Towards the European patent and trade-mark

European File

The expansion of industrial and commercial markets in the European Community through economic integration and also expansion at the world level has the effect of sharpening industrial competition and making the protection of inventions, patents and trade-marks – which guarantee the identity of a product or a service – more necessary than ever.

Traditionally, the protection of industrial and commercial property is dealt with by national provisions whose object is to protect the patent or trade-mark against imitations or forgeries by parties without legal right. But these provisions, which vary greatly from country to country, are only effective in the territory of the State concerned.

This results in two major drawbacks:

- ☐ those who want to draw benefit from an invention or trade-mark must take the necessary action in all the relevant legal zones (and in the appropriate languages) where they wish to see their rights assured. The rights thereby acquired through numerous, lengthy and expensive procedures will differ from country to country. In some cases, access will not be possible to a national market because such rights have already been accorded, more or less justly, to a competitor;

- ☐ the existence of different national legislation introduces the problem of protectionist barriers which create obstacles to free competition and the free movement of goods, which are the basic principles of the European common market. The Community's

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Court of Justice can, of course, prohibit the use of a patent or trade-mark if shown to be unfair in the sense of disguising illegal agreements between companies, arbitrary national discriminations or an attempt to restrict trade between Member States. But the European Treaties do permit import restrictions when justified by a need to protect industrial or commercial property rights. How can such restrictions be eliminated or at least limited ?

The creation within the Community of conditions similar to those in national domestic markets relating to the acquisition and use of patents and trade-marks would lead to a number of benefits, among which:

- ☐ greater protection of industrial and commercial property rights, as well as administrative simplification. Registration of a trade-mark at the Community level would thereby avoid the need for the applicant to deal with eight different administrations (one per country, except Belgium, Luxembourg and the Netherlands which have a single, combined service). These national administrations, which often have difficulty in coping with the volume of demands, could also see their level of work alleviated through the creation of specialized European services;

- ☐ the possibility for industrialists and traders to operate a production and distribution policy better suited to the dimension of the common market and freed from the barriers posed by national frontiers and legal barriers. This would be of value in encouraging an upturn in our crisis-stricken economies;

- ☐ the possibility for consumers to draw greater benefit from the opening up of national frontiers, the strengthening of competition, and of large-scale lower-cost production.

Fully conscious of these advantages, the European Commission and member governments have taken several initiatives to promote the creation of a European law for intellectual property. A European patent system has been created and a fully 'communautaire' patent law should be completed in the near future. The Commission is also proposing the creation of a system and a Community law for trade-marks.

1. European patent and Community patent

A patent is an official registration which can be demanded by the author of any industrial discovery or invention and which accords him the exclusive right to use this invention for his own benefit during a specific period. When the inventor does not wish to undertake the commercial exploitation of the discovery himself, he can cede the licence to a third party. The patent serves a legal purpose but also provides an information function as well. Inventions which have been patented are published by the patent offices and listed in a series of scientific publications.

To obtain a patent, the product or process to be protected must traditionally be registered at the national patent office in each country for which protection is desired. In certain countries, the issuing of a patent is automatic; elsewhere the application is subject to examination of the innovatory character of the product or process in question. In all cases, it takes quite a long time and involves relatively high costs.

For a long time now, attempts have been made at the international level to harmonize national law relating to patents. The international Paris Convention, signed in 1883 and subsequently amended several times, in particular at the Stockholm Conference in 1967, enables inventors from 80 countries to file a patent demand in any of these 80 countries, without implying the equivalence of the various national patents. Certain elements of patent law were the subject of a convention adopted by the Council of Europe in 1963. Another convention, concluded between 40 States in Washington in January 1970, has relaunched the idea of an international patent.

Within the European Community, work aimed at creating a European patent began in 1959 at the initiative of the European Commission. A draft convention was drawn up in 1962 but has not been pursued. Disagreements have emerged concerning the possible participation of European countries outside of the Community which, at the time, only comprised six Member States. The project was relaunched in November 1968 by the French government. The European Commission was thereby able to help organize an intergovernmental conference of 21 States whose work – begun in May 1969 and completed in June 1972 – resulted in the development of two conventions. The first, signed in Munich on 5 October 1973, by all the current Member States of the Community as well as Austria, Liechtenstein, Monaco, Norway, Sweden and Switzerland, introduced a European patent-issuing system. The second, signed in Luxembourg on 15 December 1975, only by the representatives of Community countries, determines in a unitary and autonomous way for the territory of the common market the effect of patents issued through the European system. Whilst the Munich Convention came into force in October 1977, however, the same was not to be for the Luxembourg Convention which is still awaiting ratification by some of the signatory countries.

☐ *The Munich Convention and the European patent.* The principal provisions of the Munich Convention are as follows:

- all physical or moral persons, whatever their country of origin, can apply for a European patent. He or she can also still apply simply for just a national patent, which will continue to exist in parallel to the European patent.

- a European Patent Office has been set up. This Office, which is located in Munich, issues patents protecting inventions in all contracting countries chosen by the applicant. In each of these countries, the European patent has the effect of a national patent. It is subject to national provisions, with the exception of certain matters for which certain common rules have been agreed in the Convention: this relates to the duration of the patent, set at twenty years, and the criteria for nullification which can be invoked.

- all European patent requests are examined on the one hand from the point of view of conformity with the prescribed formalities and on the other hand in relation to the novel nature of the product or process. This examination is carried out in The Hague by the old International Patent Institute which has been changed into a general research body and into a bureau for receiving applications for the European Patent Office.

- the European patent is issued and published in one of the official languages of the Office (German, English, French). Persons who deem themselves harmed through the granting of the patent (because, for example, they were responsible for the invention) can state their opposition during a period of nine months from the issue date.

- the rights conferred by the patent dealing with a process also cover products obtained directly by the process.

- the contracting States can request derogations during a transitional period. They can, for example, refuse to recognize in their territory European patents issued for food, pharmaceutical or chemical products during this period.

The first application for patents was received by the European Munich Office in 1978 and the first European patents were issued at the beginning of 1980. Since then, the number of applications presented has increased in a spectacular fashion and currently totals more than 1 500 per month, emanating from both small inventors and large companies. The European patent, however, is not cheap and costs approximately 1 500 to 2 000 ECU [1] according to the number of countries where protection is required. But the European patent can assure protection in 16 countries at a time and it becomes financially beneficial when at least three or four countries are requested by the applicant.

□ *The Luxembourg Convention and Community patent law.* As an indispensable complement to the Munich Convention, the Luxembourg Convention calls for the institution of a unitary patent law within the Community to ensure that the European patent will not have different effects in each of the Member States. To avoid all distortions of competition within the common market, as well as the barriers to the free movement of goods, the body constituted by the ten national patents is condensed into a unitary patent. The 'Community patent' will have the same effect in all Member States; it constitutes a whole and can only be transferred or revoked in total.

This implies that the Member States of the Community cannot apply derogations as in the first Convention. The unitary character of the Community patent also requires that when requesting a European patent, member countries will only be designated in a collective fashion. In other words (but this will only apply automatically after a transitional period of ten years), the act of applying for a patent for one or several Member States would amount to an application for the Ten.

The Luxembourg Convention also calls for:

- an end to the division of the common market into national markets. The products protected by the Community patent could move freely in any part of the Community territory once the holder of the patent has put them on the market. That also holds true for products marketed legally by the holder of a contract licence.

[1] 1 ECU (European currency unit) = about £0.60 or Ir. £0.69 (at exchange rates current on 20 October 1981).

- the possibility of restricting (though a compulsory licensing system), the exclusivity conferred when issuing a Community patent in cases where the method of exploiting the product or process may be prejudicial to the public – e.g. a firm holding a patent delays the marketing of a particularly useful pharmaceutical product and instead substitutes it with another product whose research or marketing costs are not yet recouped. It is up to the competent national authorities to issue the compulsory licences, the regulation of which will be progressively harmonized.

- the creation of 'revocation divisions' and 'revocation boards' – special bodies of the European Patent Office which will have powers in all Community countries and will work according to a uniform procedure – to judge in the first and second instance the possible revocation of a European patent. These decisions will be subject to a right of appeal to the European Court of Justice. By contrast, for those persons who contravene a European patent, national courts will have powers of jurisdiction.

- the possibility for the Community's Council of Ministers to invite any country adhering to the Munich Convention and forming part of a customs union or a free-trade zone with the Ten to enter into negotiations with a view to participation in the Convention of Luxembourg. Countries such as Austria, Switzerland, Norway, Sweden, etc., could thereby join the Ten.

- the continued existence of national patents for inventors who are only interested in their national market. This is, however, qualified by provisions restricting to a minimum the repercussions of this on the functioning of the common market.

In summary, the coming into force (rapidly, it is hoped) of the Luxembourg Convention, will enable the existing European patent to have the same legal effects in all Community countries.

2. Towards a Community trade-mark

Independent of the patent, one of the principal ways of legally protecting a consumer product is the trade-mark. Numbering some two million throughout the Community of the Ten, trade-marks are often the result of registration, whilst certain arise from the nature of use. Legislation which is currently applied to trade-marks varies from one Community country to another. These disparities can hinder the free movement of goods as well as the free offer of services, and distort competitive conditions in the common market. Even more so since, in contrast to the patent, trade-mark rights have no time-limit.

To eliminate such barriers, the European Commission presented, in November 1980, two proposals dealing with the filing of trade-marks:

☐ *a draft directive harmonizing Member States' legislation on trade-marks.* This proposal indicates that the exclusive right conferred on the holder of a trade-mark

permits him or her to prevent any other person or company using in business and without consent any identical or similar sign applicable to products or services identical or similar to those covered by the trade-mark, when such a use creates the serious risk of confusion in the public mind. The proposal is voluntarily limited to national provisions which have the most direct impact on the free movement of goods and services. In this spirit, the Commission proposes to make national provisions more uniform on the extent of trade-mark protection and their use, for the amicable settling of disputes as well as reasons for refusing the registration or continued existence of a trade-mark.

□ *a draft regulation introducing a Community trade-mark.* This proposal is a complement to the first. Whilst national trade-marks continue to exist, however close they are, their field of geographical application will remain limited to each country of the Community in such a way that numerous sources of conflicts will persist between identical or similar trade-marks governed by this legislation and belonging to different persons. In the interest of manufacturers and consumers, this second proposal aims therefore to create, within the Community, conditions corresponding to those of a European internal market for trade-marked products.

- Manufacturers could thereby:

  – obtain a trade-mark valid throughout the territory of the Community by filing a request with one administrative service according to one single procedure and legislation;

  – sell their products and services throughout the Community under one and the same trade-mark and benefit throughout by having the same protection;

  – extend their promotional activities – of which the trade-mark is an important factor – throughout the whole of the common market and be thereby able to sell and manufacture in larger quantities with the benefit of large-scale production and reduced costs, etc.

- The consumer can thereby:

  – select his or her purchases from a considerably increased number of products of the same type throughout the Community, and products which are clearly identifiable;

  – be less exposed to the risk of confusion between known and familiar articles and completely different products sold in other countries under the same brand name or under a similar logo belonging to another person (it is estimated that currently about one-quarter of the trade-marks used in the Community are liable to cause confusion in one way or another).

The draft regulation calls for the creation of a Community Trade-Mark Office which alone would be empowered to register Community trade-marks. This would be a new

Community body, independent at the technical level and with sufficient legal, administrative and financial autonomy. This Office, whose location and working language are yet to be determined, would comprise services for examining applications, for administration, for complaints or revocations, as well as appeals. The European Commission takes the view that, after ten years of operation, the expenditure of the Office would be covered by the income received from companies using Community trade-marks.

In its proposal, the Commission indicates all the legal rules and procedures to which the filing and use of a Community trade-mark would be subject. It also indicates that:

- the signs which can constitute a Community trade-mark are words, including family names, designs, letters, figures, combinations of colours, the shape of a product or its packaging and all signs which distinguish the product or the services of one company from those of another;

- the application will be refused if the proposed trade-mark is already used by another owner, if it has no distinguishing characteristics or is illicit (for exampIle, if it has indications which are likely to mislead the public as to its nature, quality or origin);

- the duration of registration of the Community trade-mark will be ten years from the date of filing of the application; the registration can be renewed for ten-year periods, as long as the owner can prove that he has effectively used the trade-mark over the five years prior to the expiry of the registration;

- rights acquired previously at the national level will be fully guaranteed and their owners can assert them either by instituting opposition proceedings or by seeking revocation of all Community trade-marks identical or similar to their own;

- National trade-marks will continue to exist in parallel to Community trade-marks. They will still remain useful to companies whose limited activity does not need protection at the Community level.

As the number of Community trade-marks directly registered in this form or resulting from the conversion of national trade-marks which already exist increases, so the disputes will decrease between holders of similar trade-marks, and the free movement of goods and services will be extended.

△

The introduction of Community patents and trade-marks will constitute an important step on the road to the economic integration of the Ten. For the Community it will open up new possibilities for developing its economic activities and will merit the attention of all interested parties ■

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