can also be made out of devices or figurative elements, like that of the Shell oil company. Trademarks can also be three dimensional – consisting of the packaging of goods or the goods itself. Then of course the c features of trademarks can also be protected.

We are also, especially in recent times, seeing a new kind of trademark coming on the market. This is the hologram

mark. If you look at a credit card for instance, you will see a small image that changes according to the angle from which you look at it. There are such things as sound marks: an advertising jingle can serve as a trademark. There are even smell marks in certain countries, where a particular scent could be protected as a trademark. So there is a wide variety of signs that can be used as trademarks, but always on the same two conditions: the mark must be distinctive and must not be deceptive.



To sum up, the following examples may help you to know what trademarks (including service marks) are:

Words: ‘Apple’ for computers; Deutsche Bank for a bank, Arbitrary or fanciful designations: Coca-Cola, Nikon, Sony, NIKE, Easy Jet. Names: Ford, Peugeot, Hilton (hotel) Slogans: ‘Fly me’ , for an airline; Devices: the star for Mercedes Benz, the flying lady for Rolls Royce Number: the 4711 cologne Letters: GM, FIAT, VW, KLM Pictures or symbols: Lacoste (small crocodile)

There are two of the characteristics a trademark must have. Firstly it should be **distinctive** and secondly it should not be **deceptive**. To learn more about these two requirements listen to the next two audio segments.

To be distinctive it must by its very nature be able to distinguish goods and services as I mentioned just now. I think a good example would be the word “apple”. While “Apple” is a very distinctive trademark for a computer, because it has absolutely nothing to do with computers, it would not be distinctive for actual apples. In other words, someone who grows and sells them could not register the word ‘apple’ as a trademark and protect it, because his competitors have to be able to use the word to describe their own goods. So in general terms a trademark is not distinctive if it is descriptive. It is descriptive if it describes the nature or identity of the goods or services for which it is used. But a trademark can also be deceptive, namely when it claims a quality for the goods that they do not have.

Typically a deceptive trademark would be one that says that the goods for which it is used have certain qualities when they don’t. An example would be the trademark “Real Leather” for goods that are not made of genuine leather. When assessing the distinctiveness of a sign for a TM it has to be judged together with the goods or services it is to be associated with.

Trademarks can also be dependant on images or designs or indeed the combination of images and words. For example the Logo of the Open University in the UK is:

To get a trademark known and respected requires considerable investment and usually quite a period of time. Therefore, it is in the interest of everyone seeking to use a trademark to make sure that it is protected as a valuable piece of intellectual property. Listen to the next audio segment to hear how this protection is achieved.

The most common way of protecting a trademark is to have it registered in the Trademark Register, and a great many countries make this a condition of trademark protection. It must first be registered, and once it has been registered it is protected, and its owner is entitled to prohibit others from using it. Registration is not the only way of protecting a trademark, however: unregistered trademarks are also protected in some countries but it is a less reliable form of protection. This is because an unregistered trademark is not protected until it has acquired sufficient distinctiveness and a reputation in the marketplace, which can take considerable time after the initial launch. However, if you start marketing your products under a new trademark that nobody knows, that trademark will be very vulnerable. It is possible to call on the protection conferred by the laws on unfair competition, but there too the most important thing is that the mark must have acquired a reputation.

Trademarks typically identify individual enterprises as the origin of marked goods or services. Some countries provide for the registration of collective and certification marks, which are used to indicate the affiliation of enterprises using the mark, or which refer to identifiable standards met by the products for which a mark is used.

Collective marks usually belong to a group or association of enterprises. Their use is reserved to the members of the group or association. A collective mark therefore distinguishes the goods or services of members of the association from those of other undertakings.

The function of the collective mark is to inform the public about certain particular features of the product for which the collective mark is used. An enterprise which uses the collective mark may, in addition, use its own trademark. Example: in an association of architects or engineers, a member may use the logo of the association as well as the logo of the enterprise.

A certificate mark is a mark indicating that the goods or services in connection with which it is used are certified by the proprietor of the mark in respect of the origin, mode of manufacture of goods, quality or other characteristics. The certification mark may only be used in accordance with the defined standards. Example: ISO 9000.

The main difference between collective marks and certification marks is that the former may be used only by particular enterprises, for example, members of the association which owns the collective mark, while the latter may be used by anybody who meets the defined standards.

Some companies have successfully established, via their trademarks or service marks, worldwide renown. Subsequently, consumers can, without effort, recognize and identify their goods and services, their qualities and their features without referring to the location of the company in question. These trademarks are called well-known marks or famous marks. Examples: Sony, Versace, Louis Vuitton, etc.

As you know, there may be companies which intend to take unfair advantage of those well-known marks by creating marks that are similar or that would create confusion with the well-known ones, thus misleading consumers. To overcome this problem, the Paris Convention, the TRIPS Agreement, as well as many national laws, have provided for a special protection of well-known marks.

There is no straightforward definition of a well-known mark. What must be defined, however, are the factors to be considered in determining whether a mark is well-known or not. These factors include the degree of knowledge or recognition of the mark in the relevant sector of the public and the duration, extent and geographical area of any

use of the mark.

Many companies wish to use their trademark in many different countries, nevertheless, for this you do have to go to each country separately as, like all intellectual property rights, trademarks are territorial rights, which basically means that their protection is obtained by national registration. There are certain regional registration systems which make for easier registration of the trademarks and of course, there are also the international treaties, but all these systems ultimately involve registration in every single country and indeed every single territory: we should not forget that, while trademarks can be registered in countries, they can also be registered in customs territories, and there are some other territories that are not recognized as countries. So it is necessary to protect the TM in all of the countries that you would wish to use it in. Unfortunately, there are considerable differences between national systems.

WIPO has greatly contributed to efforts to make both national and regional systems for the registration of trademarks more "user-friendly" by harmonizing and simplifying certain procedures.

The Trademark Law Treaty (TLT) was adopted in 1994, and sets out the information nationals of one Member State must supply, and what procedures they must follow, to register trademarks in another Member State's TM Office.

## **Summary**

“A trademark is a sign that individualizes the goods or services of a given enterprise and distinguishes them from its competitors.”

This section has covered the basics of trademarks. You have learned that a trademark is a word, a logo, a number, a letter, a slogan, a sound, a color, or sometimes even a smell which identifies the source of goods and/or services with which the trademark is used.

Trademarks are one area of intellectual property and their purpose is to protect the name of the product rather than the invention or idea behind the product. Trademarks can be owned by individuals or companies and should be registered at a governmental agency, which is usually referred to as the Trademarks Office. When a trademark is used in connection with services, it is sometimes referred to as a “service mark”.

Generally speaking, trademarks should be distinctive and should neither be generic nor merely descriptive of the goods or services they represent. For example, the word “vegetable” cannot be registered as a trademark of a supermarket, since it is certainly descriptive of items which a supermarket sells. In addition, it cannot be registered as a trademark for carrots, since it is a generic term for carrots. On the other hand, the word “vegetable” might well serve as a trademark for bicycles since it has little or nothing to do with bicycles.

Trademarks should preferably not be geographical or primarily a surname. Thus, “Paris” cannot serve as a trademark for perfume. In many countries, trademarks which comprise mere letters and/or numbers (i.e. the proposed trademark cannot be pronounced as a word or words or just has too few letters) or are surnames are considered to be indistinct.

In some instances, trademark registration can still be obtained for trademarks that are merely (i) descriptive, (ii) a surname, (iii) geographic or (iv) indistinct. Trademarks, also known as brand names, are part of everyday life. The average person sees or hears more than 1,500 trademarks each day! Just as your own name identifies and distinguishes you, the main purpose of a trademark is to identify the source of a product and to distinguish that product from products coming from other sources. For example, a trademark helps you to choose between Ivory soap and Dial soap.

It should be mentioned that collective marks and certification marks are also protected in a large number of countries.

Famous marks or well-known marks have also been granted a special protection.

Trademarks usually ensure a consistent level of quality – be it good or bad. A mark helps you to use your experience either to return to a desirable product or service or to avoid an undesirable one.

### **Legislative Texts:**

- Paris Convention
- Trademark Law Treaty (TLT)
- TRIPS Agreement

## **GEOGRAPHICAL INDICATIONS**

The use of geographical indications is an important method of indicating the origin of goods and services. One of the aims of their use is to promote commerce by informing the customer of the origin of the products. Often this may imply a certain quality, which the customer may be looking for. They can be used for industrial and agricultural products. Protection of such indications is on a national basis but there are various international treaties that assist the protection in a range of countries.

Geographical indications in a broad sense include indications of source, appellation of origin, and geographical indication (in the strict sense). It should be pointed out that the Paris Convention does not use in its terminology the term geographical indication; it rather utilizes the terms, indications of source and appellations of origin.

An indication of source means any expression or sign used to indicate that a product or service originates in a country, a region, and a specific place where the product originated. Example: Made in Japan.

An appellation of origin means the geographical name of a country, region, specific place which serves to designate a product originating therein, the characteristic qualities of which are due exclusively or essentially to the geographical environment, including natural or human factors or both. Example: Champagne.

Basically, a geographical indication is a notice stating that a given product originates in a given geographical area. The best known examples of geographical indications are those used for wines and spirits. For instance, the geographical indication Champagne is used to indicate that a special kind of sparkling wine originates in the Champagne region of France. In the same way, Cognac is used for brandy from the French region around the town of Cognac. However, geographical indications are also used for products other than wines and spirits, such as tobacco from Cuba, or for cheeses such as Roquefort. They may also be used for industrial products, as Sheffield is for steel.

To sum up, “Champagne”, “Cognac”, “Roquefort”, “Chianti”, “Port”, “Havana”, and “Tequila” – are some of the well-known examples of names which are associated throughout the world with products of a certain nature and quality.

A trademark is a sign that an individual trader or company uses to distinguish its own goods or services from the goods or services of competitors. A geographical indication is used to show that certain products have a certain regional origin. A geographical indication must be available for use by all the producers in that region. For instance, Bordeaux and Champagne can be used by all wine growers in the Bordeaux or Champagne area, but only Moët & Chandon can call its champagne "Moët & Chandon®" as a trademark for its champagne.

Unlike trademarks and patents, there's a wide variety of types of protection available for geographical indications. They can be protected either through "*sui generis*" legislation or decrees; that is the system used by France and Portugal, for instance. Another possibility is to have a register of geographical indications.

Another possibility again is to rely on the law against unfair competition or the tort of "passing off," which basically says that unfair trade practices should not be used. To use a geographical indication for a product that does not originate in the region named, would be a very good example of an unfair trade practice. If protection is sought under tort law, there are no formalities to be observed such as registration or decree; the injured party goes to court and puts his case.

Geographical indications can also be protected by the registration of collective marks or certification marks. Unlike individual trademarks, collective marks belong to a group of traders or producers. A certification mark, on the other hand, doesn't belong to anyone: it is registered on the understanding that anyone who meets the specified conditions is allowed to use it. For example, the use of the certification mark for Stilton cheese is restricted to certain farmers who comply with the rules that have to be observed for the use to be allowed.

So, there are a variety of different ways in which geographical indications can be protected depending on the national law and there are different ways in which this protection can be extended internationally, at least in theory (though, in practice it is very difficult). Patents and trademarks have well established application procedures, but the situation is quite different for geographical indications on account of the wide variety of protection systems available. Where a local system does not provide for registration of a geographical indication or the granting of the right to use an appellation of origin, there is a risk of problems. A distinction can usually be made between two situations, one bilateral and the other multilateral. In the bilateral context, one country enters into an agreement with another for the mutual protection of their geographical indications. The next stage is the exchange of lists of the geographical indications concerned, and protection is then granted on a reciprocal basis. For example, if France were to have a bilateral agreement with Spain, France would send its list of geographical indications to Spain and Spain would send its list to France, whereupon the geographical indications of each country would be protected by the other.

This works for any two countries that enter into an agreement, but then not all countries have such two-way agreements. There are also multilateral agreements, of course, one of which is administered by WIPO, namely the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration.

Appellations of origin are specific types of geographical indication. A geographical indication is a notice stating that a given product comes from a particular area. For example, the expression "Made in Switzerland" is a geographical indication: the purchaser knows that the product has come from there. An appellation of origin is a more precise geographical indication which specifies that the product in question has certain qualities and that those qualities are due essentially or exclusively to its place of origin. The underlying idea is that certain products owe their special qualities to the place that they come from. This is very common with agricultural products such as Roquefort cheese. The people who make Roquefort, say it tastes the way it does because it is matured in the caves of the Roquefort region. And it is only because it is matured in that special place that it eventually acquires the taste for which it is famous.

If you were to use the same method of cheese making in a different set of caves you would end up with a different taste, and the result would not be Roquefort cheese. The same applies to the natural conditions that influence wine growing such as climate, soils, and so on.

Basically an appellation of origin is a geographical indication that declares the quality of the goods for which it is used to be derived essentially or exclusively from the area of production.

Geographical indication is the broader term, however. To put it in another way, all appellations of origin are geographical indications, but not all geographical indications are appellations of origin.

In short an appellation of origin is a geographical indication that declares the quality of the goods for which it is used to be derived essentially or exclusively from the area of production.

Another term used to in the Paris Convention is indication of course which should be distinguished with appellation of origin. The former is merely an indication of the geographical region where the product is made. Whereas an appellation of origin requires quality link between the product and its area of production.

In fact there are several ways to protect geographical indications, including a very general one provided for in the Paris Convention, which says that geographical indications must be protected against any unauthorized use that is misleading. For appellations of origin there is a special Agreement, administered by WIPO, known as the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration. This international Agreement provides an international registration system for appellations of origin. A country that operates a national system for the protection of appellations of origin can apply for international registration of a given appellation of origin, which is then communicated to the other States party to the Agreement. This arrangement works very well, but owing to the limited number of States that have national systems for appellations of origin, its geographical scope is limited to the 20 States that are party to it.

There is now another international agreement, the TRIPS Agreement, which is an integral part of the WTO system. This Agreement requires that all Members of the World Trade Organization protect geographical indications, if their unauthorized use would be misleading or would constitute an act of unfair competition. The TRIPS Agreement provides for a somewhat higher degree of protection for geographical indications in the case of wines and spirits, as the geographical indications for such products have to be protected even in the absence of confusion or unfair competition.

However, this broader protection is subject to certain exceptions for geographical indications that have been in use for a long time, or are used in good faith.

## **Summary**

A geographical indication is basically a notice stating that a given product originates in a given geographical area. An appellation of origin is a more precise form of geographical indicator, which specifies that the product has qualities that are derived specifically from the fact that it is made in a particular region.

As stated above a geographical indication is a broad term, which includes appellation of origin, indication of source, and geographical indication in strict sense. In the literature, the term geographical indication is generally used in its broader sense to embody all these terms (appellation of origin, indication of source, and geographical indication in strict sense).

Geographical indications can be protected nationally either by decree or by a register.

Internationally they can be protected by reciprocal arrangements between countries or in the case of appellations of origin by the Lisbon Agreement. Furthermore the TRIPS Agreement requires all members of the World Trade Organization to protect geographical indications.

## **Legislative Texts:**

- Lisbon Agreement for the Protection of Appellations of Origin and their International Registration
- TRIPS Agreement
- Paris Convention for the Protection of Industrial Property

## **INDUSTRIAL DESIGN**

An industrial design is that aspect of a useful article which is ornamental or aesthetic. It may consist of three-dimensional features such as the shape or surface of the article, or two-dimensional features such as patterns, lines or color.

Industrial designs are applied to a wide variety of products of industry or handicraft: from watches, jewelry, fashion and other luxury items, to industrial and medical implements; from house ware, furniture and electrical appliances to vehicles and architectural structures; from practical goods and textile designs to leisure items, such as toys and pet accessories.

Examples: shapes or forms of chairs, telephones, cars, computers, airplanes, TV, watches, camera, etc.

An Industrial Design is distinguished from a trademark primarily because it is constituted by the appearance of a product, which must not necessarily be distinctive (a prime requirement for a trademark). A trademark although it may consist of all kinds of visible signs, which may or may not be ornamental, must always be distinctive, since a trademark must always be capable of distinguishing the goods and services of one enterprise from another. Therefore the functions of, and justifications for, protecting industrial designs and trademarks are quite different.

The object of protection of an industrial design is different from that of a patent, primarily because an industrial design must relate to the appearance of the object and which is not determined by technical or functional necessity. The object of patent protection, in contrast, is determined by the functionality of an object or process since it must be an 'invention'.

By protecting an industrial design, the owner of the design is given a right against its unauthorized copying or imitation by third parties. In other words, the owner of a protected industrial design shall have the right to prevent third parties not having his consent from making, selling or importing articles bearing or embodying a design which is a copy of the protected design.

Since industrial designs are that aspect of an article which make it aesthetically appealing and attractive, they serve to add to the commercial value of the product and facilitate its marketing and commercialization.

To be protected under most national laws, an industrial design must appeal to the eye. Industrial design does not protect any technical features of the article to which it is applied. The owner of an Industrial Design benefits through the industrial development of her/his products and the protection helps to ensure a fair return on investment. However, the consumer and the public at large benefit as well, as industrial design protection is conducive to fair competition and honest trade practices, encourages creativity and thus leads to more aesthetically attractive and diversified products. Also industrial design protection injects creativity into the industrial and manufacturing sector, contributes to the expansion of commercial activities, and enhances the export potential of national products.

So industrial design protection benefits the owner, the consumer and the economy in general. Another interesting feature of industrial designs is that they can be relatively simple and inexpensive to develop and protect. Therefore they are reasonably accessible to small and medium-sized enterprises, even to individual artists and craftsmen, in both industrialized and developing countries.

### **How can Industrial designs be protected?**

In most countries an Industrial Design must be registered in order to be protected under industrial design law. As a general rule, in order to be registered, the design must be 'new' or 'original'. Now what constitutes novelty or originality may differ from country to country, and indeed the registration process itself varies from country to



country. In particular this can involve whether there is an examination or not as to the form and substance of the application for the registration of the design, especially to determine novelty or originality.

An industrial design must be capable of being reproduced by industrial means (industrial application).

Also it must be possible to apply an industrial design to an article which may be either two-dimensional or three-dimensional.

In principle, the industrial design must be published either before, at the time of, or in a stated period after, registration. This depends on the national law and sometimes on the decision of the applicant.

Furthermore, it should be borne in mind that registration of an industrial design is not necessarily the only means of protection. It is possible, if certain conditions are met, to protect industrial designs under copyright law or the law against unfair competition.

### **How long does any protection last?**

Again this varies from country to country but the term of protection is typically for 5 years with the possibility of renewal, which may total, in most countries, up to a maximum of 15 to 25 years. The minimum duration under the TRIPS agreement is 10 years.

Depending on the particular Law and the kind of design, a design may also be protected as a work of art under copyright law. In some countries, industrial design and copyright protection can be cumulative. This means that these two kinds of protection can exist concurrently. However in other countries, if copyright is allowed, it is mutually exclusive to industrial design protection. This means that once the owner chooses one kind, he loses the protection of the other.

Under some circumstances and in some countries, an industrial design may also be protectable under unfair competition law. However it is worth stressing that the protection and remedies are different under the different forms of protection.

### **Can you get worldwide protection for an Industrial Design?**

As a general rule, and in accordance with the Paris Convention, industrial design protection is limited to the country where protection is sought and granted. If protection is desired in several countries, separate national applications (or 'deposits') must be made and the procedures will normally be different in each country. However the Hague agreement concerning the International Deposit of Industrial Design helps to facilitate this process.

### **Summary of Industrial Design protection**

An industrial design is that aspect of a useful article, which is ornamental or aesthetic. It may consist of three-dimensional features such as the shape or surface of the article, or two-dimensional features such as patterns, lines or color. As with other forms of intellectual property it may be protected.

By protecting an industrial design, the owner is ensured an exclusive right against its unauthorized copying or imitation by third parties for a period of time, which is typically for 5 years with the possibility of renewal, up to a maximum of 15-25 years depending on the particular national law. The TRIPS provides for protection of a minimum of 10 years.

In most countries an Industrial Design must be registered in order to be protected under industrial design law and as a general rule in order to be registered, the design must be '**new**' or '**original**'. What constitutes its novelty or originality may differ from country to country and indeed the registration process itself varies from country to country. In particular this can involve whether there is an examination or not as to the form and substance of the

application for the registration of the design, especially to determine novelty or originality.

Also an industrial design must be reproducible by industrial means.

### **Legislative Texts:**

\_Hague Agreement Concerning the International Deposit of Industrial Designs

\_TRIPS Agreement and Paris Convention

## **PATENTS**

Patents are one of the oldest forms of intellectual property protection and, as with all forms of protection for intellectual property, the aim of a patent system is to encourage economic and technological development by rewarding intellectual creativity. This module will explain to you: the purpose of a patent, the benefits of obtaining a patent, what sorts of things may be patented and what the term of protection is for a valid patent. Also explained will be the nature of the international patent system.

Let's begin by exploring what a patent is. Issued, upon application, by a government office (commonly the Patent Office), a patent is a document which describes an invention and creates a legal situation in which the invention can normally only be exploited with the authorization of the owner of the patent. In other words, a patent protects an invention, and grants to the owner the exclusive rights to use his/her invention for a limited period of time. And an invention may be defined as a new solution to a technical problem.

Example of inventions: band-aid, electric iron, safety pin, ball point pen, telephone, etc.

Now, let's listen to the next audio segment, which explains the purpose and history of patent protection.

The purpose of a patent is to provide a form of protection for technological advances. The theory is that patent protection will provide a reward not only for the creation of an invention, but also for the development of an invention to the point at which it is technologically feasible and marketable, and that this type of an incentive would promote additional creativity and encourage companies to continue their development of new technology to the point at which it is marketable, useful to the public and desirable for the public good.

The patent protection system was developed over several centuries. There were patents back in the 1700s. The system has evolved in the intervening years and we now have a very modern system. We are still developing the international system to make it even more modern and to keep it abreast of technological change and the changing economic system.

By international agreement, patents are available for any inventions, whether processes or products, in all areas of technology. A chemical compound can be patented. A machine, of course, can be patented. Processes for developing or making things can be patented. However, there are things that cannot be patented, and are usually excluded from the scope of patentability. Human genes, for instance, cannot be patented. Things that already exist in nature, with very few exceptions, cannot be patented. A perpetual motion machine, which goes against the laws of nature, cannot be patented unless someone can show it working. Then, of course, the old rules are set aside and something new is created. Some inventions may be excluded from the scope of patentability for public order or morality grounds.

Patents are intended for breakthroughs in technology, but they are also intended for small technological increments, so the developments occurring in a given area of technology that are patentable may be great developments, like the invention of penicillin, or very small improvements, such as a new lever on a machine that

enables it to work just a little faster. These types of thing can be patented.

So a patent protects new and useful inventions. To be patentable, an invention must also meet certain criteria relating to **novelty** and other features. The Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement) provides three criteria and conditions for an invention to be patentable.

There are several characteristics that a patent office will look at to determine whether the invention is patentable. At the outset, there has to be a patent application on file. In most cases that patent application is examined by a technical expert to ensure that it meets the substantive criteria for patentability.

The first of those criteria is that it has to be **new (novel)**, meaning that the invention must never have been made before, carried out before or used before.

The second criterion is that there must have been an **inventive step**. In other words, it must represent a sufficient advance in relation to the state of the art before it was made to be considered worth patenting.

The term "non-obvious" is also used: if it were obvious to a person of ordinary skill in the field concerned, it would not progress to the stage qualifying for patent protection.

The third criterion is that it needs to be **industrially applicable**. It has to be susceptible of use in some way. This is a very broad criterion. Almost anything can be used, even if it's in the research stage, but, as I mentioned, that does not apply to a perpetual motion machine, because it simply will not work.

In summary therefore, in order to be patentable, an invention must be **new**, involve an **inventive step**, and be capable of **industrial application**.

An inventive step is necessary to be granted a patent. However, the invention must be enough of an advancement to be considered 'non-obvious' by a person having ordinary skill in the art. If it would be obvious to a person having ordinary skill in the given art over the state of technology before the invention, then it is not considered patentable.

In order to be applied and determined patentable under "industrial application", the invention must be able to be used on a certain scale in practice. The example of a perpetual motion machine was given by the speaker and explained that it cannot be patented (as is the case in most EU countries, purely because it will not work).

In many countries an invention is regarded as a new solution to a technological problem. The protection provided under patent law does not necessarily require that the invention be represented in a physical embodiment. Moreover it must not fall into any categories of exceptions or exclusions found within the applicable national law.

There are some general guidelines regarding the types of things that may or may not be patented. Among those:

Things that exist in nature, which are discovered and not invented. One could not, for example, "patent" the discovery of a new planet.

Machines that defy the laws of nature, such as a perpetual motion machine.

**Other common exclusions under national laws, and the TRIPS Agreement, are:**

Scientific theories or mathematical methods.

Schemes, rules or methods, such as those for doing business, performing purely mental acts or playing games.

Methods of medical treatment for humans or animals or diagnostics methods (but the products used in the

diagnosis could be patented)

Plants and animals other than micro-organisms, and essentially biological processes for the production of plants other than non- biological and microbiological processes.

In order to obtain a patent, an applicant must first file an application for a patent. Depending on the applicable law(s), the Patent Office may examine the application to determine whether the criteria, listed above, have been satisfied, before deciding whether to issue a patent. As mentioned above there may be excluded categories, which could cause the patent application to fail. Examples of such categories can be found in several national legislation.

The application for patent must also comply with some other formalities. As a general rule, a patent will be granted to the first person to file a patent application. This is called the ‘first-to-file’ system. That is why the filing date of an application for patent is very important.

An Office may also examine the application to determine whether it sufficiently discloses the invention such that someone skilled in the area or field with which the invention is concerned could make or use the invention. Providing an adequate written description to enable someone to practice the invention is generally what the patent applicant must give in exchange for receiving the benefits conferred by a patent.

The Paris Convention for the Protection of Industrial Property (1883), which is the oldest Convention administered by WIPO dealing with industrial property, has provided for ‘**the right of priority**’. This right means that, on the basis of a regular first application filed in one of the Contracting States, the applicant may, within a period of 12 months, apply for protection in any of the other Contracting States. These later applications will then be regarded as if they had been filed on the same day as the first application. In other words, these later applications will have priority over applications which may have been filed during the same period of time by other persons for the same invention.

You may be asking what benefits a patent confers, particularly if the invention has to be disclosed. In general the answer is that for the period of protection the patent holder may exclude others from making, using, offering for sale, selling, and importing the invention claimed in the patent. However, the patent owner has the right to assign (sell) or to license the patent. In other words, the patent owner may if he/she so wishes, transfer his/her exclusive rights to another person through the conclusion of licensing contracts.

The advantages of taking out a patent are very specifically and technically the fact that the owner of a patent can exclude all others in the territory covered by the patent from making, using, selling, offering for sale or importing the invention. That does not necessarily give the inventor or the owner of the patent the right to use the invention, if for instance such use would be illegal – as the use of a gambling machine would once have been – but the owner of the patent can prevent others from marketing and profiting from the invention for a period of years.

The term of a patent is typically 20 years from the date on which the application is filed, and what that does is give the developer of the technology the right to have it to himself for a certain number of years in exchange for full disclosure to the public of how to use it. When the patent rights expire, the technology becomes public property, and the public is free to use it for their own good.

There are certain situations where the exclusive rights of a patent owner can be used without his/her authorization.

In certain cases, in fact, the use of the patented invention may be authorized to a third party either by the competent court or by a Patent Office (depending on the law of the country) through a regime called compulsory licensing. As provided under the Paris Convention and the TRIPS Agreement, the regime of compulsory licensing prevents the abuses which might result from the exclusive rights conferred by a patent. This regime may also be applied in case of non-use of the patented invention within a prescribed period (generally four years from the filing date of application for patent, or three years from the issue of patent).

As provided under the TRIPS Agreement (Article 31), a number of conditions and circumstances must be respected before granting a compulsory license to a third party.

In one sense a patent is a deal between the public and the patent holder. With the grant of a patent, which is premised upon satisfying all the conditions for patentability as discussed above, the patent holder receives the right to prevent anyone else from practicing the invention claimed in the patent. In exchange, the government, by requiring compliance with the conditions for patentability and giving patent protection for a fixed term, ensures that the information regarding the invention is publicly disclosed, and the invention itself is available for anyone's use after the expiration of the patent. This period is typically 20 years, measured from the date of filing of the patent application.

In all the countries in which a patent holder chooses to patent the claimed invention, the issue of **enforcement** would become important after the grant has been issued. Enforcement of patents is a large subject, for which this course can merely point out the guiding principles involved.

To begin with, it is the patent holder that must seize the initiative in the face of potential infringement. Detection of potential or actual infringements, and bringing these to the infringer's attention rests exclusively with the patent holder.

In a majority of situations, a polite letter giving notice of the existence of the patent is sent. Carrying the implication that a lawsuit might follow, such letters often prove very successful, leading to either a suppression of infringement or a conclusion of a successful **licensing** arrangement.

There are, however, cases in which no mutually advantageous negotiated solution can be found, even after lengthy attempts. During the course of an infringement action, in the pre-trial phase, negotiations may still take place, often through use of a conciliator or arbitrator. Interestingly, settlements often include the earlier-mentioned license.

As was said before, the issue of enforcement is deep and complex; you may want to pursue this subject further within the context of the domestic law of the country where you are situated.

In order to have protection in lots of different countries, a patent is required in each of them. In the current state of the international patent system, it is not possible to get a worldwide patent. There is no one patent that covers every country in the world, or even a large number of the countries of the world. The patent system is still a territorial system; in order to be protected in a particular country, you have to be granted a patent in that country. Now, with the globalization of the world economy, the world is moving towards a more international system: we have the Patent Cooperation Treaty, which provides for the filing of a single international application that can become a multitude of national applications, not actual patents but applications, and they are then examined in each of the countries designated.

There are certain regional systems, like that of the European Patent Organization, under which a single examination, if successful, results in a bundle of national patents. There has been some discussion in Europe about having a single European patent – one that would cover all the countries of the European Union, although there are great difficulties with that, as you can imagine. There is still no such thing as a single world patent, nor are there any plans for one, because there are a great many difficulties with that too, but discussions are going on to find ways of bringing down the cost of obtaining patent protection worldwide. Among other things there is the cost of all the examinations of the same invention that have to be conducted in different countries under present arrangements, the cost of translation and the cost of maintaining a patent, as to keep a patent in force one generally has to pay an annual fee, which can be quite substantial. If you have patents in ten countries, you have to pay the maintenance fees in each of those ten countries, because if ever you failed to pay in one of them, your patent would lapse and you would lose your patent protection.

To facilitate obtaining patents in different states, there is an international agreement administered by WIPO called

the Patent Cooperation Treaty (PCT), for the filing, searching, publication and examination of international applications. The PCT makes it easier to obtain patents in the Contracting States by providing for the filing of one international application, which may be subsequently **prosecuted** in the different designated national or regional Offices of States party to the PCT. (A subsequent module on the **WIPO International Registration Systems** covers the PCT and two other international agreements in more depth). However, even under the PCT, the granting of patents is left to those designated Offices.

The patent is the most effective way of protecting an invention, but patent rights are granted in return for the inventor's full disclosure of the technology to the public. Another effective way of obtaining protection is to keep the technology secret, and to rely on what we refer to as trade secrets, to keep information concerning the invention confidential. The difficulty of that method is that, once the product is put on the market and can be dismantled, the secrets can be learned merely by looking at the product, and the trade secret protection is lost. With a patent, it doesn't matter whether someone else knows how to make your product, indeed they will know simply from reading your patent application. So, no matter how public the information is, if you have a patent you will be protected. Trade secret protection is still available, however, and is very suitable in particular, for what is referred to as the know-how, namely the technical expertise required to use a given technology in the most effective way. And very often, the technology itself will not be protected by patents, because it forms part of the expertise of people who are skilled in the art, and keeping the know-how as a trade secret is a way of protecting your technology.

[Click here for answer](#)

A good example of the company strongly relying on trade secrets is Coca-Cola®, which has done this for over 100 years and as long as it continues to successfully maintain the secrecy of its formula, then the intellectual property protection will endure even longer than would a patent. Trade secrets protect the know-how and technical expertise, for example, to use particular information in the most useful ways.

## Summary

This module has introduced the patent area of intellectual property. Patents are one of the oldest forms of intellectual property protection and, as with all forms of protection for intellectual property, the aim of a patent system is to encourage economic development by rewarding intellectual creativity. This module explained that the aim of a patent is to encourage economic and technological development by giving reward to intellectual creativity.

Under patent protection, both new creations and the further development of existing ones are covered. A breakthrough in science like the invention of penicillin is as equally important and protected as a new lever on a machine invented to make the machine run faster. Patents protect inventions and in general, an invention may be defined as a new solution to a technical problem. The solution is the 'idea' and protection under patent law does not require that the invention be represented in a physical embodiment. However, there are things that cannot be patented. These include; things discovered in nature and machines that defy the laws of nature, such as a perpetual motion machine. Other exclusions, which are commonly set out within the applicable law, are scientific theories and mathematical methods; schemes, rules and methods for doing business; and methods of treatment for human or animals or diagnostic methods.

Once a patent application is on file, there are two general approaches: in some countries it is reviewed only as to formalities, while other jurisdictions also examine the application substantively by a technical expert to ensure that it meets the requirements of patentability. Characteristics that an invention must have are:

- . - it must be new or novel;
- . - it must involve an inventive step,
- . - it must be capable of industrial application. In short, a patent is a deal between the public and

the inventor. The state, by giving protection for a fixed term ensures that the inventor gets rewarded. After expiration, which is typically 20 years after the date of filing of the application of the patent, the invention becomes available for anyone's use. The enforcement of one's patent is a large subject, and it is the patent holder that must negotiate or litigate the infringement of their rights. Since there is no such thing as worldwide protection, an inventor must pay filing fees and maintenance fees to each country where he or she wishes to be protected.

### **Legislative Texts:**

- Paris Convention for the Protection of Industrial Property
- Patent Cooperation Treaty (PCT)
- Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement)

### **WIPO ADMINISTERED TREATIES ON INTERNATIONAL REGISTRATION SYSTEMS AND THE PCT (Trademarks, Industrial Designs and Patents)**

Amongst the many roles that WIPO carries out to support the worldwide promotion of intellectual property rights, is its role in the administration of specific treaties and conventions. The international protection for trademarks, industrial designs and appellations of origin is carried out through three registration systems: The Madrid System for trademarks, the Hague System for industrial designs, and the Lisbon Agreement for the protection of appellations of origin. The first part of this module will focus on the role of WIPO in the administration of protection systems for trademarks and industrial designs.

The second part of this module will deal with the Patent Cooperation Treaty (PCT). This is the leading treaty administered by WIPO, in terms of generated revenue, which facilitates the application for patents in different countries.

This module starts with a description of the international registration systems.

There are actually three systems. There is what is known as the Madrid system, which is for the international registration of trademarks and is governed by two treaties which complement each other. They are the Madrid Agreement and the Madrid Protocol. Then there is the system of international registration or more correctly international deposit of industrial designs, which is governed by the Hague Agreement. The third is the system of international registration of appellations of origin, under the Lisbon Agreement. The last-mentioned, however, does not really affect private owners of industrial property rights, as appellations are registered at the request of governments (this module does not cover this Agreement). As a result, most of WIPO's activities have to do with the protection of trademarks and industrial designs and patents through international registration.

To sum the above up, the Hague System covers the deposit of industrial designs, the Madrid System the registration of trademarks and the Lisbon Agreement concerns the registration of appellations of origin. The two treaties in the Madrid System are the Madrid Agreement concerning the International Registration of Marks (1891) and the Madrid Protocol relating to the Madrid Agreement (1989).

### **The Madrid System: International Registration of Trademarks**

Somebody files an international application with the International Bureau of WIPO in Geneva, and in it they designate the countries that are party to the treaties in which they want the mark to be protected. WIPO registers the mark and then pass it on to the countries that have been designated, which then have the possibility of refusing protection. They would normally examine it as though it were an application filed with them directly and apply

their normal national criteria accordingly. If they refuse it, the refusal is notified to us and entered against the mark for that country in the International Register. So in other words a person does secure international registration, but whether or not it is protected in a given country is determined by that country.

WIPO doesn't examine as to substance. There are basically two substantive questions which are investigated by national offices. One is whether the mark is capable of functioning as a trademark, in other words whether it is capable of distinguishing goods and services, and the other is whether it conflicts with a mark already protected in someone else's name. And countries do actually differ very much in their approach to this examination. Some conduct a full examination and some do not. The International Bureau doesn't do any examination of these substantive aspects, but rather leaves them entirely to the laws of the countries concerned. It does however examine first of all whether the application complies with the formal requirements set forth in the treaties and regulations, mainly to make sure that the necessary elements of a trademark application are there. It also carries out an examination of the lists of protected goods and services that has to accompany any trademark application. Those goods and services should be classified according to an international classification, known as the Nice Classification, and the International Bureau has general responsibility for the consistent application of the Classification. So the International Bureau does conduct an examination as to form and an examination of the classification of goods and services, which means that those tasks do not have to be carried out by the Receiving Offices, because they know that they are receiving properly filed and properly classified applications.

So the role of the International Bureau of WIPO is to receive applications for the protection of trademarks in a number of designated countries. WIPO checks to see if the application has been made in a correct manner and, if so, registers the mark, and forwards it to the designated countries. Examination as to substance may be done in the designated countries if their laws so prescribe.

A requirement to register the trade mark in home country first is a fundamental requirement of the international system of registration. When the system started, over a hundred years ago, it was really intended to be a means of extending the protection provided by a domestic registration to the other countries of the Madrid Union. The system has become rather more sophisticated and more complex since then, but the principle continues that you must in the first instance, either have a registration in your country of origin or, if the international application is made exclusively under the Protocol, at least have filed an application for registration in your home country.

If the national application is refused, that will of course have the corresponding effect on the international registration. There is a dependent relationship between the national protection and the international protection for a period of five years. Where the national application is refused, presumably very soon after the international registration is applied for and therefore, within the five-year period, this would result in the international registration being cancelled. If the refusal at the national level is only partial, then the cancellation would be correspondingly partial.

You can actually protect your trade mark indefinitely, but in the international system and indeed in national systems too you have to renew it from time to time. An international registration is renewed by paying the fees again every ten years, and I think ten years is becoming a standard term at the national level, but, as I say, there is no limit to the number of times that it can be renewed.

So the Madrid system is a useful way in which users of trademarks can apply for protection in a number of countries at the same time. However, the decision whether or not to refuse protection to a particular trademark in a particular country depends on the national system concerned. If protection is not refused, it can be extended indefinitely.

The system of international registration of marks offers several advantages for trademark owners. After registering the mark, or filing an application for registration, with the Office of origin, a trademark owner has only to file one application, in one language, to one office, and pay fees to one office. This is done instead of filing separate applications in trademark Offices in various countries, in different languages, and instead of paying a separate fee



in each Office. Similar advantages exist when the registration has to be renewed or modified.

### **The Hague System: International Protection of Industrial Designs**

As mentioned in the introduction to this module, the Hague System of protection deals with the international protection of industrial designs.”

As a general rule, industrial design protection is limited to the country where protection is sought and granted. If protection is desired in several countries, separate national applications (or ‘deposits’) must be made and the procedures will normally be different in each country. However the Hague agreement concerning the International Deposit of Industrial Design helps to facilitate this process.

The main aim of the Hague System is to enable protection to be obtained for one or more industrial designs in a number of countries through a single deposit filed with the International Bureau of WIPO. In other words, the Hague Agreement, which is administered by WIPO, allows nationals and residents of, or companies established in a State party to the agreement, to obtain industrial design protection in a number of countries also party to the agreement through a simple procedure. A single international deposit, in one language (English or French), involving a single payment and filed with one office is all that is needed.

The office can be the International Bureau of WIPO or possibly the national office of the contracting State if such State so permits. An international deposit does not require any national deposit. Once the industrial design is the subject of such an international deposit, it enjoys the protection that would be obtained in each of the countries listed, as if the applicant had applied directly to that country, provided that particular country does not explicitly refuse protection.

As with all intellectual property there are advantages to ensuring its protection and the next audio gives some of the benefits of protecting industrial designs.

The system gives the owner of an industrial design the possibility to have his design protected in several countries by simply filing one application with the International Bureau of WIPO, in one language, with one set of fees in one currency (Swiss francs). The Hague system simplifies greatly also the subsequent management of the industrial design, since it is possible to record subsequent changes or to renew the deposit through a simple single procedural step with the International Bureau of WIPO.

As with all industrial property rights, you acquire the exclusive right to the use of the design. In other words, the designer of the new-look corkscrew that I have just described, or the creator of a new furniture style or a new range of fabrics, or garments made out of those fabrics, acquires the exclusive right to make and sell them, in just the same way as a person with a patent has the exclusive right to work that patent.

The protection of industrial designs lasts for a fixed period of time, but the length of the period is not yet uniform. I think the shortest period in any country is probably ten years. Periods of 15 and 20 years are common, and the new European Community Directive sets a term of 25 years, so that will become the standard term in the countries in the European Union once the Directive is implemented.

The grant of international registration under the Hague system does give you protection in a number of countries. It works in the same way as the Madrid system in that you file an international application which is entered in the International Register, published by the International Bureau and notified to the countries concerned, who then have the right to grant or refuse protection. In fact, as far as the Hague Agreement is concerned, there are very few countries that actually examine applications, and consequently very, very few refusals. This is in sharp contrast to the position regarding trademarks.

Another difference between the protection of industrial designs under the Hague Agreement and the protection of marks under the Madrid Agreement and Protocol is that you don’t need to start with protection in the country of

origin. So for example a designer in France can make an international deposit and through it secure protection in France as well as in Switzerland, Italy, the Benelux countries and Spain, for instance.

So far in this module, you have heard about WIPO's two Agreements regarding the international registration systems for the protection of trademarks and industrial designs. The role of WIPO in this process is to serve as the administrator that provides the international systems of registration, which is to say, by facilitating the application process and publishing a Gazette (Madrid) or Bulletin (Hague) of actions taken within the respective system's procedures.

The Madrid System was created over in 1891 and its purpose is to encourage and facilitate the international registration of trademarks. As an individual wants protection of his trademark, he must first register it in his country of origin. If he wishes to extend that protection into other countries, one available route is provided by the Member States of the Madrid Agreement and / or Protocol. There is a dependency for the first five years, wherein if the trademark is refused ex officio or via the opposition of a third party in the country of origin, but had been accepted in the other designated countries, the international protection will be cancelled. After the five-year period passes, the international registrations would survive a home country cancellation. International trademark protection is indefinite; however, it must be renewed every ten years. There is no limit to the number of times a trademark is renewed.

The Hague Agreement created the system of international deposit of industrial designs. It works in the same way as the Madrid system in that you file an international application which is entered in the International Register, published by the International Bureau and notified to the countries concerned, who then have the right to grant or refuse protection. In fact, as far as the Hague Agreement is concerned, there are very few countries that actually examine applications, and consequently, very few refusals. This is in sharp contrast to the position regarding trademarks.

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### **The Patent Cooperation Treaty**

The national patent system requires the filing of individual patent applications for each country for which patent protection is sought. In other words, the principle of territoriality will apply.

In order to overcome some of these problems, the Patent Cooperation Treaty (PCT) was adopted in 1970. The PCT provides a simplified procedure for an inventor or applicant to apply for, and eventually obtain, patents in a large number of countries.

The PCT has a principal objective: to simplify, make more effective and economical, in the interests of the users of the patent system and the Offices that have the responsibility for administering it, the previous or traditional methods of applying for patent protection for inventions in several countries.

The Patent Cooperation Treaty is a treaty that provides for the filing of applications with a view to obtaining patent protection in a large number of countries. It provides a simplified procedure for an inventor or applicant to apply for and eventually to obtain a patent. One of its other aims is to promote the exchange of technical information contained in patent documents among the countries concerned and also within the scientific community concerned, that is, the inventors and industry working in the relevant field.

So in addition to simplifying the process of getting patents, it is an aim of the PCT to disseminate more effectively the technical knowledge contained in patent documentation. It is worth stressing however that the PCT system does not provide for the grant of worldwide patents. Hear this explained as the response in this next audio.

Still, PCT has nothing to do with “worldwide” patent. First, it is not the PCT that grants patents; it is in fact the national offices at the end of the process, each of which, as far as it is concerned, grants a patent based on the PCT application. And secondly, there is no such thing as a worldwide patent. The PCT doesn’t provide for this at all, and the result of the procedure that I mentioned earlier, will in fact be a number of regional and/or national patents. Maybe there will be only one, if the applicant completes the procedure in only one office, but there could be 10, 25, 50 or as many as the applicant eventually wishes to obtain.

According to the PCT procedure, First the applicant would have to file an application with a receiving office, usually in his home country. That application would then pass through several stages. The first general stage, which is called the international phase, includes four main steps: the first is the filing, the second is the international search, then there is the international publication and after that the international preliminary examination. The last step, examination, is only reached if the applicant expressly asks for it, but more than 80 per cent proceed up to this point. Then, but only if the applicant wishes to go ahead with his application, there is the national phase. There is a national phase for every one of the offices before which the applicant will have to complete the patenting procedure. That could mean either just one, or two or five or ten offices, including both national and regional offices, where the applicant would have designated certain countries, but for the purpose of obtaining a regional patent.

## **European Patent**

As mentioned in this discussion, the second general stage of the PCT procedure is the national phase. In the national phase, the applicant could actually process his or her international application before a national or regional patent Office. The European Patent Office is one such example of a regional Office.

The European Patent Office is established by virtue of the European Patent Convention. Article 2(1) of the European Patent Convention provides that patents granted by virtue of the Convention "shall be called European patents." Article 2(2) further provides that the "European patent shall, in each of the Contracting States for which it is granted, have the effect of and be subject to the same conditions as a national patent granted by that State, unless otherwise provided in this Convention."

The operation of the PCT requires a sequence of operations and the next audio explains where these take place. Most of what happens in the PCT process starts somewhere else, and continues somewhere else again. First, the applicant would file the application with a so-called receiving Office. That is usually the office in the home country of the applicant. It can however be another national office or a regional office and it can also be the International Bureau in Geneva. So, it can happen that the International Bureau gets involved at this very early stage, but it is not very common.

As for the second step, that is the international search, at present there are only eleven offices specially appointed by the PCT Assembly that are entitled to carry out international searches. These offices, called International Search Authorities, have been selected according to certain criteria, and they render services to applicants under the PCT system, depending, in the case of some of them, on the language in which they work. So they are not all available to all PCT applicants who file PCT applications. For example, the Japanese Patent Office works only in Japanese, so it is not available to applicants who file their applications in English, French, or German. The same is true of the Spanish Patent and Trademark Office, which works only in Spanish. Some other offices on the other hand work in four, five or even six different languages.

The next step, publication, is handled entirely by the International Bureau in Geneva. This is actually the only PCT function for which WIPO is exclusively responsible. The Organization publishes all PCT applications, wherever they come from and in whatever language they have been filed.

The fourth step is international preliminary examination, and for that WIPO would usually go back to the office that carried out the international search. I say usually because applicants can and in some cases do switch to

another office, as they are given that amount of flexibility. And at the end of the international phase, or rather when moving into the national phase – and this is something else that the International Bureau is not involved in - the applicant has to approach each of the offices directly and provide the necessary documentation. One could say, however that the International Bureau has some behind-the-scenes involvement in the overall procedure, because it is responsible for making certain documents available to offices, to the applicant and so on, and for communicating certain documents at certain times under the provisions of the Treaty. So, even though the International Bureau does not actually carry out much of the substantivework, it is nonetheless involved somehow in this phase, whatever happens to the application. It relies on the offices concerned to provide it with the documents, and then acts on them as they come in.

As stated in the introduction, the primary goal of the PCT is to simplify the procedures involved in getting patents in a number of different countries. One further benefit to an applicant is the decision as to whether to proceed in any particular country or delay that procedure compared with the traditional patent system. The main advantage for the applicant is that, by filing one application at one patent office, which will in most cases be his home patent office, he will obtain an international filing date for his application, and that filing date will have the effect of a regular national filing in every country he has designated. So the mandatory requirements that the applicant has to comply with are very few – such as making a specific request for the filing of a PCT application, stating his nationality or residence, so as to confirm that he is eligible to file such an application, and filing of description and claims.

Another advantage certainly worth mentioning is that the applicant, by filing his application, basically gains time, indeed quite a lot of time, before he has to decide whether to go ahead with his application. The time gained by this process could be about a year and a half, which is what making use of the entire PCT procedure to the fullest extent possible would allow.

In addition there are advantages for the national patent Offices. Namely:

Patent Offices can handle more patent applications since those via the PCT are easier to process due, in particular, to the fact that verification as to compliance with formal requirements has generally been checked already during the international phase.

Patent Offices can save certain publishing costs. If the international application has been published in the official language of a country, it can forego publication altogether. Countries having a different official language may limit themselves to publishing only a translation of the abstract, which accompanies international applications. Copies of the full text of the international application could be supplied upon request to interested parties.

The PCT does not affect the revenue of designated Offices unless they decide voluntarily to give a rebate on national fees in view of the savings they make through the PCT and in order to make the use of the international application route more attractive to the applicant. Annual or renewal fees, the most profitable source of revenue for most Offices, are not affected by the PCT.

Examining Patent Offices benefit, in respect of most applications originating from abroad, from an international search report and an international preliminary examination report.

Non-examining Offices receive applications already examined as to form, accompanied by international search reports and generally by international preliminary examination reports. This will put an Office, and the national industry affected by a patent and/or interested in licensing, in a much better position compared to the traditional system of filing national or regional applications.

## **Summary**

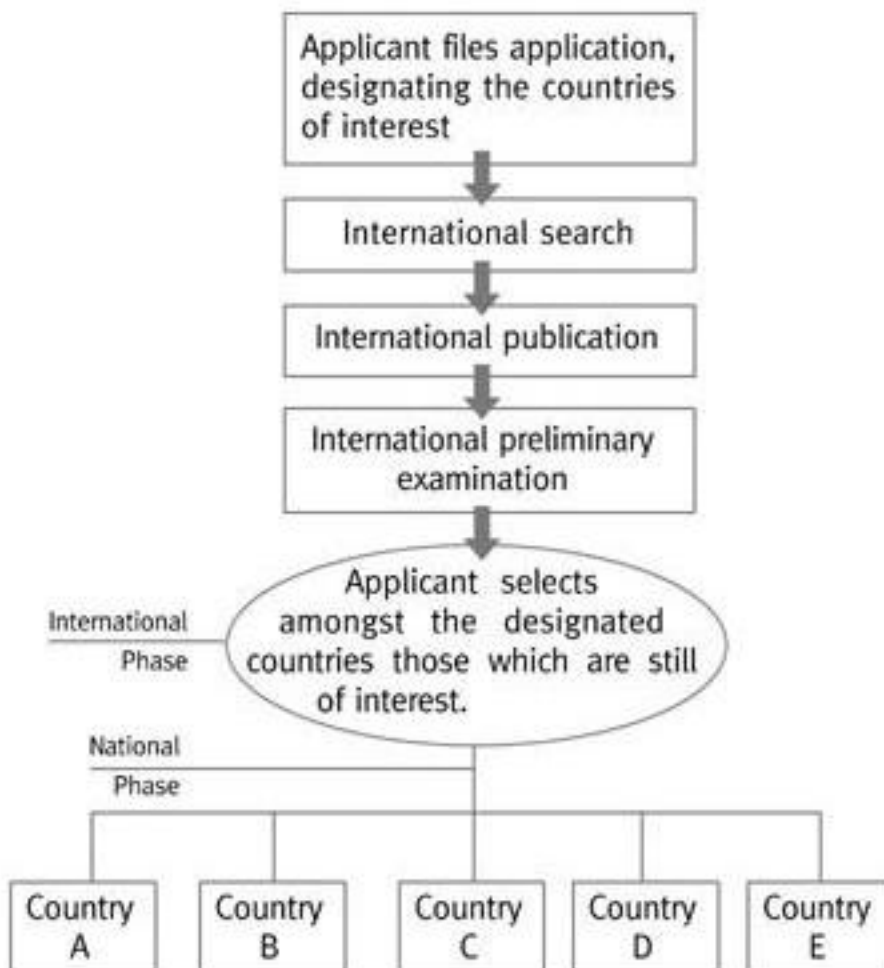
The Patent Cooperation Treaty provides a simplified procedure for an inventor or applicant to apply for and eventually obtain patents in a large number of countries. In addition it promotes and facilitates the exchange of

technical information contained in patent documents to industries and workers in the relevant field.

The advantage to an applicant in using the PCT is that by filing one application at one patent office, in one language, he will obtain an international filing date, and that filing date will have effect in each of the designated countries. In addition the PCT provides a period of time in which the applicant can decide whether to proceed in each of the designated countries.

The main role of WIPO in the PCT process is to facilitate the treaty by communicating the PCT request to the designated countries and publishing all PCT applications.

The way in which a PCT application is processed is shown in the following figure:



### Legislative Texts:

- Madrid Agreement Concerning the International Registration of Marks
- Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks
- Hague Agreement Concerning the International Deposit of Industrial Designs

- Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks
- Patent Cooperation Treaty (PCT).

## UNFAIR COMPETITION

This module is concerned with the concept of unfair competition. The module will explain what sorts of acts could be considered as unfair competition and explain the remedies that can be used, together with the obligations countries must fulfill, to ensure fairness in competition. The idea of unfair competition has been around for some time and was mentioned as part of intellectual property protection as early as 1900 in the Brussels revision of the Paris Convention.

Article 10bis (2) of the Paris Convention defines an act of unfair competition as “any act of competition contrary to honest practices in industrial or commercial matters”.

Article 10bis (3) continues specifying which acts, in particular, shall be prohibited:

- . “all acts of such a nature as to create confusion, by any means, with the establishment, the goods, or the industrial or commercial activities, of a competitor;
- . false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor;
- . *indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.*”

Unfair competition is at its simplest dishonest practice. Of course the concept of dishonest practice is a little difficult to precisely define and has to be defined in a country’s national law. These national laws set the commercial and legal environment, ensure fairness in competition, and, as a result, complement the protection of intellectual property rights.

### The need for protection

Experience has shown that there is little hope of fairness in competition being achieved solely by the free play of market forces. In theory, consumers, in their role as referees of economic play could deter dishonest entrepreneurs by disregarding their goods or services and favoring those of honest competitors. Reality, however, is different. As an economic situation becomes more complex, consumers become less able to act as referees. Often they are not even in a position to detect by themselves acts of unfair competition, let alone react accordingly. Indeed it is the consumer who—along with the honest competitor— has to be protected against unfair competition.

Fair play in the marketplace cannot be ensured only by the protection of industrial property rights. A wide range of unfair acts, such as misleading advertising and the violation of trade secrets are usually not dealt with by the specific laws on industrial property. Unfair competition law is therefore necessary either to supplement the laws on industrial property or to grant a type of protection that no such law can provide.

The rules on the prevention of unfair competition and those on the prevention of restrictive business practices (anti-trust law) are interrelated: both aim at ensuring the efficient operation of a market economy. They do so, however, in different ways. Anti-trust law is concerned with the preservation of the freedom of competition by combating

restraints on trade and abuses of economic power. Unfair competition law, on the other hand, is concerned with ensuring fairness in competition by forcing all participants to play according to the same rules. Yet both laws are equally important, although in different respects, and supplement each other.

### **Acts of Unfair Competition**

It is true that describing unfair competition as acts contrary to "honest trade practices," "good faith" and so on does not make for clear-cut, universally accepted standards of behavior, since the meaning of the terms used is rather fluid. The standard of "fairness" or "honesty" in competition is no more than a reflection of the sociological, economic, moral and ethical concepts of a society, and may therefore differ from country to country (and sometimes even within a country). That standard is also liable to change with time. Furthermore, there are always new acts of unfair competition, since there is ostensibly no limit to inventiveness in the field of competition. Any attempt to encompass all existing and future acts of competition in one sweeping definition—which at the same time defines all prohibited behavior and is flexible enough to adapt to new market practices—has so far failed.

This does not mean, however, that acts of unfair competition cannot be encompassed by any general definition. The most notable of these acts are the causing of confusion, discrediting and the use of misleading indications. The common aspect of these most important, but by no means exhaustive, examples of unfair market behavior is the attempt (by an entrepreneur) to succeed in competition without relying on his own achievements in terms of quality and price of his products and services, but rather by taking undue advantage of the work of another or by influencing consumer demand with false or misleading statements. Practices that involve such methods are therefore doubtful at the outset as to their fairness in competition.

The most important factor for determining "unfairness" in the marketplace, however, is derived from the purpose of unfair competition law. In this respect, unfair competition law was initially designed to protect the honest businessman. In the meantime, consumer protection has been recognized as equally important. Moreover, some countries put special emphasis on the protection of the public at large, and especially its interest in the freedom of competition. Modern unfair competition law therefore serves a threefold purpose, namely: the protection of competitors, the protection of consumers and the safeguarding of competition in the interest of the public at large.

On the other hand, there is broad agreement that at least some acts and practices are always irreconcilable with the notion of fairness in competition. These are discussed in detail below.

### **Categories of Acts of Unfair Competition**

The following are amongst the most common generally recognized acts of unfair competition:

- Causing confusion
- Misleading
- Discrediting Competitors
- Disclosure of secret information
- Taking advantage of another's achievements (free riding)
- Comparative advertising    Let's look at each of these in turn.

#### ***Causing confusion***

The Paris Convention (Art. 10bis (3)) obliges member States to prohibit all acts that are “of such a nature as to create confusion by any means whatever with the establishment, the goods or the industrial or commercial activities of a competitor”. The scope of this article is very broad, as it covers any act in the course of trade involving a mark, sign, label, slogan, packaging, shape or color of goods, or any other distinctive indication used by a businessman. Thus not only indications used to distinguish goods, services or businesses but also the appearance of goods and the presentation of services are considered relevant for the prohibition of confusion. However there are two main areas in which confusion frequently occurs.

These are indications of commercial origin on the one hand, and the appearance of goods on the other. However, this does not preclude or limit the protection of other attributes or achievements against confusion.

An example of the first type of confusion could be a situation in which an organization which is completely separate from the large American toy store known under the trademark "Toys 'R' Us" would begin to sell games in a store called Games 'R' Us

### ***Misleading***

Misleading can roughly be defined as creating a false impression of a competitor's own products or services. It may well be the single most prevalent form of unfair competition, and it is by no means harmless. On the contrary, misleading can have quite serious consequences: the consumer, relying on incorrect information, may suffer financial (or more harmful) prejudice. The honest competitor loses clients. The transparency of the market diminishes, with adverse consequences for the economy as a whole and economic welfare.

There is a consensus according to which the concept of misleading is restricted neither to inherently false statements nor to statements that have actually led to a false impression on the part of the consumer. Instead it is considered sufficient that the indications in question are likely to have a misleading effect. Even statements that are literally correct can be deceptive.

If, for example, chemical ingredients are generally forbidden in bread, the courts of most countries would consider an advertising claim that a certain bread "was without chemical ingredients" to be deceptive, because, though literally true, it gives the misleading impression that the advertised fact is something out of the ordinary.

It is likewise not necessary for the product in question to be inferior, in an objective sense, so long as the indication or allegation has some enticing effect on the consumer. For example, if the public prefers domestic goods to foreign goods, a false declaration to the effect that imported goods are domestic is misleading even if the imported goods are of superior quality.

Generally the concept of misleading does vary from country to country and this can best be seen in the various national treatments of exaggerations. Although in all countries obvious exaggerations (even if literally inaccurate) are not considered deceptive because they can easily be recognized as "sales talk," the question of what is mere "hot air" or "puffing" and what is to be taken seriously is answered differently in different countries. In some countries (such as Germany), it is assumed that the public basically believes all advertising statements, and especially those that claim uniqueness ("the best, the first," etc.); consequently an especially strict standard is applied. Other countries (such as Italy and the United States of America) take the exact opposite position and tolerate generally formulated indications, in particular those in the form of claims of uniqueness. Thus in the United States of America the courts have generally only intervened if the product advertised as the best is in reality inferior.

### ***Discrediting Competitors***

Discrediting (or disparagement) is usually defined as any false allegation concerning a competitor that is likely to harm his commercial goodwill. Like misleading, discrediting tries to entice customers with incorrect information. Unlike misleading, however, this is not done by false or deceptive statements about one's own product, but rather



by casting untruthful aspersions on a competitor, his products or his services. Discrediting, therefore, always involves a direct attack on a particular businessman or a particular category of businessmen, but its consequences go beyond that aim: since the information on the competitor or his products is incorrect, the consumer is liable to suffer also.

In some countries a literally truthful remark about a competitor may be considered unfair competition if the "attack" is blown up out of proportion, or if the words used are needlessly injurious. On the other hand, some countries expressly restrict the notion of discrediting to inaccurate or at least misleading statements.

An explanation of this difference in attitudes can be found in the diverging assessment of "commercial honor." Where unfair competition law has its roots in the protection of the commercial reputation of the individual businessman—as it does in the continental European countries—a "special tort of business disparagement" has emerged, to which, in principle, much stricter rules apply than to defamatory statements outside the bounds of competition, where constitutional considerations such as freedom of speech have to be taken into account. In other countries, especially those that have not developed a comprehensive system of protection against unfair competition, the attitude is exactly the opposite: it is assumed that, in the interest of competition, attacks on individual competitors are unavoidable, that they must be widely tolerated and that a line should only be drawn where the attack is based on false facts. In those countries, the plaintiff usually also bears the burden of proof as to the falseness of the statement—which can sometimes make an action impossible.

### ***Disclosure of secret information***

A considerable amount of commercial competitiveness of an enterprise can be due to information developed and accumulated by that enterprise or individuals in it. For example, the customer and potential customer lists could give that company an edge over its' competitors who do not have such good quality lists. Another example could be that an enterprise has developed a secret industrial process, which enables it to sell a better quality or cheaper product. I hope you agree with me that if either of these pieces of information were given to a competitor without the permission of the owner of the information this would result in unfair competition. Indeed, the disclosure of secret information is defined as unfair competition by the TRIPS Agreement of 1994, which obliges World Trade Organization members to provide protection for "undisclosed information".

The TRIPS Agreement specifically describes the protection of undisclosed information as necessary to protect against unfair competition (Article 39 (2)).

(a)

Competitive strength usually depends on innovative techniques and accompanying know-how in the industrial and/or commercial field. However, such techniques and know-how are not always protectable by patent law. Firstly, patents are available only for inventions in the field of technology and not for innovative achievements concerning the conduct of business, etc. Moreover, some technical discoveries or information, while providing a valuable commercial advantage for a particular trader, may lack the novelty or inventive step required to make them patentable. Furthermore, while a patent application is pending, as long as the information has not been disclosed to the public, the owner of the information to be patented ought to be protected against any wrongful disclosure of the information by others, regardless of whether or not the application eventually leads to the grant of a patent.

### ***Taking undue advantage of another's achievements***

The notion of "free riding" has a number of common features with the notions of causing confusion and misleading. It could be defined as the broadest form of competition by imitation. Under the principles of a free market, however, the exploitation or "appropriation" of another person's achievements is unfair only under specific circumstances. On the other hand, acts that cause confusion or mislead normally imply free riding on another

person's achievements, but are generally recognised, as forms of free riding that are always unfair.

There are various types of free riding including the dilution of the distinctive value and quality of a competitor's mark. This could happen if a similar mark is used for dissimilar goods or services.

### ***Comparative advertising***

Comparative advertising may take two forms: a positive reference to another's product (claiming that one's own product is as good as the other) or a negative reference (claiming that one's own product is better than the other). In the first instance, where the competitor's product is usually well known, the crucial question relates to the possibility of misappropriation of another's goodwill. In the second case, where the competitor's product is criticized, it is the question of disparagement that arises. However, both forms of comparison involve an (unauthorized) reference to a competitor, who is either mentioned by name or implicitly identifiable as such by the public.

It must be remembered, however, that there are differences in the evaluation of the notion of "misleading" and especially in that of "discrediting." As mentioned above, some countries consider statements claiming superiority or uniqueness (like "the best," etc.) misleading unless they can be proved correct, while others consider them harmless exaggerations. Different assessments of the notions of "discrediting" and "misappropriation" are of even greater importance. In countries with a rather permissive attitude towards true but nevertheless disparaging statements, comparative advertising is generally tolerated. As long as what is said is true, the courts will not interfere, even if the reference to the competitor or his product is clearly disparaging or exploits his goodwill. In countries that traditionally put special emphasis on the protection of the "honest" businessman and his reputation, comparative advertising is either forbidden or at least severely restricted. Sometimes the mere fact that a competitor is named against his will is considered discrediting and therefore unfair competition. According to the rule that "the honest businessman has a right not to be spoken of, even if the truth is spoken," the legislation of some countries has even expressly forbidden all comparisons that needlessly identify a competitor. The same argument has led the courts of other countries to find comparative advertising more or less automatically against honest trade practice (and therefore against the general provision on unfair competition law).

Although many countries take a strict view that comparative advertising is an unfair practice, there has been a trend in recent years in which this negative attitude towards comparative advertising has changed. It has been increasingly recognized that true comparisons of relevant facts can not only reduce the consumer's information search costs, but also have positive effects on the economy by improving market transparency. The courts of those countries that traditionally view comparative advertising as disparaging have gradually relaxed the strict prohibition on all statements identifying a competitor. For example, price comparisons, if based on true, relevant and ample material, may be allowed. On the whole, there seems to be a clear trend towards the admission of truthful comparative advertising.

### ***Other acts of unfair competition***

As you should appreciate now the field of unfair competition is large and the treatment by different countries quite varied. So, in order to complete the list of unfair acts as much as possible, it is worthwhile giving a few more examples, briefly. These are:

- Nuisance advertising. For example, advertising which unduly exploits fear to make a sale.
- The use of sales promotion techniques such as, lotteries, gifts and bonuses. These are usually regulated to avoid undue inducement to buy.
- Impeding of market activities such as, the destruction of a competitor's returnable soft drink bottles.

## Summary of unfair competition

The idea of unfair competition has been around for some time and was mentioned as one of the ways of protecting intellectual property as early as 1900 in the Brussels revision of the Paris Convention. It can best be seen as practices that distort the free operation of intellectual property and the reward system that it provides.

An act of unfair competition is any act of competition contrary to honest practices in industrial or commercial matters.

For example, the following in particular shall be prohibited:

- all acts of such a nature as to create confusion, by any means, with the establishment, the goods, or the industrial or commercial activities, of a competitor;
- false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor;
- indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods."

There are many different types of acts of unfair competition including:

- Causing confusion
  - Misleading
  - Discrediting Competitors
  - Violation of trade secrets
  - Taking advantage of another's achievements (free riding)
  - Comparative advertising
- Legislative Texts:**
- TRIPS Agreement
  - Paris Convention for the Protection of Industrial Property

## PROTECTION OF NEW VARIETIES OF PLANTS

The protection of new plant varieties is another aspect of intellectual property rights, and as such seeks to acknowledge the achievements of breeders of new plant varieties by giving them, for a limited period, an exclusive right. To obtain such protection, the new varieties must satisfy specific criteria.

The organization overseeing the protection of new plant varieties is referred to as UPOV, which is an acronym derived from the French name for the organization, *Union internationale pour la protection des obtentions végétales*.

## **Why protect new varieties of plants?**

Protection is available to a new variety of plants to safeguard the interests of plant breeders as an incentive to the development of improved plant varieties for agriculture, horticulture and forestry. Improved varieties are a necessary and a very cost-effective element in the improvement of the performance and quality of plants of all types.

Breeding new varieties of plants requires a substantial investment in terms of skill, labor, material resources, money and time. The possibility to obtain certain exclusive rights in respect of a new variety of plants provides a successful plant breeder with a reasonable opportunity of recovering his costs and accumulating the funds necessary for further investment. In the absence of plant breeders' rights, these aims are more difficult to achieve, since there is nothing to prevent others from multiplying the breeder's seeds or other propagating material and selling the variety on a commercial scale, without providing recompense to the breeder.

## **How can new plants be protected?**

The TRIPS agreement allows three types of protection:

- . Through the patent mechanism
- . Through a special ("*sui generis*") system related to plants
- . Or through a combination of both

There is a widely held view that most new plant varieties do not satisfy the non-obvious requirement of a system of patent protection, since they result from activities undertaken with known objectives, and using known technology. This means that using the patent laws system could be difficult. Therefore, most countries tend to have a special ("*sui generis*") system for the protection of plant varieties.

## **What are the characteristics of a new plant variety that would enable it to be protected?**

Under the 1991 Act of the UPOV Convention the variety should be:

- New (or novel)
- Distinct
- Uniform
- Stable and
- Have a satisfactory denomination

The novelty requirement serves to ensure that the variety has not already been exploited commercially. This is strictly a legal assessment and not a technical assessment. The variety is also required to be designated by a denomination, which will be its generic designation. There are three technical assessments: distinctness, uniformity and stability (DUS). Let's look at each one of these in turn.

### ***Distinctness***

The variety shall be deemed to be distinct if it is clearly distinguishable from any other variety, whose existence is

a matter of common knowledge, at the time of filing the application. The exact technical definition of distinctness resides in the biological description of the variety and is beyond the scope of this module. It is sufficient to say that a technical expert would be required to give an opinion on this matter.

### ***Uniformity***

The variety shall be deemed to be uniform if, subject to the variation that may be expected from the particular features of its propagation, it is sufficiently uniform in its relevant characteristics.

Briefly, this means that the plants of a variety should all be the same or very similar, with the degree of similarity depending on the nature of the propagation method.

### ***Stability***

The variety shall be deemed to be stable if the characteristics remained unchanged after repeated propagation or, in the case of a particular cycle of propagation, at the end of each such cycle.

What this means in short is that the variety should remain the same over a period of repeated propagation from seeds or other methods.

Of course all of these last three technical criteria have to be examined before the granting of the breeders' rights. Such technical examinations are conducted by authorized examiners.

### **What rights does the holder of protection have?**

Under the 1991 Act of the UPOV Convention covering the protection afforded to breeders, the following require the prior authorisation of the rights holder:

- Producing or reproducing (multiplying)
- Conditioning for the purpose of propagation
- Offering for sale
- Selling or other marketing
- Exporting
- Importing
- Stocking for any of the above purposes

It is important to note that the authorization of the rights holder is **not** required for:

- Acts done privately and for non-commercial purposes
- Acts done for experimental purposes
- Acts done for the purpose of breeding and exploiting other varieties. An exception to this is in the case of essentially derived and certain other varieties which may not be exploited without the authorization of the breeder of the original variety. Taken literally, the protection under (1) would mean that farmers would

need the permission of the right holder to save seed from a crop for planting of the next crop. However, the 1991 Act of the UPOV Convention contains an optional exception which permits States to exclude farm saved seeds from the scope of the breeder's right and to adopt solutions on the question, which are specifically adapted to their national agricultural circumstances. Virtually all countries which have adhered to the 1991 Act have adopted such a "farmer's privilege" in one form or another.

### **How long do the breeder's rights last?**

The minimum duration described in the 1991 act is:

- 25 years for trees and vines
- 20 years for other plants **Audio segment 1** : *Can a breeder obtain worldwide protection for a plant?* As with other methods of protection, in many cases the right must be granted in each of the States in which the breeder seeks protection. However, there are some supranational systems in place (e.g. Community Plant Variety Office for members of the European Union) or under development. However, the work of UPOV greatly simplifies this process as it encourages members to recognize the technical testing done in other member States. This greatly reduces the cost and effort needed to get protection in several countries.

### **Summary**

Protection is available to a new variety of plants to safeguard the interests of plant breeders as an incentive to the development of improved plant varieties for agriculture, horticulture and forestry. Improved varieties are a necessary and a very cost-effective element in the improvement of the performance and quality of plants of all types.

Most countries that have introduced plant breeders' rights have done it using special legislation based on the UPOV Convention, which is administered by the Office of the Union based in Geneva.

In order to be protected, the plant must be:

- New or novel
- Distinct\*
- Uniform\* and
- Stable \*
- Have a satisfactory denomination

\* Subject of technical examination

Once protection is afforded, the holder of the breeder's rights has the right to prevent the following actions without his/her authorization:

- Production or reproduction (multiplication)
- Conditioning for the purpose of propagation

- Offering for sale
- Selling or other marketing
- Exporting
- Importing
- Stocking for any of the above purposes    Many countries have enacted special legislation, which allows farmers to keep seed or propagating material from one crop for planting of the next.    The minimum length of protection is:
  - 25 years for trees and vines
  - 20 years for other plants    One of the important roles for UPOV is to help breeders obtain protection in several countries. It achieves this, amongst other means, by encouraging countries to accept test results from other countries that are members of UPOV.    **Legislative Texts:**
  - UPOV Convention (1991 Act)
  - TRIPS Agreement