Guidance on answering the discussion questions in the book

Para 1.39

Look at the table below. Why do each of patents, copyright and design rights ultimately expire whereas a trade mark can be protected for all time so long as it is re-registered every 10 years?

First, consider why we want IP rights to expire at all. As we say in the textbook, IP law and policy are concerned with striking a delicate balance between granting private monopoly rights and furthering certain important public interests. While the rights exist, restricted access to the subject matter of the right can be maintained. When they fall away, however, the subject matter goes into the public domain for use by any or all. Thus, on the expiry of patents valuable inventions such as pharmaceuticals can be manufactured by any company and sold at a fraction of the price. Similarly, in design law, innovative designs can be replicated and in copyright, creative works such as books, poems, films and photographs can be copied. The public interests at stake may be considerable, in the areas of health, engineering, science, architecture, fashion, and the creative industries. But what public interest is served if a trade mark becomes freely available? Or, put another way, what public interest is compromised by allowing a trade mark owner to maintain their own unique badge? Does the lack of a limit have adequate regard to freedom of expression? Read the Part of the book that deals with trade marks and then revisit this question.

Para 1.54

How is it possible for the Union (and formerly the Community) to legislate on property matters when Article 345 TFEU states: 'This Treaty shall in no way prejudice the rules in Member States governing the system of property ownership'? Will the existence of a single right render national rights redundant?

There are two parts to this question. First, how can it be that the European Union can legislate on IP matters when this seems to conflict with Article 345 TFEU; secondly, what is the effect on national property laws if we have a unified European property right in any given area of IP law? Well, the starting point is to ask what do we mean by 'prejudice' members states' rules? Does it 'prejudice' local laws to add to existing forms of property, for example? Arguably not. Also, is there a distinction to be drawn between (a) whether property rights can be taken away, and (b) whether their operation can be subject to some form of regulation?

The European Court of Justice addresses this area many years ago as we discuss in Part VII of the book. The first case to do so was *Deutsche Grammophon GmbH v Metro SB Grossmarkte GmbH & Co* [1971] 1 CMLR 631 in which the Court drew an important distinction between the *existence* of property rights and the *exercise* of property rights. It was held that while the Treaty does not, and cannot, affect the existence of property rights conferred by national legislatures, it is permissible to influence the exercise of those rights in the pursuit of the broader aims of the Single Market. We explore the circumstances in which this occurs and the parameters in chapter 19.

As to the second part of our question, it is the case that a *new* unitary European intellectual property right is perfectly permissible *so long as* this does not involve the removal of any national rights. Thus, we see that in addition to the Community Design Right and the

Community Trade Mark, national systems of design and trade mark protection remain. In practice, applicants can decide for themselves which options are best for their needs and the markets they wish to access. But is it possible to have a national right *and* a Community right at the same time? Why would you bother? And how are your views on this influenced by the movement to the Unified Patent?

Para 1.65

What does protection against unfair competition mean? Do you think that the UK maintains a defensible position in this regard? Would it be preferable to institute a specific law in this area? Reconsider the question after you have read Chapter 16.

'Unfair competition' is a very vague and ill-defined term, and it does not form part of the jurisprudence in the United Kingdom, as we have indicated. But with vagueness can come flexibility, whereas a claimant in the UK must try to pigeon-hole their action into the narrow parameters of available remedies, such as the tort/delict of Passing Off. The UK is very much in the minority in Europe in not having specific rules or remedies to combat unfair competition.

So what does it mean? 'Competition' implies trade and business in the marketplace. But what might 'unfair' encompass? Is it specific illegal practices, deceptive or misleading practices, monopolistic practices, misappropriation of property or valuable assets, or something else? What is the role of intention or inattention to one's conduct? What threshold must be met before the law is breached?

Here is the example of the German law:

The law prohibits "unfair acts of competition which are liable to have more than an insubstantial impact on competition to the detriment of competitors, consumers or other market participants".

"Acts of competition" are defined as "every act by a person with the aim of increasing the sale or supply of goods or services, including immovable goods, rights and obligations, for his own benefit or for the benefit of a third party".

The law does not, however, define "unfair". Rather, it gives a non-exhaustive list of examples. This includes:

- Unreasonably manipulating or exploiting consumers;
- Surreptitious advertising;
- Sales promotions, competitions, draws and prizes with unclear rules on participation;
- Attacks on business reputation;
- Exploitation or misappropriation of another's work or reputation;
- Systematic obstruction of competitors;
- Violation of laws regulating marketing activities.

These are not all of the examples given, but it should convey the breadth and rationale of the law. To be actionable, such activity must injure market participants and competition must be materially distorted. It falls to the courts to put more flesh on the bones.

So, in light of this, consider again our question: should the UK institute a specific law? Read Chapter 16 on Passing Off and revisit this question. What do you think of the views of Jacob LJ?