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Contents

LEGISLATION	Pages
Republic of Togo. I. Law on Trade Marks (No. 60-38, of 28 th Decemher, 1961) . . .	26
11. Decree establishing the procedure for application of the Law of 28 th December, 1961, on Trade Marks (No. 62-66, of 20 th April, 1962)	27
GENERAL STUDIES	
The Protection of Industrial Property in the States Members of the African and Malgasy Organisation for Economic Cooperation (OAMCE) (Guillaume Finniss)	30
The International Registration of a trade mark gives rise to an independent right to protection of the mark, with international priority valid in all States Members of the Madrid Arrangement (Joseph Pužman)	32
The Law of Unfair Competition and the Common Market (Eugen Ulmer)	33
CONGRESSES AND MEETINGS	
International Federation of Patent Agents. General Assembly (Vienna, 19 th and 20 th June, 1962)	44
BOOK REVIEW	44

LEGISLATION

REPUBLIC OF TOGO

I (Translation)

Law on Trade Marks

(No. 60-38, of 28th December, 1961)

SECTION I

The Law on the Ownership of Trade Marks

Article 1

The following shall be considered as to be trade marks: names in a distinctive form, descriptions, emblems, imprints, stamps, seals, vignettes, letters, figures, envelopes and all other distinguishing marks that identify industrial or commercial products.

Industrial or commercial trade marks shall be optional.

Nevertheless, decrees issued by the Council of Ministers may, in certain cases, declare them exceptionally to be obligatory for such products as the said Council shall stipulate.

Article 2

No person shall have the right to claim exclusive ownership of a trade mark unless and until he has deposited with the Clerk of his local Commercial Court:

- (1) three copies of the replica of the trade mark;
- (2) the printing block of this mark.

If several trade marks belonging to the same person be deposited, only one notification shall be prepared, but replicas in triplicate and printing blocks for reproduction shall be deposited for each of the different trade marks.

One of the copies of the trade mark deposited, duly endorsed by the Registrar and showing the date and time of the deposit, shall be returned to the depositor.

Blocks may not exceed 12 centimetres each way.

Blocks will be returned to depositors after the trade marks have been officially published by the Minister of Finance and Economic Affairs.

Article 3

The period of validity of the deposit shall be not more than ten years.

Ownership of the trade mark may be renewed for a further period of ten years by a new deposit.

Article 4

A fixed fee, in accordance with the scale of fees in civil and commercial proceedings shall be payable for the preparation of the certificate of deposit of each trade mark and for postage, exclusive of stamp duty and registration fees.

Additionally, a State tax of 5,000 francs shall be levied in respect of each deposit, or renewal of deposit of a trade mark.

SECTION II

Provisions affecting Foreigners

Article 5

Foreigners who own industrial or commercial establishments in Togo shall enjoy the benefits of the present law in respect of the products of their establishments, subject to their complying with the formalities therein prescribed.

Article 6

Foreigners whose establishments are situated outside Togo shall also enjoy the benefits of the present law in respect of the products of these establishments, providing that the country in which they are situated is a party to Diplomatic Conventions or legislation which grant reciprocity for Togolese trade marks.

SECTION III

Penalties

Article 7

The following shall be punishable by a period of imprisonment of from three months to three years, and a fine of from 100,000 to 10,000,000 francs, or either:

- (1) persons who infringe a mark, or make use of an infringing mark;
- (2) persons who fraudulently apply a trade mark, the property of another, to their own products, goods or merchandise;
- (3) persons who knowingly sell or offer for sale one or more products bearing a counterfeit or fraudulently applied trade mark.

Article 8

The following shall be punishable by a period of imprisonment of from two months to one year, and a fine of from 100,000 to 5,000,000 francs, or either:

- (1) persons who, without actually infringing a trade mark, make a fraudulent imitation of it of such a nature as to be liable to mislead a purchaser, or who make use of a fraudulently imitated trade mark;
- (2) persons who make use of a trade mark bearing indications liable to mislead the purchaser as to the nature of the product;
- (3) persons who knowingly sell or offer for sale one or more products bearing a fraudulently imitated trade mark, or bearing indications liable to mislead the purchaser as to the nature of the product.

Article 9

The following shall be punishable by a period of imprisonment of 15 days to six months and a fine of 100,000 to 2,000,000 francs:

- (1) persons who fail to apply to their products a trade mark that has been declared obligatory;
- (2) persons who sell or offer for sale one or more products that do not bear the trade mark declared obligatory for this type of product;
- (3) persons who contravene the provisions of the Decrees issued in conformity with Article 1 of the present Law.

Article 10

The penalties prescribed in Articles 7, 8 and 9 may be doubled in the event of a repetition of the offence.

Article 11

Offenders may, in addition, be deprived of the right to present themselves for election to the Chamber of Commerce for a period that shall not exceed ten years.

The Tribunal may, moreover, order the verdict to be posted in such places as it shall determine, and published in full or in part in such newspapers as it shall designate, the convicted person bearing the charges for all such posting or publication.

Article 12

The Tribunal may, even in cases of acquittal, order the confiscation of products whose trade mark has been found to contravene the provisions of Articles 7 and 8, and of any instruments and tools expressly used for the purpose of committing the offence.

The Tribunal may also order that the confiscated products be handed over to the owner of the trade mark infringed, or fraudulently applied or imitated, independently of further damages, if any.

The Tribunal shall, in all cases, order the destruction of trade marks found to contravene the provisions of Articles 7 and 8.

Article 13

In cases provided for in the first two paragraphs of Article 9, the Tribunal shall always order the trade marks that have been declared obligatory to be applied to the products which are subject to them.

The Tribunal may order the confiscation of the products if the accused has been convicted during the preceding five years of one of the offences provided for in the two first paragraphs of Article 9.

SECTION IV

Jurisdiction

Article 14

Civil actions relating to trade marks shall be brought before civil Courts and dealt with summarily. If, in an action brought for minor offences, the accused in his defence raises questions regarding the ownership of the mark, the Court of Summary Jurisdiction shall give a decision.

Article 15

The owner of a trade mark may appoint a bailiff to prepare a detailed description, either with or without seizure, of the products that he claims to have been trade marked to his prejudice in contravention of the provisions of the present law, by virtue of an order issued by the President of the Court of Modern Law of First Instance of Lomé, or by the judge of the Court in whose jurisdiction the products to be described or seized are located.

The order shall be granted on request and on presentation of the certificate of the deposit of the trade mark. If necessary

it shall contain the nomination of an expert to assist the bailiff in his description.

When seizure is requested, the judge may demand security from the applicant which he is required to deposit before making the seizure.

A copy of the order or of the document certifying the deposit of the guarantee shall be left with the holders of the objects described or seized, under penalty of nullification and damages against the bailiff.

Article 16

If the applicant should fail to pursue the matter, either through the Civil Courts or through a Court of Summary jurisdiction, within a period of a fortnight, the description or seizure shall be null and void, without prejudice to any damages which may be claimable.

SECTION V

General or transitional provisions

Article 17

All provisions of the present law shall apply to animals, grains, flour and, in general, to all agricultural products.

Article 18

Any deposit of trade marks effected with the Clerk of the Commercial Court previous to the present law shall be valid for ten years from the date of promulgation of the said law.

Article 19

A decree issued by the Council of Ministers shall determine the formalities to be completed for the deposit and public notification of trade marks and any other measures which may be necessary for the application of the law.

Article 20

The present law shall be executed as a law of the Republic of Togo.

II

(Translation)

Decree

establishing the procedure for application of the Law of 28th December, 1961, on Trade Marks

(No. 62-66, of 20th April, 1962)

SECTION I

Deposit of Trade Marks

Article 1

The enjoyment of rights resulting from the Law of 28th December, 1961, by the deposit of trade marks at the Office of the Commercial Court of their place of residence by manufacturers, merchants or agriculturalists is subject to the provisions contained in the following articles.

Article 2

The deposit must be made by the party concerned or by his legal representative.

The power granted to the representative may be under private seal, but it must be registered; it shall be left at the Office of the Court.

Article 3

Under Article 6 of the Act of 28th December, 1961, foreigners whose places of business are situated outside Togo and who are able to deposit their trade marks in Togo are allowed to make the deposit only at the Office of the Registrar of the Commercial Court at Lomé.

Article 4

The depositor shall supply a replica of the trade mark which he is depositing, in triplicate, on blank paper.

This replica shall consist of a drawing, picture or print executed to show the trade mark clearly and not likely to deteriorate.

The paper on which this replica is drawn or stuck shall be of a shape 18 centimetres square; the trade mark must occupy the centre, so as to leave the space required to insert the information referred to below.

Article 5

If the trade mark consists of a simple sign or a collection of signs used simultaneously, a replica of which would be too large to go on to a single sheet of paper 18 centimetres square, such replica should be reduced to the size required.

If the trade mark is small in size, the replica may be shown as an enlargement.

Article 6

If the trade mark is engraved or embossed on the products, if it has had to be reduced in size so as not to exceed the prescribed area, if it has been enlarged or if it shows some other special feature connected with its representation or its method of use on the products for which it is intended, the depositor must indicate the fact on the three copies, either by means of one or more drawings or by an explanatory note.

This information must occupy the left-hand side of the paper, on which the trade mark is drawn or to which it is affixed. The right-hand side shall be used for the information required under Articles 11 and 12.

The copies deposited must contain no other information.

Article 7

The Registrar shall verify that the three copies are in accordance with the provisions stated above.

If the copies are not in order, the Registrar shall return them to the depositor for correction or replacement and shall issue the deposit certificate only on delivery of the three copies prepared in accordance with the above-mentioned regulations.

The Registrar shall proceed similarly:
if the three copies are not identical;
if the replica of the trade mark is not properly affixed to the paper to which it is applied;

if the replica is drawn in pencil;

if the replica is of metal, or wax or stands out in such manner that it damages the records to which the copies have to be affixed;

if the printing block is not produced together with the three copies of the trade mark.

Article 8

The printing block supplied by the depositor with the three copies of the trade mark must be of metal and similar to the blocks normally used in typographic printing.

If the trade mark consists of a band more than 12 centimetres long or a group of signs, only one block showing this group in a reduced form shall be produced.

The depositor shall write his name and address on one side of the block.

Article 9

The Registrar must affix the Court's stamp to the three copies of the replica. When the replica is only stuck to the paper and not drawn on it, the Registrar must affix the stamp in such a way that the imprint overlaps both the replica and the paper.

Article 10

The Registrar shall affix one of the three copies to a sheet of the register which he keeps for that purpose; the replicas shall be arranged therein consecutively according to the chronological order in which they were presented. The register shall be furnished by the Registrar; it shall be of blank paper 24 centimetres wide and 40 centimetres high. The register shall be numbered and initialled by the President of the Commercial Court.

Article 11

The Registrar shall then enter on to a stamped record, numbered and initialled in the same way as the register mentioned above, the certificate of deposit in order of presentation. He shall state:

- (1) the date and time of deposit;
- (2) the name of the owner of the trade mark and, if necessary, the name of the legal representative; the occupation of the owner, his address and the type of industry or trade for which he intends to use the trade mark. Further, the Registrar shall affix a serial number to each certificate. He shall reproduce this number on each of the three copies and also the name, address and occupation of the owner of the trade mark and, if necessary, of his legal representative, the date and time of deposit and the type of industry or trade for which the trade mark is intended.

The certificate and replicas shall be signed by the Registrar and by the depositor or his legal representative.

Article 12

When the deposit is made in order to maintain a trade mark already deposited for a further period of ten years, this circumstance shall be mentioned on the record of the deposit and on the three copies of the replica.

Article 13

One of the three copies and also the printing block of each trade mark shall be sent within five days of the date of the certificate to the Chief Registrar of the Court of Appeal.

The copies sent to the Office of the Court of Appeal shall remain deposited there for inspection by the public free of charge.

Article 14

When the depositor intends to relinquish the use of his trade mark, he shall make a declaration to that effect to the Office of the Court at which the trade mark was deposited. The Registrar shall enter this declaration in the margin of the record of the deposit and immediately inform the Chief Registrar of the Court of Appeal thereof, who shall arrange for it to be published in the *Journal officiel* of the Republic of Togo.

Article 15

At the beginning of each year the Registrar shall prepare on blank paper, and in accordance with the form laid down by the Ministry of Economic Affairs, an index of the trade marks deposited with him during the preceding year.

The Registrar shall be authorized to issue to the depositor certificates of identity for his trade mark against payment of the official fee by way of remuneration for preparing the certificates issued by the Registrar in the circumstances covered by the laws and regulations.

Article 16

The trade marks deposited shall be published, after they have been received by the Registrar of the Court of Appeal, in the *Journal officiel* of the Republic of Togo.

Article 17

Apart from the fees for stamping and registration, there shall be paid to the Registrar of the Commercial Court, in accordance with the tariff of legal fees in civil and commercial matters:

- (1) for the preparation of the records of the deposit:
84 francs;
- (2) for special fees: 84 francs;
- (3) for the index: 35 francs.

For the deposit or renewal of the deposit of a trade mark there shall be presented to the Chief Registrar of the Commercial Court the receipt delivered by the Treasurer for the payment of the fee of 5,000 francs charged by the State in accordance with Article 4 of the Law of the 28th December, 1961.

Article 18

The Chief Registrar of the Court of Appeal shall receive for the acts which he is called upon to carry out in accordance with the provision of the present Decree the fees provided for in Article 1, paragraph 62 (a) of the debate 20th September 1949 regarding the tariff of legal fees in civil and commercial matters.

For the expenses of stamping, registration, correspondence and publicity, he shall be paid a sufficient allowance which he must justify after carrying out all the formalities relating to the deposit of marks.

SECTION II

Entries and References in the Special Trade Mark Register

Article 19

As specified in Article 13 of the present decree, one of the copies of each trade mark deposited shall be sent to the Chief Registrar of the Court of Appeal. It shall be inserted in the special register of industrial and commercial trade marks kept by the said Registrar under a separate serial number, which, together with the number of the entry of the Registrar of the Commercial Court, shall be notified in the *Journal officiel* of the Republic at the time of the publication of the trade mark.

The Trade Mark Register shall contain a record, opposite and after the replica of each trade mark, of any modifications to the original references and of any changes of ownership, transfers or grants of the right to exploit and to pledge and, in general, of any information and notifications respecting the ownership of the mark.

Article 20

All entries regarding assignment of ownership, transfer or grant of a right to exploit or to pledge in respect of a trade mark which has been deposited shall be made on presentation of one of the originals, or of the original, of the deed of transfer or of the grant of a right, if it is under seal or drawn up by a notary, or on presentation of a copy, if it is authentic, and on production, in the event of transfer by succession, of an attested affidavit or an abstract of inventory.

Two written memoranda on blank paper shall be attached, one of which may be affixed to the original or to the copy of the certificate.

These memoranda shall contain:

- (1) the surname, first names, occupation and address of the transferer or of the *de cuius*, and of the transferee or concessionaire, or of the rightful owner, or of the creditor or debtor;
- (2) the number, date and place of deposit of the trade mark and the products to which it applies;
- (3) the nature and extent of the right transferred or granted or assigned and its duration;
- (4) the date and nature of the certificate transferring or granting the right or the date of decease causing the change of ownership;
- (5) if necessary, the amount of the debt stated in the certificate, the terms of interest and the conditions under which the claim may be enforced.

The entry shall be made in the Trade Mark Register in accordance with the information contained in the memoranda, one copy of which shall be retained in the Office of the Court of Appeal.

Article 21

Requests for entry in the Trade Mark Register shall be deposited or sent by post under registered cover to the Office of the Court of Appeal; they shall indicate the surname, first names and address of the applicant and of his proxy, if necessary, and shall be accompanied by the documents mentioned in Article 20 above.

Article 22

Entries regarding trade marks given as security shall be cancelled on production of either a final decision or a decision awarded in *res judicata*, or of a deed assenting to the cancellation given by the creditor or his transferee proving his right.

Article 23

The documents supplied to the Chief Registrar of the Court of Appeal in support of any request for the purpose of entry or cancellation shall be returned to the depositors after inspection.

Article 24

Any provisions contrary to the present Decree shall be null and void.

Article 25

The Minister of Finance and Economic Affairs shall be responsible for the execution of the present Decree, which shall be published in the *Journal officiel* of the Republic of Togo.

GENERAL STUDIES

The Protection of Industrial Property in the States Members of the African and Malgasy Organisation for Economic Cooperation (OAMCE)

By Guillaume FINNISS

Inspector-General of Industry and Commerce
Chairman of the Consultative Committee of the Paris Union

International cooperation in the field of the protection of industrial property has recently been marked by an important event to which hitherto attention has not been drawn. On 13th September, 1962, an Accord was signed at Libreville by the Governments of twelve States Members of the African and Malgasy Organisation for Economic Cooperation (OAMCE)¹⁾ setting up, within the framework of Article 15 of the Convention of Paris of 20th March, 1883, a common system for obtaining and maintaining industrial property rights; the system also provides for the establishment of one single Office for all the signatory or adhering States.*)

It is now appropriate to give interested circles a general outline of this text. The merits of the new Accord are in fact twofold. First, it represents a remarkable progress in co-

operation between States in the field of industrial property and it also puts an end to the period of legal insecurity which existed in this particular domain since the accession to independence of the former French overseas territories in 1958. It is from these two angles that the Accord will be examined here.

* * *

The election of the territories in question to become autonomous and then fully independent has had profound effects on the system of industrial property. Its effect has been to divide between them the legislative and administrative powers formerly exercised by France and to place them in a new situation in relation to the International Union.

The basic laws, i. e. the law of 5th July, 1844, on patents of invention, the law of 23rd June, 1857, on trade marks, the law of 14th July, 1909, on designs and models, together with a considerable number of provisions which completed or amended these laws, were enacted in these territories before their accession to independence and remain applicable in the new States by virtue of transitory provisions embodied in their Constitutions.

However, the field of application of this legislation is henceforth limited to the territory of each State. Industrial property rights based on use or deposits in a State made after the date of its accession to independence are only effective on its territory and not in the other Member States of the African and Malgasy Union, as was previously the case.

On the other hand, the administrative competence of the French Institute not having been continued and none of the new States having set up a national Service, the former centralised procedure is no longer to be assumed. Only the acceptance of certain deposits are still continued and this irregularly according to the country, so that industrial property rights are only partially and inadequately protected.

On the international level, the former overseas territories had been validly bound by a number of multilateral Acts by which France was bound and which had been applied to them following notifications to the Government of the Swiss Confederation i. e. the Convention of Paris of 20th March, 1883, and the Arrangements providing for the restricted Unions. These provisions were applicable to all the territories of the French Republic considered as one single Unionist territory.

The accession of these territories to independence has not changed their situation in this respect, but one may ask whether the provisions of the Union Convention continue to bind the new independent States. Their position will remain uncertain so long as they have not notified their adhesion according to Article 16 of the Convention and thereby acquired the status of a Member State of the Union.

The interested Governments have gradually become conscious of the drawbacks of this general situation and of the necessity of adapting the system of industrial property.

A number of solutions could be envisaged. One such solution consisted of regulating the situation which had resulted from the accession to independence of these States by adapting and amending their legislation and of setting up a national service of industrial property in each separate State. It was

¹⁾ Federal Republic of Cameroun, Central African Republic, Congo Republic, Ivory Coast Republic, Dahomey Republic, Gabon Republic, Upper Volta Republic, Malgasy Republic, Islamic Republic of Mauritania, Niger Republic, Senegal Republic and Chad Republic.

*) This Accord will be published in full in a forthcoming issue of *Industrial Property*. (Edit.)

questionable, however, whether such a measure, which necessarily implies the training of specialised personnel and certain financial and administrative burdens, was fully justified.

On the other hand, the pure and simple break-up of the territorial validity of rights and the obligation to make a separate deposit in each State in order to obtain that protection which was formerly acquired by one single formality presented such drawbacks as to constitute an obstacle to industrial development and to commercial exchanges.

It therefore appeared advisable to find a more expedient solution by way of cooperation between the African countries. As the States in question were already in possession of largely similar legislation and rules of procedure, there was no obstacle, if not to establishing a common legislation for all the States in question considered as one single territory, at least to adopting uniform laws and internationalising administrative procedures within the framework of a common organism.

It is this latter solution which appeared the most appropriate to the interested Governments in view of the nature of their political and economic relationships and which was embodied in a Resolution adopted by the Heads of States at the Tananarive Conference in September, 1961.

The Malgasy Government, which had been charged with preparing the Accord and the uniform legislation, submitted, in March 1962, a draft to the Conference held in Bangui. After having been examined by a Specialist Committee of OAMCE, it was finally adopted and signed at the Conference held in Libreville last September.

* * *

The Accord of Libreville sets up, within the framework of the Union Convention of Paris, to which the signatory States have undertaken to adhere, a common system of industrial property, covering patents of invention, trade marks and industrial designs or models.

The general principles as defined at Tananarive have been maintained. First, by virtue of this Accord, the protection of rights derives, not from common legislation, but from uniform provisions prescribed and effective in each State. Industrial property rights are therefore exercised independently.

The cooperation between the States Members, which uniformity of legislation has made possible, is based essentially on a system providing for a single deposit and the centralisation of administrative procedure in a common Office. These measures are completely in conformity with the provisions of the Paris Convention and, in particular, with the right which the countries of the International Union have reserved for themselves, under Article 15, to make special arrangements.

As a result of a single deposit, the user is able to obtain the protection of his rights in all the Member States by lodging one application with a national Administration or with the Joint Office. The Accord in effect provides that any deposit made under such conditions will be considered as a national deposit in each of the other States.

The system of such deposits, so far as the right of priority is concerned, is determined by Article 4 of the Convention,

paragraph A (2) which provides that "Every filing that is equivalent to a regular national filing under domestic law of any country of the Union or under bilateral or multilateral treaties concluded between countries of the Union shall be recognised as giving rise to a right of priority". The international deposit made in compliance with the Accord of Libreville thus gives rise to a conventional right of priority in the same manner as would a national deposit.

There is no need to dwell on the advantages offered by the system adopted. It abolishes, to the advantage of the applicant, the obligation to make similar deposits in each of the States and, to the advantage of the States themselves, the obligation of accepting them, if they provide, as they have the power to do, that applicants domiciled in their territories shall deposit directly with the Joint Office.

It should be added that, in giving the same date to the national rights arising from a deposit, the single deposit system provides for the grant and publication of a single title valid in all the Member States.

The Community which has been set up under the Accord provides for the establishment of an Administration to which is entrusted the centralisation of administrative procedures laid down for patents, trade marks and designs or models. It is obvious that reasons of economy and administrative simplification have militated in favour of this solution. In the absence of a common administration, each State would have been obliged to set up a national service and each deposit would have involved twelve identical procedures.

There are no provisions in the Convention that prohibit the substitution of an International Administration for national services. The centralisation envisaged is not incompatible with Article 12 of the Convention of Paris which provides that the countries of the Union undertake to establish special industrial property services. Undoubtedly, this obligation can be fulfilled by the establishment of an administration common to several States. In this respect, the Accord stipulates that the establishment of the Office meets the requirements of Article 12 in respect of each Member State.

It is not necessary here to enter into the details of the powers recognised for the Office nor into its administrative and financial organisation. It is sufficient to say that the seat of the new service is to be at Yaoundé (Federal Republic of Cameroun) where the African and Malgasy Organisation for Economic Cooperation (OAMCE) is already established.

The Accord is open to the adhesion of non-signatory African States parties to the Union Convention of Paris. It shall come into force two months after the deposit of the instruments of ratification of two-thirds of the signatory States (i. e. 8 out of 12 States) with the Cameroun Government. One may hope that this condition will be fulfilled during the first half of 1963. The annexes to the Accord which determine the legislation applicable in the Member States and in particular the transitory measures for ensuring the safeguard of rights acquired prior to independence as well as the restoration of rights which have not been exercised since that date will be enforced by the Office when it is in a position to accept deposits.

* * *

Such are the general characteristics and the main points of the system of industrial property set up under the Accord of Libreville in the States Members of the African and Malgasy Organisation for Economic Cooperation.

The formula adopted presents certain similarities with that of the international deposit of industrial designs or models. Both tend to establish common procedures for obtaining rights in Member States. The Accord of Libreville is however wider in scope in that it prescribes the law applicable and extends the competence of the common Administration to patents of invention. In this respect particularly it represents an interesting development of international cooperation in the field of industrial property.

The African and Malgasy States should be congratulated on having chosen the course of cooperation to solve problems in this field which resulted first from their accession to autonomy followed by full independence and one can rejoice that the International Union will welcome new members in the near future.

The international registration of a trade mark gives rise to an independent right to protection of the mark, with international priority valid in all States members of the Madrid Arrangement

By Dr. Joseph PUŽMAN, Prague

1. — The Madrid Arrangement, concluded by virtue of the Convention of the Union of Paris (Art. 15) is, *ipso facto*, in force in the territories of States parties to the said Arrangement. The existence of a right to the protection of a mark can thus arise within the territory of each State which is a member of the Madrid Arrangement, not only as a result of national registration effected in favour of nationals of the relative member State, but also from a national registration effected upon application of nationals of any other country of the Union (Art. 2 of the Convention of the Union), and even of persons who are not nationals of a member State, when they are domiciled or have a real and effective industrial or commercial establishment in the territory of such a country (Art. 3 of the Convention of the Union). Finally, and in accordance with the Madrid Arrangement, the existence of such a right can be established from registration of the mark at the International Bureau, without any national registration being effected, other than that in the country of origin.

The essence of the problem is the question of priority. In all countries members of the Madrid Arrangement, other than the country of origin of the mark (Art. 6 of the Convention of the Union), the term of protection of a mark registered at the International Bureau only commences, according to the Madrid Arrangement, from the date of registration effected at the Bureau (Art. 4 of the Madrid Arrangement).

2. — Each of the member States of the Madrid Arrangement, that is, countries that have acquiesced in the inter-

national registration of trade marks, has only delegated to the International Bureau an administrative competence comprising the right to constitute, by registration effected at the International Bureau, the establishment of the right to protection of a mark originating in a foreign country, such protection then operating within its own territory as though the mark had been registered *directly* by its competent services. Nevertheless, in order to be able to benefit from the international registration in the manner envisaged by the Madrid Arrangement, such a mark must first be admitted to national protection by registration effected by the competent services of the country of origin.

The member countries of the Madrid Arrangement have reserved to themselves the right to verify whether the protection thus accorded to a mark was basically contrary to their national laws. For this purpose, they may, in accordance with the procedure provided by Article 5 of the Madrid Arrangement, object to the constitution of a right to protection of the mark on their own territory, stemming from the administrative protection effected at the International Bureau; they may also do this by a later decision given upon request. Member countries have thus delegated to the International Bureau the competence to register a trade mark already registered in its country of origin, being a member of the Union, provided such registration only produces effects upon their own territories if they do not enter a refusal or subsequently take a contrary decision. Thus, they have not renounced their sovereignty as regards the nature of the right protected by the mark. In accordance with generally-approved principles, the effects of the conclusion of the Madrid Arrangement should be interpreted in the sense that, in delegating the administrative competence as regards the registration necessary to give rise to the right, member countries have not intended to renounce their sovereignty to a greater extent than that determined by the contents of the Arrangement: thus, when we make use of such expressions as "renounce a part of their sovereignty", such renunciation must be juridically interpreted in an absolutely strict manner.

3. — The duly constituted right to the protection of a mark will thus subsist within the territory of each of the member countries of the Madrid Arrangement; its content will be subject only to national laws. Thus every member country will itself grant protection of the right to the mark. This follows clearly from the provisions of Article 4 of the Madrid Arrangement, under the terms of which the protection of the mark will exist in all member countries, as from the date when registration is effected at the International Bureau, in like manner as if the deposit had been effected *directly* in each of these countries.

The right to the protection of the mark being thus duly established in any State party to the Madrid Arrangement, as a consequence of international registration, it will continue for the effective period of registration; when renewal becomes due, it can be effected in the manner prescribed by the national laws, and the effects of renewal will operate as regards protection of the mark and with due regard to its priority.

(a) In connection with Article 4^{bis} of the Madrid Arrangement, it has been necessary to specify in precise terms that the national registration of a mark previously registered in one or more member countries is replaced by the registration subsequently effected with the International Bureau, without prejudice to any rights acquired by national registrations previously effected; the priority acquired by virtue of earlier national registrations is thus maintained. A mark registered internationally can be substituted for several national registrations, which means that the different rights to protection of the mark in the different member States — which, in order to exist, would otherwise have to be derived from national registrations effected in the various countries — would subsist with their original priority, even when based only upon registration or renewal effected with the International Bureau. Registration effected with the International Bureau is thus capable of sustaining several identical rights to the protection of the mark on a national basis, but of which the priority order may be different. For this reason, it has been necessary to adopt in express terms the provisions of Article 4^{bis} of the Madrid Arrangement.

(b) It is different in the converse case. If the registration effected with the International Bureau gives rise to a right to protection of the mark outside its country of origin and equally upon the territory of a country which is a member of the Madrid Arrangement, this right will subsist with the original priority in this member country in like manner as if the mark had been directly registered there, priority in this case being determined according to the date of registration effected with the International Bureau. In future, the right would be subject to the national laws of the country in question, exactly as in the case of a national registration. The duration of an unrefused right to the protection of a mark is limited, by Article 6 of the Madrid Arrangement, to that of registration with the International Bureau; but in no case can it exceed the term of protection in the country of origin. Apart from this, the right to the protection of the mark in the territory of a member country is completely independent. Before the expiration of the period of protection which is granted to it, the mark is eligible for renewal upon the territory of the member country, as an independent right. The consequence of such renewal will be the same as for any other independent national mark, especially as regards priority.

4. — The Madrid Arrangement could in no way affect this position, its scope being directed upon registration of the mark with the International Bureau; this is a question of a different order. The national laws relating to trade marks of the different member States are not required to specify whether the Madrid Arrangement forms part of their internal legal system or whether its implementation is otherwise provided for; every mark registered with the International Bureau thus enjoys national protection as if it had been registered nationally (Art. 4 of Madrid Arrangement), and the value of a mark registered with the International Bureau is absolutely equal to that of any other mark registered on a national basis, all provisions relating to marks nationally registered being equally applicable to such mark.

5. — In conclusion, I am thus of the opinion that a right to the protection of a mark, constituted within the territory of a member State by virtue of registration of this mark with the International Bureau, effected in accordance with the Madrid Arrangement, is capable of renewal with effect within the territory of this member State by means of registration with the competent Authority of such country (national registration), this registration then being replaced, with effect as regards the member State in question, by the registration previously effected with the International Bureau, and involving the renewal of the right initially constituted, with its original priority.

6. — In the light of such a conclusion, the declarations made by Cuba, Brazil, Indonesia, Morocco, the Netherlands Antilles, Turkey and Surinam, according to which international marks protected before the date upon which these countries left the special Union founded by the Madrid Arrangement, enjoy protection within such countries up to the expiration of the period of validity of their international registration, would appear to be superfluous, the effects they envisage being admissible and self-evident, with these declarations merely serving to confirm them.

The Law of Unfair Competition and the Common Market *)

By Professor Dr. Eugen Ulmer, Munich

I

In considering the subject of unfair competition in the Common Market and the incidental questions of closer alignment in the field of law between the countries of the European Economic Community, I should like first to define the subject of my address and say a few words about the work of co-ordination in related fields.

As regards the legal protection of industrial property, we note with pleasure that an active start has been made with the work of coordination. Not the organs of the EEC itself, but the Governments of the six member States have set up working groups. Of these the Patent and Trade Marks Groups have commenced their work. This work is still at a confidential stage, but on the basis of documents already published¹⁾

*) Address given on 17th May, 1962, to the *Juristische Studiengesellschaft*, Karlsruhe, and 18th May, 1962, to the anniversary meeting of the members of the *Zentrale zur Bekämpfung unlauteren Wettbewerbs*, Berlin. The text of the address is published in German in *GRUR Ausl.*, 1962, p. 273.

¹⁾ Bodenhausen, "Der EWG-Vertrag und der gewerbliche Rechtsschutz", *GRUR Ausl.*, 1958, pp. 218-224; Colas and Reibel, "Gedanken zur Harmonisierung der Gesetzgebung auf dem Gebiete des Patentrechts", *GRUR Ausl.*, 1961, pp. 213-219; Prop. ind., 1961, pp. 106-112; Desbois, "La propriété industrielle et le Marché commun", "Les problèmes juridiques et économiques du Marché commun", *Colloque des Facultés de droit*, Lille, 1959, pp. 199-219; Engi, "European Patents in the Offing", *IPQ*, 1961, No. 3, pp. 187-196; Finnis, "La propriété industrielle et le Marché commun", *R. M. C.*, 1959, pp. 15-22; Froschmaier, "Patents, Trade Marks and Licences within the Community", *ICLQ, Supplementary Publication*, No. 1 (1961), pp. 58-65; von der Groeben, "Rechtsangleichung

a brief reference may already be made to it. The work of the Patent Group has advanced furthest. The main features of a draft Convention on European Patent Law are already known. This Convention would establish a standard European patent, which would be awarded by a European Patent Office under a new system of examination. It would be valid in all contracting States. Similarly, in the trade mark field the creation of a European trade mark is contemplated, and with it a European right which would not merely, as it is the case with existing trade marks registered on the basis of the Madrid Agreement, be a bundle of national trade mark rights, but a single trade mark right valid in all contracting States, with its conditions and effects comprehensively regulated by the Convention. The decisive impulse for this work was given by the realization, together no doubt with the envisaged ideal of European integration, that the territorial limits of the rights in the field of industrial property may hinder the free circulation of goods and services in the Common Market countries. Accordingly, to achieve the aim of the Economic Community, it will be necessary to create industrial property rights that extend throughout the Common Market. Certainly, these rights will in the beginning, exist side by side with national industrial property rights; in the long run, however, these European rights will be in the fore.

This work is assisted by the fact that in the field of patents and trade marks, owing to the international collaboration established by the Paris Union and private organisations, we have for decades been accustomed to look beyond the boundaries of national laws and to provide certain bases for bringing together the various national systems and legal conceptions.

It is, therefore, pioneer work which is being done in this field with the aim of coordinating the law. The same is true in regard to the law on restraints of trade. But there the situation is more favourable, since the Rome Treaty gives direct competence to the organs of the Economic Community: the Treaty establishes, in principle, that the prevention, restriction and distortion of the play of competition and undue exploitation of a dominant position are prohibited, since they are incompatible with the Common Market; in order to realize such principles, the Council of Ministers may, on the Commission's proposal and after having heard the Assembly's

auf dem Gebiet des gewerblichen Rechtsschutzes im Rahmen der EWG", *GRUR Ausl.*, 1959, pp. 629-632; Finnis, Croon and Heydt, Reports submitted on the subject of "Wege zur Vereinheitlichung des Europäischen Markenrechts", discussed at the session held in Bremen on co-ordination of the Law, with minutes of the discussions, *GRUR Ausl.*, 1960, pp. 337 et seq., and also, published in the same journal, "Grundsätze für die Schaffung einer EWG-Marke", prepared by the Merchandise Marks Committee of the German Association for Protection of Industrial Property and Copyright; Laude, "A step towards a European patent: The Common Market Patent", *JPOS*, 1960, pp. 698-701; Robbins, "The proposed new European Patent", 5 *PTC J. Res. and Ed.*, pp. 217-232 (1961); Röttger, "Gedanken zur Schaffung einer EWG-Marke", *GRUR Ausl.*, 1959, pp. 329-334; Saint-Gal, "Zur Vereinheitlichung der Gesetzgebung auf dem Gebiet des gewerblichen Rechtsschutzes in den Ländern des Gemeinsamen Marktes", *ZHR*, 1958, pp. 172-189; *RIPIA*, 1958, pp. 101-104; *Riv. Dir. Ind.*, 1958, pp. 185-204; by the same author, "Importance et protection de la marque de fabrique et de commerce dans le cadre du Marché commun", *RMC*, 1959, pp. 187-192; *Ing.-Cons.*, 1959, pp. 287-298; "Ueber die Zweckmäßigkeit einer gemeinsamen Marke für die Länder der EWG", *GRUR Ausl.*, 1960, pp. 169-176; by the same, "Marques et Marché commun", *Ing.-Cons.*, 1961, pp. 318-330; *RIPIA*, 1961, pp. 113-123; Weiser and Behrman, "The Convention for European Industrial Property Rights", 5 *PTC J. Res. and Ed.*, pp. 233-249 (1961).

views, issue appropriate regulations and directives. The first of such measures is dated 6th February, 1962²⁾; in regulating *inter alia* important questions of jurisdiction, it enabled the Commission of the EEC to deal with restraints of trade. Admittedly, the European rules apply only to cartels and enterprises having market power whose actions may jeopardize trade between the member States; they do not relate to trade activities the results of which occur only within the member States. This distinction is similar so that which exists in the United States, where the constitution differentiates between "Interstate Commerce" and "Intrastate Commerce".

The field of the law of competition, in the narrow sense of the word, which will be discussed here — that is to say, the sum total of the rules established by laws, decrees and Court decisions for the prevention of unfair methods of competition — exhibits various points of contact with both patent law and trade mark law and, more especially, with antitrust law. Up to now, however, it has not been attempted to bring uniformity into the national laws to the same extent as in those other fields of law. The reasons are readily apparent: the law of competition is, to a greater extent than patent, trade mark and antitrust law, deeply rooted in national systems of law. The need to consider all aspects of a particular case makes it difficult to formulate rules with clearly defined limits. Knowledge of the questions presupposes a detailed study of the many decisions handed down in the various States. Moreover, collaboration at an international level is less far advanced than it is in the field of patents and trade marks. The Conferences of Revision, held within the framework of the Paris Union, certainly succeeded in adding to the Convention the provision of Article 10^{bis}, which obliges contracting States to protect nationals of the Union effectively against unfair competition; the text of The Hague mentions at least two specific types of unfair competition and the Lisbon Conference of Revision of 1958 added a third — false advertising. This represents certainly some progress. In particular, the legal concept of unfair competition was successfully given international recognition, a far from obvious development, since this concept was originally unknown to British law. The provision for competition made in the Paris Convention is still, however, well behind the rules relating to patents and trade marks.

Nevertheless, the EEC Commission and the contracting States fully realize the importance of rules on the law of unfair competition to the establishment of a Common Market, in particular the importance of laws in the vast field of advertising. The practical work of coordinating laws in this field must, however, be preceded by studies for the purpose of taking stock of the present state of the law on unfair competition in each country, by making a comparative analysis and by considering means of coordination. Such work has been undertaken by the Institute for Foreign and International Patent, Copyright and Trade Mark Law of the University of Munich, and it is from the results of this research that we shall derive the substance of my subsequent remarks.

²⁾ Vide *Journal officiel des Communautés européennes*, of February, 1962.

II

To begin with a brief survey of the legal premises. French law on unfair competition has been developed by case law on the basis of the general provisions of Articles 1382 and 1383 of the Civil Code concerning civil responsibility. An "act of unfair competition" is an important and highly developed concept of French case law. The question arises, however, whether, as Roubier asserts³⁾, it represents a particular development of the principle of civil responsibility, or merely, as majority opinion still holds⁴⁾, a simple case of the application of this general principle; this argument, however, is in the main of academic importance.

The system of combating unfair competition created by French case law on the basis of this civil responsibility has proved its worth. Since its development by the Courts, no serious attempt has been made to replace it by a codified system, apart from a proposal by the Vichy Government to introduce, under a corporative system of economy, a "Code of fair competition", a proposal based on special war-time circumstances⁵⁾.

In essence, therefore, French law on unfair competition is judge made law. It is true that it has been supplemented by a series of acts and decrees, mainly of a penal character or regulating commerce and industry: by provisions which are not solely but at least incidentally directed against unfair methods of competition. These are *inter alia* certain provisions of the Penal Code on bribery and on disclosure of confidential information⁶⁾; special penal laws on the suppression of fraud, with numerous provisions of application, especially to agricultural products⁷⁾; acts and decrees regulating in particular special sales and other clearance sales, premium sales, deceptive trade promotion programs, etc.⁸⁾. Of special importance and typical of the value attached to the protected interests are also the detailed provisions for the protection of appellations of origin, covered by a 1919 act and numerous special acts to which we shall have occasion to refer.

In Germany, the legal basis is different. Historically, this is due to the fact that up to 1900 the Courts refused to apply the general provisions of civil responsibility to acts of unfair competition. Consequently, ad hoc statutory enactment was needed. Since 1909, the act against unfair competition (*Gesetz gegen den unlauteren Wettbewerb - UWG*) has contained a catch-all clause which refers to "boni mores" (*gute Sitten*); it is undeniable that, compared with French law, this provision likewise, by virtue of its connection with Art. 826 BGB, approaches very closely the tort liability of civil law. Further-

more, the act sets out a list of particular acts of unfair competition, which has the advantage of establishing a number of firm points in the general field of trade practices. In addition, there are supplementary rules dealing in particular with the right of action of competitors and trade associations.

The characteristic feature of the law in the other Common Market States is that, in principle, these all start from the French concept; nevertheless, they show a development which reveals certain points in common with the German system. Such, for instance, is the case in Italy. There too, unfair methods of competition were originally prosecuted under the tort liability provisions of the old "*Codice civile*", corresponding to the similar provisions of French law⁹⁾. The tendency towards a reform by means of a more detailed system first showed itself at the beginning of this century¹⁰⁾. While taking full account of the German system, there was nevertheless an urge to avoid a corresponding detailed regulation of particular acts of competition. The first provision went no further than to introduce into domestic law Article 10^{bis} of the Paris Convention¹¹⁾. This development ended with the new system of the "*Codice civile*" of 1942¹²⁾: under the title "*Concorrenza sleale*" it contains, under two headings, regulations regarding specific acts of unfair competition — the creation of confusion by the use of marks belonging to others, slavish imitation and other means, as well as disparagement and appropriation of the advantages of the products or of the business of a competitor; to these was added, under item 3, a general provision which referred to the principles of commercial fairness ("*correttezza professionale*").

In the Netherlands, Article 1401 of the *Burgerlijk Wetboek* contains a general provision on civil liability similar to that of French law, but case law has not interpreted it consistently. Nevertheless, in 1919 the *Hoge Raad* handed down a landmark decision¹³⁾ stating that this provision applied not only to acts which constitute a violation of rights or obligations, but also to practices of any kind which were contrary to "boni mores" ("*goede Zeden*"); thus its application extends largely to "acts of dishonest competition" ("*oneerlijke mededinging*"), as they are called in the Netherlands. In 1915 an important addition was made by introducing into the Penal Code a provision concerning fraudulent acts to mislead the public or individuals¹⁴⁾.

The system adopted in Belgium and Luxemburg is closer to the German model than is the Dutch system. These countries certainly have, as in France, Articles 1382/83 of the Civil Code, but as a basis of the law on unfair competition they have been supplemented by special decrees which have the force of law. In Belgium a Royal Decree of 1934, after a general clause which refers to honest practices, lists seven

³⁾ Roubier, *Le droit de la propriété industrielle*, Vol. 1, Paris, 1952, p. 533, and also "*Théorie générale de l'action en concurrence déloyale*", *RTDC*, 1948, pp. 541 *et seq.*

⁴⁾ Cf. for example Saint-Gal, "*Concurrence déloyale et concurrence parasitaire*", *RIPIA*, 1956, pp. 22 *et seq.*; *GRUR*, 1956, p. 204, and 1957, p. 9.

⁵⁾ Cf. Mermillod, "*Essai sur la notion de la concurrence déloyale*", Paris, 1954, pp. 49 *et seq.*

⁶⁾ Art. 177, para. 5, and 179 (corruption); Art. 418 (betrayal of secrecy); Art. 419 and 420 (unfair price manipulation).

⁷⁾ Law of 1st August, 1905, on Merchandise Fraud, with numerous executory regulations, *Prop. ind.*, 1906, p. 65.

⁸⁾ Laws of 25th June, 1841, executory order of 24th September, 1841, p. 2513, and of 30th December, 1906, *D.* 1907.4.62 (special sales); law of 20th March, 1951, *D.* 1951 (legislation), 89 (special advantages); law of 5th February, 1953, *D.* 1953 (legislation), 513 (snowball system).

⁹⁾ Art. 1151 of the *Codice civile* of 1865.

¹⁰⁾ Cf. Royal Decree for the colony of Eritrea of 5th December, 1907, which lists different acts of competition of the German UWG of 1896; also, the draft laws of 1911, 1919, 1922 and 1925. For details see Schricker, *Die tauschende Werbung im italienischen Wettbewerbsrecht*, Munich, 1962, pp. 28 *et seq.*

¹¹⁾ Royal Decree of 10th January, 1926, No. 169, combined with the law of 29th December, 1927, No. 2701, *Prop. ind.*, 1928, p. 146.

¹²⁾ Art. 2598.

¹³⁾ Judgment of 31st January, 1919, *N. J.*, 1919, p. 161.

¹⁴⁾ Art. 328 (2).

specific acts of unfair competition, introduces actions to cease and desist and authorizes the president of the Commercial Tribunal to issue preliminary injunctions¹⁵). In 1936 a similar decree, superimposed on Article 1382, was issued in Luxemburg¹⁶). It goes further than the Belgian regulation by increasing the number of specific acts of unfair competition and also contains a system of regulating special sales, clearance sales and premium sales.

III

This survey of legislation on the law of unfair competition shows primarily one thing: there is in all the States of the Common Market some general provision in the law against unfair competition¹⁷). The particular method employed to this end in the individual countries is of no great importance: it may be based either on civil responsibility, or on disapproval of commercial practices regarded as contrary to "boni mores", or to the principle of commercial fairness or honest custom, or again, as in Switzerland, to rules of good faith. In all cases, this catch-all phrase provides case law with the instrument it needs to control the ever changing types of unfair trade practices.

From the standpoint of comparative law there is something more important than the text and the statutory nature of such provisions, namely the differences arising from the regulations governing particular acts as contained in the laws against unfair competition and from the provisions of special texts, as well as the differences in the rules and directives established by the Courts in applying general provisions, following their previous decisions while paying due regard to tradition and to their concepts of the protected interests.

The question of which interests are protected by the law on unfair competition, has frequently been discussed in theory. I shall not stop to consider the controversy in Germany and other countries, especially Italy, whether the law of unfair competition protects the business or the person of the competitor. In practice, it is more important to ask whether the rules of competition protect only the individual competitor or whether they also serve to protect competitors as a whole and, in addition, consumers against misleading trade practices; the final result is to protect the public interest. On this point the path of German case law has been staked out by legislation. Here, there is not only the special provision of Article 3 UWG that is directed against false advertising by prohibiting to a large extent incorrect or misleading statements in business relations and thus submits advertising to the law of truth, in the interest of both competitors and consumers. There are also the provisions setting out who may bring an action for unfair competition: not only the injured competitor may bring such an action but everyone engaged in the same line of industry or commerce and, in addition, trade associations. It is true that German legislation does not go as far as Swiss law on unfair competition which, in specific cases, grants the right to bring an action also to consumers and their associa-

tions¹⁸). Nevertheless, German law is based on the idea that competitors and the associations which protect their interests perform in bringing an action for unfair competition also a function of improving advertising and competition, which is in the public interest. It is well established in case law that it is also an important function of the law of unfair competition to curb excesses of competition in the public interest¹⁹).

From the standpoint of comparative law it is not self evident that such importance should be attached to the interests of competitors as a whole and of the general public. The application of the principle of civil responsibility, which presumes the existence of an injury, is mainly concerned with the interests of the individual. It is of interest to note how French case law has resolved this difficulty: without discarding the idea of injury within the meaning of Article 1382 of the Civil Code, it has "dematerialized" it by taking into account also moral injuries²⁰). In this way it has prepared the ground on which to build an effective protection against false advertising and other unfair acts which jeopardize mainly more general interests.

We still find, however, here and there differences in the attribution of values. This is particularly evident when making a comparative analysis of the Italian law of unfair competition. False advertising is there judged with indulgence²¹). The main reason for this is the belief that gaudy and lively colours, exaggeration and imagination are the very essence of advertising. Mention is made of the "moderate scheme", the *dolus bonus* which is permitted²²), condemnation being reserved for the "evil scheme", the *dolus malus*. This shows a considerable degree of tolerance, not only towards the use of superlatives in advertising²³), but also in cases concerning, so to speak, advertising which desires to be taken seriously and concerning such statements that can be tested as to their accuracy. This leads even to tolerance of obvious inexactitudes. For example, a recent Italian decision refused to see an act of unfair competition in the fact that, in the course of a campaign to secure advertisements for a "Yearbook of recommended hotels", the editor had claimed a printing of about a million copies, whereas he later on printed only 60,000²⁴). Similarly the *Corte di Cassazione* countenanced the

¹⁸) Art. 2, paras. II, III of the Federal Law on Unfair Competition of 30th September, 1943.

¹⁹) Cf. in particular *RGZ* 120, 49 — "*Markenschutzverband*"; 132, 317 — "*D-Werke*"; 160, 388 — "*Lockenwickler*"; further, *BGH* in *GRUR*, 1955, p. 524 — "*Bestattungswerbung*"; *BGHZ* 19, p. 396 — "*Freiburger Wochenbericht*"; *BGHZ* 23, p. 371 — "*Suwa*".

²⁰) Cf. for instance Tribunal of Commerce of Bordeaux, of 13th December, 1940, *D. A.*, 1941, p. 144.

²¹) Details in Stricker, particularly pp. 54 *et seq.*

²²) Regarding this distinction, which is based on a passage from Pomponius (*Digeste* IV 4, 16, 4), the judgments of the Appeal Court of Milan of 18th October, 1957, *Riv. Dir. Ind.*, 1958, II, p. 219; of the Appeal Court of Palermo of 8th February, 1956; *ibid.*, 1958, II, p. 140; of the Milan Tribunal of 9th December, 1955, *Temi Rivista*, 1956, p. 627 *et seq.*, and the remarks of Pellegrino in *Il Foro della Lombardia*, 1932, I, p. 484.

²³) For instance the (incorrect) claims were regarded as permissible: "The only shoe cream which does not attack the shoes" (Appeal Court of Milan of 26th June, 1938; *Il Foro della Lombardia*, 1938, p. 210 *et seq.*); "... cleans better than any other" (Appeal Court of Milan of 18th October, 1955; *Riv. Dir. Ind.*, 1958, II, pp. 217 *et seq.*); "the best motor fuels which you can buy" (Tribunal of Genoa of 21st April, 1958; *Riv. Dir. Ind.*, 1958, II, pp. 126 *et seq.*). For others, see Schricke, pp. 215 *et seq.*

²⁴) Judgment of the Milan Tribunal of 22nd May, 1959, *Mon. Trib.*, 1960, p. 380, with a note of approval by Ferrari.

¹⁵) Royal Decree of 23rd December, 1934, *Prop. ind.*, 1935, p. 2.

¹⁶) Grand Ducal Ordinance of 15th January, 1936, *Prop. ind.*, 1936, p. 70; *Bl. f. PMZ*, 1936, p. 75.

¹⁷) A list of laws on competition with general clause is given by Saint-Gal, *RIPIA*, 1956, p. 26, and *GRUR*, 1956, p. 207.

fact that in selling machinery it was stated, contrary to fact, that the machines offered were the only ones which conformed to government safety regulations²⁵). The Courts become only more severe when advertising is directed at a particular competitor, thus involving disparagement or misappropriation of the advantages of another firm²⁶). There is then, to quote Giannini²⁷), injury to "*proprietà commerciale*", to the individual right of the merchant and here, owing to a long court tradition, one treads on firm ground. This tendency also appears in the provisions of the *Codice Civile* of 1942. Special legislation on unfair competition does not include false advertising in general, but only advertising which appropriates the advantages of a competitor²⁸). We find some striking examples of this, especially in the relatively frequent cases where the false claim is made to possess medals or other distinctions. In a decision of 1925²⁹), which has not yet been overruled so far by any other decision, the *Corte di Cassazione* declared: If the medal really exists and was awarded to another merchant, there is an act of unfair competition in the sense that the advantages of a competitor have been appropriated. On the other hand, if the medal is fictitious, created by the author's imagination, there is only a form of *dolus bonus*, which incurs no liability.

These are distinctions which we have to bear in mind, though without exaggerating them. There are grounds for hope that Italy will go further in this field than it has done so up to now because, at the Lisbon Conference for the Revision of the Paris Convention, the Italian Delegation, contrary to its attitude at previous conferences, voted in favour of enlarging Article 10^{bis} by adopting a special provision on false advertising. But different shades of meaning will, of course, always exist. Take, for example, the following case. A few years ago the Stuttgart *Oberlandesgericht* rendered a decision which was not upset by the *Bundesgerichtshof* on appeal³⁰), that concerned a radio advertisement for egg noodles. The broadcast had reproduced the cackling of hens, and the Court found that this was not a mere "conversational cackling", but the cackling of a hen which had just laid an egg. It decided, consequently, that the manufacturer had committed an act of unfair competition because he did not use fresh eggs but egg powder in his noodles. We do not find examples of such meticulous reasoning in the case law of other countries.

The important thing, however, is not so much the variation of details as the main framework. In order to coordinate the legal conceptions of the various countries of the Common Market, the idea should be encouraged that the task of the law of unfair competition lies in the protection not only of individual interests but also of the general interest. In achiev-

ing this, a more liberal granting of causes of action to trade associations could play an important part. Already at this stage such causes of action exist not only under German law on unfair competition; also the Italian *Codice Civile* gives a cause of action to trade associations³¹). Under French law, causes of action vested in trade associations are recognized by important laws, both in general and in particular with regard to unfair trade practices³²). The present majority opinion³³), rejecting the narrower old concept, is based on the idea that associations are capable of protecting, not only the interests of the association as such, but also those of their members. Nevertheless, as experience shows, trade associations may refrain from bringing an action because of the fact that the issue concerns not the interest of the members as a whole but only of a part of them³⁴).

In any case, the idea is not yet generally accepted that the protection of the interests of the general public is also a purpose of actions brought by trade associations. The reports presented to the congress of the International League against Unfair Competition at Düsseldorf in 1961 and the ensuing discussions³⁵) showed that the laws existing in several Common Market countries are regarded as containing loopholes: suggestions for reform legislation indicate that it may be possible to reach an agreement to extend the causes of action that are vested in trade associations.

IV

The analysis of the nature of the protected interests has led us to the particular case of false advertising. Let us now consider the numerous other groups of unfair trade practices.

Frequent reference has been made to the everchanging nature of acts of unfair competition. Josef Kohler speaks of a Proteus which changes its form a thousand times to deprive fair competition of the honestly acquired fruits of its efforts³⁶); Bonfante refers to the cloud of unfair competition with vague, fluctuating contours³⁷). Frequent attempts have been made to establish order in this maze by systematically classifying instances of unfair competition, especially by creating groups of typical unfair practices. In this respect mention should be made of the names of Kohler, Nerretter and Reimer in Germany, Pouillet and Roubier in France, Ghiron and Rotondi in Italy, Moreau and Coppeters de Gibson in Belgium. Drucker and Bodenhausen in the Netherlands.

The primary act of unfair competition and, so to speak, the classical act, which is usually placed first, is the exploitation of another person's reputation by creating confusion. This is "*konfundierender unlauterer Wettbewerb*", as Kohler called it, "*moyens de confusion*" according to Roubier, the

³¹) Art. 2601.

³²) Law of 21st March, 1884, *D.* 1884.4.129, in the terms of the law of 12th March, 1920, *D.* 1920.4.81 (general regulations); law of 5th August, 1908, *D.* 1908.4.91 (for cases of merchandise fraud) and various other special laws.

³³) Cf. Roubier, p. 155; Tribunal of Commerce of the Seine of 2nd March, 1954, *D.* 1954, p. 415.

³⁴) Court of Douai of 14th May, 1929, *Yearbook*, 1930, p. 353.

³⁵) Cf. the Report in No. 65 of *Communications de la LICCD* (International review of competition), pp. 1 *et seq.*

³⁶) *Recht des Markenschutzes*, Würzburg, 1884, p. 60.

³⁷) Quoted according to Rotondi, *Diritto Industriale*, 4th Ed., Milan 1942, p. 415.

²⁵) Judgment of the Court of Cassation of 26th August, 1914, *Mon. Trib.*, 1915, pp. 69 *et seq.*

²⁶) The case law of the Cassation Court is governed by the frequently expressed principle: "The fact of praising the advantages of one's own goods, even if exaggerated, does not constitute an act of unfair competition as long as it does not disparage the products of another person". Compare, for instance, the judgments of 30th October, 1947, *Giustizia Civile*, 1957, p. 1857.

²⁷) *La concorrenza sleale*, Naples, 1898, pp. 162 *et seq.*

²⁸) *Codice civile*, Art. 2598, Ch. 2, para. 2.

²⁹) Judgment of 20th January, 1925, *Studi*, 1925, p. 27.

³⁰) BGH in *GRUR*, 1961, p. 544.

act of “*confusione*” in the meaning of the *Codice Civile*, the “passing off” of Anglo-American law. Under this heading is found the important field of the wrongful use of distinctive signs. Here we find both close relations to the law of trade marks and a rich harvest of case law where the decisions center around the concept of danger of confusion.

There is also general agreement in regarding disparagement as another type of unfair trade practice (“*Anschwärzung*”, “*dénigrement*”, “*denigrazione*”). Central to this act are the numerous cases of untrue allegations injurious to a competitor; on the periphery is the important case of advertising by making reference to competitive products.

Reference has already been made to false advertising. Similarly, misappropriation of trade secrets and bribery of employees are well known. These attempts at classification differ, of course, in their details. Nevertheless, the problems we encounter are essentially the same. The Courts try to solve the questions connected with “Chinese copies” (“*imitation servile*”, “*sklavische Nachahmung*”). The law proceeds from the assumption that imitating another person’s products that are protected neither by patents nor by the deposit of designs nor by copyright is free in principle, but that there may be certain cases of piracy which must be regarded as unfair exploiting another’s product or work. With respect to the particular circumstances which make such acts illegal, there is general agreement that the decisive element resides in the creation of confusion. In Italy this rule stems directly from the *Codice Civile*³⁸⁾. Elsewhere, it has been developed by case law. The landmark decision rendered by the *Hoge Raad* at The Hague in 1953 in regard to “Chinese copies”³⁹⁾ comes close to the German idea where it is controlling if the competitor could have chosen other ways than those creating the danger of confusion. In Germany there are still other standards to decide the legality of making imitations: we ask also whether there is not a group of special practices in which direct appropriation of the values created by another is in itself contrary to the rules of competition⁴⁰⁾.

In any case, so far we have been concerned only with specific methods of competition that are of an inherently unfair nature. These are competitive methods which, as experience has shown and as was also pointed out by Roubier in his fine work on the French law of unfair competition⁴¹⁾, are considered as being unfair regardless of the particular type of economy where they occur, their condemnation being rooted deeply in the views of what is right and what is wrong.

On the other hand, the basic decisions that choose between a free and a planned economy, between cartels and antitrust, are essential for our views on such practices as boycotts and discriminations, as well as for the numerous questions raised by price fixing agreements and by territorial dealerships. Finally, there are also questions marginal to the law of unfair competition: premium or rebate sales, special sales and clearance sales, etc. — questions of the orderly functioning of the market, which are important also under the view of economic policy. In these marginal fields considerable preparatory work has been accomplished, especially in the studies by Spengler on the law of rebates⁴²⁾, by Hefermehl on premium sales (“*Zugaberecht*”)⁴³⁾, by Greifelt on special sales (“*Sonderveranstaltungen*”)⁴⁴⁾ and in the work by the Munich Institute on the same questions. They show that in all EEC countries there are provisions on special sales, especially clearance sales and end of season sales, and laws on premium sales, except, in the latter case, in Italy. Within these systems of regulation there are of course differences, e. g. Dutch law is specially noteworthy for its prohibition of premiums only in cases where these relate to an outside category of goods⁴⁵⁾.

V

Preparations for the proposed coordination in the Common Market demand a thorough comparative study of all the matters which we have discussed just now. In this address I must limit myself to certain selected questions under the three headings of: protection of distinctive signs, protection of indications of origin and advertising by making reference to competitive goods.

1. First, protection of distinctive signs. This comprises protection of trade marks and protection of other business symbols.

The rules of the law against unfair competition are of course closely related to special legislation on trade marks. That is the case in all EEC countries, despite considerable differences in structure and in detail. In Germany there is, along with the protection of the registered trade mark, protection of the get-up of goods if this has acquired a secondary meaning. In France, in addition to the “*action en contrefaçon*”, which is conditional on formal deposition of the trade mark, there is also the “*action en concurrence déloyale*”, which is founded on first use⁴⁶⁾. In both countries, there are two pillars to support the protection of industrial and commercial trade marks. But while in Germany these are registration and secondary meaning, in France it is a question of deposition and first use⁴⁷⁾. This difference has important consequences. A person who wishes to introduce a new trade

³⁸⁾ Cf. Ascarelli, *Teoria della concorrenza e dei beni immateriali*, 3rd Ed., Milan 1960, pp. 232 et seq.; Auletta, *Commentario del Codice Civile, Libro Quinto*, Bologna-Rome 1954, pp. 350 et seq.; Casanova, *Le imprese commerciali*, Turin 1955, p. 578; Ghiron, *La concorrenza e i consorzi*, Turin 1954, pp. 24 et seq.; Mosco, *La concorrenza sleale*, Naples 1956, pp. 247 et seq.; Sordelli, *La concorrenza sleale*, Milan 1955, pp. 96 et seq. Cf. from the copious case law the judgments, all concordant, of the Court of Appeal of Milan of 2nd October, 1959, *Riv. prop. ind.*, 1959, p. 213; of the Court of Appeal of Turin of 10th November, 1958, *ibid.*, 1958, p. 228, and of the Court of Cassation of 2nd October, 1958, *ibid.*, 1958, p. 190.

³⁹⁾ Judgment of 26th June, 1953, *B. I. E.*, 1953, p. 113; *GRUR*, 1953, p. 237.

⁴⁰⁾ Cf. *RGZ* 73, p. 294 (reproduction of records); *BGH* in *GRUR*, 1959, p. 240, “*Nelkenstecklinge*”; summary of the doctrine in Nerreter, *GRUR*, 1957, pp. 408 et seq., 525 et seq.

⁴¹⁾ Roubier, Vol. II, pp. 477 et seq.

⁴²⁾ “*Das Rabattrecht in europäischer Sicht*”, *Int. Competition*, 1959, pp. 37 et seq.

⁴³⁾ “*Das Zugaberecht in den Ländern der EWG*”, *Int. Competition*, 1959, pp. 53 et seq.

⁴⁴⁾ “*Die Randgebiete des Wettbewerbsrechts in europäischer Sicht - II. Das Recht der Sonderveranstaltungen*”, *Int. Competition*, 1959, pp. 19 et seq.

⁴⁵⁾ Art. 2, para. 1, of the Law of 13th July, 1955, *Staatsblad*, 1955, p. 345.

⁴⁶⁾ Paris Court, 27th December, 1924, *Yearbook*, 1925, p. 58; cf. also Roubier, p. 495.

⁴⁷⁾ Vide details in *Beier Grundfragen des französischen Markenrechts*, Munich 1962, pp. 35 et seq.

mark searches for the possible existence of prior marks which, although not deposited, might prohibit the use of the mark. But while in Germany he need only concern himself with marks which have acquired a secondary meaning, in France he must also take into account marks which are, in some part of the country, object of a simple use. This is a principle of national French trade mark law, which derives to some extent from its conception of a trade mark in terms of ownership rights. Ownership of a trade mark is acquired by occupation — a non-used trade mark is *res nullius*⁴⁸). Thus, both the first user and the first depositor acquire ownership. Obviously this system has disadvantages for the depositor of a mark. There have, therefore, been proposals in France to change this system, without result so far⁴⁹).

Today attention is focused on the discussions on the creation of a European trade mark. There is taken due regard of the interests of the depositor. Regulations are envisaged to ensure that the European trade mark, deposited in good faith, should become incontestable after a certain period of time, i. e. protected from any claims based on prior rights, of which the depositor was unaware⁵⁰). Such a system would certainly affect the principles of national trade mark law and of unfair competition.

Thus, as regards trade marks, discussions on the European trade mark will come first. It would seem, however, that such discussions will not extend to the important problem of protecting the so-called famous trade mark. Owing to the many judicial precedents — including the Bayer cross decision of the *Reichsgericht*⁵¹) — this problem was brought to its conclusion and consolidation in Germany by the “Quick” decision of the *Bundesgerichtshof* of 1958⁵²): We must take into account a small group of so-called famous trade marks, i. e. marks which enjoy such an outstanding position in commerce that their protection must be more extensive than that of other marks, and their use by others even on non-related products may be prohibited. The idea of a wider scope of protection for a famous mark is also to be found in decisions of tribunals of other EEC countries; e. g. in the decision of the *Hoge Raad* at The Hague⁵³), whereas the French *Cour de cassation* has not yet had occasion to take a stand on this question, since the well-known “Omega” decision⁵⁴), which protected the famous Swiss watch trade mark against its use for electro-physical instruments, was not founded on the reputation of the trade mark, but turned on the fact that these products, although not manufactured by the Omega Company, were expressly mentioned in the deposit certificate. Although the Lisbon discussions on an internationally accepted pro-

vision for the protection of famous trade marks⁵⁵) broke down eventually on the opposition of Austria and Yugoslavia, they did show that the EEC countries are very close to each other on this point. This seems to be a good sign for an understanding within the Common Market.

We will now consider the other distinctive signs of business enterprises. Before going into the law against unfair competition, certain principles of commercial law will have to be considered which show considerable differences, in particular between French and German law. The German notion of a “firm”, which designates the name of the merchant, but which is transferable on the same basis as the enterprise has no equivalent in French law; the latter distinguishes, on the one hand, the name of the merchant which cannot be transferred — the “*nom signature*” in the case of the individual merchant and the “*raison*” or the “*détermination sociale*” in the case of commercial companies — and, on the other hand, the transferable name of the enterprise, the “*nom commercial*” or “*raison commerciale*”. In addition, there is the legal concept, special to French law, of an “*enseigne*” (Italian “*insegna*”); this is the designation of the business applied to the actual site of the enterprise, a hanging board with figures or verbal signs. The German concept of the designation of the establishment (“*Etablissementsbezeichnung*”) goes further and is not limited to a designation applied to the site of the enterprise; its counterpart in French law is partly the “*enseigne*” and partly the “*nom commercial*”. In Italy and the Netherlands we also find concepts of a special nature; the Dutch, under a new law⁵⁶), have a standard concept of the commercial name which differs from that of other EEC countries.

We must take account of this difference in the rules of commercial law, the coordination of which seems to be more difficult. Rules of this kind determine the right to use the commercial name, whereas the law against unfair competition (as this term is used in the international conventions) grants protection against the danger of confusion. Here we come closer to one another than in the trade mark field, because in this field German law also is based, in principle, on the idea that the right is acquired through first use. In any case, distinctive designations having the character of a commercial name are protected as of their first use. In the case of designations of a purely local concern, the Courts avoid excessive extension of protection by refusing it where there is no danger of confusion⁵⁷).

What has just been said applies to designations of domestic enterprises. What is the position in regard to foreign commercial names? Is first use in their country of origin enough for their protection abroad, or must they also have been used, or even have become well known, in the importing country? The *Reichsgericht*, at any rate in its more recent decisions, as expressed particularly in the “Manon” decision⁵⁸) and in its decision on the Dutch commercial name “De vergulde

⁴⁸) Cf. Beier, p. 34.

⁴⁹) Cf. Draft Laws of 1907, 1916, 1924, 1929, 1947; details in Beier, pp. 157 *et seq.*

⁵⁰) Cf. Rottger, *GRUR*, 1959, pp. 329 *et seq.*; further, “*Grundsätze für die Schaffung einer EWG-Marke*”, prepared by the *Deutsche Vereinigung für gewerblichen Rechtsschutz und Urheberrecht*, *GRUR*, 1960, p. 359; further, Beier, pp. 192 *et seq.*

⁵¹) *RGZ* 170, p. 138.

⁵²) *BGHZ* 28, p. 320.

⁵³) Judgments of 20th January, 1954, *B. I. E.*, 1954, p. 100, and of 14th May, 1954, *B. I. E.*, 1954, p. 104.

⁵⁴) Cf. Paris Court, 14th March, 1953, *Yearbook*, 1953, p. 15; confirmed by judgment of the Court of Cassation of 3rd February, 1959, *J. C. P.*, 1959, II, p. 11 000; *GRUR*, 1959, p. 209.

⁵⁵) Cf. Report by Moser v. Filseck, *GRUR*, 1959, pp. 87 *et seq.*

⁵⁶) *Handelsnamengesetz* of 30th July, 1954.

⁵⁷) Cf. Reimer, *Wettbewerbs- und Warenzeichenrecht*, 3rd Ed., 1954.

⁵⁸) *RGZ* 132, p. 374.

Hand”⁵⁹), laid down strict rules in this respect and required that the commercial name must not only be used in the importing country, but must also have become known in the trade to the extent of being regarded as the designation of the foreign firm in the relevant circles. Recently, the *Bundesgerichtshof* had occasion to review this question in the “Esde” decision⁶⁰), which was on an action seeking protection for the commercial name of a firm in the Eastern zone of Germany; it decided, in the particular case of a firm in that zone, that the simple use of the commercial name in the Federal Republic was enough to ensure protection. Case law in the other EEC countries shows no uniform attitude, but on the whole it requires less severe prerequisites to the protection of commercial names than those laid down in the *Reichsgericht* decisions.

We find a decision of the *Hoge Raad* at The Hague⁶¹) and Italian decisions⁶²) which in principle consider use in the country of origin as sufficient and refuse protection only in cases where there is no danger of confusion. French Courts more often require⁶³) that the foreign commercial name must be well-known in France, but not its actual use there.

In Germany, the decisions of the *Reichsgericht* should in my opinion be revised, having regard to the principles of the Paris Convention⁶⁴). In any event, the various points of view should be brought closer together in view of the Common Market. Agreement might be reached on a solution which, while safeguarding the interests of bona fide holders of commercial names, would grant to the designations used in one of the Common Market countries the wide protection which is made necessary by the natural trends towards extension within the territory to be unified.

2. Secondly: the protection of indications of origin. These concern geographical names: names of wines, beers like Munich and Pilsen beer, names of handicraft or industrial products like Brussels lace, Solingen steel, Sèvres china, etc.

In principle, protection of indications of origin exists in all EEC countries⁶⁵). However, difficulties arise by the fact that an indication of origin may become a generic name and by the possibility of using an indication of origin with a “delocalizing addition”, i. e. with a supplementary indication of the actual origin of the product. Examples of development towards a generic name are furnished by Swiss cheese, Italian salad, etc. Such developments are possible; but they are dangerous: indications of origin represent economic values that must be safeguarded as long as possible. Accordingly,

German Courts have shown increasing reluctance; to-day such a transformation is recognized only when the original geographical meaning of the word is entirely lost⁶⁶). In regard to wines, statutory law rules out the possibility of transformation into a generic name. Thus this rule, originally imposed on us by the Treaty of Versailles in the interest of French wines, particularly those from the Champagne and from Cognac districts, and which forms part of Article 4 of the Madrid Arrangement, to-day applies in Germany to all geographical designations of wines.

As regards the problem of “delocalizing additions”, the best known examples are those of names such as “Radeberger Pilsener” (Pilsen beer made in Radeberg) or “Bautzener Münchener” (Munich beer made in Bautzen). As in the similar case of parasitic reference to the trade mark of another party (e. g. “Aspirin Substitute”)⁶⁷), we are to-day inclined to adopt a strict attitude. We take into account that protection must be given to the great economic values of geographical indications, even when there is no immediate danger of confusion. However, we still carry with us in this field, at any rate regarding designations of beer, some “sins of the past”⁶⁸) which the Courts have not yet been able to eradicate.

The same problems — transformation into a generic name, effect of “delocalizing additions” — arise also in the other EEC countries; but they are not decided throughout in the same way. For instance, the designation “Pilsen beer” enjoys strict protection in France; in the Netherlands, on the other hand, it is exposed not only, as in Germany, to the danger of dilution by the use of additions, but is also regarded as a generic term for a light beer⁶⁹). Such differences are an embarrassment in a common market, as they hinder trade across frontiers.

In addition, there are differences based on the legal concepts. In France, the idea has prevailed, and has even spread to other Latin countries, that the field of geographical designation includes also a more limited category of designations which merits special protection, viz. appellations of origin⁷⁰). In Germany, a parallel is found only in the special protection granted by a law of 1938 to the name “Solingen” for cutlery articles. In France, the rules on appellations of origin do not apply to handicraft and industrial products. The products particularly sought to be protected are those the value of which depends to a large degree on the natural conditions of a particular area, such as wines and spirits, cheese

⁵⁹) Cf. for instance BGH in *GRUR*, 1956, p. 270 — “Rügenwalder Teewurst”.

⁶⁰) RG in *JW*, 1926, p. 46.

⁶¹) Moser von Filseck, *MA*, 1955, p. 195.

⁶²) Cf. Bussmann, *MuW*, 1941, p. 23.

⁶³) Cf. Roubier, *Le droit de la propriété industrielle*, Vol. II, Paris 1954, No. 319, pp. 810 *et seq.*; Vivez, *Traité des appellations d'origine*, Paris 1943, p. 62; by the same, *Traité des fraudes*, Paris 1958, No. 216; by the same, in *Juris-Classeur Commercial, Annexes*, “Appellations d'origine”, fasc. B 2, No. 1 *et seq.*; “Indications de provenance”, fasc. A, No. 29 *et seq.*; Ronga, *Les indications de provenance et les appellations d'origine*, Berne 1958, pp. 5/6; Devletian, “La protection des appellations d'origine et les indications de provenance”, *Prop. ind.*, 1956, pp. 225 *et seq.* (225-2277); Christian, “Herkunftsangaben und Ursprungsbezeichnungen”, *GRUR*, 1957, pp. 478 *et seq.* (479); Conference of Lisbon, *Preliminary Documents*, Vol. I, Part 2, p. 32; *Cahier spécial* of 1958 of *GRUR*, pp. 97 *et seq.*; see also the definitions of these two notions approved by the Congress of Stockholm of AIPPI, *GRUR*, 1958, p. 417; *Prop. ind.*, 1958, p. 136.

⁵⁹) *RGZ* 170, p. 374.

⁶⁰) BGH in *GRUR*, 1961, p. 294.

⁶¹) Judgment of 31st May, 1927, *N. J.*, 1927, p. 991.

⁶²) Judgments of the Milan Appeal Court, 30th October, 1956, *Riv. Prop. Ind.*, 1956, p. 114, and of 17th June, 1955, *GRUR*, 1962, p. 247; judgments of the Bologna Tribunal of 4th August, 1956, *Rass. Prop. Ind.*, 1956, p. 196; of the Milan Tribunal of 22nd April, 1956, *ibid.*, 1956, p. 205.

⁶³) Cf. judgments of the Metz Civil Tribunal of 23rd March, 1933, *Yearbook*, 1934, p. 262; of the Lille Civil Tribunal of 15th December, 1939, *Gazette du Palais*, 1940, p. 163; judgments of the Riom Appeal Court of 1st April, 1957, *GRUR*, 1959, p. 346; of the Paris Court of 26th March, 1957, *Yearbook*, 1957, p. 185, and of the Civil Tribunal of the Seine of 21st May, 1957, *Gazette du Palais*, 1957, p. 67; cf. also Roubier, pp. 759 *et seq.*

⁶⁴) The Dusseldorf *Landgericht*, in a judgment of 1st March, 1962, published in *GRUR Ausl.*, 1962, took a first step in this direction.

⁶⁵) Cf. Beier, “Herkunftsangaben und Ursprungsbezeichnungen im Gemeinsamen Markt”, *GRUR*, 1959, pp. 277 *et seq.*

(Roquefort) and other agricultural products. These products are protected by the statute on appellations of origin of 1919 and by a large number of special decrees; in the sphere of wines and spirits a distinction is still made between the ordinary *appellation d'origine* and the *appellations d'origine contrôlées*⁷¹). The legal concept rests on the idea that the appellation of origin would constitute a kind of collective property of the local producers⁷²). Its protection is wider than that of other geographical indications; the appellation of origin is protected not only as an indication of origin but also as a guarantee of quality. It follows that even local producers may be responsible if they supply inferior products under the appellation of origin. In any case, an appellation of origin cannot be changed into a generic designation, nor used with additions indicating the true origin, or with expressions such as "genre", "type", "façon", etc. — possibilities which exist in the case of other geographical indications.

Such differences of approach have already been expressed several times at international conferences, and in particular at the Lisbon Conference⁷³), where France, Spain, Italy, Portugal, Czechoslovakia and some others concluded an *ad hoc* convention for the protection of appellations of origin and their international registration. We also think that the protection of valuable indications of origin should be strengthened as soon as possible. However, great our liking for wine and cheese, we are also mindful of handicraft and industrial products, where the reputation attached to an indication of origin is not due to particular advantages of soil and climate but to the ingenuity and skill of the inhabitants. It would seem that there are some differences of view regarding the economic interests involved. Nevertheless, in Franco-German relations it has been possible to satisfy considerable demands by means of a bi-lateral convention on the protection of indications of source, appellations of origin and other geographical designations. An Appendix to this convention of 8th March, 1960, lists the designations that are of special importance in both countries: the French list comprises mainly wines, spirits and some other agricultural products, while the German list covers, in addition, a very large number of industrial products⁷⁴). From a legal point of view this represents an abandonment of the principle that the determining law is that of the country where protection is demanded in favour of the law of the country of origin; French appellations are protected both in Germany and in France according to the rules of French law, and vice versa German indications of origin are protected also in France according to German law. This is to be regarded as a considerable progress which, moreover, is preceded by a Franco-Italian Convention concluded in the same spirit; we have reason to believe that others will follow, making it possible to settle these various questions within the Common Market.

3. Finally, advertising by reference to competitive products. We know the rigour of the principles applied by the

German Courts in interpreting the general clause of the law against unfair competition. The aim of advertising is to demonstrate the advantages of goods and services in the interest of the merchant. It is not permissible, however, to point out these advantages by way of a comparison, i. e. to promote one's own goods and services by discrediting those of another competitor; as a general rule, this is not permitted even where the facts alleged in comparison are true. Nevertheless, the Courts do allow certain exceptions to this rule — as in the case of legitimate defence, of necessary comparison and of comparison of systems of manufacture or commercial organisation. The doctrine of this case law, which goes back some thirty years, has for some time been criticized⁷⁵). Reference is made to the so-called transparency of the market: in the interest of consumers it would seem desirable to permit comparison in advertising which seek to point out advantages in price or quality, provided such comparisons are objective and in conformity with the facts. The Bremen *Oberlandesgericht* upheld this new idea in a decision given on 28th September, 1961⁷⁶). It is also known that the Courts, not only in Anglo-Saxon⁷⁷) countries but also in Austria⁷⁸) and Switzerland⁷⁹), do not share the rigid views of the German Courts.

Therefore, it is particularly interesting for us to consider the attitude adopted by the other EEC countries in regard to advertising by comparison. This analysis shows a surprisingly close relationship between the results derived from case law in the different countries. This is the case not only with French case law, on which we already have a detailed study by Dietrich Reimer⁸⁰) but also with Belgium⁸¹), the Netherlands⁸²) and Italy⁸³). A very remarkable case was decided in Italy some years ago⁸⁴) concerning two firms in Milan which competed in making sweets. One of them alleged that the chlorophyll contained in its sweets was particularly effective in suppressing bad breath. The other recommended its

⁷⁵) Cf. Burhenne, *NJW*, 1951, pp. 249 *et seq.*; Volp, *WRP*, 1960, pp. 197 *et seq.*, *WRP*, 1961, pp. 135 *et seq.*, *WRP*, 1962, p. 25, and *GRUR*, 1962, pp. 178 *et seq.*; Schwamberger, *NJW*, 1961, p. 1185, and *BB*, 1961, p. 1222; Wenzel, *NJW*, 1962, p. 81, as well as Ringk, *BB*, 1962, p. 105.

⁷⁶) *NJW*, 1962, p. 304; *WRP*, 1962, p. 44.

⁷⁷) Cf. for instance the decision of the British High Court of Justice, Chancery Division, Group B, of 18th May, 1956, *R. P. C.*, 1956, p. 211.

⁷⁸) Cf. for example the judgment of the *Oberste Gerichtshof* of 10th March, 1959, *OBl.*, 1960, p. 2.

⁷⁹) Cf. among the most recent, the judgment of the Swiss Federal Tribunal of 9th May, 1961, *GRUR*, 1961, and the judgment of the *Obergericht* of the Canton of Appenzell-Ausserrhoden of 1st July, 1958, *GRUR*, 1962, p. 137.

⁸⁰) Dietrich Reimer, *Persönliche und vergleichende Reklame in der deutschen und französischen Rechtsprechung*, Munich 1955.

⁸¹) Cf. judgment of the Louvain Tribunal of Commerce of 22nd March, 1960, *Ing.-Cons.*, 1960, p. 194; President of the Brussels Tribunal of Commerce of 31st October, 1957, *J. T.*, 1959, p. 495.

⁸²) Cf. judgments of the *Hoge Raad* of 9th June, 1961, *N. J.*, 1961, p. 961; of the *Gerechthof te Leeuwarden* of 5th January, 1955, *GRUR*, 1956, p. 210; of the *Gerechthof te 's-Gravenhage* of 9th June, 1954, *B. I. E.*, 1954, p. 119, and of the *Gerechthof te Amsterdam* of 15th April, 1954, *B. I. E.*, 1954, p. 122.

⁸³) Cf. the judgments of the Milan Appeal Court of 21st November, 1958, *For. Pad.*, 1958, I, p. 1455; of the Venice Appeal Court of 2nd May, 1957, *Riv. Prop. Ind.*, 1957, p. 235; of the Milan Appeal Court of 26th June, 1956, *Rass. Prop. Ind.*, 1956, p. 170; of the Palermo Appeal Court of 8th February, 1956, *Riv. Dir. Ind.*, 1958, II, p. 137; of the Milan Tribunal of 6th October, 1958, *Rass. Prop. Ind.*, 1959, p. 381, and of the Genoa Tribunal of 21st April, 1958, *Riv. Dir. Ind.*, 1958, p. 126; further, Piola Caselli, *AWD*, 1962, p. 142.

⁸⁴) Judgment of the Milan Tribunal of 17th February/25th June, 1956, *Riv. Dir. Ind.*, 1956, II, p. 220, confirmed by the Milan Appeal Court on 16th June, 1959, *Riv. Dir. Ind.*, 1959, II, p. 260.

⁷¹) Regarding this difference cf. Vivez, pp. 79 *et seq.*

⁷²) Roubier, Vol. II, pp. 770 *et seq.*

⁷³) Vide Report by Krieger in *GRUR*, 1959, pp. 91 *et seq.*

⁷⁴) Text of Convention in *GRUR*, 1960, p. 431; further, Krieger, *GRUR*, 1960, pp. 400 *et seq.*

sweets, made with mint flavour but without chlorophyll, and ran an advertisement in a magazine showing a picture of a goat nibbling grass, and beside it a frog holding its nose and saying: "The goat eats a lot of chlorophyll with its grass — but it still stinks". The Court did not investigate what the effect of chlorophyll on bad breath might be and found against the firm which had issued this text, without inquiring whether or not the statement was in accordance with the facts. This decision follows the general line of case law on "denigrazione", which is also applied in less flagrant cases of this kind.

The most rewarding evidence furnished to us, however, together with German case law, is case law in France. It approaches the matter in a more simple manner than the German Courts. We have the special provisions of Article 14 UWG, which deals with disparagement by alleging untrue facts: in addition to that, case law had to construe the general clause of Article 1 as containing the further principle that the veracity of the facts alleged is not a matter for consideration in cases of advertising by making comparisons. The French Courts, by direct interpretation of Article 1382 of the Civil Code, arrived at the principle that disparagement of a competitor is contrary to the rules of fair competition and that it is not necessary to ascertain whether the statements are true or false. This is very old case law. As long ago as 1850 we find a decision of the *Cour de Paris*⁸⁵⁾ stating that it is not permitted to use the report of a scientific academy for advertising purposes which, after comparing the two products, awards preference to one of them. The same applies to the publication of comparative inquiries undertaken by a competitor for purposes of commercial use. The French Courts also recognize certain exceptions, including, like the German Courts, the right of reply and of defence against statements made in advertising by other persons⁸⁶⁾. There is also a more general exception deriving from the "right of criticism"⁸⁷⁾. This right, however, makes no great breach in the system. The French Courts know how to make the appropriate distinctions. The right of criticism cannot be invoked when the allegations made in the advertisement are directed against certain specified competitors. A person who compares his own products with those of some of his competitors sets himself up as a judge in his own case, says French case law⁸⁸⁾. But the right of criticism becomes stronger when the goods or services referred to in the comparison are from a competitive group, and this is increasingly so according to the size of the group. This shows some relation to the distinction, established by the *Reichsgericht* between "comparison of goods" ("*Warenvergleich*") and "comparison of systems" ("*Systemvergleich*"), the former being a comparison with products of particular competitors and the second a comparison with a number of competitors collectively. However,

the French point of view seems to me more correct, because it goes to the heart of the problem and is not side-tracked by having to consider notions of goods and systems which are difficult to distinguish.

In any case, for the purposes of the Common Market we can start from the principle that comparative advertising is, in general, prohibited. As regards the exceptions, an exchange of views is desirable to elucidate the questions at issue, including the problem to what an extent, if at all, a true and objective comparison of qualities and prices should be permitted in order to make for better market transparency. The difficulty lies in the fact that the requirement of truth and objectivity is not sufficient; experience shows that a business man making a comparison chooses the facts to be compared unilaterally and in the way most favourable to himself. An exception should only be permitted if it can be shown that new methods of testing exist, which guarantee a true and complete picture.

VI

This completes our examples and in conclusion we will consider the need to coordinate the law and the means of doing so.

1. We are not doctrinaires who think that a common market must necessarily involve the complete unification of the statutory provisions which govern economic life. Experience suggests that we judge the situation with more caution. In particular, we have before us the example of the USA, where statutory differences exist between the various States. The creation of a unified market, however, certainly favours a continuous process of coordination. I will mention only the fact that the Federal Trade Mark Act in the USA exercises a dominant influence on trade mark law in the individual States; the same applies to the activity of the Federal Trade Commission in its campaign against unfair competition.

An examination of the need for coordination in the Common Market shows the existence of different degrees of urgency. Top priority must be accorded to the rules to protect designations of goods and enterprises, realizing that this is not merely a question of industrial and commercial trade marks, commercial names and other distinctive signs, but also of indications regarding the nature, quality and origin of goods. As has been repeatedly pointed out, differences in systems of regulation in this field may hinder the free flow of goods in the Common Market. A lesser degree of urgency must be accorded to other provisions regulating advertising. As regards in particular the text of advertisements, language barriers require differences in text. Large enterprises having good legal staffs may adapt themselves to the legal differences, e. g. in the case of automobile firms that abstain from comparative advertising on the European market but follow the prevalent usage on the American market. We must also, however, consider the small and medium-sized firms which owing to legal differences, are exposed to the risk that the advertising methods to which they are accustomed may be regarded as acts of unfair competition in other countries of the Common Market. There is also that difficult question of

⁸⁵⁾ Paris Court of 27th July, 1850, *D.* 1951.2.168.

⁸⁶⁾ Cf. Paris Court of 6th November, 1913, *Yearbook*, 1914.2.24; cf. also Pouillet, *Traité des marques de fabrique et de la concurrence déloyale*, 6th Ed., Paris 1912, p. 984; Dietrich Reimer, p. 148.

⁸⁷⁾ Cf. Paris Court of 13th March, 1933, *Yearbook*, 1934, p. 5; Dietrich Reimer, pp. 22, 113 *et seq.*

⁸⁸⁾ Tribunal of Commerce of the Seine of 16th June, 1935, *Yearbook*, 1936, p. 38; further, Dietrich Reimer, p. 22; Roubier, p. 545.

private international law: which law is applicable when the act of competition is committed in country A but produces its effects in country B? This difficulty proves that, in the long run, it will be advisable to coordinate even provisions which are not of prime urgency.

Finally, as regards the marginal field of the law of competition, there are rules of mainly local impact. I am not thinking so much of laws on premium sales or rebate sales, since such methods are also employed by mail-order houses. I am thinking rather of regulations on special sales or clearance sales, since they apply only to transactions which do not go beyond the national frontier. In such cases the difference in regulations may raise difficulties only in frontier areas, where the attraction of special sales causes an influx of purchasers across frontiers to the detriment of local commerce, which is forbidden to engage in sales of this kind. Experiences of this nature have already occurred, especially in connection with the closing hours of stores: the difference in regulations may bring train-loads of buyers from the neighbouring country on Saturday afternoons.

2. Regarding ways and means of coordinating the law, the immediate question arises whether and to what an extent such coordination can be effected directly by the organs of the EEC. Article 100 of the Rome Treaty provides that, on a proposal by the Commission, the Council may issue directives for aligning more closely statutory provisions which directly affect the establishing or operation of the Common Market. As this would involve regulations to be issued by an inter-governmental organ, this provision should be interpreted with caution, in order to avoid conflicts with the constitutional principles of the member States. Closer relationship by way of directives of this kind will, therefore, enter into consideration only to a limited extent and in cases where this becomes mandatory in order to avoid serious difficulties, as for instance in frontier trade.

3. Under these circumstances, emphasis must be placed on the conclusion of agreements between member States. Such agreements may relate to particular questions, even to bi-lateral conventions, such as are already concluded concerning indications of origin. The essential basis of the law of unfair competition must, however, be conceived as a whole. That, however, does not require the abrogation of national

laws. It is sufficient for a European statute against unfair competition to be superimposed on the national laws: it will indicate the method of interpreting national laws, especially their general provisions, as in the case of Belgium and Luxemburg, where decrees on unfair competition have simply been superimposed on the provisions of the Civil Code, without abrogating them. It is in the nature of things that the European statute should be preceded by a general provision regarding honest practices or *boni mores*. The essential point is to define clearly certain particular acts and to lay down rules on the right to bring suit and on questions of procedure, in particular provision on the right of trade associations to bring suit, on cease and desist actions and on preliminary injunctions.

4. Finally, there is the question of jurisdiction. Since the law on competition is largely judge made law, the first thought to enter ones mind is to ensure unity of case law through a Supreme Court. On this point too, however, we must eschew any doctrinaire approach. In the majority of actions for unfair competition the final word must remain with the national Courts of last instance. The following possibility may, however, be envisaged: within the field of the efforts made to create a European patent and a European trade mark, the proposal has been made to create a European Court on industrial property. If such a Court is set up, it could also be given jurisdiction to decide, as Court of last instance, questions of unfair competition which are of particular importance to the Common Market. In my opinion, it should be left to the national Supreme Courts to ask for a ruling by the European Court on questions bearing on the operation of the Common Market, where the case law of the member States is in conflict. Even if the decisions handed down by this European Court were few, they would afford valuable guidance on the road towards legal coordination.

These are some provisional thoughts on ways and means of achieving legal coordination. Affinities in economic and social structure, a common basis of European legal culture and a common outlook on what constitutes good faith and honest usage underlie the already existing kinship of the present legal rules in the Common Market countries. Starting from existing premises and mindful of the valuable results achieved by case law, our task will be to guide this development increasingly along a common road.

CONGRESSES AND MEETINGS

International Federation of Patent Agents

General Assembly

(Vienna, 19th and 20th June, 1962)

The International Federation of Patent Agents held its General Assembly in Vienna from 18th to 21st June, 1962. The Assembly was attended by 200 participants from 19 countries.

The Assembly was welcomed by Mr. W. Hamburger (Austria) in the name of the *Verband der Oesterreichischen Patentanwälte*, and heard addresses by Mr. Arne Kolster (Helsinki, President of the Federation), Dr. C. Broda (Minister of Justice) and Dr. F. Bock (President of the Patent Office).

Mr. P. O. Langballe (Denmark) having retired as Secretary-General was unanimously elected a "Président d'honneur" of the Federation and is to be succeeded by M. Guido Jacobacci (Italy).

The International Federation of Patent Agents, as an Association having a consultative capacity in relation to the Council of Europe, had been invited to submit its observations on the subject of two drafts of conventions prepared by the Committee of Experts on Patents and the Sub-Committee of Directors of Patent Offices practicing a preliminary examination, following the debates in the General Assembly of the Federation. On the 19th and 20th June, 1962, the Executive Committee adopted the two following "vœux":

1. that the coexistence of a national patent and a European patent should be interpreted both as the coexistence of two legislative systems and the power to protect the same invention by a national patent and a European patent;
2. that the competent authorities of Egypt, party to the Union Convention of 1883, should consider their position in relation to this Convention and agree henceforth to grant the benefits of Article 4 for patents or patents of addition.

BIBLIOGRAPHY

Direction des entreprises et brevets d'inventions (Management of businesses and patents of invention), by *André Bouju*. One bound volume, 187 pages, 25 × 16 cm. Published by Editions de l'Entreprise Moderne, Paris. Price: 26 NF.

The study by André Bouju is interesting in that it deals with one of the less known aspects of patents of invention i.e. the *economic aspect*.

The *legal aspect* has been the subject of studies by jurists for over a century. The *technical aspect* is examined daily by patent advisors and its codification is based on the legal aspect.

Few heads of businesses, however, have thought of establishing a *patent policy* within their enterprise and consequently do not enjoy the full benefits of the patent system.

The author examines the major problems presented by patents of invention. Tables, figures, diagrams and charts illustrate the text clearly and practically.

This work is to the advantage both of specialists in industrial property matters and industrial leaders who will find therein new, stimulating and dynamic ideas.

I. S.