

# Industrial Property

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# LEGISLATION

## BULGARIA

### Law on Trademarks and Industrial Designs

(No. 95 of December 5, 1967) \*

#### Article 1

This Law governs the establishment, use, assignment, termination and protection of rights in trademarks, service marks, industrial designs and appellations of origin.

#### I. Trademarks and Service Marks

##### *General Provisions*

#### Article 2

Trademarks and service marks are the signs by which enterprises, organizations and persons designate the goods they manufacture or supply or the services they perform, so as to distinguish them from goods or services of the same kind offered by other enterprises, organizations or persons.

A trademark may also designate goods intended to be incorporated as an integral part, element or detail of another finished product, irrespective of the fact that there is a separate trademark for such product as a whole.

#### Article 3

Trademarks and service marks may consist in words or images, may be graphic, in relief, sonorous or combined.

#### Article 4

No registration or use as a trademark may be made of signs which:

- (a) are already in common use to designate goods of a certain type;
- (b) have no distinguishing characteristics or are of a descriptive nature;
- (c) do not differ substantially from marks already registered in the country by other enterprises or organizations in respect of identical or similar goods;
- (d) are already known in the country as marks of world-wide fame;
- (e) consist exclusively or partially in armorial bearings, flags, signs or emblems of State, or in those of international intergovernmental organizations or in their abbreviations without the consent of the organizations concerned;
- (f) consist in official signs indicating control and warranty or signs of quality, or resemble such signs;
- (g) are identical with or similar to international signs of quality;

\* BIRPI translation.

- (h) reproduce wholly or in part the effigy or the name of a head of State;
- (i) contain untrue information;
- (j) are contrary to public interest and socialist morality.

#### Article 5

Enterprises, organizations or persons, both Bulgarian and foreign, may register one mark for all of their goods or services or different marks for separate kinds of goods or services.

#### Article 6

Two or more enterprises manufacturing goods of the same type may jointly register and possess in common a trademark applied to such goods.

#### Article 7

State economic trusts and cooperative unions may register their own trademarks.

#### Article 8

Commercial enterprises, organizations and companies may register their own trademarks and apply them to the goods of their trade in place of the mark of the producing enterprises, or alongside the mark of the producing enterprises, with the agreement of the latter.

#### Article 9

Enterprises, organizations or persons using a non-registered mark to designate the goods they manufacture or sell ("prior users") may object to an application for the registration of a mark by a third party if this mark does not differ substantially from their own. In such cases, the "prior user" shall be given three months in which to file an application for the registration of the mark he employs. If he does not meet this time limit, action shall be taken, in accordance with the prescribed procedure, on the application filed by the third party for the registration of a mark.

The "prior user" may request cancellation of any mark not substantially different from his own if such mark was registered after he started using it. If his request for cancellation is granted, the "prior user" shall be obliged to apply for the registration of his own mark within three months of the decision pronouncing cancellation. If he does not meet this time limit, the cancellation of the second mark shall be null and void, and ownership in the mark shall revert to the enterprise, organization or person having registered the mark.

#### Article 10

A mark not substantially different from a mark in which rights have expired may be registered only after three years have elapsed from the date of such expiry.

#### *Registration and Priority*

#### Article 11

Trademarks and service marks shall be recorded in a special register at the Institute of Inventions and Rationalizations.

For each registration of a mark, an application shall be filed by the interested party or by his attorney.

### Article 12

The application shall contain:

- (a) the name and address of the enterprise, organization or person applying for the registration of the trademark. Bulgarian enterprises also being obliged to specify the higher organization on which they are dependent;
- (b) information relating to the activity of the enterprise, organization or firm applying for the registration;
- (c) a full list of the goods or services to which the mark is to be applied, with an indication of their class according to the Classification of Goods and Services for the Purposes of the Registration of Marks;
- (d) the wording of the mark and its description, together with a graphic representation thereof.

The application shall be accompanied by documents attesting to the payment of the State registration fee and the fee for publication of the registration.

Foreign applicants shall also be obliged to join to their applications a document attesting to the legal existence of the enterprise and stating its activity.

### Article 13

An application for the registration of a mark containing the information prescribed in the first paragraph of Article 12 shall entitle the applicant to a right of priority with regard to applications filed subsequently and pertaining to a mark not substantially different.

### Article 14

Applicants from countries members of the Union for the Protection of Industrial Property, and applicants from countries outside the Union but who have real and effective commercial or industrial enterprises in the territory of one of the countries of the Union shall enjoy a right of priority on the basis of the application made in the respective country of the Union in accordance with its domestic law.

The applicant may avail himself of the right of priority for a period of six months from the date of filing of the first application.

An applicant who wishes to avail himself of the right of priority shall file a request to that effect with the Institute of Inventions and Rationalizations, indicating the date of his first application and the country where such application was filed.

Within three months of the filing of his request, the applicant shall be obliged to prove his right of priority by producing a copy of the first application, duly certified by the competent authority of the country member of the Union for the Protection of Industrial Property.

### Article 15

The applicant shall have a right of priority when exhibiting the mark at an official or officially recognized international exhibition in the country or in a country of the Union. The right of priority shall be deemed to exist as from the date of the exhibition of the mark and shall be recognized if, within one month from the end of the exhibition, an ap-

plication for the registration of the mark is filed, together with a document attesting to the participation in the exhibition.

### Article 16

Where the required documents are not attached to the application for the registration of the mark, the Institute of Inventions and Rationalizations shall accept the application but shall notify the applicant that he must produce the missing documents within three months of receipt of the notification.

If the applicant fails to comply with these provisions, the application shall be rejected.

### Article 17

Where two or more applications are filed for the registration of marks not substantially different from one another and applied to identical or similar goods, the registration shall be effected in the name of the applicant who first began uninterrupted use of his mark. In case of controversy, the date of first use shall be established by a court judgment or by arbitration.

If none of the applicants claim prior use of the mark, registration shall be effected in respect of the mark first applied for.

### Article 18

If the application is in order, the Institute of Inventions and Rationalizations shall register the mark, within three months of the date of filing of the application, in the name of the applicant and shall enter the mark in the Register of Trademarks or in the Register of Service Marks.

A separate certificate shall be issued for each registration of a mark.

### Article 19

Registration of a trademark or service mark shall confer the right to the exclusive use thereof as from the date of filing of the application with the Institute of Inventions and Rationalizations. This right shall be granted for a term of ten years.

The term provided for in the preceding paragraph may be extended for subsequent periods of ten years each.

### Article 20

The request for extension of the term of protection of the mark shall be filed during the last year of validity of the term, or not later than six months after its expiry. In the latter case, the amount of the fee payable shall be increased.

The extended term of protection of the mark shall run from the date on which the previous term expires.

The extended term of protection of the mark shall be recorded in the Register.

### Article 21

A mark may be assigned in the event that one enterprise is taken over by another or when enterprises merge together.

In the event that an enterprise is divided or transfers part of its activity to another enterprise, questions concerning the use of the mark shall be settled by the document establishing the division or transfer of activity.

The right to use a mark may be transferred or assigned, by a special license agreement, to another enterprise, organization or person. The licensee shall be required, in using the mark, to ensure the same quality of goods manufactured or services performed.

### *Termination and Cancellation*

#### Article 22

The right to protection of the mark shall terminate:

- (a) at the expiry of the term provided for in Article 19;
- (b) upon final liquidation of the enterprise, and
- (c) upon renunciation by the owner.

#### Article 23

The registration of the mark shall be canceled at the request of an interested party or ex officio by the Institute of Inventions and Rationalizations, if:

- (a) it becomes evident that the registration was effected in violation of the law;
- (b) the mark has not been used, or has not been offered for use through advertisements in the press, for a period of five years.

## II. Industrial Designs

### *Nature*

#### Article 24

An industrial design may be any new external rendering of a product, consisting in the particularity of the form, design, ornaments, combination of colors, and the like, that can be achieved through industrial processes.

A slight change in the particularities mentioned in the preceding paragraph, or any other insignificant change not obvious at first sight, shall not be considered a new industrial design.

### *Applications and Priority*

#### Article 25

Applications for the registration of industrial designs shall be filed with the Institute of Inventions and Rationalizations in the name of the enterprise, organization or person wishing to introduce the design.

The application shall contain:

- (a) the name and address of the applicant;
- (b) the denomination of the industrial design;
- (c) a description of the design;
- (d) the author of the design — physical person, collective body or legal entity;
- (e) drawings, photographs, or other illustrative material, suitable for reproduction by stereotype.

The application shall be accompanied by a document attesting to the payment of the State registration fee and the fee for publication of the registration.

A single application may not contain more than 50 varieties of the industrial design concerned.

#### Article 26

The application shall contain an estimation of the usefulness and industrial applicability of the industrial design, as well as information as to whether or not it was created in connection with the official activity of the author.

#### Article 27

Where the application for the registration of an industrial design does not satisfy the requirements prescribed in Article 25, the Institute of Inventions and Rationalizations shall accept the application but notify the applicant that he must remove the defects within three months of receipt of the notification.

If the applicant fails to do so within the prescribed period of time the application shall be rejected.

#### Article 28

Industrial designs shall be registered following examination as to their novelty in the country.

No industrial design shall be registered which

- (a) does not differ substantially from other industrial designs already registered in the country;
- (b) has already been used in the country;
- (c) is known in the country through publications;
- (d) was displayed at exhibitions prior to the filing of the application and the provisions of Article 15 of this Law were not complied with.

#### Article 29

If the application is in order, the Institute of Inventions and Rationalizations shall register the design within three months in the Register of Industrial Designs.

Registration of an industrial design shall confer the right to the exclusive use thereof as from the date of filing of the application with the Institute of Inventions and Rationalizations. This right shall be granted for a term of five years.

#### Article 30

The Institute of Inventions and Rationalizations shall issue a certificate, attesting to the exclusive right to use the industrial design, in the name of the enterprise, organization or person, and also including the name of the author.

#### Article 31

Authors of industrial designs may file their applications with the Institute of Inventions and Rationalizations direct, by observing the provisions of Article 25.

In such cases, the certificate permitting the use of the industrial design shall be issued in the name of the applicant.

#### Article 32

The depositor of an industrial design shall be entitled to the right of priority provided for in Articles 13, 14 and 15 of this Law, subject to compliance with the conditions prescribed therein.

If the subject matter of the application is altered, the priority shall be recognized as from the date of filing of the amended application.

### *Cessation of Rights in Industrial Designs*

#### Article 33

Enterprises, organizations and persons having obtained rights to the exclusive use of industrial designs, as well as foreign holders of certificates for industrial designs, may assign to other enterprises, for valuable consideration or gratuitously, their rights to the use of such industrial designs.

#### Article 34

If it is in the public interest that the industrial design should be put to use and the holder of the certificate does not consent to do so, the State Committee for Science and Technical Progress may, on the basis of a duly motivated request, authorize the grant of a compulsory license. Such a request must be accompanied by a document issued by the competent authority and attesting to the necessity of the license.

### *Remuneration*

#### Article 35

An author of an industrial design accepted for use shall be entitled to remuneration in the conditions and to the extent determined by the Council of Ministers, provided that the design was not created in fulfillment of his service obligations.

Should this remuneration not be paid within the time limit appointed, the author shall have the right to a forfeit at the rate of 0.05 % per day on the amount due to him.

### *Termination and Cancellation*

#### Article 36

Any registration of industrial designs may be terminated or canceled in accordance with the provisions of Articles 22 and 23.

#### Article 37

The registration of an industrial design may be canceled at the request of any person who establishes, through legal proceedings or by arbitration, that, prior to the filing of the application for registration, he was already using the industrial design independently of the depositor or had undertaken preparations with a view to making use of the design as a "prior user."

Such action may be brought within two years of the date of registration of the industrial design.

### *III. Appellations of Origin*

#### Article 38

An appellation of origin of a product is the geographical name of the country, region or locality which serves to designate a product originating therein, the characteristics or qualities of which are due exclusively or essentially to the geographical environment, including natural factors and the traditions of production of the place.

#### Article 39

For each registration of an appellation of origin, a separate application shall be filed with the Institute of Inventions and Rationalizations.

The application shall contain:

- (a) the name and address of the applicant;
- (b) information relating to the activity of the applicant;
- (c) a list of the products to which the appellation of origin is to be applied with an indication of their class according to the Classification of Goods and Services for the Purposes of the Registration of Marks;
- (d) the actual designation of the appellation of origin;
- (e) the country, region or locality where the products indicated are produced.

The application shall be accompanied by documents attesting to the payment of the State registration fee and the fee for publication of the registration.

Foreign enterprises and firms shall also join to their application a document attesting to the filing of the appellation of origin in the country of origin.

#### Article 40

Where the required documents are not attached to the application, the Institute of Inventions and Rationalizations shall accept the application but shall notify the applicant that he must remove the defects within three months of receipt of the notification.

If the applicant fails to do so within the period of time prescribed in the preceding paragraph, the application shall be rejected.

#### Article 41

If the application is in order, the Institute of Inventions and Rationalizations shall register the appellation of origin within three months in the special Register of Appellations of Origin.

A certificate permitting the use of the appellation of origin shall be issued to the applicant.

#### Article 42

Appellations of origin may be registered by any enterprise, organization or person engaged in an economic activity at a given place, provided that the qualitative characteristics of the products manufactured or sold correspond to the specific features characterizing the appellation of origin.

#### Article 43

An appellation of origin shall enjoy protection against any unlawful use or deceptive indication, even if the true origin of the product is indicated on the product itself or if the appellation is used in translated form or accompanied by terms such as "kind," "type," "make," and the like.

#### Article 44

Trademarks also comprising an appellation of origin may only be registered in cases where the right to the use of such appellation is justified.

#### Article 45

Registered Bulgarian appellations of origin shall be canceled if the business activity of all enterprises, organizations or persons using such appellations has been discontinued.

Registrations of foreign appellations of origin shall be canceled if they have been canceled in the country of origin.

## IV. General Provisions

## Article 46

All entries in the Registers of Trademarks, Service Marks, Industrial Designs and Appellations of Origin shall be published in the Official Gazette of the Institute of Inventions and Rationalizations.

Changes in ownership or in the use of marks or industrial designs shall be made known to the Institute of Inventions and Rationalizations within three months for purposes of entering such changes in the appropriate registers.

## Article 47

A fee, the amount of which shall be established in the Administrative Tariff in accordance with the Law on State Fees, shall be payable in advance for the registration of trademarks, service marks, industrial designs and appellations of origin, for the extension of the term of protection, for assignments or the granting of licenses, for appeals, cancellations, changes of name and address of the owner, restrictions of the list of goods in respect of which a trademark is registered, for the issuance of certificates for the use of industrial designs, for the issuance of copies, and for any publications in the Official Gazette of the Institute of Inventions and Rationalizations.

Should the registration of the mark, industrial design or appellation of origin be refused, the State fees paid shall not be refunded to the applicant.

## Article 48

Foreign applicants shall file their applications for the registration of marks, industrial designs or appellations of origin through the Bulgarian Chamber of Commerce.

## Article 49

Marks, industrial designs and appellations of origin may be registered abroad at the request of enterprises, organizations or persons who have registered them in this country in accordance with the prescribed procedure.

## Article 50

Decisions of the Institute of Inventions and Rationalizations refusing the registration and issuance of a certificate for the use of a trade mark, service mark, industrial design or appellation of origin, or pronouncing cancellation under Article 23, may be appealed before the Municipal Court of Sofia within three months of receipt of notification of the decision taken.

Prior use shall be established by a court decision or by arbitration.

## Article 51

Disputes concerning the ownership, use, assignment or termination of trademarks, service marks, industrial designs and appellations of origin, as well as the remuneration due for the use of industrial designs or the exercise of compulsory licenses, shall be referred to the Regional Courts or settled by State arbitration.

## Article 52

Goods imported or produced in the People's Republic of Bulgaria and unlawfully bearing a trademark of a third party, or manufactured according to an industrial design of a third party, registered in this country, or products bearing false appellations of origin, shall be subject to seizure on behalf of the State.

The offenses described in the preceding paragraph shall be established in an official document drawn up by the organs of control of the Institute of Inventions and Rationalizations. Seizure shall be effected by virtue of a penal order issued by the Director of that Institute.

The official documents shall be drawn up and the orders issued and appealed from in accordance with the provisions of Section XXVIII of the Penal Code.

## V. Transitional Provisions

## Article 53

Applications for the registration of trademarks still pending at the time this Law comes into force shall be decided upon in accordance with the provisions of the said Law.

## Article 54

Where the term of protection of a trademark registered under the provisions of the Decree on Trademarks of 1952 is not established or exceeds 10 years, the term of the protection shall be 10 years from the date of the entry into force of this Law.

## Article 55

The State Committee for Science and Technical Progress shall issue instructions for the implementation of this Law.

## Article 56

The Decree on Trademarks, published in *Izvestija* No. 13/1952, amended and supplemented by *Izvestija* Nos. 73/1954 and 31/1958 are hereby repealed.

This Law shall enter into force on January 1, 1968.

The President of the State Committee for Science and Technical Progress shall be entrusted with the implementation of this Law.

## IRAN

### Law on Food Products, Beverages, and Cosmetic and Sanitary Products \*

(enacted by the Senate on 19 Tir 1346 [July 10, 1967] and by the Chamber of Deputies on 22 Tir 1346 [July 13, 1967])

## Article 1

Any person who has perpetrated one of the following acts in respect of food products, beverages, or cosmetic or sanitary products shall be liable to the penalties provided for in this Law:

\* BIRPI translation

1. offering or selling one product in place of another;
2. mixing a foreign substance with a product with intent to derive unlawful profit thereby;
3. failing to comply with the standards or registered formulae in cases where the establishment of a standard or a formula and compliance therewith are mandatory;
4. offering or selling a spoiled product or selling or offering for sale a product after the time limit set for its consumption has expired;
5. using unauthorized coloring materials, essences or other additives in food products, beverages, cosmetic or sanitary products, as well as in children's toys.

#### Article 2

Any person who has perpetrated one of the acts described in Article 1 shall be liable to the following penalties, depending on the consequences and effects of such act:

1. In cases where the act has resulted in the illness of a consumer or has had a harmful effect on him, medical treatment of which is not necessary for more than one month, the penalty shall be imprisonment for a period of six months to two years. If medical treatment exceeds one month, the penalty shall be imprisonment for a period of one to three years.
2. In cases where the act has caused the disablement of a consumer's limb, the penalty shall be imprisonment with hard labor for a period of three to ten years, depending on the extent of the disability.
3. In cases where cosmetic or sanitary products have caused a blemish to the beauty, or the disfigurement, of the consumer, the penalty shall be imprisonment for a period of one to three years, depending on the extent of the blemish or disfigurement.
4. In cases where the act has caused the death of a consumer, the perpetrator thereof shall be liable to imprisonment with hard labor for a period of three to 15 years.

An attempt at an offense punishable under items 1, 2 and 3 of this Article shall be punishable by the minimum penalties prescribed in those items.

*Note:* In the cases described in this Article, the court shall, in addition to pronouncing a sentence of imprisonment, inflict a fine of 5,000 to 100,000 rials on the perpetrator and enjoin him from engaging in his trade or profession in respect of food products, beverages, or cosmetic or sanitary products for a period of one to three years.

#### Article 3

Any person who has fraudulently produced food products, beverages, or cosmetic or sanitary products which have caused the death of a consumer shall receive the death penalty.

#### Article 4

In cases where poisonous substances have been introduced in unauthorized proportions into food products, beverages, or cosmetic or sanitary products, the court shall inflict on the perpetrator the maximum penalties prescribed in Article 2, in accordance with the circumstances of the case.

#### Article 5

Any person engaging in competition in respect of the products mentioned in this Law shall be liable to punishment under the provisions of Article 244(a) of the Penal Code.

#### Article 6

If food products, beverages, or cosmetic or sanitary products have been transformed negligently, carelessly or unskillfully by the producer, vendor, supplier, or one of their agents, and this has resulted in the illness of a consumer or has had a harmful effect on him, treatment of which is not necessary for more than one month, the said person shall be liable to imprisonment for a period of two to six months depending on the case. If treatment exceeds one month, the perpetrator shall receive the maximum penalty of imprisonment prescribed in this Article and shall receive a fine of 5,000 to 50,000 rials.

#### Article 7

As from the date of approval of this Law, a permit issued by the Ministry of Health shall be required for the setting up of any factory or workshop for the production of food products, beverages, or cosmetic or sanitary products; in the case of a factory, a permit shall also be required from the Ministry of Economy. The conditions to be met for the issuance of such permits and the functioning, exploitation and management of such enterprises shall be governed by regulations to be established by the Ministry of Health.

*Note:* Responsibility for technical matters in factories producing food products, beverages, or cosmetic or sanitary products shall be entrusted to persons holding a university degree, or higher qualification, in medicine, pharmacy, veterinary medicine, food science, chemistry or experimental sciences. The degree of specialization and the experience required in these fields for the assumption of such responsibility shall be set forth in regulations to be drawn up by the Ministry of Health and taking into account the particular industry concerned (food products, beverages, or cosmetic or sanitary products).

#### Article 8

The Ministry of Health shall collect a fee of 5,000 rials for the issuance of a production license for each product made in a factory and of 500 rials per license for the production of any product made in workshops affected by the provisions of this Law. These sums shall be used exclusively for the establishment, development and improvement of laboratories for food products.

*Note 1:* Workshops which offer their products for sale in a commercial form with a distinctive mark and in a distinctive wrapper shall be affected by the provisions of this Law.

*Note 2:* Each of the competent laboratories dependent on the Ministry of Health shall be authorized to collect a fee from individuals or legal entities requesting analyses of substances or products. This fee shall be in conformity with a rate schedule to be proposed by the Ministry of Health and approved by the Finance Commissions of the two Chambers.



Income derived from the fees established in this Article shall be centralized in an account in the General Treasury and shall be used for the development and improvement of each institution.

*Note 3:* The list of factories and workshops affected by the provisions of this Law shall be drawn up by the Ministry of Health and published upon approval by the Health Commissions of the two Chambers.

#### Article 9

Those suppliers, producers and importers of food products, beverages, or cosmetic or sanitary products whose type of enterprise is mentioned in the communication of the Ministry of Health and who are in business on the date of approval of this Law and of its implementing regulations shall be obliged to apply for a health permit from the Ministry of Health within six months of the date of publication of that communication. The applications shall be examined by a technical commission composed of three competent members appointed by the Ministry of Health. This commission shall, within six months, take a decision either to accept such applications or to reject them.

If an application for a permit is not made within the prescribed period of time or if it is rejected by the commission, the enterprise concerned shall be temporarily closed down by order of the public prosecutor.

The party concerned may contest this order before the court of first instance within ten days of the notification thereof. The court shall examine this complaint outside its cause list and shall render a final judgment.

*Note:* The implementing regulations to Articles 8 and 9 shall be drawn up by the Ministry of Health and shall enter into force upon being approved by the Health Commissions of the two Chambers.

#### Article 10

Rejection of an application for a permit shall not prevent the proprietors of an enterprise from renewing their application for a health and production permit in accordance with the provisions of Article 7.

#### Article 11

The proprietors of Iranian enterprises of the type specified, and included in the list published, by the Ministry of Health shall be obliged, in conformity with the instructions of that Ministry, to indicate, in legible Persian letters on the wrapper or container of the product, the necessary specifications concerning each of their products. If a manufacturer requests that a formula relating to a process or compound be kept secret, he must first submit such formula to the Ministry of Health and then indicate the number of his permit on the wrapper. Any person who fails to observe the provisions of this Article shall be liable to a fine of 5,000 to 20,000 rials.

#### Article 12

The Ministry of Health shall publish a list of the coloring materials, essences and other materials which may be added to food products, beverages, and cosmetic and sanitary prod-

ucts, as well as a list of the kind of products which may be used for containers employed in the food and beverage industries and a list of the paints or dyes which may be used in the manufacture of children's toys.

Without the authorization of the Ministry of Health; the addition, to food products, beverages, cosmetic or sanitary products, or children's toys, of substances not included in those lists, as well as the use of poison in an unauthorized form or in unauthorized amounts in the plating, cleaning, coloring or polishing of containers for food products, for the covering or the wrapping of food products, beverages, or cosmetic or sanitary products, shall be prohibited. Producers of the substances referred to in this Article shall be liable to imprisonment for a period of three months to one year, unless the act is punishable by a more severe penalty.

#### Article 13

Rules laying down the health regulations shall be issued by the Ministry of Health and published for public information by suitable means. Any violation of these rules shall involve the penalties to be provided for in regulations approved by the Ministries of Justice and Health.

Officials appointed by the Ministry of Health or by other institutions responsible for the inspection of food products, beverages and sanitary products shall report violations of the health regulations to the persons responsible in the area and shall specify the nature of the violation.

Once the report of the health inspector has been approved, the local health officer shall prosecute the guilty party before the Justice of the Peace and shall notify the director of the establishment concerned, in writing, that the defects in the observance of the health regulations must be remedied within a time limit established by regulation.

If, at the expiration of this time limit, the said defects have not been remedied, the health inspector shall again notify the local health officer, who, after examining and approving the report made by the health inspector, shall temporarily close down, by written order, the establishment concerned. This establishment shall only be authorized to resume its activity if the proprietor or director thereof assures the local health officer that the health regulations will be respected.

#### Article 14

Adulterated or spoiled products, as well as those in respect of which the time limit for consumption has expired, shall be seized immediately upon discovery. If the Ministry of Health or other responsible institution certifies that the products discovered can be used for certain human, animal or industrial purposes and that these products are perishable, the prosecutor of the court of first instance shall order them to be sold in the presence of a representative of the public prosecutor's office and upon notifying the proprietor. The proceeds from this sale shall be deposited in a "justice fund" until the proceedings have been terminated and the final judgment rendered. The prosecutor shall order the immediate destruction of any products discovered that are found to be of no use for human, animal or industrial purposes. In all of the above cases, and in the case of instruments, tools or

other articles used in committing the violation, the court shall decide, in accordance with Article 5 of the Penal Code, what is to be done with them. If they have been sold previously, a decision shall also be taken.

All sums derived from the application of this Article shall be used for the establishment, development and improvement of research and testing laboratories for food products.

#### Article 15

Purchasers of the products referred to in Article 14 shall be obliged to use such products exclusively for the purposes indicated by the Ministry of Health or other responsible institution. If they do not do so, they shall be liable to the penalties prescribed in this Law.

#### Article 16

Beginning with the date of approval of this Law, an import license from the Ministry of Health shall be required in conformity with the general provisions of the Law, in order to clear through customs food, cosmetic and sanitary products intended for commercial or advertising purposes, regardless of the form or condition in which they are presented. A certificate of fitness for consumption, from the country of origin of the products, shall also be required. The importer shall submit to the Ministry of Health the formulae of the said products and of any preservatives added thereto.

#### Article 17

All violations of this Law shall be considered public offenses.

#### Article 18

The Government shall be responsible for the implementation of this Law.

### ITALY

#### Decrees

Concerning the Temporary Protection of Industrial Property Rights at Twelve Exhibitions

(of December 12, 24 and 30, 1968, and January 2, 1969)<sup>1</sup>

#### Single Article

Industrial inventions, utility models, designs and trademarks relating to objects appearing at the following exhibitions:

*I<sup>a</sup> Mostra internazionale materiali per protesi dentaria ed attrezzature per odontotecnici — EXPO Tecno Dental* (Genoa, January 3 to 6, 1969);

*SIVEL — Salone internazionale dei vini e dei liquori* (Naples, February 1 to 9, 1969);

*EXPOSUDHOTEL — Salone delle attrezzature alberghiere e turistiche e di pubblico esercizio per il mezzogiorno e l'oltremare* (Naples, February 1 to 9, 1969);

*VIII<sup>o</sup> Salone nautica internazionale e IX<sup>o</sup> Salone internazionale rimorchio campeggio* (Genoa, February 1 to 10, 1969);

<sup>1</sup> Official communications from the Italian Administration.

*I<sup>a</sup> Mostra nazionale dell'oreficeria - gioielleria - argenteria* (Vicenza, February 2 to 9, 1969);

*VI<sup>o</sup> Salone internazionale macchine per movimenti di terra, da cantiere e per l'edilizia — SAMO.TER.* (Verona, February 5 to 10, 1969);

*II<sup>o</sup> AGROSUD — Salone per lo sviluppo della flororticoltura e della frutticoltura delle meccanizzazione e delle industrie agricole nel mezzogiorno e nell'oltremare* (Naples, February 16 to 23, 1969)

*Settimana della calzatura italiana — XXIII<sup>a</sup> Presentazione nazionale moda della calzatura* (Bologna, March 1 to 5, 1969);

*X<sup>a</sup> Mostra convegno internazionale riscaldamento - condizionamento - refrigerazione idrosanitaria* (Milan, March 1 to 7, 1969);

*XXI<sup>a</sup> Fiera campionaria della Sardegna* (Cagliari, March 12 to 23, 1969);

*Salone internazionale dell'automobile* (Geneva, March 13 to 23, 1969);

*XII<sup>o</sup> Salone internazionale dell'alimentazione* (Bologna, March 22 to 30, 1969);

shall enjoy the temporary protection provided by Laws No. 1127 of June 29, 1939<sup>2</sup>, No. 1411 of August 25, 1940<sup>3</sup>, No. 929 of June 21, 1942<sup>4</sup>, and No. 514 of July 1, 1959<sup>5</sup>.

<sup>2</sup> See *La Propriété industrielle*, 1939, p. 124; 1940, p. 84.

<sup>3</sup> *Ibid.*, 1940, p. 196.

<sup>4</sup> *Ibid.*, 1942, p. 168.

<sup>5</sup> *Ibid.*, 1960, p. 23.

## GENERAL STUDIES

### The Parke Davis Judgment and Industrial Property Rights

(Court of Justice of the European Communities,  
February 29, 1968, Case 24/67) \*

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#### Excerpts from the Judgment

*National rules on the protection of industrial property have not yet been unified within the framework of the Community. In the absence of such unification, the national character of industrial property protection and the divergences in the legislation on the subject in the various countries are liable to create obstacles both to the free movement of patented products and to competition within the Common Market.*

*In the provisions\*\* on the free movement of products, prohibitions and restrictions in respect of importation for*

\* BIRPI translation.

\*\* Of the Treaty Establishing the European Economic Community (translator's note).

reasons of industrial property protection are allowed under Article 36, but with the express reservation that they "shall not constitute either a means of arbitrary discrimination or a disguised restriction on trade between Member States."

For similar reasons, the exercise of rights deriving from a patent granted under the legislation of a Member State does not, in itself, signify any breach of the rules governing competition that are laid down in the Treaty. . .

The generality of the terms employed in Article 85 is indicative of an intent to cover, without distinction, all of the categories of accords described in that provision; the limiting character of the provision does not allow for any extension of the prescribed prohibitions beyond the three categories of accords restrictively enumerated.

The patent, taken for itself and independently of any convention that might relate to it, belongs to none of these categories. It derives from a legal status bestowed by a State on products complying with certain criteria and thus evades the contractual or concerted elements prescribed in Article 85(1).

Nevertheless, it may be possible to find an application for the provisions of that Article if a use — concerted between enterprises — of one or more patents should result in the creation of a situation that might be covered by the notions of agreements between enterprises, decisions by associations of enterprises, or concerted practices, within the meaning of Article 85(1). . .

For Article 86 to be applicable, three elements must be present: a dominant position, abusive exploitation of such a position, and the possibility that trade between Member States might be affected.

The patent ensures the patentee of special protection in one State. This does not necessarily mean that exercise of the rights thus ensured implies the presence of the three elements concerned. This would be so only if the use of the patent should develop into an abusive exploitation of such protection. . .

Inasmuch as, at present, patent law owes its existence exclusively to municipal legislation, use thereof could only be governed by Community law in the event that such use contributed to the creation of a dominant position the abusive exploitation of which might affect trade between Member States.

Notwithstanding the fact that the selling price of a protected product can be taken into consideration in determining whether or not there is a possibility of abusive exploitation, a higher price charged for a patented product as compared with the price charged for an unpatented product does not necessarily constitute an abuse.

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## Introduction

1. It is no exaggeration to say that the *Parke Davis* judgment provides what may be a decisive element in the laying down of rules governing industrial property rights under the Treaty Establishing the European Economic Community, both because of the actual solutions provided by the Court and because of the consequences they are bound to have, in our opinion.

These are the two matters that will be dealt with in this study.

### I. The Parke Davis Judgment

#### A. The Facts

2. The facts are basically quite simple. Parke, Davis & Co. owned two patents in the Netherlands for a process of manufacturing a pharmaceutical product. This process was not patented in Italy. Another enterprise was purchasing the product in Italy and reselling it in the Netherlands. Did Parke Davis have the right to prevent such importation into the Netherlands and to bring an action for infringement for that purpose?

The question whether or not there was infringement was not discussed. The sole point at issue in the litigation was whether or not the action was admissible in view of the repercussions of the Treaty on the national patent law.

The fact that the two Parke Davis patents were being worked in the Netherlands by a licensee, also created no difficulty.

In a judgment of June 30, 1967 (regarding this judgment, see the very interesting article by Willy Alexander which includes an analysis of numerous Netherlands decisions rendered in similar cases; *Cahiers de Droit européen*, 1967, p. 697), the Court of The Hague asked the Court of Justice to make a ruling on the following questions:

- (1) Do the forbidden and abusive practices referred to in Articles 85(1) and 86 of the Treaty Establishing the European Economic Community, possibly considered in the light of the provisions of Articles 36 and 222 of that Treaty, concern the owner of a patent granted by the authorities of a Member State in the event that, by virtue of his patent, he has requested the judicial author-

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ity to prevent, in the territory of such State, all movement, sales, hire, delivery, stocking or use of a certain product originating in another Member State if the latter does not grant an exclusive right to manufacture and sell that product?

- (2) Is the reply to question (1) different if the price charged by the patentee to put the product on the market in the territory of the first Member State is higher than the price the user is charged in the same territory for the product when it comes from the second Member State?

The French jurist is somewhat surprised to see the Netherlands Court submit these questions to the Court of Justice for interpretation. It seems obvious to a Frenchman that there is infringement and that the action is admissible; otherwise, the patent would simply disappear altogether. The reason for the Court of The Hague's judgment is that the matter had been submitted several times to the Netherlands' courts, which has not been the case in France, and the judges were therefore seeking a solution that would be absolutely decisive.

Be that as it may, the problem was set forth in perfectly clear terms to the high European Court. A judgment on principle was called for and such a judgment was delivered.

#### *B. The Judgment of the Court of Justice of the European Communities*

3. As is its custom, the Court of Justice worded its judgment very precisely. This judgment can be summed up as follows.

(1) Since the industrial property rules have not been unified, "the national character of industrial property protection and the divergences in the legislation on the subject in the various countries are liable to create obstacles both to the free movement of patented products and to competition within the Common Market."

(2) Article 85 forbids agreements between enterprises, decisions of associations of enterprises and concerted practices. The restrictive character of this enumeration prevents "any extension of the prescribed prohibitions beyond the three categories of accords restrictively enumerated."

"The patent, taken for itself and independently of any convention . . . derives from a legal status bestowed by a State . . . and thus evades the contractual or concerted elements prescribed in Article 85(1)."

(3) Article 86 may possibly apply to a use made of a patent if there is a dominant position that is being abusively exploited.

(4) "Notwithstanding the fact that the selling price of the protected product can be taken into consideration in determining whether or not there is a possibility of abusive exploitation, a higher price charged for a patented product as compared with the price charged for an unpatented product does not necessarily constitute an abuse."

The different points must be discussed, but first of all the observations filed by the Commission and by various Member States should be briefly indicated.

#### *Observations of the Commission*

4. These are very clearly summarized in the judgment.

(1) Articles 85 and 86(1) do not forbid the owner of a patent from availing himself of his right to prohibit a product originating in a State where he does not have a patent from being put into circulation.

(2) However, this rule does not apply if, in respect of the product or substance in question, the owner has already, in some way or another, been able to derive a direct or indirect profit from his patent in one of the Member States.

(3) A difference in price is immaterial from the legal standpoint but may denote the existence of an understanding or of a dominant position. The fact that a patentee occupying a dominant position charges exorbitant prices constitutes an abuse.

The first proposition takes up the traditional distinction made between a right and the exercise of a right.

The second one is based on the theory, dear to the Commission and illustrated by Koch and Froschmaier (*GRUR Int.*, 1965, p. 121), of parallel licenses. According to this theory, if the owner of a patent in one or more Member States exploits it in a single one of those countries, he receives fair compensation. If he grants limited territorial licenses and collects royalties in each country where he has a patent, he receives more than his due; he "partitions" the common market and violates the Treaty.

The third proposition will be taken up in the commentary on the judgment (see sections 14, 21, 26).

#### *Observations of the States*

5. France stressed the idea that the Treaty left intact the industrial property rights and monopolies, *per se*, that are set up under the national laws with their territoriality. Article 85 referred only to restrictions resulting from a contractual or quasi contractual undertaking and did not apply to legal situations. Article 86 was possibly applicable.

The Netherlands recalled the doctrine of "exhaustion of right" and its purely territorial application, that is, solely within each State. After analyzing the various cases likely to come up as a result of the subsistence of the national patent laws, the Netherlands Government indicated that the free movement of products even in a country where a third party owns a patent would "seriously affect the basic principle of patent law" and would be unjustly advantageous to the seller, for he would reap the benefits, at no cost to himself, of the research work done by the patentee.

The German Government pointed out that the Treaty respected "the autonomy of national patents." Consequently, "the owner of a patent granted by a Member State violates neither Article 85 nor Article 86 of the EEC Treaty if, by virtue of his patent, he obtains a judgment from the judicial authority prohibiting the importation of products from a Member State that has not granted an exclusive right for these products."

It thus appears that the three States which filed observations completely opposed the stand taken by the Commission

and remained strongly attached to the status quo: total respect of the national laws and their territoriality.

*Opinion of the Advocate-General, Mr. Roemer*

6. Mr. Roemer emphasized the serious damage that would be caused to patents and the resulting economic consequences if the independence and territoriality of rights were disregarded.

His opinion was in line with the observations of the States and the judgment of the Court.

## II. Commentary on the Judgment

7. Three points referred to above will now be taken up, namely: the maintaining of national laws and their territoriality; the field of application of Article 85; the application of Article 86.

### A. Maintaining of National Laws and of Their Territoriality — "Exhaustion of Right"

8. Considerations regarding this first point fall into three different categories: firstly, the Treaty's bearing on national laws in general; secondly, the justification of territoriality; thirdly, the principle laid down by the Court of Justice and its consequences.

#### (a) The Treaty and National Laws in General

9. This question is merely mentioned for the record, for the Court of Justice does not raise it and does not explicitly answer it. Reference is made to our discussion of the subject in *Dalloz* (1967, p. 259).

The problem is the following one: to what extent does the Treaty restrict the scope of the national law and the competence of the national authorities? We wrote: "The Treaty unifies and amends the national laws on those points that are strictly essential to the creation of a partially unified market. The task of making the necessary arrangements for a more complete unification regarding other points is left to the Community and to the Member States." (See Catalano, *Manuel des Communautés*, p. 24; Constantinesco, "La spécificité du droit communautaire," *Revue trimestrielle de droit européen*, 1966, 1; Pescatore, *Le problème des dispositions directement applicables (self-executing) des traités instituant les communautés*; see also Von der Groeben and Von Boeckh, *Kommentar zum EWG Vertrag*, Art. 2, e; Schlochauer, *Das Verhältnis des Rechts der EWG zu nationalen Rechtsordnungen der Mitgliedstaaten*, *Archiv. des Völkerrechts*, July 1963, Band 11, Heft 1, p. 22 et seq.; Wohlfarth, Everlint, Glassner, Sprung, Art. 137, *Vorbemerkung*. Information on this point can be found in Behr, *Judicial Control of the European Communities*, p. 14; Steindorff, *Rechtsschutz und Verfahren im Recht der EWG*, p. 47 et seq. By analogy, Ivo E. Schwartz, *Das Verhältnis des Einzelstaatrechts zum Bundesantitrustrecht*, Sonderdruck aus dem Zeitschrift für das gesamte Handelsrecht und Wirtschaftsrecht, Band 124, Heft 4. Treaty of the European Coal and Steel Community, Court of Justice: April 23, 1956, Cases 7/54 and 9/54, *Industries sidérurgiques luxembourgeoises*, *Recueil* 1955-56, II, 58; May 15, 1960, Cases 27 to 29/58, *Hauts-Fourneaux de Givors v. ECSC*

(*Sommaire*). Cour de Cassation, Chambre criminelle, France, February 19, 1964 (*Gazette du Palais*, 1964, 2, 42). EEC Treaty, Court of Justice, February 4, 1965, Case 2/64, *Albatros*, *Recueil* 1965, XI, 3.)

The Court of Justice does not deal with the general problem, for that was not within its competence. It merely points to the state of the Treaty as far as industrial (and also literary and artistic) property is concerned, noting: "National rules on the protection of industrial property have not yet been unified within the framework of the Community." The Court adds nothing more; the ground it gives is both necessary and sufficient. We shall come back to this principle and its consequences.

#### (b) The Justification of Territoriality

10. The controversy sparked by the application of Articles 85 and 86 to industrial property rights is not unknown.

Since the jurists were bound by the texts, the debates were centered chiefly on the question whether or not Articles 36 and 222 could be invoked to rule out (a venture bound to fail) or restrict the application of Articles 85 and 86 in this field. (See Hepp, "L'exercice des droits de propriété littéraire et artistique dans la Communauté économique européenne," *Le Droit d'Auteur*, 1964, p. 301; "Les conventions de licence exclusives au regard des règles de concurrence de la CEE," *Droit et affaires*, November 25, 1963; Monnet, "Die Territoriale Wirkung von Patenten und die EWG," *GRUR Int.*, 1965, p. 302; Schranz, "Die Bedeutung der Art. 36 und 85 des EWG Vertrages und Patentlizenzverträge," *GRUR Int.*, 1964, p. 626, *Ingénieur-Conseil*, 1964, p. 233; Verloren Van Themaat, "Précisions sur l'article 36 par rapport à l'article 85 du traité de la CEE," *Sociaal Economische Wetgeving*, 1966, p. 83; Exchange of letters between Messrs. Monnet and Verloren Van Themaat, *Droit et affaires*, December 9, 1963. For earlier studies, see Braun, Gleiss, Hirsch, *Droit des ententes de la CEE*, No. 64; Franceschelli, Plaisant and Lassier, *Droit européen de la concurrence*, No. 309; Van Gerwen, *Principes du droit des ententes de la CEE*, No. 86.)

It was our personal belief that these two provisions did not supply the desired textual argument and that the silence of the Treaty was the only ground that could be adduced, as was done by the Court of Justice.

It is true that Article 36 (but not Article 222) is mentioned in the judgment, without comment and seemingly to confirm quite subsidiarily the preceding ground relating to the national character of industrial property. (See, however, Schumacher, "Gedanken zur Entscheidung Parke Davis," *Wirtschaft und Wettbewerb (WuW)*, 1968, pp. 488 and 497.)

It seems, therefore, that the debate concerning these two articles is closed from this point of view. The judgment, coupled with the *Grundig* decision, defines the status of intellectual property in very clear terms.

#### (c) The Consequences of the Judgment

##### (i) Territoriality

11. The Court of Justice considered that: "In the absence of such unification, the national character of industrial property protection and the divergences in the legislation on

the subject in the various countries are liable to create obstacles both to the free movement of patented products and to competition within the Common Market."

The Court of Justice recognized the fact that obstacles to the movement of patented products and to competition between States were compatible with the Treaty. These obstacles are the result of the territoriality of national laws. The Court of Justice thus recognized the subsistence on the national level of exclusive rights which must unquestionably be upheld, as well as the subsistence of territoriality on the international level. This is a point of major importance but requires some explanation.

12. It would be worth while to make a comparative study of the territoriality of industrial property and each of the rights it entails. In the main, it should be noted that territoriality is based on international conventions and on national statutory and case law.

In the matter of conflict of laws, the application of territorial law or territorial status is the submission of a given legal situation to the law of the country to which this situation has a real connection (Batiffol, *Droit International Privé*, Nos. 271 *et seq.*; Lerebours Pigeonnière et Loussouarn, *Dalloz*, Nos. 316 *et seq.*; Niboyet, *Traité de droit international privé*, vol. III, No. 937, vol. IV, No. 1099; Plaisant, *Les règles de conflits de lois dans les traités*, pp. 123 *et seq.*). Among the laws subject to territoriality are the so-called "public policy" laws and those pertaining to property, the two types of laws being different although related in some ways. In both cases, territoriality is justified by the need to ensure unity of judicial order within the territory of a given State.

There is a long-standing disagreement in connection with industrial, literary and artistic property. Some authors, generally specialists in private international law, allow that a right may be conceived in one State, the country of origin, and have effects elsewhere. Others, generally specialists in the field of intellectual property, consider that each creation is protected independently in each country by the law of that country alone, without reference to the law of the country of origin. The second solution is the simpler of the two and the more protective. Inasmuch as these rights affect freedom of trade and industry as well as freedom of competition (the judgment dealt with here provides clear evidence of this), a judge in one country never disregards the law of his own country, so that the effect of reference to the legislation of the country of origin is to cumulate the property restrictions provided by both. (Concerning the first solution, see Batiffol, Nos. 523 *et seq.* Concerning the second, see Niboyet, vol. IV, Nos. 1309 *et seq.*; Plaisant, *Jurisclasseur Propriété littéraire et artistique*, 21, Nos. 30 *et seq.*; *Brevets d'invention*, XXVI A, Nos. 3 *et seq.*; *Marques de fabrique*, 34, No. 28 *et seq.*; Troller, *Immaterialgüterrecht*, 2<sup>nd</sup> edition, vol. I, p. 148, and the references.)

The principles of territoriality and independence are confirmed in the Union Conventions for the very practical reasons indicated above.

The meaning of territoriality of intellectual property rights is thus as follows: in a given State, the only law appli-

cable is the law of that State, with no reference to the law of a foreign country.

Such a system, based on the absolute independence of States, is obviously in contradiction with the interdependence that is joining countries ever more closely together these days, and especially with that created by the EEC Treaty. However, the conflict-of-laws principle is of scant help in overcoming this contradiction: it cannot alter the fact that the laws exist independently of one another. The only cure is unification of the laws, as was aptly pointed out by the Court of Justice.

The principle of territoriality, which until the past few years had given rise to no discussion, has been taken up in connection with marks. There is no need to explain here the case law that has been laid down in various countries, for example, in Germany and Switzerland. Mention of the most recent, and excellent, studies made on the subject will suffice (Heiseke, "*Der Schutz des Gewerblichen Eigentums im Streit der Meinungen*," *GRUR Int.*, 1967, p. 55; Monnet, "*Die territoriale Wirkung von Patenten und die Europäische Wirtschaftsgemeinschaft*," *GRUR Int.*, 1965, p. 302; Beier, "*Territorialität des Markenrechts und internationaler Wirtschaftsverkehr*," *GRUR Int.*, 1968, p. 8; Van Bunn, *Aspects actuels du droit des marques*, Nos. 267 *et seq.*; Wertheimer, "The Principle of Territoriality in the Trade Mark Laws of the Common Market Countries," *Trademark Reporter*, 1968, 58, p. 230; *Common Market Law Review*, 1966-67, p. 308; "The Principle of Territoriality in the Trade Mark Laws of the Common Market Countries," *The International and Comparative Law Quarterly*, 1967, p. 630; and in particular the very complete analysis of cases where territoriality may or may not be invoked, *Trademark Reporter*, 1958, p. 263, and *The Int. and Comp. Law Quarterly*, p. 660; for earlier studies, see Franceschelli, Plaisant, Lassier, No. 291).

Summing up as briefly as possible, we can say that territoriality cannot be relied upon if the public is not misled as regards the origin of the product. This is so where the same mark is used in different countries either by companies belonging to the same group or by an owner and a licensee. The trend of case law is quite clear: the monopoly on a trademark is of a commercial nature; it is granted to enable a product to be identified; the judge, acting almost like a legislator, does not want this monopoly, granted for a specific purpose, to be used for the artificial creation of territorial monopolies.

It is interesting to note that the same problem came up quite recently in connection with patents and that the solution adopted was the opposite of the one adopted in the preceding case. We know of only one decision, the judgment of the German Federal Court of February 29, 1968 (*GRUR Int.*, 1968, p. 129), and the very interesting article by Dr. Schumacher, (*WuW*, 1968, p. 487), the main points of which we shall very briefly outline.

The creator of a new plant variety (*Voran* potatoes) was protected in the Netherlands and in Germany. A third party imported plants from the former country into the latter. The Federal Court ruled that there was infringement in a very



well-founded judgment, including a thorough analysis of independence, territoriality and the "exhaustion-of-right" doctrine. In *WuW*, Dr. Schumacher criticizes this decision rather severely, arguing that it is in contradiction with the *Maja* judgment. However, the Federal Court did refer to the famous *Maja* judgment (January 22, 1964, *GRUR*, 1964, p. 372; Franceschelli, Plaisant and Lassier, No. 293 and the references) and delivered a contrary decision. We shall come back to this. At this juncture, the basic reason for this difference should be indicated. A patent provides a technical or industrial monopoly; the commercial aspect is secondary. Where there is no agreement between States, each State grants patents to encourage industrial development within its own territory. Hence, it is in line with the purpose of the patent to apply territoriality strictly in order to safeguard the industrial interests of each country. These considerations do not apply to trademarks.

13. As far as France, alone, is concerned, attention should be called to two points.

Regarding trademarks, neither the Law of June 23, 1857, nor that of December 31, 1964 (Penal Code, Articles 422 *et seq.*), stipulate that it is an offense to introduce into France a product bearing a mark lawfully used by the manufacturer but belonging to another party in France. However, several rather complex laws protect the French owner of the mark from the importation of goods bearing such a mark without his permission. Moreover, Article 9 of the Paris Convention provides that goods unlawfully bearing a mark are to be seized. It must therefore be concluded that territoriality is the rule so long as there are no developments similar to the one that took place in Germany (the *Maja* case) and other countries, and this cannot at present be foretold.

Regarding patents, Article 41 of the Law of July 5, 1864, repressed the introduction of goods lawfully manufactured abroad but representing infringements in France. (See Plaisant and Mathély, XXXIII, Nos. 86 *et seq.*, 10 *et seq.*; *Cour de Cassation*, June 27, 1893, *Annales de la Propriété industrielle*, 94, p. 216.) This is true even if the manufacturer is an assignee or licensee of a French patentee for the country concerned, because of territoriality. These solutions remain valid under the new Law of January 4, 1968 (Article 51), which offers wide protection to the patentee.

(ii) "Exhaustion of Right"

14. A complementary question should now be considered — that of "exhaustion" of the right resulting from a patent.

This doctrine is unknown in French jurisprudence, but, as we have indicated (Franceschelli, Plaisant, Lassier, No. 293), a similar idea can be found in the *Olibet* judgment (*Cour de Cassation, Chambre criminelle*, July 13, 1961, *Annales de la Propriété industrielle*, 1961, p. 95, note by Lassier; *Dalloz*, 1961, p. 525, report by Costa; *Jurisclasseur Périodique*, 1961, 12, p. 241). *Olibet* had agreed to sell his goods unmarked to a retailer but refused to sell them with the mark. It was held that there was refusal to sell in violation of the Order of June 30, 1945, Article 37. The reasoning was as follows: the right to the mark was irrelevant to the case as there was no call for a license; since the goods were offered

to everyone with the mark, refusal to sell them with the mark to certain parties represented unlawful discrimination.

It is our opinion that, similarly, under French law a license for a patent relating to a manufacturing process may be granted in respect of a given place or a given part of the French territory, but not a sales license. As a matter of fact, once the product has been manufactured and sold, it may be used or resold without a license and the right to the patent is no longer relevant. Since French legislation prohibits refusal to sell, this merchandise must be sold by the licensee or resold by an intermediary to whoever wishes to buy it.

Outside France, it appears that the doctrine of exhaustion has been relied upon to limit, in application of the antitrust laws, the validity of clauses through which the patentee tries to restrict the licensee's freedom. In the United States, it is characteristic of the courts to limit the clause setting the price of the goods manufactured under license to sales by the licensee. The validity of such a clause is, so it seems, debated. A clause setting a price for the licensee's "buyer-reseller" is not valid because here the licensee does not need the license and such a restriction is therefore not justified by the patent. (See Chesterfield Oppenheim, *Antitrust Law*, p. 884; Schwarz, *Free Enterprise and Economic Organization*, vol. II, p. 773 *et seq.*, 389.) According to Article 20 of the *Gesetz gegen Wettbewerbsbeschränkungen (GWB)* of 1957, the patentee has the right to set the licensee's selling price, but the retailer who buys from him is bound by the general price regulations. (See Bartholomeyczik, p. 584; on trademark licenses, see *Die Warenzeichenlizenz*, by Beier, Deutsch, Fikenscher, p. 427.

15. The conclusion to be drawn seems to be as follows. The patentee (or the owner of a mark) has the right to forbid any act prejudicial to his monopoly. To the degree that he authorizes an act which would otherwise be an infringement, he is acting within the limits of his exclusive right. On the basis of this right, he has the possibility of setting up various conditions for his consent. He may even exceed the strict limits of his right without violating the antitrust law (this is the case of the clause for supplies).

If, on the other hand, a license is no longer required for the use of a patented product, the exclusive right can no longer be relied upon as the basis of a clause restricting the liberty of the parties concerned, and the antitrust law is fully applicable.

16. Writers wishing to avoid any "partitioning" of the Common Market, even where such partitioning results from an industrial property right (Koch and Froschmaier, *GRUR Int.*, 1965, p. 121; Schumacher *WuW*, 1968, p. 494), base their argument on the doctrine of exhaustion and argue that, once a patented product has been put into circulation in any country of the EEC, this product must be allowed to move freely in all other such countries.

This argument overlooks one important aspect of the rule of exhaustion, however. The rule in question is tied in with territoriality and is applicable only within the territory of a State, as was affirmed by the German Federal Court in the *Voran* case and by the Netherlands judge. (See the very inter-

esting note by Willy Alexander, *Cah. Dr. Eur.*, 1967, p. 697, on the judgment delivered by the Court of The Hague on June 30, 1967, requesting the interpretation of the Court of Justice of the European Communities.) According to the conflict-of-laws principle, territoriality and exhaustion of right are public policy rules of a territorial nature, applicable solely within the borders of a State.

By ruling that the national laws subsist as they stand, the Court of Justice allows them their full scope, together with their territoriality, as this concept is understood in each country, and the doctrine of exhaustion, again as it is recognized in each country.

#### (d) Conclusion

17. This long report leads to the conclusion that the Court of Justice, in judging that "the national character of industrial property protection and the divergences in the legislation are likely to create obstacles" to the free movement of goods, has endorsed the exclusive authority of the national laws. In each country, it is up to the legislator and judge to give whatever scope they see fit to industrial property rights, particularly as regards territoriality and exhaustion. The solutions may vary from one country to another, as the Court pointed out, and even within the same country depending on which right is concerned. As a result, the holders of rights are not violating the Treaty when they exercise rights granted to them under national law.

Further, contractual stipulations are not out of line with the Treaty, particularly Article 85 thereof, when they merely refer to the national law or take up the provisions of that law.

#### B. Application of Article 85

18. Our report can be brief on this point.

The Court of Justice adopted the universally recognized distinction between the exclusive right *per se* and the exercise of that right by contract, a distinction it had already made in its *Grundig* judgment of July 13, 1965 (*Rec.* 66, XII-4, p. 428).

Likewise, the Court, recalling that the application of Article 85 presupposed an express or tacit voluntary agreement between two parties, confirmed an obvious interpretation that it had already adopted in its *L/T/M* judgment of June 30, 1966 (*Rec.* 64, XII-4, p. 337), and in its *Brasserie Haecht* judgment of December 12, 1967 (*Rec.* 67, XIII-1, p. 93). (Regarding this basic principle, see also Franceschelli, Plaisant, Lassier, No. 36.)

In the case before the Court, the patentee was merely exercising the basic right granted to him under the Netherlands Law; Article 85 was not applicable.

If, on the other hand, the use of patents derives from a contract between enterprises, Article 85 may be applicable.

#### C. Application of Article 86

19. The judgment's grounds relating to the application of Article 86 merit analysis because there has been no application of that Article to date.

The Court first drew attention to the three conditions required for the application of Article 86: that trade be-

tween States be affected, that there be a dominant position, and that there be abuse. It then stated that, "as, at present, patent law owes its existence exclusively to municipal legislation, use thereof could only be governed by Community law" if the three conditions were met.

Lastly, the Court pointed out that, "a higher price charged for a patented product as compared with that charged for an unpatented product does not necessarily constitute an abuse."

The Court of Justice thus lays down the principle that Article 86 is possibly applicable to monopolies resulting from industrial property rights, but only as regards their use (the same distinction is made for Article 85) in cases where use becomes abuse and where this abuse affects trade between States. The similarity of these grounds with the ideas generally accepted in the United States is remarkable. (See Chesterfield Oppenheim, p. 779.)

The higher selling price is taken into consideration by the Court only as an element to be used in evaluating a broader situation. On this point, the Court indeed seems to take the opposite view of the Commission which had stated: "The fact that a patentee occupying a dominant position in the sense of Article 86 charges excessive prices may constitute an abusive practice."

The judgment offers no means of comparison whereby the circumstances in which there might be a dominant position based on industrial property rights and accompanied by abuse can be defined. It refers "in a comparable field" to the well-known Article 36, according to which restrictions on importation for reasons of public policy must neither be discriminatory nor constitute a disguised restriction on trade between States.

We therefore think, but this is our own personal opinion, that:

having regard to the consequences of territoriality, the existence of a dominant position as a result of one or more patents does not fall within the scope of Article 86;

there must be a dominant position based on other factors than patents; the party concerned must have pursued a policy of monopoly;

there must be abuse and this abuse must consist strictly in one of the practices mentioned in the "catalogue" of Article 86 (see Braun and Gleiss, No. 208 *et seq.*);

high prices charged by the patentee do not, in themselves, constitute an abuse; in point of fact, no provision of the Treaty gives the Commission the power to control prices, and any such control would be contrary to the fundamental principles of the Treaty. (See Franceschelli, Plaisant and Lassier, Nos. 166, 406, very general; Schumacher, *WuW*, 1968, p. 488, no indication; Wertheimer, *Sociaal Economische Wetgeving*, 1968, p. 278, no indication as to the application of Article 86 in this special area; see the interesting comments of Dr. Günther on German law, in *Zehn Jahre des Bundeskartellamtes*, Carl Heymans Verlag KG, 1967, p. 21.)

It may be concluded that there remains considerable uncertainty regarding the application of Article 86 to industrial property.



### III. Questions for the Future - Parallel Patents Parallel Assignments and Licenses

20. Parallel patents and parallel licenses are the *bête noire* of the Commission. (See Koch and Froschmaier, *GRUR Int.*, 1965, p. 121; Schumacher, *WuW*, 1968, p. 487.) This is understandable. The task of the Commission is to unify the market, and national patents are an obstacle to unity.

In its observations, the Commission proposed that the Court of Justice should make a ruling on this point. The Court did not do so, for that was not its role.

We shall, however, try to draw the consequences of the *Parke Davis* judgment on these two points.

#### A. Parallel Patents

21. The Commission's argument is quite simple. An inventor who is protected in a country by a patent and who puts his products into circulation has collected "his reward." He has exhausted his right, and the goods must be allowed to move freely from country to country.

This argument might be valid from the standpoint of *lege ferenda*; from that of *lege lata*, it is in contradiction with the existence of national patents and their territoriality.

Several comments are in order.

22. The first one does not have a direct bearing on the subject matter but should nevertheless be made, for it helps to define the nature of the patent. It is sometimes said that the patent (the theory could also be extended to other industrial property rights) is a negative right. It consists in prohibiting third parties from using the invention. This idea can be found particularly in American writings, in connection with the antitrust laws (Chesterfield Oppenheim, p. 761; Schwarz, p. 734), but it does not appear to have been very consequential. Moreover, American courts and jurisprudence also recognize that it is a property right. (See the above-cited authors; Deller, *On Patents*, Nos. 1, 14, 211; Michaellis, *Brevets d'invention*, pp. 273 and 274.) The negative character of the patent would be demonstrated by the action for infringement, which is indeed intended to prohibit the activity of a third party.

However, this right is more than purely negative. Some writers, arguing in favor of its negative character, point to the fact that the patent does not give the right to exploit, for the inventor can work his invention without a patent. This is incorrect, for the patent does give the exclusive right to work the invention by disclosing it. Disclosure avoids maintaining secrecy which is always difficult and sometimes impossible (Franceschelli, *Trattato de diritto industriale*, vol. 2, pp. 547 *et seq.*; Troller, *Immaterialgüterrecht*, 2<sup>nd</sup> edition, pp. 74 *et seq.*, 82 *et seq.*).

This exclusivity or monopoly is the subject of the property right, and connected to this exclusivity is a clientele which gives it its real value. This illustrates the positive — and not merely negative — character of intellectual property, considered from the pecuniary point of view.

23. The second comment concerns the obligation to work the invention. Those who contend that any patented product put on the market must be allowed to move freely from one

country to another are overlooking a major principle applied by the national patent laws and supported by Article 5 of the Paris Convention. The patentee must work the invention in each country where he has a patent so as to avoid issuance of a compulsory license or possibly forfeiture. (See Schatz, "Ausübungszwang und Zwangslizenzen im Gemeinsamen Markt," *GRUR Int.*, 1968, p. 273.)

As long as non-working can result in a license or forfeiture, each patent must be considered separately in each country. The patentee must have the possibility of partitioning the Common Market country by country and of forbidding importation from one to another so as to be able to exploit separately in each one and preserve his right through compliance with the national law. The obligation to work the invention in each State is the most obvious manifestation of territoriality.

This state of affairs may be unfortunate from the economic point of view. It is contrary to the goal of the Treaty. It is up to the Commission and Member States to remedy it.

There is one very clear difference between patents and trademarks: for the former, the obligation to exploit is based on protection of national industry; for the latter, it is based on the desire to prevent the hoarding of unused marks. As a result, territoriality is much stricter in the first case than it is in the second, and limitations on territoriality accepted for marks (see Van Bunn, pp. 281 *et seq.*) should not necessarily apply to patents (*contra*, Schumacher, *WuW*, 1968, p. 91).

24. The third comment concerns the exhaustion-of-right theory, which we merely mention for the sake of completeness. It has been indicated that, since patents are territorial, exhaustion of right also applies within the territorial limits of a State.

25. *Conclusion:* We therefore think that the Court of Justice, having recognized the absence in the Treaty of any substantive rule on property rights and hence on their territoriality, can in future only note the existence of independent patents (and other rights) having a territorial character, with all of the resulting consequences.

#### B. Parallel Assignments and Licenses

26. The factual situation is somewhat different.

When an inventor owns patents in all six countries, the products he sells move freely because the interested party is the sole proprietor throughout the territory of the Common Market.

When an assignment is made or a license granted to other parties, partitioning appears because the unity that existed previously is broken.

It might be thought that this partitioning of the market by contracts runs counter to Article 85. This is not normally so, however. It is a matter of principle that the owner does not violate the antitrust laws in general, or Article 85 in particular, merely by breaking up his right (Braun and Gleiss, No. 68; Deringer, "EEC Antitrust Laws and Industrial Property," *Antitrust Bulletin*, 1968, XIII, p. 341; Franceschelli, Plaisant and Lassier, No. 306; Van Gerven, No. 86 *et seq.*). Conse-

quently, separate assignment by the patentee of each of the patents he owns in each of the six States is not, in itself, a violation of the Treaty.

If the transfer of property country by country is thus acceptable, then this must also hold true for a similar transfer of the enjoyment of the right, that is, for a license.

Simple assignments and licenses are therefore not subject to notification because Article 85 is not applicable. Prudence is essential, however, in this matter.

27. Two ancillary questions then come up.

The first one is whether there is a limit on this right to transfer property country by country. In cases of misuse of law, the answer is yes, according to the principles laid down in the *Grundig* judgment.

The second question is a procedural one. Will the Court of Justice have to decide whether or not parallel assignments and licenses are compatible with the Treaty? Not necessarily, in our opinion. Since the Court of Justice upheld the continued existence of national laws with their territoriality and the doctrine of exhaustion as it is recognized under those laws, the Community rule seems to have been established. The national judge is competent to apply the Treaty and to apply his national legislation alone, provided there is no misuse of law. In actual fact, however, it is possible that the Court of Justice may be called upon to decide the matter, either when ruling on a main issue concerning a decision of the Commission or when settling a point of law in connection with a request for interpretation. We believe that the Court should confirm the principle laid down in the *Parke Davis* judgment and allow parallel licenses and assignments, except in cases of misuse of law.

#### IV. Conclusion

28. The *Parke Davis* judgment thus appears to be of fundamental importance.

The Court noted the fact that there are no Community regulations concerning patents and that the national laws therefore have to be maintained with all of their consequences. This fact is regrettable. The resulting situation is contrary to the objectives of the Treaty. It is up to the Member States to provide a cure, and it is hoped that they will do so.

The remainder of the judgment adds nothing to what was already known regarding the application of Articles 85 and 86. It reaffirms earlier solutions.

The question of parallel assignments and licenses remains unsolved. We have said that they do not fall under the provisions of Article 85 when they are pure and simple, but this is only an opinion and contrary to that of the Commission. The question is thus still open to debate.

## The International Preliminary Examination from the Viewpoint of the Applicant

By D. A. WAS

### Introduction

The subject of Chapter II of the Plan for a Patent Cooperation Treaty (PCT) has, curiously enough, escaped the detailed critical examination to which interested circles have subjected the intended cooperation aimed at instituting a common international patent application and the exchange of a report on the state of the art relevant to the invention described therein. Indeed, when PCT/I was published, private circles generally felt that the latter subject as laid down in Chapter I of PCT was raising so many problems which needed to be solved first that it would be necessary to postpone a close study of the problems raised by Chapter II. However, both BIRPI and a number of governments thought differently, probably because they considered that such deferment, which would inevitably reserve the subject of patentability examination for a second treaty, would possibly jeopardize the prospects of cooperation in this field.

Consequently, PCT/III retained the subject and it was submitted to the Committee of Experts at its meeting in Geneva in December of last year. However, even when the interested circles had to accept that discussion on this matter could no longer be put off, the subject itself significantly failed to receive an enthusiastic response. Reflecting on the December meeting, one cannot avoid the conclusion that, in comparison with the very detailed consideration of Chapter I, the subject of the international preliminary examination was rather superficially treated. It became, however, apparent that the governmental delegations and private circles approached this matter so differently that there is no guarantee that both sides have yet fully appreciated each other's viewpoint.

The situation is therefore unsatisfactory. Since Chapter II is optional for the cooperating nations as well as for the individual applicants it is still possible that the Treaty may set up a system which will fail to attract a sufficient number of applicants. In the following paper, an attempt will be made to indicate the advantages and disadvantages of the scheme, since these are what will make the applicants decide whether to follow the route of Chapter II or leave it alone.

### International Preliminary Examination

As is well known, the international preliminary examination will deal with the three elements indicated in Article 33 (1), *viz.* novelty, inventive step (obviousness) and industrial applicability. Although in some cases the construction of a prior disclosure may lead to more than one concept, this will be rather the exception than the rule; equally, the third element will not very often lead to widely differing opinions. The crux of the matter is the examination of obviousness.

Obviousness is not a matter that can be defined. Whether or not the patent is valid — according to the degree of non-obviousness — will ultimately depend on the opinion of the

Court in litigation. No examiner can do more than anticipate the Court's opinion. Examiners are of different types, differing not only between the various Patent Offices, but also within the same Office. It depends on the examiner's individual critical approach to proposals for technological innovation whether or not he will be easily satisfied that a proposal involves an inventive step such as would merit the grant of a patent.

Here already is the cause of a potential basic difference between the approach to Chapter II of Patent Offices, on the one hand, and applicants on the other hand. No doubt the first category would be pleased to rely upon a negative opinion from another Office, and no applicant would like to defend a case on the basis of such a negative opinion. Whether a positive opinion would carry much weight in a subsequent consideration of patentability will depend entirely on the reputation of the first Patent Office, i. e. whether it is known to be more or less critical than the receiving office. I have heard optimistic pronouncements to the effect that the operation of the system will create harmonization of the critical approach. Even if this is not merely wishful thinking, it is nonetheless true that the applicant has to offer his potential rights as guinea pigs to promote this process, and, unless the Treaty convinces him that he should follow the route of Chapter II, he will not want to run the risk of receiving a negative opinion. There may be advantages in the use to be made of a positive opinion, or in the benefits following from the procedure.

Before an analysis can be made of these two aspects, one other matter has to be reviewed which is basic to the entire scheme, *viz.* the freedom of the applicant to disregard the Chapter II route. It was proposed during the December meeting that countries should be able to make this route a condition for grant, the idea being that the availability of a report on patentability is of paramount importance for those countries which have no facilities to judge patentability. In such a case the option now given to the applicant would disappear. However, this would violate Article 2 of the Paris Convention as long as the national legislations did not make patentability examinations compulsory for applications filed by nationals as well, and the starting point of the entire argument was the consideration that such countries lacked the necessary facilities to have their national applications examined. Consequently, it seems that the optional character as provided by the draft Treaty is essential.

### The Applicant's Attitude

Here, a distinction should be made between applicants from countries which, under the Treaty, should solicit the report from a preliminary examining authority known to be highly critical, and those who could obtain such a report from a more lenient authority.

A distinction is also necessary between applicants residing in a country whose national Office is such an authority, and those from other countries. In the former case it is practical to assume that the applicants will be obliged to procure the report from their own national Office. In the latter case,

according to Rule 54, two possibilities exist, the first that the national Office will designate only one authority, the second that it will designate several such Offices, leaving the choice to the applicant. No information has yet been obtained as to which potential examining authority would be willing to accept applications from non-residents for examination.

As an example of the first category we will take the German applicant. Under the conditions prevailing at the moment his patents will be looked at with a certain suspicion in non-examining countries if he does not succeed in obtaining a patent in his own country. The opposite is also true. Consequently, for him it is advisable to solicit the report from his own Patent Office and to distribute it widely among such countries, assuming he values a *prima facie* presumption of validity of his patents abroad. No doubt the report with its international flavour will carry even more weight than the fact that he might have obtained his national patent. This presumption might also assist him to obtain official agreement for licences in countries where governmental acceptance is required either for the licence or for the transfer of royalties.

What are the risks involved for him? The report may turn out to be negative; in that case he is no worse off in the non-examining countries than he is today when, on the same grounds, grant of his national patents would be refused. In examining countries which are more lenient than his own his chances are seriously reduced. However, he can avoid this situation by not choosing — Article 31 (4) — such countries. The same is, of course, true for countries as critical as or even more so than his own; a negative report would close the matter, and a positive report might even inspire the examiner to look for other prior art which would undermine the applicant's defence in his home country. He would therefore be ill-advised if he did not elect the non-examining countries and equally ill-advised if he did elect examining countries.

In the next section some refinement of the applicant's policy with regard to procedural aspects will be discussed.

Let us now consider the position of an applicant in a non-examining country who could only solicit the report from a difficult country. The argument that he had failed to procure a national patent in such country carries far less weight as this might be due not to unpatentability, but to his own decision not to proceed for economic reasons. Moreover, it should not be forgotten that such applicants, used as they are to a system of non-examination at home, may attach less importance to the presumption of validity in other non-examining countries. It may therefore be anticipated that such applicants will follow the Chapter II route to a lesser extent.

The position of an applicant in a lenient examining country which will act as examining authority is probably somewhere between the two categories discussed above. The presumption of validity carried by a positive report in non-examining countries will be less, but then it will be easier to procure. However, he would not dare to elect examining countries; a negative report would kill his chances and a positive report would not necessarily induce a positive reaction on the part of the more critical examiner.

The position of the applicant who has to turn to a lenient examining authority abroad will be more favourable than that of his competitor who can only procure the report from a very strict authority; nonetheless for similar reasons he will not elect the "strict" countries.

The conclusion is therefore justified that the report on preliminary examination will generally not be distributed to examining Offices, but will be used to some extent for non-examining countries, particularly those where no national facilities exist to consider the issue of patentability and where such a report may influence the attitude of interested parties and the governmental administration. This actually was one of the motivations for Chapter II. There was, however, another and stronger incentive brought forward by examining countries, namely the desire to facilitate their own examination by procuring such a report established by other Patent Offices, and it must be concluded that the applicants' policy will largely frustrate these expectations.

Another element needs discussion. Not all applicants are alike; some have facilities in their particular fields of interest which surpass those available in Patent Offices, and which permit these applicants to assess fairly their chances of obtaining a positive report even before filing. Others, and these may be the majority, unevenly distributed over the various countries, do not have such facilities available, and for this category the risks inherent in the Chapter II route will play a more dominant role in guiding their policy than will be the case for those of the first category. Confidence, based on professional strength, will therefore influence their decisions, and it follows that the system will operate to increase the advantage which the better equipped applicant has over his less equipped competitors.

Finally, it must be pointed out that every official examination of patentability is based upon the prior art discovered. It is generally agreed that under PCT the extent of such prior art will differ from one searching authority to the other. Assuming that all will do the same with respect to the "minimum documentation" (Rule 32) — an unlikely event — Article 15 (4), which forces the search to be extended to all available documents over and above that minimum, will widen the gap between the various search reports. Consequently, even the basis for establishing a preliminary opinion on patentability will differ, quite apart from the criteria applied in judging it. This is another factor which will diminish the circulation of the patentability reports to Patent Offices which have better search facilities than those searching authorities which have established the international search reports.

#### The Influence of Procedural Rules

The authors of the plan have succeeded in introducing some procedural aspects which will appeal to applicants and may affect their policies, or, more specifically, may induce them to accept risks as set out in the preceding section.

The first is the guarantee provided by Article 40 (1) that the national procedures will not start before the 25<sup>th</sup> month from the priority date. Thus the applicant may defer work and costs, and in cases of early obsolescence may avoid them.

American investigations\* have shown that, if an invention is not further processed towards practical application by the end of two years from the filing date, its chances of such application are reduced to only 5%. This facility is therefore of importance to the applicant, particularly as in many non-examining countries in which — see preceding section — he would wish to avail himself of the patentability report the costs of filing (translations) are sometimes inordinately high.

A second inducement, although operational only in a few examining countries, is the possibility of avoiding the extremely irritating practice of having to present the Patent Office of the country in question with the official actions and cited literature of other examining Offices, a facility consequent upon Article 42. This practice is so much disliked by applicants that for this reason alone they may include such a country on the list of elected countries. If they do so, their risks will not be increased by the workload and irritation avoided.

Undoubtedly, if the practice of international cooperation in patentability examination were to lead to a harmonization of criteria, which would result in the applicant's being able to expect the same report from different authorities, the basis for his selective policy as set out in the previous section would largely disappear. The difficulty, however, is that harmonization will only be realized if the different authorities are confronted with each other's reports, and it is in the interest of the applicant to avoid this as long as sufficient harmonization has not been achieved.

The standard of work performed by the various authorities will be supervised by the Advisory Committee under Article 52, but, whereas this Committee may be highly useful in achieving equal performance in searching for prior art, it cannot be expected that it will have a similar effect with respect to the question of inventive step. Matters of opinion do not lend themselves to indoctrination; each new case will have to be evaluated individually on its inventive merits over the reported prior art, and in making this evaluation the examiner will have to act as a "person skilled in the art" (Article 33 (3)); this is not a definition, but a legal fiction to be interpreted by each examiner anew when he passes from one case to the next. Even if the Treaty were to stipulate that the benefit of the doubt would go to the applicant — in itself a sound principle — it would not solve the problem of defining when such doubt exists. Nevertheless, the introduction of that principle would compel the excessively strict authorities to "come down off their high horse" and, consequently, to come closer to the attitudes of others. It would also provide a guarantee that in the condensed procedure envisaged — Rule 61 — the applicant need not convince the examiner that he has filed inventive subject matter, but only that the examiner had no clear-cut objection.

If the Treaty were to provide for such a guarantee, it may be anticipated, firstly, that the applicant would not hesitate to elect the less strict examining countries, and, secondly,

\* B. S. Sanders, "Speedy Entry of Patented Inventions into Commercial Use," *The Patent, Trademark, and Copyright Journal of Research and Education (IDEA)*, Vol. 6, No. 1 (Spring 1962), p. 87; see also R. T. Dorl, *Strategy for Patent Profits*, Noyes Development Corp., 1967, p. 85.

that, through the worldwide influence of the Treaty, other, more difficult, countries would gradually appreciate that their primary task does not lie in the refusal of patents.

Under these conditions, the inducement offered by the deferment of the subsequent national procedures might encourage more applicants to elect examining countries than can be expected with the present draft Treaty.

Summarizing the foregoing, it can be said that if the Treaty permits a very strict approach to the issue of subject matter, even in a few of the examining authorities, the applicant will steer clear of electing any examining country. If, however, the applicant was assured that he would have the benefit of the doubt, the procedural rules might tip the balance of his policy considerations towards the Treaty. It is therefore essential that nothing should be done to diminish the attraction of the procedural rules as laid down in PCT/III.

This word of warning seems appropriate, as in the December meeting various official delegations proposed amendments to that effect, all of them inspired by the legitimate desire to facilitate the national procedures. However, instead of such amendments, there is a shorter and easier way to arrive at the same result, namely to strike out the entire Chapter II. This would be regrettable as the Chapter II route would lead to a better performance of the patent system in countries which at present lack the necessary professional facilities.

#### Conclusions

1. In view of the appreciable differences between the customs of various examining Patent Offices in judging the issue of obviousness, it is to be anticipated that applicants will not "elect" examining countries.

2. If they do not, the harmonization effect of the Treaty with regard to this issue will not be forthcoming.

3. The applicants will content themselves with using the Chapter II route only to distribute the preliminary examination report to non-examining countries, in which professional expertise is lacking.

4. However, if the Treaty were to stipulate that the benefit of the doubt would go to the applicant, the procedural benefits from the Treaty would attract the applicants to follow that route.

5. It is therefore of paramount importance that such procedural benefits should not be whittled away.

## NEWS ITEMS

### SWITZERLAND

#### *Appointment of a New Director of the Federal Bureau of Intellectual Property*

We have recently been informed that Mr. Walter Stamm has been appointed Director of the Federal Bureau of Intellectual Property in Berne. He succeeds Mr. J. Voyame.

We take this opportunity of congratulating Mr. Stamm on his appointment.

## BOOK REVIEWS

### Selection of New Publications

DALEWSKI (Jan) and WALEWSKI (Waclaw). *Ustawodawstwo wynalazcze PRL*. (Legislation of the Polish People's Republic on Inventions). Warsaw, *Studium organizacji wynalazczości*, 1967/68. - 175 p.

BOGUSLAVSKIJ (M.) and ČERVIAKOV (I). *Gewerbliche (Der) Rechtsschutz in der UdSSR*. Ilmenau, Selbstverlag der Technischen Hochschule, 1967. - 92 p. Dokumentation/Information, Heft 8.

COMMISSION DES COMMUNAUTÉS EUROPÉENNES. DIRECTION GÉNÉRALE DU MARCHÉ INTÉRIEUR ET DU RAPPROCHEMENT DES LÉGISLATIONS. *Répression (La) de la concurrence déloyale dans les Etats membres de la Communauté économique européenne - Recht (Das) des unlauteren Wettbewerbs in den Mitgliedstaaten der europäischen Wirtschaftsgemeinschaft - Repressione (La) della concorrenza sleale negli Stati membri della Comunità economica europea - Recht (Het) inzake ontoelaatbare mededeging in de Lid-Statcn van de Europese economische Gemeenschap*. Bruxelles, Communautés européennes, 1968. - 4 vol. (40+37+40+40 p.)

RONDON DE SANSO (Hildegard). — *Manual teórico-práctico de propiedad industrial*. Caracas, Prensas venezolanas de editorial arte, 1968. - 160 p. 2nd Ed.

SORDELLI (Luigi). *Problemi giuridici della pubblicità commerciale*. Milan, A. Giuffrè, 1968. - VII-279 p.

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*Gewerblicher Rechtsschutz [Industrial Property Laws]*. Texts with notes and references. Edited by Kurt Haertel and Albrecht Krieger. Second Edition. Publisher: Carl Heymanns Verlag KG, Cologne 1968. Price: DM 29. (In German)

This manual contains all the industrial property legislation of the Federal Republic of Germany, including the law on employees' inventions, the law against unfair competition, the antitrust law, and the International Conventions.

The second edition brings together all these laws in their most recent versions and thus takes account of the recent changes in the Patent and Trademark Law (see Krieger: «The New German Patent and Trademark Law», *Industrial Property*, 1968, p. 155).

The editors have supplied the texts with useful references to other laws.

L. B.

# CALENDAR OF MEETINGS

## BIRPI Meetings

April 17 and 18, 1969 (Geneva) — Paris Union Committee for International Cooperation in Information Retrieval Among Patent Offices (ICIREPAT) — Technical Coordination Committee (1<sup>st</sup> Session)

June 20 and 21, 1969 (Geneva) — Permanent Committee of the Berne Union (Extraordinary Session)

*Object:* Consideration of various questions concerning copyright — *Invitations:* Belgium, Brazil, Denmark, France, Germany (Fed. Rep.), India, Italy, Portugal, Rumania, Spain, Switzerland, United Kingdom — *Observers:* All other member States of the Berne Union; interested international intergovernmental and non-governmental organizations

September 17, 1969 (Geneva) — Paris Union Committee for International Cooperation in Information Retrieval Among Patent Offices (ICIREPAT) — Technical Coordination Committee (2<sup>nd</sup> Session)

September 18 and 19, 1969 (Geneva) — Paris Union Committee for International Cooperation in Information Retrieval Among Patent Offices (ICIREPAT) — First Annual Meeting

September 22 to 26, 1969 (Geneva) — Interunion Coordination Committee (7<sup>th</sup> Session)

*Object:* Program and Budget of BIRPI for 1970 — *Invitations:* Argentina, Australia, Austria, Belgium, Brazil, Cameroon, Denmark, France, Germany (Fed. Rep.), Hungary, India, Iran, Italy, Japan, Kenya, Morocco, Mexico, Netherlands, Poland, Portugal, Rumania, Soviet Union, Spain, Sweden, Switzerland, United Kingdom, United States of America

September 22 to 26, 1969 (Geneva) — Executive Committee of the Conference of Representatives of the Paris Union (5<sup>th</sup> Session)

*Object:* Program and Budget (Paris Union) for 1970 — *Invitations:* Argentina, Australia, Austria, Cameroon, France, Germany (Fed. Rep.), Hungary, Iran, Japan, Kenya, Morocco, Mexico, Netherlands, Poland, Soviet Union, Spain, Sweden, Switzerland, United Kingdom, United States of America — *Observers:* All the other member States of the Paris Union; United Nations; International Patent Institute

September 22 to 26, 1969 (Geneva) — Council of the Lisbon Union for the Protection of Appellations of Origin and their International Registration (4<sup>th</sup> Session)

*Object:* Annual Meeting — *Invitations:* All member States of the Lisbon Union — *Observers:* All other member States of the Paris Union

September 29 to October 3, 1969 (Washington) — International Copyright Joint Study Group

*Object:* To examine all questions concerning international copyright relations — *Invitations:* Argentina, Australia, Brazil, Canada, Ceylon, Czechoslovakia, France, Germany (Fed. Rep.), India, Italy, Ivory Coast, Japan, Kenya, Mexico, Netherlands, Nigeria, Peru, Philippines, Rumania, Senegal, Spain, Sweden, Tunisia, United Kingdom, United States of America, Yugoslavia — *Observers:* Organizations to be designated — *Note:* Meeting convened jointly with Unesco

December 10 to 12, 1969 (Paris) — Intergovernmental Committee Rome Convention (Neighboring Rights), convened jointly by BIRPI, ILO and Unesco (2<sup>nd</sup> Session)

December 15 to 19, 1969 (Paris) — Permanent Committee of the Berne Union (14<sup>th</sup> Ordinary Session)

## Meetings of Other International Organizations Concerned with Intellectual Property

March 24 to 27, 1969 (Cairo) — Afro-Asian Organization for Economic Cooperation (AFRASEC) — Afro-Asian Conference on the Development of Small Industries

March 25 and 26, 1969 (The Hague) — International Patent Institute (IIB) — 100<sup>th</sup> Session of the Administrative Council

May 19 to 22, 1969 (Prague) — International Federation of Musicians — Executive Committee

May 26 to 30, 1969 (Vienna) — International League Against Unfair Competition (LICCD) — 21<sup>st</sup> Congress

May 31 to June 7, 1969 (Istanbul) — International Chamber of Commerce (ICC) — XXII<sup>nd</sup> Congress

June 9 to 14, 1969 (Venice) — International Association for the Protection of Industrial Property (IAPIP) — XXVII<sup>th</sup> International Congress

June 23 to 27, 1969 (Paris) — Unesco — Subcommittee of the Intergovernmental Copyright Committee

July 1 to 5, 1969 (Moscow) — Moscow Jubilee Symposium 1969 (Industrial Property)

July 3 to 7, 1969 (Moscow) — International Writers Guild (IWG) — 2<sup>nd</sup> Congress

September 8 to 12, 1969 (Nuremberg) — International Federation of Musicians — 7<sup>th</sup> Ordinary Congress

## ANNOUNCEMENT OF A VACANCY FOR A POST IN BIRPI

COMPETITION No. 79

### Technical Counsellor (ICIREPAT)

*Category and Grade:* P. 4/P. 5, according to qualifications and experience.

*Principal duties:*

The incumbent will be responsible, subject to general directives, for the implementation of BIRPI's program in the field of information retrieval in the patent field, particularly within the framework of the program of the "Paris Union Committee for International Cooperation in Information Retrieval Among Patent Offices" (ICIREPAT). The particular duties will include:

- (a) preparation of long range and short range draft programs for ICIREPAT;
- (b) preparation of documents for ICIREPAT meetings, and of reports on the work performed and plans of ICIREPAT;
- (c) preparation of, and secretarial assistance to, meetings of ICIREPAT and its Technical Coordination Committee;
- (d) coordination of the work of, and secretarial assistance to, the Technical Committees and special working groups of ICIREPAT;
- (e) execution of those parts of the ICIREPAT program which are within the competence of the International Bureau;
- (f) assistance in coordinating the work of the Offices of the participating countries and the International Patent Institute in execution of the ICIREPAT program;
- (g) contacts with industry and private organizations to ensure harmonization of efforts in information retrieval in the patent field;
- (h) participation in meetings of other international organizations dealing with technical information retrieval.

*Qualifications:*

- (a) University degree in a relevant field of science or technology or qualifications equivalent to such degree.
- (b) Good knowledge and experience in the field of information retrieval.
- (c) Excellent knowledge of English and at least a good knowledge of French.

Practical experience in the processing of patent applications, especially as a patent examiner, and in dealing with documentation problems in the patent field, would be an advantage.

*Nationality:*

Candidates must be nationals of one of the member States of the Paris or Berne Unions.

*Age limit:*

At the P. 5 level: less than 55 years of age at date of appointment.  
At the P. 4 level: less than 50 years of age at date of appointment.

*Date of entry on duty:*

As mutually agreed.

*Application forms and full details regarding the conditions of employment may be obtained from the Head of Personnel, BIRPI, 32, chemin des Colomhettes, 1211 Geneva, Switzerland.*

*Application forms, duly completed, should reach BIRPI not later than March 31, 1969.*

