

## The New European Commission and its Work Plan for EU Intellectual Property

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The year 2014 sees major changes in the composition of two of the institutions that govern the European Union (EU); namely the European Parliament, elections for which were held earlier in the year, and the European Commission, whose members are nominated by Member States but must be approved by the Parliament, which takes office in November, and the new composition and structure of which was announced in September. The latter not only initiates EU legislation, and supervises the bodies that manage unitary EU intellectual property rights, most notably the Office for Harmonisation in the Internal Market (shortly to be renamed the EU Trade Marks and Designs Agency) but is also responsible for enforcing the EU Treaties. This makes it timely to review the status of the Commission's recent and pending initiatives in the field of intellectual property, not only in terms of specific legislative initiatives, many of which, in so far as they are already under way, have been the subject of previous articles in this series, but also in its ongoing program of review and of policy making, much of which is not immediately, or may never be, reflected in specific legislation.

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Several recent articles in this series have focused on specific legislative initiatives from the European Commission in the field of intellectual property. Before becoming EU law such initiatives require the agreement of the European Parliament, elections for which were held earlier in 2014, and also the Council of the EU, representing the governments of EU Member States. This is a different institution within the EU legal order from the European Council which defines the general political direction and priorities of the EU. The Commission is also responsible for an ongoing program of review and of policy in the field of intellectual property, much of which is not immediately, or may never be, reflected in specific legislative initiatives. As there are several such reviews already under way, and as a new and restructured Commission takes office in November 2014, it is opportune now to outline the status of these reviews and to place them within their wider context of specific legislative initiatives in intellectual property, ongoing or anticipated.<sup>1</sup>

### **Trade Marks and the Protection of Geographical Indications**

We can expect the first intellectual property legislation to be enacted under the new Commission and the new Parliament to be a new trade mark

Regulation (governing the Community trade mark, which will be renamed the "European trade mark") to replace Regulation 207/2009 and a corresponding amendment to the current trade mark Directive 2008/95, which governs the laws of EU member states as to national trade marks.<sup>2</sup> This should occur either later in 2014 or early in 2015, and indeed, it might have been expected to have been taken place by now, as few of the proposed changes that either measure would make are fundamental in nature. However, progress has been delayed in part by the need to reach consensus on the vexed question of goods in transit, which has proven to be politically difficult ever since the use of the former Customs Regulation 1383/2003 to stop temporarily the transit through the port of Amsterdam of medicines which would have infringed patents had they been placed on the market in Europe, but which did not do so in either the country of export or that of intended import.<sup>3</sup> The new customs Regulation 608/2013 makes it clear that there is no legal basis under that measure for so doing but the issue now is whether such a legal basis should be reintroduced specifically for trade marks, and the European Parliament has taken a while to agree that it should. A "common position" for the Council of the EU was agreed in July 2014 and negotiations will take place this autumn between these various legislative bodies to resolve the final details of the two measures.

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Another legislative measure that the Commission plans to initiate by adopting later in 2014 and which will, by virtue of EU Court of Justice case law, have relevance to trade marks when used in the context of comparative advertising; is a revised Directive on misleading advertising practices and comparative advertising and will replace the current such Directive 2006/114 of that name.<sup>4</sup>

Geographical indications, which can sometimes overlap with trade marks, and indeed by Article 22(3) TRIPS take precedence over them, are another form of intellectual property protection, and one of which the EU is well known to be especially fond, as Europe has many such indications that identify goods as (in the words of Article 22(1) TRIPS) “originating in a region or locality where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin”. The legislative regime for the protection at an EU level of geographical indications for agricultural products has been updated, and is now found in Regulation 1151/2012 on quality schemes for agricultural products and foodstuffs<sup>5</sup> along with specific Regulations at an EU level as to wines and spirits (as to which Article 23 TRIPS mandates a higher standard of protection than that required for geographical indications generally under Article 22 TRIPS).

However there is no protection currently at an EU level for geographical indications for non-agricultural products (such as Bohemian crystal, Scottish tartans, Harris tweed, Murano glass or Tapisserie d’Aubusson), and such existing national protection as exists is fragmentary and geographically limited in scope. The Commission commissioned a study on the issue which was published in March 2013 and which concluded that the existing legal instruments available to the producers at national and at an EU level were insufficient. This was followed by a public hearing after which the Commission launched a public consultation in July 2014 (ref. 6). The public consultation is framed in terms of analyzing “the current means of protection provided at national and EU level and the potential economic, social and cultural benefits that could be achieved by improved GI protection in the EU” and the “more technical questions to seek the views of interested parties on possible options for EU-level GI protection for non-agricultural products.” It thus seems highly probable that this consultation will indeed result in a legislative initiative, most probably in the form of a

new Regulation, or the extension of the existing one to non-agricultural geographic indications, as the Commission has never, unlike most other areas of intellectual property, sought to harmonise national laws in the area of geographical indications, but has instead only ever proceeded by establishing protection at an EU level.

### **Patents and Trade Secrets**

In the area of patents, attention remains currently focused, and is likely to continue to be so for some time to come, on the process of implementing the European Patent with unitary effect and the Unified Patent Court,<sup>7</sup> so no new legislative initiatives can be expected until that process is completed. However, the practicalities of such implementation, which are in the hands of Member States and the European Patent Office rather than the Commission, have already meant that the estimated date for this has been pushed back to the beginning of 2016 at the earliest.<sup>8</sup> Before that happens however, business and practitioners looking to plan for the new system keenly await critical decisions that must be made as to fee levels in it, not only by the European Patent Office as to fees for the Unitary European Patent, but also by the Member States responsible for setting up the new court structure, as to what fees it will charge, including, most critically in terms of forward planning, those fees that the draft Unified Patent Court rules envisage for “opting out” of the new court structure.

One area where most would agree, at least privately, that the legislation requires revision is that of the *de facto* patent term extension for medicinal and plant protection products provided by the Supplementary Protection Certificate regime.<sup>9</sup> However the Commission has shown no inclination to address this, recognizing no doubt that any such attempt would encounter polarized views that would be likely to make the ultimate outcome of any legislative foray highly uncertain.

After the legislation on trade marks, the next item of intellectual property legislation likely to be enacted under the new Commission and the new Parliament is a new Directive on trade secrets. Although there seems to be widespread support in principle for such measure to harmonise the approach to protecting trade secrets under the national laws of Member States, the old Commission’s original proposal for this<sup>10</sup> has already been extensively revised by the Council of the EU and has still to undergo detailed review by the

European Parliament. Moreover the proposal has now started to attract detailed academic analysis which has identified a number of important issues<sup>11</sup> which would suggest that the views informally conveyed by officials in the Commission earlier in the summer to the effect that it might be enacted by the end of 2014 would seem to be overoptimistic.

### **Copyright and Related Rights**

In contrast to the other areas of substantive intellectual property law discussed above, it is extremely hard to predict what the new Commission plans for copyright and related rights. The internal draft of a Commission White Paper on the review of the EU copyright framework, along with its impact assessment, was extensively leaked before the summer of 2014 but publication of a final version has been delayed, initially as a result of internal disagreements within the old Commission but now as a result of a reallocation of responsibilities within the new Commission. Thus it is planned that in the new Commission those parts of its “civil service” responsible for copyright and related rights and their enforcement be moved from the “Internal Market” Directorate (which will remain responsible for most other intellectual property rights) to the “Digital Economy and Society” Directorate. It was the latter Directorate which was most critical within the Commission of the internal draft White Paper. It is notable that the then political head of the latter Directorate in the old Commission in a speech in July 2014 was highly critical of the current EU copyright framework which she characterized as “fragmented, inflexible, and often irrelevant”.<sup>12</sup>

Thus it remains to be seen quite what the new Commission will do with the 9,500 replies and more than 11,000 messages in total that were elicited by the public consultation on the review of EU copyright which took place between December 2013 and March 2014, covering issues identified in the Commission communication of 2012 (ref. 13) such as ‘territoriality in the Internal Market, harmonisation, limitations and exceptions to copyright in the digital age; fragmentation of the EU copyright market; and how to improve the effectiveness and efficiency of enforcement while underpinning its legitimacy in the wider context of copyright reform’.<sup>14</sup> The internal draft White Paper, which sought to synthesize these responses and which will presumably never be published in anything like that form, recognized and sought to reconcile the disparate views of the

respondents to such issues, but it seems unlikely that under its new management within the Commission the same balanced and restrained approach adopted earlier will be retained, which has left creators and rights holders nervous at the prospect. Meanwhile the law as to some of these issues continues to be left to be developed by the Court of Justice, most of the caseload of which in the area of copyright concerns the scope either of the restricted act of communication to the public, or of the exceptions and reservations permitted by the Copyright in the Information Society Directive 2001/29.

### **Enforcement**

The only two EU legislative measures that are specifically directed to intellectual property enforcement are the customs Regulation 608/2013 and the enforcement Directive 2004/48. Although the scope of the former is wider than its predecessor measure it is inherent in its basis in border measures that it can only address the import into the EU of physical articles that are alleged to infringe intellectual property rights. Despite this the EU experienced a tripling of the number of infringing goods detained at its borders between 2005 and 2012, with the number of small consignments involved doubling between 2009 and 2012, attributable to the increase in E-commerce.<sup>15</sup> The latter measure is expressed in somewhat vague terms and has in practice resulted in very little real harmonisation as between Member States as to the areas of enforcement that it addresses – namely the applicable procedures when enforcing intellectual property rights in the civil courts and the nature of the remedies available when such rights have been held to have been infringed. Its consideration by the Court of Justice has to date been confined to certain online issues as to the scope for securing injunctions as against intermediaries irrespective of any liability on their part, namely the extent to which internet service providers can be compelled under national law to disclose the identity of potential infringers, and the appropriate scope of orders requiring that they block access to specific internet sites that may be outside the reach of the court but which are dedicated to hosting infringing material. As to the former it has held that national legislators have considerable latitude in striking a balance with privacy considerations, and as to the latter (although generally in copyright, under a provision in the Copyright in the Information Society Directive 2001/29 that parallels the provision in the

enforcement Directive for other intellectual property rights), it has held that national courts have considerable latitude, depending on the practicability of the blocking measures that are sought.

The Commission has sought to tread carefully on the issue of enforcement since the rejection in July 2012 by the European Parliament of the Anti-Counterfeiting Trade Agreement (ACTA), and which the Commission had played a leading part in negotiating. It is thus perhaps not surprising that the Communication adopted by the Commission in July 2014 on enforcement in the EU<sup>16</sup> does not envisage new legislation being adopted in the short term. Instead it sets out a 10-point plan of non-legislative actions aimed at improving the enforcement of intellectual property against commercial-scale infringements in the internal EU market, but which includes two proposals for work on Green Papers which might ultimately lead to further legislation. One such Green Paper would consult on the need for future EU action based on the best practice found in nationally financed schemes assisting small and medium enterprises (SMEs) to enforce their intellectual property rights. The other would consult on the use of “chargeback” and other payment confirmation schemes (allowing consumers to contest and not pay for goods or services that they would not have purchased had they known they were not genuine) to address commercial-scale intellectual property infringements, on the basis of which the Commission “will explore the need and scope for taking concrete action in this field”.

The Commission’s reluctance to legislate in the near future in this area has however now encountered some resistance from the Council of the EU, which in commenting on the Communication has indicated that it would like also to see “a possible work stream relating to the legislative framework (mainly contained in EU law in Directive 2004/48)”.<sup>17</sup> The Council has identified four specific areas in which it would like to see legislation considered, namely (a) clarifying the retention and disclosure of personal data by intermediaries and the extent to which due diligence obligations should be placed on intermediaries, (b) clarifying what constitutes an intermediary and what sorts of blocking or other injunctions can be imposed on them, (c) improving access to judicial systems, in particular for SMEs, and (d) clarifying the allocation of damages and their predictability. The first two of these are issues which,

as observed above, have already been considered to some degree by the Court of Justice, which has generally not been overly prescriptive in its approach to either issue; one can infer from this that the Council would like to see amendments to the enforcement Directive (and to the Copyright in the Information Society Directive) that provide rather more specific guidance than the Court has so far provided.

### Conclusion

Now that most areas of intellectual property have to a large extent been harmonised at an EU level, and in some case supplemented by unitary EU wide rights, the ‘fine tuning’ of these measures has become problematic, especially in areas such as copyright where there are strongly contrasting opinions as to the correct way forward. This exercise also brings into focus differences of approach as between the various EU legislative organs and even, in the case of copyright, within the Commission itself. To the extent that as a result the Commission fails to take legislative initiatives, this can leave the law to be developed by the Court of Justice. Putting to one side the political desirability of such a course such development may not always provide the clarity that legislators generally consider desirable. Moreover such development also generally faces the constraint of having to take place within the existing legislative framework, rather than changing course or striking out in a new direction, although in some areas (such as the Supplementary Protection Certificate) the framework has proved to be such that the Court has felt it had little option but to start to rewrite the law.

Against this background the position in third countries might be thought to present an easier target for the Commission, and it is notable that at the same time as adopting its Communication on enforcement in the EU the Commission also adopted a Communication setting out its strategy as to the protection and enforcement of intellectual property in third countries<sup>18</sup> to replace its original 2004 strategy as to this.<sup>19</sup> Not surprisingly, a significant aspect of this new strategy lies in those chapters of its recently concluded and currently being negotiated bilateral trade agreements addressing intellectual property protection and enforcement, as to which the Commission “[takes] as a reference the existing EU legislation, and [calibrates its] level of ambition to the partner country’s level of development.” It is fortunate for the Commission that the level of

generality at which such agreements are expressed is such that it is able in them to gloss over the fine tuning that is required by the existing EU legislation but which is proving so hard for it to deliver.

## References

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- 3 See Cook T, Revision of the European Union regime on customs enforcement of intellectual property rights, *Journal of Intellectual Property Rights*, 18 (5) (2013) 485-490.
- 4 Directive 2006/114/EC of 12 December 2006 concerning misleading and comparative advertising (codified version) (OJ L376 27.12.2006 p. 21). It was held in Case C-533/06 *O2 v Hutchinson 3G* (CJEU 12 June 2008) that a comparative advertisement satisfying all the conditions set out in Article 4 of this Directive would not infringe a third party trade mark used in such advertisement, but in Case C-487/07 *L’Oreal v Bellure* (CJEU 18 June 2009) that comparative advertisement which did not satisfy all such conditions would infringe if such use affected one of the functions of the mark.
- 5 Regulation 1151/2012 of 21 November 2012 on quality schemes for agricultural products and foodstuffs (OJ L343 14.12.2012 p.1). For a recent survey of the current state of EU law in this area see chapter 3, 4, 5 and 6 of Blakeney M, *The Protection of Geographical Indications – Law and Practice* (Edward Elgar), 2014.
- 6 For details of the Study, the Public Hearing and the Consultation see [http://ec.europa.eu/internal\\_market/indprop/geo-indications/index\\_en.htm](http://ec.europa.eu/internal_market/indprop/geo-indications/index_en.htm) (last accessed 20 September 2014).
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- 11 Most notably the Comments of the Max Planck Institute for Innovation and Competition of 3 June 2014 at [http://www.ip.mpg.de/files/pdf3/Translation\\_Stellungnahme\\_TSP\\_MPI-fin1.pdf](http://www.ip.mpg.de/files/pdf3/Translation_Stellungnahme_TSP_MPI-fin1.pdf) (last accessed 20 September 2014).
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- 15 See para 2.2.1 of Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee: Trade Growth and intellectual property – Strategy for the protection and enforcement of intellectual property rights in third countries, COM (2014) 389 final, 1 July 2014.
- 16 Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee - Towards a renewed consensus on the enforcement of intellectual property rights: An EU Action Plan, COM (2014) 392 final, 1 July 2014.
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- 19 Strategy for the enforcement of intellectual property rights in third countries, OJ C 129 of 26.5.2005, p. 3.