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A Comparative Study of the CJEU and ECtHR Approaches on Intellectual Property: Unity or Division?

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*"...ma misi me per l'alto mare aperto
sol con un legno e con quella compagna
picciola da la qual non fui diserto"*

Dante Alighieri, *Divina Commedia*, Inferno, canto XXVI

A tutti i maestri, scolastici, accademici e
del quotidiano, che hanno saputo trasmettermi la
passione nel continuare a remare;

A Davide e a tutti gli amici che, vicini o lontani, per
poco o per molto, si sono fatti compagna preziosa e
indispensabile nel mare della vita;

Infine, ma soprattutto, ai miei genitori, per essere stati i primi
a farmi vedere la bellezza del mare aperto
e per avermi liberamente guardata navigare.

Grazie.

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Introduction

During the last decades, intellectual property ("IP")¹ has experienced a commendable growth in its importance, measurable, primarily, in terms of number of applications filed before national and regional IP Offices and number of litigation proceedings.

Despite it is not the aim of this research to investigate the various theories underpinning IP systems, it is useful to recall since the very beginning of this research that we are dealing with a traditionally "economic" right. Indeed, IP rights ("IPRs") are a core incentive for the promotion of innovation, which is a considerable aspect of economic growth. Moreover, thanks to the public processes of registration and to the grant of licences, IPRs permit knowledge to become a common good and be shared.

This is the shade under which the European Union has, since the very beginning of its integration process, looked at IP. In particular, it has always had a very strong interest in harmonising national IP laws and, where possible, in introducing Union-wide IPRs in order to reduce non-tariff barriers to trade between EU Member States, representing substantial obstacles to the achievement of the internal market project.

Among the European Institutions, the Court of Justice of the European Union ("CJEU" or "Court of Justice") had the merit to boost this harmonising process, in the IP as well as in other fields of EU law, due to the increasingly numerous times it was given the chance to rule on a piece of secondary legislation concerning the subject matter at stake.

While the then European Coal and Steel Community was moving its first steps towards a closer integration between European states, another impressively successful organisation was about to see the light. This is the Council of Europe, which emanated the European Convention on Human Rights and Fundamental

¹ This thesis is not aimed at providing a complete overview of the different IPRs. Indeed, under the intellectual property "umbrella" there are several rights, granting different scopes of protections and responding to different needs. Under the traditional industrial property rights there are the trademark, patent and design rights. Copyright is the author right par excellence. However, a new set of IPRs is developing quickly, such as plant-variety rights, responding to the need of a fast-moving society.

Freedoms ("ECHR") in 1951. The Council of Europe is an international organisation, now joined by 47 Contracting Parties², and as such different in nature from the EU. However, they share the same roots, which are inextricably linked with the need to bring peace and prosperity in the European region, among democratic states, in the aftermath of World War II.

The European Court of Human Rights ("ECtHR" or "the Strasbourg Court"), the effective and praised guardian of the Convention, developed, starting from the early 1990s, an interesting jurisprudence on intellectual property, based on alleged violations of art. 1, Protocol 1, and on the need to balance other human rights set in the Convention with the right to (intellectual) property.

So far, one might argue that each of these two Courts may follow its own "needs", economic on the one hand and human-right-related on the other, and decide their respective cases according to them.

However, this is not so straightforward. As we will see, there is more than a general need to uniform a matter subject to a jurisdictional overlap. Indeed, the Treaty of Lisbon introduced major changes in this respect. Firstly, it provided a positive obligation for the European Union to accede to the ECHR. Secondly, it adopted the Charter of Fundamental Rights of the European Union ("Charter" or "Charter of Fundamental Rights") as a primary source of EU law.

The latter Charter states, under art. 17, par. 2, that "Intellectual Property shall be protected". Such provision has been interpreted by the Court of Justice in a number of occasions.

Therefore, a certain relationship between the Court of Justice and the ECtHR in the IP field exists and must be assessed.

The aim of the present thesis is to trace the two Courts' main trends when it comes to intellectual property and to compare them.

² Namely, Albania, Andorra, Armenia, Austria, Azerbaijan, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Republic of Moldova, Monaco, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, Russian Federation, San Marino, Serbia, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, "The former Yugoslav Republic of Macedonia", Turkey, Ukraine, United Kingdom.

The purposes of this research are: firstly, to point out the two Courts' respective aims in the IP field and to highlight noteworthy differences and similarities, if any. Secondly, a particular attention will be paid to the comparison of the jurisprudence of the CJEU on art. 17, par. 2, of the Charter of Fundamental Rights with the jurisprudence of the ECtHR on Art. 1, in light of the obligations bearing on the Court of Justice.

The first Chapter will provide an overview of the two Courts' functioning and histories, put in the context of their respective institutions' development. Then, their relationship with intellectual property will be assessed, namely which is the legislative *corpus* that brings IP before the Courts and which is the "lens" under which they have traditionally scrutinised IP. Moreover, a brief overview of the legal and factual framework regulating the relationships between the Courts will be provided.

In the second Chapter, I will analyse the IP case-law of the Court of Justice. Due to the complexity and the high number of cases decided by the Court in this matter, I will mainly focus on trademark, patent and copyright cases.

Then, in the third Chapter, I will analyse the IP case-law of the Strasbourg Court. I will include both the cases brought before the Court and before the European Commission of Human Rights. I will highlight some of the main trends followed by the ECtHR, as well as the increasing interest it showed out when dealing with intellectual property.

The final Chapter will then provide a comparative study of the conclusions reached in the previous Chapters.

However, an important premise is due. Indeed, one must bear in mind that the two Courts operate into very different contexts and it can be argued that they are devoted to different interests. Indeed, the Court of Justice of the European Union is the judicial body of a very complex, likely unique, phenomenon, the European Union. This is not born and neither developed as an international organisation, as the Member States cease part of their sovereign powers to a common institution. As a consequence, their laws have to be harmonised in order to reach the goals set by the Union. One of the main purposes of the Court of Justice is, indeed, to harmonise Member States' laws by means of a judicial review.

On the other hand, the ECtHR, despite having very peculiar characteristics, is the judicial organ of a "traditional" international organisation. Therefore, its aim is not at all that of harmonising the Contracting Parties' laws, but rather to ensure the respect of the rights set in the Convention.

However, comparing the two Courts' approaches to intellectual property will eventually reveal some general attitudes of the Courts themselves and their evolution. This is extremely interesting in particular, as far as the CJEU is concerned, in light of the future accession of the EU to the ECHR and of the obligations bearing on the Court of Justice when it deals with human rights law.

CHAPTER 1

The CJEU and the ECtHR: two different projects and perspectives

SUMMARY: 1. The Court of Justice of the European Union – 1.1. The CJEU at a glance – 1.2. Key aspects in the development of the European Union and of the Court of Justice – 1.3. Intellectual property in the EU – 1.3.1. Evolution of EU interest in the IP field – 1.3.2. European IP legislation – 2. The European Court of Human Rights – 2.1. The European Council and the ECHR – 2.2. The European Court of Human Rights at glance – 2.3. Intellectual property and the ECtHR – 2.3.1. Violation of Article 1, Protocol 1 of the ECHR – 2.3.2. Balancing Article 1 with other human rights set in the ECHR – 3. The co-existence of the two Courts – 4. Concluding remarks

In 1952, at the very beginning of the process leading to European integration, the first institution deemed to “[...] ensure the rule of law in the interpretation and application of the Treaty and of its implementing regulations”³ was created, namely the Court of Justice.

Only few years later, in 1959, the first members of the European Court of Human Rights (hereinafter, “ECtHR” or the “Strasbourg Court”) were elected by the then Consultative Assembly of the Council of Europe.

Despite being founded in the aftermath of World War II, the two Courts have distinct and parallel histories and functions, which are likely to converge in the years to come⁴.

³ Art. 31, par.1, Treaty Establishing the European Coal and Steel Community (“Treaty of Paris”).

⁴ Under art. 6, par. 2 TEU, the European Union “shall accede to the European Convention for the Protection of Human Rights and Fundamental Freedoms”. This research will further explain the EU accession and, so far, it is important to highlight that, despite the accession found strong criticism and was even stopped by the Court of Justice itself, there recently seem to be positive signals. For instance, the two Courts, on behalf of their Presidents, released a “Joint communication, further to the

Before analysing in depth the two Courts' judgements, it is noteworthy to investigate "who" they are and "how" they work, in order to understand the perspective under which the two Courts in turn deal with IP.

This chapter will, therefore, provide the reader with a brief overview of the history and functioning of the two Courts, to then focus on their relationship with Intellectual Property, in particular on how the matter is brought before their jurisdiction. In attempting to be as concise as possible, these aspects will be dealt with separately for the two Courts in turn, starting with the Court of Justice of the European Union⁵ and then shifting to the ECtHR.

Since this thesis' focus is not to deepen into the – albeit fascinating – history of the European Union and of the Council of Europe, nor to describe the sophisticated mechanisms that permit these complex institutions to work, in the course of the following pages the discourse will mainly focus on what is relevant for the purposes of the thesis, as explained in the Introduction.

1. The Court of Justice of the European Union

"The most curious feature of the European Court of Justice, the court of the European Union, is not that it is a political court, but rather that it has until very recently been so successful in pursuing its political programme of the integration of Europe through law without attracting much public or even expert notice", prof. Everson wrote in 2010⁶.

This quotation summarises many authors' point of view of the role of the Court of Justice. Indeed, it can be affirmed that it is, overall, a quite "successful"

meeting between the two courts in January 2011", on January 20, 2011, on the need to regulate their future relationship (hereinafter, "Joint Communication by the Two Courts"); see further.

⁵ hereinafter, "CJEU" or "Court of Justice". Unless where further specified, these terms refer to the EU Institution encompassing the whole judiciary, as reformed by the latest Treaties. This is not to be confused with the European Court of Justice, which is the highest court of the CJEU.

⁶ M. EVERSON, «Is the European Court of Justice a legal or a political institution now?», *The Guardian*, 10 August 2010, available at <https://www.theguardian.com/law/2010/aug/10/european-court-justice-legal-political>.

institution: since its foundation in 1952, its role has progressively been strengthened and its capacity to boost the process of European integration recognised.

Someone also spoke of a “legal revolution” referring to the Court of Justice⁷: indeed, nowadays, this organ is not merely the institution entrusted with legal competences on a political body, but it rather makes law at a European level.

Firstly, the subject, namely the Court itself, seems to be outlined in its structure and functioning. Secondly, its working object will be analysed, i.e. European law. In order to do so, a brief recalling of the EU history – running in parallel with the history of the Court - is necessary, in order to understand why Intellectual Property is of a prominent relevance for the EU.

1.1. The CJEU at a glance

Since 1952, the institution at stake has definitely changed its face. By using an expression that makes one figure the impressive transformation of the Court out, judge Sacha Prechal, when interviewed in 2013, said that the Court of Justice changed from being “a bit of a family” to “a bit of a factory”⁸.

In order to face the increasing number of cases brought before the Court, three jurisdictions have been created: the Court of Justice, the General Court and the Civil Service Tribunal. It is of a considerable notice that, unlike traditional national jurisdictions, the Court of Justice enlarged “from the top”, meaning that the lower Courts, the General Court and the Civil Service Tribunal, were created only in order to “help” the Court dealing with the high number of cases it had to settle. Indeed, it delivered 31.750 judgements and orders since 1952⁹.

⁷ See, e.g., D. TAMM, «The History of the Court of Justice of the European Union Since its Origin», in *The Court of Justice and the Construction of Europe: Analyses and Perspectives on Sixty Years of Case-law*, T.M.C. Asser Press, The Hague 2013, pgs. 9 – 11.

⁸ N. DE BOER, «Interview with judge Sacha Prechal of the European Court of Justice: part I: working at the CJEU», *European Law Blog*, December 18, 2013, available at <http://europeanlawblog.eu/?p=2115>.

⁹ Information available at http://curia.europa.eu/jcms/jcms/P_80908/en/.

The working pace increased, the seven judges that firstly met in 1952 in order to settle the very first case are now twenty-eight¹⁰, the Advocate-Generals switched from two to eleven. It comprises a staff made up by 5.537¹¹ persons. Accordingly, it is becoming a huge institution.

The task of the Court, pursuant to art. 19, par. 1, TEU, should be to “[...] ensure that in the interpretation and application of the Treaties the law is observed”.

Throughout the years, by refining its role, it showed out the different facets of its work. Today, the Court “reviews the legality of the acts of the institutions of the European Union, ensures that the Member States comply with obligations under the Treaties and interprets European Union law at the request of the national courts and tribunals¹²”.

In particular, four kinds of direct actions can be brought before it¹³, subject to different conditions. The Court deals with such cases sitting in chambers of three or five judges, exceptionally in a Grand Chamber of fifteen judges¹⁴ and even as a Full Court in the cases set by the Treaties¹⁵.

Arts. 258 to 260 TFEU discipline action for infringement. This can be brought by the Commission or a Member State against another Member State who has failed to comply with its obligations under EU law.

Arts. 263 and 264 TFEU discipline the action for annulment¹⁶, which is aimed at controlling directly the legality of EU acts. The action can be brought either before

¹⁰ Art. 19, par. 2, Treaty on the European Union (“TEU”).

¹¹ Information available at http://curia.europa.eu/jcms/jcms/P_80908/en/.

¹² As the Court itself defines its functions in http://curia.europa.eu/jcms/jcms/Jo2_6999/en/.

¹³ Pursuant to art. 277 of the Treaty on the Functioning of the European Union (“TFEU”), a “plea of illegality” can also be brought before the Court, even though it is used in an incidental way.

¹⁴ Arts. 251 TFEU, and 16 of the Statute of the Court.

¹⁵ Arts. 16, par. 4 of the Statute of the Court and 228(2), 245(2), 247, 286(6) of the TFEU.

¹⁶ Within two months after the publication of the act, its notification to the plaintiff or the moment in which it came to the knowledge of the applicant, every EU act which intends to produce legal effect vis-à-vis third parties may be brought before the CEUJ by Member States, the Institutions and also by natural and legal persons. If all of the procedural requirements are met, the Court will analyse the substance of the act and will declare it void if it finds that there has been a lack of competence in the

the Court of Justice or the General Court, the latter being entrusted with a general competence, the former being reserved jurisdiction only when the action is brought by a Member State against the Parliament or the Council or when the action is brought by an EU Institution towards another Institution, pursuant to art. 51 of the Statute of the Court.

Art. 265 and 266 TFEU discipline the action for failure to act. This action can be brought by Member States, EU Institutions and natural and legal persons towards Institutions which were deemed to act pursuant to an obligation, but didn't.

Art. 268 TFEU, then, disciplines the action for damages, which is used to obtain compensation for damage or loss suffered as a result of an unlawful Union act.

Moreover, art. 267 TFEU provides for two indirect ways to question the Court of Justice on the validity and on the interpretation of EU law.

Turning to its jurisdiction, the CJEU has now full jurisdictions in most matters covered by EU law. Its functions are divided between the Court and the General Court, in a way that the latter has jurisdiction to hear direct actions brought by private parties, Member States against the Commission and against certain acts of the Council, among which there are also some actions concerning European Union Trademarks.

Moreover, as far as the relationship General Court – IP is concerned, it is entitled to hear actions by applicants seeking to annul EUIPO¹⁷ decisions on the ground of: lack of competence of the Office; an infringement of an essential procedural requirement, the TFEU, the European Union Trademark Regulation¹⁸, or any rule of law relating to their application or misuse of power. Its judgements may then be appealed to the CJEU, limited on points of law.

European Institution issuing it, if an essential procedural requirement is missing, if the Treaties or any other rule of law have been infringed or if it finds that the Institution issuing the act used its power for a purpose other than for which it was granted. All of these requirements have been further elaborated by the CJEU itself, which rendered some of its most famous sentences while shaping up the highly sophisticated structure of art. 263.

¹⁷ The European Union Intellectual Property Office, see *infra*.

¹⁸ Council Regulation (EC) No 207/2009 of 26 February 2009 on the European Union trade mark, as amended by Regulation (EU) 2015/2424 of the European Parliament and of the Council of 16 December 2015 (hereinafter, "EUTMR").

The number of such cases has been constantly increasing, representing now a considerable amount of the General Court workload. In order to improve its efficiency and effectiveness in IP-related proceedings, the General Court also developed some peculiar procedural rules, set out in Title 4 of the Rules of Procedure of the General Court¹⁹.

1.2. Key aspects in the development of the European Union and of the Court of Justice

Notably, the CJEU developed and enlarged as a single organ of a bigger body, the European Union, whose growth is well-known. Therefore, in order to understand the changes occurred within the Court, it is necessary to deepen into the European integration process, to see not only how the Court developed, as an object of European Law, but also how European Law has been looked at by the Court.

It all begun in the aftermath of World War II. Actually, the drama experienced during the War were only the culmination of the many wars occurred within the European peninsula throughout the centuries. Indeed, the concentration of populations and the abundance of raw materials (together with many other factors which are not meant to be dealt with in this context) made this territory been a bellicose one since Roman times.

However, it was “thanks to” World War II that a group of farsighted men – the so-called “founding fathers” of the European Union - begun thinking to a virtuous project, a project that certainly appeared striking at that time – and that still today is astonishing, notwithstanding all the difficulties that Europe is facing.

¹⁹ According to arts. 130-136 of the Rules of Procedure, the procedure for IP-related matters, comprising a written and a horal phase, takes summarily place as follows: the application has to be delivered to the Registry of the General Court within two months of the date of notification of the EUIPO Boards of Appeal decision, and it must be directed against the Office itself. Objections must be lodged within the time limit laid down by the registrar upon application. In *inter partes* cases, the other party to the proceedings before the OHIM Boards of Appeal may participate in the General Court proceedings as an intervener by responding to the application. After closure of the written phase, a hearing may be arranged either by the court or at the request of a main party. In practice, the General Court often decides to rule on the action without an oral hearing, unless requested by the applicant. On closure of the oral phase, the judges deliberate and inform the parties of the date of delivery of a judgment, which will then be delivered in open court.

The founding fathers proposed a different perspective for States to live together in Europe: they proposed to solve conflicts by means of common institutions, rather than by declaring wars. In particular, on 9 May 1950, when Europe was still experiencing the paralysis of the Cold War, Robert Schumann, the French foreign minister, delivered the so-called "Schumann Declaration", conceived together with, among the others, Jean Monnet, the French political and economic advisor. The core of this plan concerned the production of coal and steel by West Germany and France: the two powerful countries had to put the production of these important raw materials under the control of a single "High Authority", in order to prevent future wars. The project met the favour of Italy, the Netherlands, Belgium and Luxemburg. These six States thus became the first "Member States" of the then "European Coal and Steel Community" (hereinafter, "ECSC").

So, this is the birth of what is now the European Union. This project was put in place as an expedient to preserve – perhaps create - peace and prosperity in a land that experienced bloody wars in the past among States that wanted to increase their economic and political power. This is important because, despite it is not possible to say that the European Union is what the ECSC was, the roots of European integration lie here. Despite appearing as a project aimed at reconstructing European economy and at fostering economic cooperation, the founding fathers' project was not free of any political relevance. Indeed, Robert Schuman himself stated that: "the united production of coal and steel would be the first concrete foundation of a European federation indispensable to the preservation of peace"²⁰. However, no space at all for the protection of human rights was left within this new project, since it was not perceived as necessary.

As for the Court, the Treaty of Paris foresaw the creation of a permanent court under art. 31, par. 1 (above-quoted), vested with the important role of legal guarantee towards the decisions issued by the High Authority.

²⁰ R. SCHUMAN, «The Schuman Declaration», Paris, 9 May 1950, available at https://europa.eu/european-union/about-eu/symbols/europe-day/schuman-declaration_en.

The features of this Court could eventually combine the different claims coming from France and Germany. These characteristics remain so far, making it possible to affirm that the modern Court of Justice is the ultimate descendant of the Court of the ECSC, although on a definitely broader and different scale.

Indeed, the desire to establish a permanent Court came from the German Walter Hallstein, opposed to Jean Monnet's proposal to envisage an *ad hoc* appeal system.

The Court was entitled to know both legal and discretionary questions, which could be brought before it by Member States as well as by natural and legal persons, despite these latter were subject to very strict conditions – as it is the case nowadays.

Considerably, the presence of the Advocate Generals was already foreseen by the Treaty: they were – and still are – entrusted with the role of providing the judges with their legal perspective on the various cases at stake. As their opinions, unlike judges' dissenting opinions, were public, these not only served as guidelines for the judges, but also represented information on "European" legal questions for national courts and contributed to develop new legal theories.

The very first case that was to be settled by the Court was brought before it in April 1953²¹. However, it was withdrawn and the judges had to wait until December 1954²² for the first judgement to be rendered.

Despite the first years of this institutions are not marked by any famous decisions, scholars note that the Court immediately started to carve out a relevant position in the European scenario. For example, as noted, it used to underline expressions such as "Charter of the Community" and "Constitutionality"²³, which became of a powerful meaning only decades later.

²¹ Union des Armateurs Allemands and others v. The High Authority. The case concerned the decision by the High Authority on certain concessions given to German railways, electricity and gas companies. See D.G. VALENTINE, *The Court of Justice of the European Coal and Steel Community*, Martinus Nijhoff, 1954.

²² Case C-01/54, France v. High Authority, Judgment of the Court of 21 December 1954.

²³ See D. TAMM, «The History of the Court of Justice of the European Union Since its Origin», in *The Court of Justice and the Construction of Europe: Analyses and Perspectives on Sixty Years of Case-law*, T.M.C. Asser Press, The Hague 2013, pg. 19.

This role of the Court as what we could define the “booster of the European integration process” has been maintained throughout the decades and has had a commendable importance in the development of European Intellectual Property as well²⁴.

The next step towards European integration was made few years later, in 1957, when the six States decided to go further in their relationships, in light of the successes achieved by the ECSC, and signed the Treaty of Rome, establishing the European Economic Community (EEC).

Actually, the 1950s also witnessed two relevant failures in trying to reach European integration: these projects were, respectively, the European Defence Community (1952) and the European Political Community (1953). As their names suggest, they attempted to go beyond the mere economical aim that inspired the ECSC, but failed.

Among the many innovations that the EEC proposed, the most relevant one in this context concerns the willingness to establish a common market where people, capital, goods and services could move freely.

Years by years sovereign Member States decided to render part of their sovereignty to the EEC. In particular, the latter gained new competences in strategic fields for the fostering of the common market. New European institutions were created, namely a Council of Ministers and a Commission. The Parliamentary Assembly and the Court of Justice were, instead, shared with the ECSC.

In 1973, three new States decided to join the European project, namely Denmark, Ireland and Great Britain. Greece followed in 1981, Spain and Portugal in 1986.

However, the 1960s and '70s made the EEC experience severe crisis in moving from an intergovernmental view of the Community towards a more supranational

²⁴ As it will be analysed further, the Court of Justice contributed to develop several important principles in the field of IP, which were initially drawn by the Treaties' provisions and then inserted into secondary legislation. See further paragraph 1.3 and Chapter 2.

perspective. Emblematic is the so-called “empty chair crisis”²⁵, which was, nonetheless, solved by means of compromises (the “Luxemburg Compromises”).

As for the Court, no important changes occurred in its structure and functioning so far, except for the introduction of the preliminary ruling possibility.

The preliminary ruling, as a path for national courts to bring matters of interpretation, as well as on the validity, of Community law before the Court was firstly introduced by Nicola Catalano, as inspired by Italian law. The possibility of a preliminary ruling was foreseen under art. 177 of the EC Treaty (now art. 267 TFEU). It turned out to be a crucial tool in European integration. Indeed, it could permit the Court to develop some crucial horizontal principles, as the direct effect principle²⁶ and primacy of EU law²⁷, that contributed mostly to the creation of what the Union is nowadays. As statistics prove out, Member States’ national courts are more and more “learning” to refer to the Court of Justice for preliminary references – even though with relevant disparities from one Court to the other.

In 1989 the Court of First Instance (General Court as of the Lisbon changes of 2009) was created, with the aim of lightening the high amount of work the Court was entrusted with. Unlike with the Court of Justice, individuals were entitled to bring actions before the General Court, already in 1989.

In 1986 the Single Economic Agreement, focussing on the idea of a “Single Market”, was signed. In particular, it was Jaques Delors that strengthened this project, with the White Paper on “Completing the Internal Market”²⁸. The

²⁵ When the shift from unanimous to qualified majority voting in the Council was firstly foreseen, French Prime Minister De Gaulle refused to attend Council meetings in which compromises could not be reached, asserting that discussions had to continue until unanimity was reached whenever important national interests were at stake, notwithstanding Treaty provisions.

²⁶ Case C-26/62, *Van Gend en Loos v Nederlandse Administratie der Belastingen*, Judgment of the Court of 5 February 1963. The judgement is among one of the most notorious cases rendered by the Court and it affirmed the principle according to which EU Member States’ courts are bound to recognise and enforce Union law, which confers directly rights on individuals.

²⁷ Case C-6/64, *Costa v ENEL*, Judgment of the Court of 15 July 1964. The principle of primacy applied in *Costa* affirms that when EU law is in contrast with a national provision, the latter has to be set aside.

²⁸ White Paper from the Commission to the European Council, “*Completing the internal market*”, Milan, 1985, [COM/85/0310].

Commission asked "the European Council to pledge itself to completion of a fully unified internal market by 1992 and to approve the necessary programme together with a realistic and binding timetable"²⁹.

The following decade, then, is marked by the progressive "disruption" of European borders, both on a physical and on a political and ideological level. Member States (which became fifteen in 1995) increased their consciousness in European integration and signed two further important treaties, respectively, in 1992 and in 1999, in Maastricht and in Amsterdam.

Moreover, the 1990s saw the completion of the "Single Market" project, thanks to the crystallisation of the well-known freedoms of movements of people, services, capitals and goods. The Single Market ("internal market" as of the Lisbon Treaty) was established as of January 1, 1993.

Beside the free movement of some services, which were a bit delayed in time, since 1986 more than 280 laws concerning standards, taxes, business regulations and qualifications had been issued. Art. 95 of the EC Treaty (now art. 114 TFEU) provided the legal bases for the Council to "adopt the measures for the approximation of the provisions laid down by law, regulation or administrative action in Member States which have as their object the establishment and functioning of the internal market."

Therefore, it was then possible for companies to market their products in the whole European Union without bearing unsustainable costs, and for people to move freely and to apply for a job being affected by European rather than national borders.

Years by years the achievements reached by the Single Market became clearer and clearer and Member States fostered this project, coming, for example, to the willingness for the so-called "Digital Single Market".

All this had, and still has, very important consequences in macroeconomic terms. In 2008, it has been estimated that European GDP was 2.13% higher than what it could have been without the Single Market. Moreover, it helped creating almost 3

²⁹ *Ibid.*

million new jobs, trade in goods reached € 2800 billion in 2011, European firms became increasingly competitive worldwide, European markets more attractive for foreign investors and innovation has been promoted³⁰.

Meanwhile, the Community enlarged, first in 1995, with Austria, Finland and Sweden joining the EU, then in 2004 with the accession of Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovakia and Slovenia, in 2007 with Bulgaria and Romania and finally with Croatia in 2013. Member States are currently 28.

The first years of the new millennium saw the entering into force of a new Treaty, the Nice Treaty, which brought several changes to the institutional structure of the Community, taking due considerations of the enlargements occurred³¹.

Along with the discussions concerning the institutional changes of the EU, there was discourse leading to the Charter of Fundamental Rights of the European Union (hereinafter, the "Charter", or the "Charter of Fundamental Rights"), which was conceived as a corpus of Fundamental Rights common to European States' traditions and, as such, an instrument for enhancing the legitimacy of the EU. The European integration process reached a step forward the mere economic oriented aim that was set at its foundation. In that phase, the need for the protection of fundamental rights was not perceived as necessary. However, once the Court of Justice affirmed some core principles, as direct effect and primacy of EU law, certain national courts began to express their concerns about the effects which such case-law might have on the protection of constitutional values.

At the same time, the Court itself developed its own case-law on the role of fundamental rights in the European legal order³². Thus, for several years the protection of human rights within the Community was left to the Court of Justice.

³⁰ Sources:http://ec.europa.eu/internal_market/publications/docs/20years/achievements-web_en.pdf.

³¹ For example, as far as weighting of votes, distribution of seats within the European Parliament and the composition of the Commission are concerned, amendments were brought.

³² See, e.g., Case C- 29/69, Erich Stauder v City of Ulm - Sozialamt, Judgment of the Court of 12 November 1969, where the Court recognised that fundamental human rights were 'enshrined in the general principles of Community law' and, as such, protected by the Court itself.

The emerging need to codify them in order to make such rights more explicit and clearly binding on the Community led to the draft of the Charter.

It was eventually approved by Member States in 2000. However, it was not until the Lisbon Treaty that its legal status was clarified.

The following years witnessed one of the most relevant “failures” of the recent history of the Union: in 2003 the Convention on the Future of Europe, set up by the Laeken Declaration of 2000, while re-thinking to the fundamentals of the EU, came out with a proposal on a Constitutional Treaty. Member States had different reactions to such a proposal which, eventually, was stopped by the French and Dutch referenda rejecting the idea of a Constitutional Treaty.

Anyway, an important changing to the EU structure and a noteworthy enlargement of its competences occurred in 2009, when the Lisbon Treaty entered into force. Among the many innovations brought, the Charter of Fundamental Rights had been recognised as having the same legal status as the Treaties. The Charter is therefore now binding on the Union Institutions and Member States, even though “only when they are implementing Union law”³³. The Charter “[...] swiftly became of primary importance in the recent case-law of the CJEU. [...] Thus the Charter has become the reference text and the starting point for the CJEU's assessment of the fundamental rights which that legal instrument recognises”³⁴.

The Lisbon Treaty also introduced the provision for the EU accession to the ECHR, as will further be examined³⁵.

As for the Court, at this point it gained jurisdiction over the Charter as well. Moreover, with the new States joining the Union, the number of judges increased as well.

Unfortunately, the Lisbon Treaty did not mark the beginning of a rise towards a closer and more stable integration. Indeed, the financial and then economic and

³³ See art. 51, par. 1, Charter of Fundamental Rights.

³⁴ *Joint Communication by the Two Courts*, pg. 1.

³⁵ Art. 6, par. 2, TEU. See further, par. 3 of the present Chapter.

political crisis erupted, affecting profoundly the EU, including its constitutional architecture.

In conclusion, today's world is not definitely the same as it was when the ECSC was firstly created. The Union has to cope with all of these new changes if it wants to survive. The Court of Justice is entrusted with a prominent role in making European links closer.

As we see, the European Union has evolved as an economic project to show new trends and needs nowadays. Apparently, IP is relevant for the Union under an economic perspective, as better explained in the next paragraph, even though the Charter, in particular, seems to introduce a new point of view.

1.3. Intellectual Property in the EU

The EU interest in IP rights lies, therefore, in what is referred to as "internal market", a core project of the Union itself. It is clear that in a space where people, as well as industries, have to be able to move freely, IPRs have at least to be harmonised, as they represent substantial bottlenecks to free circulation, being monopolies in their nature.

Indeed, "the full potential of the single market cannot be released without [...] an effective and accessible regime for the protection of intellectual property"³⁶.

1.3.1. Evolution of EU interest in the IP field

As a matter of fact, IP is of the utmost importance under the internal market perspective. When it comes to free movement of goods, it is clearly evident that a product may incorporate several IPRs in it. For example, a smart-phone certainly incorporates different patents on its different devices, a trademark registration on its brand, copyright protection on its software and probably a design registration on its shape. Of course, if such IPRs have a national scope of protection, the smart-phone

³⁶ M. MONTI, «A new strategy for the Single Market – Report to the President of the European Commission», 9 May 2010, available at http://ec.europa.eu/internal_market/strategy/docs/monti_report_final_10_05_2010_en.pdf (hereinafter, "Monti Report"), pg. 50.

producer will have no interest in marketing his product outside his State. This goes against the European interest in having goods circulating freely among Member States' borders.

Moreover, IP rules need to be aligned with competition rules, which are extremely important for the EU, underlying the internal market.

Therefore, the European Commission, entrusted by art. 17 TEU with the role of proposing legislation and setting objectives and priorities for the action of the Union³⁷, has constantly been a strong supporter of the internal market project and of the related need for IPRs' harmonisation.

Indeed, already at the very early days of the Community, in 1959, the Commission set up some working parties on the traditional industrial property rights, namely patents, trademarks and designs. Considerably, copyright, being the "author right" and having, especially in that period, a "moral" ratio, rather than an economic one, was initially left a part.

The major concern of the Commission had to do with the distorting effect that the differences in IP national laws had on trade between Member States.

The understanding was, since the beginning, that IPRs might potentially partition the then Common Market, thus hindering its functioning and development. On the other hand, however, it was as much clear that subjects on the internal market, individuals and firms, especially SMEs, need a clear set of rules governing IP and providing for legal certainty.

Already at that time, the working parties put forward the proposals of the establishment of unitary Community-wide systems, along with the existing national ones.

³⁷ The functions of the Commission are listed under art. 17, par. 1, of the TEU: "The Commission shall promote the general interest of the Union and take appropriate initiatives to that end. It shall ensure the application of the Treaties, and of measures adopted by the institutions pursuant to them. It shall oversee the application of Union law under the control of the Court of Justice of the European Union. It shall execute the budget and manage programmes. It shall exercise coordinating, executive and management functions, as laid down in the Treaties. With the exception of the common foreign and security policy, and other cases provided for in the Treaties, it shall ensure the Union's external representation. It shall initiate the Union's annual and multiannual programming with a view to achieving inter-institutional agreements."

The 1960s foresaw parallel discussions leading, in 1973, to the European Patent Convention ("EPC") and, in 1975, to the Community Patent Convention. The former is not a Community instrument but rather an international one, still comprising all of EU Member States among its (now) 38 signatories. It aims at harmonising the States' laws on patentability and exclusions and provides for a centralised granting body, the European Patent Office ("EPO"), located in Munich. Applicants may file their patent requests to the Office, specifying the countries parties to the EPC in which they are seeking protection. Therefore, the EPC advantage lies in that it reduces applications' costs.

However, there is not such a thing as a "European Patent". Indeed, the latter project, the Community Patent Convention, despite becoming a reality, failed to receive sufficient ratifications. This was aimed at creating a Community-wide patent regime, but its effective implementation is still impeded by several factors, such as high translations costs into all of the EU official languages, differences in the legal traditions of the Member States, high national thresholds for ratification and the absence of a clear mandate of the Community.

In 2012, EU Member States, with the exception of Italy and Spain, agreed on a legislative initiative known as "patent package". This includes two Regulations and an international agreement³⁸. The former are aimed at instituting a European patent with unitary effect and a unified patent court. Such patent would be granted by the EPO under the rules of the EPC. The unified court, on its turn, would have exclusive jurisdiction on the future unitary patent and the existing patents granted under the EPC. Moreover, the patent package deals with the debated issue of patent translation. However, the benefits of the "patent package" to the internal market are undermined due to the opt-outs of Spain and Italy. Indeed, the procedure followed

³⁸ The patent package comprises: Regulation (EU) No 1257/2012 of the European Parliament and of the Council of 17 December 2012, implementing enhanced cooperation in the area of the creation of unitary patent protection; Council Regulation (EU) No 1260/2012 of 17 December 2012, implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements; Council of the European Union, Agreement on a Unified Patent Court.

for this package implies that the acts are not binding on non-participating Member States; therefore it might run counter to internal market aims.

The panorama differs when it comes to trademark law. The Community-wide trademark system, in particular, came to the forefront in the 1990s, and it became possible to register a Community Trademark since the so-called "EUTMR". Today, after the recent Reg. 2015/2424³⁹ amendments, the so-called European Union Trademark is administered by a single European Agency, namely the European Union Intellectual Property Office (hereinafter, the "EUIPO"), set in Alicante, Spain, renamed as such with the latest reform, previously known as the "Office for the Harmonisation of the Internal Market" ("OHIM").

Industries may thus enjoy the protection granted by a community trademark, i.e. effective in the whole territory of the European Union, with a single application, in addition to national trademarks

As for designs, the reflections upon it were subject to an arrest as from 1962, as the working party believed its task was too difficult. It was then the Court of Justice that brought the matter to the fore again in 1983⁴⁰, recognising that design rights, likewise patent and trademark rights, might potentially hinder the free movement of goods, and thus partitioning the internal market.

Therefore, even though more than a decade later, the EU adopted the so-called "Design Directive"⁴¹, harmonising Member States' design regimes, and "Community

³⁹ Regulation (EU) 2015/2424 of the European Parliament and of the Council of 16 December 2015 amending Council Regulation (EC) No 207/2009 on the Community trade mark and Commission Regulation (EC) No 2868/95 implementing Council Regulation (EC) No 40/94 on the Community trade mark, and repealing Commission Regulation (EC) No 2869/95 on the fees payable to the Office for Harmonization in the Internal Market (Trade Marks and Designs).

⁴⁰ Case C-144/81, *Keurkoop BV v Nancy Kean Gifts BV*, Judgment of the Court of 14 September 1982. The Court of Justice held that a design registration system was "industrial and commercial property" and that the rights granted from it could be exercised in derogation from the free movement of goods within the European Community, provided that the goods had not be put on the market in the exporting member state by or with the consent of the right holder.

⁴¹ Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs.

Design Regulation"⁴², setting up two new Community design rights for registered and unregistered design.

Thus, the Commission has since the beginning of the process of European integration focused on IPRs, as a key feature for the development of the internal market.

However, in more recent times, when the crisis erupted in the last decade, the internal market project experienced a period of reduced confidence towards it.

Prof. Mario Monti, in his "Report on the Future of the Single Market", underlines that while the crisis was spreading out, national, as well as European Institutions focused on other priorities, such as institutional reforms, the monetary union, new States joining the EU and the Lisbon strategy. In doing so, they did not take into due account that: "A robust single market is key to the overall health of the European Union, because it represents the very foundation of the integration project"⁴³. As a result, European interest on the development of a communitarian, solid and effective IP system also seemed to weaken.

However, during the last years of the past decade, the internal market and IPRs gained new momentum.

Again, the Commission acted as a leader of this new trend, headed by President Barroso, who strongly called for the need to focus on the internal market as a key objective, fostering a close interaction between the main stakeholders, Member States and the Institutions.

The Commission released several important papers on the argument: the Commission 2008 Communication on an "Industrial Property rights strategy for Europe"⁴⁴ and the Commission 2008 Green Paper on "Copyright in the knowledge

⁴² Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs, as amended by Council Regulation No 1891/2006 of 18 December 2006.

⁴³ *Monti Report*, pg. 12.

⁴⁴ Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee, *An Industrial Property Rights Strategy for Europe*, Brussels, 2008 [COM(2008) 465/3], (hereinafter, Communication on "*An Industrial Property Right Strategy for Europe*").

economy”⁴⁵. In 2011, it released the Communication on “A Single Market for Intellectual Property Rights - Boosting creativity and innovation to provide economic growth, high quality jobs and first class products and services in Europe”⁴⁶, among the others.

The major concern regards the shift to an “intangible economy”, i.e. the recognition that, in today’s world, non-material assets are increasingly important. Indeed, because of several macroeconomics factors, such as globalisation processes and demographic trends, intangible assets and the digital world are described as the key strategic objectives to pursue.

It is therefore common to talk about the so-called “knowledge-based economy”, in order to describe an economy where knowledge is “[...] the driver of productivity and growth, leading to a new focus on the role of information, technology and learning in economic performance”⁴⁷.

In Europe, it is common to refer to the “digital single market” in order to indicate the next step in the development of the internal market. Indeed, recognising that new technologies have completely reformed the way we live and are still reforming it at an impressive speed, scholars and Institutions often call for regulatory systems that easily adapt to such technologies and permit the European economy to exploit IP-related potential⁴⁸.

⁴⁵ Commission’s Green Paper, *Copyright in the knowledge economy*, Brussels, 2008 [COM(2008) 466/3].

⁴⁶ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, *A Single Market for Intellectual Property Rights - Boosting creativity and innovation to provide economic growth, high quality jobs and first class products and services in Europe*, Brussels 2011, [COM(2011) 287 final].

⁴⁷ For more information on the knowledge-based economy, see *The knowledge-based Economy*, Organisation for Economic Co-operation and Development, Paris 1996, pg. 9, available at <https://www.oecd.org/sti/sci-tech/1913021.pdf>.

⁴⁸ According to *The Economic Impact of a European Digital Single Market*, European Policy Centre, March 2010, available at http://www.epc.eu/dsm/2/Study_by_Copenhagen.pdf, the EU could gain 4% of GDP by stimulating the fast development of the digital single market by 2020. This corresponds to a gain of almost € 500 billion and means that the digital single market alone could have an impact similar to the 1992 internal market programme.

The issue here is clear: we are dealing with an extremely “fast” tool (technology), which, in order to be fully exploited and enjoyed, has to deal with a traditionally “slow” tool (law).

Accordingly, the need for a free and easy circulation of knowledge is often referred to as the need for a “fifth freedom”: the internal market is a system made up by a pyramidal system of laws, having the Treaties (and the other sources of primary law) at the top of it. In the knowledge-based economy, a new principle seems in need to be added right to the peak.

Under this light, an effective and accessible IPRs system, shared by all of the Member States, is seen as a key instrument to promote the objectives above indicated. Indeed, on the one hand, European IP protects European innovation and permits the overall European economy to be competitive worldwide. It is important to note, in this regard, that IPRs licences are crucial to the transfer of knowledge and its further development.

On the other hand, it represents a core incentive to invest on innovation in Europe, as investing on innovation represents a very high and risky cost for a company.

Special concern of the Commission is devoted to the creation of a system that can be accessible to SMEs, in order to bring newcomers in the market, “[...] by helping to attract venture capital and enabling production to be licensed to incumbents”⁴⁹.

So far, it emerges clearly that the European interest towards IP has an economic nuance, and that this subject matter is seen as a very powerful tool to achieve one of the main goals of the Treaties, rather than being *per se* an end to the Union.

However, it is undeniable that the European Union started to have different concerns in more recent years, as also described in paragraph 1.2, and to show a much friendlier attitude towards the human rights field. The peak of this trend was reached with the Lisbon Treaty conferring the Charter of Fundamental Rights the status of primary law. It is noteworthy that the Provisions of the Charter were mainly

⁴⁹ Communication on “*An Industrial Property Right Strategy for Europe*”, pg 3.

drawn from the principles common to the constitutional traditions of the Member States and from the international human rights treaties signed by them, such as the Universal Declaration of Human Rights and the European Convention on Human Rights and Fundamental Freedoms, among the most relevant ones.

Both of these declarations contain a provision concerning the right to property⁵⁰, but not intellectual property as such. However, when the European Union decided to adopt its own piece of human rights legislation, namely the Charter, IP was already considered a key issue for the future development of the EU, as seen. Therefore there was no choice but to insert a specific provision on IP in the Charter⁵¹.

Thus, the economic perspective is no more the only one under which IP is looked at by the European Union, and, among its Institutions, by the Court of Justice, since a new interest in human right concerns made the EU “re-manage” the IP discourse under a new light.

1.3.2. European IP legislation

Having said what is the rationale behind the European Union interest in the field of IP, and the current trends in it, it is now worth moving towards the analysis of community pieces of legislation concerning the matter at stake.

It is important to notice that intellectual property intersects community legislation in three ways⁵² at least, two of them being of a prominent relevance.

Firstly, the TFEU contains several provisions impacting IP, in particular as far as non-discrimination, free movement of goods and services and competition are concerned. Secondly, since the 80s', the Institutions issued legislation which was aimed both at harmonising national laws and at creating Community-wide IP instruments. As a rule, the former objective was reached by means of Directives,

⁵⁰ Art. 17 of the Universal Declaration of Human Rights (“[1] Everyone has the right to own property alone as well as in association with others. [2] No one shall be arbitrarily deprived of his property”) and Article 1, Protocol 1 of the ECHR (see below, par. 2.3).

⁵¹ Art. 17, par. 2, see below par. 1.3.2.

⁵² T. COOK, *EU Intellectual Property Law*, Oxford, New York: Oxford University Press, 2010, pg. 4.

while the latter by Regulations. The Treaty articles that generally serve as legal basis for such legislations are art. 114 and 118 TFEU, analysed later on. Lastly, various other Directives and Regulations, which do not directly deal with IP, actually affect IP having a “horizontal” impact on it.

As far as the TFEU provisions are concerned, the very first one to be briefly analysed is art. 18, which embodies the principle of non-discrimination on a nationality basis. However, since the international treaties on industrial rights⁵³, under which almost all of EU Member States are obliged, do not leave much room for discrimination, the mentioned article is of little relevance for traditional industrial rights. As far as copyright is concerned, however, it has had a particular application and the CJEU had the chance to deal with its application in several occasions which will be further analysed.

Then, as far as the Treaty provisions dealing with free movement and with competition are concerned, it is noteworthy that the CJEU, along with the Commission, put a considerable effort in pursuing the rise of the internal market as a primary objective when this was threatened by IPRs. It thus ruled on the extent to which IP laws conflict with European core interest and in several occasions tempered the scope of such IPRs as a result. This will be clarified in Chapter 2.

In particular, art. 34 TFEU prohibits “quantitative restrictions and all measures having equivalent effect” applied by Member States on imports⁵⁴. Similarly, art. 56 TFEU prohibits restrictions to cross-countries provisions of services. However, simply removing IP laws is not that straightforward, as such articles do not represent absolute prohibitions.

⁵³ EU Member States signed several International Treaties on IP, either before either after joining the Union, whose principal aim was to set some minimum standards and principles common to all the Contracting Parties, and which could then be derogated in a stricter way. To mention just some of the most important of such Treaties, there are the Paris Convention on Industrial Property (1883), providing for the core principles of IP such as national treatment and priority; the Berne Convention on the protection of literary and artistic work; the Madrid Agreement concerning trademarks’ international registration. See below, in Chapters 2, how the CJEU deals with the relationships between EU law and the TRIPS and EU law and the Berne Convention.

⁵⁴ A specular provision concerning exports is foreseen under art. 35 TFEU.

Indeed, the Treaties themselves do provide a legal coverage for the protection of IP. This can be found under art. 36 TFEU, as far as goods are concerned, and under art. 51 and 52 TFEU, as far as services are concerned. The former article consists of a list of derogations from art. 34 and 35, among which there is the “protection of industrial and commercial property” - provided that restrictions justified under such reason are not “a means of arbitrary discrimination, or a disguised restriction on trade between Member States”. The latter provisions, instead, do not expressly mention IP as a possible derogation ground⁵⁵. However, they have been interpreted by the CJEU⁵⁶ as permitting reasons of “general interests” in order to derogate the free movement of services principle, among which industrial property may fit.

Moreover, national IP laws are also traditionally covered under art. 345 TFEU. The latter provision has been interpreted by the CJEU⁵⁷ as governing merely the *existence* of national IP laws, and not their *exercise* which falls under the scope of competition rules (art. 101 and 102 TFEU). Thus, any Euro-wide reform may only “add” to national systems and in no way remove provisions from them.

The dichotomy existence/exercise put forward by the Court constitutes the basis for the so-called principle of Community Exhaustion. This implies that when an IPR holder exercises such right, e.g. permitting the export to one or more Member States or giving a licence for a product covered by an IPR in another Member State, the right is exhausted, and he cannot object to the free movement of that good.

This jurisprudential principle has then been incorporated into harmonising Directives⁵⁸.

⁵⁵ Under art. 51 and 52 TFEU, the possible derogation grounds are, literally, the exercise of official authority by Member states, public policy, public security or public health.

⁵⁶ See Case C-262/02, *Commission of the European Communities v. French Republic*, Judgment of the Court (Grand Chamber) of 13 July 2004, at 23: “the freedom to provide services may, however, in the absence of Community harmonisation measures, be limited by national rules justified by the reasons mentioned in Article 56(1) of the EC Treaty (now Art. 52 TFEU), read together with Article 66 (now Art. 62 TFEU), or for overriding requirements of the general interest.

⁵⁷ See further Chapter 2, paras. 1.1 and 2.1.

⁵⁸ See, e.g., Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society (the so-called “InfoSoc Directive”) and Directive 2009/24/EC on the

In addition, it has already been mentioned that Europe has a huge interest in competition, whose primary source of law are art. 101 and 102 TFEU. Art. 3, par. 1, (b), TFEU confers on the Union an exclusive competence on “the establishment of the competition rules necessary for the functioning of the internal market”. The approach behind the actions taken by the EU in this matter is aimed at maximising the consumer welfare, for instance prohibiting monopolistic practices.

The relationship between IP and antitrust law is a very delicate one, which has also passed the scrutiny of the CJEU in several occasions⁵⁹.

At the level of secondary legislation, as above stated, an important *corpus* in the field of IP has been issued since the early '80s. However, it was only with the entry into force of the Single European Act (in 1987) that the goal of the “single market” was set. Thus, the Community was entrusted with new harmonising goals. The article invoked as legal basis, in light of the close connection between the internal market and IP, has frequently been art. 114 TFEU⁶⁰. Then, with the entry into force of the Lisbon Treaty in 2009, art. 118 TFEU was introduced, providing for the promulgation of “measures for the creation of European intellectual property rights to provide uniform protection of intellectual property rights throughout the Union and for the setting up of centralised Union-wide authorisation, coordination and supervision arrangements”.

As far as harmonisation or “approximation” of laws is concerned, the advantage is not only that it is ensured that each Member State applies the same level of IP

legal protection of computer programs (the so-called “Software Directive”), which applies the principles of the InfoSoc Directive to computer programs, including games and software.

⁵⁹ One of the biggest case tackled by the ECJ in the last years, is Case T-201/04, Microsoft Corp v Commission of European Communities, Judgment of the Court of First Instance (Grand Chamber) of 17 September 2007, concerning the abuse of dominant position under art. 102 TFEU. The American company was found in breach of the abuse and condemned by the Court of First Instance. For much information on it see, e.g., C. AHLBORN and D. S. EVANS, “The Microsoft judgement and its Implications for Competition Policy Towards Dominant Firms in Europe”, in *Antitrust Law Journal*, 2008, Vol. 75, No. 3, 2009.

⁶⁰ Indeed, art. 114, par. 1, states that: “The European Parliament and the Council shall, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee, adopt the measures for the approximation of the provisions laid down by law, regulation or administrative action in Member States which have as their object the establishment and functioning of the internal market”.

protection. It also has the merit to bring the interpretation of IP law within the jurisdiction of the Court of Justice.

Among the many directives issued, the following are of a special relevance (along with the ones mentioned above under paragraph 1.3.1): the Trade Mark Directive⁶¹; the Directive on the enforcement of intellectual property rights⁶²; Directive harmonising the period of duration of rights in copyright⁶³; Databases Directive⁶⁴; Directive on the legal protection of biotechnological inventions⁶⁵.

Moreover, a set of Regulations⁶⁶ established Community-wide IPRs, which are indeed the best mean to solve the tension between the potential partitioning effect of national IPRs and the internal market. However, reaching such results is not that easy, notwithstanding the many pros that may be easily listed. Indeed, it has turned out to be difficult to find common terms of protections and languages to be used, as the "European patent" showed out.

Finally, the Union has a wide range of pieces of legislation having a horizontal impact to several IPRs. For example, the Directive on e-commerce⁶⁷ provides defences which are relevant for copyright infringement; the so-called "Brussels I"

⁶¹ Directive (EU) 2015/2436 to approximate the laws of the Members States relating to trade marks, 16 December 2015 ("TMD"). This is the latest version of TMD, as the very first TMD was the First Council Directive 89/104/EEC, then modified by Directive 2008/95/EC of the European Parliament and of the Council of 22 Oct. 2008.

⁶² Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights.

⁶³ Directive 93/98/EEC of the Council of 29 October 1993 harmonising the term of protection of copyright and certain related rights.

⁶⁴ Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases.

⁶⁵ Directive 98/44/EC of the European Parliament and of the Council of 6 July 1998 on the legal protection of biotechnological inventions; see further in Chapter 2 par. 2.2. the relevant case law concerning such Directive.

⁶⁶ See, e.g., the EUTMR and the Community Design Regulation, notes 35 and 39.

⁶⁷ Directive 2000/31/EC of 8 June 2002 on certain legal aspects of information society services; arts. 12-15, in particular, provide defences against service providers on the internet in relation to certain types of activities part to their businesses.

Regulation⁶⁸ deals with matters of jurisdiction and the enforcement of court orders; the Enforcement Directive⁶⁹ provides for the application of a certain minimum standards in terms of measures, procedures and remedies for IPRs infringements.

By the way, the overview made so far needs to be completed by one last point, which is of particular relevance for this research.

Indeed, with the entry into force of the Lisbon Treaty, the Charter of Fundamental Rights of the European Union was conferred the same legal value as the Treaties. The Charter provides for the protection of property, and in particular of IP, under art. 17, par. 2, which states (merely) that "Intellectual Property shall be protected". Despite not clarified, the guarantees laid down under par. 1 of the same article, in relation to physical property, should be given application⁷⁰.

The latter provision has been inserted in light of the growing importance gained by IP in European legislation⁷¹, as above described.

Even though the principles addressed by the Charter are drawn from the general principles of community law resulting from the ECHR and the constitutional provisions common to the Member States, the CJEU had no doubt in affirming the binding nature of the Charter itself, even before the Lisbon Treaty entered into force, and it also stressed the primary role it is acquiring in its recent case-law⁷².

So far, the Court of Justice based several decisions on art. 17, par. 2 directly⁷³.

⁶⁸ Regulation No 44/2001 on jurisdiction and the recognition of judgements in civil and commercial matters.

⁶⁹ Directive 2004/48/EC of 29 April 2004 on the enforcement of intellectual property rights [2004] OJ L157/45.

⁷⁰ See the European Union Fundamental Rights Agency Explanation of art. 17, par. 2, CFR, available at <http://fra.europa.eu/en/charterpedia/article/17-right-property> and, furthermore, see Chapter 4, par. 2.

⁷¹ Actually, the provision at issue has been frequently criticised by scholars. For further understanding of the problem see, e.g., C. GEIGER, «Intellectual Property shall be protected!? Article 17 (2) of the Charter of Fundamental Rights of the European Union: a Mysterious Provision with an Unclear Scope», in *European Intellectual Property Review*, 2009, Issue 3 (hereinafter, "Intellectual Property shall be protected!?"), where the author stresses the vagueness of the provision's scope of application. See his analysis in detail in Chapter 4.

⁷² See, e.g., *Joint Communication by the Two Courts*, pg. 1.

⁷³ Among these, there are: Case T-572/12 *Nissan Jidosha KK v Office for Harmonisation in the Internal Market*, Judgment of the General Court (Third Chamber) of 4 March 2015; Case C- 314/12

Clearly, art. 17, par. 2 of the Charter brought intellectual property within the scope of action of the Court of Justice, even though under a completely different light if compared to the Treaty provisions and the secondary legislation mentioned above.

Having analysed the Court of Justice of the European Union as an institution and having deepened the understanding of its relationship with IP, it is now the moment to analyse the second Court object of the present study, i.e. the European Court of Human Rights.

2. The European Court of Human Rights

There is broad consensus among scholars and human rights advocates that the European Court of Human Rights is one of the most effective and advanced international human rights tribunals. In particular, this is the institution granting the enforcement of the European Convention for the protection of Human Rights and Fundamental Freedom (hereinafter, "ECHR" or "Convention").

Considerably enough, it protects civil and political liberties of individuals, granting them direct access to its jurisdiction, in order to bring their claims towards States parties to the Council of Europe.

Throughout the years, since its foundation, the Court evolved - even though in a much more straightforward way than what we saw with the Court of Justice, and enhanced its influence, either because the scope of its jurisdiction increases every time a new State joins the Council of Europe, either because it now offers effective remedies which are to be used under certain circumstances.

UPC Telekabel Wien GmbH v Constantin Film Verleih GmbH and Wega Filmproduktionsgesellschaft mbH., Judgment of the Court (Fourth Chamber) of 27 March 2014; Case C-360/10, Belgische Vereniging van Auteurs, Componisten en Uitgevers CVBA (SABAM) v Netlog NV, Judgment of the Court (Third Chamber), 16 February 2012; C-277/10, Martin Luksan v Petrus van der Let, Judgment of the Court (Third Chamber), 9 February 2012; Case C-145/10, Eva-Maria Painer v Standard VerlagsGmbH and Others, Judgment of the Court (Third Chamber) of 1 December 2011; Case C-70/10 Scarlet Extended SA v Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM), Judgment of the Court (Third Chamber) of 24 November 2011; Case C-271/10, Vereniging van Educatieve en Wetenschappelijke Auteurs (VEWA) v Belgische Staat, Judgment of the Court (Third Chamber) of 30 June 2011.

The Court is indisputably one of the most successful bodies of the Council of Europe and its primary and declared objective has always been to seek enforcement of the rights envisaged in the Convention⁷⁴, i.e. to protect the human rights listed thereto.

Under such premises, it is necessary to investigate, first, the origins of the Court and its structure and functioning and, second, the reasons why intellectual property has to do with the ECtHR.

2.1. The European Council and the ECHR

As mentioned, the ECtHR is a body of the Council of Europe, therefore its foundation has to be analysed by looking firstly at this organisation.

The very origin of the Council of Europe can, broadly speaking⁷⁵, be traced back to a specific moment and a specific person. This is Sir Winston Churchill, who, already in 1943, called for a Council of Europe during a radio broadcast. Then, in 1946, during a speech held at the University of Zurich, he went over again on the need to "[...] recreate the European fabric, [...] to provide it with a structure under which it can dwell in peace, safety and freedom" and to "build a kind of United States of Europe"⁷⁶. During the following years these inputs made politicians, as well as experts from different fields, debate⁷⁷ over the creation of an institution aimed at avoiding that, once again in the future, governments could prevail over individuals' inalienable rights and liberties. Eventually, Belgium, Denmark, France, Ireland, Italy,

⁷⁴ See art. 19, ECHR.

⁷⁵ For the sake of completeness, there were many non-governmental groups calling for European Unity, established in the whole West-European area. They combined together to form the "International Committee of the Movements for European Unity", which constitutes the core of the Council of Europe. For a complete understanding see, *inter alia*, A. MOWBRAY, *Cases, Materials and Commentary on the European Convention on Human Rights*, Oxford University Press, 2012, ch. 1.

⁷⁶ Extracts from the speech held at the University of Zurich by Sir Winston Churchill on 19 September 1946, available at <http://www.coe.int/en/web/documents-records-archives-information/winston-churchill-and-the-ce>.

⁷⁷ The most important meeting took place in The Hague, where the Committee met to discuss about Europe current situation and its future.

Luxembourg, the Netherlands, Norway, Sweden and the United Kingdom signed the Treaty of London in 1949, founding the Council of Europe.

Unlike the EU, which appeared since the beginning (ECSC) a peculiar institution, the Council of Europe was founded as an international organisation, comprising a Committee of Ministers and a Parliamentary Assembly. The former is the executive body of the Council and is made up by the Contracting States' foreign ministers; the latter, initially known as "Consultative Assembly", is made up by representatives of national parliaments of the Contracting States.

However, the ratio underlying such organisation was the same as the ECSC, i.e. not making the European region experience terrible dramas anymore, reaching a greater level of unity between its Contracting Parties.

The Council of Europe has maintained this structure of an international body up to the present days, even though it has now 47 Contracting Parties, and is therefore bigger in scope than the European Union, for a total of approximately 820 million people, from Azerbaijan to Iceland and from Portugal to Russia. All EU Member States are party to the Council of Europe.

In order for States to be members of the Council of Europe, they have to respect a basic condition, set under art. 3 of the Statute of the Council of Europe, i.e. to "[...] accept the principles of the rule of law and of the enjoyment by all persons within its jurisdiction of human rights and fundamental freedoms". This very provision exists since the original 1949 version of the Statute. During the first months of existence of the Council, it kept the topic of the realisation of human rights, as well as of the realisation of a Court aimed at protecting them, on its agenda and lively debates on the matter were frequently issued by some of the most influential exponents of the Council.

Thus, French Minister M. Teitgen wrote a report on the need to draft a Convention to protect human rights and the Committee of Ministers appointed a body of experts to eventually draft the Convention.

The draft text was agreed by the Committee of Ministers in August 1950, even though it comprised weaker provisions⁷⁸ than what the Parliamentary Assembly would have wished. It was then open for signature on 4 November 1950. In 1951, the First Protocol, encompassing the rights to property, education and political liberties, followed. In the years to come several amendments shaped the current face of the Convention and of the Court. In particular, the First, Fourth, Sixth, Seventh, Twelfth and Thirteenth Protocols broaden the list of rights and freedom envisaged by the Convention, while the remaining Protocols amended procedural provisions⁷⁹.

The Convention has to be signed by all the States joining the Council of Europe and has to be ratified at the earliest convenience. Thanks to the enforcement path developed throughout the years, the ECHR is definitely one of the most effective tools to assure protection of human rights. Considerably, it can be directly invoked by everyone within the jurisdiction of a Contracting State, and not by citizens only.

All the rights envisaged by the ECHR are essentially drawn from the Universal Declaration of Human Rights, but are way more specific in content and in the limitations that can be imposed on such rights. They are principally negative liberties, restricting the behaviour of States.

The most of the rights guaranteed in the Convention are civil and political ones (the so-called "first generation rights"⁸⁰). However, arts. 1 and 2 of the First Protocol concern property and education.

⁷⁸ In particular, some rights were left in general terms and the Court was given an optional jurisdiction. See further.

⁷⁹ However, not all of the Contracting Parties have ratified every provision of every point of the Convention. On the matter, see B. RAINEY et al., *The European Convention of Human Rights*, Oxford University Press, 2014, pg. 7, where the author underlines the fact that, although the provisions of the Convention and its Protocols may seem to be statements of the most basic human rights, they nevertheless present some issues which are controversial within certain Contracting Parties.

⁸⁰ These are opposed to "second generation rights" – social and cultural, and to third generation rights – collective rights.

The main text of the Convention comprises, currently, a list of the rights guaranteed under Section 1 (arts. 2-18), and a Section II containing the provisions on the Court (arts. 19-58), to which the Protocols accede.

2.2. The European Court of Human Rights at a glance

The system originally put in place in order to ensure the protection of the rights set out by the Convention envisaged two different organs, namely the European Commission of Human Rights and the European Court of Human Rights⁸¹. Claims were at first brought before the Commission and the subsequent jurisdiction of the Court for cases which had not resulted in a friendly settlement raised on a voluntary basis⁸².

However, Protocol 11 replaced both the Commission and the Court with a new permanent Court. Such amendment is in force as of 1 November 1998.

The growing importance of the Court is proven by the increasing number of applications it receives every year. The Court, on its turn, proved to be a very dynamic organ, as it developed several judicial techniques in order to be able to handle as much applications as possible. In particular, in 2015 the Court delivered 823 judgments concerning 2,441 applications. A total of 45,576 applications were decided, through a judgment or decision, or by being struck out of the list⁸³. Despite the number of judgments does not differ so much from that of the first years of the functioning of the "new" Court (e.g., in 2001 the Court delivered 888 judgments), the number of applications is impressively higher. This can be explained with the introduction of the so-called "pilot-judgement procedure", which reduced considerably the unsustainable workload of the Court.

Indeed, in March 2011 the Court added Rule 61 to its Rules of Court, clarifying that in cases where there is "a structural or systemic problem or other similar

⁸¹ For a complete understanding of the procedure used to bring matters before these organs see, e.g., B. RAINEY et al., *The European Convention of Human Rights*, Oxford University Press, 2014, pgs. 8-9.

⁸² See former art. 46 of the Convention.

⁸³ Information from "*The ECHR in facts and figures – 2015*", Council of Europe, 2016, available at http://www.echr.coe.int/Documents/Facts_Figures_2015_ENG.pdf.

dysfunction which has given rise or may give rise to similar applications” it can select just one or more of the proposed applications for priority treatment under the “pilot-judgement procedure” and extend its ruling to related cases for a period of time, on the condition that the Government act to adopt the national measure required to satisfy the judgement.

Moreover, further Protocols entered into force in the years to come, helping the Court to cope with the increasing applications due to the new States joining the Conventions.

The Court has currently 47 judges at disposal, one per each Contracting State⁸⁴. They are elected by the Parliamentary Assembly on a list provided by the States themselves, but they stand in their personal capacities and not as representatives of their home States. They are assisted by the “Registry”, the staff providing the Court with legal and administrative support.

Cases may be brought before the Court by individuals or by Contracting States⁸⁵, according, respectively, to arts. 34 and 33, against States that have duly ratified the Convention.

Applications must fulfil the admissibility criteria, i.e. the applicant can claim a violation of one of the right set out in the Convention only towards a Contracting State. The violation must then affect him directly and personally. Furthermore, all of the domestic remedies at the disposal of the victim have to be exhausted and his application has to respect a six-month time limit since the last national judicial decision concerning the breach at stake.

The Court sits in single-judge formations⁸⁶ in order to declare inadmissible or to strike-out applications, while Committee made up by three judges will pass to the merit of those cases considered admissible and whose interpretation of application of

⁸⁴ Art. 20 ECHR.

⁸⁵ To date, only 3 of such cases have been brought before the ECtHR’s jurisdiction since its establishment.

⁸⁶ Art. 26 ECHR as amended by Protocol 14 of 13 May 2004.

the Convention is well-established in the case law of the Court⁸⁷. If that is not the case, it will be brought before a Chamber⁸⁸, composed of seven judges. Finally, under the circumstances provided for by art. 30 ECHR, the Chamber may relinquish the case to the Grand Chamber, composed of seventeen judges, if it “raises a serious question affecting the interpretation of the Convention” or “where the resolution of a question before the Chamber might have a result inconsistent with a judgment previously delivered by the Court”. The Grand Chamber is also referred the judgments of the Chambers, if the parties so request, within three months as of the Chamber judgement.

In general, prior to a decision on the merits, the Court tries to facilitate the conclusion of the matter with a “friendly settlement”, pursuant to art. 39 ECHR.

As a way of conclusion, it comes out clearly that not only the Court passively “protects” the Convention, but it actually makes it a “lively” instrument, interpreting it in light of the circumstances of the case, which are sharply increasing in complexity and diversity.

2.3. Intellectual Property and the ECtHR

The ECHR does not explicitly include a provision on intellectual property as such. The very first version of the Convention of 1950 itself did not even envisage a provision on “property”, which was eventually added with the First Protocol of 1951⁸⁹. Intellectual property itself entered the scope of protection of the ECHR in light of the case law of the ECtHR.

⁸⁷ Art. 28 ECHR, which also establishes admissibility criteria, designed to enable repetitive cases to be determined rapidly and efficiently.

⁸⁸ Art. 29 ECHR.

⁸⁹ Art. 1, Protocol 1, ECHR, states that: “[1] Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law. [2] The preceding provisions shall not, however, in any way impair the right of a State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest or to secure the payment of taxes or other contributions or penalties.”

By the way, none would doubt, nowadays, that IP is of the utmost relevance for the human rights regime. The two subjects' interconnections are highly scrutinised and studied, so that it can be argued that: "In Europe, human rights law is intellectual property's new frontier"⁹⁰. Accordingly, the ECtHR had to deeply broach the subject. This would have definitely sounded weird to scholars and IP attorneys until a twenty-five years ago, due to the alleged isolation of these two fields, with human rights law relegated within the public-law sphere, while IPRs were within the private one.

Nonetheless, nowadays, the legal landscape is extremely different because of several developments that occurred in each of these two fields. For example, IP expanded and articulated in international treaties and in national laws due to the new online information technologies; developing countries are more and more focusing on IP policies and robust IP protection standards are increasingly inserted in the so-called "TRIPS Plus"⁹¹ treaties. As for the human rights regime, "[...] increased attention to indigenous peoples' rights and traditional knowledge; the adverse consequences of expansive IP protection rules for economic, social, and cultural rights; a growing awareness of the human rights responsibilities of multinational corporations; attempts by those same corporations to invoke the human right of property as an alternative legal basis for protecting intangible knowledge assets"⁹² constitute the main changes.

⁹⁰ L.R. HELFER, «The New Innovation Frontier? Intellectual Property and the European Court of Human Rights», in *Harvard International Law Journal*, 2008, Vol. 49, (hereinafter, "The New Innovation Frontier?"), p. 1.

⁹¹ These are the treaties that foresee stricter standards than the TRIPS agreement, oblige developing countries to fully implement the TRIPS before their transition period and require such countries to accede or to comply with other multilateral IP agreements.

⁹² L.R. HELFER, «Mapping the interface between human rights and intellectual property», in C. GEIGER (ed.), *Research Handbook on Human Rights and Intellectual Property*, E.E. Publishing, Cheltenham, 2015, pg.7. A more comprehensive analysis is available in L.R. HELFER and G.W. AUSTIN, *Human Rights and Intellectual Property: Mapping the global interface*, 2011, Cambridge University Press.

As for the ECtHR, being *par excellence* the “[...] judicial guardian of a constitutional instrument of European public order”⁹³, it inevitably dealt with the interface between human rights and intellectual property, even though it has shown a bit of reluctance in dealing with IP issues in the past, which is, however, almost disappeared today.

Unlike the CJEU, the ECtHR considers such cases from the perspective of an alleged violation of one of the rights listed in the Convention or in its Protocols, and does not necessarily do it from a “specialised IP” point of view.

In particular, the Court may approach intellectual property under two main paths. The possible scenarios are the following: under the first one, the Court is applying the right to property under art. 1, Protocol 1, ECHR (hereinafter, “Article 1”) in order to protect IPRs against national measures allegedly constraining IPRs; under the second scenario, the Court examines allegations that IP measures are violating human rights, other than the right to property, set in the Convention, such as, primarily, freedom of expression and information (art. 10 ECHR), the right to privacy (art. 8 ECHR), to a fair trial (art. 6) and to an effective remedy (art. 13 ECHR), but also to non-discrimination (art. 14 ECHR), to life (art. 2 ECHR) and the freedom of assembly and association (art. 11 ECHR).

2.3.1. Violation of Article 1, Protocol 1 of the ECHR

As far as the first “path” is concerned, it has to be initially noted that Article 1 violations judgements are, considerably, the 12.18% of the overall judgements of the ECtHR, in the years 1959-2015, following only the right to a fair trial (art. 6, 41.31%) and to liberty and security (art. 5, 12.43%)⁹⁴. This is noteworthy, especially considering that Article 1 “[...] has long been considered among the weakest rights

⁹³ As the Court defined itself in *Loizidou v. Turkey*, App. No. 15318/89, Judgement of the Court of 18 December 1996.

⁹⁴ Information from “*Overview 1959-2015 ECHR*”, European Court of Human Rights, Strasbourg, 2016, available at http://www.echr.coe.int/Documents/Overview_19592015_ENG.pdf.

in the Convention system, affording governments broad discretion to regulate private property in the public interest”⁹⁵.

Indeed, the inclusion of the provision at stake within the ECHR has been controversial, as proved by the fact that it is not listed within the Convention itself but rather in the First Protocol, and that an explicit “right of property” is not expressly mentioned. It is also immediately clear that, as mentioned *supra*, such a provision is not “in line” with the civil and political rights listed in the Convention itself. By the way, the Court was given the chance to interpret Article 1 and to create its own case-law on it in several occasions.

In particular, it held many times⁹⁶ that Article 1 comprises three rules: the first concerns the “peaceful enjoyment of property” of which anyone should be entitled; the second concerns the subjection of deprivation and possession to certain conditions; the third deals with the cases in which States may interfere with the “peaceful enjoyment of property”, i.e. for reasons of public interest.

The scope of the meaning “possession” has very broadly been interpreted, encompassing a wide range of economic interests⁹⁷, and it was clear from the wording of Article 1 itself that companies were entitled to bring their claims⁹⁸. Thus, the ECtHR developed its own autonomous “possession” definition, but, first and

⁹⁵ *The New Innovation Frontier?*, pgs. 7-8.

⁹⁶ The first being in *Sporrong and Lönnroth v. Sweden*, Application no. 7151/75, Court Judgement of 18 December 1984, par. 61: “That Article [Article 1 of Protocol No. 1] comprises three distinct rules. The first rule, which is of a general nature, enounces the principle of peaceful enjoyment of property; it is set out in the first sentence of the first paragraph. The second rule covers deprivation of possessions and subjects it to certain conditions; it appears in the second sentence of the same paragraph. The third rule recognises that the States are entitled, amongst other things, to control the use of property in accordance with the general interest, by enforcing such laws as they deem necessary for the purpose; it is contained in the second paragraph”.

⁹⁷ For instance, the Article has been applied to: the shares of a company (*Bramelid and Malmström v. Sweden*, App. No. 8588/79, 1982); an arbitration award (*Stran Greek Refineries and Stratis Andreadis v. Greece*, App. No. 13427/87, 1994); a legitimate expectation (*Pine Valley Developments Ltd v. Ireland*, App. No. 12742/87, 1991). The exclusions from the scope of application have been: the mere “hope of recognition of a property right which it has been impossible to exercise effectively” (*Kopecky v. Slovakia*, App. 44912/98, 2003), “a conditional claim which lapses as a result of the non-fulfilment of the condition” (*Kopecky*).

⁹⁸ The subjective scope of application of Article 1, indeed, includes “every natural or *legal* person”.

foremost, it relies on national law in order to assess whether an economically relevant asset is legally recognised⁹⁹.

However, as far as IP is concerned, as mentioned, the Court showed reticence in dealing with this subject matter, making it evolve without being fettered by human rights concerns and in accordance with national and administrative case-law.

The European Commission on Human Rights summarily dismissed all of the claims alleging a violation of the right to an “intellectual property” up to the early 1990, when it issued its first decision on IP rights in *Smith Kline*¹⁰⁰, and we had to wait until 2005 for the Court to do it.

Since these very first decisions related to IP, the ECtHR has applied the three principles listed above and elaborated in the jurisprudence of Article 1.

As for the first principle, the Court has initially held that only registered patent, trademarks and copyrights could fall within the scope of the provision. However, with the Grand Chamber judgement of 2007 in *Anheuser*¹⁰¹, it has eventually enlarged the scope of IP related subject-matter as protectable possession. It pointed that even a mere application for an IPR falls within the scope of Article 1, holding unequivocally that “the right of property protects the financial interests of intellectual property owners in their inventions, creations, and signs”. However, there are of course certain border situations in which this was not so clear, which will be analysed in Chapter 3.

As for the second principle, after assessing that an IPR constitutes an “existing possession” or a “legitimate expectation”, the Court has to assess whether the State has interfered with such a possession or expectation. Such interferences have been identified in governmental restrictions on the exercise of IPRs (e.g. by refusing to grant a registration) and interferences resulting from domestic IP litigation between private parties (e.g. the judicial ruling of a national court and, in particular: cases in

⁹⁹ See further, Chapter 3, in particular par. 2.

¹⁰⁰ *Smith Kline and French Laboratories Ltd. V. The Netherlands*, Application no. 12633/87, Commission decision of 4 October 1990, (hereinafter, “*Smith Kline*”).

¹⁰¹ *Anheuser-Busch Inc. vs. Portugal*, Application No. 73049/01, Grand Chamber Judgment of 11 January 2007 (hereinafter, “*Anheuser*”); see further, Chapter 3.

which national courts adjudicate contract disputes involving the licensing or transfer of intellectual property¹⁰²; cases in which national courts reject complaints alleging intellectual property infringement¹⁰³; and cases in which national courts resolve competing claims of intellectual property ownership¹⁰⁴).

Finally, when the Court finds that a State interference occurred on an IPR, it has to assess whether such interference is justified. By the way, in order to assess such justifications, the standard is well-settled: "Every interference must be specified by law, pursue a legitimate aim, and achieve a fair and proportional balance between the rights of the property owner and the public interest"¹⁰⁵.

The practical approach of the Court in applying the right to property will be further analysed in Chapter 3.

2.3.2. Balancing Article 1 with other human rights set in the ECHR

As mentioned, the ECtHR, in addition to the review of national measures allegedly violating the right to property, also reviews IP state measures that potentially infringe other rights set in the Convention.

Among these, the Court had frequently been called to judge on applications concerning alleged violations of the freedom of expression under art. 10 of the Convention¹⁰⁶.

¹⁰² Aral v. Turkey, App. No. 24563/94, Commission decision of 14 January 1998 ("Aral").

¹⁰³ Melnychuk v. Ukraine, App. No. 28743/03, Court decision of 14 July 2005 ("Melnychuk").

¹⁰⁴ See *Anheuser*.

¹⁰⁵ *The New Innovation Frontier?*, p. 32.

¹⁰⁶ Art. 10 ECHR states: "1. Everyone has the right to freedom of expression. This right shall include freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers. This Article shall not prevent States from requiring the licensing of broadcasting, television or cinema enterprises. 2. The exercise of these freedoms, since it carries with it duties and responsibilities, may be subject to such formalities, conditions, restrictions or penalties as are prescribed by law and are necessary in a democratic society, in the interests of national security, territorial integrity or public safety, for the prevention of disorder or crime, for the protection of health or morals, for the protection of the reputation or rights of others, for preventing the disclosure of information received in confidence, or for maintaining the authority and impartiality of the judiciary".

There are in particular two cases in which the Court could provide its view on the balancing of the right to property with freedom of expression. These are *Ashby Donalds* and *The Pirate Bay*¹⁰⁷, both concerning copyright. In both cases the Court found that the claims of the applicant fell under the scope of art. 10, but at the same time that the national courts' judgements met the justification requirements of art. 10.

Similarly, in *Chappell* and *Vorsina and Vogralik*¹⁰⁸, two cases concerning the balancing of the right to property (copyright and trademark right, respectively) with the right to respect for private and family life under art. 8¹⁰⁹, the Court found that the right to privacy of the applicant was actually interfered by a state measure, but that such measures were proportionate with the counter right.

Essentially, "[...] in cases where IP protection or enforcement measures allegedly violate other ECHR rights, such as freedom of expression or the right to private life, a particular aspect of the Court's jurisprudence reveals itself as an implicit conflict resolution tool: the wide margin of appreciation it grants to national decisions balancing competing rights under the Convention"¹¹⁰.

Art. 6 of the ECHR, concerning the right to a fair trial, has also shown a close interconnection with IP-related issues, despite it apparently has little inherent relationship with it. Indeed, art. 6 comprises a wide range of broad rights applicable

¹⁰⁷ *Ashby Donald and others v. France*, Application No. 36769/08, Court Judgement of 10 January 2013 ("Ashby Donald") and *Neij and Sunde Kolmisoppi v. Sweden*, Application No. 40397/12, Court Decision of 19 February 2013 ("The Pirate Bay").

¹⁰⁸ *Chappell v. The United Kingdom*, Application No. 10461/83, Court Judgement of 30 March 1989 ("Chappell") and *Vorsina and Vogralik v. Russia*, Application No. 66801/01, Court Decision of 5 February 2004 ("Vorsina and Vogralik").

¹⁰⁹ Art. 8 ECHR states: "1. Everyone has the right to respect for his private and family life, his home and his correspondence. 2. There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic wellbeing of the country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others."

¹¹⁰ H. GROSSE RUSE – KHAN, «Overlaps and conflict norms in human rights law: Approaches of European Courts to address intersections with intellectual property rights», in C. GEIGER (ed.), *Research Handbook on Human Rights and Intellectual Property*, E.E. Publishing, Cheltenham, 2015 (hereinafter, "Overlaps and conflict norms"), pg. 21.

to civil and criminal proceedings, which are not meant to be deeply analysed in this context. However, such rights are subject to a limitation, which is relevant for IP and that has been applied, for example, in *Lenzing*¹¹¹. Substantially, the ECtHR “[...] does not exercise close scrutiny over the activities of supranational bodies to which contracting parties have delegated powers, [...] as long as that body provides protection for fundamental rights equivalent to that available under the ECHR”¹¹².

Under the explicit rights granted by art. 6, there is the right to a public hearing, which is, by the way, not an absolute right and often not that incisive for IP issues. Indeed, the right to a public hearing may be derogated if there are “highly technical” non criminal matters, which are better to be dealt with on a documentary basis¹¹³. Administrative tribunals, playing an important role in IP matters, do often have to resolve these kinds of issues and therefore conduct a written, rather than an oral, proceeding.

Art. 6 also explicitly guarantees the right to an independent and impartial tribunal. The ECtHR had the chance to rule on an IP-related case concerning a violation of such argument in *British American Tobacco*¹¹⁴, where the applicant complained about the Application Division and the Appeal Division of the Dutch Patent Office were drawn from the same administrative body. In that occasion the Court, overturning the Commission conclusion, held that in a highly technical field, such as patent law, the employment of an adjudicatory body rather than a judicial one can be justified, provided that the applicant could appeal its decision to the ordinary civil courts.

¹¹¹ *Lenzing v. The United Kingdom*, Application No. 38817/97, Commission Decision of 9 September 1998 (hereinafter, “*Lenzing*”).

¹¹² J. GRIFFITHS, «Enforcement of Intellectual Property Rights and the Right to a Fair Trial», in C. GEIGER (ed.), *Research Handbook on Human Rights and Intellectual Property*, E.E. Publishing, Cheltenham, 2015, pgs. 439-440.

¹¹³ See *Schuler-Zraggen v. Switzerland*, Application no. 14518/89, Commission decision of 24 June 1993.

¹¹⁴ *British-American Tobacco v. The Netherlands*, Application No. 19589/92, Court Judgement of 20 November 1995 (hereinafter, “*British-American Tobacco*”).

The ECtHR interpreted art. 6 as comprising also a wide range of implicit guarantees. A further looking at the case-law of the Court relating to art. 6, as well as on the overview outlined so far, will be provided in Chapter 3.

In addition to the balancing of the right to property with articles 6, 8 and 10, which was actually operated by the Court in some cases, some other ECHR rights that may potentially be balanced with someone's right to the "peaceful enjoyment of property" are: art. 14 on non-discrimination; art. 2 on right to life; art. 11 on freedom of assembly and association.

3. The co-existence of the two Courts

Before comparing the IP jurisprudence of the two Courts, a brief in-depth look at the relationship existing between them is due.

Indeed, despite sharing almost the same geographical jurisdiction, they operate in different context. However, this does not mean that they live autonomous lives. As a matter of fact, it has become urgent to regulate the relationships between the two Courts, in light of the increasing competences conferred to the EU, of the new concerns about human rights' respect in the EU Institutions acts, as well as of the fact that all of the EU Member States joined the ECHR.

In addition, the overlapping jurisdictions of the two Courts in the field of human rights require a certain alignment. Indeed, as mentioned, since the Lisbon Treaty, the Charter of Fundamental Rights constitutes the main source of law for European Human Rights and it is very often invoked in the judgements of the Court of Justice. Therefore, as the Courts themselves admitted, "it is important to ensure that there is the greatest coherence between the Convention and the Charter insofar as the Charter contains rights which correspond to those guaranteed by the Convention"¹¹⁵.

As mentioned in paragraph 2.2, the Treaty of Lisbon signed a milestone in this relationship, which begun in 1975 when the CJEU firstly referred to the text of the ECHR in order to interpret Community law¹¹⁶. Indeed, the Treaty of Lisbon

¹¹⁵ *Joint Communication by the Two Courts*, pg. 1.

¹¹⁶ Case C-36/75, *Rutili v. Minister for the Interior*, Judgment of the Court of 28 October 1975, par. 32.

introduced, under art. 6 TEU, par 2, a positive obligation for the EU to accede to the ECHR. Such obligation was primarily perceived as needed because of an act from the Court of Justice. Indeed, in 1996 the Court delivered its Opinion 2/94, where it strongly affirmed that the then European Community did not have the proper competence to accede to the ECHR¹¹⁷. In that occasion, the Court of Justice also showed that it wanted to operate “together” with the ECtHR and that the reality would not have changed much with the accession to the ECHR, as occasional meetings and academic conferences between the judges were already taking place.

On the other side, the ECtHR was expressing its appreciation for the active application of ECHR standards by the Court of Justice. The latter, indeed, had a strong incentive in doing so, as the ECtHR agreed to refrain from scrutinising national measures implementing Union law, provided that the EU legal order conferred “equivalent protection” to the Convention rights.

However, the Lisbon Treaty manifested openly the Member States’ willingness in having the EU Institutions formally bound, pursuant to international law rules, by the ECHR and subject to the scrutiny of the ECtHR.

By the way, in the meanwhile, it is not possible to argue that the EU, and the Court of Justice among its Institutions, does not have anything to share with the ECtHR. Indeed, their relationship is currently regulated, *inter alia*, by art. 6, par. 3, TEU (which has not been substantially altered ever since the Maastricht Treaty), stating that “Fundamental rights, as guaranteed by the European Convention for the Protection of Human Rights and Fundamental Freedoms and as they result from the constitutional traditions common to the Member States, shall constitute general principles of the Union's law”. In this sense, the content of the ECHR would already be given a binding status on the EU Institutions, even though only through the formal intermediary of the general principles of Union law, and not being applicable as such. The Court would have, therefore, no choice but to apply such principles when they are deemed to be applied. In this regard, prof. De Witte underlines that

¹¹⁷ European Court of Justice, Opinion 2/94 on Accession by the Community to the ECHR, 1996, par. 35. This opinion received strong criticism by scholars for being needlessly restrictive.

such provision: “[...] indicates that the rights of the Convention are general principles of EU law and not just a source of inspiration for those principles”¹¹⁸, and as such has to be applied.

Another relevant point brought by the Lisbon reform concerns art. 52 of the Charter of Fundamental Rights, currently a primary source of law in the EU legal system, which provides that the rights drawn from the Convention shall have the same meaning and scope as the corresponding Convention rights. The Explanations of the Charter make it clear that this also means that they should be interpreted in accordance with the case law of the ECtHR.

If this is, broadly speaking, the legal landscape that delineates the relationship between the Courts, it has to be noted that the reality is slightly different. Indeed, the Court of Justice has frequently shown quite a detached approach towards this issue, without ever missing the opportunity to underline its “independence” from the Strasbourg Court, while recognising its authoritativeness. For instance, Judge Allan Rosas wrote in 2009: “As the EU is not a Contracting Party to the ECHR, the Convention is not a binding Community Law instrument but plays a role as an authoritative guideline for determining the general principles of Community law which the Court applies”¹¹⁹.

This does not mean that the CJEU openly contradicts the judgements of the ECtHR and neither that it manifestly diverges from the Strasbourg case-law. Instead, the two Courts, despite maintaining a detached approach, as said, show a “friendly” attitude, both at a judicial and at an “extra-judicial” level, i.e. by holding frequent common meetings and expressly praising each other. It has also to be considered that contradicting the ECtHR would be self-defeating for the CJEU because it would not help it “[...] to legitimise its own institutional position, especially given the

¹¹⁸ B. DE WITTE, «The use of the ECHR and Convention case law by the European Court of Justice», in P. POELIER et al. (eds.), *Human rights protection in the European legal order: the interaction between the European and the national Courts*, Intersentia, Cambridge, 2011, pg. 22 (hereinafter “The use of the ECHR and Convention case law by the European Court of Justice”).

¹¹⁹ A. ROSAS, “The European Union and Fundamental Rights/Human Rights”, in C. KRAUSE and M. SCHEININ (eds.), *International Protection of Human Rights: a textbook*, Institute for Human Rights, Abo Akademy University, 2009.

challenge to its authority by some national courts, such as the German Constitutional Court¹²⁰.

In particular, a mutual influence between them can easily be traced. Indeed, as a matter of choice, the two Courts cite each other case law (though only since 1996), even in cases where there is not a jurisdictional overlap¹²¹, in the attempt to create uniform human rights standards. Understandably, after the entry into force of the Lisbon Treaty, these references increased, as a result of the rise of the Charter to the status of primary law and of the increasing number of competences conferred to the EU and intersecting human rights.

However, there have also been authors criticising the “unsystematic and eclectic”¹²² use made by the CJEU of the Convention. For example, it has been argued that the Court of Justice refers to the ECHR as a “source of inspiration”¹²³ rather than as a binding source and that “whenever a court treats a legal source as a persuasive authority rather than a precedent this can reduce certainty, broadening the legal arguments which can acceptably be taken into consideration”¹²⁴.

In conclusion, it is clear that the relationship between the two Courts is an extremely complex one, but for sure important milestone have already be set. The following Chapters will attempt to combine together the elements of this sub-section with the way the two Courts look at intellectual property, as explained above.

¹²⁰ S. DOUGLAS – SCOTT, «The Court of Justice of the European Union and the European Court of Human Rights after the Treaty of Lisbon», 2012, in WEATHERILL et al. (eds), *The Protection of Fundamental Rights in the EU after Lisbon*, Hart Publishing, 2013, Oxford Legal Studies Research Paper No. 43/2014, pg. 9 (hereinafter, “The CJEU and the ECtHR after the Treaty of Lisbon”).

¹²¹ For an analysis of the two Courts cross-quotations, see, e.g., *ibid.*, pgs. 5-9.

¹²² See *The use of the ECHR and Convention case law by the European Court of Justice*, pg. 25.

¹²³ See, *inter alia*, Case C-479/04, *Laserdisken ApS v Kulturministeriet*, Judgment of the Court (Grand Chamber) of 12 September 2006 (“Laserdisken”), par. 61: “it should be recalled that, according to settled case-law, fundamental rights form an integral part of the general principles of law the observance of which the Court ensures, and that, for that purpose, the Court draws inspiration from the constitutional traditions common to the Member States and from the guidelines supplied by international treaties for the protection of human rights on which the Member States have collaborated or to which they are signatories. The ECHR has special significance in that respect”. See further, Chapter 2, par. 3.3.

¹²⁴ *The CJEU and the ECtHR after the Treaty of Lisbon*, pg. 5.

4. Concluding remarks

The present Chapter was aimed at providing a broad overview of the evolution and functioning of the two Institutions subject of this thesis, the contexts in which they evolved and the existing links correlating them to IP, both in terms of pieces of legislations and of maturing interest towards it.

All of the elements highlighted are somehow useful in order to analyse the IP-related case-law of the two Courts.

Therefore, it has to be bear in mind that the Court of Justice is now a very sophisticated Institution, having a “powerful” position within the Union, influencing the other Institutions and developing core principles for Union law. This has been proved in the field of IP as well, as the abundant legislation on this matter gave the Court of Justice numerous chances in order to interpret the subject matter.

As far as European IP is concerned, the Union traditionally considered it a powerful tool in order to promote innovation and creativity, develop employment and enhancing completion, i.e. to help the internal market flourishing. Therefore, a massive corpus of secondary law was issued in order to harmonise the matter between Member States and to create community-wide instruments.

However, this economic-oriented view of IP seems to be at least aligned by a new recent trend, i.e. the inclusion of IP within the human right to property, in particular under art. 17, par. 2, of the Charter of Fundamental Rights. This is certainly due to the emerging concerns of the new European Union, comprising 28 Member States and having gained competences in numerous fields.

On the other side, the ECtHR has shown an increasing interest in IP, starting from the early 1990s. Despite the ECHR does not envisage an explicit provision protecting IP, the Court made it fall within the scope of Article 1, Protocol 1, of the ECHR. Moreover, in light of the increasing importance of intellectual property, the Court was also faced with the need to balance some other rights set in the Convention with the “right to intellectual property”.

Provided that the European Union has not yet formally acceded to the ECHR, as required by art. 6, par. 2, TEU, it is not yet formally bound by the ECtHR

judgements. However, the CJEU seemed to recognise the primacy role of the ECtHR when it comes to the human rights discourse, in order to guarantee a uniform interpretation of matters falling before the jurisdiction of more than a Court.

In light of the growing importance of IP either for the European Union either for the ECtHR, as above described, in the following Chapters some relevant judgements of the two Court will be analysed, in order to assess whether the above can be affirmed in the IP field as well or whether the EU maintained an economic-oriented attitude towards it.

CHAPTER 2

Intellectual Property case-law of the Court of Justice of the European Union

SUMMARY: 1. Trademark rights - 1.1. Trademarks and the Treaties – 1.2. The harmonising process – 1.3. Latest trends and reforms – 2. Patent rights – 2.1. Patents and the Treaties – 2.2. Patents in the Biotechnology Directive – 2.3. The CJEU, patents and international agreements – 3. Copyright – 3.1. Copyright under the "internal market" view – 3.1.1. Conditions for protection – 3.1.2. Economic rights – 3.1.3. Copyright and the Fundamental Freedoms – 3.2. Copyright from the "human rights" perspective – 3.2.1. The need to "struck a fair balance" – 3.2.2. Deprivations of property: Luksan – 4. Concluding remarks

The present Chapter is aimed at presenting the overall IP jurisprudence of the Court of Justice of the European Union.

I will gather the cases depending on the IPR at stake and, due to the vastness of judgements given by the Court in the field of IP, I will focus, in order, on trademark, patent and copyright only. Therefore, this analysis will not include several IPRs such as geographical indications, design, and new IP rights (e.g. plant varieties rights), which, by the way, would deserve attention as well. However, for the purpose of comparing the IP jurisprudence of the CJEU with that of the ECtHR, trademarks, patents and copyrights case law is capable to show out the main trends followed by the Court in relation to intellectual property.

For the very same purpose, I will not analyse thoroughly the facts and the law of each and every of the cases that will be mentioned further on, but I will choose the most prominent steps in the reasoning of the Court, classifying them in order to underline the main trends of the Court.

1. Trademark Rights

The CJEU jurisprudence on trademarks has been flourishing ever since the first years of European integration, if compared to other IPRs. The number of cases has possibly increased even more since the designation of the General Court to review the administrative decisions of the Euipo. Consequently, the possibility to further appeal the decisions on points of law before the Court of Justice led to a very rich case law in this field. Nonetheless, as said in Chapter 1, up to the 1980s', neither the Treaties neither the secondary law *corpus* did provide a legislative basis for trademark rights. The interest of the Court in this particular IPR therefore lied, first and foremost, on the continuous tension between IPRs' aptitude at partitioning the common market and the interest of the Union in fostering its integration and in assuring that competition rules between undertakings are respected. Subsequently, such view has been combined with the need to ensure that a uniform discipline is applied throughout the EU. In this field, the Court of Justice has often played as a forerunner compared to other EU Institution, which had to follow its rulings.

In the following subsections, I will try to capture the main trends and the progressive evolution of the CJEU trademark case law, dividing into: case law of the Court prior to the release of the Directive and Regulation¹²⁵, case law following them and latest reforms. Obviously, only few out of the most important trademark cases rendered by the Court will be mentioned and analysed, on a discretionary basis.

1.1. Trademarks and the Treaties

The first rulings of the Court on trademarks date back to the mid 1960s' and constitute the first visible impacts of a European institution to the discipline at stake. Since that, the approach of the Court has definitely changed. Indeed, at the beginning, the Court seemed to believe that trademarks were some sort of a lesser

¹²⁵ In paragraph 1.1 and 1.2, the terms "Directive" and "Regulation" refer, respectively, to Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (codified version), and to Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (codified version). The European IP Office will be indicated with the name "OHIM" and the European Trademark established by the Regulation "Community Trademark" or "CTM".

form of IPR. This can be easily proved by the statement of the Court in *Sirena*¹²⁶, a case released in 1971. In that occasion the Court affirmed that trademark rights might impair the free movement of goods, which is essential to the Common Market, just like other IPRs. However, it added: "a trade-mark right is distinguishable in this context from other rights of industrial property, inasmuch as the interests protected by the latter are usually more important, and merit a higher degree of protection, than the interests protected by an ordinary trade-mark"¹²⁷.

One of the first trademark-related cases is the *Consten and Grundig* case¹²⁸, in which the very first hints on the exhaustion principle were released by the Court. The case, which is to be scrutinised under the "internal market lens", related to an agreement concluded between the two firms Consten and Grundig, conferring to the former the exclusive right of distribution of the latter's products in France. However, a third firm started to sell the same products importing them from another Member State. Consten decided thus to act for unfair competition and trademark infringement¹²⁹.

The Court firstly confirmed that trademarks did fall within the scope of the "property clause" under (now) art. 345 TFEU and that, therefore, the Union could not prejudice national rules on trademarks. However, it also further recognised the dichotomy between the existence and exercise of such rights: according to the Court, while the existence, i.e. the grant, of a trademark right is a matter reserved to national law, the Community is competent to "limit their exercise to the extent necessary to give effect to competition rules"¹³⁰. Consequently, the agreement at stake was annulled because of its incompatibility with said rules.

¹²⁶ Case C/40-70, *Sirena S.r.l. v Eda S.r.l. and others*, Judgment of the Court of 18 February 1971 ("Sirena").

¹²⁷ *Ibid.*, par. 7.

¹²⁸ Joined cases 56 and 58/64, *Établissements Consten S.à.R.L. and Grundig-Verkaufs-GmbH v Commission of the European Economic Community*, Judgment of the Court of 13 July 1966 ("Consten and Grundig").

¹²⁹ See *ibid.*, "Summary of the facts".

¹³⁰ *Ibid.*, pg. 367.

The subsequent case law gave the Court the opportunity to clarify the concepts of existence and exercise of trademark rights and to further explore the relationship between IPRs and free movement of goods and services. The relevant cases in this regard are: *Centrafarm*, *Hoffmann-La Roche*, *Dansk Supermarked*, and *Pfizer*¹³¹. These cases concerned mostly the prohibitions of quantitative restrictions and of measures having equivalent effect on import and export, according to (now) art. 34 and 35 TFEU and the possible derogation to these rules for the “protection of industrial and commercial property” under (now) art. 36 TFEU.

In *Centrafarm*, the Court ruled that the exercise of trademark rights amounted to a valid “derogation from the free movement of goods where such derogations are justified for the purpose of safeguarding rights which constitute the *specific subject-matter* of this property”¹³². The various facets of this “specific subject matter” have been further differentiated by the Court. For example, in *Centrafarm*, it held that the specific subject matter of trademarks is:

“[...] the guarantee that the owner of the trade mark has the exclusive right to use that trade mark, for the purpose of putting products protected by the trade mark into circulation for the first time, and is therefore intended to protect him against competitors wishing to take advantage of the status and reputation of the trade mark by selling products illegally bearing that trade mark”¹³³.

Moreover, in *Hoffmann-La Roche*, the Court specified that part of the specific subject matter of trademarks is: “[...] to guarantee the identity of the origin of the trade-marked product to the consumer or ultimate user, by enabling him without any

¹³¹ Case C-16/74, *Centrafarm BV and Adriaan de Peijper v Winthrop BV*, Judgment of the Court of 31 October 1974 (“*Centrafarm*”); Case C-102/77, *Hoffmann-La Roche & Co. AG v Centrafarm Vertriebsgesellschaft Pharmazeutischer Erzeugnisse mbH*, judgment of the Court of 23 May 1978 (“*Hoffmann-La Roche*”); Case C-58/80, *Dansk Supermarked A/S v A/S Imerco*, Judgment of the Court (Second Chamber) of 22 January 1981 (“*Dansk Supermarked*”); Case C-1/81, *Pfizer Inc. v Eurim-Pharm GmbH*, judgment of the Court (First Chamber) of 3 December 1981 (“*Pfizer*”).

¹³² *Centrafarm*, par. 7, and, similarly, several later cases, among which: *Hoffmann-La Roche*, par. 6; *Dansk Supermarked*, par. 11; *Pfizer*, par. 6.

¹³³ *Centrafarm*, par. 8.

possibility of confusion to distinguish that product from products which have another origin"¹³⁴. The Court referred to this last function as trademarks' "essential function".

In cases where trademarks perform these functions, the exercise of such rights validly falls within the exception of art. 36, i.e. it constitutes a legitimate barrier to cross-border trade.

Centrafarm also foresaw a couple of paragraph expressing the principle of exhaustion in the trademark field¹³⁵, which is now settled case law. According to this principle, once the owner of a trademark has marketed in a legal manner its products in a Member State, he cannot prevent a third party from the resale of such products in the internal market, as the rights conferred by the trademark are deemed to be exhausted. If it was not the case, the trademark owner could potentially partition the internal market by preventing parallel imports that he placed on the market.

In the subsequent *IHT Internationale* judgement¹³⁶, the Court enlarged the subjective scope of application of the principle of exhaustion, stating that it also applies when the products have been legally market by a party "economically linked" to the trademark owner. According to the Court: "a number of situations are covered: products put into circulation by the same undertaking, by a licensee, by a parent company, by a subsidiary of the same group, or by an exclusive distributor"¹³⁷. The Court justified this extension by stating that the product is produced under a "unitary control" of a company or a group of company and that, consequently, the quality and origin of the goods would be guaranteed anyway. Therefore, the trademark performs its "essential function" in the case of an economically linked subject as well.

These first cases reveal the great concern of the Court towards the need to ensure the integration of the internal market, which might be hindered by the

¹³⁴ *Hoffmann-La Roche*, par. 7.

¹³⁵ *Centrafarm*, paras. 9-11.

¹³⁶ Case C-9/93, *IHT Internationale Heiztechnik GmbH and Uwe Danzinger v Ideal-Standard GmbH and Wabco Standard GmbH*, Judgment of the Court of 22 June 1994 ("IHT Internationale").

¹³⁷ *Ibid.*, par. 34.

existence of national IPRs. The judgements of the Court were taken into consideration by the Commission. Indeed, as said in Chapter 1, the Commission began working on the harmonisation of national laws on trademarks, as well as on the creation of a pan-European trademark, which would have co-existed with national ones.

The resulting Directive and Regulation do not differ much as far as the substantive provisions are concerned and they contain several of the principles and doctrines established up to that moment by the Court of Justice, including the exhaustion principle¹³⁸.

The subsequent cases are aimed at sharpening the relevant provisions of secondary law, in order to provide an harmonised set of rules throughout Member States.

1.2. The harmonising process

When talking of harmonising process by the Court of Justice, it should be borne in mind that only preliminary reference judgements are proper harmonising decisions. However, in the trademark field, the substantive identity between the Directive and the Regulation made the decisions of the Court on appeal from OHIM (i.e. on the CTM) be relevant to harmonisation. As a matter of fact, case law on substantive aspects of the Directive is often recalled in judgements concerning the Regulation and vice versa.

In the first judgements of the Court on the Directive and the Regulation, the focus seemed to rest predominantly on absolute grounds of refusal, in particular on the distinctive nature of a sign. In this regard, the Court elaborated the principle of the “average consumer” in the relevant product or service market, who is reasonably well informed and reasonably observant and circumspect and from whose perspective distinctiveness has to be assessed. The CJEU case law often stresses, recurring to a teleological argument, the “essential function” of trademarks, which is

¹³⁸ See art. 7 of the Directive and art. 13 of the Regulation.

to guarantee the identity of the origin of the marked product to the consumer or end-user¹³⁹.

However, later on, the focus of trademark decisions shifted towards relative grounds of refusal. The milestones judgements in this regard are the *SABEL* and *Lloyd* cases¹⁴⁰. In those occasions, the Court elaborated further on the likelihood of confusion's interdependent criteria of assessment. Indeed, it has to be assessed globally, taking into account all the relevant factors to the circumstances of the case and, in particular: the level of similarity between the trademarks; the level of distinctiveness of the earlier trademark; the similarity between the goods and services covered by the trademarks concerned. Another important principle elaborated in this regard is that of the "imperfect recollection", which in particular characterises the trademark field if compared to other IPRs. This implies that the average consumer only rarely has the possibility to make a direct comparison between the different marks and, therefore, he has to trust the "[...] imperfect picture of them that he has kept in his mind"; moreover, his level of attention is likely to vary according to the category of goods or services in question¹⁴¹. This (and several other) principles have been established by the Court, and further elaborated and consolidated. They constitute now the guidelines for national IP offices.

Moreover, the preliminary references to the CJEU have slightly turned to more and more sophisticated issues and to the delicate intersections between IP and technology. For instance, in *Google* and in *Interflora*¹⁴², the Court had to investigate the criteria accounting for use of a mark, in connection with "keyword advertising".

¹³⁹ See, among many others, Case C-329/02, SAT.1 SatellitenFernsehen GmbH v. OHIM, Judgment of the Court (Second Chamber) of 16 September 2004, as far as the Regulation is concerned and Case C-353/03, Société des produits Nestlé SA v. Mars UK Ltd, Judgment of the Court (Second Chamber) of 7 July 2005, for the Directive.

¹⁴⁰ Case C-251/95, *SABEL* v. Puma, Judgment of the Court of 11 November 1997 ("SABEL"); Case C-342/97, *Lloyd Schuhfabrik Meyer & Co. GmbH* v. *Klijsen Handel BV*, Judgment of the Court of 22 June 1999 ("Lloyd").

¹⁴¹ See, *inter alia*, *Lloyd*, par. 26.

¹⁴² Joined Cases C-236-238/08, *Google* v. *Vuitton*, Judgment of the Court (Grand Chamber) of 23 March 2010 ("Google"); Case C-323/09, *Interflora* v. *Marks & Spencer*, Judgment of the Court (First Chamber) of 22 September 2011 ("Interflora").

Essentially, the issues at stake concerned the possibility, against payment, to appear with one's advertisement when another person's trademark is searched for in the browser. In these cases the Court put considerable emphasis on the origin, advertising and investment functions of a trademark.

What has been exposed so far is not even enough to prove the active role of the Court in harmonising trademark law. Indeed, the Court has carried out a "tight" harmonisation¹⁴³ model based on the Trademark Directive. If this would be quite obvious in many other field of EU law, this is not the case for trademark law. Indeed, the decisions of the Court, analysed later on, appear striking if compared with the preamble of the Directive, according to which it is not "[...] necessary to undertake full-scale approximation of the trademark laws of the Member States" and that "It will be sufficient if approximation is limited to those national provisions of law which most directly affect the functioning of the internal market"¹⁴⁴. The Court harmonised almost the complete body of substantive trademark law, treating the Directive as a horizontal instrument and declaring in several occasion that: "The directive none the less provides for harmonisation in relation to the substantive rules of central importance in this sphere"¹⁴⁵.

The Court did not refrain from harmonising concepts even when there was no textual provision in the Directive (or the Regulation). The first judgement that acquires importance in this regard is *Silhouette*, which was released by the Court in

¹⁴³ Tight harmonisation is characterised by strict compliance with the letter of the law and by enforcement through several procedural and interpretative tools in EU law, such as direct effect and primacy. See, *inter alia*, G. B. DINWOODIE, «The Europeanisation of Trade Mark Law», 2013, in A. OHLY and J. PILA (eds), *The Europeanisation of Intellectual Property Law*, Oxford University Press, 2013, Oxford Legal Studies Research Paper No. 54/2013 ("The Europeanisation of Trade Mark Law"), pgs. 2-5.

¹⁴⁴ See recital 3 of the original Directive and recital 4 of the 2008 codification. The latest 2015 Directive justifies such harmonising process stating that "Directive 2008/95/EC has harmonised central provisions of substantive trade mark law which at the time of adoption were considered as most directly affecting the functioning of the internal market".

¹⁴⁵ Case C-355/96, *Silhouette International Schmied GmbH & Co v Hartlauer Handlesgesellschaft*, Judgment of the Court of 16 July 1998 ("Silhouette"), par. 23.

1998 and concerns a matter of exhaustion, codified under art. 7 of the Directive¹⁴⁶. The case originated in a preliminary question raised by the Austrian Supreme Court concerning the concept of international exhaustion: do trademarks entitle their proprietor to prohibit a third party from using the mark for goods which have been put on the market under that mark in a State which is not a Member State?¹⁴⁷

Indeed, in that case, *Silhouette*, an Austrian producer of luxury spectacles, marketed its product worldwide under the trademark "Silhouette". This was registered in Austria and in most other countries of the world. *Silhouette* supplied spectacles to opticians, but not to Hartlauer, because it considered the distribution by this low-price retail chain to be harmful to its image. After *Silhouette* had cheaply sold a number of outdated spectacles to a Bulgarian company, Hartlauer purchased them and offered them for sale in Austria¹⁴⁸.

The Court argued that: "The Directive cannot be interpreted as leaving it open to the Member States to provide in their domestic law for exhaustion of the rights conferred by a trade mark in respect of products put on the market in non-member countries" and that "a situation in which some Member States could provide for international exhaustion while others provided for Community exhaustion only would inevitably give rise to barriers to the free movement of goods and the freedom to provide services"¹⁴⁹. Consequently, even though the text of the Directive was silent as to international exhaustion, it concluded that "national rules providing for exhaustion of trade-mark rights in respect of products put on the market outside the EEA under that mark by the proprietor or with his consent are contrary to Article 7 of the Directive"¹⁵⁰.

¹⁴⁶ According to the provision: "The trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent. Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market".

¹⁴⁷ *Silhouette*, par. 14.

¹⁴⁸ *Ibid.*, paras. 6-13.

¹⁴⁹ *Ibid.*, paras. 26-27.

¹⁵⁰ *Ibid.*, par. 31.

In several other occasions the Court did not hold back from expressing its views, despite the lack of textual provisions. For example, in *Nichols*¹⁵¹, the standard for determining whether a surname mark is distinctive under art. 3 permitted the Court to regulate the methods by which national offices make that determination.

The case involved Nichols plc, a UK company, and the UK Registrar of Trade Marks. The latter refused to register “Nichols”, as it considered it a common surname as a trade mark for certain products, such as food and drinks. The Registrar considered that the sign at stake, due to the great diffusion of it among the British population, was not capable of communicating the fact that such goods originated from the same firm¹⁵². The decision was appealed up to High Court of Justice of England and Wales, which eventually decided to refer several preliminary questions on interpretation of art. 3 and 6 of the Directive¹⁵³ to the Court of Justice. These concerned, indeed, at what conditions surname trademarks could be registered.

The Court, stating that art. 3 “[...] draws no distinction between different categories of trademark”¹⁵⁴, equalised surname marks to any other kind of trademarks, and refused that stricter general criteria of assessment, specifically shaped on surname marks, be applied for such category of trademarks. The Court stated that the assessment of the distinctive character should be “[...] carried out specifically, in accordance with the criteria applicable to any sign covered by Article 2 of the [Trademark] directive, in relation, first, to the products or services in respect of which registration is applied for and, second, to the perception of the relevant consumers”¹⁵⁵. Moreover, art. 6 has no impact on such assessment test, as it should

¹⁵¹ Case C-404/02, *Nichols plc v. Registrar of Trade Marks*, Judgment of the Court (Second Chamber) of 16 September 2004 (“*Nichols*”).

¹⁵² *Ibid.*, paras. 6-15.

¹⁵³ According to art. 3, (1), (b): “The following shall not be registered or if registered shall be liable to be declared invalid: [...] trademarks which are devoid of any distinctive character”; according to art. 6, (1), (a): “The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, his own name or address [...] provided he uses them in accordance with honest practices in industrial or commercial matters”.

¹⁵⁴ *Nichols*, par. 24.

¹⁵⁵ *Ibid.*, par. 34.

be deemed application in a subsequent moment. Indeed, according to the Court, such provision:

“[...] limits in a general way, for the benefit of operators who have a name identical or similar to the registered mark, the right granted by the mark after its registration, that is to say after the existence of the mark's distinctive character has been established. It cannot therefore be taken into account for the purposes of the specific assessment of the distinctive character of the trade mark before the trade mark is registered”¹⁵⁶.

Therefore, again, the Court elaborates further where the Directive is silent, in order to ensure an application as homogeneous as possible of the relevant criteria.

Moreover, in the recent *IP Translator* case¹⁵⁷, the Court even harmonised national rules on the breadth of specifications of goods and services in trademark applications. The harmonisation of this peculiar procedural issue could take place as, according to the Court, the application of a number of provisions of the directive (such as those on validity) “[...] depend to a great extent on whether the goods or services covered by a registered trademark are indicated with sufficient clarity and precision”¹⁵⁸. Thus, the Court made the issue one essentially of substance.

The case arose out of the difference between the practices of OHIM and the UK Registrar with respect to the use of class headings under the Nice Agreement in specifications of goods and services. The Chartered Institute of Patent Attorneys (“CIPA”) applied to register the trademark “IP Translator” as a national trade mark. Such application designated the general terms of the heading of a class of the Nice Classification. The UK Registrar refused that application, since it interpreted national provisions transposing the Trade Mark Directive in accordance with a Communication from OHIM, and concluded that it covered every service falling within that class,

¹⁵⁶ *Ibid.*, par. 33.

¹⁵⁷ Case C-307/10, *Chartered Institute of Patent Attorneys v Registrar of Trade Marks*, Judgment of the Court (Grand Chamber), 19 June 2012 (“IP Translator”).

¹⁵⁸ *Ibid.*, paras. 40-42.

including translation services. Accordingly, for these services the designation “IP Translator” lacked distinctive character, being descriptive. The decision was appealed and the High Court of Justice asked the Court of Justice to clarify the requirement of clarity and precision for the identification of the goods and services for which the protection of the trade mark is sought¹⁵⁹.

The Court of Justice held that the Directive does not preclude the use of the general indications of the class headings of the Nice Classification to identify the goods and services covered by the application. However, it further specified that the Directive “[...] requires the goods and services for which the protection of the trade mark is sought to be identified by the applicant with sufficient clarity and precision to enable the competent authorities and economic operators, on that basis alone, to determine the extent of the protection sought”¹⁶⁰.

Accordingly, the Court observed that some of the general indications in the class headings are clear and precise enough, while others are too general and cover goods or services which are too varied to be compatible with the trademark function as an indication of origin. Therefore, it is “[...] for the competent authorities to make an assessment on a case-by-case basis, according to the goods or services for which the applicant seeks the protection conferred by a trade mark, in order to determine whether those indications meet the requirements of clarity and precision”¹⁶¹.

This judgement had a crucial impact on the practice of national IP Offices which, before it, used to register indiscriminately trademarks covering, generally, the mere class headings. However, as mentioned, we are dealing with an apparently procedural issue, which means that the harmonising intents of the Court pushed way too further what one could expect.

¹⁵⁹ *Ibid.*, paras. 22-29.

¹⁶⁰ *Ibid.*, par. 49.

¹⁶¹ *Ibid.*, par. 55.

Clearly, in this case: “The unitary rights, administered by an EU-level institution, and the need for vertical coherence between OHIM and national practice, served as a catalyst to further horizontal harmonisation of laws”¹⁶².

1.3. Latest trends and reforms

After having been in existence for more than twenty years, the Commission tabled proposals for amendments of the Directive and of the Regulation in 2013. Among the reasons leading to re-think the overall trademark systems, there is certainly the fact that the harmonising judgements of the Court of Justice introduced several concepts and principles, which deserved a legislative recognition.

Indeed, in 2011, the Max Plank Institute for Intellectual Property and Competition Law, in view of the possible reform, was asked by the Commission to evaluate the overall functioning of the trade mark system in Europe¹⁶³. In such Study, it was concluded that the harmonising process was effective enough for the functioning of the internal market. The Study underlines that:

“[...] it is quite clear that the harmonization of the main substantive provisions of national trade mark law and their interpretation by the ECJ have considerably reduced the risk that the requirements, the scope and the limitations of protection for identical trademarks filed in different Member States are assessed differently from Member State to Member State. To support the main goal of fostering and creating a well functioning single market, there is no alternative to the harmonization of laws, even if the harmonization is a long-term process that demands authoritative interpretations of the TMD by the ECJ as well as a harmonization of national legal practices”¹⁶⁴.

¹⁶² *The Europeanisation of Trade Mark Law*, pg. 13.

¹⁶³ *Study on the Overall Functioning of the European Trade Mark System*, Max Planck Institute for Intellectual Property and Competition Law, Munich, 15 February 2011, available at file:///C:/Users/user/Downloads/KM3113705ENN_002.pdf

¹⁶⁴ *Ibid.*, pg. 251.

Consequently, it was recommended that the EU pursue deeper and further harmonization, efficient enforcement, and, most importantly, incorporation into legislation of relevant CJEU case law.

Therefore, the Max Planck Institute supported a “tight” harmonisation model, at least in the trademark field. Praising the harmonising effort put by the CJEU in providing uniform IP disciplines in Member States, the Study argues that such level of harmonisation is crucial to attain a well-functioning internal market.

The result was the adoption of the new Directive and Regulation¹⁶⁵, whose main contents were briefly pointed out in Chapter 1.

As for the Directive, Member States shall transpose it by January 2019. Therefore, at the moment of writing, there is no case law on it. As for the Regulation, the only cases mentioning it so far are: *Länsförsäkringar*, *Brite Strike Technologies*, *Combit Software* and the *BSH* cases¹⁶⁶. These are three preliminary references to the CJEU and an appeal from the General Court concerning an opposition proceeding. The matters considered by the Court are, most prominently, likelihood of confusions and the distinctive character of EUTMs. However, it seems to be too early to trace any new trend or any peculiar aspect of those decisions compared to the case law on previous legislation.

A part from the secondary legislation analysed so far, it should be borne in mind that, as expressed in Chapter 1, par. 1.3.2., the EU IP legislative corpus also includes art. 17, par. 2, Charter of Fundamental Rights, which, since the entry into force of the Lisbon Treaty, enjoys the status of primary law.

¹⁶⁵ Directive (EU) 2015/2436 to approximate the laws of the Members States relating to trade marks, 16 December 2015 and Regulation (EU) 2015/2424 amending Council Regulation (EC) No 207/2009 on the Community trade mark and Commission Regulation No 2868/95 implementing Council Regulation (EC) No 40/94 on the Community trade mark, and repealing Commission Regulation (EC) No 2869/95 on the fees payable to the Office for Harmonization in the Internal Market (Trade Marks and Designs), 16 December 2015.

¹⁶⁶ Case C-654/15, *Länsförsäkringar AB v Matek A/S*, Judgment of the Court (Second Chamber) of 21 December 2016 (“*Länsförsäkringar*”); case C-230/15, *Brite Strike Technologies Inc. v Brite Strike Technologies SA*, Judgment of the Court (Second Chamber) of 14 July 2016 (“*Brite Strike Technologies*”); case C-223/15, *Combit Software GmbH v Commit Business Solutions Ltd* Judgment of the Court (Second Chamber) of 22 September 2016 (“*Combit Software*”); case C-43/15, *BSH Bosch und Siemens Hausgeräte GmbH v European Union Intellectual Property Office*, Judgment of the Court (Grand Chamber) of 8 November 2016 (“*BSH*”).

The reference to the fundamental right to (intellectual) property has experienced a commendable growth in the last decades, as will be analysed in the following paragraphs and chapters. Several of the judgements of the Court of Justice based on such provision involve trademarks. Among these, there is the *Nissan* case¹⁶⁷, decided by the General Court on 4 March 2015.

The case originated in an appeal against the decision of the First Board of Appeal of OHIM, which dismissed the appeal of Nissan for the renewal of a figurative trademark. Indeed, Nissan filed two partial renewal requests for the same trademark staggered over time. The Board of Appeal found, in particular, that the first partial request for renewal filed by the company also constituted unequivocally a partial surrender. Nissan, on its turn, contested before the General Court that such finding was wrong, arguing, *inter alia*, that the decision to treat the request for renewal as equivalent to a surrender of rights was in breach of art. 17 of the Charter¹⁶⁸.

The General Court confirmed that the Board of Appeal erred in finding that the non-renewal of the mark at issue for certain products constituted an express and unequivocal partial surrender for those products. However, it did not annul the contested decision for reasons of legal certainty. As far as art. 17 is concerned, the Court stated that:

“It should be borne in mind that that right is not absolute (see, to that effect, judgment of 3 May 2006 in *Eurohypo v OHIM (EUROHYPO)*, T-439/04, ECR, EU:T:2006:119, paragraph 21) and may therefore be subject to restrictions, provided, in particular, that such restrictions are proportionate to the objective pursued, in accordance with Article 52(1) of the Charter. As it is, in the present case, it is sufficient to observe that the contested decision does not restrict the applicant’s exercise of its right to property, given that it was open to the applicant to make a valid request for renewal of the mark at issue, in

¹⁶⁷ Case T-572/12, *Nissan Jidosha KK v Office for Harmonisation in the Internal Market*, Judgment of the General Court (Third Chamber) of 4 March 2015 (“Nissan”). An appeal before the Court of Justice was lodged (C-207/15), but the judgement rendered by the Court did not mention art. 17.

¹⁶⁸ *Ibid.*, paras. 1-13.

respect of all the goods concerned, during the initial period or, failing that, during the grace period”¹⁶⁹.

In this case, the Court seems to believe that the restrictions put in place are proportionate to safeguard Nissan’s right to property. However, it dismisses the matter quickly and does not investigate further on that right precisely. Also, it does not quote relevant case-law from the ECtHR.

There are also other judgements rendered by the Court on art. 17, par. 1, among which *PAKI*, *Couture Tech*, *L’Oréal*, *Coty*¹⁷⁰. In all of these cases the Court refers to fundamental rights in some quick references and never lingers on them at length, simply mentioning art. 17.

In *Couture Tech*, several references to the ECHR are made. However, they do not concern Article 1, Protocol 1, but the right to freedom of expression envisaged under art. 10 ECHR. Consequently, it is not a useful judgement to determine the trends followed by the Court when it comes to IP.

In *Coty*, art. 17 is a little more investigated, as the Court had to balance the right to an effective remedy and the right to intellectual property, on the one hand, and the right to protection of personal data, on the other. In striking the “fair balance” between those rights, the Court recalls the judgement previously rendered in *Promusicae*¹⁷¹, stating that:

“EU law requires that, when transposing directives, the Member States take care to rely on an interpretation of them which allows a fair balance to be struck between the various fundamental rights protected by the EU legal

¹⁶⁹ *Ibid.*, par. 47.

¹⁷⁰ Case C-526/09, *PAKI Logistics GmbH v OHIM*, Judgment of the General Court (Third Chamber) of 5 October 2011 (“*PAKI*”); Case C-232/10, *Couture Tech Ltd v OHIM* Judgment of the General Court (Fourth Chamber) of 20 September 2011 (“*Couture Tech*”); Case C-324/09, *L’Oréal SA and Others v eBay International AG and Others*, Judgment of the Court (Grand Chamber) of 12 July 2011 (“*L’Oréal*”); Case C-580/13, *Coty Germany GmbH v Stadtsparkasse Magdeburg*, Judgment of the Court (Fourth Chamber) of 16 July 2015 (“*Coty*”).

¹⁷¹ See below in this Chapter, par. 3.2., references in note 222.

order. Subsequently, when implementing the measures transposing those directives, the authorities and courts of the Member States must not only interpret their national law in a manner consistent with those directives but also make sure that they do not rely on an interpretation of them which would be in conflict with those fundamental rights or with the other general principles of EU law”¹⁷².

What has been said so far concludes the review of the trademarks’ jurisprudence of the CJEU. Overall, the main trend that has emerged concerns the (successive and effective) harmonising judgements rendered by the Court. Moreover, some (few) judgements that see trademark law under a human rights perspective have emerged as well. However, despite the general emphasis that has been put on the relationship IP-human rights, the case law in this regard is not rich or satisfactory, at least in the trademark field.

2. Patent Rights

As expressed in Chapter 1, the patent system in the EU works differently from the trademark system: legislation at a secondary level is definitely sketchier and sectorial. Moreover, there is not such a thing as a unitary, pan-European, patent, despite the clear threat to the internal market constituted by this lack of EU rights.

Nonetheless, the CJEU ruled on patent rights in several occasions, some of which are deemed to be analysed. In the present paragraph, I will firstly turn to those judgements mostly akin to trademarks’ judgements, as based on Treaty norms. Secondly, I will move to case law on secondary law provisions, in particular on the Biotechnology Directive, to see if the approach of the Court to patent issues reveals any peculiar attitude. Thirdly, I will analyse those cases considering issues properly related to patent rights, i.e. the relationship that the EU has with external norms and bodies, such as the TRIPS Agreement.

¹⁷² *Coty*, par. 34.

2.1. Patents and the Treaties

The substantive discipline exposed in Chapter 1, paragraph 1.3, revealed that profound differences exist between trademarks and patents in the European Union, as far as their nature, structure and overall system are concerned. Notwithstanding all such differences, the observations made under paragraph 1.1 of the present Chapter concerning the jurisprudence of the CJEU on the relationship trademark-primary law, may be transposed to the patent field without substantial differences. Indeed, most of the principles and doctrines established by the Court, aimed at tempering the partitioning effect that patent rights, as well as other IPRs, have on the internal market.

In *Centrafarm and Adriaan de Peijper*, the Court stated that: “[...] whilst the Treaty does not affect the existence of rights recognised by the legislation of a Member State in matters of industrial and commercial property, yet the exercise of these rights may nevertheless, depending on the circumstances, be affected by the prohibitions in the Treaty”¹⁷³, thus reproducing the dichotomy existence-exercise of trademark rights, seen *supra* in relation to trademarks.

In the very same judgement, the Court also added that derogations to the free movement of goods should only be admitted where necessary to safeguard the “specific subject matter” of patents, which it deemed to be “[...] the guarantee that the patentee, to reward the creative effort of the inventor, has the exclusive right to use an invention with a view to manufacturing industrial products and putting them into circulation for the first time, either directly or by the grant of licences to third parties, as well as the right to oppose infringements”¹⁷⁴.

Moreover, in several occasions, the Court had the chance to confirm that the principle of exhaustion applies to patent rights as well. Indeed, it confirmed that the patent owner cannot oppose further commercialization of the protected product,

¹⁷³ Case C-15/74, *Centrafarm and Adriaan de Peijper v Sterling Drug*, Judgment of the Court of 31 October 1974 (“*Centrafarm and Adriaan de Peijper*”), par. 7.

¹⁷⁴ *Ibid.*, par. 9.

since his rights are exhausted once the product is put on the market by him or with his consent, or by a subject "economically linked" to him¹⁷⁵.

2.2. Patents in the Biotechnology Directive

As mentioned, secondary law at a EU level is not abundant and quite sectorial. The pieces of legislation strictly dealing with patent rights are the Biotechnology Directive, which aims at harmonising patent protection for biological material, and the Regulation on compulsory licensing of pharmaceutical patents¹⁷⁶, which harmonises the conditions under which compulsory licenses are to be granted in relation to patents on the manufacture and sale of pharmaceutical products, when they are to be exported to certain third countries in need of those products.

In particular, the Biotechnology Directive is an extremely controversial piece of legislation, whose genesis was marked by debates among EU institutions, Member States and civil society. The Court of Justice was given the chance to rule on it in several occasions. Among these, the *Netherlands v. Parliament and Council* and the *Monsanto* judgements¹⁷⁷ are particularly relevant. As the Directive is inevitably and inextricably linked with fundamental rights, these judgements may possibly disclose the attitude of the Court when dealing with the relationship patent-fundamental rights.

¹⁷⁵ *Centrafarm and Adriaan de Peijper*, para 11; Case C-187/80, *Merck v Stephar and Petrus Stephanus Exler*, Judgment of the Court of 14 July 1981, para 9, 12; Case C-19/84, *Pharmon v Hoechst*, Judgment of the Court of 9 July 1985, para 22.

¹⁷⁶ Regulation (EC) No 816/2006 of the European Parliament and of the Council of 17 May 2006 on compulsory licensing of patents relating to the manufacture of pharmaceutical products for export to countries with public health problems, O.J. 2006, L 157/1.

¹⁷⁷ Case C-377/98, *Kingdom of the Netherlands v European Parliament and Council of the European Union*, Judgment of the Court of 9 October 2001 ("Netherlands v Parliament and Council"), commented by T.M. SPRANGER, «Case C-377/98, Kingdom of the Netherlands v. European Parliament and Council of the European Union, judgment of the Full Court of 9 October 2001, [2001] ECR I-7079», in *Common Market Law Review*, 2002, Vol. 39, p. 1147-1158.; Case C-428-08, *Monsanto Technology LLC v Cefetra BV and Others*, Judgment of the Court (Grand Chamber) of 6 July 2010 ("Monsanto"), commented by C.C. CARPENTER, «Seeds of Doubt: The European Court of Justice's Decision in Monsanto v. Cefetra and the Effect on European Biotechnology Patent Law», in *International Lawyer*, 2010, Vol. 44, No. 4, p. 101-117.

As far as *Netherlands v. Parliament and Council* is concerned, it is an important case since it marked the end of the debate on the admissibility of the Directive. Indeed, its draft was even initially rejected by the European Parliament because of an alleged insufficiency in addressing ethical issues, such as the issues of the patentability of parts of the human body and the genetic manipulation of the human body.

In the case at stake, the Directive was challenged by the Dutch Government on six grounds, contesting: the incorrect legal basis, a violation of the principles of subsidiarity and of legal certainty, a potential breach of obligations under international law and of the fundamental right to respect for human dignity, and lack of respect of procedural rules by the Commission¹⁷⁸.

The Court rejected all the pleas of the Dutch Government. In particular, as regards the delicate question whether the Directive was in breach of the right to human dignity, the Dutch Government argued the potential breach of the right to human dignity and to self-determination. The former was undermined by the patentability of isolated parts of the human body provided for by art. 5 of the Directive, which would reduce living human matter. The latter would have been impaired by the absence of a provision requiring verification of the consent of the donor or recipient of products obtained by biotechnological means¹⁷⁹.

In this regard, the Court recalled the differentiation between patentable inventions and non-patentable discoveries and it concluded that:

"[...] the result of a work can give rise to the grant of a patent only if the application is accompanied by both a description of the original method of sequencing which led to the invention and an explanation of the industrial application to which the work is to lead, as required by Article 5(3) of the Directive. In the absence of an application in that form, there would be no

¹⁷⁸ *Netherlands v. Parliament and Council*, par. 12.

¹⁷⁹ *Ibid.*, par. 69.

invention, but rather the discovery of a DNA sequence, which would not be patentable as such”¹⁸⁰.

This differentiation permitted the Court to “save” the Directive, even though it did not invoke another fundamental right in order to balance the rights at stake. It seems that the Court operated “judicial activism” in order to cast the last word over a debated piece of legislation. In this sense, the Court defended the Directive against several well-structured criticism, taking its own position in the matter at stake.

The case at stake shows that the Court of Justice, just like the other EU Institutions, is concerned about promoting innovation by means of IPRs, in this particular case, by patent rights. Indeed, the Biotechnology Directive was strongly promoted by the Commission, which was concerned about the transatlantic gap in research and development in the light of the United States’ leading position in the field.

However, in the *Monsanto* judgement, the Court effectively limited the scope of the Directive. This is the first preliminary ruling proceeding concerning the Biotechnology Directive ever since its entry into force, which occurred twelve years before the judgement.

The case before the CJEU originated in three questions raised by the Dutch Supreme Court in a dispute involving Monsanto, the world’s biggest seed company, and Cevetra, a Dutch importer of Argentinean soybean meal.

The questions raised by the Dutch court concerned the interpretation and the scope of art. 9 of the Biotechnology Directive, which states that the protection conferred by a patent extends “[...] to all material, [...] in which the product is incorporated and in which the genetic information is contained and performs its function”. In relation to genetic material, the Court adopted a “purpose-bound” approach of patent protection, thus excluding the “product-based” approach. The Court stated:

¹⁸⁰ *Ibid.*, par. 74.

“Art. 9 of Directive 98/44/EC of the European Parliament [...] is to be interpreted as not conferring patent right protection in circumstances such as those of the case in the main proceedings, in which the patented product is contained in the soy meal, where it does not perform the function for which it is patented, but did perform that function previously in the soy plant, of which the meal is a processed product, or would possibly again be able to perform that function after it had been extracted from the soy meal and inserted into the cell of a living organism”¹⁸¹.

This decision, despite being much contested, surely impacted the scope of patents in the specific biotechnological sector. The Court, therefore, when interpreting secondary law provisions concerning patents, shows a pro-active behaviour in harmonising concepts (likewise in the trademark field). However, we are dealing with an area-specific directive, and the Court refrains from harmonising patent provisions of different areas.

2.3. The CJEU, patents and international agreements

Patent rights are the least harmonised IPRs in Europe, as said. The Court, despite scrupulously examining situations in which there might be restrictions as to the internal market and to competition rules, adopted a “self-restrained” approach when dealing with patent substantive discipline.

This was particularly true also in the CJEU case law on the application and implementation of international agreements regarding patent protection, *in primis* the TRIPS Agreement.

Indeed, the TRIPS is the most comprehensive international agreement on intellectual property and has a crucial role in harmonising patent provisions of the contracting states, providing for a minimum standard to be respected.

¹⁸¹ *Monsanto*, par. 9.

A relevant case in this regard is *Merck Genericos*¹⁸², as it crystallises a series of prior cases concerning the interpretation of the Court of the TRIPS patent provisions. It was rendered in 2007, that is prior to the Lisbon Treaty. The case originated in a preliminary ruling raised by the Portuguese Supreme Court which had to settle the controversy between Merck & Co. and Merck Genericos. The former brought an action for infringement of its pharmaceutical patent against the latter. The matter concerned the period of protection of patents, as under Portuguese law, a period of fifteen years since the filing of the patent application was granted, whereas, pursuant to art. 33 TRIPS, the period of protection shall last for twenty years from the date of filing. The Supreme Court therefore asked the Court of Justice whether Community law precludes the direct application of art. 33 of the TRIPS agreement by a national court¹⁸³.

The CJEU first stated that the TRIPS agreement was concluded by the Community and all its Member States on the basis of joint competence, and that therefore it had jurisdiction to interpret such Treaty, in order to supply a uniform reply to the question on the matter of the sharing of competence between the Community and its Member States.

However, it continued, there is no Community legislation on patent (except for the Biotechnology Directive, which is considered a "specific and isolated case")¹⁸⁴. Therefore, it concluded that:

"The Community has not yet exercised its powers in the sphere of patents or, at the very least, at internal level, that exercise has not to date been of sufficient importance to lead to the conclusion that, as matters now stand, that sphere falls within the scope of Community law. [...] It must be concluded that, since Article 33 of the TRIPs Agreement forms part of a sphere in which, at this point in the development of Community law, the Member States remain

¹⁸² Case C-431/05, *Merck Genéricos - Produtos Farmacêuticos Lda v Merck & Co. Inc. and Merck Sharp & Dohme Lda*, Judgment of the Court (Grand Chamber) of 11 September 2007 ("*Merck Genericos*").

¹⁸³ *Ibid.*, paras. 12-28.

¹⁸⁴ *Ibid.*, paras. 40-41.

principally competent, they may choose whether or not to give direct effect to that provision”¹⁸⁵.

In that respect, in areas where there are no Union rules, the TRIPS provision setting minimum terms for patent protection was deemed to fall outside the scope of EU law, and hence the legal effects of that provision could be determined according to national law. The Court confirmed the principle expressed in the design field in the landmark judgement *Dior*¹⁸⁶.

The case led to a heated debate: indeed, many argued that, even though there is not EU legislation on patent, still the EU has a core interest in patent rights’ uniform application¹⁸⁷, as proved by the case law described under paragraph 2.1. Moreover, there exists previous case law of the Court holding that the provisions of a mixed agreement in an area which is covered “in large measure” by EU legislation are covered by the scope of Union law¹⁸⁸. Therefore, the Court could have possibly been more proactive in setting common EU standards.

However, *Merck Genericos* dates back to 2007, i.e. prior to the entry into force of the Lisbon Treaty. The latter Treaty introduced art. 207 TFEU, which gives the EU exclusive competence in all fields covered under the EU common commercial policy, including “the commercial aspects of intellectual property rights”. As a result, the question whether the Court is required to interpret the patent provisions of the TRIPS Agreement shall now be seen under the shadow of said article.

¹⁸⁵ *Ibid.*, paras. 46-47.

¹⁸⁶ Joined cases C-300/98 and C-392/98, *Parfums Christian Dior SA v TUK Consultancy BV and Assco Gerüste GmbH and Rob van Dijk v Wilhelm Layher GmbH & Co. KG and Layher BV*, Judgment of the Court of 14 December 2000 (“*Dior*”).

¹⁸⁷ See, *inter alia*, A. DIMOPOULOS and P. VANTSIOURI, «Of TRIPS and Traps: the Interpretative Jurisdiction of the Court of Justice of the EU over Patent Law», in TILEC Discussion Paper, 2012, No. 2012-025, pg. 9.

¹⁸⁸ See, e.g., case C-239/03, *Commission v. France*, Judgment of the Court (Second Chamber) of 7 October 2004.

The Court had the chance to clarify the issue later in 2013 with the *Daiichi Sankyo* case¹⁸⁹. The case involved two Greek firms, the Daiichi Sankyo and Demo. The former held a Greek national patent, granted before the entry into force of the TRIPS, for a chemical compound which was protected by a supplementary protection certificate for pharmaceutical patents. However, according to Greek patent law, the European patents that protected pharmaceuticals were granted only for the method of production of pharmaceuticals and not for pharmaceuticals as such. Demo placed in the Greek market a medicine that contained quantitatively and qualitatively the same active ingredients as Daiichi's patented chemical compound, arguing that it did not constitute an infringement. Daiichi was not of the same idea and brought an action against it¹⁹⁰.

The proceeding was brought before the Athens Court of First Instance. This asked the CJEU if, after the entry into force of the TRIPS Agreement, a patent protected only the process or the pharmaceutical product as such as well, in cases where national patent law protected only the process of a pharmaceutical product at the time of the filing of a patent application¹⁹¹.

The CJEU, indeed, notes as first that, since the Treaty of Lisbon enter into force, the legislative framework of primary norms hanged considerably. In particular, it noted that common commercial policy also concerned the commercial aspects of intellectual property and that if a European Union act is intended to promote, facilitate or govern international trade, it falls within common commercial policy¹⁹².

As regards the TRIPS Agreement, the Court noted that: "[its] primary objective is to strengthen and harmonise the protection of intellectual property on a worldwide scale" and that "of reducing distortions of international trade by ensuring, in the territory of each member of the WTO, the effective and adequate protection of

¹⁸⁹ Case C-414/11, *Daiichi Sankyo Co. Ltd and Sanofi-Aventis Deutschland GmbH v DEMO Anonimos Viomikhaniki kai Emporiki Etairia Farmakon*, Judgment of the Court (Grand Chamber), 18 July 2013 ("*Daichii Sankyo*").

¹⁹⁰ *Ibid.*, paras. 23-31.

¹⁹¹ *Ibid.*, par. 32.

¹⁹² *Ibid.*, paras. 45-48.

intellectual property rights". Furthermore, it "[...] contributes to attaining that objective by setting out, for each of the principal categories of intellectual property rights, rules which must be applied by every member of the WTO"¹⁹³.

Having clarified that (and explicitly overturning *Merck Genericos*), the Court finally interpreted the TRIPS patent provisions for substantive conditions for protection. In particular, it noted that: "[...] any invention, whether a product or a process, which is new, involves an inventive step and is capable of industrial application, is patentable, provided only that it belongs to a field of technology"¹⁹⁴. Pharmacology belongs to such a field and the invention of a pharmaceutical product is therefore capable of being patented.

The CJEU noted then that the reservation, permitted by the EPC, under which medicinal products were not patentable in Greece prior to 1992, applied by analogy to national patents, such as that of Daiichi Sankyo. The effect of the reservation spread throughout the term of the patent. Therefore, Daiichi Sankyo's national patent was of no effect as regards the invention of the pharmaceutical product, notwithstanding the patentability of pharmaceutical products in Greece from 1992. Consequently, the Court held that:

"The TRIPs Agreement obliges members of the WTO to make it possible to obtain patents for inventions of pharmaceutical products. That obligation cannot, however, be understood as meaning that members of the WTO which, in a period anterior to the date of that agreement's entry into force, excluded protection of inventions of pharmaceutical products claimed in patents granted for inventions of processes of manufacture of those products must, from that date, regard those patents as covering those inventions of pharmaceutical products"¹⁹⁵.

¹⁹³ *Ibid.*, par. 58.

¹⁹⁴ *Ibid.*, par. 65.

¹⁹⁵ *Ibid.*, par. 82.

Therefore, the Court changed its mind after Lisbon, and possibly some steps are being taken towards the unification of patent rules, with great advantage for the internal market. However, after *Daiichi Sankyo*, there have not been further judgements of the Courts concerning art. 207 and patent rights, thus it is perhaps too early to define how the Court will interpret substantial provisions concerning patents.

In conclusion, the present paragraph was aimed at showing out the main trends followed by the CJEU in relation to patent rights, a sphere in which there is not abundant legislation at a EU level, even though all Member States joined international treaties harmonising such provisions. Therefore, patent rights are essentially different from trademark rights not only inasmuch as their nature is concerned, but also as far as their regulative framework is concerned. However, when it comes to the assessment of the patent jurisprudence of the Court, there is not much to add compared to trademark case law. As seen, the Court is surely proactive in assessing patent cases in which the internal market and competition rules might be hindered. This does not add anything more than what was seen in relation to trademarks. As far as secondary norms are concerned, they are few and sectorial. The Court rendered several judgements on them, providing for uniform interpretations. However, they are still area-specific cases, which do not reveal peculiar approaches of the Court.

The only specificities related to the patent field emerge when it comes to the interpretation of international agreements, such as the TRIPS. The Court could arguably provide some judgements aimed at harmonising the laws of Member States on patent substantial discipline, with great advantage for the internal market. However, at least before the Lisbon Treaty, it seemed hesitant in doing so. Here comes the great difference between the CJEU trademark and patent jurisprudence: while in the first case it did not lose any chance to take it upon itself to rule on trademark substantial, as well as procedural matters, in the latter case it deferred much more to Member States' discretion. The reasons for this hesitance are several. Arguably, while having a uniform trademark discipline throughout the EU is essential to ensure businesses' free movement, uniform patent rights are not as essential.

Moreover, the Court is much more cautious perhaps because of the existence of an extra-EU legal system on patent protection and because of the political complexities regarding patent protection in Europe. However, it should be recognised that, even though at a (little) lower degree, uniform rights would certainly benefit the internal market.

The Lisbon Treaty, introducing art. 207 TFEU, made the Court a bit more proactive. However, it is still too early to determine how the Court will behave towards patent rights' harmonisation.

Finally, the jurisprudence of the Court of Justice on copyright will be analysed. This is deemed to provide a different point of view on the overall IP jurisprudence of the Court.

3. Copyright

As for copyright, unlike for traditional industrial rights, the Community *acquis* is scarce and the IPR at stake is still closely linked to the territoriality principle: 28 Member States have their own 28 pieces of legislation, which means that licences are granted on a territorial basis and that the overall system is underpinned by disparities.

The reason for the initial lack of interest by the EU in this particular IPR might be caught in the fact that, traditionally, the rationale of copyright has to do with authors' "inherent" right to reap the fruits of their creation and to protect the integrity of their work as an entitlement based on their individual effort or as an extension of their personality. Therefore, this focus on labour and personality did not seem to be of the utmost importance for the functionality of the internal market. However, in more recent times, with the increasing resort to the "utilitarian" justification¹⁹⁶ of copyright, the progressive shift to the so-called "information society", and the evolution of the European integration process, the interest of the Union towards copyright gained new momentum.

¹⁹⁶ According to this argument, copyright needs to be regulated because without a proper return on investment, a producer of informational goods will not invest the time, the effort and the money that it takes to create the new works in the benefit of the public.

The current EU legislation is composed by a small number of directives, aiming at harmonising some core principles. The focus, as of the very beginning of the new millennium, rests on adapting copyright to the Internet and new technologies¹⁹⁷. However, there is broad consensus that the system should be changed, *in primis* among users.

The Court of Justice has a major role in this field: indeed, over the past years, an increasing number of copyright cases have been brought before its jurisdiction. In the decade 1992-2002 6 cases have been filed, in the 5 years between 2002 and 2006, 6 cases, while between 2007 and 2012, 28 cases. Scholars have interpreted this as the "[...] result of the waning of the political (i.e. legislative) possibilities to achieve a comprehensive copyright framework for the use of protected subject matter in the single market, in particular for digital and other pan-European networks"¹⁹⁸.

The Court has taken an active role in pursuing its "harmonising agenda"¹⁹⁹. This trend may be traced back to 2009, when it released its landmark judgement in the *Infopaq* case²⁰⁰. The Court interprets EU copyright directives, in order to strengthen the prerogatives of the single market and of the fundamental freedoms, among which, as explained in Chapter 1, there is now the so-called "freedom of knowledge". In particular, the recent copyright case law of the Court is aimed at achieving "a single market for the use of copyright protected subject matter in the digital networks. At the same time, the Court balances this goal with the interests of right-holders, based on the reference to the long established concept of the specific subject matter of copyright law"²⁰¹.

¹⁹⁷ As already mentioned in Chapter 1, the most relevant directives in this regard are the so-called InfoSoc Directive (2001) and the Enforcement Directive (2004). See above, notes

¹⁹⁸ M. LEISTNER, «Europe's Copyright Law decade: recent Case Law of the European Court of Justice and policy perspectives», in *Common Market Law Review*, 2014, Vol. 51, Issue 2, p. 599 (hereinafter, "Europe's Copyright Law Decade").

¹⁹⁹ See, e.g., M. FAVALE et al., «Is There a EU Copyright Jurisprudence? An Empirical Analysis of the Workings of the European Court of Justice», in *Modern Law Review*, 2016, Vol.79, p. 31-75.

²⁰⁰ Case C-5/08, *Infopaq International A/S v. Danske Dagblades Forening* (hereinafter, "Infopaq").

²⁰¹ *Europe's Copyright Law Decade*, p. 598.

Essentially, the Court interprets secondary EU law in conformity with primary law, developing basic principles of general applications, having the internal market as its main objective.

Moreover, copyright is probably the IPR which is mostly intersected with the human rights sphere. In fact, as from the very same period in which the Court started to step in the legislative gaps in the copyright field, it also “[...] begun to make increasingly frequent reference to the EU’s framework of fundamental rights in its judgments on copyright law”²⁰², connecting it with the fundamental right to property. In these cases, art. 17, par. 2, of the Charter was frequently invoked.

3.1. Copyright under the “internal market” view

Among the EU directives, the InfoSoc Directive is vested with a prominent role, as it amounts to a “catalyst” for the Court of Justice case-law on copyright. This is drawn on the objectives of EU primary law and on the comprehensive preamble²⁰³ of the InfoSoc Directive.

The harmonisation level reached by the Court covers several aspects of copyright substantive discipline, as it ranges from the general conditions for protections, to the main economic rights and the exceptions to copyright. In addition, in some cases, the Court further developed its approach to the interpretation of fundamental freedoms.

²⁰² J. GRIFFITHS, «Constitutionalising or harmonising? The Court of Justice, the right to property and European copyright law», in *European Law Review*, 2013, vol. 38, p. 2. (hereinafter, “Constitutionalising or Harmonising?”)

²⁰³ The recitals of the preamble mention, *inter alia*, the establishment of the internal market and then competitions rules as primary objectives, to which the harmonisation of Member States’ laws on copyright is functional. Such harmonisation “will help to implement the four freedoms of the internal market” and “will foster substantial investment in creativity and innovation, including network infrastructure, and lead in turn to growth and increased competitiveness of European industry”. Major concern is addressed to the further development of the “information society”, as it will boost the defragmentation effects.

3.1.1. Conditions for protection

Firstly, as for the conditions for protection, the Court started to give autonomous interpretations in the *Infopaq* judgement, where it was called to clarify the concept of "reproduction in part" and whether the consent of the right-holder was necessary or not in the case at stake, pursuant to the InfoSoc Directive (in particular art. 2 of said Directive).

The case originated in a preliminary question on interpretation raised by the Danish Supreme Court, in the context of proceedings between Infopaq International A/S and Danske Dagblades Forening. The former, by means of a "data capture process", used to sell summaries of articles from Danish newspapers. The latter, an association of Danish publishers, became aware of these practices and of the fact that Infopaq was acting without authorisation from the relevant right-holders. Therefore, it formally required Infopaq to request this consent, in accordance with copyright rules. However, Infopaq applied to the competent courts in order to acknowledge that it was entitled to apply the procedure in question without consent²⁰⁴.

The Court of Justice opened its reasoning by constructing an autonomous European protection condition, that requires the work to be an expression of the author's "own intellectual creation". The Court refers to the "general scheme" of the Berne Convention and to Directive 91/250, Directive 96/9 and Directive 2006/116, concerning computer programs, databases and photographs²⁰⁵. The Court stated that the InfoSoc Directive was based on the same principle.

In cases, like the one at hand, in which a mere part of the work is concerned, such part is "[...] protected by copyright since, as such, [it] shares the originality of the whole work"²⁰⁶.

²⁰⁴ *Infopaq*, paras. 13-26.

²⁰⁵ See *ibid.*, paras. 34-35.

²⁰⁶ *Ibid.*, par. 38.

In so doing, the Court gave a very broad interpretation of art. 2 of the InfoSoc Directive. Due to the sole focus on the mere existence of an intellectual creation, this judgement has been criticised for pointing to a very low protection threshold. However, in *Painer*, *Football Dataco* and *SAS Institute*²⁰⁷, which followed the *Infopaq* judgement, the Court further specified that an own intellectual creation needs also to reflect the author's personality. Therefore, protection should not be afforded to mere technical, functional and "labour-and-skill" works.

By the way, the approach of the Court in *Infopaq* reveals a core attitude of the Court itself. Indeed, its competence to harmonise the main conditions for copyright protection was hardly debated. As a matter of fact, Member States and the Commission did not intend to harmonise such conditions when drafting the InfoSoc Directive. However:

"In principle, the objective of the Directive to prevent restrictions on the free movement of services and products in particular in digital networks by defining the scope of the main economic rights of the copyright holder, justifies the Court's reasoning. Indeed, the Court's argumentation is characterised by a consistent consideration of the internal market objective of the Directive. This leads to the consequent need to autonomously interpret the condition for protection in the framework of the exclusive right to control reproductions in part."²⁰⁸

In *Infopaq* and in several other subsequent cases, some of which will be analysed further on, the Court of Justice carries out a broad harmonising process in the name of the internal market.

²⁰⁷ Case C-145/10, *Eva-Maria Painer v. Standard Verlags GmbH and Others*, judgment of 1 December 2011, par. 89 ("Painer"); Case C-604/10, *Football Dataco Ltd and Others v. Yahoo! UK Ltd and Others*, judgment of 1 March 2012, par. 42 ("Football Dataco"); Case C-406/10, *SAS Institute Inc. v. World Programming Ltd*, judgment of 2 May 2012 par. 39 ("SAS Institute").

²⁰⁸ *Europe's Copyright Law Decade*, pg. 563.

3.1.2. Economic rights

Another aspect dealt with by the Court of Justice in its copyright jurisprudence concerns economic rights. In particular, the InfoSoc Directive lists the right of reproduction under art. 2, the right of communication to the public under art. 3, and the right of distribution under art. 4. The Court adopts autonomous and uniform definitions of the mentioned rights, that is to say that it fully harmonised such concepts, often providing for very broad definitions.

As for the reproduction right, we have already seen that in *Infopaq* the Court established that partial reproduction amounts to an infringement of the exclusive right of the copyright holder if it relates to a part of the work which in itself would fulfil the condition of the author's own intellectual creation.

Moreover, as far as the distribution right is concerned, the Court also gave a broad interpretation of it in *Donner*²⁰⁹: in this case, a German national was found guilty at the end of a criminal proceeding for having distributed replicas of furnishings protected by copyright in Germany to customers residing in Germany. He appealed the sentence before the Federal Court, which raised a preliminary question before the Court of Justice, wondering whether the application of German criminal law gave rise to an unjustified restriction on the free movement of goods, as guaranteed under EU law²¹⁰.

The Court, firstly, defined the concept of "distribution to the public" pursuant to EU law (indeed, this would be the assumption for the application of criminal law). In that regard, it found that:

"A trader who directs his advertising at members of the public residing in a given Member State and creates or makes available to them a specific delivery system and payment method, or allows a third party to do so, thereby enabling those members of the public to receive delivery of copies of works protected by

²⁰⁹ Case C-5/11, Criminal proceedings against Titus Alexander Jochen Donner, judgment of 21 June 2012 ("Donner").

²¹⁰ *Ibid.*, paras. 11-20.

copyright in that same Member State, makes, in the Member State where the delivery takes place, such a distribution”²¹¹.

Secondly, the Court found that the prohibition on distribution in Germany did constitute a restriction on the free movement of goods, even though it was justified by reasons related to the protection of industrial and commercial property. In *Donner*, the Court found, however, that the protection of the right of distribution could be deemed to give rise to a disproportionate or artificial partitioning of the market.

Therefore, the CJEU interpreted the distribution right broadly and held that a distribution to the public can be constituted by all the various activities in the supply chain and even in cross-border operations.

The jurisprudence concerning the right of communication to the public under art. 3 of the InfoSoc Directive is slightly more controversial. Indeed, it oscillates between two standards and further developments in this field are strongly recommended by the doctrine. On the one hand, the Court is applying a new, individually and economic oriented approach, which takes much more into consideration interdependent criteria, such as the person of the user (that is the potential infringer) and the relevant public. Essentially, the focus of these judgements rests on whether the user economically exploits the copyright protected subject matter with regard to the public, rather than on the monopoly conferred to the author by the copyright. Examples of such approach may be found in the *Airlines*, *SCF* and *PPL* cases²¹². On the other hand, the Court resorts to a traditional approach every time it connects the right to communicate to the public to any technically independent making available to a public. This occurred, *inter alia*, in the *ITV* case²¹³, where the Court established

²¹¹ *Ibid.*, par. 30.

²¹² Case C-431/09, *Airfield NV and Canal Digitaal BV v. Belgische Vereniging van Auteurs, Componisten en Uitgevers CVBA (Sabam)* (“Airfield”); Case C-135/10, *Società Consortile Fonografici v. Marco Del Corso*, judgment of 15 March 2012 (“SCF”); Case C-162/10, *Phonographic Performance (Ireland) Limited v. Ireland and Attorney General*, judgment of 15 March 2012 (“PPL”).

²¹³ Case C-607/11, *ITV Broadcasting Ltd and Others v. TV Catch Up Ltd*, judgment of 7 March 2013 (“ITV”), paras. 23 et seq.

that in situations in which a work is subject to multiple uses, each “communication” of it which uses an independent and specific technical means (such as Internet live-streaming compared to the original broadcast), must, as a rule, be individually authorised by the author of the work in question.

3.1.3. Copyright and the Fundamental Freedoms

One more trend that may be observed, when analysing the CJEU jurisprudence on copyright, concerns the interpretation of secondary law in accordance with primary law provisions. Obviously, the fundamental freedoms have a prominent role, *in primis* the free movement of goods and services principle. As observed, IPRs are capable of partitioning the internal market, while the Treaties have as main object market integration.

An important copyright case in this regard is *Murphy*²¹⁴. The joined cases concerned the television broadcasting rights for the UK Premier League. These were managed by the Football Association Premier League (“the FAPL”), which granted an exclusive live broadcasting right for Premier League matches on a territorial basis, corresponding to a single Member State territory. The licences required the broadcasters to undertake to encrypt their satellite signals and to transmit the signal, so encrypted, by satellite solely to subscribers in the territory which they had been awarded. Therefore, broadcasters could not supply decoder cards to watch their broadcasts outside the Member State for which the licence was granted. However, certain pubs in the UK had begun to buy and use foreign decoder cards, thus circumventing this exclusivity. Therefore, the FAPL, fearing that such activities could undermine the exclusivity of the television broadcasting rights, sought to bring them to an end by means of legal proceedings. Two of them, were eventually appealed before the High Court of Justice of England and Wales, which referred a number of questions concerning the interpretation of EU law to the Court of Justice²¹⁵.

²¹⁴ Joined Cases C-403/08 & C-429/08, *Football Association Premier League Ltd and Others v. QC Leisure and Others and Karen Murphy v. Media Protection Services Ltd*, Judgment of the Court (Grand Chamber) of 4 October 2011.

²¹⁵ *Ibid.*, paras. 30-56.

The Court held that national legislation which prohibits the import, sale or use of foreign decoder cards was contrary to the freedom to provide services. While, in principle, IPRs may possibly justify restrictions on fundamental freedoms, in this particular case the Court observed that the FAPL could not claim copyright in the Premier League matches themselves, as those sporting events could not be considered to be an author's own intellectual creation, according to the *Infopaq* standard, and, therefore, to be "works" for the purposes of copyright in the European Union²¹⁶. Moreover, even if national law conferred protection to sporting events under IPRs, a prohibition on using foreign decoder cards would go beyond what is necessary to ensure appropriate remuneration for the holders of the rights concerned²¹⁷.

The CJEU reasoning in this case distinguishes the specific subject matter of IPRs with regard to satellite broadcasts and the fact that the rightholder in principle had authorised the broadcast. Indeed, in this specific area, in which the broadcasting right is harmonised and uniformly localised in the Member State of origin of the broadcast by the Satellite and Cable Directive, the copyright holder might ask for a proper remuneration at the time and for the act of broadcasting in the Member State of origin. Indeed:

"When such remuneration is agreed between the right holders concerned and the broadcasters in an auction, there is nothing to prevent the right holder from asking, at that time, for an amount which takes account of the actual audience and the potential audience both in the Member State of broadcast and in any other Member State in which the broadcasts including the protected subject-matter are also received"²¹⁸.

Therefore, the Court does not entirely depart from its established principles of case law on free movement of services, which is the main object. However, the

²¹⁶ *Ibid.*, paras. 93-99.

²¹⁷ *Ibid.*, paras. 100-105.

²¹⁸ *Ibid.*, par. 112.

distinguishing argument described justifies the derogation. In this regard, it has been observed that:

"This differentiated area-specific, step-by-step approach indeed seems characteristic for the more recent judgments of the Court with their visible re-animation of the concept of the specific subject matter of copyright law on the one hand, and the continuous attempt to reach the objectives of the fundamental freedoms in the context and within the limits of the EU copyright directives *acquis* on the other"²¹⁹.

As a way of conclusion of the present sub-section, it is important to bear in mind the following. Firstly, the copyright jurisprudence so far described reveals a typical attitude of the CJEU itself. This is the interpretation of EU secondary legislation as to create autonomous concepts of EU law. In particular, in the copyright field, where this approach is primarily due to the InfoSoc Directive, whose preamble is quite comprehensive, it is particularly accentuated, resulting in what was calling the "active harmonising agenda" of the CJEU. Secondly, in pursuing such "harmonising agenda" the Court apparently seemed willing to "filling the gaps" of the legislator in the copyright *acquis*, being inspired by the need to build a uniform body of copyright law at a EU level. Thirdly, obviously, when interpreting secondary laws, the Court is bound by the Treaties and the other primary sources of EU law, i.e. it has to interpret the directives in accordance with primary law and to pursue the main objectives set out there. Here the main purpose seems to be the correct functioning and the fostering of the internal market and of the principles underlying it.

By the way, another perspective emerged from the CJEU copyright case law in the last years, which will be analysed in the next sub-section.

²¹⁹ *Europe's Copyright Law Decade*, pg. 593.

3.2. Copyright from the “human rights” perspective

The Court of Justice has dealt with copyright protection under the human right lens in several cases, which also served to clarify the scope of the “mysterious provision”²²⁰ under art. 17, par. 2, of the Charter of Fundamental Rights.

The very first explicit recognition of the need to protect copyright as a fundamental right occurred in *Laserdisken*, where the Court justified a restriction on the freedom to receive information “in the light of the need to protect intellectual property rights, including copyright, which form part of the right to property”²²¹.

3.2.1. The need to struck “a fair balance”

The three leading cases in this regard (*Promusicae*, *Scarlet* and *Netlog*²²²) have to do with internet service providers’ (ISPs) customers, which allegedly engaged in the downloading and sharing of copyright-protected files, without the proper authorisation of the right holders. Therefore, associations of copyright holders acted before their respective competent national courts to enforce their associates’ rights.

In *Promusicae*, in particular, the issue at stake concerned a balance between copyright and the right to privacy. As a matter of fact, Promusicae applied to the Spanish courts for an order that Telefónica should disclose the identities and physical addresses of certain persons whom it provided with internet access services. These persons were granted access to files in which members of Promusicae held the exploitation rights. Therefore, Promusicae wanted to start civil proceedings against them in order to obtain damages²²³.

²²⁰ See C. GEIGER, «Intellectual Property shall be protected!?! Article 17 (2) of the Charter of Fundamental Rights of the European Union: a Mysterious Provision with an Unclear Scope», in *European Intellectual Property Review*, 2009, Issue 3, pgs. 113-117, as explained in Chapter 1.

²²¹ *Laserdisken*, par. 65.

²²² Case C-275/06, *Productores de Música de España (Promusicae) v Telefónica de España SAU*, Judgement of 29 January 2008 (“Promusicae”); Case C-70/10, *Scarlet Extended NV v. Belgische Vereniging van Auteurs, Componisten en Uitgevers CVBA (SABAM)*, Judgement of 24 November 2011 (“Scarlet”); Case C-360/10, *Belgische Vereniging van Auteurs, Componisten en Uitgevers CVBA (SABAM) v. Netlog NV*, Judgment of 16 February 2012 (“Netlog”).

²²³ *Promusicae*, paras. 29-33.

The Spanish court asked the European Court of Justice (the case occurred before the Lisbon Treaty) whether Community law required the Member States to lay down, in order to ensure effective protection of copyright, an obligation to communicate personal data in the context of civil proceedings²²⁴.

The Court firstly acknowledged that the situation at stake involved two different fundamental rights, namely the rights to property, which includes intellectual property, and to an effective remedy, and the right to respect for private life. The bases for these rights are found under art. 17 and 47 of the Charter, which is here used as a direct source of inspiration, as it was still a non-binding instrument at the time of the judgement. According to the Court, these competing rights needed to be balanced. This required first and foremost the appropriate application and domestic implementation of secondary legislation concerning copyright and data protection. Therefore:

“The Member States must, when transposing the directives mentioned above, take care to rely on an interpretation of the directives which allows a fair balance to be struck between the various fundamental rights protected by the Community legal order. Further, when implementing the measures transposing those directives, the authorities and courts of the Member States must not only interpret their national law in a manner consistent with those directives but also make sure that they do not rely on an interpretation of them which would be in conflict with those fundamental rights or with the other general principles of Community law, such as the principle of proportionality”²²⁵.

The Court left it open how in practice such “fair balance” has to be struck. However, in the following *Scarlet* and *Netlog* judgements it further developed the criteria for this balance. Both the cases originated in two injunctions by SABAM, a Belgian copyright holder association, aimed at obliging Scarlet and Netlog, both ISPs, to install a filtering system that identified files containing copyright infringing material

²²⁴ *Ibid.*, par. 34.

²²⁵ *Ibid.*, par. 68.

and consequently blocked the sharing of such files. The filter applied indiscriminately to all of the users, as a preventive measure. The referring courts asked the Court of Justice whether EU law precludes a national court from issuing an injunction against a hosting service provider which requires it to install such a system²²⁶.

In these cases, the Court found that such injunctions were incompatible with EU law, in particular with the e-Commerce Directive, as they would impose general monitoring of all the data relating to each of its customers in order to prevent any infringement of IPRs.

The Court then examined the matters under the fundamental rights enshrined in the EU Charter of Fundamental Rights, in particular the provision on intellectual property under art. 17, par. 2. It underlined that: "There is, however, nothing whatsoever in the wording of that provision or in the Court's case-law to suggest that that right is inviolable and must for that reason be absolutely protected"²²⁷. Again, the Court emphasised the need to balance competing rights. The reference, in these cases, is: first, to the protection of IP under art. 17, par. 2, and to the freedom to conduct a business enjoyed by ISPs pursuant to art. 16 of the Charter. Second, there also needs to be a balance between the protection of IP and the fundamental rights of ISPs' customers to protect their personal data and their freedom to receive or impart information, which are safeguarded, respectively, by art. 8 and 11 of the Charter.

As for the first balance, the Court argued that the injunction would amount to a serious infringement of the ISPs' freedom to conduct their businesses, as they would be required to install complicated, costly and permanent computer systems at their own expenses.

Moreover, as for the second balance, the Court stated that the injunctions would entail a systematic analysis of the users' protected personal data. In addition, freedom of information could potentially be undermined since that filtering system might not distinguish adequately between unlawful and lawful content, with the

²²⁶ *Scarlet*, paras. 15-28; and, similarly, *Netlog*, paras. 15-25.

²²⁷ *Scarlet*, par. 43; and, similarly, *Netlog*, par. 41.

result that its introduction could lead to the blocking of lawful communications. Consequently, the Court found that:

“In adopting the injunction requiring the ISP to install the contested filtering system, the national court concerned would not be respecting the requirement that a fair balance be struck between the right to intellectual property, on the one hand, and the freedom to conduct business, the right to protection of personal data and the freedom to receive or impart information, on the other”²²⁸.

Therefore, while in *Promusicae* the Court did not specify how this “fair balance” had to be struck, in these latter cases, it specified that a balance is not struck in light of the fundamental rights in the EU Charter, in particular because the ISPs’ rights would have suffered a disproportionate interference.

This “balance” metaphor has its legislative foundation, again, in the preamble of the InfoSoc Directive, which states in Recital 31 that: “a fair balance of rights and interests between the different categories of rightholders, as well as between the different categories of rightholders and users of protected subject-matter must be safeguarded”.

However, it has been observed that, at a general level, such “fair balance” argument “[...] is one of a number of concepts or principles around which the Court has begun to organise its developing body of copyright doctrine. Repeated reference to these organising principles lends apparent rhetorical coherence to a partially-harmonised copyright regime”²²⁹. As such, the fair balance serves to construct a EU copyright doctrine, likewise the concept of “the author’s own intellectual creation” or the concept of “public” in the jurisprudence on the right to control the communication of works to the public, analysed above (par. 3.1.).

Moreover, it should be noticed that the “fair balance” principle explicates its effects the most in those areas in which legislation is scarce and the Court has

²²⁸ *Scarlet*, par. 53; and *Netlog*, par. 51.

²²⁹ *Constitutionalising or Harmonising?*, pg. 13.

developed its jurisdiction. This was clear in *Promusicae*, where secondary legislation did not provide an explicit discipline for the circumstances in which national courts are entitled to make orders requiring ISPs to disclose information concerning the identity of suspected copyright infringers using the ISP's network. Indeed, if national system provided for the availability of such orders, it would in principle be compatible with EU law. However, Member States, in these cases, have to strike the fair balance. Thus, the Court could "[...] trace embryonic legal obligations in an area of the *acquis* that was previously regulated only very loosely"²³⁰.

Finally, it should be remarked that the argument at stake has been widely criticised for being too vague²³¹. Indeed, despite being a frequently used argument in the overall fundamental rights jurisprudence of the Court, in the recent copyright case law, it is not deeply analysed by the Court. In *Scarlet*, as well, the conclusion reached by the Court is explained in three short paragraphs and the Court does not refer to any relevant precedent case.

3.2.2. Deprivations of property: *Luksan*

A quite striking and relevant judgement on copyright issued by the CJEU is *Luksan*²³². This is noteworthy under two main profiles: firstly, it provides a clear example of the Court justification of copyright under art. 17, par. 2 of the Charter. Secondly, it deals with the approach of the Court towards conflicts between EU law and international agreements, namely the Berne Convention, in the IP field, which will be solved recurring to art. 17 as well.

The main dispute involved Mr Luksan, the principal director of a documentary film, protected as an original cinematographic work, and Mr van der Let, the producer of the movie. The parties concluded an agreement that was aimed at

²³⁰ *Ibid.*, pg. 15.

²³¹ See, e.g., X. GROUSSOT, «Rock the KaZaA: Another Clash of Fundamental Rights, Case C-275/06, Productores de Musica de Espana (Promusicae) v. Telefonica de Espana SAU, Judgment of the Court (Grand Chamber) of 28 January 2008», in *Common Market Law Review*, 2008, Vol. 45, Issue 6, pgs. 1745-1766 and *Constitutionalising or Harmonising?*.

²³² Case C-277/10, Martin Luksan v. Petrus van der Let, Judgment of the Court (Third Chamber) of 9 February 2012 ("Luksan").

assigning to van der Let all copyright and related rights held by Luksan in the film. However, they expressly excluded certain methods of exploitation, such as making available to the public on digital networks and broadcast by closed circuit television and by pay TV. There were no express provisions concerning statutory rights to remuneration.

The dispute arose when the film director found out that the producer had made the movie available on the Internet and assigned the rights to an online video platform. Luksan considered that this method of exploitation was reserved to him in the contract and brought proceedings against the producer for having breached the contract and his copyright. He claimed that par. 38 (1) of the Austrian Copyright Law exclusively granted exploitation rights in the film to the producer and that any contract stating the contrary was void. Moreover, he considered that he was entitled to all statutory right to remuneration²³³.

The Commercial Court of Vienna feared that the national provision at stake on the original and direct allocation of the exploitation rights to the film producer as well as on the possibility to grant by contract all statutory rights to remuneration to the film producer was incompatible with EU copyright law. Therefore, it decided to make a preliminary ruling to the CJEU in order to ascertain it.

The first question the Court was faced with concerned whether EU secondary laws on copyright had to be interpreted as meaning that exploitation rights compete to the director only, as the author of the work. The Court acknowledged that, according to the Copyright Directive, the principal director has "in any event" the status of author of the movie and cannot be denied the related exploitation rights.

However, the Court also noted that art. 14bis of the Berne Convention would allow national legislator to grant exploitation rights to the producer of the work alone, as claimed by Austrian Government to justify its national provision. The CJEU firstly acknowledged that the Berne Convention has the characteristics of an international agreement under art. 351 TFEU and that the EU, which is not a party to it, is nevertheless obliged to comply with Articles 1 to 21 of the Berne Convention,

²³³ *Ibid.*, paras. 23-35.

pursuant to art. 1, par. 4, of the WIPO Copyright Treaty, to which it is a party. However, the Court clarifies that: "When such an agreement allows, but does not require, a Member State to adopt a measure which appears to be contrary to European Union law, the Member State must refrain from adopting such a measure"²³⁴. This principle applies even when there is a development in EU law and the measure adopted by a Member State is in accordance only with the power offered by an earlier international agreement.

Moreover, the Court mentioned art. 17 of the Charter of Fundamental Rights and pointed out that the director had:

"[...] lawfully acquired, under European Union law, the right to own the intellectual property in that work. In those circumstances, the fact that national legislation denies him the exploitation rights at issue would be tantamount to depriving him of his lawfully acquired intellectual property right"²³⁵.

The judgement has been said to express another face of the harmonising agenda of the Court²³⁶. Indeed, the Court filled in the gaps in the field of the ownership of the rights protected by copyright, where only little legislative intervention occurred. Nonetheless, the Court extrapolated a general rule on the ownership of exploitation rights from a series of fragmentary legislative references in secondary laws. As mentioned, this is further justified by reference to the Charter. This latter reference assumes generic tone and suggests that, in general and not only in the cinematographic field, national rules depriving authors of exploitation rights will contravene EU law.

However, some issues have to be underlined in the reasoning of the Court and in assessing the compatibility of the right at stake with the right to property. Indeed, again, its reference to art. 17 is very thinly expressed and justified. It does not make any reference to existing jurisprudence on the right to property. Above all, it does

²³⁴ *Ibid.*, par. 62.

²³⁵ *Ibid.*, paras. 69-70.

²³⁶ See *Constitutionalising or Harmonising?*, pg. 21.

not even refer to the case-law of the ECtHR. Overall, it seems to be quite a rhetorical reference, which is covertly aimed at supporting the harmonised agenda of the Court, leaving many questions open.

Furthermore, as for the interpretative approach of the conflict between art. 14bis of the Berne Convention and EU law, the Court solves the issue with a narrow interpretative approach. According to the Court, the exercise of optional rights under the international agreement is subordinated to the obligations deriving from EU law, even if subsequent.

The Court justifies such approach, arguing that an interpretation of EU law based on art.14***bis*** of the Berne Convention “[...] would not be consistent with the requirements flowing from Article 17(2) of the Charter of Fundamental Rights guaranteeing the protection of intellectual property”²³⁷.

Again, this reference to art. 17 seems to be rhetorical and mostly aimed at guaranteeing that obligations arising from EU law are secured primacy over pre-existing international agreements.

4. Concluding remarks

This Chapter was aimed at analysing the CJEU main trends when it comes to intellectual property jurisprudence. The premise was that, of course, the judgements of the Courts in this field are so many and so diverse that only the general trends in relation to trademarks, patents and copyright could be caught.

First and foremost, it was clear that the initial interest of the Court in those IPRs is the “boosting” of the internal market, provided that –at least before the Lisbon Treaty- the Treaties themselves did not envisage an explicit provision on intellectual property. This was common to all the analysed rights: trademarks, in *Consten and Grundig*, *Centrafarm*, *Hoffmann-La Roche*, *Dansk Supermarked*, *Pfizer* and *IHT Internationale*; patents, in *Centrafarm and Adriaan de Peijper*, *Merck* and *Pharmon*; copyright in *Murphy*. The internal market is thus a “common lens” under which the

²³⁷ *Luksan*, par. 71.

Court scrutinises IPRs, in light of their inherent nature, aimed at partitioning the internal market.

Secondly, it was clear that the Court pursued an “active harmonising agenda” at least in relation to trademarks and copyright. Since the entry into force of the Trademark Directive and Regulation, trademarks’ harmonisation was characterised by the common principles established by the Court on the substantive conditions for trademarks’ protection (such as the principles of “imperfect recollection” and of the average consumer). Moreover, the Court also went further in elaborating principles which were not strictly linked to the text of the Directive and Regulation, as it did in *Silhouette*, *Nichols* and *IP Translator*. The harmonisation of the Court was so effective that it was recommended by the 2011 Max Planck Study that its trademark judgements were to be taken into high consideration by EU Institutions in reforming the Trademark Directive and Regulation.

As far as copyright’s harmonisation is concerned, the Court adopted a pro-active behaviour, just like in the trademark field. However, it is different in that the EU *acquis* in relation to copyright is really scarce, as the Community initially showed no interest in this field. However, with the shift towards a knowledge-based economy and the digital market, and because of the increasing relevance of new technologies and the evolution of the EU itself, copyright gained new momentum. In the last decade the Court put a major effort in achieving a single market for the use of copyright protected subject matter, especially in the digital networks, using the InfoSoc Directive as the main basis for its copyright judgements. The Court did not refrain from harmonising copyright’s conditions for protection and economic rights. As seen in *Luksan*, the Court also interpreted the Berne Convention (i.e. an international agreement to which the EU as such is not a party) in order to assure that obligations arising from EU law are secured primacy over pre-existing international agreements.

As far as patents are concerned, the discourse is different. Just like in the copyright field, legislation is really scarce and strictly sectorial, as the main instrument in this regard is the Biotechnology Directive. The Court expressly took position in order to save such debated piece of legislation, whose ethical aspects

were hardly debated but whose substantial contents were deemed to be extremely important in order to promote innovation in the EU. However, when it comes to harmonising decisions, the Court put less effort in providing a uniform patent discipline throughout the EU. As observed in *Merck Genericos*, it even deferred to national laws to determine the legal effects of the TRIPS provisions relating to patents, causing strong criticisms among those who argued that the Court could and should have done more in order to build a common EU patent discipline, with great advantage for the internal market. However, introducing art. 207 TFEU, the Lisbon Treaty gave new impetus to the Court in order to reach such objective. As a matter of fact, in *Daiichi Sankyo* the Court actually interpreted the substantive patent provisions of the TRIPS Agreement. Therefore, it will be interesting to keep observing the Court's behaviour in the following years to see whether a common EU patent discipline will be encouraged by the Court or not.

Overall, as far as harmonisation is concerned, the 2011 Study by the Max Planck Institute affirmed, in relation to the trademark system, that a high level of approximation of national IP measures is crucial for the attainment of a well functioning internal market and, consequently, that the principles elaborated by the Court had to be incorporated into the IP legislation. Therefore, the matter is not whether to harmonise national IP laws, but to what extent. This could be easily extended to other IPRs. Proven the effectiveness and the increasing number of harmonising decisions given by the CJEU in relation to all the IPRs (as this research showed out), the EU IP legislator should take in great consideration the jurisprudence of the Court.

Finally, in order to compare the intellectual property jurisprudence of the CJEU with that of the ECtHR, there is one more emerging trend that absolutely needs to be pointed out. Indeed, in the last decade, the Court increasingly resorted to art. 17, par. 2 of the Charter of Fundamental Right in order to justify its IP decisions, especially in the copyright field. This is paramount, as the consequences could be several. First of all, IP gains a new function, which is to guarantee one's fundamental right to property. Furthermore, IPRs justification shifts from a purely economic one (as they have traditionally been observed) to a deeper one, as they are seen as a

person's fundamental rights. In this regard, the Court itself should be much more careful when it deals with intellectual property in applying the standards properly related to fundamental rights.

However, when analysing the judgements of the Court based on art. 17, it seems that the Court is instead using another rhetorical argument in order to justify its "active harmonising agenda". As seen in *Nissan*, *PAKI*, *Couture Tech*, *L'Oréal*, *Coty*, *Luksan*, *Promusicae*, *Scarlet* and *Netlog*, the Court does not deeply argue on that, but rather dedicates it no more than a couple of paragraphs in its reasoning. Most importantly, it does not even quote the jurisprudence of the ECtHR on Article 1, Protocol 1 ECHR, which is crucial for art. 17 interpretation, as briefly pointed out in Chapter 1 and as will be further analysed in Chapter 4.

CHAPTER 3

Intellectual Property case-law of the European Court of Human Rights

SUMMARY: 1. The "three-step" analysis applied to IP cases: Smith-Kline – 1.1. The facts of the case – 1.2. The reasoning of the Commission – 2. Enlarging the scope of Article 1: Anheuser – 2.1. The facts of the case – 2.2. The reasoning of the Court – 2.3. The consequences of Anheuser – 3. To defer or not to defer? – 3.1. Dima – 3.2. Balan – 4. Balancing the right to property with... – 4.1. ...freedom of expression (art. 10 ECHR) – 4.1.1. Ashby Donald and The Pirate Bay: file sharing on the Internet – 4.1.2. The Camel case: trademark parodies – 4.2. ...the right to private and family life (art. 8 ECHR) – 4.3. ...the right to a fair trial (art. 6 ECHR) – 4.3.1. Access to court – 4.3.2. Reasonable time – 4.3.3. Fair and public hearing by an independent and impartial tribunal established by law – 5. Concluding remarks

In the course of the present Chapter, I will provide an overview of some of the most relevant IP-related cases that were judged by the ECtHR. These include both the cases brought before the Court and before the European Commission of Human Rights, i.e. those cases occurred before 1998, when the structural reform of the Court took place. The aim of the Chapter is to highlight some of the main trends followed by the Court when dealing with intellectual properties.

I will start with *Smith Kline*²³⁸. In this case the Commission, for the very first time, clarified that intellectual property – a patent in that occasion – falls within the scope of Article 1.

Secondly, I will analyse one of the most relevant and debated among the IP cases of the ECtHR: *Anheuser*²³⁹. The latter is noteworthy in particular as far as it enlarged the scope of protection of Article 1 to mere IPRs' applications.

²³⁸ See above note 100.

Furthermore, I will analyse two cases, *Dima*²⁴⁰ and *Balan*²⁴¹, in which the Court used the so-called “deference argument”, reaching two different conclusions. This argument characterises many of the decisions of the Court and represents a distinctive tool of the Court, because of its very nature.

In a last set of cases, I will assess the attitude of the Court when asked to deal with two competing rights under the Convention: on the one hand the right to property, and on the other, in turn, the rights to freedom of expression, private and family life and to a fair trial. Differently from the previously mentioned cases, in these latter cases IP represents the background on which the Court has to take its own decisions, inevitably being affected by it.

1. The “three-step” analysis applied to IP cases: *Smith-Kline*

As mentioned, the very first recognition by the ECtHR that IP falls within the scope of Protection of Article 1 occurred in *Smith Kline*. The application was filed in 1986 by a British pharmaceutical company. It was then decided in 1990 by the European Commission of Human Rights (hereinafter, “Commission”). The IPR at stake was a patent right, not surprisingly a pharmaceutical patent.

The Commission found no breach of Article 1 and apparently dealt with the matter briskly. Nonetheless, it is with this decision that, for the first time, the three-step analysis, delineated by the Court’s jurisprudence on Article 1, was applied to a patent right.

1.1. The facts of the case

The case was filed by a UK company, Smith Kline and French Laboratories Ltd²⁴² (hereinafter, “Smith Kline”). This owned a Dutch patent related to an entirely new

²³⁹ See above note 101.

²⁴⁰ *Dima v. Romania*, Application No. 58472/00, admissibility Decision of 26 May 2005 (hereinafter, “*Dima*”).

²⁴¹ *Alan v. Moldova*, Application no. 19247/03, Court Judgement of 29 April 2008 (hereinafter, “*Balan*”).

²⁴² *Smith Kline*, see “The facts of the case”.

class of drugs known as "H2 antagonists", particularly valuable in treating gastric and duodenal ulcers, which were discovered by Smith Kline. Among such drugs, cimetidine was the first one to be commercialised. Dutch patent No. 162073 had three claims related to cimetidine.

A Dutch company, Centrafarm BV, obtained a patent on a process for making, among others, cimetidine. Such patent had a later priority than Smith Kline's one and, of course, could not work without a licence under the prior patent. Smith Kline was not willing to grant such licence and argued that the process claimed by its counterpart's patent involved a carcinogene, thus making the process expensive and highly risky.

Centrafarm, therefore, petitioned Smith Kline for the missing grant of a compulsory licence pursuant to section 34, par. 4, of the Dutch Patent Act. This petition was analysed by a Special Division of the Patent Office, composed by members that had not been involved in any of the granting procedure of the two patents at stake. Eventually, the Division granted Centrafarm a compulsory licence to its patent in respect to Smith Kline's patent. However, such licence was subject to the condition that the annulment of the patent by the District Court would entail the lapse of the licence. Indeed, meanwhile, Smith Kline filed a nullity claim against Centrafarm's patent, before the District Court of The Hague. This sought the technical advice of the Patent Office, which set up a Special Division to deal with the matter. However, this was composed by the same members as those appointed to consider Centrafarm's application for a license. Such Division eventually granted part of Smith Kline's application but upheld the remaining part. Smith Kline appealed to The Hague Appeal Court. However, Smith Kline accepted Centrafarm's offer to pay 50.000 Dutch Guilders for the surrender of Centrafarm's patent.

Nonetheless, Smith Kline also appealed against the grant of the compulsory licence. The Appeal Division of the Patent Office rejected Smith Kline's claim and confirmed the grant of a compulsory licence, making it loose its exclusive right to the patent.

Smith Kline decided thus to bring the matter before the ECtHR and introduced its application on 12 December 1986. The application contained three main claims:

firstly, the company alleged a violation of art. 6 ECHR, as the Dutch Patent Office would not have constituted an independent tribunal. The second claim is central for our purposes. Indeed, it complained that the grant of the compulsory licence to Centrafarm interfered with the “peaceful enjoyment” of its patent and deprived it of the exclusive right to use the patented invention. The company also claimed that the licence was not in the public interest and that the relevant law did not require such public interest to be taken into account. Moreover, even if the licence could have properly been granted, it should have been restricted to the scope required by the process and not extended to medical use. Finally, it claimed an alleged violation of art. 13 ECHR because the decision of the Patent Office could not have been subject to a judicial review²⁴³.

1.2. The reasoning of the Commission

Initially, the Commission dismissed the arguments of the Dutch government concerning the inadmissibility of the case. Then, it opened its reasoning on Article 1 by looking at national Dutch law in order to assess whether a patent can be defined as a “possession” under Article 1. It found that:

“Under Dutch law the holder of a patent is referred to as the proprietor of a patent and that patents are deemed, subject to the provisions of the Patents Act, to be personal property which is transferable and assignable. The Commission finds that a patent accordingly falls within the scope of the term “possessions” in Article 1 of Protocol No. 1.”²⁴⁴

It continued then to analyse whether an “interference” with the right to property took place. The Commission gave particular emphasis to the Dutch Patent Act provisions that explicitly limit the patent owner’s right by granting compulsory licences to dependent patent-holders. However, it continued, a patent initially confers the sole exploitation right, while the subsequent licence of such right to

²⁴³ *Ibid.*, “The claims”.

²⁴⁴ *Ibid.*, “The law”.

others is not an automatic consequence. Therefore the Commission found that the Patent Office decision to confer to Centrafarm a compulsory licence constituted a “control of property”, whose lawfulness had to be assessed in respect to general interests and legitimate aim.

Such assessment ended positively, as the Commission recalled that many of the Contracting States have laws that limit the exploitation right granted to the patent owner. Such provisions are “[...] commonly made for the purpose of preventing the long term hampering of technological progress and economic activity”²⁴⁵.

Finally, the Commission carried a proportionality test and noted that the relevant Dutch provisions on compulsory patents only come into effect under certain circumstances, namely whether the licence is necessary for the working of a patent of the same or later date and the licence should be limited to what is required for the working of the patent. It also noted that royalty mechanisms were made safe. Moreover:

“The Commission finds that the framework imposed by the legislation is intended to prevent abuse of monopoly situations and encourage development and that this method of pursuing that aim falls within the margin of appreciation accorded to the Contracting State. The Commission accordingly finds that the control of use in the circumstances of this case did not fail to strike a fair balance between the interests of the applicant company and the general interest and is in accordance with the requirements of Article 1 of Protocol No. 1 to the Convention”.²⁴⁶

Therefore, it declared “manifestly ill-founded” Smith Kline’s claim related to a violation of Article 1.

As mentioned, *Smith Kline* does not provide a broad and comprehensive analysis on IP by the ECtHR. However, it represents a remarkable starting point, as it already offers some hints on the future approach of the Court towards IP cases.

²⁴⁵ *Ibid.*

²⁴⁶ *Ibid.*

Firstly, *Smith Kline* is a dozer for industrial property to enter the scope of Article 1. Soon after, in *Aral*²⁴⁷, the Commission had the chance to affirm that copyrights, as well, fall within the scope of the provision.

Smith Kline also opened the path for IPRs to be considered protected “possession” under Article 1. Indeed, the approach adopted by the Court made it possible to affirm that: “Inasmuch as these exclusive rights are standard features of national and international intellectual property systems, it is safe to predict that the ECtHR will treat other forms of industrial and artistic property—such as new plant varieties, integrated circuits, performers’ rights, trade secrets—as “possessions” protected by Article 1”²⁴⁸.

Moreover, the Commission adopted a typical deferential approach in determining what protected possession is, by looking at the law of the Contracting State in question. It also “[...] appears to afford considerable leeway to national decision-makers to restrict exclusive rights as a means of furthering intellectual property’s underlying social functions”²⁴⁹.

By the way, *Smith Kline* is only a starting point and it is necessary to look at the subsequent jurisprudence in order to clarify the main trends of the ECtHR in the field of intellectual property.

2. Enlarging the scope of Article 1: *Anheuser*

Anheuser’s impact on the IP case law of the ECtHR is huge. Indeed, it widened the protectable subject matter of Article 1 to IPRs’ mere applications and not only to registered rights.

The following sections will provide an overview of the judgement by the Grand Chamber, which eventually overturned the Chamber reasoning²⁵⁰.

²⁴⁷ *Aral v. Turkey*, Application No. 24563/94, Commission Decision of the 14 January 1998 (“*Aral*”).

²⁴⁸ *The New Innovation Frontier?*, pg. 13.

²⁴⁹ *Ibid.*, pgs. 33-34.

²⁵⁰ For a complete and broad overview of the case see *The New Innovation Frontier?*, pgs. 19-26, from which the present paragraph draws inspiration.

2.1. The facts of the case²⁵¹

The case originated in an application of the American company Anheuser-Busch Inc. (hereinafter, "Anheuser" or "the applicant"), producing the well-known "Budweiser" beer, against the Portuguese government. It actually represents a sole "battle" of the bigger "war" between the said company and its Czech rival, Budějovický Budvar ("Budějovický"), which also commercialised beers using the trademarks "Budweiser Bier", "Budweiser Budvar" and similar. Controversies among the two competitors began in the early 1980s, with the entry into the Portuguese market of Anheuser.

Over the last years, around fifty IP disputes arose between the two industries in IP Offices, domestic courts, and regional tribunals. Such disputes involved complex issues related to the relationship between trademarks and geographical indications and between domestic and international intellectual property laws. These disputes and the issues therein are not meant to be dealt with in this context.

When Anheuser applied for the trademark "Budweiser" before the Portuguese IP Office, in 1981, Budějovický opposed citing its 1968 "Budweiser Bier" indication of origin. The companies tried unsuccessfully to negotiate a licensing agreement, until 1989. Then, Anheuser decided to file a cancellation action for Budějovický's registration. Only in 1995 a lower court ruled in favour of Anheuser, cancelling the registration on the ground that "Budweiser Bier" was not a valid indication of origin.

As a consequence, the Portuguese Office decided to register the "Budweiser" trademark. Therefore, Budějovický invoked before the Portuguese courts a 1986 bilateral treaty between Czechoslovakia and Portugal that assured reciprocal protection for each country's indications of source and appellations of origin. According to Budějovický, Portugal was required to register "Budweiser Bier" as a Czech indication of origin. The lower court held that only an indication for a beer from a precise region of Czechoslovakia could be registered as a geographical indication – Budweiser is, indeed, not the exact name of a Czech region, but rather a German name of the "Budweis" town.

²⁵¹ *Anheuser*, paras. 12-24.

The decision was reversed by the higher court, which also ordered the cancellation of Anheuser's trademark from the register.

The Supreme Court of Portugal confirmed such latter decision. It interpreted the 1986 bilateral treaty to protect each signatory's national products in translation as well as in their original language; therefore the translation "Budweiser Bier" was acceptable as a geographical indication.

Moreover, the Supreme Court held that the priority rules (listed, over all, in the TRIPS Agreement) of the trademark were not violated.

Having no more national remedies at its disposal, Anheuser decided to claim before the ECtHR that Portugal had violated Article 1. It invoked the 1986 bilateral treaty to deny registration of its "Budweiser" trademark that the company had applied to register in 1981, six years earlier than the treaty's entry into force.

The first judgement on the case was rendered by a Chamber²⁵², which eventually found that no violation of Article 1 occurred. Such judgement was not reached unanimously as two dissenting opinions were issued and publicised by two judges. Anheuser decided thus to appeal the judgement before the Grand Chamber of the ECtHR.

2.2. The reasoning of the Court

The Chamber found no violation of Article 1 on the basis that a mere trademark application could not constitute a protected "possession" under Article 1. Indeed, the Chamber agreed that IP as such fell within the scope of the provision. However, an application represents neither a "possession" neither a "legitimate expectation", but merely a "hope"²⁵³. The applicant's right was, therefore, subject to conditionality, notwithstanding the acknowledgement by the Court of "certain financial implications" inherent to a trademark application.

²⁵² Anheuser-Busch Inc. vs. Portugal, Application No. 73049/01, Judgement of the Chamber of 11 October 2005.

²⁵³ *Ibid.*, par. 52.

The judgement of the Grand Chamber also found no violation of Article 1. However, the assessment of the Court in this case passed the first of the three steps defined by the case law of the Court on Article 1: strikingly the Court declared that an IPR application is protected possession under Article 1. The analysis of the Court arrested when it found that no interference occurred with the enjoyment of such a possession.

Going by order, in the most comprehensive IP judgement of the ECtHR, the Court opened its reasoning by providing an overview of the interpretation of Article 1: the three principles it is composed by; the autonomous concept of possession it entails; the inclusion, under certain circumstances, of "legitimate expectations" within the protection provided by the article²⁵⁴.

Afterwards, the Court wondered whether Article 1 was applicable to the case at hand. Firstly, it recalled that IP as such falls within the scope of Article 1. In order to prove it, it provided an overview of the existing –albeit scarce- case law of the ECtHR on IP up to that moment. The answer was clearly positive, as the Chamber already stated.

However, the case concerned a mere trademark application. The Grand Chamber therefore called for a substantive approach in order to assess whether the specific circumstances that occurred in the case could fall within the protection of Article 1. In this regard:

"The Court takes due note of the bundle of financial rights and interests that arise upon an application for the registration of a trade mark. It agrees [...] that such applications may give rise to a variety of legal transactions, such as a sale or licence agreement for consideration, and possess – or are capable of possessing – a substantial financial value. [...] It is noted that in a market economy, value depends on a number of factors and it is impossible to assert at the outset that the assignment of an application for the registration of a trade

²⁵⁴ *Anheuser*, paras. 62-65.

mark will have no financial value. In the instant case [...], the mark in question possessed a definite financial value on account of its international renown.”²⁵⁵

Therefore, the Court stated that Anheuser was entitled to a set of proprietary interests, recognised under Portuguese law. This made Article 1 applicable to the application of the case at hand.

The Grand Chamber thus carried the second step analysis²⁵⁶, wondering whether a State interference occurred. This second section is as relevant as the first one.

Indeed, at this point the Court clearly showed out its limited power in reviewing national court’s decisions.

The question was whether the decision to apply the provisions of the 1986 bilateral agreement to an application filed in 1981 could amount to an interference with the peaceful enjoyment of Anheuser’s possession. The Court noted that the company complained about the manner in which the courts interpreted and applied domestic laws, arguing the wrongful retrospective application of the 1986 bilateral agreement.

The reasoning of the Court in this regard seemed to combine together two previously unrelated trends of case law: indeed, there were decisions on “the retrospective application of legislation whose effect is to deprive someone of a pre-existing asset”. If the result of such retroactivity “may constitute [an] interference that is liable to upset the fair balance that has to be maintained between the demands of the general interest on the one hand and the protection of the right to peaceful enjoyment of possessions on the other”²⁵⁷, the Court might declare a violation of Article 1, even though the dispute concerns private individuals and the State is not party to the proceeding²⁵⁸. If the Court had followed securely this path,

²⁵⁵ *Anheuser*, par. 76.

²⁵⁶ *Ibid.*, paras. 79-87.

²⁵⁷ *Ibid.*, par. 82

²⁵⁸ This was the case in *Lecarpentier v. France*, Application No. 67847/01 and in *Cabourdin v. France*, Application No. 60796/00.

Portugal could have been charged with the accuse of having interfered with Anheuser's peaceful enjoyment of possession.

In addition, there was also a consistent jurisprudence of the ECtHR, holding that the Court could not review errors of fact or law allegedly committed by national judges.

In the present case, the Court noted that even in private litigations the State is under an obligation to provide judicial procedures that guarantee the respect of the right to property. Nevertheless, it stated that:

"[...] its jurisdiction to verify that domestic law has been correctly interpreted and applied is limited and that it is not its function to take the place of the national courts, its role being rather to ensure that the decisions of those courts are not flawed by arbitrariness or otherwise manifestly unreasonable. This is particularly true when, as in this instance, the case turns upon difficult questions of interpretation of domestic law. The Court reiterates its settled case-law that, according to Article 19 of the Convention, its duty is to ensure the observance of the engagements undertaken by the Contracting Parties to the Convention. In particular, it is not its function to deal with errors of fact or law allegedly committed by a national court unless and in so far as they may have infringed rights and freedoms protected by the Convention."²⁵⁹

The reasons why the Court refrained from reviewing the national courts' decisions are: "[...] the complexities of the case, [which] were compounded by the fact that at the time of the treaty's entry into force, the appellation of origin was still registered and the parties were attempting to negotiate a license agreement"²⁶⁰. Given these complexities the Court found that the Portuguese courts' judgements were not unreasonable, neither arbitrary.

Eventually, therefore, the Court did not find any interference with the peaceful enjoyment of property.

²⁵⁹ *Anheuser*, par. 83.

²⁶⁰ *The New Innovation Frontier?*, pg. 31.

2.3. The consequences of *Anheuser*

Anheuser is certainly the most far-reaching and comprehensive among the IP decisions and judgments rendered by the ECtHR. The enhancement of the Court of the protectable subject matter of Article 1, as including trademark applications, has huge consequences.

Firstly, it has to be noted that, formally speaking, the decisions of the ECtHR are only binding on the parties to the dispute and they do not have binding precedential effects for future controversies. However, this is not so true in practice, as “many ECHR rulings have trans-jurisdictional consequences. These effects are especially pronounced when the Court departs from its normal practice of resolving cases on narrow, fact-specific grounds and includes general statements of principle in its judgments”²⁶¹. *Anheuser* seems to be entitled to such a destiny. Indeed, many points of the judgement make the case acquire a broad scope, such as the list of international and Community trademark legislation (see *infra*), its assessment of the case in terms of the economic value of trademark applications in market economies and the use of phrases like “the applicant company’s legal position *as an applicant for the registration of a trade mark* came within Article 1”²⁶². This suggests what is the view of the Court in relation to the protectable subject matter of Article 1.

Another very important conclusion can be drawn from the reasoning of the Court in *Anheuser*. Indeed, it is clear that, first and foremost, the ECtHR relies on national laws to define whether an interest should fall within the protection provided by Article 1, and it leaves to national courts complex and debated issues of interpretation, refusing to review them.

However, even a first-sight reading of the judgement discloses that the international and the Communitarian dimensions are not at all set aside. Indeed, in *Anheuser* the Court lingers in length on the “relevant (Domestic and) International Law and Practice”²⁶³, including the TRIPS Agreement, the Paris Convention and the

²⁶¹ *Ibid.*, pg. 25.

²⁶² *Anheuser*, par. 78 (emphasis added).

²⁶³ *Ibid.*, paras. 25-44.

Madrid Agreement, but it also engages in a “Comparative Law” review of the other Contracting States’ legislation on the legal status of trademark applications. Furthermore, it analyses in-depth relevant EU law. In particular, the Court cites the Community trade mark Regulation and even art. 17, par. 2, of the Charter of Fundamental Rights, even though at that time it did not have the status it enjoys now, after Lisbon:

“European Union law contains various instruments designed to regulate and protect intellectual property, including trademarks. The instrument of most relevance to the present case is Council Regulation (EC) No. 40/941 of 20 December 1993 on the Community trade mark, which establishes a right to a Community trade mark and confers certain rights on applicants for registration. Its aim is to promote the development, expansion and proper functioning of the internal market by enabling Community undertakings to identify their products or services in a uniform manner throughout the Union. To that end, the Office of Harmonisation for the Internal Market (OHIM) has been established. [...] Article 24 of the Regulation [...] lays down that the provisions relating to Community trademarks also apply to applications for registration. [...] Finally, Article 17 § 2 of the Charter of Fundamental Rights which guarantees the right to property, provides: “Intellectual property shall be protected.”²⁶⁴

Notwithstanding all the effort the Court put in this “international review”, when it comes to the decision whether an application is a protected possession, it solely rests on national law. However, it has been argued that the review of international and Communitarian norms provided by the Court confirms the results found under the relevant national law. Therefore, international and, especially, EU law are assigned a somewhat “validation function”²⁶⁵ by the Court.

This is due certainly to the fact that: “IP assets that are protected as possessions receive their legal recognition primarily from national law, rather than from

²⁶⁴ *Ibid.*, par. 38.

²⁶⁵ See *Overlaps and conflict norms*, pgs. 16-17.

international IP rules”²⁶⁶. In addition, obviously the ECtHR cannot review EU law directly until the EU accedes the ECHR. Indeed, the scenario so far described is likely to change in a near future, as the Court will deal with EU legislation differently when the European Union itself will be a Contracting Party to the ECHR²⁶⁷.

Regarding the decision at stake, another striking point concerns the expansion of the jurisdiction of the ECtHR to the review of refusals of domestic IP Offices and courts to register IPRs on grounds such as the likelihood of confusion with an earlier right, as in *Anheuser*, or the lack of distinctiveness.

This issue can be caught quite well if we compare the judgement of the Chamber with the Grand Chamber’s one. Indeed, the Chamber adopted a bright-line rule that categorically precluded the ECtHR from reviewing national courts and administrative agencies’ decisions that refuse to register trademarks. On the contrary, “by extending Article 1 to trademark applications the Grand Chamber expanded the jurisdiction of the ECtHR to review the denial of registrations on any ground recognised in national and regional intellectual property laws”²⁶⁸.

The crucial implication of this discourse is that an “additional layer” of human rights scrutiny is casted over national IP registration systems.

3. To defer or not to defer?

The following cases, *Dima* and *Balan*, assume both a prominent role in shaping the attitude of the ECtHR towards IP. In particular, they present the Court’s use of the “deference” argument, which has massively been used by the Court in order to

²⁶⁶ *Ibid.*, pg. 17.

²⁶⁷ For the sake of completeness, when it comes to the question of justifying an interference with the right to property, the role of external rules has been slightly different. This was clear in *Demir and Baykara v. Turkey*, Application No. 34503/97, Grand Chamber Judgement of 12 November 2008, a case that did not concern IP, and as such is not meant to be dealt with in this context. To sum up, the Court clarified that the Convention has to be interpreted dynamically, taking into account evolving norms of international law, even when the states involved are not bound by them. The Court therefore demonstrates an inclusive approach towards external norms that goes beyond the interpretative rules provided by art. 31 of the Vienna Convention on the Law of Treaties (see Overlaps and conflict norms, pgs. 17-20).

²⁶⁸ *The New Innovation Frontier?*, pg. 26.

ascertain whether an asset of interests is intellectual property and as such subject matter of Article 1. The ECtHR defers to national courts the assessment of a “possession”. These two cases illustrate how this might not always be an argument of straightforward application, particularly in those cases in which national laws do not offer a clear guidance in defining ownership and authorship rules.

The former case, *Dima*, is the first case in which the Court dealt with an IP-related case after the 1998 reform and it dates back to 2005. The latter, *Balan*, followed in 2008.

The factual backgrounds of the two cases are closely similar and concern copyright issues. However, the Court reached highly different conclusions.

3.1. *Dima*²⁶⁹

Dima was brought before the Court by a Romanian graphic artist, Victor Dima. The facts of the case²⁷⁰ originated in the aftermath of the fall of Romania’s communist regime in 1989, when the artist created the design for a new national emblem and seal, in response to a public competition. A government commission selected his project among many others and directed him to work with two history and heraldry experts to revise the design. Eventually, the Romanian Parliament adopted the revised design as the state symbols, indicating Dima as the “graphic designer” in a Romania’s Official Statute.

However, the Romanian State never paid Dima for his work. Consequently, he decided to seek for the compensation allegedly needed and turned, first, to Romania’s Patent and Trademark Office. This Office refused to register the design, because of a provision of Romania’s industrial design statute.

Dima turned then to the Copyright Agency. The Agency secured that he was actually the author of the graphic design and enjoyed all of the rights under national copyright law.

²⁶⁹ For a complete and broad overview of the case see *The New Innovation Frontier?*, pgs. 14-18, from which the present paragraph draws inspiration.

²⁷⁰ *Dima*, par. A), “*les circonstances de l’espèce*”.

Relying on these assertions, Dima filed three copyright infringement actions in the Romanian courts against two private businesses and a public enterprise, allegedly responsible for having reproduced and distributed coins bearing his design for profit. The courts dismissed all three actions, holding that Dima was not entitled to copyright for the design of the state symbols.

The decisive rulings were issued by the Romanian Supreme Court of Justice. This recognised that Dima had personally created the design. However, it held that the Parliament, the commissioner of the design, was the “author” of the works. Alternatively, the Supreme Court concluded that “symbols of the State could not be the subject of copyright”, recalling both the 1956 Copyright Statute in effect when Dima created the design and a revised 1996 Statute, which expressly excluded such symbols from copyright protection. Finally, the Supreme Court rejected Dima’s argument that the lower courts had retroactively applied the 1996 statute to his design, since even under the earlier law Dima was not the author of the works.

As the Supreme Court of Justice was the highest degree of jurisdiction in his country, Dima decided to enter the international path in order to bring his claims and challenged the Romanian rulings before the ECtHR. He claimed that the Romanian courts had deprived him of a possession in violation of Article 1²⁷¹. He invoked the subject matter and authorship rules of the 1956 Copyright Statute, which protected “[...] all works of intellectual creation in the literary, artistic and scientific domain, whatever the contents and form of expression,” including “works of graphic art”. Moreover, the Statute provided that the “author” of such works “[...] shall be the person who has created” them and that the copyright “[...] arise[s] the moment the work takes [...] concrete form”. According to Dima, pursuant to these statutory provisions, his copyright in the graphic design arose at the moment he created it or, at the latest, when he was indicated as the graphic designer by the State itself.

²⁷¹ Dima also brought two more claims, one concerning the government’s failure to compensate him for his work, and the other one concerning various procedural objections to the domestic infringement proceedings. In November 2006, the ECHR concluded that Romania had violated the European Convention’s right to a fair hearing when the Romanian Supreme Court dismissed his appeal without addressing Dima’s challenge to the expert’s report. The Court awarded Dima €2,000 in damages.

The ECtHR firstly stated that Article 1 protects copyrighted works, in accordance with its case-law. However, this did not clarify whether Dima had “a ‘possession’ or at least a ‘legitimate expectation’ to acquire a ‘possession’” as the author of the graphic models he created.

In order to assess that issue, the Court first looked at European copyright laws. It observed that: “[...] the majority of national legal systems, including that of Romania, provide that copyright arises upon the creation of an artistic work. Some jurisdictions require, in addition [...] that the work have a concrete form of expression”²⁷².

These general principles seemed to favour Dima’s claims. However, the Court also recognised that these principles did not answer all the unclear questions concerning the scope of national copyright law.

Indeed, the ECtHR stated that in cases where the “existence or extent” of copyright is uncertain it is up to the domestic courts to resolve ambiguities. Only once those ambiguities have been resolved, the Court may determine the extent of the applicant’s property right and whether the state had violated that right.

Therefore, the main issue was whether Romanian courts had decided that a graphic design of a state emblem could be protected by copyright prior to the adoption of the 1996 Statute, expressly denying such protection. In this regard, Dima was not entitled to “[...] a judgment in his favour, nor could he rely on any favourable case law concerning the ability to copyright models of the State emblem and seal”²⁷³, even though he was actually indicated as the graphic designer by the State.

Moreover, as said, the Supreme Court of Justice rejected Dima’s proposed interpretation of the 1956 Statute. In light of this rejection, Dima could not claim to

²⁷² *Dima*, par. 2, b), French original version: “la plupart des systèmes juridiques nationaux, y compris le roumain, prévoient que le droit d’auteur naît dès la création de l’œuvre artistique. Certains exigent, en outre, comme le faisait l’article 2 du décret n° 351/1956, que l’œuvre prenne une forme concrète d’expression”.

²⁷³ *Ibid.*, “le requérant ne disposait d’aucun jugement en sa faveur, ni ne pouvait s’appuyer sur une quelconque jurisprudence favorable concernant le droit d’auteur portant sur des maquettes de l’emblème et du sceau de l’État”.

have any “legitimate expectation” of acquiring a possession, as such an expectation cannot arise where there is “[...] a dispute as to the interpretation and application of national law, and [...] the applicant’s submissions [are] subsequently rejected by the national courts”.²⁷⁴

The ECtHR finally concluded by reaffirming its “limited power” to review allegations of legal or factual errors made by national courts when interpreting domestic law.

Applying this deferential argument, it found “no appearance of arbitrariness” in the Supreme Court’s ruling. There was thus “[...] no basis on which the [ECtHR] could reach a different conclusion on the question of whether [Dima] [...] did or did not have a copyright”²⁷⁵ in the design he created.

Dima assumes a very important role in shaping the Court’s use of the deferential standard. It comes under the light that: “[...] the deferential approach taken by the ECtHR is not only important in terms of the Court’s limited power to review legal and factual errors by national courts – it also confirms the essential role of the national law in determining the protectable subject matter under Article 1”.²⁷⁶

This is due to the very nature of the ECtHR, which is an international court and as such prefers to defer to national courts uncertain and contested legal issues, rather than creating a common standard.

However, many critical issues of the decision at stake have been raised by the doctrine²⁷⁷. These concern, firstly, the fact that no references have been made by the Court to moral rights, as the focus of the applicant rested on economic concerns

²⁷⁴ *Ibid.*, “la Cour rappelle avoir décidé qu’on ne peut conclure à l’existence d’une «espérance légitime» lorsqu’il y a controverse sur la manière dont le droit interne doit être interprété et appliqué et que les arguments développés par le requérant à cet égard ont été en définitive rejetés par les juridictions nationales”.

²⁷⁵ *Ibid.*, “la Cour n’aperçoit aucune apparence d’arbitraire dans la manière dont la Cour suprême de Justice a statué sur la demande du requérant. En définitive, rien ne permet donc à la Cour de s’écarter de la conclusion de cette juridiction sur la question de savoir si le requérant, réalisateur des maquettes en question, disposait ou non d’un droit d’auteur sur ces maquettes”.

²⁷⁶ *Overlaps and Conflict Norms*, pg. 14.

²⁷⁷ See, e.g., *The New Innovation Frontier?*, pgs. 17-18.

only. Therefore, we will see how the Court will manage situations in which moral rights are at stake, and whether it will defer at a lesser degree in such cases.

Moreover, it has been argued that the Court studiously analysed the matter as a copyright issue, avoiding making any mention to other IPRs, in particular trademark and design rights. This appears to be a voluntary choice of the Court, since the Romanian Government's defence also concerned other IPRs. Therefore, it may be possible that the Court adopts different standards for different species of rights.

Dima's deferential approach has not been confirmed in the following case, *Balan*, where the Court made a different use of the deference argument.

3.2. *Balan*

Balan originated in an application raised before the ECtHR against Moldavia by Mr. Pavel Balan.

The facts of the case²⁷⁸ date back to 1985, when Balan published the photograph "Soroca Castle" in the album "Poliptic Moldav", receiving author's fees for that photograph.

In 1996 the Moldavian Government, without asking for the permission to Balan, decided to use his photograph as a background for national identity cards issued by the Ministry of Internal Affairs of Moldova. Balan did not agree to such a use of the photograph and asked the Ministry to compensate him for the infringement of his rights, as well as to conclude a contract with him for the future use of the photograph.

The Ministry rejected his request, therefore Balan decided to start a court proceeding against the Ministry. The Regional Court partly upheld his claims and stated that he had been the author of the photograph and that it had actually been used without his consent. The court also awarded him a sum and obliged the Ministry to publish an apology. However, Balan's request that the Ministry be ordered to conclude a contract with him for the future use of the photograph was rejected.

²⁷⁸ *Balan*, paras. 5-18.

Balan appealed the judgement requesting again, *inter alia*, the conclusion of a contract with the Ministry of Internal Affairs for the use of his photograph. The Court of Appeal rejected his requests. The Supreme Court of Justice upheld the judgment of the Regional Court only with regards to rewarding the applicant, but it rejected his request for an apology to be published.

From 1 May 2000 the Ministry ceased using the photograph taken by the applicant as a background for identity cards. Therefore, Balan decided to bring a new set of claims before the Courts asking for compensation for the financial loss caused by the continued unlawful use of his photograph between the date of the judgment, 24 March 1999, and 1 May 2000. The identity cards issued in the relevant period had been more than 260,000, and he claimed 10% of the amount paid by the identity cards' owners to the State. He also claimed compensation for infringement of his moral rights.

The suit ended up with the Supreme Court saying that an identity card was an official document which could not be subject to copyright. However, it confirmed Balan's intellectual property rights in respect of the photograph he had taken.

Therefore, Balan claimed a violation of Article 1 before the ECtHR ²⁷⁹.

The reasoning of the Court opened up recalling what may constitute "protected possession" under Article 1. The Court clarified that the ECHR's definition of possession is autonomous and independent from domestic definitions and that it encompasses both existing possessions and "legitimate expectations"²⁸⁰.

The Court adopted a substantial approach: "the issue that needs to be examined in each case is whether the circumstances of the case, considered as a whole, confer on the applicant title to a substantive interest protected by Article 1"²⁸¹. The ECHR definition of "possession", therefore, goes beyond domestic definitions or pre-shaped concepts.

²⁷⁹ *Ibid.*, par. 22. The applicant also initially claimed a violation of art. 6 ECHR. However, such allegation was eventually withdrawn in the Observations on the admissibility and merits of the case.

²⁸⁰ *Ibid.*, paras. 31-32.

²⁸¹ *Ibid.*, par. 34.

However, first and foremost, as shown in *Dima*, the Court deferred to national laws to define whether an economic set of interests is legally recognised. Furthermore, if the application of the law is not clear and a judicial pronouncement is needed, the Court held that “no legitimate expectation can be said to arise where there is a dispute as to the correct interpretation and application of domestic law and the applicant's submissions are subsequently rejected by the national courts”²⁸².

In *Dima* the uncertain facts of the case, the ambiguities of the national court's decisions and the absence of a prior judgement prevented the ECtHR from expressing its analysis on whether a violation of Article 1 took place. In *Balan*, on the contrary, the Court seems to take a little more courage and it further deepened the analysis of the Supreme Court's judgement, despite deferring to Moldavian law the issue whether Balan was entitled to a copyright or not.

The ECtHR carried out the three-step analysis on Article 1. On the question whether Balan had a “possession” under Article 1, the ECtHR emphasised that Balan's rights in the photograph he had taken were confirmed by the domestic courts. He thus had: “[...] a right recognised by law and by a previous final judgment, and not merely a legitimate expectation of obtaining a property right.”²⁸³

Moreover, the ECtHR found that an interference on the peaceful enjoyment of Balan's possession occurred. It acknowledged that the Supreme Court's position favoured the Government, but it could not share this view.

“In so far as the judgment of the Supreme Court of Justice is to be interpreted as meaning that, because of the applicant's failure to ask the courts for a prohibition on the unauthorised use of his protected work, such use after the 1999 judgment did not interfere with his possessions for the purposes of Article 1 of Protocol No. 1, the Court is unable to accept this view.”²⁸⁴

²⁸² *Ibid.*, par. 33.

²⁸³ *Ibid.*, par. 34.

²⁸⁴ *Ibid.*, par. 38.

In the following justification analysis, the Court asked “[...] whether the interference with the applicant's rights was proportionate to the aims pursued”²⁸⁵. Basically, the Court examined whether any less interfering measure, equally effective to achieve the same purposes and reasonably available to the state authorities could have been adopted. It concluded that the same purpose could have been reached by means of a contract or simply by choosing another photograph for the national identity cards. In such ways, Balan’s rights would not have been impaired.

Therefore, the Court found that a violation of Article 1 occurred on behalf of Moldavia and ordered the respondent State to pay Balan a damage compensation.

Drawing some conclusions and combining together *Dima* and *Balan*, it seems like the ECtHR standard is to defer to national laws whether an economic set of interests may have a legal recognition. In cases in which this is not clear, the ECtHR defers to national courts to interpret and apply the laws. Where an *ad hoc* judgment of the case is missing, or there is not enough case-law on the argument, the Court refrains from expressing its position (*Dima*), whereas, in case a judgement occurred, the Court carries out the three-step standard analysis on Article 1 (*Balan*).

4. Balancing the right to property with...

As explained in Chapter 1, in a further group of cases, the Court had to balance someone’s right to (intellectual) property, envisaged under Article 1, with another right listed in the Convention.

The aim of the present paragraph is not to provide an assessment of each and every of these articles, but rather to map the interferences between Article 1 and them, to analyse the Court behaviour when dealing with such intersections of rights. We will see that the Court developed its own approach dealing with conflicting rights, simultaneously guaranteed by the ECHR.

²⁸⁵ *Ibid.*, par. 44.

4.1. ...freedom of expression (art. 10 ECHR)

Art. 10 on the right to freedom of expression and information has a core role in the protection of democracy. It is thus a very frequently invoked provision.

Art. 10, par. 1, entails the right to freedom of expression including freedom to receive and impart information and ideas without interferences by public authorities. Par. 2, then, restricts this scope by offering the authorities the possibility to interfere, providing for formalities, conditions, restrictions and penalties. In particular, a tripartite test for the admissibility of such interferences is constantly carried out, as it will be clarified further by the cases.

The following cases concern, on the one hand, matters of file sharing, which allegedly violate copyright. On the other hand, a case concerning a trademark parody will be presented.

4.1.1. *Ashby Donald*²⁸⁶ and *The Pirate Bay*²⁸⁷: file sharing on the Internet

Copyright's complex characteristics, such as the wide concept it covers, the very long term of its duration and its strong enforcement procedures, made it have a "conflicting relationship" with freedom of expression. This was clear in many occasions, the two cases below being only two relevant ones among others.

In *Ashby Donald*, three fashion photographers, accredited by the French designers' federation *Fédération française de la couture* for some fashion publications, were invited by various fashion houses to the women's winter 2003/2004 collection shows. They had not signed any exclusive agreement with such publications or houses. Their photographs were eventually sent to a company that published them on line, on a specialised web site, offering photos and videos of fashion shows on a free or pay-to-view basis and for sale.

The designers' federation and several fashion houses lodged a complaint with the Central Industrial and Artistic Copyright Infringement Brigade. The photographers

²⁸⁶ See above note 107.

²⁸⁷ See above note 108.

were acquitted by the criminal court in June 2005. The complainants and the public prosecutor appealed. In a judgment of January 2007, the Court of Appeal set aside the first-instance judgment and found the applicants guilty of copyright infringement. The Court of Cassation rejected their subsequent appeal and ordered them to pay fines and damages for the infringement of copyright by taking photos of designer clothes at fashion shows and publishing them online without the consent of the right holders²⁸⁸.

The three photographers, therefore, decided to claim before the ECtHR a violation of their freedom of expression, allegedly protected under art. 10 ECHR.

The assessment of the Court began with the consideration that the applicants' freedom of expression, under which the on-line photos' publication was protected, had actually been interfered by the conviction for copyright infringement under the IP relevant legislation as interpreted by the Courts²⁸⁹.

However, it also found that such interference was justified under the requirements set by art. 10 ECHR: indeed, firstly it pursued the legitimate aim of protecting the property right of the copyright holders. Secondly, it was prescribed by law and, thirdly, it could be considered necessary in a democratic society. According to the Court, in fact, the photographers' purposes were purely commercial and there were no general interests at stake.

Therefore, the Court found no violation of art. 10 ECHR. This decision is clearly justified on the wide margin of appreciation it grants to national courts in balancing competing rights under the Convention. In this case, in particular, it is the Court itself that argues the application of a "particularly wide margin of appreciation"²⁹⁰.

In the very similar *Pirate Bay* case, the Court confirmed this approach. Fredrik Neij and Peter Sunde Kolmisoppi, the applicants of the case, are two of the co-founders of one of the world's largest file sharing platform on the Internet, the website "The Pirate Bay". The service used the so-called BitTorrent protocol in order

²⁸⁸ *Ashby Donald*, paras. 4-18.

²⁸⁹ *Ibid.*, paras. 34-38.

²⁹⁰ *Ibid.*, par. 40: "*une marge d'appréciation particulièrement importante*" (free translation).

to make it possible for users to come into contact with each other through torrent files. The users could then, outside TPB's computers, exchange digital material through file-sharing, including copyright protected movies.

The Swedish courts in 2008 and in 2009 condemned the two subjects, holding them responsible for the operation of the platform and, thus, for furthering other persons' infringement of copyright concerning music, films and computer games. They were violating the Copyright Act. Thus, the court sentenced them to one year imprisonment and a penalty²⁹¹.

The two applicants, therefore, decided to complain that their convictions interfered with their right to freedom of expression before the ECtHR.

As in *Ashby Donald*, the Court held, firstly, that the applicants' position was actually protected by art. 10 ECHR: sharing, or allowing others to share, files or digital materials, even if those are copyright-protected and even for profit-making purposes, is therefore covered by the right to "receive and impart information" under art. 10 ECHR. Consequently, the Court found that the applicants' convictions interfered with their right.

Again, the case turned on justification grounds and the Court investigated whether the state interferences were: "prescribed by law"; pursuing a legitimate aim under art.10, par. 2; "necessary in a democratic society" to attain this aim. The Court found that the interferences were prescribed by the Copyright Act and the Penal Code and pursued the legitimate aims of "protecting the rights of others" and "prevention of crimes".

With regard to their necessity in a democratic society, the Court "[...] is called upon to weigh, on the one hand, the interest of the applicants to facilitate the sharing of the information in question and, on the other, the interest in protecting the rights of the copyright-holders"²⁹². The Court stressed the fact that IP was clearly protected by Article 1: the responding State, therefore, had to balance two competing interests protected by the Convention. Recalling *Ashby Donald's*

²⁹¹ *The Pirate Bay*, "The facts of the case".

²⁹² *Ibid.*, "The law".

conclusions, it afford the State a “wide margin of discretion” in operating such a balance and declared that no violation of art. 10 occurred.

As seen, the approach of the Court when it comes to balance copyright with freedom of expression is prone to afford national courts a very wide margin of appreciation. As someone also claimed²⁹³, such discretionary space is even too much broad especially if we consider that in both these cases the ECtHR was also asked to consider the seriousness of the sanctions imposed, whose nature was not taken into account by the Court.

In similar cases, in which the Court had to balance freedom of expression with other rights but the right to property, the Court clarified that sentences of imprisonment with regard to freedom of expression are difficult to accept in democracies, and must therefore occur only in exceptional circumstances²⁹⁴.

On the contrary, these cases involving copyright show out that there is not yet a clear standard “[...] to foresee the outcome of cases where the illicit use of copyright-protected materials can reach the level of protection under art. 10 ECHR, as that afforded to political expression and participation in public or cultural debate”²⁹⁵.

Anyhow, these cases unveil another important conflict resolution tool which characterises the ECtHR’s reasoning, i.e. to afford a wide margin of appreciation to national courts.

²⁹³ See, e.g., D. VOORHOOF, «Freedom of expression and the right to information: Implications for copyright», in C. GEIGER (ed.), *Research Handbook on Human Rights and Intellectual Property*, E.E. Publishing, Cheltenham, 2015, pgs. 348-349.

²⁹⁴ See, e.g., *Cumpana and Mazare v. Romania*, Application No. 33348/96, Court Judgement of 17 Dember 2004; *Marchenko v. Ukraine*, Application No. 4063/04, Court Judgement of 19 February 2009; *Belpietro v. Italy*, Application No. 43612/10, Court Judgement of 24 September 2013. In these cases, all related to freedom of expression, the ECtHR affirmed that a sentence of imprisonment is difficult to accept in a democracy, as they inevitably have a chilling effect which works to the detriment of the society as a whole.

²⁹⁵ *Ibid.*, pg. 349.

4.1.2. The *Camel*²⁹⁶ case: trademark parodies

The approach above described had been applied by the Commission as well, already in the 1990s, in relation to a trademark parody case.

The *Camel* case originated in the applications of the two claimants, an Austrian private association promoting the interests of non-smokers and its chairman, alleging, *inter alia*²⁹⁷, a violation of their freedom of expression under art. 10 ECHR.

The association, in the course of its anti-smoking campaign, had sold pamphlets, posters and stickers showing the caricature of a skeleton which, riding a camel, held a cigarette in front of the camel. Underneath this picture, the following slogan was written, in German language: "only a camel walks miles for a cigarette". In German, "Kamel" is a pejorative term used in respect to a foolish person.

In February 1988 the Camel tobacco company requested to the Innsbruck Regional Court to condemn the association for the improper use made of the "camel" sign.

Indeed, Camel was the owner of Austrian trademark registrations on the word "Camel" and on the picture of a camel together with the word "camel", and successfully used the slogans "I walk miles for camel filters" or "I walk miles for a camel". It argued that the association had allegedly violated Section 1 of the Unfair Competition Act.

The lower Court and the Court of Appeal rendered diverging judgements stating, the former, that a violation of the Unfair Competition Act occurred and, the latter, that it did not. The Court of Appeal specified that the association provided the public with realistic messages on smoking risks.

Eventually, the Supreme Court found that the Civil Code protected against insults and derisions not based upon a statement of facts. The stickers, posters and pamphlets in question, with their verbal and figurative reference to a camel, contained a clear allusion to the plaintiff's trademarks for cigarettes, disparaging

²⁹⁶ Österreichische Schutzgemeinschaft für Nichtraucher and Robert Rockenbauer v. Austria, Application No. 17200/90, Commission Decision of 2 December 1991 (hereinafter, "Camel").

²⁹⁷ They also claimed a violation of art. 6 ECHR. See *Camel*, "Complaints".

Camel's products. Such interference was reputed unlawful, as, according to the Supreme Court, the freedom of expression had its limits where, without special reasons, a particular brand was disparaged as a substitute for a whole category of product²⁹⁸.

The applicants thus brought the matter before the ECtHR, claiming a violation of their right to freedom of expression under art. 10 ECHR.

The Commission found that, accordingly, the Supreme Court judgement constituted an interference with the applicants' right to freedom of expression. Hence, it was to be seen if such interference was justified under art. 10, par. 2 ECHR.

The prohibition was provided for in the Austrian Civil Code, and, as such, it was prescribed by law. Moreover, it was aimed at the protection of the reputation and the rights of others; therefore it pursued a legitimate aim.

As for the necessity of interfering, the Commission recalled that the adjective "necessary" within the meaning of art. 10, par. 2 of the Convention implies the existence of a "pressing social need" and that the Contracting States have a margin of appreciation in assessing whether such a need exists.

According to the Commission, there were no special reasons why Camel's sign had to be disparaged as a substitute for the whole category of cigarettes. The applicants, therefore, were in no way entitled to select the Camel's trademark in order to criticise tobacco in general. The applicants had not merely informed the public about health risks of smoking in general, but presented their criticism in the form of a caricature with an ironical message distorting Camel's trademarks and its advertising slogans.

The Commission considered that the Austrian court decisions, in particular the Supreme Court's decision, did not go beyond the margin of appreciation left to the national authorities in assessing the proportionality of an interference with the

²⁹⁸ *Ibid.*, "The facts".

freedom of expression in accordance with art. 10 of the Convention. Consequently, the Commission found no violation of such provision²⁹⁹.

4.2. ...the right to private and family life (art. 8 ECHR)

In very few occasions the Court had been called to judge upon circumstances involving IPRs allegedly interfering with the right to private and family life under art. 8 ECHR: these are the *Chappell*³⁰⁰ and the *Vorsina and Vogralik*³⁰¹ cases.

The former is a Court decision dating back to 1989, the latter to 2004. In both of them the Court found no violation of art. 8.

In *Chappell*, the facts of the case concerned a company governed, from 1980 to 1981, by Mr. Anthony Chappell. The company's activity had to do with the supply of videocassettes to subscribers. However, many of the recordings were made in breach of copyright. A couple of film companies and organizations aimed at protecting film producers and distributors decided to apply to the High Court for an "Anton Piller order"³⁰². The High Court eventually granted them the order, which contained, *inter alia*, a prohibition to make and sell unlicensed copies of films and a permission for the film companies to enter Chappell's locals in order to search for and remove any unlicensed copies and any related document. As the order was granted on the very same day, Chappell was not present in court and did not receive any notice. While the order was being executed, many private and personal documents belonging to Chappell were taken³⁰³.

²⁹⁹ *Ibid.*, "The law", par. 1.

³⁰⁰ See above, note 108.

³⁰¹ See above, note 109.

³⁰² Such orders have been developed by English courts in order to prevent the destruction of relevant evidence in cases involving trademarks, copyrights or patent infringements. They provide the right to search premises and seize evidence without prior warning. See *Chappell*, paras. 10-13.

³⁰³ *Ibid.*, paras. 8-9 and 14-24.

As a consequence, Chappell decided to bring a series of claims before the ECtHR, among which a violation of art. 8 ECHR³⁰⁴. The Commission, at first instance, declared the claim admissible, though it found no violation of art. 8. Chappell decided to appeal the judgement, arguing that the interference on its right to privacy did not come within art. 8, par. 2, justification grounds.

The Court, on its turn, found that there had been an interference with Chappell's right to privacy. However, as for the justifications, according to the Court such interference had the legitimate aim of protecting the rights of the film companies.

On whether there had been a sufficient legal basis for it, the Court stated that it was not necessary to determine whether the Anton Piller order had its basis in statute or common law because "law" under art. 8, par. 2, ECHR included written or common law.

Moreover, the Court found that the granting of the Anton Piller order was "necessary in a democratic society" as a step in the effective pursuit by the film companies of their copyright action, bearing in mind the nature and scope of Chappell's business. The court also considered that the order foresaw limitations on its scope which constituted safeguards in order to keep its impact within reasonable bounds, despite agreeing that the manner in which the order was executed was some way "disturbing" and "unfortunate and regrettable"³⁰⁵.

As a conclusion, it held unanimously that the shortcomings were not so serious that the execution was disproportionate to the legitimate aim pursued and that, accordingly, there was no breach of art. 8 ECHR.

In *Vorsina and Vogralik*, the case was brought before the ECtHR by two Russian women, great-granddaughters of Mr. Aleksandr Fyodorovich Vorsin, founder of one of the first brewers in the Altay Region. They decided to give to the Altay Museum the only surviving portrait of their grandfather. The museum, in turn, passed the

³⁰⁴ Moreover, he claimed a violation of arts. 3, 5 and 6 ECHR, whose admissibility was denied by the Commission.

³⁰⁵ *Chappell*, paras. 50-66.

portrait to a joint-stock company producing beer. Such company decided to reproduce the portrait at stake on beer bottles and advertising boards³⁰⁶.

Mrs. Vorsina and Vogralik thus started a legal proceeding before national courts asking to remove the grandfather's name and portrait from the beer advertisements because it interfered with their right to confidentiality of family life. Eventually, Russian courts rejected their claim and the two women decided to complain before the ECtHR a violation of art. 8³⁰⁷.

However, the Court quickly dismissed the complain for two reasons: firstly, the portrait was passed to the museum by the applicants themselves, therefore it could follow that they had agreed, in principle, that the portrait may be seen by others. Secondly, according to the Court, "the brewery meant to revere the applicants' great-grandfather memory as a master brewer rather than insult the applicants' feelings towards him" and it stated that: "Nothing suggests that the rather distant ties between the applicants and the relative were thereby distorted"³⁰⁸.

In conclusion, as seen in regard to freedom of expression, the Court is prone to leave national courts a wide margin of discretion even when it comes to the balancing of the right to (intellectual) property with the right to personal and private life under art. 8 ECHR.

4.3. ...the right to a fair trial (art. 6 ECHR)

The right to a fair trial under art. 6 ECHR is also a very frequently invoked one before the Strasbourg Court. According to the abundant jurisprudence on the provision at stake, it comprises a series of rights, such as the "right to a court", including the access to independent, impartial and established-by-law tribunals and to an effective remedy; the right to institute proceedings, or the "rights to a fair proceeding", including the respect of the adversarial principle, equality of arms and of oral and public hearings. Moreover, art. 6 comprises the "right to be advised,

³⁰⁶ *Vorsina and Vogralik*, par. 1.

³⁰⁷ *Ibid.*, par. 2.

³⁰⁸ *Ibid.*, "The law".

defended and represented”; the “right to reasoned decisions and reliable evidence”; the right to a “trial within a reasonable time” and the presumption of innocence in criminal proceedings. Those rights are both explicitly listed by the provision and implicitly resulting from it, as a consequence of the interpretation provided by the ECtHR.

The cases presented below attempt to summarise some of the main trends arisen in this regard.

4.3.1. Access to court

In *Lenzing*³⁰⁹, the Commission was asked to pronounce on a dispute concerning the competence of the ECtHR when it comes to review the activities of a supranational body to which a Contracting State has ceased part of its sovereign powers. In the field of IP, this has occurred frequently in relation, for example, to EPO’s decisions.

The facts of the case concern the application for a patent made at the EPO, which was eventually granted on 16 December 1992 and designated Germany. It was subject to an opposition proceeding, which was rejected in 1994. The opponent company appealed to the Board of Appeal of the EPO. The Board of Appeal orally allowed the appeal and revoked the patent on the same day, although the reasons for its decision were not issued to the applicant company until 12 July 1996. In such occasion, the Board of Appeal argued that it revoked the patent because it lacked an inventive step, even though the latter argument was not even addressed at the hearing.

Therefore, the company complained about it and asked the EPO to reopen the case. This request was rejected and the German courts refused to grant permission for judicial review of the EPO’s decision³¹⁰.

The company decided thus to claim, *inter alia*, a violation of art. 6 ECHR³¹¹ before the ECtHR, as it was allegedly been deprived of its right to access court.

³⁰⁹ See above, note 111.

³¹⁰ *Lenzing*, “The facts”.

The Commission firstly investigated whether it had the proper competence to review "decisions of other European institutions, whose membership is in whole or in part composed of High Contracting Parties to the Convention"³¹²; it recalled its previous case law on the argument and it excluded such possibility. Furthermore, it held that the transfer of powers to an international organisation was acceptable if that organisation provides an "equivalent protection":

"The Commission notes that the EPC contains detailed provisions on substantive patent law covering patentability, the persons entitled to apply, the term, the rights and equivalence of a European patent and patent applications, the application as an item of property, the procedure for grants, opposition procedures, etc. Article 21 provides for an appeals procedure which includes the Board of Appeal and an Enlarged Board of Appeal. The members of these Boards are independent of the parties and of the decision of the division appealed from, have tenure and there must always be one legally qualified member of the Board. The Boards have powers to obtain sworn evidence and must give written decisions containing reasons. Further, the members of the Boards are not subject to any instructions from the President or anyone else in their work. These procedures set up a form of "equivalent protection" within the meaning of the Convention case-law."³¹³

Therefore it concluded that the claim brought by the applicant company was ill-founded and rejected it.

As evident from the above quotation, the Commission adopts quite a formal approach, apparently being satisfied by the formal requirements of the law and without deepening much into the particular circumstances of the case.

³¹¹ It also claimed a violation of arts. 13 and 14 of the Convention and of Article 1, see *ibid.*, "Complain".

³¹² *Ibid.*, "The law".

³¹³ *Ibid.*

The same approach will apply to powers transferred to European Union institutions in the field of intellectual property law. However, this is likely to change in a near future when the European Union will accede to the ECHR.

4.3.2. Reasonable time

Many cases before the ECtHR concerned the guarantee of a fair and public hearing “within a reasonable time”, provided by art. 6 ECHR. In this context: “reasonableness has been held to depend upon the circumstances of the case, including its complexity, the conduct of the applicant, the conduct of the relevant authorities and the significance of the claim for the applicant”³¹⁴.

Among them, an interesting report has been rendered by the Commission in *Denev*³¹⁵, where the Commission found that a violation of art. 6 occurred.

The case originated in an application made by a Swedish scientist, who applied for the registration of a design to the Patent and Registration Office. His application was refused as it was found that the design was not distinctive enough. Three months later, in March 1991, he appealed the decision to the Court of Patent Appeals. In December of the same year, the Court dismissed the appeal.

In February 1992 the scientist appealed against the latter decision to the Supreme Administrative Court. In January 1994, this refused the applicant leave to appeal³¹⁶.

Therefore, Mr. Denev decided to bring his claims before the ECtHR, arguing a violation of art. 6 ECHR, with regard to the length of the proceeding³¹⁷.

³¹⁴ J. GRIFFITHS, «Enforcement of Intellectual Property Rights and the Right to a Fair Trial», in C. GEIGER (ed.), *Research Handbook on Human Rights and Intellectual Property*, E.E. Publishing, Cheltenham, 2015, pg. 4.

³¹⁵ *Denev v. Sweden*, Application No. 14062/88, Commission Report of 13 January 1998 (“Denev”).

³¹⁶ *Ibid.*, paras. 16-21.

³¹⁷ He also claimed a violation of art. 6 ECHR in relation to the “determination of his civil rights by an independent tribunal”, as the Court of Patent Appeals failed to examine his case on the merits and as the Supreme Administrative Court refused him leave to appeal, of art. 14 ECHR and Article 1.

First, the Commission found that art. 6 was applicable to all the proceedings before the national courts involved in the case at hand³¹⁸.

Second, it found that the proceedings do not match the requirement under art. 6 concerning the length of the proceedings, considering the above-mentioned criteria. It held that:

"It took the Supreme Administrative Court almost two years to decide on the question of leave to appeal. As acknowledged by the Government, the case does not appear to have involved any complex issues. Further, there is no evidence - and it has not been claimed by the Government - that the length of the proceedings was caused by the applicant's conduct. Moreover, special regard should be had to the fact that the registration of a design - should it be granted - is valid for only five years from the date of the filing of the application."³¹⁹

In this case, the Commission seems to afford much more consideration to intellectual property's specificities. Indeed, its own decision is based on the consideration of the design validity.

4.3.3. Fair and public hearing by an independent and impartial tribunal established by law

Another explicit right granted under art. 6 ECHR is the right to an independent and impartial tribunal established by law, whose impact on IP was addressed by the ECtHR in the *British-American Tobacco*³²⁰ case.

The facts of the case at stake had to do with the refusal of registration of the patent application issued by British-American Tobacco by the Dutch Patent Office, both at first instance and on appeal filed before the same Patent Office³²¹.

³¹⁸ *Ibid.*, paras. 33-35.

³¹⁹ *Ibid.*, par. 37.

³²⁰ See above, note 114.

³²¹ *Ibid.*, paras. 7-16.

Because of the refusal at stake, British-American Tobacco decided to bring the matter before the ECtHR. Indeed, according to the company, the patent-grant proceeding to which its application was subject did not involve a “fair and public hearing before an independent and impartial tribunal”. Consequently, the company’s right under art. 6 ECHR had allegedly been violated, insofar as the members composing the Application Division and the Appeal Division were appointed from the same administrative Office³²². The company, indeed, claimed that the institutional structure within the Patent Office could not be considered impartial.

The case was firstly examined by the Commission, which found that art. 6 had actually been violated, due to the necessity to avoid the objective appearance of bias by the tribunal members, even though it found no actual evidence of bias in the case at hand.

The Commission referred the matter to the Court, which eventually overturned the finding of the Commission and declared that no violation of art. 6 occurred.

Indeed, the Court firstly held that the institutional structure of the Patent Office could be justified: “The Court recognises that in a domain as technical as that of the granting of patents there may be good reasons for opting for an adjudicatory body other than a court of the classic kind integrated within the standard judicial machinery of the country”³²³.

This quotation highlights the consideration of the specificities of the subject matter given by the Court in setting up its reasoning.

Then, it stated that any possible failure in complying with art. 6, par. 1 ECHR was justified provided that the applicant could appeal the decision to ordinary civil courts. In this regard, the assessment by the Court of Dutch law found it established that: “Where an administrative appeal to a higher authority [was] not considered to offer sufficient guarantees as to a fair procedure, it [was] possible to have recourse to the civil courts for a full review of the lawfulness of the administrative decision”³²⁴.

³²² *Ibid.*, par. 62. The company also claimed a violation of Article 1.

³²³ *Ibid.*, par. 77.

³²⁴ *Ibid.*, par. 83.

As the Court finds that such principle was deemed application in the present case, it defers to national courts to establish whether the administrative proceedings before the Patent Office were in line with the standards of art. 6 or not, and therefore found no violations of the provision at stake:

“It is not for this Court to prejudge whether the Netherlands civil courts would have held the Appeals Division to fall short of the standards of Article 6 para. 1, which would entail that they had full jurisdiction on the merits. Had the civil courts come to such a decision, a judicial remedy of the classic kind providing the safeguards required by Article 6 para. 1 would have been available to the applicant company, albeit subject to the condition under Netherlands law that they would only have access to the civil courts after having brought an appeal before the Appeals Division. While, therefore, the applicant company could have submitted their claim to the civil courts for examination, they chose, for whatever reason, not to do so. In these circumstances the Court cannot find in the abstract that the remedies available to the applicant company under Netherlands law for vindicating their asserted right to a patent did not meet the requirements of Article 6 para. 1.”³²⁵

5. Concluding remarks

The present Chapter was aimed at providing an overview of IP-related cases settled by the ECtHR, in order to draw some of the trends followed by the Court in this regard.

Firstly, it is remarkable that the ECtHR approach in dealing with intellectual property under Article 1 respects the standards of the Court case law on the provision. Indeed, in order to assess whether a violation of Article 1 occurred, it follows its three-step test, wondering: whether the IPR at stake falls under the definition of “possession” under Article 1; whether a State interference occurs; if any justification ground for such an interference is available.

³²⁵ *Ibid.*, paras. 85-86.

In addition, a noteworthy attitude of the Court, which was described in the *Anheuser* and *Dima's* sections, can be observed when it is faced with complex and ambiguous questions under national laws, which the domestic courts did not answer clearly. Indeed, in these cases the Court seems to prefer to defer the issue to domestic courts, rather than providing its own view on the matter at stake. The ECtHR thus expresses its own limited powers in reviewing national courts' decisions, as it confines its role to an assessment of whether domestic decisions are "not flawed by arbitrariness or otherwise manifestly unreasonable", notwithstanding the fact that they did not properly clarify the facts at hand.

However, in *Balan*, the Court found that there was a right recognised both by law and by a previous final judgment rendered by the applicant's domestic courts. Thus, it analysed such judgement in order to assess whether a violation of the Convention occurred or not.

Moreover, as for direct references to EU law, the Court expressly referred to it only in *Anheuser*. However, such reference seems to be made for mere "validating" purposes. Indeed, when it was to be decided whether the trademark application at stake was protected possession, it solely rested on national law. In general, this broad deference to national laws is due to the fact that IP primarily receives recognition under national law. Moreover, the task of the Court is to ensure that the Convention is enforced towards Contracting Parties, and therefore it goes without saying that the core focus of the ECtHR is to analyse the Contracting Parties' national provisions at stake.

No direct references to the European Court of Justice have been found in this subject matter.

Finally, the cases presented in paragraph 4, in which the Court had to balance the right to intellectual property with some other competing rights under the Convention, revealed that the ECtHR is prone to confer a wide margin of discretion to Contracting Parties in deciding which right should prevail. Many critics observed that this "margin" is perhaps even too broad. Indeed, it is highly surprising to note that, for instance, neither in *Ashby Donald*, neither in *The Pirate Bay* cases, the Court took into account the seriousness of the sanctions - which included prison sentences.

The ECtHR did not find a “disproportion” in the balancing operated by national courts. In doing so, it seems to deviate from the very strict conditions that permit interferences with freedom of expression, which the Court itself developed in its case law on art. 10. Simply, the Court seems to confer copyright and other IPRs a lower degree of protection than that afforded, for example, to political expression.

This is all the more surprising if we consider the following: overall, it should be pointed out that the approach of the Court towards intellectual property has definitely evolved. If we consider that, for many decades after the foundation of the Court, IP was denied protection under Article 1, the development that started in *Smith-Kline* and culminated in *Anheuser* is quite impressive. It has also to be noted that the Court has revealed a progressively sophisticated approach in dealing with IP matters, which is quite striking considering the human-rights vocation of the Court. Moreover, the Court has progressively taken into consideration the specificities of the IP field.

However, the Court case law has not yet developed relevant criteria or given clear standards to foresee the outcome of cases involving IPRs. As emerged from some of the cases analysed in the present Chapter, often the Court stresses the fact that the issues involved do not take part in “debates of general interests” and that they are relegated to “purely commercial contexts”, in order to deviate from its own common standards on the provisions at stake. In none of the judgements or decisions analysed, the Court seemed willing to articulate common conditions for IP cases. Thus, the Court seems to have left open the possibility for a stricter scrutiny of interferences, provided that the facts of the cases differ (for example, because the Court finds that such facts are indeed of general interests). This suggests that the development of the IP jurisprudence of the ECtHR is still under construction, even though there is a clear growing trend in considering IP cases.

In conclusion, it should be regarded that the jurisprudence of the ECtHR on intellectual property added a new human-rights layer on the subject matter at stake. This is true not only in respect of normative provisions or domestic courts’ decisions. Indeed, as shown in *Anheuser*, the ECtHR scrutinised national IP Offices administrative decisions.

The human-rights “shadow” casted by the ECtHR might have not been welcomed with enthusiasm by many, as the subject matter at stake was already a “stratified” field, since national provisions co-exist with European and international ones.

CHAPTER 4

IP case-law of the CJEU and of the ECtHR compared: incompatible perspectives, recent trends and (unexpected?) divergences

SUMMARY: 1. Harmonising vs. deferring – 1.1. Highlighting the differences – 1.2. Different Courts, different aims – 2. "Constitutionalising" Intellectual Property? – 2.1. The "constitutionalising" process – 2.2. Constitutionalising IP in the EU: the case of art. 1, par. 2 of the Charter of Fundamental Rights – 2.3. The "true intents" of the CJEU

Chapters 2 and 3 dealt with, respectively, the intellectual property jurisprudence of the CJEU and of the ECtHR *per se*, without exploring the interrelationships with external Courts, which may have jurisdictional overlaps, both *ratione loci* and *ratione materiae*. This is right the case with the two Courts considered in my research. Consequently, willing or not, their decisions might be compared and, under certain circumstances, must be compared.

In Chapter 1, I pointed out the evolution of the two Courts and of the legal and political frameworks in which they operate. This was essential in order to understand from which perspective the Courts, in turn, look and have been looking at intellectual property. Moreover, a concise overview, in general terms, of the *de iure* and *de facto* relationships between the CJEU and the ECtHR was outlined³²⁶. Indeed, recent legal provisions, and the EU Treaties *in primis*, put considerable emphasis towards a convergence between the two Courts' case-law. *De facto*, they often show a "friendly" attitude, both at a judicial and at an "extra-judicial" level. However, the Court of Justice has frequently shown quite a detached approach, without ever missing the opportunity to underline its "independence" from the ECtHR, while recognising its authoritativeness. By the way, they do not obviously openly contradict each other.

³²⁶ See above, Chapter 1, par. 3.

In Chapter 2, I analysed the CJEU approach to intellectual property, arguing that the Court of Justice carried out an “active harmonising agenda”, even if with notable differences among the various IPRs. Moreover, during the last years it increasingly resorted to art. 17 of the Charter in order to justify its IP decisions and thus shifting from a purely economical and market-oriented view of IPRs to a human rights-related approach towards them.

In Chapter 3, the attitude of the ECtHR when dealing with IP cases was analysed. The most recurrent trend can be observed when the ECtHR is faced with complex and ambiguous questions under national laws that the domestic courts did not answer clearly. Indeed, in these cases the Strasbourg Court seemed to prefer to defer the issue to domestic courts, rather than providing its own view on the matter at stake. Moreover, it is often prone to confer a wide margin of discretion to Contracting Parties in deciding which right should prevail when balancing intellectual property with some other competing rights granted by the Convention.

In this final Chapter, I will try to compare the main trends emerged from the case analysis carried out in the previous Chapters. It should be reminded that the present research is not aimed at comparing one single case to another, but the main trends of the case law. Therefore, there might be some “outlier” cases in which the results of the present research are disregarded, either because the Court detached from similar case law on the argument, either because the facts of the case are extremely area-specific.

In the first paragraph, I will underline the differences between a certain group of cases of the CJEU and most of the ECtHR ones. These differences, emerging from the IP jurisprudence, are definitely the repercussions and the confirmations of the fact that the two Courts are aimed at securing different interests and that the legal framework in which they operate are profoundly diverse. Indeed, as explained in Chapter 1, on the one hand there is the European Union, with its impressive evolution and its sophisticated mechanisms, which have created a *sui generis* “organisation”, which is neither an international organisation, neither a State, and that has no equals worldwide. On the other hand, there is the ECHR, signed by the Council of Europe’s Contracting States, whose aim is to protect human rights and

which embodies the traditional features of an international organisation. Notwithstanding the effectiveness of the ECtHR, which is aimed at enforcing the ECHR, its evolution has certainly been more linear and plain if compared to the EU evolution.

In the second paragraph, I will instead look at those (recent) IP cases of the CJEU based on, or mentioning, art. 17, par. 2, of the Charter of Fundamental Rights of the EU. Unlike the previous ones, these cases, in particular those occurred after the Lisbon Treaty, should be viewed in light of the jurisprudence of the ECtHR on Article 1, Protocol 1, ECHR. Indeed, the Lisbon Treaty introduced a positive obligation for the EU to join the ECHR and, most importantly, it introduced art. 52 of the Charter of Fundamental Rights, giving it the status of primary law. The latter provision states that the rights drawn from the ECHR shall have the same meaning and scope as the corresponding ECHR rights. The Explanations of the Charter make it clear that this also means that they should be interpreted in accordance with the case-law of the ECtHR.

The results might appear quite astonishing, as the Court of Justice did not follow scrupulously the ECtHR and neither mention it. However, considering the specificities of intellectual property and the current *acquis communautaire*, the results will not appear so unexpected.

1. Harmonising vs. deferring

The very first and clearest result of my research concerns the comparison between ECtHR judgements and those CJEU judgements which are not based on art. 17, par. 2, of the Charter of Fundamental Rights. These groups of cases unveil completely different trends followed by the two Courts when it comes to intellectual property, with regards to several aspects.

1.1. Highlighting the differences

In order to describe these differences in few words, that will further on be better explained, it can be stated that, while the CJEU aims at harmonising the laws of the Member States, and with this purpose hardly shies away from expressing its position

on the various IP matters at stake, the ECtHR rather defers to national laws and courts the definition of IPRs, granting them a very wide margin of discretion. This is further explained by the following.

Firstly and most obviously, the reasons why the two Courts are called to judge over IP cases are different. The ECtHR deals with intellectual property when it applies the right to property under Art. 1 in order to protect IP assets against national measures constraining or limiting IPRs or when it examines allegations that national IP rules are violating other human rights set in the Convention³²⁷. The CJEU, on its turn, deals with intellectual property in several and different cases: summing up, it judges those restrictions imposed by national IPRs to the internal market (i.e. on the relationships IP – Treaty provisions); when asked to assess the compatibility of national IP measures with EU law (i.e. on the correct implementation by Member States of the –many- IP Directives); when the decisions of the Euipo are appealed before it (i.e. on the application of Regulations setting pan-European IPRs).

This crystallises the fact that the CJEU is used to dealing with businesses willing to protect their intellectual property assets and, under some circumstances, it has the same power that national courts have in dealing with IP cases. This is to say that the Court of Justice is used to analysing IP in private litigations' contexts. On the contrary, the ECtHR is devoted to human rights law, which is public law. Hence it is not necessarily familiar with all the specificities and technicalities of such a complex matter as intellectual property is, it rather deals with IP from a different angle, which necessarily involves a prospected violation of a right set out in the Convention.

Secondly, it is clear from the ECtHR case law that the Strasbourg Court first and foremost relies on national law in order to define whether an economically relevant asset is legally recognised as intellectual property. This was evident ever since the very first recognition of IP as “protected possession” under Art. 1, occurred in *Smith Kline*³²⁸. In *Anheuser*, the interest towards showed by the ECtHR towards IP reached

³²⁷ See, respectively, *Smith Kline*, *Anheuser*, *Dima* and *Balan* on the one hand; *Ashby Donald*, *The Pirate Bay*, *Camel*, *Chappell*, *Vorsina* and *Vogralik*, *Lenzing*, *Denev*, *British-American Tobacco* on the other.

³²⁸ See above, Chapter 3, par. 1.2.

its peak, as the Strasbourg Court provided the most comprehensive and technical analysis of IP. However, in that case as well, the Court relied on Portuguese law in order to assess whether the bundle of interests to which the trademark applicant was entitled could amount to protected possession³²⁹. Therefore, the Strasbourg Court merely analyses whether a person is deprived of his or her possession, pre-existing under national law.

The CJEU, on its turn, deals with concepts of possessions existing under EU law, especially in the trademark and patent law cases, and in some of the copyright ones. Moreover, it often not only relies on EU law in order to define the scope of IPRs, but goes forward and takes it upon itself to define principles and doctrines which were not expressly mentioned in law provisions. This was particularly clear when it had to harmonise the scope of the Trademark Directive, in the *Silhouette, Nichols* and *IP Translator* cases³³⁰; generally, in the copyright field, as better clarified by the *Infopaq* and *Donner* cases³³¹; in creating common principles aimed at assuring that the partitioning effects of IPRs do not impair the functioning of the internal market³³². Therefore, the ECtHR and the CJEU approaches to IP differ also as regards the range of their “creative” activity: while the latter is really much pro-active in creating principles and doctrines, the former basically limits itself at investigating national provisions.

Thirdly, as clear from the *Anheuser* and *Dima* cases, the ECtHR not only relies on national laws to see whether a “bundle of interests” is protected possession under Art. 1, but it also widely defers to national courts the onus to clarify complex and ambiguous questions arising from such national laws³³³. In cases in which the domestic court does not clarify the matter at stake, the Strasbourg Court merely defers the issue and does not provide its own view. This clearly expresses the limited

³²⁹ See above, Chapter 3, par. 2.2.

³³⁰ See above, Chapter 2, par. 1.2.

³³¹ See above, Chapter 2, par. 3.1.

³³² See above, Chapter 2, paras. 1.1, 2.1 and 3.1.3.

³³³ See above, Chapter 3, paras. 2.3 and 3.1.

powers of the ECtHR in reviewing national courts' decisions. Such approach was confirmed in *Balan*, in which the facts differed inasmuch there was a right recognised both by law and by a previous final judgment rendered by domestic courts³³⁴. Thus, it analysed such judgement in order to assess whether a violation of the Convention occurred or not.

Obviously, as far as the CJEU is concerned, preliminary ruling procedures imply that it works the other way round, compared to the ECtHR. Indeed, in this case national courts refer to the Court of Justice in order to obtain principles of uniform application throughout the Union and, as said, the CJEU made a massive "exploitation" of this power in order to carry out its "active harmonising agenda" in the IP field.

Fourthly, the Court of Justice is also characterised in that it reviews the administrative decisions of the EU intellectual property Office. This practice makes it a really competent authority in the IP field (at least in the trademark area), as mentioned above, and, in addition, enabled the creation of common principles in the substantive, as well as in the procedural discipline of trademark law. Moreover, due to the substantial identity between the Trademark Directive and Regulation, this is not only true for the EU Trademark, but also for the practices of national IP offices. The cases described in this regard in Chapter 2 were *SABEL* and *Lloyd*, among many others.

Of course, the ECtHR is not aimed at reviewing administrative decisions of any IP office. However, one of the biggest repercussions of *Anheuser* could be right that, by extending Article 1 to mere trademark applications, the Strasbourg Court expanded its jurisdiction to review the denial of registrations on any ground recognised in national and regional intellectual property laws, such as on likelihood of confusion with an earlier right. Therefore, in the wake of the *Anheuser* judgement, there could be new interesting IP judgments of the ECtHR in the years to come, concerning administrative decisions of IP offices.

³³⁴ See above, Chapter 3, par. 3.2.

Fifthly, the two Courts' approaches to IP, harmonising on the one side and deferring on the other side, are reflected also on the Courts' respective attitude to deal with external norms. Indeed, while the CJEU is said to "interpret harmoniously" EU norms and external norms³³⁵, the ECtHR confers these latter norms a "validating function"³³⁶ at the most.

Going by order, as observed in Chapter 2, the Court of Justice defines both the relationships between EU law and an international agreement ratified by the EU itself, *in primis* the TRIPS Agreement, and the relationships between EU law and an "external" international agreement, that is an agreement binding Member States but not the EU, such as the Berne or Paris Convention. As for the former kind of relationships, in several occasions, such as in *Dior*, *Merck Genericos* and *Daiichi Sankyo*³³⁷, the Court repeated that: "[it] has jurisdiction to define the obligations which the Community has thereby assumed and, for that purpose, to interpret the provisions of the TRIPS Agreement". When interpreting such provisions, the Court seems willing to establish a coherent framework of the EU international IP obligations and all relevant secondary EU laws, by means of a "harmonious interpretation", in order to avoid potential conflicts. However, this technique might also be seen as an "internalisation" via interpretation, as the Court: "[...] uses its self-proclaimed competence to interpret TRIPS as a tool to prioritise an understanding of TRIPS that resolves any potential conflict before it actually arises"³³⁸. When the Court examines the TRIPS provisions, it does it in a brief and assertive fashion and does not deserve them the word-by-word analysis that is common practice for WTO Panels. It thus subjects the rules of another system to its own interpretative criteria, in order to pursue its own values and principles.

³³⁵ See *Overlaps and Conflict Norms*, pgs. 6 *et seq.*

³³⁶ *Ibid.*, pgs. 15 *et seq.*

³³⁷ See above, Chapter 2, par. 2.3. In *Merck Genericos*, despite affirming said principle, it then noted that in the patent field there is not enough EU legislation and, therefore, refrained from interpreting TRIPS provisions on patents. See, also, below.

³³⁸ *Overlaps and Conflict Norms*, pg. 8.

As for the latter kind of relationships, the Court of Justice adopted quite the same approach, as it was extremely clear in *Luksan*³³⁹, which is all the more surprising. The CJEU, thanks to this approach, ensures primacy of obligations in EU law over flexibilities and optional rules even in pre-existing international treaties.

The ECtHR, on the contrary, gives external norms no more than a “validating function”. As seen above, first and foremost, it relies on national laws to define whether an economically relevant asset is legally recognised as (intellectual) property. For instance, in *Anheuser*, it scrutinised in length the “relevant Domestic and International Law and Practice”, including the TRIPS Agreement, the Paris Convention, the Madrid Agreement and, most importantly, EU law. However, when it had to decide whether a trademark application amounted to a protected possession, the Court analysed the relevant national provisions only. Therefore: “The review of international IP rules at best functions to confirm and validate the result found under national law – instead of modifying or overriding it”³⁴⁰.

Hence, another relevant difference was caught in this respect. The only exception to these approaches of the two Courts was detected in the patent field. Indeed, in *Merck Genericos*, the CJEU observed that, despite in principle it would have had jurisdiction to interpret the TRIPS provisions, it also acknowledged that in a matter in which there is not enough EU legislation, such as in patent law, in which legislation is sketchier and sectorial, it refrained from interpreting the international treaty. Therefore, it did not provide harmonised principles in this area – at least before the Lisbon Treaty. The ECtHR, on its turn, in *Lenzing*³⁴¹, having examined the EPC, found that it provided sufficiently equivalent protection for fundamental rights to that available under the ECHR and relied on that, although the analysis carried out by the Strasbourg Court seems rather rhetorical. Such a difference in the patent field could be explained by the fact that patent law is highly technical and defined by a

³³⁹ See above, Chapter 2, par. 3.2.2.

³⁴⁰ *Overlaps and Conflict Norms*, pg. 17.

³⁴¹ See above, Chapter 3, par. 4.3.1.

quite comprehensive international legal framework. Consequently, both the Courts may show out quite a “clumsy” behaviour when dealing with it.

1.2. Different Courts, different aims

In conclusion, the various differences underlined in this paragraph concerning the CJEU and ECtHR approaches in dealing with intellectual property are quite obvious as they merely confirm what one would have expected from the Courts’ descriptions held in Chapter 1.

Indeed, the Court of Justice and the Strasbourg Court are profoundly different organs, and the interests at whose defence they are in charged are scrutinised from different perspectives.

As far as the European Union is concerned, its evolution since its very foundation is certainly impressive and this is also true when it comes to the evolution of its interest in the IP field³⁴². Europe’s core interest in IPRs lies in the internal market, as they might impair its functioning due to their partitioning effects. Up to the Lisbon Treaty, no direct references to IPRs were made in primary law. However, the Commission started early on to work on Directives and Regulations aimed at, respectively, harmonising Member States’ IP rules and at setting pan-European IPRs – even though this occurred at different speeds for the various IPRs. In more recent times, the EU Institutions’ major concern regards the shift to an “intangible economy”, with the need to ensure that non-material asset (and knowledge, *in primis*) could move freely in the internal market and that the digital single market will be improved. Moreover, it is deemed to be crucial to improve an effective IPR system as an incentive to invest on innovation. Therefore, it is clear that the EU interest towards IP has an “economic nuance”.

The IP jurisprudence of the Court of Justice reflects the evolution above described. Very often, the Court rather played as a fore-runner in pursuing its objectives (fostering European integration), then followed by the other EU Institutions, thus proving the effectiveness of its decisions – as well as its very broad

³⁴² See above, Chapter 1, par. 1.3.1.

powers and discretion. In the trademark field, its “harmonising agenda” was very actively promoted ever since the 1960s’ and continued up to the present days. As from the beginning of the new millennium, it pursued its copyright “harmonising agenda”, possibly even more actively than in the trademark field – being the first EU Institution to acknowledge the core relevance and potentiality of this specific IPR in reaching the digital market. In the patent field, as seen, this occurred at a bit slower speed, due to the complexity of this particular IPR and to the existence of a very rich international framework, providing for a minimum level of harmonisation. However, after the Lisbon Treaty, a new backing to EU patent harmonisation might likely come from the Court of Justice as well.

Therefore, overall, the IP jurisprudence of the CJEU reveals that in the IP field, just like in many other fields of EU law, and possibly even a bit more, the Court behaved as the “driving force” of the European integration as: “[...] exercising its competence under the Treaties, the Court has radically transformed both the constitutional nature of the (now) European Union, and the breadth and depth of the substantive rights protected within that constitutional space”³⁴³.

As far as the ECtHR is concerned, its effectiveness has also very often been praised and its crucial role in enforcing human rights law recognised worldwide. As a matter of fact, the number of cases it is called to judge increases drastically every year. The range of human rights envisaged within the ECHR expanded over the years since the 1950’s. The right to property was added with the First Protocol of 1951, which did not and does not explicitly include intellectual property as such. However, the jurisprudence of the ECtHR evolved considerably in this regard and as of the early 1990s’ IP entered clearly the scope of Article 1, Protocol 1. In the following years the Strasbourg Court widely scrutinised the relationship between human rights and intellectual property, thus casting over this subject matter a new human rights veil. This inclusion is striking as no one would have expected that private IP rights could be scrutinised under a public-law perspective.

³⁴³ T. HORSLEY, «Reflections on the role of the Court of Justice as the "motor" of European integration: legal limits to judicial lawmaking», in *Common Market Law Review*, 2013, Vol. 50, Issue 4, pg. 1.

As mentioned in several occasions above, the Strasbourg Court may approach intellectual property under two main paths. Under the first one, it should apply the right to property under Article 1 in order to protect IPRs against national measures allegedly constraining IPRs; under the second scenario, the Court should examine allegations that IP measures are violating human rights, other than the right to property, set in the Convention, such as freedom of expression and information, the right to privacy, to a fair trial and to an effective remedy, but also to non-discrimination, to life and the freedom of assembly and association.

However, despite its effectiveness and the praiseworthy evolution of its enforcement mechanisms, it is still a Court whose functioning is inscribed in a “traditional” international organisation. Its main purpose is to “defend” the Convention against alleged violations of contracting states’ measures. Therefore, it is not entitled to the powers enjoyed by the CJEU, which are partly justified by Member States’ conferral of powers. This is reflected in the typical “deferring” attitudes of the ECtHR, as clearly detected in its IP jurisprudence.

In conclusion, the IP jurisprudences of the two Courts reveal their respective interests and core attitudes as now explained. Arguably, the jurisprudences in this particular area of law, as exposed so far, are not even comparable, as clearly aimed at reaching different objectives.

However, for the sake of completeness, there is one last “common” trend that pools the Court of Justice and the Strasbourg Court and that needs to be underlined in brief. Indeed, their respective jurisprudences on intellectual property show that this subject matter is generally experiencing a commendable growth in its importance. Indeed, the CJEU, despite having always deserved much attention to IP, in the last decades referred to it in an increasing high number of cases, exploring it very much in-depth and becoming an expert in dealing with the technicalities of IP. The ECtHR, on its turn, changed its attitude towards IP as it recognised it as part of the right to property only starting from the 1990s’ in *Smith Kline* and, since that moment, it matured increasing confidence in dealing with this subject matter, reaching the peak in *Anheuser*. Arguably, its approach to IP is still under construction, as underlined in Chapter 3, and this is prove by the fact that it has not

yet developed relevant criteria or clear standards to foresee the outcome of cases involving IPRs. Still, the growing interests of the ECtHR towards IP is impressive.

The result is that intellectual property is now an even more “stratified” field of law: national laws establishing IPRs are not only juxtaposed by regional and international treaties and norms, but also by this new human rights layer, which brings their scrutiny before multiple jurisdictions, with the urge to have uniform safeguarding criteria.

However, what found so far does not exhaust the comparison between the CJEU and the ECtHR approaches to IP. Indeed, as mentioned, a new recent trend of the CJEU is to refer to art. 17, par. 2, Charter of Fundamental Rights in its IP judgements. For the reasons that will be further exposed, it seems crucial to compare this latter group of cases to the IP jurisprudence of the ECtHR.

2. “Constitutionalising” Intellectual Property?

As deeply analysed, the EU has constantly shown a very profound interest in intellectual property, which has always been closely linked to the “proper functioning of the internal market” and has progressively posed increasing emphasis on the importance of the “knowledge-based economy” during the last decades. This was reflected by the fact that in the highly developed EU legal framework in the field of IP the legislator had a mandate to approach IP “in light of the functioning of the internal market”, meaning that it had to look at intellectual property from a strictly economic perspective.

At the same time, intellectual property, as well as many other fields of EU law, has increasingly been influenced by human rights. The CJEU makes more and more references to fundamental rights in order to interpret European law. Consequently, the EU protection of IPRs has progressively been shifting from a strictly economic approach towards a greater devotion to human rights law.

2.1. The “constitutionalising” process

Generally speaking, such a high number of references to human rights in the intellectual property field, by the CJEU as well as by other national and international Courts³⁴⁴, led authors to refer to this as the process of “constitutionalisation” of IP.

“Constitutionalising” IP might have both a narrow and a broad meaning³⁴⁵. Under the former, “constitutionalising” refers to the traditional civil and political rights, such as the right to freedom of association or expression, envisaged in the traditional human rights pieces of legislation. Worldwide, such recognition to intellectual property was given by art. 27 of the Universal Declaration of Human Rights, art. 15 of the International Covenant on Economic, Social and Cultural Rights and, clearly, by Article 1 Protocol 1, ECHR. In the EU, this recognition is primarily made within the Charter of Fundamental Rights. In its broad sense: “It includes also other general balancing norms such as competition law; sometimes referred to as EU’s economic constitution”³⁴⁶. However, given that the relationship with these latter norms has already been analysed in-depth when exposing the CJEU case law, I will focus on the former meaning.

The very first time this term was used in the European legal context dates back to 2006, on behalf of Geiger³⁴⁷. The author, quite extraordinarily, could foresee such phenomenon even before many of the CJEU judgements occurred and before the entry into force of the Lisbon Treaty. Since then, the relationship between intellectual property and human rights has very broadly been explored and the literature in this

³⁴⁴ In particular, a high number of Constitutional Courts rendered decisions in the IP field, either in Europe, Latin America and the USA. For a broad overview of the phenomenon, see, e.g., C. GEIGER (ed.), *Research Handbook on Human Rights and Intellectual Property*, E.E. Publishing, Cheltenham, 2015.

³⁴⁵ See J. SCHOVSBO, «Constitutional Foundation and Constitutionalisation of IP Law – A tale of different stories?», in *Zeitschrift für Geistiges Eigentum / Intellectual Property Journal*, 1-12, 2015.

³⁴⁶ *Ibid.*, pgs. 1-2.

³⁴⁷ C. GEIGER, «“Constitutionalising” Intellectual Property Law? The Influence of Fundamental Rights on Intellectual Property in the European Union», in *International Review of Intellectual Property and Competition Law*, 2006, Issue 4, pgs. 371-406 (hereinafter, “Constitutionalising” Intellectual Property Law?”).

regard became very rich³⁴⁸, the present research being merely a foretaste of it. Consequently, the term “constitutionalisation” entered pacifically the IP dictionary.

Such constitutionalising process might, at least in theory, have positive consequences on IP systems. This could be proved by the following: traditionally, IPRs rationale oscillates between natural-law-based arguments and utilitarian arguments. The latest trends in IP law made increasing and decisive resorts to the latter arguments, progressively transforming IPRs into investment-protection mechanisms. However, it is undeniable that IPRs have also some sort of social and public dimensions. Thus, the increasing resort to utilitarian justifications of IP law goes to the detriment of authors and the general public, while benefitting large companies. Thus, IPRs have acquired “[...] a strictly individualistic, even egoistic conception”³⁴⁹.

IP rights, therefore, have been seen in need of a new legitimacy, which would have better balanced the interests at stake. Fundamental rights could actually confer that kind of legitimacy, as they might represent values from which intellectual property develop and are capable of conferring a synthesis of the natural law and utilitarian arguments: “On the one hand, the foundation of natural law by acknowledging an exploitation right and a moral right for the creator; and on the other hand, the utilitarian foundation, because this acknowledgement has the promotion of intellectual variety and the spreading of culture and science throughout society as a goal”³⁵⁰.

Geiger also outlined the consequences of such a new legitimacy: fundamental rights could be guidelines for the application of IP law, as well as for its “reorganisation”. Indeed, there is more than one advantage in adopting human rights as a foundation for intellectual property: they are included in national constitution and therefore bind the legislator; they are to be considered equally,

³⁴⁸ See, among many others, C. GEIGER (ed.), *Research Handbook on Human Rights and Intellectual Property*, E.E. Publishing, Cheltenham, 2015, and W. GROSHEIDE (ed.), *Intellectual Property and Human Rights – A paradox*, E.E. Publishing, Cheltenham, 2010.

³⁴⁹ “Constitutionalising” *Intellectual Property Law*, pg. 4.

³⁵⁰ *Ibid.*

meaning that there should not be hierarchies between them, but should rather be carefully balanced; they are highly recognised and acknowledged under international law; they might possibly limit the scope of IPRs exclusivity for works of valuable social or cultural importance.

Therefore, there is currently almost a global recognition of the constitutional foundation of IP law, and the EU followed this path as well.

By the way, in Europe, while there is general consensus that constitutionalising intellectual property law has to be applauded, the practical working of the institutions that dealt with the interrelation intellectual property-fundamental rights is to be further analysed to see if they respected fundamental rights standards even in such a complex area of law as intellectual property is. Here is the case with the CJEU.

2.2. Constitutionalising IP in the EU: the case of art. 17, par. 2 of the Charter of Fundamental Rights

In Europe, the basis of this constitutionalising process of IP is, as said, art. 17, par. 2 of the Charter, which is the core provision within the general framework of human rights references by the Court of Justice. To date, the CJEU mentioned it in a noteworthy number of cases³⁵¹, especially in the copyright field. Among these cases the present research analysed, in particular, *Nissan*, *Coty*, *Luksan*, *Promusicae*, *Scarlet* and *Netlog*.

Before comparing these cases to the IP jurisprudence of the ECtHR, art. 17, par. 2, is deemed to be analysed and compared to Article 1, Protocol 1, ECHR in order to clarify the reasons why the case-law comparison is extremely important.

As noted above and in Chapter 1 in particular, the first thing that leaps out when examining art. 17, par. 2, is, of course, its concise textual provision. Indeed it merely

³⁵¹ In addition to the cases mentioned see also, *inter alia*, those cases mentioned above in Chapter 1, note 73. For a further review of cases based on art. 17, par. 2, see, in particular T. MYLLY, «The constitutionalisation of the European legal order: Impact of human rights on intellectual property in the EU», in C. GEIGER (ed.), *Research Handbook on Human Rights and Intellectual Property*, E.E. Publishing, Cheltenham, 2015, pgs. 103-131 (hereinafter, "The constitutionalisation of the European Legal Order"), where the author, in addition to the cases above mentioned, also focuses on *Laserdisken*, *Bonnier Audio*, *UPC Telekabel*, *Deckmyn*, *Brustle* and *Painer*, which have been mentioned in the present research, although not deeply analysed.

states that “intellectual property shall be protected”, without adding further specifications. Scholars often stressed the ambiguity of such provision, arguing that it is also proved by the fact that the phrasing of the English version of the provision is significantly different from that in other languages. For example, in French, it states that “*La propriété intellectuelle est protégée*” and in German that “*Geistiges Eigentum wird geschützt*”, which might be translated as “intellectual property *is* protected”, rather than as “intellectual property *shall be* protected”³⁵².

Therefore, such a “mysterious” provision needs firstly to be clarified in its meaning, scope of action and, in particular, in its relationship with the first paragraph of art. 17. There could be several interpretations of such a general provision. For instance, it could be a mere declaration that IP is protected within the EU and that this protection promotes the Charter fundamental norms. Alternatively, IP could also be seen as an end in itself, without references to its possible restrictions and limited nature. Moreover, it could be argued that the provision at stake is the “[...] constitutional expression of a maximalist approach to intellectual property”³⁵³.

Nevertheless, as Geiger noted, “[...] the judicial consequences of this provision should probably not be overestimated”³⁵⁴. Indeed, as the preparatory documents of the Charter prove, an “absolutist” conception of IP should be excluded as “[...] the guarantees laid down in paragraph 1 [of art. 17] shall apply as appropriate to intellectual property”³⁵⁵. Therefore, intellectual property could be “simply” a particular form of property covered by art. 17, par. 1, general property clause, whose increasing importance in the EU deserved it a separate phrasing.

³⁵² See, e.g., *Intellectual Property shall be protected!?*, pg. 115 and J. GRIFFITHS and L. MCDONAGH, «Fundamental Rights and European Intellectual Property Law - The Case of Art 17(2) of the EU Charter», 2011, in C. GEIGER (ed.), *Constructing European Ip: Achievements & New Perspectives*, Edward Elgar, 2012 (hereinafter, “Fundamental Rights and European Intellectual Property Law”), pg. 4.

³⁵³ *Fundamental Rights and European Intellectual Property Law*, pg. 4.

³⁵⁴ *Intellectual Property shall be protected!?*, pg. 116. The same interpretation is also given by a number of other authors: see, e.g., *Constitutionalising or harmonising?*, pgs. 5-6.

³⁵⁵ Note from the Praesidium - Draft Charter of Fundamental Rights of the European Union, Brussels, 11 October 2000, pg. 21.

This makes sense for a number of reasons: because of the overall structure of art. 17 and, most importantly, because it "[...] would give explicit recognition to the interpretation of the equivalent Article in the Charter's predecessor, the ECHR, by the European Court of Human Rights. [...] That Court has, on a number of occasions, confirmed that intellectual property is a form of property that is covered by the right to peaceful enjoyment of possessions"³⁵⁶. Therefore, art. 17, par.2, meaning and scope could be determined by referring to art. 17, par. 1. The latter has its historical foundation in Article 1, Protocol 1, of the ECHR³⁵⁷.

Consequently: "[...] given this historical relationship [...], it can be assumed that the extensive jurisprudence of the ECtHR on the application of Art. 1, Protocol 1 [is] relevant to the interpretation of Art 17(1) of the Charter and, in so far as the Charter's property guarantee applies to intellectual property, to the interpretation of Art 17(2)"³⁵⁸.

Therefore, considering what now said, there seems to be no choice for the Court of Justice but to adhere to the ECtHR IP case law, when dealing with art. 17. And, by the way, there is more than a "simple" historical relationship linking the two provisions at stake and, consequently, the CJEU and the ECtHR. Indeed, their relationship is regulated by art. 6, par. 3, TEU as well³⁵⁹. According to the latter, the ECHR must be respected as a sort of minimum guarantee by EU Institutions, even though only through the formal intermediary of the general principles of Union law, and not being applicable as such.

Moreover, art. 52 of the Charter of Fundamental Rights provides that the rights drawn from the ECHR shall have the same meaning and scope as the corresponding

³⁵⁶ *Fundamental Rights and European Intellectual Property Law*, pg. 5.

³⁵⁷ See, also, the Note from the Praesidium - Draft Charter of Fundamental Rights of the European Union, Brussels, 11 October 2000, at pg. 21: "This Article is based on Article 1 of the Protocol to the ECHR" and "the wording has been updated but, in accordance with Article 52, (3), the meaning and scope of the right are the same as those of the right guaranteed by the ECHR and the limitations may not exceed those provided for there".

³⁵⁸ *Ibid.*, pg. 6.

³⁵⁹ On this very point, see also above, Chapter 1, par. 3.

ECHR rights. The Explanations of the Charter make it clear that this also means that they should be interpreted in accordance with the case law of the ECtHR.

Therefore, it can be inferred that the CJEU jurisprudence on art. 17 is subject to a positive obligation, posed by primary law, to adjust to the ECtHR's jurisprudence on Article 1.

And this is only a provisional legal framework, as the Lisbon Treaty provided for the accession of the EU to the ECHR, under art. 6 TEU, par 2. Once such accession will be concluded, the strictness of the link now traced will certainly increase.

We will now eventually analyse whether the Court behaves how it should be supposed to and how it pretended to³⁶⁰, or whether it maintains a kind of detached and "haughty" approach when dealing with IP under a fundamental rights perspective, as, by the way, it showed out in a number of other fields of law, intersected with fundamental rights.

2.3. The "true intents" of the CJEU

Before comparing Article 1 jurisprudence with art. 17, par. 2, jurisprudence, few more words should be added. Indeed, the former case law, as resulting from the analysis conducted in Chapter 3, should in theory provide some guidelines for art. 17 application by the Court of Justice.

Preliminarily, it should be pointed out that there are certain situations in which it will not apply. These are, firstly, when the claim to property has not a legally recognised form, i.e. when the claim concerns a future property (on the contrary, when the rights arise as legitimate expectations, such as while an administrative procedure of IPR registration is pending, it is applicable). Secondly, it will not apply when national decisions concerning IPRs are not unlawful or manifestly disproportionate³⁶¹. Vice versa, arbitrary or manifestly disproportionate restrictions to

³⁶⁰ See the *Joint Communication by the Two Courts*, as commented above in Chapter 1, par. 3. In particular, in such document, the two Courts' presidents declared that: "it is important to ensure that there is the greatest coherence between the Convention and the Charter insofar as the Charter contains rights which correspond to those guaranteed by the Convention".

³⁶¹ See *Anheuser and Dima*.

IPRs should be prohibited under art. 17, par. 2³⁶². Furthermore, it is also relevant in those cases in which EU or national authorities abolish or reduce the scope of existing IPRs.

It should be therefore further recalled that the ECtHR, when applying Article 1, “merely” analyses whether the Contracting State at stake deprived a person of his or her own possessions in a manner that does not satisfy its own tests, or whether the Contracting State regulated the use of possession in a way that exceeded general interest.

This is to say that what characterises the IP jurisprudence of the ECtHR the most is the emerging need to operate a “fair balance” among competing Convention rights at stake³⁶³, one of which is considerably Article 1. The “fair balance” test includes a proportionality assessment. Consequently, any interference with the peaceful enjoyment of possessions must be lawful, serving a general or public interest and proportionate in order to be admissible under Article 1.

This needs a further specification: fundamental rights, in general, always need to be balanced. However, in the IP field the recourse to the “fair balance” argument occurred very frequently and, most importantly, it was aimed at conferring a very wide margin of discretion to Contracting Parties in deciding which right should prevail³⁶⁴. As explained in Chapter 3, this could certainly be criticised as expressing the uncertainties of the Strasbourg Court when dealing with IP. However, on the other hand, this is also a core feature of the Court itself, as an international court and as described so far, i.e. it is an attitude inherent to its nature.

By the way, it is undisputed that the fair balance argument must be given an extremely prominent role in the relationship human rights-IP. The CJEU, considering the number of cases in which it dealt with fundamental rights, is supposed to have

³⁶² See *Balan*.

³⁶³ See, in particular, *Ashby Donald*, *The Pirate Bay*, *Camel*, *Vorsina and Vogralik*, *Chappel*, *Lenzing*, *Denev*, *British-American Tobacco*.

³⁶⁴ See above, Chapter 3, par. 4, where I also highlighted the critics to this “wide margin of discretion” conferred by the Court.

learnt how to “manage” and apply such argument or at least to have become familiar with it.

On the other hand, the CJEU jurisprudence on art. 17, par. 2, revealed the following. In *Nissan*, the Court of Justice referenced the fundamental right provision in a dismissed and quick statement³⁶⁵. In particular, the interpretation of secondary law and of art. 17 of the Charter constituted two separate stages. The latter is not deeply analysed at all and no relevant jurisprudence from the ECtHR is mentioned.

In *Coty*, still dealing with trademark and fundamental rights, the Court explicitly referred to the need to “strike a fair balance” between the rights at stake³⁶⁶. However, despite recalling its prior case law on the matter, it does not linger on such a balance at length. Therefore, *Coty* neither provides a satisfactory human rights argumentation. This can be extended to the other cases mentioned in Chapter 2 in relation to trademarks.

In *Netherlands v. Parliament and Council*, despite not referring to art. 17 in particular, the Court had the chance to explore the relationship existing between patent law and human rights law (and, by the way, this was one of the first IP-human right cases). While The Netherlands challenged the Biotechnology Directive arguing a breach of the rights to human dignity and to self-determination, the Court of Justice saved the Directive. Indeed, it did not acknowledge any limitation of these rights and did not recognise that it would have been appropriate to interpret the Directive at stake, and its art. 6 in particular, in accordance with fundamental rights³⁶⁷. As underlined, the “judicial activism” of the Court of Justice seems much aimed at saving such a debated piece of legislation. It also revealed the concerns of the CJEU about promoting innovation by means of patent rights, in favour of the EU, in general, and of the internal market, in particular, rather than ensuring the respect for fundamental rights.

³⁶⁵ See above, Chapter 2, par. 1.3.

³⁶⁶ See above, *ibid.*

³⁶⁷ See above, Chapter 2, par. 2.2.

In the copyright field, the relationship IP-human rights was investigated even more than for other IPRs (not surprisingly). As from the 2008 *Promusicae* judgement, the Court made active references to art. 17 of the Charter, making it seem like it placed considerably more weight on fundamental rights when dealing with IP. However, the *Promusicae*, *Scarlet* and *Netlog* cases proved that the way in which the Court deals with fundamental rights in the copyright field is not satisfactory at all³⁶⁸. A notable author found, in line with the conclusions reached by the present research in Chapter 2, that such judgements:

“[...] are not major breakthroughs in the CJEU’s fundamental rights approach towards IP. The cases illustrate that the Court may strike down domestic measures as being contrary to IP directives. Yet there is nothing new in such a prospect. Fundamental rights did not demonstrably affect the interpretation and construction of the relevant directives. The interpretation of secondary law and fundamental rights constituted two distinct, consecutive stages. The application of fundamental rights did not change anything through the interpretation of the relevant directives”³⁶⁹.

Furthermore, it should be underlined that the core statements of these judgements concerning fundamental rights are merely obvious. For example, in *Promusicae*, it was suggested that, when transposing EU law: “Member States [...] must take care to rely on an interpretation of the directives which allows a fair balance to be struck between the various fundamental rights protected by the Community legal order”³⁷⁰. Arguably, it could not have said anything less. In *Scarlet* and *Netlog*, as well, the Court stated that art. 17 is not “inviolable” and must not be “absolutely protected”³⁷¹. This is also quite obvious. The Court could have rather

³⁶⁸ See above, Chapter 2, par. 3.2.1.

³⁶⁹ *The Constitutionalisation of the European Legal Order*, pgs. 123-124.

³⁷⁰ See above, Chapter 2, par. 3.2.1.

³⁷¹ See above, *ibid.*

contextualised the interest to protect property in the case at stake, for instance by distinguishing whether the right owner was a company or a private subject, or by scrutinising the possible connections between human rights and IP ownership.

The Court, therefore, was not (or did not want to be) able to “strike the fair balance”, but rather seemed willing to strengthen IPRs. In these cases, indeed, the Court ruled that it is not contrary to EU law to oblige ISPs to disclose, in civil proceedings, information on the subscribers behind IP addresses to copyright holders, without fundamental rights becoming real counterweights.

Luksan is then a really interesting case for our purposes. The Court extrapolated a harmonising rule out of a series of fragmentary legislative references in secondary laws. This is good in principle, as it is the purpose of the Court itself, and is also extremely typical of the copyright jurisprudence of the last decade³⁷². However, in *Luksan* this is done in quite a strained fashion. As explained, the Court stated that the exercise of optional rights under the Berne Convention was subordinated to the obligations deriving from EU law, even if subsequent. Such a strong assumption is further justified by reference to the Charter, which assumes generic tones, is very thinly expressed and justified, and does not refer to existing jurisprudence on the right to property or to the case law of the ECtHR. Most importantly, in its analysis, the Court of Justice does not provide an assessment of protectable possessions or limitations test, thus undermining the requirements of protection of the Strasbourg Court.

Therefore, the Court of Justice: “[...] grants its proprietary interpretations of EU copyright directives a human rights boost by considering Member States non-compliance with harmonised rights of copyright owners a breach of property ownership”³⁷³.

In conclusion, it seems possible to infer that the references by the CJEU to art.17, par. 2, in its intellectual property jurisprudence are strategically aimed at facilitating its own harmonising goals, which have been explored *supra*, in par. 1.

³⁷² See above, Chapter 2, par. 3.1, and in this Chapter, par. 1.

³⁷³ *The Constitutionalisation of the European Legal Order*, pg. 119.

Such a strong assumption may well be understood when looking at the “rhetoric use” by the Court of fundamental rights arguments. Indeed, these seem mere aids to support the judicial activism of the Court in creating a common framework for intellectual property rights throughout Europe, out of a fragmented discipline. The recourse to fundamental rights is not deserved the carefulness and the relevance it should have been entitled to, in light of the above. Most importantly, the jurisprudence of the ECtHR on Article 1 is disregarded by the CJEU. This is striking, considering what above said on the relationships between the two Courts and the positive obligations bearing on the Court of Justice.

In the cases analysed, the CJEU referred to selected fundamental rights as additional arguments supporting its secondary law interpretation. The latter did not change much if compared to IP jurisprudence not based on fundamental rights, meaning that they do not have an impact at all.

Inasmuch as the Court of Justice does not prioritise and fully argument on fundamental rights fair balance, such an approach is potentially dangerous for legal certainty. In fact, it is questionable whether a “fair balance” might be “fair” if some rights are unjustifiably prioritised over others.

The worst outcome of the CJEU described approach also concerns the “risk of inflation of fundamental rights”³⁷⁴. Indeed, the protection of IP as a fundamental right might arise in basically all IP cases. However, as the Court of Justice merely refers to them in a strategic or rhetoric manner in order to foster its interpretation of secondary IP law, their references hardly make a difference.

The above is not to criticise the Court’s alleged harmonising agenda in the IP field. As made clear in paragraph 1, this exists and is actually highly effective. However, when fundamental rights are at stake, the Court is bound by certain interpretative criteria and standards, especially in regard to the jurisprudence of the ECtHR, considering the close relationship existing between Article 1 and art. 17 of the Charter.

³⁷⁴ See *ibid.*, pgs. 129-130.

Therefore, when comparing the jurisprudences of the CJEU and of the ECtHR on, respectively, Article 1 and art. 17, par. 2, while in principle one would expect to find unity between the two Courts –at least in the sense that the CJEU should have adjusted to the jurisprudence of the ECtHR -, he finds that there is not.

Moreover, Geiger's positive considerations concerning the recourse to fundamental rights as basis legitimating IP³⁷⁵ seem to be disregarded by the analysis of the jurisprudence of the CJEU on intellectual property. Indeed, fundamental rights do not help to reorganise the EU IP system in favour of the society, but rather strengthen the "private" side of such rights. As underlined: "[the fundamental rights gloss] boosts the arguments of IP lobbyists and affects judicial and legislative processes at the Member State level"³⁷⁶.

The above reveals a lot of the Court of Justice itself. After all, it confirms what stated in principle, in general terms, in Chapter 1, i.e. that it is a very "powerful" institution within the EU, and that it often plays a core role in fostering EU integration, especially when it comes to the internal market. The recent "human-right" era in its case law did not affect considerably its main goals.

Moreover, the CJEU seems willing to maintain its independence and authority in regard to the ECtHR and, despite not contravening it openly, it does not adjust to the latter case law, although it should have to.

As a way of conclusion, the results of the present Chapter are the following: in principle, the IP case-law of the CJEU and of the ECtHR is profoundly different, as disclosing the diverse aims and natures of the two Courts. Indeed, while the former has carried out an active harmonising agenda, the latter has very frequently deferred to the Contracting States the definitions of what is protectable possession and of complex situations occurring in this regard.

However, the increasing recourse to human rights law by the CJEU in IP-related cases has to be closely scrutinised, in light of the legal obligations linking the Court of Justice to the Strasbourg Court and its jurisprudence. Such analysis discloses the

³⁷⁵ See above in this Chapter, par. 2.1.

³⁷⁶ *The Constitutionalisation of the European Legal Order*, pg. 125.

“strategic and rhetoric use” of fundamental rights made by the CJEU, which seems willing to foster its harmonising goals by means of an inappropriate use of fundamental rights. After all, despite being quite surprising, this confirms the general attitude of the Court of Justice, which is a really powerful institution within the EU framework.

Concluding remarks

This research was aimed at comparing the main trends of the CJEU and ECtHR intellectual property jurisprudences, in order to understand whether they provide homogeneous decisions in a matter subject to a jurisdictional overlap.

The purposes of this research were: firstly, to point out the two Courts' respective aims in the IP field and to highlight noteworthy differences and similarities, if any. Secondly, a particular emphasis was given to the comparison of the jurisprudence of the CJEU concerning art. 17, par. 2, of the Charter of Fundamental Rights with the jurisprudence of the ECtHR on art. 17 "historical precedent", i.e. Art. 1, Protocol 1, ECHR, in light of the obligations bearing on the Court of Justice.

Indeed, the latter is bound by art. 52 of the Charter of Fundamental Rights, which provides that the rights drawn from the Convention shall have the same meaning and scope as the corresponding Convention rights.

In Chapter 1, the evolution of the two Courts and of their legal and political frameworks was pointed out. This was essential in order to understand from which perspective the Courts, in turn, look and have been looking at intellectual property. Moreover, a concise overview of the *de iure* and *de facto* relationships between the Courts was outlined. It was argued that the Court of Justice has frequently shown quite a detached approach towards the Strasbourg Court, without ever missing the opportunity to underline its authoritativeness.

In Chapters 2 and 3 the case law was presented. In particular, in Chapter 2 the IP case-law of the CJEU was presented. The main issue concerned the "active harmonising agenda" carried on by the Court, even if with notable differences among the various IPRs. Moreover, the recent increase in resorting to art. 17 of the Charter was highlighted. Therefore, the IP case-law proved out that in recent years the Court – along with the EU - shifted from having purely economical and market-oriented interests to a human rights "sensitivity".

In Chapter 3, the IP case-law of the ECtHR was presented. The most recurrent trend could be observed when the ECtHR was faced with complex and ambiguous

questions under national laws that the domestic courts did not answer clearly. In these cases the Court seemed to prefer to defer the issue to domestic courts, rather than providing its own view on the matter at stake. Moreover, it was often prone to confer a wide margin of discretion to Contracting Parties in deciding which right should prevail when balancing intellectual property with some other competing rights granted by the Convention.

Finally, in Chapter 4, the main trends emerged from the case analysis carried were compared. Firstly, the differences existing between the two groups of cases were traced. These differences are the consequences of the fact that the two Courts are aimed at securing different interests and that the legal framework in which they operate are profoundly diverse. They also considerably reflect the evolution of the EU and of the Council of Europe's interest in intellectual property.

Secondly, the IP cases of the CJEU based on, or mentioning, art. 17, par. 2, of the Charter of Fundamental Rights of the EU were compared to Article 1's jurisprudence by the ECtHR. In order to understand the importance of such comparison, it was preliminarily pointed out that scholars refer to such increase in referring to art. 17 as the process of "constitutionalisation" of IP, highlighting the benefits that IPRs could gain from such legitimacy. Then, art. 17, par. 2 was analysed in its scope and meaning and compared with Article 1, Protocol 1 ECHR. The latter is, indeed, the historical precedent of art. 17. Therefore, in light of art. 52 of the EU Charter, the ECtHR case-law on such provision must have a crucial importance for the CJEU when dealing with art. 17.

However, the analysis of the CJEU cases revealed that the Court did not respect the ECtHR's standards on Article 1 at all, and that it rather referred to art. 17 as an additional argument to pursue its "harmonising agenda".

After all, this does not seem so unexpected if considering how the Court of Justice was described in Chapter 1, i.e. as a very "powerful" Institution, which often showed its reluctance in adjusting to the case-law of the ECtHR and rather affirmed its independence and authoritativeness. This seems particularly true in the IP field.

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