

INTELLECTUAL PROPERTY LAW AND POLICY

**LAW APPROXIMATION TO EU STANDARDS
IN THE REPUBLIC OF MOLDOVA**

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SECTORAL LAW APPROXIMATION GUIDELINES SERIES

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FOREWORD



EU Law and Policy in regard to the protection of intellectual property rights is a reflection of the view that the protection and enforcement of intellectual property rights are crucial for the EU's ability to compete in the global economy. Increasingly, European competitiveness builds on the innovation and value added to products by high levels of creativity. Thus, the protection and enforcement of intellectual property rights go to the heart of the EU's ability to compete in the global economy. On a smaller scale, of course, the same situation applies to the Republic of Moldova. There is a common risk, moreover, that growth and jobs are hampered when ideas, brands and products are pirated and counterfeited and counterfeit products often place our citizens' safety or health at risk.

In the context of the EU integration efforts of the Republic of Moldova, the development of law and policy in Moldova to EU standards in the field of intellectual property rights has been specifically prioritised under the Partnership and Co-operation Agreement and the European Neighbourhood Action Plan. The overall approach focuses on the application of the EU and the relevant international standards to the protection of intellectual property rights in Moldova, effective enforcement by the various responsible bodies (including the judiciary, the police and the customs service) and a dedicated effort to combat piracy and counterfeiting.

This process, of affording the most up to date protection of intellectual property, in its many different forms (copyright, trademarks, patents, geographical indications etc.) offers clear benefits to Moldovan businesses, creative artists, inventors and actual and potential investors. It is also important in regard to the trade relations between the EU and Moldova, including those envisaged for the future under the negotiations on an EU-Moldova Association Agreement, which commenced in January 2010 and the EU-Moldova bilateral agreement on Geographical Indications that is expected to be concluded this year.

*This publication by the EU funded Project **"Support for the Implementation of agreements between the Republic of Moldova and the European Union"** is a well-timed contribution to the process of Moldova's approximation to EU standards in regard to the protection of intellectual property rights. In particular it highlights the achievements in recent years in institutional reorganisation, modern intellectual property legislation and adherence to international agreements. It also clarifies the continuing challenges in Moldova as regards effective enforcement and the importance of on-going alignment with new EU law and policy that is currently emerging.*

This publication provides a very clear overview of Moldovan progress in this field and the nature and operations of the system of protection that has developed in recent years in Moldova. For the Moldovan authorities – and not least for the newly operational National Commission on Intellectual Property - it maps out the law and policy challenges and priorities that still need to be addressed in the context of EU integration. For the purposes of continuing EU-Moldova cooperation in this field, it presents a strategic framework for the guidance of continuing reforms and priorities in the coming years.

A handwritten signature in cursive script, which appears to read "Dirk Schuebel".

Ambassador Dirk Schuebel

**Head of the European Union Delegation to the Republic of Moldova
Chisinau, March 2010**

Introduction to the Sectoral Law Approximation Guidelines Series

The EU funded Project “*Support for the Implementation of Agreements between the Republic of Moldova and the European Union*” commenced work in Chisinau in August 2008 and will operate until end-2010. The Project is being implemented by an international Consortium headed by IBF International Consulting. The overall objective of the Project is to assist the Moldovan authorities in implementing the priorities set out in the Partnership & Cooperation Agreement (PCA) of 1998 and the European Neighbourhood Action Plan (ENAP) of 2005.

The Project is operationally divided into three Components with the following specific objectives:

1. To support and monitor the implementation of the measures established in the current as well as possible future bilateral agreements between the EU and the Republic of Moldova within the framework of the European Neighbourhood Policy – mostly in the form of high level policy advice and institutional strengthening at the Prime Minister’s Office.
2. To support the legal approximation process in the Republic of Moldova in the sectors agreed between Moldova and the EU within the framework of the agreed bilateral documents as well as its effective implementation – mostly in the form of policy and legal advice and training to approximation sectors, the enhancement of Moldovan law approximation capacity and institutional building support for the Centre for Legal Approximation.
3. To increase promotion, visibility and effectiveness of coordination of EU aid assistance by Moldovan authorities as well as the coordination of EU-funded initiatives with the ones of other donors, in particular EU Member States - mostly in the development of aid coordination capacity and the promotion of TWINNING assistance.

The purpose of the preparation of the Sectoral Law Approximation Guidelines is to address the main challenges facing law approximation in Moldova at line ministry/public organisation level by providing concrete expertise in order to facilitate the clear understanding of the context and rationale of sectoral EU legislation and the basis for a sectoral strategic approach. In that way, the Sectoral Law Approximation Guidelines are intended to contribute substantially to the first and second of the above specific objectives of the Project’s mandate.

Contrary to what is often believed, law approximation is a complex and medium term process which involves the alignment of policies, the correct harmonization/transposition of relevant laws, the updating of such laws where appropriate, the establishment and resourcing (via new organisations or otherwise) of necessary institutional structures and the pursuit of credible and objectively verifiable implementation and enforcement. Thus, simply drafting EU style laws for Moldova (“transposition” or “harmonisation” of laws) is a much narrower concept that does not achieve the desired benefits for the Republic of Moldova or the implementation of commitments regarding law approximation in any particular field.

We believe that publication and dissemination of this series of Sectoral Law Approximation Guidelines will offer an important resource regarding on-going reforms in each sector for all interested parties. In particular, each Guideline sets out to –

- *Analyse and explain the present situation in the Republic of Moldova, in the context of existing commitments and prospective new agreements, as regards progress, practical realities, laws, institutions etc. This will be of value to Moldovan authorities in presenting their situation internationally and it will also be useful to the EU as a snapshot summary of the real situation in the relevant sector in the Republic of Moldova.*
- *Examine the approximation challenges to be met in the sector by providing a comprehensive overview of EU Policy in the sector, the main EU law provisions and concepts, the typically required process of approximation, including the most important acts to be transposed and best practice institutional solutions and recent developments and on-going challenges in EU law and policy in the sector.*
- *Provide a strategic assessment and key recommendations for the further medium term development of the sector in the Republic of Moldova in legal, economic and institutional/administrative terms in the period from 2011 to 2015.*

In that regard, we also note that a survey by the Project in 2009 of issues and problems facing various authorities responsible for law approximation in Moldova revealed significant difficulties in the law approximation process across the spectrum of responsible public organisations. These included problems of expertise, prioritisation, comprehension and planning¹.

The present Sectoral Law Approximation Guideline deals with law and policy concerning the protection of intellectual property rights²; an area of fundamental interest for the effective functioning of markets in Moldova, inward investment, the development of creative arts and research and development together with the advancement of interna-

1 Project Reports (available on www.support-md-eu.md): “*Technical Report on the evaluation of answers to the questionnaire on the approximation mechanism from the line Ministries and public administrative bodies in Moldova*”, Tina Bache, 15 June 2009 and “*Report on the Analysis of Research Interviews with line ministries and public administrative bodies on the practical application of the approximation mechanism in Moldova*”, Tina Bache, August 2009.

2 Intellectual Property Law and Policy has two main elements dealing with Copyright and Related Rights and with Industrial Property Rights.

tional trade relations. It is also important as part of Moldova's longer term process of EU Integration.

The position reflected in this Report is that of June 2010, unless otherwise stated, and we point out that some development in this sector may have occurred between that drafting date and the date of final publication. We encourage everyone interested in intellectual property questions in the Republic of Moldova (from Ministers, policy makers, international organisations to artists, performers, inventors, lawyers and the business community) to familiarise themselves with this relatively short coverage of a big and important topic. The Report can also be accessed on our website www.support-md-eu.md and in coming months, the State Agency for the Protection of Intellectual Property of the Republic of Moldova (AGEPI) will also be supplied with CD ROM versions in order to facilitate future updates.

ABOUT THE AUTHORS



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On a daily basis, she advises a wide range of governmental, institutional and commercial organisations concerned with copyright and related rights protection and has worked with government bodies on many occasions concerning the implementation of EU legislation into domestic law. At the international level, Linda Scales has advised the Lithuanian Government on enforcement of rights and produced a comprehensive intellectual property enforcement strategy for Lithuania in preparation for its accession to the EU. She conducted the copyright and related rights component of an EU funded project in Kazakhstan in 2004, advising the Kazakh Government, Parliament and Judiciary on the approximation requirements for Kazakh law to International and EU standards and co-authored a publication published in English, Russian and Kazakh, entitled "*International and European Union Standards of Protection of Intellectual Property*". In 2009, she was Team Leader on an EU funded project providing initial support for the enforcement of copyright and related rights law by the State Copyright Agency of the Republic of Azerbaijan.



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ABBREVIATIONS

ACTA	Anti-Counterfeiting Agreement
AGEPI	State Agency on Intellectual Property
AITT	Agency for Innovation and Technology Transfer
AO	Appellation of Origin
ARIPO	African Regional Industrial Property Office
ASSINSEL	Association Internationale des Selectionneurs pour la Vegetales Protection de Obtentions Vegetales.
AsDAC	Association "Copyright and Related Rights"
BOIP	Benelux Organisation for Intellectual Property
BOPI	Official Bulletin of Industrial Property
CEFTA	Central & Eastern European Free Trade Agreement
CISAC	International Confederation of Societies of Authors and Composers
CFI	Court of First Instance
CHIP	Circuit Housed in a Platform
CMO	Collective Management Organisation
DG	Directorate General
DRM	Digital Rights Management System
EAPO	Eurasian Patent Office
ECJ	European Court of Justice
ECR	European Court Reports
EEA	European Economic Area
ENAP	European Neighbourhood Action Plan
ENP	European Neighbourhood Policy
EPO	European Patent Office
EPC	European Patent Convention
EU	European Union
FIS	Federation Internationale du Commerce des Semences
GATT	General Agreement on Tariffs and Trade
GESAC	European Grouping of Societies of Authors and Composers
GI	Geographical Indication

ICMP	International Confederation of Music Publishers
IDA	International Depository Authority
IPR	Intellectual Property Right
ISA	International Searching Authority
ISF	International Seed Federation
MFN	Most Favoured Nation
NDS	National Development Strategy
OAPI	African Intellectual Property Organisation
OECD	Organisation for Economic Cooperation and Development
OHIM	Office for Harmonisation in the Internal Market
OJ	Official Journal
PCA	Partnership and Cooperation Agreement
PCT	Patent Cooperation Treaty
RRA	Reciprocal Representation Agreement
SCCR	Standing Committee on Copyright and Related Rights
TLT	WIPO Trademark Law Treaty
TSG	Guaranteed Traditional Specialities
TRIPS	Trade Related aspects of Intellectual Property rights
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UPOV	Union for the Protection of New Varieties of Plants
WCT	WIPO Copyright Treaty
WIPO	World Intellectual Property Organisation
WPPT	WIPO Performances and Phonograms Treaty
WTO	World Trade Organisation

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EXECUTIVE SUMMARY

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The Project is operationally divided into three Components with the following specific objectives:

1. To support and monitor the implementation of the measures established in the current as well as possible future bilateral agreements between the EU and the Republic of Moldova within the framework of the European Neighbourhood Policy (**Component 1**) – mostly in the form of high level policy advice and institutional strengthening at the Prime Minister’s Office.
2. To support the legal approximation process in the Republic of Moldova in the sectors agreed between Moldova and the EU within the framework of the agreed bilateral documents as well as its effective implementation (**Component 2**) – mostly in the form of policy and legal advice and training to approximation sectors, the enhancement of Moldovan law approximation capacity and institutional building support to the Centre for Legal Approximation.
3. To increase promotion, visibility and effectiveness of coordination of EU aid assistance by Moldovan authorities as well as the coordination of EU-funded initiatives with the ones of other donors, in particular EU Member States (**Component 3**); mostly in the development of aid coordination capacity and the promotion of TWINNING assistance.

The Project is committed to providing concrete expertise to line Ministries and other responsible public organisations in order to facilitate the clearest understanding of the context and rationale of sectoral EU legislation and the basis for a sectoral strategic approach to approximation in Moldova. In that way the Sectoral Law Approximation Guidelines are intended to contribute substantially to the first and second of the above specific objectives of the Project’s mandate.

The present Sectoral Law Approximation Guideline deals with law and policy concerning the protection of intellectual property rights (covering both Copyright and Related rights and Industrial Property Rights); an area of fundamental interest for the effective functioning of markets in Moldova, inward investment, the development of creative arts and research and development together with the advancement of international trade relations. It is also important as part of Moldova’s longer term process of EU Integration.

Following an Introduction (which examines the international law dimension and then the PCA, ENAP and CEFTA requirements in regard to the protection of intellectual property rights, together with considerations related to prospective new EU agreements or other agreements, present plans and strategies in the Republic of Moldova and the overall rationale for government action regulating intellectual property rights) the Sectoral Law Approximation Guideline on Intellectual Property divides into three inter-related Parts dealing with (1) an analysis of the present situation in the Republic of Moldova; (2) the EU approximation challenges to be met - providing summarised information on the essence of the EU Acquis in the sector and (3) a general assessment together with strategic recommendations and conclusions regarding the further development of approximation in Moldova in the intellectual property sector in the light of the analysis and the wide-ranging nature of the subject and its regulation under EU law.

Summary Part 1

The analysis of law and policy in the IPR field in the Republic of Moldova highlights that legislative development to align Moldovan legislation with EU and international norms has proceeded well (albeit not by the 2003 deadline of the PCA) and is now in its final stages. Moldova also has an impressive record of accession to relevant international conventions on intellectual property rights protection. Important new legislation on Copyright and Related Rights is currently being finalised and this will essentially complete current requirements for legislative harmonisation in the EU integration context and from the standpoint, in particular, of Moldova's existing commitments vis-a-vis the European Union. At the same time, the recently adopted Copyright and Related Rights Law will require further secondary legislation to apply the provisions of the new Law.

The institutional arrangements to support the credible implementation and enforcement of IPR legislation have also developed significantly and generally in the right direction. However, it is also clear that there are continuing problems and challenges in this area. In the copyright area, the most important challenges relate to enforcement and the accreditation and workings of the collection management organisations in Moldova. In regard to industrial property, enforcement issues are again of central importance. The alignment of Moldovan legislation with EPC requirements will increase in importance if Moldova progresses towards being an extension state and setting up the necessary mechanisms for *ex-officio* enforcement of geographical indications regulation is likely to emerge as a short term imperative under a future EU-Moldova bilateral Agreement in this segment.

Based on the analysis, it is clear that improved enforcement (as the central need for the coming years) will involve improvements in staffing, specialisation and training in the relevant stakeholder organisations. However, two additional critical factors are identified as of particular importance in the enforcement dimension of Moldovan approximation to EU standards in regard to intellectual property rights protection - enforcement

leadership (including concerted anti-piracy activities) and the more active involvement of rightholders in enforcement activity. In particular, there is a clear need for coordination and enforcement leadership built around a coherent enforcement strategy. In that regard, a specific opportunity to address this issue arises from the activation of the National Commission on Intellectual Property in June 2010.

Summary Part 2

The examination of EU Law and Policy on IPR traces the development of legislation from its earliest Irish and Italian roots, through the main EU Directives applying to the various IPR fields up to and including the present issues being debated within the EU and between the EU and international organisations. It is clear that the protection of intellectual property rights emerged from European traditions which developed in two parallel tracks - Civil law traditions developing a focus on a natural law, ethical, philosophical and later an economic basis for the protection of creative works and a fundamental focus in the common law countries on economic considerations from the beginning. The consequences of this include the somewhat stronger EU rules vis-à-vis the main multilateral regime of the WTO TRIPS Agreement. The background also explains why EU standards on IPR were problematic to develop and why EU harmonised rules emerged relatively later than other branches of EU law.

The EU law in the field of intellectual property commenced in the second half of the 1970s with the establishment of the European Patent Office, but it was the establishment of the Single Market (1992) which provided the decisive impetus for the harmonisation of intellectual property rights. In overall terms, legislative harmonisation efforts were concentrated on areas where the divergences between EU Member States were most marked, or where there were or appeared to be unjustified obstacles to free movement. This harmonisation generally emerged on the basis of general provisions for the harmonisation of laws in the interests of the free movement of goods and services in the EU Internal market³ (e.g. Article 100 of the EEC Treaty/Article 95 under the Amsterdam version of the EC Treaty). Once an alignment of domestic legislation was secured, there were several areas where it was thought desirable to offer rightholders the possibility of securing protection throughout the European Union in one operation. This resulted later in the creation of the Community Trademark in 1993, the establishment of the Community Design in 2001 and continues with new initiatives agreed in December 2009 on the main features of a future patent court in the EU and on a common approach to an EU Patent Regulation and a new EU mark for organic food which comes into effect in July 2010. The Lisbon Treaty, in force since 1 December 2009, makes the first explicit provision for IPR regulation in the Treaty and places this firmly in the context of trade within the EU Common Commercial Policy.

³ Originally, Article 100 of the EEC Treaty. This became Article 95 under the Amsterdam version of the EC Treaty and is now Article 114 of the Lisbon Treaty.

Nonetheless, EU law and policy faces continuing challenges itself in the IPR field. Enforcement issues rank highly among these and several recent EU initiatives seek to address more effective enforcement and more stringent penalties in the fight against piracy and counterfeiting. Other active law and policy issues include the approximation of moral rights and a range of new issues arising from the electronic age (e.g. digitisation of works and creative content on-line). In the international arena the EU maintains an active interest in various unfinished areas of international law in the IPR field, including the updating of the rights of broadcasting organisations, the review of copyright limitations and exceptions for educational activities and improved rights for audiovisual performances. Each of these issues is of potential relevance to Moldova in the years ahead and it is important, accordingly, that these are carefully monitored as a continuing agenda vis-a-vis the Moldovan process of EU law approximation in the IPR field.

Summary Part 3

In the assessment of Moldovan progress on law approximation to EU standards in the IPR field establishes that major progress has been achieved in recent years in Moldova but that gaps remain as regards full approximation. These are essentially of a non-legislative nature.

The main impediments to full approximation in the Republic of Moldova relate to a range of barriers to effective enforcement of IPRs. These barriers include: inadequate co-ordination of enforcement agencies; the absence of a strategic direction to enforcement (including the absence of planning, activity and achievement data in regard to the fight against piracy and counterfeiting); staffing and other resource constraints; the continuing need for further training of enforcement bodies and for further awareness raising initiatives; the need to achieve a fuller degree of judicial specialisation in regard to IPR cases; the absence of sufficient engagement of rightholders in the enforcement effort and the presently under-developed collection management system in Moldova.

Accordingly, the recommendations set out for the coming years have a particular focus on the provision of leadership and impetus for the achievement of credible and effective enforcement. These recommendations include the need for the preparation by 2011 of a new *Strategy on EU Law Approximation in regard to Intellectual Property Rights Protection in line with EU and international norms*. This should be developed under the auspices of the National Commission on Intellectual Property to guide the overall process, to enable the responsible authorities to ensure continuous focus on Moldova's EU integration agenda in the IPR field, to provide a clear and appropriate locus for responsibility for the process and its reforms, to address a range of specific recommendations and provide the basis for the continuous improvement of enforcement practice and allow Moldova to keep abreast of the latest debates and developments in the field.

1. INTRODUCTION TO THE SECTORAL GUIDELINES ON INTELLECTUAL PROPERTY LAW & POLICY

The protection of Intellectual Property Rights

Intellectual property rights are the rights given by the State to persons over the creations of their minds. One of the main characteristics of intellectual property rights is that they give the owner the exclusive right over the use of the creation or invention for a certain period of time. This will vary depending on the nature of the intellectual property for which protection is sought. On the expiry of the relevant period of intellectual property protection, the previously protected work is said to enter the “public domain”. The formal/official registration is normally required for the recognition of most intellectual property rights (e.g. patents and trademarks) but not for others (e.g. copyright). The relevant law in each country explains what steps need to be taken to protect particular intellectual properties.

Intellectual property rights can be divided into two major groups: (a) copyrights and rights related to copyright; and (b) industrial property rights.

(A) Copyright and rights related to copyright

Copyright protection applies to original literary, scientific, musical and artistic works, computer software and databases. *Copyright protects the original expression of ideas fixed in a tangible medium or form, not the ideas themselves.* For example, a person would not infringe the copyright of a book when explaining to a friend the new techniques explained in the book. However, if that person photocopied and distributed the book without the permission of the copyright owner, he or she would infringe copyright.

When a person creates a copyright work, he or she is the owner of that work and is free to decide on how it is to be used. That person (called the ‘creator’ or the ‘author’ or ‘owner of rights’) can control the future use of that work. These rights are normally protected for a minimum period of 50 years after the death of the author.

In most parts of the world, material is protected from the time it is first written down, painted or drawn, sculpted, filmed, performed etc. and is automatic. In other words, it does not require registration.

The legal protection provided by copyright in an original work covers two sets of rights: economic rights and moral rights. At the international level, the rights are conferred by the *Berne Convention for the Protection of Literary and Artistic Works*, commonly known as the “Berne Convention”. Moldova is a Party to that Convention since 1995.

In the context of copyright protection, economic rights are the rights to control copying, and the dissemination of the work to the public, including by broadcasting, public performance, adaptation, translation, public recitation, public display, distribution etc. Moral rights include the author’s right to object to any distortion, mutilation or other modification of his work that might be prejudicial to his honour or reputation and the right to be identified as the creator of the work.

Both economic and moral rights belong to the creator, who can exercise them. This means that he can use the work himself, can give permission to someone else to use the work or can prohibit someone else from using the work. Underlying all this is the general principle that copyright protected rights cannot be used without the authorisation of the owner of the rights. There are limited exceptions to this rule, which are contained in national copyright laws. Examples include the use of the work, under certain conditions, for teaching purposes; for scientific research; and for reporting current events.

Examples of copyright include:

- *Stela writes a book about Moldovan Law;*
- *Ionel paints a picture of the countryside around Chisinau;*
- *Vladimir has prepared a new computer game.*

“*Related rights*” concern other categories of owners of rights – namely performers (e.g. actors, singers and musicians), the producers of phonograms (sound recordings) and broadcasting organisations. They are the rights that belong to these groups in relation to their performances, phonograms and broadcasts respectively. These rights are related to copyright: the owners of ‘related’ or ‘Related’ rights give expression to the authors of the original works in their communication of these works to the public.

Examples of related (or “Related”) rights include:

- *a pianist plays a jazz tune written by a composer;*
- *an actor performs a role in a play written by playwright;*
- *a record company produces songs and music written by authors and composers;*
- *broadcasting organisations broadcast works and phonograms on their stations.*

At the international level, 'related rights' are conferred by the 1961 *International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations*, known as the "Rome Convention". Moldova is a Party to that Convention since 1995.

(B) Industrial Property Rights

Industrial property covers two main categories:

- (i) those designed primarily to stimulate innovation, design and the creation of technology – for example, inventions (protected by patents), integrated circuit layouts, industrial designs and undisclosed information/trade secrets. The protection is usually given for a finite term (typically 20 years in the case of patents); and
- (ii) those designed to protect distinctive signs – in particular trademarks (which distinguish the goods or services of one firm from those of other firms) and geographical indications (which identify goods as originating in a place where a given characteristic of the goods is essentially attributable to its geographical origin). The protection may last indefinitely, provided that the sign in question continues to be distinctive.

The following is a brief description of the various categories of industrial property rights:

Patents

A patent refers to an exclusive right granted for an invention. It can be either a product or a process that provides a new way of doing something, or offers a new technical solution to a problem. It is granted by the State to an inventor for the results of his or her invention in the field of technology enabling him or her to personally implement the invention for a certain period of time, or to authorise another person to implement it.

A patent protection is granted for a limited period, generally 20 years. During that period the invention cannot be made, used, distributed or sold, without the consent of the patent owner. The patent owner, however, may give permission to, or license, other persons to use the invention on mutually agreed terms. Alternatively, the owner may sell the right to the invention to another person, who will then become the new owner of the patent. When the patent protection expires the invention enters the public domain. Once that happens, the patent owner no longer holds exclusive rights to the invention, and the invention becomes available for commercial exploitation by others.

Examples of patents include:

- *the 'black box' carried in aircrafts;*
- *electric lighting;*
- *micro-processors.*

To be protected by a patent, an invention must:

- be of practical use, and do what the applicant says it will do;
- show an element of 'novelty' - in other words, some new characteristic which is not known in the body of existing knowledge ('prior art') in the technical field in question;
- involve an 'inventive step' - the invention must not be obvious to someone with knowledge and experience in the technological field of the invention;
- be accepted as 'patentable' under the law of the country where the patent is sought. Plant or animal varieties, commercial methods, discoveries of natural substances, scientific theories, plans, schemes or other purely mental processes usually cannot be patented.

A patent is normally granted by the patent office of a country, or by a regional office that does the work for a number of countries – such as the European Patent Office, based in Munich, Germany. Under these regional systems an applicant requests protection for the invention in one or more countries, and each country decides whether to provide patent protection within its borders. The WIPO⁴-administered *Patent Co-operation Treaty (PCT)* provides for the filing of a single international patent application. This means that, by making one application, an applicant may seek protection in as many States Parties to the PCT as he requires.

A formal application for a patent is required to secure a patent. The application usually contains the title of the invention, with a few words describing the general nature of the invention. It must describe the invention sufficiently clearly so that someone with knowledge of the technology in that technical field could use or reproduce the invention from the information given. Such descriptions are usually accompanied by visual materials such as plans, drawings, or diagrams to better describe the invention. An application must also have at least one 'claim' of novelty; that is information which clearly distinguishes the invention from what is already known.

Patent rights are usually enforced in a court which, in most countries, can issue an order to stop the infringement of the patent in question. Conversely, a court can also declare a patent invalid upon a successful challenge by a third party

Trademarks

A trademark is a distinctive sign which identifies certain goods or services with a specific person or business. Trademarks may be one or a combination of letters, words, phrases, music or vocal sounds, fragrances, shapes, logos, colours, aspects of packaging used as distinguishing features.

The origin of trademarks dates back to ancient times, when craftsmen reproduced their signatures, or 'marks' on their products to distinguish them from others. Over the years

⁴ World Intellectual Property Organisation – WIPO.

these marks evolved into today's system of protection of trademarks. The system helps consumers to choose products or services because of the trademark associated with them.

A trademark gives the registered owner the exclusive right to use the trademark as a brand name for the goods or services specified in the registration, or to authorise another to use it in return for payment. More generally, trademarks promote initiative and enterprise worldwide by rewarding the owners of trademarks with recognition and financial reward. Another important function of trademarks is that they identify the source or origin of goods or services, thus providing considerable protection to consumers against confusion or deception from counterfeiters.

Examples of trademarks include:

- *the brand names 'Coca-Cola' and 'Pepsi';*
- *Moldova wine brands, such as Pulcari and Cricova, marked with identifiable symbols, so that buyers can trace their origin and determine their quality.*

A trademark does not have to be registered. However, if it is not registered and another person uses the same trademark, a legal claim may need to be made by the person who believes the trademark rightfully belongs to him. That person will have to prove in a court of law that he has developed a reputation in the trademark and that the use of the other trademark would be likely to confuse or deceive the public. This can be difficult and expensive. In contrast, a person who owns a registered trademark will find it much easier to successfully sue another person who uses the same trademark as his own on the same or similar goods or services.

To register a trademark, an application for registration of a trademark must be filed with the national or regional trademark office. It is always a good idea to search the national trademarks database before using a new trademark and before filing an application to register it. An identical or similar trademark could prevent a person's application to register his or her trademark. The application must contain a clear reproduction of the sign filed for registration - including any colours, forms or three-dimensional features – as well as a list of goods or services to which the sign would apply. Among the other conditions that the sign must fulfil before it can be protected as a trademark, it must be distinctive so that consumers can distinguish it as identifying a particular product or service and to distinguish it from other trademarks identifying other goods or services. The time taken between the filing and examination of applications can vary considerably. After the trademark is accepted for registration (and provided that no opposition is filed against the application, or the opposition is unsuccessful), the trademark will be registered once the registration fee is paid. It is important to note that the effects of registration are limited to the country (or, in the case of regional registration, the countries) concerned.

The system of international registration of trademarks is made possible under a system (administered by WIPO) governed by the *Madrid Agreement Concerning the International*

Registration of Marks and the Madrid Protocol. A person who has a link (through nationality, domicile or real and effective establishment) with a State Party to one or both of these international agreements may, on the basis of an application (only as far as the Protocol is concerned) or registration with the trademark office of that country, obtain an international registration which would operate in some or all of the other countries of the Madrid Union. In the past, persons seeking protection for their trademarks in other countries had to apply separately in each country of interest.

The period of protection varies from country to country but a trademark can be renewed indefinitely beyond the time limit on payment of additional fees. In case of dispute, the protection of a trademark is enforced by the courts. Moldova is a Party to the Madrid Agreement since 1991 and to the Madrid Protocol since 1997.

Industrial designs

An industrial design is the ornamental or aesthetic aspect of an article. This ornamental aspect may be constituted by elements which are three-dimensional (e.g. the shape or surface of an article) or two-dimensional (such as lines, patterns or colour) but must not be dictated solely or essentially by technical or functional considerations. Industrial designs are what make an article appealing, thus increasing its marketability. They can be applied to a wide variety of products – from watches and jewellery to electrical appliances, leisure goods and architectural structures. In most countries, an industrial design must appeal to the eye in order to be protected by the laws of that country.

Examples of industrial designs are:

- *the emblem of a Mercedes car;*
- *the shape of a Coca-Cola bottle.*

A number of products, for example a Coca-Cola bottle, can be both a design and a trademark. However, they do not cover the same aspects. A trademark serves to identify that the goods or services originate from a certain undertaking and to distinguish that undertaking's products or services from those of its competitors. The design covers the appearance of a product and the patent can cover the function, operation or construction of a new invention. To be eligible for protection, an industrial design must normally be "original" or "new". Different States use varying criteria for these terms and the process for registration will also vary from State to State. Protection of an industrial design means that third parties, not having the consent of the owner of the protected industrial design, may not make, sell or import articles bearing or embodying a design which is a copy, or substantially a copy, of the protected design, even when such acts are undertaken for commercial purposes.

When a design is registered a registration certificate is issued. The person or entity who has registered the design is then assured an exclusive right against unauthorised copy-

ing or imitation of the design by third parties, thus promoting honest trade practices and helping to ensure a fair return to the registered owner on the investment. The term of protection should not be for less than 5 years, with the possibility of further periods of renewal up to a total of 15 to 25 years in most cases. An industrial design may also be protected as a work of art under copyright law or be protected under unfair competition law, but this will depend on the laws of the country concerned.

Industrial design protection is normally limited to the country in which protection is granted. However, under the *Hague Agreement Concerning the International Deposit of Industrial Designs* – which is administered by WIPO – a procedure has been established to make an international registration. By filing a single international deposit with WIPO, the applicant can ensure that his design will be protected in as many States Parties of the Hague Agreement as he wishes. Moldova is a Party to this Agreement since 1994.

Geographical indications⁵

A geographical indication is protected as a sign which identifies a good as originating in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.

A well-known example of this is the Geographical Indication: *Champagne*, which can only be used for labelling wine made in the Champagne region of France. Another example of geographical indication is *Thai silk* from Thailand and *Basmati rice* from India.

Unlike other objects of intellectual property, geographical indications have particular traits: by law, they do not belong to anyone with exclusive rights; they cannot be assigned or licensed. Recognition of appellations of origin (AO) or geographical indications (GI) merely creates the right to use them; allowing any person in the appropriate geographical area to do so. For this reason, it is common for associations of producers to participate in the recognition process, control of the AO or GI, the promotion of the products and frequently to invest in the AO or GI as a brand. While this is costly, the benefits of a working AO and GI system include, in addition to the added price value of brand recognition on domestic and foreign markets, a longer term contribution to the sustainable development of agriculture, halting the exodus from rural areas, employment, attraction of youth in farming, agricultural diversification, rural tourism development, etc.

Layout-designs of integrated circuits

In view of the importance of modern technology, and reliance upon computers, legislators in many countries have provided specific protection for design layouts of electronic circuits used in computers and many other electronic products such as radios and televisions.

⁵ For the wider purposes of this publication, “Geographical Indications” strictu sensu includes protected geo-graphical indications (GIs), appellations of origin (AOs) and guaranteed traditional specialities (TSGs).

The purpose of such legislation is to protect the “silicon chips”, otherwise known as “integrated circuits”, which have played a major role in technological advancement since the early 1980s. The chip⁶ provides the basis for the operation of various electronic devices, from a calculator and digital watch to a television set, personal computer and heart pacemaker. The circuits used in computer chips are very intricate and designed to ensure that the computer chip operates as efficiently as possible. Moreover, a great deal of time, thought and effort are used in designing such circuits.

Under the World Trade Organisation’s Trade Related Intellectual Property (*TRIPS*) Agreement, WTO members are required to protect layout designs (topographies) of integrated circuits in accordance with the provisions of the *Treaty on Intellectual Property in Respect of Integrated Circuits, 1989* (often referred to as the “Washington Treaty”). The *TRIPS* Agreement, however, excludes some of the provisions of the Treaty (e.g. provisions on compulsory licences) and supplements it with respect to *bona fide* acts involving the infringement of integrated circuits or industrial articles containing them. The minimum term of protection for layout designs under the *TRIPS* Agreement is ten years. This means that all WTO members have to ensure that, in their domestic laws and practices, integrated circuit designers receive protection for their designs for not less than ten years.

In many countries the law does not require that circuit layouts be registered to enjoy protection and this is not required under the *TRIPS* Agreement either. As a member of the WTO, Moldova is required to apply these provisions.

Protection of undisclosed information

Undisclosed information – trade secrets or know-how – covers confidential information of commercial value, including business information and know-how. Trade secrets are generally protected under the discipline of unfair competition, which under various legal systems provides a remedy against acts of competition contrary to honest business practices, such as confusing or misleading the customer and discrediting the competitor. In common law countries, the doctrine of “passing off” (misrepresenting one’s business goods or services as another’s, to the latter’s detriment, using the same trademark without permission) may also be applied.

The international minimum standards that WTO Members are required to observe are set out in the *TRIPS* Agreement⁷.

⁶ The “chip” (Circuit Housed in a Platform) is an integrated unit of transistors, diodes and capacitors which join or alter electrical currents which enable the electronic functions that operate the electrical device.

⁷ The *TRIPS* Agreement is discussed in detail in **Chapter 2**.

The PCA and ENAP – the context of Moldova’s commitments on the protection of intellectual property rights

The Partnership and Cooperation Agreement (PCA), which forms the legal basis of EU-Moldova relations, was signed in November 1994 and entered into force in July 1998. It covers a wide range of areas including political dialogue, trade and investment, economic co-operation, legislative approximation, culture and science. The parties recall the common values that they share, and state their commitment to promote international peace and security as well as the peaceful settlement of disputes, and agree that respect for democratic principles and human rights as well as for the principles of market economy underpin their internal and external policies and constitute an essential element of partnership and the Agreement. In the trade area, the parties accord to one another Most Favoured Nation (MFN) treatment and limit the possibility of imposing restrictions on imports and exports. The PCA also provides that, upon further progress of market oriented economic reforms in Moldova, the possibility of beginning negotiations on the establishment of a free trade area will be considered.

The main and general provision concerning Law Approximation is **Article 50** which provides that the Republic of Moldova shall endeavour to ensure that its legislation will be gradually made compatible with that of the EU and that the approximation of laws shall extend to seventeen sectors, including “rules on intellectual property”. **Article 49** provides expressly that:

1. *Pursuant to the provisions of this Article and of Annex III, the Republic of Moldova shall continue to improve the protection of intellectual, industrial and commercial property rights in order to provide, by the end of the fifth year after the entry into force of the Agreement for a level of protection similar to that existing in the Community, including effective means of enforcing such rights.*
2. *By the end of the fifth year after entry into force of the Agreement, the Republic of Moldova shall accede to the multilateral conventions on intellectual, industrial and commercial property rights referred to in Paragraph 1 of Annex III to which Member States of the Community are parties or which are de facto applied by Member States according to the relevant provisions contained in these conventions.*

In a **Joint declaration concerning Article 49**, it is clarified that, for the purpose of the PCA, “intellectual, industrial and commercial property includes in particular copyright, including the copyright in computer programmes, and Related rights, the rights relating to patents, industrial designs, geographical indications, including appellations of origin, trademarks and service marks, topographies of integrated circuits as well as protection against unfair competition as referred to in **Article 10** bis of the Paris Convention for the protection of Industrial Property and protection of undisclosed information on know-how”. Moreover, **Article 71** of the PCA provides that the parties shall support the development of modern methods of information handling, including the media,

and stimulate the effective mutual exchange of information. Priority shall be given to programmes aimed at providing the general public with basic information about the Community, and the Republic of Moldova including, where possible, mutual access to databases in full respect of intellectual property rights.

The PCA operates for a period of ten years and continues unless either cancelled by either party or renewed in a new agreement. While the EU-Moldova PCA has not been cancelled, the Government of Moldova has indicated its desire for a new agreement and the European Commission indicated its readiness to negotiate an extended Free Trade Agreement with Moldova during the 6th meeting of the Moldova-EU Cooperation Subcommittee for Trade and Investments held in Brussels. In 2009, the EU and the Republic of Moldova engaged in specific negotiations on a bilateral agreement on Geographical Indications which is expected to result in the signature of an agreement before the end of 2010. Moreover, in January 2010, wider negotiations on an EU-Moldova Association Agreement commenced and are continuing. At the time of writing, the intellectual property concepts related to these negotiations had not yet been presented or discussed.

During the currency of the EU-Moldova PCA, the European Neighbourhood Policy (ENP) was developed in 2004, with the objectives of avoiding the emergence of new dividing lines between the enlarged EU and Related countries and of strengthening the prosperity, stability and security of all of the countries concerned. Under the ENP, the EU offers related countries a privileged relationship, building upon a mutual commitment to common values (democracy and human rights, rule of law, good governance, market economy principles and sustainable development) and goes beyond existing relationships by offering a deeper political relationship and economic integration. At the same time, the level of ambition of the relationship is dependent on the extent to which these values are shared. The ENP remains distinct from the process of enlargement although it does not prejudge, for the EU, how the relationship of ENP countries with the EU may develop in future, in accordance with Treaty provisions⁸. For its practical development, a central element of the European Neighbourhood Policy is the bilateral **European Neighbourhood Action Plans (ENAPs)** agreed between the EU and each partner country. These set out an agenda of political and economic reforms with short and medium-term priorities and the operation of ENAPs commenced in 2005. Implementation of ENAPs is jointly promoted and monitored through bilateral sub-Committees.

The EU-Moldova ENAP was adopted on 22 February 2005 for an initial period of three years. Progress on the Action Plan has been reviewed in 2004, 2006, 2008, 2009 and 2010 in the European Commission's Progress Reports on Moldova. A Moldovan assessment of progress was also published by the Moldovan Ministry for Foreign Affairs and EU Integra-

⁸ The European Neighbourhood Policy applies to the EU's immediate neighbours by land or sea – Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Occupied Palestinian Territory, Syria, Tunisia and Ukraine. Although Russia is also a neighbour of the EU, relations are instead developed through a Strategic Partnership covering four "common spaces".

tion in November 2007 and in January 2009. In the context of law approximation, there are 39 references to legislation in the EU-Moldova ENAP including a number of specific requirements regarding the development and implementation of Moldovan law and policy in regard to the protection of intellectual property rights based on international and European standards. These requirements while less legally binding than the PCA provisions, elaborate specific detail and create specific priorities for the general gradual approximation commitments of **Article 50** of the PCA, including in the intellectual property rights field⁹. At the same time, it is important to note that the intellectual property rights field is one of the few areas of “gradual approximation” that is separately the subject of a “hard deadline” for full conformity to EU standards under the PCA – viz. the 5 year deadline set by **Article 49(1)** – see above.

The ENAP provisions concerning intellectual property law and policy focus, in particular, on ensuring a level of protection in Moldova similar to that in the EU, including effective means of enforcement, in line with **Articles 49 & 50** of the PCA¹⁰.

EU and international standards in the field of Intellectual Property Protection

As already noted here, the protection of intellectual property is a matter of national law and the application of relevant international agreements to which a country is a party. Some of the international dimension is encapsulated in WTO and WIPO membership. In other cases, the relevance and application of intellectual property conventions is a matter of convention by convention ratification by a country and the subsequent implementation of the requirements of a particular convention.

Because of these various sources of law in the field of intellectual property rights protection, it is not sufficient to examine law approximation to EU standards in this field simply with reference to EU Directives and without reference to the main international agreements and conventions that relate to particular types of intellectual property. In many fields of intellectual property, EU and international standards are inextricably linked. In some, EU standards are higher or more rigorous than those arising, for example, under the WTO TRIPS Agreement. For these reasons, the examination in this publication of the requirements to approximate begins with a consideration of international agreements and conventions followed by the PCA and ENAP commitments of Moldova (**Chapter 2**). The distinct features of EU law and policy in regard to intellectual property rights protection are examined in **Chapter 4**.

⁹ While there is some difference of view between the European Commission and the Republic of Moldova on the status of the ENAP after three years of implementation, it nonetheless provides a continuing agenda for reforms in Moldova. The EU view is that the three year implementation period in the ENAP is an “initial” implementation period. Moldovan authorities, however, take the general view that the implementation period of the 2005 ENAP is over and envisage a new ENAP related to a prospective new EU-Moldova legal agreement.

¹⁰ This is covered by Section 39 of the ENAP and considered in detail in **Chapter 2** of this publication.

The protection of Intellectual Property Rights in Moldova

Following independence, the Republic of Moldova began the process of establishing a modern Intellectual Property System, compatible with the international and regional systems. In 1991 the State Copyright Agency and in 1992 the State Agency on Industrial Property Protection were established. From 1993 to 1997, the two agencies focused on the development of the regulatory and institutional framework, while the years 1997 to 2000 were devoted to enforcement issues as well as to the preparation of accession to the World Trade Organisation (WTO). During the period of accession of the Republic of Moldova to the WTO, the legislation in the field of intellectual property was changed primarily for the purpose of compliance with the requirements imposed by the TRIPS Agreement. This process included amending both laws on the protection of IP objects (trademarks and appellations of origin, patent inventions, new plant varieties, industrial designs, topographies of integrated circuits, copyright and related rights) and civil - administrative legislation. While the Republic of Moldova became a member of the WTO in 2001, the most recent advancement of important TRIPS related legislation in Moldova took place in 2007 with the adoption of important amendments to the Criminal Code providing for penal sanctions against the infringement of intellectual property rights¹¹.

As part of the wider process of developing and up-grading the national intellectual property system; under the National Strategy for Developing the National system of Protection and Use of Intellectual Property until 2010, the State Agency on Industrial Property Protection and the State Agency on Copyright merged into a single specialised public organisation at the end of 2004 – The State Agency for Intellectual Property (AGEPI)¹². AGEPI is an independent decision making body, subordinated to the Government of the Republic of Moldova. It has the status of a state enterprise and it is a self-financing body. Its remit includes:

- *Developing proposals relating to state policy and the normative-legislative framework for the protection of intellectual property rights.*
- *Receiving and examining applications and granting titles of protection for IPRs and administering the National Registers of intellectual property.*
- *Providing technical and legal consultancy and services in the IPR field.*
- *Conducting various educational and promotional programmes of activity designed to stimulate and enhance the development of intellectual property in Moldova.*
- *Implementation of national legislation and international treaties in the field.*

¹¹ Law No. 446-XV of 30 December 2004 and Law No. 1143-IV of 29 May 2007.

¹² The legal basis for the merger was the Code on Science and Innovations (approved by Law No. 259-XV of 15 July 2004). AGEPI acts in accordance with the Code which provides the institutional and legal framework of the intellectual property system, together with Government Decision No. 1016 of 13 September 2004 on the creation of the State Agency on Intellectual Property.

AGEPI also represents the Republic of Moldova in international and regional organisations in the field of intellectual property.

Under the Code of Civil Procedure, the Court of Appeal of Chisinau has the competence to hear intellectual property cases at first instance with the possibility of appeal to the Supreme Court of Justice. While there are no specialised courts dealing with the intellectual property rights issues in the Moldovan Judicial system, the recent changes under the Code of Civil Procedure contribute to a quasi-specialisation of the courts in settling litigation related to intellectual property. Under Moldovan legislation, rights holders can initiate civil, administrative or criminal proceedings for the enforcement of intellectual property rights. Nonetheless, there is a general view that the number of judges who are sufficiently professional and skilled in the intellectual property field is very low.

The enforcement of intellectual property rights at the borders of the Republic of Moldova is ensured by the Customs Code¹³ which regulates actions for the protection of intellectual property rights in regard to exported and imported goods. In June 2005, the structure and the responsibilities of the Customs Service in the field of intellectual property were enhanced. Specifically, the Customs Code of Moldova was amended in order to incorporate EC Regulation 1383/2003¹⁴.

As part of the process of harmonisation of national legislation with EU law, the entire legal framework of the Republic of Moldova in the field of intellectual property was revised and upgraded. As a result recent new laws were adopted that include:

- The new Law on the Protection of Industrial Designs¹⁵, 2007;
- The new Law on the Protection of Inventions, 2008¹⁶;
- The new Law on the Protection of Trademarks, 2008¹⁷;
- The new Law on the Protection of Geographical Indications, Appellations of Origin and Traditional Specialities Guaranteed, 2008¹⁸;
- The new Law on the Protection of Plant Varieties, 2008¹⁹;
- The new Law on Copyright and Related Rights²⁰, 2010.

¹³ Law No. 1149-XV of 20 July 2000.

¹⁴ Council Regulation (EC) No 1383/2003 of 22 July 2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights, OJ L 196 of 2 August 2003.

¹⁵ Law on the Protection of Industrial Designs No. 161 of 12 July 2007.

¹⁶ Law on the Protection of Inventions No. 50-XVI of 7 March 2008.

¹⁷ Law on the Protection of Trademarks No. 38-XVI of 29 February 2008.

¹⁸ Law on the Protection of Geographical Indications, Appellations of Origin and Traditional Specialities Guaranteed No. 66-XVI of 27 March 2008.

¹⁹ Law on the Protection of Plant Varieties No. 39-XVI of 29 February 2008.

²⁰ Law on Copyright and Related Rights No. 139 of 2 July 2010.

The new Law on Copyright and Related Rights, adopted in July 2010, represents a particularly recent and significant legislative milestone.

Two **Collective Management Organisations (CMOs)** were established in 1999 and 2000: the Association for Copyright and Related Rights (AsDAC) and National Association "Copyright". At present, AsDAC is entitled (accredited by AGEPI) to collect remuneration for authors and performers whereas "Copyright" collect remuneration for performers and phonogram producers. Following a Supreme Court Decision of June 2010, the two CMOs are currently negotiating new arrangements for collecting remunerations, which should come into effect with the approval of AGEPI in August 2010.

Present plans and strategies in the Republic of Moldova related to intellectual property law and its further approximation

Moldova has legislated extensively in order to align its laws to international and European Union standards, and continues to improve and update its Codes and other secondary instruments in order to fully implement the new legislation.

The *National Strategy for Developing the National System of Protection and Use of Intellectual Property* until 2010 aims at the promotion of a coherent state policy in the field of intellectual property, compatible with the mechanisms of the EU and other states in the world, at ensuring an efficient protection of intellectual property rights and at the integration of the national system for the protection of intellectual property in the economic, social and cultural development of the Republic of Moldova.

The main objectives of the Strategy are the following:

- To ensure optimal conditions for the creation and the protection of intellectual property.
- To improve the normative basis of the IPR protection system.
- To create a functional mechanism for fighting against IPR infringements and preventing the importation, fabrication and commercialisation of counterfeit products.
- To increase the level of public awareness about the importance and value of intellectual property.
- To educate and train the agents, professionals, civil servants and specialists acting in the field of intellectual property.
- To extend and develop international cooperation in the field of intellectual property.
- To improve the information system and services for the protection of intellectual property.

Other related strategies and programmes in Moldova are focused on encouraging Innovation and SME Development.

The *State Programme for Sustaining Small and Medium Sized Enterprises for the years 2009-2011*²¹ provides for a set of actions to be undertaken to increase the capacities of SMEs to use Intellectual Property assets for business development and the improvement of the competitiveness in the market.

In November 2006, the Government of the Republic of Moldova approved the *Investment Attraction and Export Promotion Strategy for 2006-2015*²². The main goals of this Strategy are to increase the volume of foreign investments, modernise and restructure the national economy, create new efficient sectors and reduce regional and structural disparities in the development of the national economy.

In addition, the Strategy provides that, in order to promote exports and the image of the country, the Government will concentrate, *inter alia*, on promoting the brands of local products destined for export markets and on protecting the intellectual property of Moldovan products on export markets.

In regard to the period from 2011 to 2015, on which this publication has a particular focus, it is understood that work has commenced within AGEPI on proposals for a new strategy to guide development of the legislation and enforcement mechanisms for intellectual property rights protection in the period 2011–2015.

The Sectoral Law Approximation Guideline on Intellectual Property Law and Policy

The development of law and policy concerning intellectual property in line with EU commitments is an area of fundamental interest for the effective functioning of the market economy in Moldova, the attraction of foreign investment, the development of creative arts and research and development efforts and the advancement of international trade relations. It is also important as part of Moldova's longer term process of EU Integration. This Guideline is intended to assist this process.

This Sectoral Law Approximation Guideline on Intellectual Property law and policy divides into three inter-related Parts dealing with –

- (1) an analysis of the present situation in the Republic of Moldova;
- (2) the EU approximation challenges to be met - providing summarised information on the essence of the EU Acquis in the sector and
- (3) a general assessment together with strategic recommendations and conclusions regarding the further development of approximation in Moldova in the intellectual property field in the light of the analysis and the wide-ranging nature of the subject and its regulation under EU law.

²¹ Government Decision No. 123 of 10 February 2009 on the approval of the State Programme for Sustaining Small and Medium-sized Enterprises for the years 2009-2011.

²² Government Decision No. 1288 of 9 November 2006 on the approval of the Investment Attraction and Export Promotion Strategy for 2006-2015.

How to use this Guideline

In general terms, the process of credible law approximation in Moldova is somewhat hampered by a lack of clear understanding of what is to be approximated and how this can best be achieved. A high rate of staff turnover in responsible public institutions exacerbates this situation resulting in information loss and a recurring need for institutional understanding to be reinforced.

This publication is, therefore, primarily aimed at providing the fullest understanding of the essence of the EU laws and policies that require approximation in Moldova on the basis of the commitments overviewed in this Chapter. Accordingly, it is a source of ready information to everyone directly or indirectly concerned with Moldova's efforts in regard to the approximation of intellectual property law and policy with EU norms.

The second purpose of this publication is to take stock of the extent of progress in Moldova vis-a-vis Moldova's commitments in the field of intellectual property overviewed in this Chapter. On account of the somewhat ad-hoc manner in which many public institutions in Moldova approach law approximation, it can be difficult for these or other Government organisations to have a clear picture of how much progress has actually been made. A clear view of the extent of progress is obviously important in order to plan further progress in coming years and to properly present Moldova's achievements at any point in time to external audiences (especially to the European Union).

The third purpose here is to facilitate further progress in approximation in the sector by looking ahead to realistic priorities over the next 4 to 5 years. This is based on a gaps analysis as between the progress to date and the country's law approximation commitments in the sector. This should assist better planning of next steps and a more strategic approach to achieving fuller approximation in Moldova in the years ahead.

Finally, this Guideline is not intended to be static. It is specifically intended to be a base document which can and should be easily updated by the Moldovan State Agency on Intellectual Property (AGEPI) - ideally annually - to allow for the sustainable and continuous fulfilment of the three specific purposes of having an overall Guideline on the approximation of intellectual property law and policy to EU standards. In principle, the updates would cover:

- Additional law approximation progress achieved in the sector;
- New developments in EU law and policy in the sector from 2010;
- New strategic directions and planning in Moldova in regard to achieving fuller approximation;
- New commitments by Moldova in regard to the sector e.g. arising from new international agreements.

2. REQUIREMENTS TO APPROXIMATE IN REGARD TO INTELLECTUAL PROPERTY LAW & POLICY AND THE MAIN POLICY CONTEXT

Introduction

A general overview of Moldova's commitments to advance the process of law approximation in the field of intellectual property was presented in **Chapter 1**. In this Chapter, the meaning of the detailed commitments in the EU-Moldova PCA, ENAP and other documents of relevance to law approximation in the field of intellectual property protection is explored.

Before addressing the PCA and ENAP requirements specifically, it is necessary to set these requirements in their international context via an examination of the main international agreements and conventions that relate to particular types of intellectual property²³. This is particularly relevant and necessary in considering the intellectual property sector in Moldova because of the very high number of international conventions and treaties ratified by the Republic of Moldova.

■ Requirements of International Agreements

(1) The WTO Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement²⁴

By far the most important and comprehensive multilateral international agreement binding on all Members of the World Trade Organisation (WTO) is the Agreement on Trade-Related Aspects of Intellectual Property Rights (usually referred to as the *TRIPS* Agreement). The *TRIPS* is one of the 18 agreements which are binding on all Members of the World Trade Organisation.

²³ The distinct features of EU law and policy in regard to intellectual property rights protection are examined in **Chapter 4**.

²⁴ Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), 1994. This is accessible at: http://www.wto.org/english/tratop_e/TRIPS_e/t_agm0_e.htm.

As at 23 July 2008, the WTO had 153 Members, including the Republic of Moldova which joined the WTO on 26 July 2001. Thus, in Moldova the *TRIPS* Agreement provides a minimum standard by which to measure the adequacy of national laws and practices. Moreover, the *TRIPS* Agreement incorporates the fundamental provisions of two key international agreements – the Paris Convention for the Protection of Industrial Property²⁵ and the Berne Convention for the Protection of Literary and Artistic Works (see further below)²⁶ – to which the Republic of Moldova is already a Party.

The general goals of the *TRIPS* Agreement are contained in the Preamble of the Agreement, which reproduces the basic Uruguay Round negotiating objectives established in the intellectual property area by the 1986 Punta del Este Declaration²⁷ and the GATT 1988/89 Mid-Term Reviews. These objectives include the reduction of distortions and impediments to international trade, the promotion of effective and adequate protection of intellectual property rights and ensuring that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade. These goals should be read in conjunction with Article 7 (*Objectives*), according to which the:

“protection and enforcement of intellectual property rights should contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to the balance of rights and obligations.”

The Agreement²⁸ recognises the rights of WTO Members to adopt measures for public health and other public interest reasons and to prevent the abuse of intellectual property rights, provided that such measures are consistent with the provisions of the *TRIPS* Agreement.

The *TRIPS* Agreement is of paramount importance for two reasons. First, because it incorporates by reference (with the exception of the provisions on “moral rights” in the Berne Convention) all the main provisions of the principal conventions of the World Intellectual Property Organisation (WIPO) and the Paris and Berne Conventions in their most recent variations, which thus become obligations under the *TRIPS* Agreement between WTO Member States. Secondly, the *TRIPS* Agreement adds a number of other obligations on matters where existing conventions are silent or were seen as being inadequate. These include the basic principles on “National Treatment” and “Most-Favoured Nation” treatment, which provide the basis of the GATT/WTO system and detailed and specific provisions on procedures and remedies for the enforcement of intellectual property rights at

²⁵ The Republic of Moldova is a party to the Paris Convention since 25 December 1991.

²⁶ The Republic of Moldova is a party to the Berne Convention since 2 November 1995.

²⁷ This GATT Ministerial Declaration of 20 September 1986 marked the official launch of the multilateral trade round known as the Uruguay Round which resulted in the creation of the WTO and the adoption of various agreements including the *TRIPS* Agreement, 1994.

²⁸ Article 8 (*Principles*).

the national level and the settlement of disputes on intellectual property issues at the international level.

More specifically, the *TRIPS* Agreement covers seven main categories of intellectual property:

1. copyright and related rights (i.e. the rights of performers, producers of sound recordings and broadcasting organisations);
2. trademarks, including service marks;
3. geographical indications, including appellations of origin;
4. industrial designs;
5. patents, including the protection of new varieties of plants;
6. layout-designs of integrated circuits; and
7. un-disclosed information (including trade secrets and test data).

In terms similar to those provided for in the Paris Convention and the Berne Convention, *TRIPS* provides for “National Treatment” as one of the basic principles underlying the agreement²⁹ and the WTO agreements in general. Moreover, *TRIPS* illustrates how national treatment applies in relation to pre-existing conventions in the area of intellectual property. It provides that:

Each Member shall accord to the nationals of other Members treatment no less favourable than that it accords to its own nationals with regard to the protection of intellectual property, subject to the exceptions already provided in, respectively, the Paris Convention (1967), the Berne Convention (1971), the Rome Convention or the Treaty on Intellectual Property in Respect of Integrated Circuits. In respect of performers, producers of phonograms and broadcasting organisations, this obligation only applies in respect of the rights provided under this Agreement. Any Member availing itself of the possibilities provided in Article 6 of the Berne Convention (1971) or paragraph 1 (b) of Article 16 of the Rome Convention shall make notification as foreseen in those provisions to the Council for TRIPS³⁰.

Clauses on “national treatment” have existed, in one form or another, in other intellectual property agreements. The principle of national treatment means – as regards the protection of industrial property provided in Article 2 of the Paris Convention - that each Contracting State must grant the same protection to nationals of the other Contracting States as it grants to its own nationals. Nationals of non-Contracting States are also protected by the convention if they are domiciled or have a real and effective industrial or commercial establishment in a Contracting State.

²⁹ Article 3.

³⁰ Article 3.1.

It is important to note that the *TRIPS* Agreement provides that: nothing in Parts I to IV of the Agreement shall derogate from existing obligations that members may have to each other under:

- the Paris Convention;
- the Berne Convention;
- the Rome Convention;
- the Treaty on Intellectual Property in Respect of Integrated Circuits³¹.

The inclusion in *TRIPS* of a Most-Favoured-Nation (MFN) provision is the first of its kind in regard to the protection of intellectual property. Accordingly, any advantage, favour, privilege or immunity with regard to the protection of intellectual property granted by a WTO Member to the nationals of any other country shall be accorded “immediately and unconditionally” to the nationals of all other Members, subject to some exceptions³². This means that if Moldova (as a Member of the WTO) were, for example, to give any advantage, favour, privilege or immunity with regard to intellectual property to the nationals of another country, whether or not it is a WTO Member, Moldova would then be required to give the same treatment to the nationals of all other WTO Members.

Another major feature of the *TRIPS* is that it automatically applies the provisions of the pre-existing Conventions to all WTO Members, even if they are not Parties to them. For example, a country which is a member of the WTO but is not a Party to the Washington Convention³³ would be bound, by virtue of the *TRIPS*, by various provisions of that Agreement (see Article 35 of the *TRIPS*) and the additional provisions (Articles 36-38) in Section 6 (Layout-Designs (Topographies) of Integrated Circuits) in the *TRIPS* Agreement.

The obligations under the *TRIPS* apply equally to all WTO Member States, which must implement the detailed provisions of that Agreement through their laws, regulations and administrative procedures³⁴. In common with many other treaties, the *TRIPS* Agreement is a minimum standards Agreement, which allows WTO members to provide more extensive protection on intellectual property if they are able and willing to do this. Another feature it shares with other minimum standards treaties is that States which are bound by it (WTO Members) are left free to determine the most appropriate means and method of implementing the provisions within their own legal system and practice. In

³¹ Article 2.2.

³² Article 4.

³³ The Republic of Moldova is a party to the Washington Convention (Patent Cooperation Treaty) of 1971 since 25 December 1991. There are currently 142 contracting parties to this Convention.

³⁴ However, developing countries were given until 1 January 2000 to apply most of the provisions (with the notable exceptions of national and MFN treatment, which applied immediately). Moreover, special transition arrangements operate in the situation where a developing country does not currently provide product patent protection in areas of technology, including pharmaceuticals (Article 65 (4)). There is also a provision (Article 66) applicable to countries on the United Nations list of Least-Developed-Countries, which are not required to apply the provisions of the *TRIPS* (with some exceptions, including national and MFN treatment) until January 2006.

other words, different WTO Members can use different means to achieve the same end, or obligations, set out in the *TRIPS*.

Implementation of the TRIPS Agreement

The implementation of the *TRIPS* occurs at two levels: at the international level and at the domestic level. At the international level there are three means available for the effective implementation of the *TRIPS*: (a) international co-operation; (b) the *TRIPS* Council; and (c) the dispute settlement mechanism.

It will be noted that WTO members, even if they are not Party to the Berne Convention, must comply with the substantive law provisions of the Berne Convention, except that WTO Members not Party to the Berne Convention are not bound by the moral rights provisions of the Berne Convention. Since Moldova is a Party to the Berne Convention, it will continue to be bound by all the provisions of that Convention (including the moral rights provisions) and it will have to observe the additional obligations under the *TRIPS* as a member of the WTO.

It is also to be noted that developing and “transition” countries could (at least until the year 2000) delay the application of most of the obligations provided for in the *TRIPS* Agreement (Article 65). Naturally, States Party to the Berne Convention cannot delay the application of their obligations provided for in that Convention.

Under the *TRIPS* Agreement, the principles of national treatment, automatic protection and independence of protection also bind those WTO Members which are not Party to the Berne Convention. As has already been noted, the *TRIPS* Agreement also imposes an obligation of “most-favoured-nation treatment”, under which advantages accorded by a WTO Member to the nationals of any other country must also be accorded to the nationals of all WTO Members. Moreover, the possibility of delayed application of the *TRIPS* Agreement mentioned above does not apply to national treatment and most-favoured treatment obligations.

(a) International co-operation: WTO Members have important responsibilities in implementing the *TRIPS* Agreement. Under Article 69, Members agree to co-operate with each other with a view to eliminating international trade in goods infringing intellectual property rights. For this purpose, they agree to establish “contact points” and to exchange information on the international trade of goods infringing intellectual property rights. They are required, in particular, to promote the exchange of information and co-operation between customs authorities with regard to trade in counterfeit trademark goods and pirated copyright goods.

(b) TRIPS Council: The *TRIPS* Council plays a crucial role in the implementation of the *TRIPS* Agreement. In addition to monitoring the operation of the Agreement - in particular, Members’ compliance with their obligations - the Council is required to review

the implementation of the *TRIPS* Agreement at least every two years (Article 71). For this purpose, Member States are required to notify the Council of all their national legislation and rulings pertaining to the *TRIPS* (Article 63). The Council is also required to facilitate consultation between Member States on matters relating to the *TRIPS* and to provide assistance to Members in relation to dispute settlement procedures.

Moreover, the Council has the authority to consult and seek information from any source it deems appropriate (Article 68). In particular, the Council is to co-operate with the World Intellectual Property Organisation (WIPO). Where information is being sought within a Member State's jurisdiction, there is no requirement that the Council should inform the Member State in question.

(c) Settlement of Disputes: In the event of a dispute between Member States of the WTO, the Agreement on *TRIPS* prescribes a dispute settlement process based on Articles XXII and XXIII of GATT 1994 and the *WTO Dispute Settlement Understanding*. The action can, however, be initiated only if a benefit under the *TRIPS* Agreement is being "nullified or impaired", or if the attainment of any objective of the Agreement is being impeded as a result of the failure of any Member to carry out its obligations. The other provisions of GATT relating to the international dispute settlement procedures applied to the *TRIPS* Agreement since January 2000. It is now possible for a WTO Member which has a reasonable grievance against other Members regarding the rights and obligations contained in the *TRIPS* Agreement to avail itself of the dispute settlement mechanisms and processes of the WTO, which are contained in the *Dispute Settlement Understanding*.

There have been a number of disputes concerning the observance of the *TRIPS* that have been heard before a WTO Settlement of Disputes Panel and the Appellate Body.

THE INDIA PHARMACEUTICALS AND AGRICHEMICALS CASE AT THE WTO

In the India – Patent Protection for Pharmaceutical and Agricultural Chemical Products case (WT/DS79/1), the European Union complained that India had failed to provide patent protection for pharmaceutical and agricultural chemical products, and had also failed to establish formal systems to enable the filing of patent applications of, and provide exclusive marketing rights for, such products.

The EU argued that this was inconsistent with India's obligations under paragraphs 8 and 9 of Article 70 of the TRIPS Agreement. On 9 September 1997, the EU requested the establishment of a Panel on Dispute Settlement. Following the establishment of a Panel on 16 October 1997, the Panel found – after hearing the arguments from both plaintiff and defendant – that India had not complied with its obligations under Article 70.8 (a) of the TRIPS Agreement by failing to establish a legal basis that adequately preserves novelty and priority in respect of applications for product patents for pharmaceutical and agricultural chemical inventions, and was also not in compliance with Article 70.9 of the TRIPS

Agreement by failing to establish a system for the grant of exclusive marketing rights.

The Dispute Settlement Body adopted the Report on 2 September 1998.

A more recent case involved whether or not Canada was properly complying with the minimum protection term of 20 years for patents.

THE CANADA PATENT TERM CASE

On September 18, 2000, the World Trade Organisation ruled that Canada's term of protection for certain patents based on applications filed before October 1, 1989 ("Old Act" patents) was inconsistent with the World Trade Organisation Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The World Trade Organisation ruling pertained to patents across all fields of technology. The World Trade Organisation ruling flowed from a decision of a World Trade Organisation Panel that was established in September 1999 at the request of the United States. The decision of the World Trade Organisation Panel was appealed by Canada but was subsequently upheld by the World Trade Organisation Appellate Body.

Canada's Patent Act contained two different terms of protection for patents, depending on the date the application was filed. The "Old Act" patents benefited from a term of 17 years counted from the date the patent was granted (based on applications filed before October 1, 1989 - former Section 45 of the Act) and the "New Act" patents benefited from a term of 20 years from the date the patent application was filed (based on applications filed on or after October 1, 1989 - Section 44 of the Act). The patent term of 20 years from the date of filing was introduced into Canadian law effective October 1, 1989 as part of Bill C-22 (1987). Previously, all patents had a term of protection of 17 years from the date of grant.

The World Trade Organisation found that the term of protection of 17 years from the date of grant for "Old Act" patents was inconsistent with the TRIPS Agreement, in instances where the patent was granted within three years from the date the application was filed. Canadian legislation was amended in 2001 to provide a minimum patent term of 20 years counted from the date of filing to all non-expired patents granted under the "Old Act".

There were approximately 129,000 "Old Act" patents currently in force and, of these, some 45,000 patents had a term of protection of less than 20 years from the date of filing of the patent application. According to the Canadian Patent Office, the real focus of this case was on 25 commercially significant drugs that were covered by the old patent system in Canada and US general concerns about substantially lower drug prices in Canada.

There are various provisions in the TRIPS Agreement laying down notification requirements on the part of WTO Members. One of the most important is to be found in the requirement on Member States to notify the "Laws and regulations, and final judicial deci-

sions and administrative rulings of general application, made effective by a Member pertaining to the subject matter of this Agreement (the availability, scope, acquisition, enforcement and prevention of the abuse of intellectual property rights)³⁵. The “main dedicated intellectual property laws and regulations” have to be notified in English, French or Spanish, while the “other laws and regulations” can be notified in a Member’s national language.

The submission of the full texts of the laws or regulations can be made directly by Member States to the WTO Secretariat, which will then make these available to the *TRIPS Council*. When national laws and regulations pertaining to *TRIPS* are amended, the *TRIPS Council* must be notified without delay after the entry into force of the amendment (normally within 30 days where no translation is required and within 60 days where translation is necessary)³⁶.

(2) Copyright and Related rights and major International Agreements relevant to Moldova and the requirements of the TRIPS

There are several conventions providing minimum international standards for the protection of copyright and related rights. By far the most important one is the *Berne Convention for the Protection of Literary and Artistic Works*.

There are also a number of other international agreements which are of special interest to the Republic of Moldova, including the *Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations, 1961*³⁷, and the *Geneva Convention for the Protection of Producers of Phonograms against Unauthorised Duplication of their Phonograms, 1971*³⁸.

Mention should also be made of the *Universal Copyright Convention* of 1952, to which Moldova is a Party since 1997³⁹. The best known feature of that Convention is the instantly recognisable © symbol, which means that a work is protected in all the States that have become a Party to the Convention. The Convention also requires, among other things, the name of the copyright owner, and the year and date of first publication. The Convention, however, is very much overshadowed by the *Berne Convention*, which provides more stringent standards for the international protection of copyright.

³⁵ Article 63.2 of the *TRIPS* Agreement in conjunction with paragraph 1 of that Article.

³⁶ Translations of laws and regulations must be accompanied by the authentic texts of the laws and regulations in the national language of the WTO Member in question. Under Article 2 (5) of the Agreement between the WIPO and the WTO, the assistance of the WIPO will be available for developing country Members for the translation of laws and regulations to fulfil the requirements of the *TRIPS* Agreement, whether or not they are Members of the WIPO.

³⁷ The Republic of Moldova is a Party to the *Rome Convention* since 5 December 1995. There are currently 88 Contracting Parties to this Convention.

³⁸ The Republic of Moldova is a Party to the *Geneva Convention* since 17 July 2000. There are currently 77 Contracting Parties to this Convention.

³⁹ The Republic of Moldova joined the *Universal Copyright Convention* on 23 June 1997. There are currently 100 Contracting Parties to this Convention.

It was recognised during the Uruguay Round negotiations that the Berne Convention for the Protection of Literary and Artistic Works (concluded in 1886 and revised several times since then) already provided a basic standard of copyright protection. It was, therefore, agreed that the existing level of protection under the latest Act (the Paris Act of 1971) of that Convention, should form the basis of the copyright minimum standards to be provided under the WTO. This is reflected in the *TRIPS* Agreement provision under which Members “shall comply with Articles 1 through 21 of the Berne Convention (1971) and the Appendix thereto”⁴⁰. However, WTO Members do not have obligations under the *TRIPS* in regard to the rights conferred under Article 6bis of the Berne Convention, i.e. moral rights (the claim to authorship and to object to any derogatory action in relation to a work, which would be prejudicial to the author’s honour or reputation), or the rights derived from them. Moral rights were apparently excluded on the basis that they were not regarded as trade related. The USA took the position that such rights should not be strengthened in any way. Civil law countries interpreted this as a triumph of common law economic copyright over alternative concepts of authors’ personal rights, particularly in view of the very debateable point that it is the inability to waive moral rights that creates the potential for interference with trade. In that regard, it is noteworthy that the Berne Convention does not state that moral rights must be unwaivable (that is a matter left to national law)⁴¹.

More recently, the *WIPO Copyright Treaty* and the *WIPO Performances & Phonograms Treaty*, both of which were adopted in 1996, have updated the Berne and Rome Conventions, and built on the terms of the *TRIPS* Agreement to provide a higher standard of protection, especially with regard to digital and electronic media, including the internet.

At present there were 88 States party to the *WIPO Copyright Treaty*, including the Republic of Moldova⁴², and 86 States party to the *WIPO Performances & Phonograms Treaty*, again including the Republic of Moldova⁴³.

Berne Convention

The Berne Convention establishes basic categories for copyright protection, rights and the duration of copyright protection. The Convention provides some consistency in the copyright law of participating States. Since 1886, the Convention has been amended six times to keep pace with the emergence of new technologies. The amendments adopted in Berlin (1908), for example, incorporated photography, film and sound recording. Those adopted in Rome (1928) added broadcasting; and the Brussels conference (1948) added television.

At present there were 164 States party to the Convention, including the Republic of Moldova since 1995.

⁴⁰ Article 9.1 of the *TRIPS* Agreement.

⁴¹ On this, see Catherine Colston: “*Principles of Intellectual Property Law*”, Cavendish Publishing Limited, London, 1999, pp 273 to 274.

⁴² The Republic of Moldova is a Party to the *WIPO Copyright Treaty* Convention since 6 March 2002.

⁴³ The Republic of Moldova is a Party to the *WIPO Performances & Phonograms Treaty* since 20 May 2002.

MAIN PROVISIONS OF THE BERNE CONVENTION

- *Works which enjoy protection in one of the Contracting States must be given the same protection in each of the Contracting States as those States grant to their own nationals (Article 5 (1));*
- *Such protection must include every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression (Article 2(1));*
- *The enjoyment and exercise of literary, scientific and artistic rights may not be subject to any formality of registration, or the like, and is “independent of the existence of protection in the country of origin” (Article 5(2));*
- *The minimum standards of protection conferred on authors under the Berne Convention include:*
 - *the right of translation (Article 9);*
the right of public performance and of communication to the public of a performance (Article 11);
 - *the right of broadcasting and of communication to the public by wire, by re-broadcasting or by loudspeaker or any other analogous instrument of the broadcast of the work (Article 11bis);*
 - *the right of public recitation (Article 11 ter);*
 - *the right of adaptation, arrangement and other alteration (Article 12); and*
the right of making the cinematographic adaptation and reproduction of a work (Article 14);
- *The resale right of artists and authors – the “droit de suite”⁴⁴ – relating to their original works of art and manuscript – is optional (Article 14ter).*
- *Exceptions and limitations on economic rights of authors are only allowed in three cases⁴⁵.*

⁴⁴ Literally translated, “droit de suite” means a right to what follows. In the context of intellectual property rights, it refers principally to a right to benefit from later sales (known as “resales”) of works. First proposed in the 1860s, the droit de suite was established in France in the 1920s to assist the widows of artists killed in the 1914-18 War. It supplemented a special tax on the overall turnover of art dealers that has been used for a special arts social welfare fund. The droit de suite aims to provide visual artists with a share of revenue from sales of their work *after* the initial sale of that work to a dealer or other buyer. It has been criticised as an inappropriate or ineffective tax. It has also been characterised as a measure of justice for creators and as an extension of intellectual property. Typically, artists sell the canvas, pigment or paper - the embodiment of their creativity - but retain the intellectual property. The droit entitles artists or their estates to up to 5% of the price of the artwork when the embodiment is resold; thus they share in the increase in value of the work over time. The *droit* lasts while a work is in copyright. Droit de suite provisions were subsequently incorporated into the copyright legislation of the European Union and reflected in the Berne Convention for the Protection of Literary & Artistic Works. The EU Resale Royalty Directive (see Chapter 4 of this publication) harmonised legislation in EU Member States. The concept of the droit de suite has not found much favour in the US (although a form of the droit is in place in California), Canada, New Zealand or Asia – hence its optional nature in the TRIPS Agreement. In Australia it was recently established by the *Resale Royalty Right for Visual Artists Act 2009* (Cth), in effect from 9 June 2010.

⁴⁵ This is the so-called “Three-step test” of the Berne Convention and means that any exceptions and limitations to economic rights of authors are only allowed in *certain special cases provided for by law* (Step 1) provided that they

The protection granted by the Convention is for the life of the author plus fifty years after his death⁴⁶. However, the Convention specifically allows for shorter terms of protection in certain cases⁴⁷. For photographic works and works of applied art, the minimum term of protection is 25 years from the making of the work.

The Convention permits the use of protected works in certain special cases without having to obtain the authorisation of the right-holder, and without having to pay any remuneration for such use: *“provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author”*⁴⁸. Such exceptions include: reproduction in quotations and the use of works by way of illustration for teaching purposes, provided such use is compatible with fair practice and mention is made of the source and the name of the author⁴⁹; reproduction of newspaper or similar articles and use of works for the purpose of reporting current events⁵⁰; and *“ephemeral recordings made by a broadcasting organisation”*⁵¹.

The Appendix to the Berne Convention permits developing countries, under certain conditions, to impose some limitations to the right of translation and the right of reproduction.

Rome Convention

The *Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations*, concluded in 1961, provides minimum international standards of protection and establishes national treatment as the basic principle of protection. At present there are 88 States party to that Convention. The Republic of Moldova became a Party to that treaty on 5 December 1995.

The Convention affords specified levels of protection to performers, producers of phonograms, and broadcasting organisations. Each Contracting State is required to give “national treatment” to performers, producers of phonograms and broadcasting organisations, if one of a number of conditions set out in Articles 4 to 6 is met.

do not conflict with normal exploitation of the work (Step 2) and do not unreasonably prejudice legitimate interests of the author (Step 3). Firstly stated in Article 9(2) of the Berne Convention, the three-step-test was later confirmed in Article 13 of the TRIPS, Article 10 of the WCT, Article 16 of the WPPT, Article 6(3) of the EU Database Directive, Article 6(3) of the EU Computer Programmes Directive and Article 5.5 of the EU Information Society Directive.

⁴⁶ Berne Convention – Article 7.1.

⁴⁷ Berne Convention – Article 7.2 & 4.

⁴⁸ Berne Convention – Article 9.2.

⁴⁹ Berne Convention – Article 10.

⁵⁰ Berne Convention – Article 10bis.

⁵¹ Berne Convention – Article 11bis.3. “Ephemeral recordings” mean recordings with a short life and refer to such matters as the pre-recording of a performance to be broadcast. On this, see the Canadian Supreme Court Decision in *Bishop v. Stevens*, [1990] 2 S.C.R. 467 where the Court held that “The right to broadcast a performance under s. 3(1) of the *Copyright Act* does not include the right to make “ephemeral” recordings beforehand for the purpose of facilitating the broadcast. ... Ephemeral recordings are a very convenient device for broadcasters and their use is widespread, but they are also subject to abuse”.

- (1) Performers' Protection: The Convention defines "performers" as "actors, singers, musicians, dancers, and other persons who act, sing, deliver, declaim, play in, or otherwise perform literary or artistic works"⁵². The protection granted to performers under the Convention is limited. Performers are granted the following rights: first, the right to prevent the broadcasting and communication to the public of their live performances; secondly, to prevent the fixation of the live performance⁵³; and thirdly, to prevent the reproduction of a fixation, but only where the original fixation was either made without consent, or the reproduction was made for purposes different to those for which the performer gave consent⁵⁴. The performer is not protected, for example, against rebroadcasting, or the further use of a recording when the live performance was recorded with consent. The Convention deals with the subsequent use of phonograms and, whilst it provides for a single remuneration for performers and/or phonogram producers, distribution of this remuneration is to be determined by the domestic laws of Member States⁵⁵.
- (2) Protection of Phonogram Producers: Phonogram producers are granted the right to prohibit or authorise the direct or indirect reproduction of their phonograms⁵⁶.
- (3) Protection of Broadcasting Organisations: Broadcasting organisations are permitted to authorise or prohibit the re-broadcasting of their broadcasts, the fixation of their broadcasts and the reproduction of any fixation made without their consent. The communication to the public at a place where an entrance fee is payable of their television broadcasts is protected, but it is up to the domestic law of a Member State to determine the conditions under which it may be exercised⁵⁷.

Geneva Convention

The *Geneva Convention for the Protection of Producers of Phonograms Against Unauthorised Duplication of Their Phonograms (1971)* provides obligations on all Contracting States to protect a producer of phonograms who is a national of another contracting State against making duplicates without the consent of the producer, against the importation of such duplicates, where the making or importation is for the purposes of distribution to the public, and against the distribution of such duplicates to the public. Protection may be provided as a matter of copyright law and related rights, *sui generis* (Related rights) law, unfair competition law, or penal law.

Protection must last for at least 20 years from the first fixation or the first publication of the phonogram.

⁵² Rome Convention, Article 3(a).

⁵³ For practical purposes, the "fixation of a work" essentially refers to a recording.

⁵⁴ Rome Convention, Article 7.

⁵⁵ Rome Convention, Article 12.

⁵⁶ Rome Convention, Article 10.

⁵⁷ Rome Convention, Article 13(a), (b) and (c).

This treaty is administered by *World Intellectual Property Organisation* in co-operation with the *International Labour Office and UNESCO*. There are currently 77 States party to the Geneva Convention, including the Republic of Moldova since 17 July 2000.

Bruxelles Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite (1974)

The Convention provides for the obligation of each contracting State to take adequate measures to prevent the unauthorised distribution on or from its territory of any programme-carrying signal transmitted by satellite. The distribution is unauthorised if it has not been authorised by the organisation – typically a broadcasting organisation – which has decided what the programme consists of. The obligation exists in respect of organisations that are nationals of a contracting State. The provisions of this Convention are not applicable, however, where the distribution of signals is made from a direct broadcasting satellite.

To date, 33 countries have signed or ratified the Bruxelles Convention of 1974, including the Republic of Moldova which ratified the Convention with effect from 28 October 2008.

TRIPS Agreement (on Copyright and related rights)

In addition to requiring compliance with the basic standards of the Berne Convention, the *TRIPS* Agreement clarifies a number of issues and adds certain important obligations concerning copyright. This is why the regime provided under the *TRIPS* is sometimes referred to as “Berne-plus-TRIPS”.

The *TRIPS* provides that “[C]omputer programmes, whether in source or object code, shall be protected as literary works under the Berne Convention (1971)”⁵⁸. This provision makes it clear that the provisions of the Berne Convention that apply to literary works shall be applied also to computer programmes. Therefore the general term of protection of 50 years also applies to computer programmes.

The Agreement also provides that data bases and other compilations of data, whether in machine-readable or other form, are to be protected under copyright⁵⁹. Data bases are eligible for copyright protection provided that, by reason of the selection or arrangement of their contents, they constitute intellectual creations.

At least in respect of computer programmes and, in certain circumstances, of cinematographic works, the *TRIPS* agreement requires that authors shall have the right to authorise or to prohibit the commercial rental to the public of originals or copies of their copyright works⁶⁰.

⁵⁸ *TRIPS* Agreement, Article 10.1.

⁵⁹ *TRIPS* Agreement, Article 10.2.

⁶⁰ *TRIPS* Agreement, Article 11.

The general rule contained in Article 7(1) of the Berne Convention (as incorporated in the *TRIPS* Agreement) specifying that the term of protection shall be the life of the author and 50 years after his death, is supplemented by the *TRIPS* requirement that: “*whenever the term of protection of a work, other than a photographic work or a work of applied art, is calculated on a basis other than the life of a natural person, such term shall be no less than 50 years from the making of the work, 50 years from the end of the calendar year of making.*”⁶¹.

As for exceptions, the *TRIPS* requires WTO Members to confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder⁶². This also applies to all limitations and exceptions permitted under the Berne Convention and the Appendix thereto as incorporated into the *TRIPS* Agreement.

Related Rights

The *TRIPS* includes provisions on the protection of performers, producers of phonograms and broadcasting organisations⁶³. Under Article 14 (1), performers have the possibility of preventing the unauthorised fixation of their performance on a phonogram (for example, the recording of a live musical performance). The fixation right covers only aural not audio-visual fixations. Performers must also be in a position to prevent the reproduction of such fixations. They are also to be given the possibility of preventing the unauthorised broadcasting by wireless means and the communication to the public of their live performance.

WTO Members have to grant producers of phonograms an exclusive reproduction right. In addition to this, they have to grant, in accordance with Article 14(4), an exclusive rental right; at least to producers of phonograms. The provisions on rental rights apply also to any other right holders in phonograms as determined by national law. This right has the same scope as the rental right in respect of computer programmes.

Broadcasting organisations have, in accordance with Article 14(2) of the *TRIPS*, the right to prohibit unauthorised fixation, the reproduction of fixations, and the re-broadcasting by wireless means of broadcasts, as well as the communication to the public of their television broadcasts.

The term of protection is stipulated to be at least 50 years for performers and producers of phonograms, and 20 years for broadcasting organisations⁶⁴.

Article 14(6) of the *TRIPS* Agreement provides that any Member may, in relation to the protection of performers, producers of phonograms and broadcasting organisations,

⁶¹ *TRIPS* Agreement, Article 12.

⁶² *TRIPS* Agreement, Article 13.

⁶³ *TRIPS* Agreement, Article 14.

⁶⁴ *TRIPS* Agreement, Article 14(5).

provide for conditions, limitations, exceptions and reservations to the extent permitted by the Rome Convention.

MAIN PROVISIONS OF THE TRIPS ON COPYRIGHT AND RELATED RIGHTS⁶⁵

- *Incorporation of Articles 1 to 21 of the Berne Convention, excluding moral rights, with respect to the expression and not the ideas, procedures, methods of operation or mathematical concepts as such;*
- *Protection of computer programmes as literary works and of compilations of data; Recognition of rental rights, at least for phonograms, computer programmes and cinematographic works (except if rental has not led to widespread copying that impairs the reproduction right);*
- *Exceptions to exclusive rights to be limited to special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder;*
- *Recognition of 50 years minimum terms for works (other than photographic works or works of applied art) owned by juridical persons, and for performers and phonogram producers;*
- *Recognition of rights of performers, producers of phonograms and broadcasting organisations (Article 14);*
- *As for “related rights”, the TRIPS does not include significant new standards, except for the extension of the term of protection for performers and for producers of phonograms to 50 years (20 years were granted under the Rome Convention);*
- *Enforcement rules are also strengthened in the copyright field, particularly because of the obligation to establish criminal procedures and penalties against copyright piracy on a commercial scale.*

The 1996 WIPO Treaties

Two new international instruments were concluded in December 1996 between members of the WIPO Convention: the *WIPO Copyright Treaty (WCT)* and the *WIPO Performances and Phonograms Treaty (WPPT)*. Their principal purpose was to provide a new framework of solutions to the problems posed by the new means of electronic dissemination of works protected by copyright and certain related rights. Moldova has ratified and is now a party to both Treaties since 2002.

The Treaties provide a further extension to the Berne/Rome provisions as improved by the TRIPs Agreement. This was done in the following way:

⁶⁵ This summary has been reproduced from the publication entitled “Training Tools on the TRIPS Agreement: The Developing Countries’ Perspective”. UNCTAD Commercial Diplomacy Programme, Geneva, January 2002.

MAIN NEW PROVISIONS OF THE WCT, ON COPYRIGHT

- *The creation of a new specified right of distribution (Article 6);*
- *A general right of communication to the public, by wire or wireless means, including the making available to the public “in such a way that members of the public may access these works from a place and at a time individually chosen by them” (i.e. via the Internet) (Article 8). The Internet aspect of this new right is often referred to as the “on-demand” right;*
- *A provision that in respect of photographic works, the lesser term of protection (25 years) permitted under Berne will not be applied (Article 9);*
- *General application of the “three step test” of Berne to all exceptions and limitations (Article 10);*
- *New obligations concerning the protection of technical anti-copying devices, and of rights management information (Articles 11 and 12).*

MAIN NEW PROVISIONS OF THE WPPT, ON PERFORMANCES

Protection of Performers:

- *The provision of moral rights of paternity (attribution) and integrity for the performer in respect of live aural performances or performances fixed in phonograms (Article 5);*
- *Exclusive economic rights of authorising broadcasting and communication to the public of unfixed performances, and of fixation of unfixed aural performances (Article 6);*
- *The exclusive right of authorising direct or indirect reproduction of performances fixed in phonograms (Article 7);*
- *The exclusive right of distribution of original and copies of performances fixed in phonograms (Article 8);*
- *The exclusive right of authorising commercial rental, as regards performances fixed in phonograms (Article 9);*
- *The exclusive right of making available to the public performances fixed in phonograms, in “on-demand” services (Article 10);*
- *The right in common with the phonogram producer to a single equitable remuneration for direct or indirect use of phonograms for broadcasting or any communication to the public (Article 15).*

MAIN NEW PROVISIONS OF WPPT, ON PHONOGRAMS

Protection of Phonogram Producers:

- *The provision of an exclusive right of distribution (Article 12);*
- *The provision of an exclusive right of making phonograms available to the public, in “on-demand” services (Article 14);*
- *The right in common with the performer to a single equitable remuneration for the use of phonograms for broadcasting or any communication to the public (Article 15).*

(3) Patents and International Agreements relevant to Moldova and the TRIPS requirements

A fundamental requirement of patent law – as reflected in the laws and practices of many States - is that the details of an invention must be fully disclosed to the public. An invention must be described in sufficient detail to permit a person skilled in the art to repeat the effect of the invention. This is normally taken to mean that disclosure should enable the average expert with access to the appropriate facilities to reproduce the invention for himself. Disclosure is normally achieved by means of a written description supplemented, where necessary, by drawings.

International Agreements that protect patents can conveniently be classified into two categories: those that set down international minimum standards of protection which have to be observed by States which become Parties to them (by signature/ratification or by accession); and those which provide national and international mechanisms to manage the recognition and protection of patents internationally. The *Paris Convention for the Protection of Industrial Property* and the WTO's *TRIPS* Agreement are the principal examples of the former, and the *Patent Co-operation Treaty*, the *Patent Law Treaty* and the *Strasbourg Agreement* are examples of the latter.

A third category of international agreements (mirrored in domestic laws) relates to inventions which present problems of disclosure to the public in that repeatability (by a person skilled in the art) often cannot be ensured by means of a written description alone. An example of such a Convention is the *Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for the Purposes of Patent Procedure*.

The following is an outline of the provisions of patent treaties in each category.

Paris Convention

The *Paris Convention for the Protection of Industrial Property* was adopted in 1883, and has been revised several times since then⁶⁶. At present, there are 173 States party to

⁶⁶ The Paris Convention, concluded in 1883, was revised at Brussels in 1900, at Washington in 1911, at The Hague in 1925, at London in 1934, at Lisbon in 1958 and at Stockholm in 1967, and it was amended in 1979.

the Convention. The republic of Moldova became a Party to the Convention on 25 December 1991.

The Convention applies to industrial property rights, including patents, trademarks, industrial designs, utility models, trade names, indications of source, appellations of origin and the repression of unfair competition. In respect of *Part II (Standards concerning the Availability, Scope and Use of Intellectual Property Rights)*, *Part III (Enforcement of Intellectual Property Rights)* and *Part IV (Acquisition and Maintenance of Intellectual Property Rights and Related Inter-Partes Procedures)*, WTO Members are obliged to comply with Articles 1 to 12, and 19, of the latest Act of the Convention, the Stockholm Act of 1967. The Convention is administered by the WIPO.

MAIN PROVISIONS OF THE PARIS CONVENTION

- *Article 2 requires each Contracting State to grant the same advantages to nationals of the other Contracting States as it grants to its own nationals;*
- *The “right of priority” applies to patents (and utility models, where they exist), industrial designs and trademarks;*
- *On the basis of a regular first application file in one of the Contracting States, the applicant may, within a certain period of time (12 months for patents and utility models, and 6 months for industrial designs and trademarks), apply for protection in any of the other Contracting States. Such applications will be regarded as if they had been filed on the same day as the first application (Article 4);*
- *The Convention contains a number of common rules on the protection of various areas of industrial property. For example, patents and trademarks granted in different Contracting States are independent of each other (Articles 4bis and 6);*
- *Where a trademark has been duly registered in the country of origin, it must, subject to certain exceptions, be accepted for filing and protected in its original form in the other Contracting States (Article 6 quinquies);*
- *Each Contracting State must refuse the registration, and prohibit the use of a trademark which is considered to be well-known in that State, which constitutes a reproduction, imitation or translation, liable to create confusion, with a well-known trademark (Article 6bis), or which contains State emblems, official signs or hallmarks or names, abbreviations or emblems of intergovernmental organisations that have been communicated through the International Bureau of WIPO (Article 6ter);*
- *Article 12 of the Convention requires each Contracting State to maintain a special industrial property service and a central office for the communication to the public of patents, (utility models), industrial designs and trademarks (Article 12).*

Generally speaking, the Convention leaves it up to the Contracting States to decide on the subject-matter to be protected, the rights to be conferred, permissible exceptions, and the minimum term of protection.

As indicated later in this Chapter, by addressing these – and also trade secrets and layout-designs of integrated circuits – the *TRIPS* Agreement adds a substantial number of obligations, and sets specific international standards of protection for trade secrets and layout designs of integrated circuits (in the latter case, drawing heavily on the Washington *Treaty of Intellectual Property in Respect of Integrated Circuits*).

Patent Co-operation Treaty

The *Patent Co-operation Treaty* (PCT), 1970 (as amended) makes it possible for an inventor in a Contracting State of the treaty to simultaneously ensure priority for his or her invention in any or all the other Contracting States, by filing an ‘international’ *patent application*. At present, there are 142 Contracting States of the PCT, including the Republic of Moldova – which became a Party on 25 December 1991. All activities related to the PCT are coordinated by the WIPO.

If it were not for the PCT, an inventor would have to file a separate application in each country in which he wishes to protect his invention – and do this in accordance with the local law of each of these countries. This would entail a large investment to meet local costs associated with filing fees, translation, legal charges etc. Moreover, the inventor would be making an assumption that his invention would lead to commercial benefits in these countries. Under the PCT, inventors of Contracting States can now simultaneously obtain priority for their inventions in the countries in which they are interested, without having to file separate applications in these countries.

In practical terms, an international patent application under the PCT may be filed by anyone who is a national or resident of a Contracting State. The filing of the application is normally done in the national patent office or any other office designated by each Contracting State, or with the International Bureau of WIPO in Geneva. If the applicant is a national or resident of a Contracting State that is a Party to the *European Patent Convention*, the *Harare Protocol on Patents and Industrial Designs*, or the *Eurasian Patent Convention*, the international application may also be filed with the European Patent Office (EPO), the African Regional Industrial Property Organisation (ARIPO), or the Eurasian Patent Office (EAPO), respectively.

These applications are then passed on to WIPO for action. After that, they are referred to International Searching Authorities (ISAs), which are usually the patent offices appointed to carry out patent searches on a global basis. In case the receiving office is also an ISA, a separate referral is not required. The search results in an “international search report” that lists the citations of such published documents that might affect the patentability of the invention claimed in the international application.

The PCT also makes it possible to have a patent application examined by International Preliminary Examining Authorities which, in most cases, are the same as ISAs.

The *PCT* regulates in detail the formal requirements that any international application must comply with. The applicant indicates the Contracting States in which he or she wishes the international application to have effect. The effect of the international application is the same as if a national patent application had been filed with the national patent office of that State.

The Patent Law Treaty

The Patent Law Treaty (PLT) is a multilateral treaty concluded on 1 June 2000 by 53 States and the European Patent Organisation. The Treaty was the culmination of 5 years of negotiations and was described by WIPO as: "*a major step towards further harmonisation of patent law [which] promises to reduce the cost of patent protection and to make the process more user-friendly and widely accessible.*"

Its aim was to harmonise formal procedures such as the requirements to obtain a filing date for a patent application, the form and content of a patent application, and representation. The PLT harmonises certain patent application procedures (in order to reduce or eliminate formalities and the potential for loss of rights). However, it does not harmonise substantive patent law. Thus, the laws of each country continue to provide for the conditions that must be met in order to receive a patent for an invention in that country. Nonetheless, WIPO is holding discussions regarding the harmonisation of substantive patent law.

The Patent Law Treaty:

- simplifies and minimises patent application requirements to obtain a filing date;
- imposes a limit on the formal requirements that Contracting Parties may impose;
- eases representation requirements for formal matters;
- provides a basis for the electronic filing of applications;
- provides relief with respect to time limits that may be imposed by the Office of a Contracting Party and for the reinstatement of rights where an applicant or owner has failed to comply with a time limit and that failure has the direct consequence of causing a loss of rights; and
- provides for the correction or addition of priority claims and restoration of priority rights.

In particular, the PLT offers both inventors and national and regional patent offices a number of advantages, including:

- the use of standardised forms and simplified procedures that reduce the risk of error;
- cost reductions for inventors, applicants and patent lawyers;
- the elimination of cumbersome and complicated procedures;
- improved efficiency of patent offices and lower operating costs;

- the possibility to introduce electronic filing of patent applications and related communications;
- reliance on a predictable maximum set of patent formalities in all countries party to the Treaty, resulting in easier access to foreign patent systems;
- exceptions from mandatory representation;
- enhanced legal certainty for applicants filing in their home country and abroad;
- relief and re-instatement of rights in case of missing certain time limits; and
- the possibility to obtain a filing date, even if the main part of the application (description) is filed in a foreign language.

The Republic of Moldova ratified the PLT in 2001 and it entered into force on 28 April 2005.

The Strasbourg Agreement

The Strasbourg Agreement Concerning the International Patent Classification (or IPC) is also known as the IPC Agreement. It was signed on 24 March 1971 and entered into force on 7 October 1975. It establishes a common classification for patents for inventions, inventors' certificates, utility models and utility certificates, known as the "International Patent Classification" (IPC). The IPC divides technology into eight sections with approximately 70,000 sub-divisions. Each subdivision has a symbol consisting of Arabic numerals and letters of the Latin alphabet.

Such a classification is indispensable for the retrieval of patent documents in the search for "prior art." Such retrieval is needed by patent-issuing authorities, potential inventors, research and development units, and others concerned with the application or development of technology. The appropriate IPC symbols are indicated on patent documents (published patent applications and granted patents), of which over 2,000,000 are issued each year. The appropriate symbols are allocated by the national or regional industrial property office that publishes the patent document.

The IPC Agreement created a Union, which has an Assembly representing every State member. It also established a Committee of Experts, on which all contracting States are represented, to periodically revise the Classification. The current (eighth) edition entered into force on 1 January 2006.

The IPC Agreement was amended in 1979. The Agreement is open to States party to the Paris Convention. Although only some 57 States are party to the Agreement, the IPC is used by the patent offices of more than 100 States, four regional offices and the Secretariat of WIPO under the Patent Cooperation Treaty (PCT) (1970).

The Republic of Moldova ratified the Strasbourg Agreement in 1997 and it entered into force on 1 September 1998.

The Budapest Treaty

The *Budapest Treaty on the International Recognition of the Deposit of Micro Organisms for the Purposes of Patent Procedure* (1977, modified in 1980) deals with the situation where, if a micro-organism is not generally available to the public, the written disclosure of the invention might be held to be insufficient. This led industrial property offices in an increasing number of countries to either require or recommend that the written disclosure of an invention involving the use of a new micro-organism be supplemented by the deposit of the micro-organism in a recognised culture collection. By the early 1970's depositing of micro-organisms in culture collections had become fairly common. However, there was no uniform system of deposit or – more to the point – recognition of deposit. The minimum criteria that had to be met by such “recognised” collections were vague and ill-defined. Faced with those, and other uncertainties, many patent applicants saw no alternative but to deposit the same micro-organisms in several collections in different countries in order to guard against the possibility of any of their applications failing because of insufficient disclosure. This was obviously time consuming and expensive.

In 1974 the Director-General of WIPO convened a Committee of Experts to discuss the possibility of international co-operation over the deposit of micro-organisms for patent purposes. The Committee proposed that certain culture collections should be recognised as depository authorities and that a deposit made with any one of them should be recognised as valid for patent purposes by all the countries in which protection for the invention in question was sought. This recommendation was to form the basis of the Budapest Treaty, which was negotiated and adopted by sovereign States. At present, there were 72 International Depository Authorities under Article 7 of the Budapest Treaty. The Republic of Moldova is one of them.

MAIN PROVISIONS OF BUDAPEST TREATY

- *Certain culture collections are recognised as “International Depository Authorities” (“IDAs”);*
- *Any Contracting State which allows or requires the deposit of micro-organisms for the purposes of patent protection must recognise, for these purposes, a deposit made in any IDA, wherever that IDA may be;*
- *Provision is also made for intergovernmental industrial property organisations – such as the European Patent Organisation – to recognise a deposit made in any IDA;*
- *Any culture collection can become an IDA provided that it has been formally nominated by the Contracting State on whose territory it is located and that the Contracting State has furnished assurances that the collection complies and will continue to comply with the requirements of the Treaty and the Regulations;*

- *The most important of these requirements is that the IDA will be available on the same terms to any depositor, that it will accept and store micro-organisms deposited with it for the full period specified by the Treaty, and that it will furnish samples of deposited micro-organisms only to those entitled to receive them;*
- *The Regulations spell out the procedures which depositors and IDAs must follow, the duration of storage of deposited micro-organisms (at least 30 years or 5 years after the most recent request for a sample, whichever is later), and the mechanisms for the furnishings of samples;*
- *The timing of deposit, and the timing and conditions of furnishing of samples are left mostly to the relevant national laws;*
- *IDAs must have the expertise and facilities necessary to keep the micro-organisms viable and uncontaminated throughout the storage period required by the Treaty. The Treaty and Regulations have provisions dealing with a situation where an IDA is no longer able to furnish samples of a micro-organism, or where an IDA ceases to function as such;*
- *The term "micro-organism" is not defined in the Treaty. The real issue is whether the deposit of something which purports to be a micro-organism is necessary for the purposes of disclosure and whether an IDA will accept it. For example, tissue cultures can be deposited under the terms of the Treaty even though, strictly speaking, they are not micro-organisms.*

International Union for the Protection of New Varieties of Plants (UPOV)

The breeding of new varieties of plants requires a substantial investment in terms of skill, labour, material resources, and money, and may take from 10 to 15 years (for many plant species). A new variety, once released on the market, can often be readily reproduced by others so as to deprive the breeder of that variety of the opportunity to profit adequately from his investment. To grant the breeder of the new variety the exclusive right to exploit his variety both encourages him to invest in plant breeding and contributes to the development of agriculture, horticulture and forestry.

The development of intellectual property protection for plant varieties traces back to the first International Seed Congress (London, 1924) which resulted in the creation of the International Seed trade Federation (FIS⁶⁷). Following further international cooperation, the International Association of Plant Breeders for the Protection of Plant Varieties (ASSINSEL⁶⁸) was established in 1938 with the main objective of elaborating and adopting an appropriate international convention⁶⁹. Serious efforts in that direction resumed in 1957 when the International Union for the Protection of New Varieties of Plants (UPOV)

⁶⁷ Federation Internationale du Commerce des Semences.

⁶⁸ Association Internationale des Selectionneurs pour la Protection de Obtentions Vegetales.

⁶⁹ FIS and ASSINSEL merged in 2002 to become the International Seed Federation (ISF).

was established by the International Convention for the Protection of New Varieties of Plants (the “UPOV Convention”) of 1961 and headquartered in Geneva.

The UPOV Convention came into force in 1968 and was revised in 1972, 1978 and 1991. The Convention deals exclusively with the protection of new plant varieties. To enjoy protection under the Convention, plant varieties have to be: distinct from existing, known varieties; sufficiently uniform; stable; and new in the sense that they must not have been sold or offered for sale prior to certain specified dates, and they must be given an acceptable denomination. These criteria must be met if a variety is to be identifiable.

MAIN PROVISIONS - INTERNATIONAL CONVENTION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

- *The plant variety must exist physically in order to be protected by the Convention;*
- *All new varieties which meet the criteria of distinctiveness, sufficient uniformity, stability and novelty may be protected;*
- *A variety is deemed to be “distinct” if it is clearly distinguishable from any other variety whose existence is a matter of common knowledge at the time of the filing of the application (Article 7);*
- *Establishing the distinctiveness of a variety requires that it be sufficiently uniform in its relevant characteristics to enable a description to be prepared which will distinguish the variety from other varieties of the same species;*
- *In order to ensure the continuity and further development of plant improvement, under the UPOV Convention, a protected plant variety must be available without restriction, for use by other breeders, farmers, local communities etc, as starting material for the development of other new varieties. The breeder of the resulting new variety must also be free, with one narrow exception, to market his new variety without payment to the breeder of the protected variety used as a germplasm⁷⁰ source (this is to be contrasted with the patent system, in which protected plant material may not be available for use by others as a germplasm source);*
- *Another special provision is the “Farmer’s privilege”, which permits Member States to exclude from the breeder’s right the saving of part of the harvest of a holding for re-use as seed on the same holding;*
- *New varieties developed by indigenous communities or farmers with traditional knowledge which have a fixed identity when reproduced may, in many cases meet the UPOV criteria and be protected;*
- *The procedures for applying for plant variety protection are relatively simple and are normally completed by applicants themselves without the assistance of a legal*

⁷⁰ “Germplasm” is the genetic material which forms the physical basis of heredity and which is transmitted from one generation to the next by means of the germ cells. This term is frequently used instead of “genetic material” in regard to plants and refers specifically to seed or other material from which plants are propagated.

specialist, with the result that costs incurred in relation to the application and registration of plant variety protection are, generally speaking, relatively low;

- *Like other intellectual property rights, plant breeders⁷¹ rights are granted for a limited period of time, (minimum protection is 25 years for trees and vines and 20 years for all other species²) at the end of which varieties pass into the public domain;*
- *The breeder's rights are also subject to controls, in the public interest, against possible abuse and the Convention specifically requires that varieties be made publicly available;*
- *The authorisation of the plant breeder is not required for the use of a variety for non-commercial or research purposes, including its use of further new varieties.*

UPOV official mission is “to provide and promote an effective system of plant variety protection, with the aim of encouraging the development of new varieties of plants, for the benefit of society”. In that context and in order to keep abreast of projected increases in world population, and the need for future increases in food supplies, the continuous development of improved plant varieties is seen as a matter of high priority. Over 100,000 new plant varieties have been protected under the UPOV system since it was first introduced. At the end of 2008, there were 81,364 plant varieties protected, including 32 Moldovan species⁷². 68 countries are currently members of the UPOV Convention, including the Republic of Moldova which joined the Convention on 28 October 1998.

TRIPS Agreement (on Patents)

Part II, Section 5 of the *TRIPS* deals with patents. That section includes minimum standards that have to be observed relating to patentability and exceptions thereto, compulsory licences and the duration of protection.

The central obligation is that Member States are to make patents available for any inventions, whether products or processes, in all fields of technology, without discrimination (as to the place of invention, the field of technology and whether the protected product is imported or locally produced), provided they are new, involve an inventive step and are capable of industrial application⁷³. An invention must be disclosed in a manner which is sufficiently clear and complete for a person skilled in the art to carry it out.

There are exceptions to the basic rule on patentability. Thus, WTO members may exclude from patentability:

- inventions contrary to *ordre public* or morality. This includes inventions dangerous to human, animal or plant life or health, or which are seriously prejudicial to the environment. This is subject to the condition that the commercial exploitation of the invention

⁷¹ UPOV, Article 19.

⁷² UPOV: “UPOV Plant Variety Protection Statistics for the period 2004 to 2008”, Geneva, 21 October 2009.

⁷³ TRIPS Agreement, Article 27(1).

must also be prevented and that this prevention must be necessary for the protection of *ordre public* or morality⁷⁴;

- diagnostic, therapeutic and surgical methods for the treatment of humans or animals⁷⁵;
- plants and animals other than micro-organisms, and essentially biological processes for the production of plants or animals other than non-biological and microbiological processes. However, any country excluding plant varieties from patent protection must provide an effective *sui generis* system of protection. This sub-provision is being kept under review by the WTO.

Rights of product and process patent holders

Where the subject matter of a patent is a *product*, the patent holder has the right to prevent others from: making, using, offering for sale, selling, or importing for these purposes that product⁷⁶. Where the subject matter of a patent is a *process*, the patent holder has the exclusive right to prevent others from: using, offering for sale, selling, or importing for these purposes at least the product obtained directly by that process⁷⁷. Patent owners also have the right to assign, or transfer by succession, the patent and to conclude licensing contracts⁷⁸.

WTO Members may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties⁷⁹.

Compulsory licensing

Conditions for granting other uses without the authorisation of the patent-holder (compulsory licences) are provided for in the *TRIPS*⁸⁰. Such uses are considered on their individual merits but the *TRIPS* makes it clear that such use may only be permitted if, prior to such use, potential users have sought to obtain authorisation from the right holder on reasonable commercial terms and conditions and that such efforts have not been successful within a reasonable time. This requirement may be waived by a WTO Member in exceptional circumstances, including circumstances of national emergency and other circumstances of extreme urgency.

⁷⁴ TRIPS Agreement, Article 27(2).

⁷⁵ TRIPS Agreement, Article 27(3)(a).

⁷⁶ TRIPS Agreement, Article 28(1)(a).

⁷⁷ TRIPS Agreement, Article 28(1)(b).

⁷⁸ TRIPS Agreement, Article 28(2).

⁷⁹ TRIPS Agreement, Article 30.

⁸⁰ TRIPS Agreement, Article 31.

These conditions, of course, should be read in conjunction with Article 27.1, which requires that patent rights shall be enjoyable without discrimination as to the field of technology, and whether products are imported or locally produced.

The following is a summary of the main provisions on patents in *TRIPS*.

MAIN PROVISIONS ON PATENTS IN TRIPS

- *Patents are to be granted by WTO Member States for any inventions, whether products or processes, without discrimination, provided that they are new, involve an inventive step and are capable of industrial application (Article 27 (1));*
- *Member States can exclude from patentability inventions contrary to ordre public or morality; in cases of diagnostic, therapeutic and surgical methods for the treatment of humans or animals; and plants and animals other than micro-organisms, and essentially biological processes for the production of plants or animals other than non-biological and microbiological processes (Article 27 (2) and (3));*
- *Inventions shall be disclosed in a manner which is sufficiently clear and complete for the invention to be carried out by a person skilled in the art. Indication of the best mode of carrying out the invention, as well as information concerning corresponding patent applications and grants, may be required (Article 29 (1));*
- *WTO Members may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties;*
- *Conditions for granting other uses without the authorisation of the patent-holder (compulsory licenses) are set forth in Article 31. Member States can determine the grounds for allowing such uses, but TRIPS requires, inter alia, that the proposed user has tried to obtain authorisation from the right holder on reasonable commercial terms (Article 31 (b));*
- *The revocation or forfeiture of a patent is subject to judicial review (Article 32);*
- *The term of protection for patents under TRIPS is at least 20 years from the filing date (Article 33);*
- *Reversal of the burden of proof in civil proceedings relating to infringement of process patents is to be established in certain cases (Article 34 (1)).*

(4) Trademarks and International Agreements relevant to Moldova and the TRIPS requirements

Paris Convention

As mentioned earlier, the *Paris Convention for the Protection of Industrial Property* leaves it up to the Contracting States to decide on the subject-matter to be protected, the rights to be conferred, permissible exceptions, and the minimum term of protection.

Where a trademark has been duly registered in the country of origin, it must, subject to certain exceptions, be accepted for filing and protected in its original form in the other Contracting States⁸¹. Each Contracting State must refuse the registration, and prohibit the use of a trademark which is considered to be well-known in that State, which constitutes a reproduction, imitation or translation, which is liable to create confusion with a well-known trademark⁸², or which contains State emblems, official signs or hallmarks or names, abbreviations or emblems of intergovernmental organisations that have been communicated through the International Bureau of WIPO⁸³.

Other related international Agreements⁸⁴

There are a number of international agreements which are open only to Parties to the Paris Convention. The principal ones are: the *Patent Co-operation Treaty* (dealt with earlier in this Chapter); the *Madrid Agreement concerning the International Registration of Marks*, the *Madrid Protocol concerning the registration of trademarks*; the *Nice Agreement* (on the classification of goods and services for the purposes of the registration of marks); the *Vienna Agreement (on the classification of figurative elements in marks)*, the *Singapore Treaty on the Law of Trademarks*, the *Hague Agreement concerning the deposit of industrial designs*; the *Budapest Treaty* (for deposit of micro-organisms) and the *UPOV Convention* (for protection of new varieties of plants). The Budapest Treaty and the *UPOV Convention* have been examined earlier. Thus, important additional agreements related to trademarks are the Madrid Agreement and Protocol, the Nice Agreement, the Vienna Agreement and the Singapore Treaty.

Madrid Agreement

The *Madrid Agreement concerning the International Registration of Marks* was adopted in 1891 to facilitate protection of a trademark or service mark in officially approved collections for the purpose of trademark applications in any country that is a Party to it. The Agreement has been revised and amended several times since 1891. At present there are 56 Parties to that Agreement, including the Republic of Moldova (which acceded on 25 December 1991). The Agreement covers both trademarks and service marks. The main features of the Madrid Agreement are summarised below.

⁸¹ Paris Convention, Article 6 *quinquies*.

⁸² Paris Convention, Article 6 *bis*.

⁸³ Paris Convention, Article 6 *ter*.

⁸⁴ A further Agreement here is the Nairobi Treaty on the Protection of the Olympic Symbol of 1981. This essentially provides that any State party to the Treaty is obliged to refuse or to invalidate the registration as a mark (and to prohibit by appropriate measures the use, as a mark or other sign, for commercial purposes), of any sign consisting of or containing the Olympic symbol, as defined in the Charter of the International Olympic Committee, except with the authorisation of the International Olympic Committee. The Republic of Moldova is a Member of the Nairobi Treaty since 25 December 1991.

**MAIN PROVISIONS OF MADRID AGREEMENT
CONCERNING THE INTERNATIONAL REGISTRATION OF MARKS**

- *An applicant must be a national of a State Party to the Agreement. A person having his domicile or a real and effective industrial/commercial establishment in such a State/country is also eligible. These matters are governed by the national laws of the State in question;*
- *A mark to be registered in States Parties should be first registered in the country of origin of the applicant. The first registration is called "basic registration";*
- *The National Office that has given the basic registration alone can transmit the request for international filing to the International Bureau of the World Intellectual Property Organisation (WIPO) along with the list of the countries in which protection is being sought. There is no provision, under the Agreement, for filing a request directly;*
- *The country of origin has to be a State Party to the Agreement. The role of the office of the country of origin is not only to send the application for international registration but also to certify that the mark which is the subject of the international registration is the same mark which is the subject of the basic registration;*
- *For each application fees have to be paid for each designated country and WIPO. The fees paid for the designated countries are called the "complementary fees";*
- *The International Bureau notifies the international registration to the offices of the designated countries and publishes it in a monthly periodical called "The WIPO Gazette of International Marks";*
- *If the basic registration is cancelled for some reasons in the country of origin during the first five years, the international registration is automatically cancelled in all the designated countries;*
- *A person who opposes the registration of a mark in the country of origin need not oppose it in all the designated countries. The possibility of challenging an international registration through a national registration is sometimes referred to as the "central attack" feature of the Agreement.*

Madrid Protocol

The Protocol relating to the Madrid Agreement concerning the International Registration of Marks was adopted in 1989 to overcome some of the defects of the Madrid Agreement.

MAIN PROVISIONS OF THE MADRID PROTOCOL

- *An international application need not necessarily be based on registration made by the office of origin but can also be based on an application filed with the office of origin. This simplifies matters for countries with a full examination system where the national registration takes time;*

- A State Party can receive the fee under the existing Madrid Treaty system through its share in the international fees collected for each designation made, as is the case under the Madrid Agreement. Alternatively, a State Party can choose the “individual fee” system for each designation made, which should be an amount not more than the national fee for a ten-year registration. The “individual fee” system has advantages for Parties which have a high level of national fees;
- It is possible to transform an international registration into national or regional applications in the Contracting Parties, if the basic registration is cancelled for some reasons, as in the case of “central attack”;
- An applicant may choose to base an international registration in any of the Contracting States with which he has connection through nationality, domicile or real and effective industrial/commercial establishment.

Nice Agreement

The *Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks* (the “Nice Agreement”) is an international agreement administered by WIPO. The Agreement, concluded in 1957, was revised at Stockholm in 1967 and at Geneva in 1977, and it was amended in 1979. Its purpose is to provide an internationally recognised classification system of goods and services in respect of which trade marks may be registered.

MAIN PROVISIONS OF THE NICE AGREEMENT

- Under the Nice Classification, goods and services identified in trademark applications must be organised into numbered classes which group similar or related goods and services. Examples of this are: financial services; food and drink; and pharmaceutical services;
- When a trademark is registered, it may be registered in respect of a particular product or service within a class or for all of the goods or services within a class, or for goods and services in several different classes;
- The registration of a mark in respect of a specific product or service or class of products or services defines the extent of the protection afforded by that registration;
- When an application is being searched to determine if there are any earlier marks which may conflict with the mark that is the subject of the application, it is necessary to identify which other classes of goods or services may contain similar goods or services to those for which registration is being sought;
- The Nice Classification consists of 34 classes of goods (classes 1 to 34) and 11 classes of services (35 to 45).

There are currently 83 States Party to the Nice Agreement, including the United States, all EU Member States (except Malta and Cyprus) and the Republic of Moldova (since 1997).

The Vienna Agreement

The Vienna Agreement of 1973 established a classification for trademarks which consist of, or contain, figurative elements. This is known as the “Vienna classification”.

Under the Agreement, the competent offices of the contracting States must indicate, in official documents and publications relating to the registration and renewal of marks, the numbers of the categories, divisions and sections of the Classification in which the figurative elements of those marks are ranged. The Classification consists of 29 categories, 144 divisions and some 1,667 sections in which the figurative elements of marks are classified.

The Vienna Agreement created a Union, which has an Assembly representing every State member. It also established a Committee of Experts, on which all contracting States are represented, to periodically revise the Classification. The current (sixth) edition of the Classification has been in force since 1 January 2008.

The 1973 Vienna Agreement was amended in 1985. The Agreement is open to States party to the Paris Convention. Although only 28 States are party to the Vienna Agreement, the Classification is used by the industrial property offices of over 30 States, as well as by the International Bureau of WIPO, the African Intellectual Property Organisation (OAPI), the Benelux Organisation for Intellectual Property (BOIP) and the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) of the European Union.

The Republic of Moldova joined this Agreement in 1997.

The Singapore Treaty on the Law of Trademarks

The Singapore Treaty on the Law of Trademarks was adopted in 2006 and entered into force in March 2009. The Treaty establishes common standards for procedural aspects of trademark registration and licensing.

The objective of the Singapore Treaty is to create a modern and dynamic international framework for the harmonisation of administrative trademark registration procedures. Building on the Trademark Law Treaty of 1994 (TLT of 1994), the new Treaty has a wider scope of application and addresses new developments in the field of communication technology. As compared with the TLT 1994, the Singapore Treaty;

- is applicable to all types of marks registrable under the law of a given Contracting Party;
- Contracting Parties are free to choose the means of communication with their Offices (including communications in electronic form or by electronic means of transmittal);
- relief measures in respect of time limits and provisions on the recording of trademark licences are introduced, and
- an Assembly of the Contracting Parties is established.

Other provisions of the Singapore Treaty, such as the requirements to provide for multi-class applications and registrations and the use of the International "Nice" Classification, closely follow the TLT of 1994. The two treaties are separate, and may be ratified or adhered to independently.

As opposed to the TLT 1994, the Singapore Treaty applies generally to marks that can be registered under the law of a Contracting Party. Most significantly, it is the first time that non-traditional marks are explicitly recognised in an international instrument dealing with trademark law. The Treaty is applicable to all types of marks, including non-traditional visible marks, such as holograms, three-dimensional marks, colour, position and movement marks, and also non-visible marks, such as sound, olfactory or taste and feel marks. Provision is made for the mode of representation of these marks in applications, which may include non-graphic or photographic reproductions.

The Treaty maintains a very important provision of the TLT 1994, namely that the authentication, certification or attestation of any signature on paper communications cannot be required. However, Contracting Parties are free to determine whether and how they wish to implement a system of authentication of electronic communications.

As a new feature, the Treaty provides for relief measures when an applicant or a holder has missed a time limit in an action for a procedure before the Office. Contracting Parties must make available, at their choice, at least one of the following relief measures: extension of the time limit, continued processing and reinstatement of rights if the failure to meet the time limit was unintentional or occurred in spite of due care required by the circumstances.

The Singapore Treaty includes provisions on the recording of trademark licences, and establishes maximum requirements for requests for the recording, amendment or cancellation of a recorded licence.

The creation of an Assembly of the Contracting Parties introduces a degree of flexibility for the definition of details concerning administrative procedures to be implemented by national trademark offices where it is anticipated that future developments in trademark registration procedures and practice will warrant the amendments of those details. The Assembly is endowed with powers to modify the Regulations and the Model International Forms, where necessary, and it can also deal, on a preliminary basis, with questions relating to the future development of the Treaty.

A related Resolution Supplementary to the Singapore Treaty on the Law of Trademarks was adopted at the same time as the Treaty. This makes some important declarative interpretations regarding the Treaty, especially that the Treaty does not impose any obligations on Contracting Parties to:

- (i) register new types of marks, or

- (ii) implement electronic filing systems or other automation systems.

In line with provisions of the Singapore Treaty, a set of amendments were subsequently introduced which came into effect on 2 July 2007. The amendments are intended to simplify and streamline procedures as well as reduce transaction costs associated with the trademark registration process.

The Republic of Moldova joined this Agreement in December 2008 and it entered into force in March 2009.

TRIPS Agreement (on Trademarks)

The basic rule of the *TRIPS* is that any sign or combination of signs, capable of distinguishing the goods and services of one undertaking from those of other undertakings must be eligible for registration as a trademark, provided that it is visually perceptible⁸⁵. Such signs, which include words (including personal names), letters, numerals, figurative elements and combinations of colours, as well as any combination of such signs, shall be eligible for registration as trademarks. Article 15 (1) of the *TRIPS* requires service marks to be protected in the same way as marks distinguishing goods.

In cases where signs are not inherently capable of distinguishing the relevant goods or services, WTO Members are permitted to require - as an additional condition for eligibility for registration as a trademark – that distinctiveness has been acquired through use (Article 15 (1)).

MAIN PROVISIONS OF THE TRIPS ON TRADEMARKS

- *Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark (Article 15 (1));*
- *Service marks are to be protected in the same way as marks distinguishing goods (Article 15 (1));*
- *Members may require that signs be visually perceptible. Therefore, they are not obliged to protect audible and olfactory signs (Article 15 (1));*
- *Registrability, but not filing of an application, can be made dependent on use (Article 15 (3));*
- *The owner of a registered trademark must be granted the exclusive right to prevent all third parties not having the owner's consent from using, in the course of trade, identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In the case of the use of an identical sign for identical goods or services, a likelihood of confusion must be presumed (Article 16 (1));*

⁸⁵ TRIPS Agreement, Section 2 of Part II, Article 15.

- *The TRIPS contains certain provisions on well-known marks, which supplement the protection required under Article 6bis of the Paris Convention, as incorporated by reference into the TRIPS Agreement, which obliges Member States to refuse or to cancel the registration, and to prohibit the use of a mark conflicting with a mark which is well-known (Article 16 (2));*
- *WTO Members may provide limited exceptions to the rights conferred by a trademark on condition that such exceptions take account of the legitimate interests of the trademark owner and of third parties (Article 17);*
- *Initial registration and each renewal of registration of a trademark shall be for a term of not less than 7 years, and the registration of a trademark shall be renewable indefinitely (Article 18);*
- *If use is required to maintain a registration, the registration may be cancelled only after the uninterrupted period of at least three years of non-use, unless valid reasons based on the existence of obstacles to such use are shown by the trademark owner (Article 19 (1));*
- *The use of the trademark in the course of trade is not to be unjustifiably encumbered by special requirements, such as use with another trademark, use in a special form, or use in a manner detrimental to its capability to distinguish the goods or services (Article 20);*
- *The compulsory licensing of trademarks is not permitted. The owner of a registered trademark must be allowed to assign the trademark with or without the transfer of the business to which it belongs (Article 21);*
- *Trademark owners may also benefit from new measures against counterfeiting, particularly those that should be taken at the border (Article 51).*

The Trademark Law Treaty (1994) and the Singapore Treaty on the Law of Trademarks (2006)

The WIPO Trademark Law Treaty (TLT) of 1994 aimed to approximate and streamline national and regional trademark registration procedures, thus making trademark applications and the administration of trademark registrations in multiple jurisdictions less complex and more predictable. Most of the Treaty's provisions concern the procedure before the trademark office which can be divided into three main phases: application for registration, changes after registration and renewal. The rules concerning each phase are so constructed as to make it clear what the requirements for an application or a specific request are.

PROCEDURAL PHASES AND PROVISIONS OF THE TLT

First phase (application for registration) – The Contracting Parties to the TLT may require, as a maximum, the following indications: a request, the name and address and other indications concerning the applicant and the representative; various indications concerning the mark including a certain number of representations of the mark; the

goods and services for which registration is sought classified in the relevant class of the Nice Agreement 1957, and where applicable a declaration of intention to use the mark. Each Contracting Party must also allow that an application relate to goods and/or services belonging to several classes of the International Classification. As the list of permissible requirements is exhaustive, a Contracting Party cannot require, for example, that the applicant produces an extract from a register of commerce or an indication of a certain commercial activity, or evidence to the effect that the mark has been registered in the trademark register of another country.

Second phase (changes after registration) – Here the TLT focuses on trademark procedure regarding changes in names or addresses and changes in the ownership of the registration. The applicable formal requirements are exhaustively listed and a single request is sufficient even where the change relates to more than one – possibly hundreds – of trademark applications or registrations, provided that the change being recorded concerns all registrations or applications.

Third phase (renewal) - The TLT standardises the duration of the initial period of the registration and the duration of each renewal to 10 years each.

More generally, the TLT provides that a power of attorney may relate to several applications or registrations of the same person. It also provides that, if requests are made on forms corresponding to the forms attached to the TLT are used, they must be accepted, subject to the use of a language accepted by the Office, and no further formalities may be required. Most notably, the TLT does not allow a requirement as to the attestation, notarisation, authentication, legalisation or certification of any signature, except in the case of the surrender of a registration.

The TLT was concluded in 1994 and currently has 45 Contracting Parties, including the Republic of Moldova which joined the TLT on 1 August 1996.

A new international treaty on trademarks – the Singapore Treaty on the Law of Trademarks – was adopted on March 28, 2006 by the Member States of the World Intellectual Property Organisation (WIPO). The new treaty concluded efforts by WIPO Member States to update international trademark law in the 1994 TLT and bring it in line with the technological developments of the past decade. The Singapore Treaty came into force on 16 March 2009.

The Singapore Treaty has a wider scope of application than the 1994 TLT and addresses new developments in the field of communication technology. Notably:

- the Singapore Treaty is applicable to all types of marks registrable under the law of a given Contracting Party;
- Contracting Parties are free to choose the means of communication with their Offices (including communications in electronic form or by electronic means of transmittal);

- relief measures in respect of time limits⁸⁶ as well as provisions on the recording of trademark licences are introduced.

As opposed to the TLT 1994, the Singapore Treaty applies generally to marks that can be registered under the law of a Contracting Party. Most significantly, it is the first time that non-traditional marks are explicitly recognised in an international instrument dealing with trademark law. The Treaty is applicable to all types of marks, including non-traditional visible marks (e.g. holograms, three-dimensional marks, colour, position and movement marks), and also non-visible marks (e.g. sound, olfactory or taste and feel marks). The Regulations provide for the mode of representation of these marks in applications, which may include non-graphic or photographic reproductions.

Other provisions of the Singapore Treaty (such as the requirements to provide for multi-class applications and registrations, and the use of the International (“Nice”) Classification), closely follow the TLT 1994. The Treaty maintains a very important provision of the TLT 1994, namely that the authentication, certification or attestation of any signature on paper communications cannot be required. However, Contracting Parties are free to determine whether and how they wish to implement a system of authentication of electronic communications.

The two treaties are separate, and may be ratified or adhered to independently. In a “*Resolution Supplementary to the Singapore Treaty on the Law of Trademarks and the Regulations Thereunder*”, the Singapore Diplomatic Conference clarified in a declaration that the Treaty does not impose any obligations on Contracting Parties to (i) register new types of marks, or (ii) implement electronic filing systems or other automation systems. The Singapore Treaty came into force in March 2009 and has 17 Contracting States, including the Republic of Moldova.

(5) International protection of Industrial Designs, Geographical Indications, Computer Chips and undisclosed business information relevant to Moldova and the TRIPS requirements

International Protection of Industrial Designs - The Hague Agreement and TRIPS

The Hague Agreement concerning the International Deposit of Industrial Designs of November 1925 consists of three different Acts, namely the London Act of 1934, the Hague Act of 1960 and the Geneva Act of 1999. The Hague System for the International Registration of Industrial Designs, administered by the International Bureau of WIPO, provides

⁸⁶ Unlike the 1994 TLT, the Singapore Treaty provides for relief measures when an applicant or a holder has missed a time limit in an action for a procedure before the Office. Contracting Parties must make available, at their choice, at least one of the following relief measures: extension of the time limit, continued processing and reinstatement of rights if the failure to meet the time limit was unintentional or occurred in spite of due care required by the circumstances.

a mechanism for registering a design in countries and/or inter-governmental organisations party to the Hague Agreement. This System gives the owner of an industrial design the possibility to have his design protected in several countries by simply filing one application with the International Bureau of WIPO, in one language, with one set of fees in one currency (Swiss Francs). An international registration produces the same effects in each of the designated countries, as if the design had been registered directly with each national office, unless protection is refused by the national office of that country. Thus, the Hague System simplifies the management of an industrial design registration, since it is possible to record subsequent changes or to renew the registration through a single procedural step with the International Bureau of WIPO.

In September 2009, Member States decided to simplify the international design registration system by suspending the earliest of the three Acts (the London Act of 1934) in order to streamline the administration of the Treaty. In effect, this means that the 15 signatories of the obsolete 1934 London Act decided to freeze that Act from 1 January 2010.

The subject of *Industrial designs* is one of the intellectual property rights areas where differences among national laws are the greatest. Yet, there are only two Articles in the *TRIPS* which, by providing minimum standards, seek to harmonise national laws on the subject.

MAIN PROVISIONS OF THE TRIPS ON INDUSTRIAL DESIGNS⁸⁷

- *The TRIPS Agreement requires Members to provide for the protection of independently created industrial designs that are new or original (Article 25 (1));*
- *WTO Members may provide that designs are not new or original if they do not significantly differ from known designs or combinations of known design features (Article 25 (1));*
- *Members may provide that such protection shall not extend to designs dictated essentially by technical or functional considerations (Article 25 (1));*
- *By taking into account the short life cycle and sheer number of new designs in the textile sector, Article 25 (2) requires Member States to ensure that requirements for securing protection for textile designs – particularly in regard to any cost, examination or publication – do not unreasonably impair the opportunity to seek and obtain such protection. Members are free to meet this obligation through industrial design law or through copyright law;*
- *Article 26 (1) requires WTO Members to grant the owner of a protected industrial design the right to prevent third parties not having the owner's consent from making, selling or importing articles bearing or embodying a design which is a copy, or substantially a copy, of the protected design, when such acts are undertaken for commercial purposes;*
- *Article 26 (2) allows Members to provide limited exceptions to the protection of industrial designs, provided that such exceptions do not unreasonably conflict with the normal*

⁸⁷ This publication examines industrial design protection further in relation to European Union Law and Policy in **Chapter 4**.

exploitation of protected industrial designs and do not unreasonably prejudice the legitimate interests of the owner of the protected design, taking account of the legitimate interests of third parties;

- *Article 26 (3) provides that the duration of protection available shall amount to at least 10 years.*

Designs essentially dictated by technical or functional considerations do not have to be protected under the *TRIPS* Agreement. WTO Members may, if they wish, develop legislation on functional models such as “utility models”.

Classification of designs under the Locarno Agreement

The 1968 Locarno Agreement established a classification for industrial designs (known as the Locarno Classification). Under the Agreement, the competent offices of the contracting States must indicate in the official documents relating to the deposit or registration of industrial designs the numbers of the classes and sub-classes of the Classification into which the goods incorporating the designs belong. They must do the same in any publication which the offices issue in respect of the deposit or registration.

The Classification consists of a list of 32 classes and 219 sub-classes and an alphabetical list of goods with an indication of the class and sub-class into which each product belongs. The latter comprises 7,024 items.

The Locarno Agreement created a Union, which has an Assembly representing every State member. It also established a Committee of Experts, on which all contracting States are represented, to periodically revise the Classification. The current (ninth) edition of the Classification entered into force on 1 January 2009.

The Locarno Agreement was amended in 1979. The Agreement is open to States party to the Paris Convention. The Classification is applied by the States party to the Locarno Agreement together with the International Bureau of WIPO in the administration of the Hague Agreement Concerning the International Registration of Industrial Designs (1925), by the African Intellectual Property Organisation (OAPI), by the African Regional Intellectual Property Organisation (ARIPO), by the Benelux Organisation for Intellectual Property (BOIP) and by the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) of the European Union.

The Republic of Moldova joined the Locarno Agreement in 1997.

International Protection of Geographical Indications (WIPO and TRIPS)

There are two important WIPO-administered treaties in the field of geographical indications:

- *the Madrid Agreement for the Repression of False or Deceptive Indications of Source of Goods of 14 April 1891, and*
- *the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration of 31 October 1958.*

Under the *Madrid Agreement* in this field⁸⁸, all goods bearing a false or deceptive indication by which one of the countries to which the Agreement applies, or a place situated therein, is directly or indirectly indicated as being the country or place of origin must be either seized on importation or their importation must be prohibited (typically by the customs authorities)⁸⁹. Moreover, the Agreement provides that parties to the Agreement must prohibit the use, in connection with the sale or display or offering for sale of any goods, of all indications in the nature of publicity capable of deceiving the public as to the source of the goods, and appearing on signs, advertisements, invoices, wine lists, business letters or papers, or any other commercial communication⁹⁰. In the specific context of appellations of origin, the Agreement provides that the courts of each country shall decide what appellations, on account of their generic character, do not fall within the provisions of the Agreement although such flexibility is not permitted in regard to regional appellations concerning the source of wines.

The *Lisbon Agreement* of 1958 was revised at Stockholm in 1967. It entered into force on September 25, 1966, and is administered by the International Bureau of the WIPO, which keeps the International Register of Appellations of Origin and publishes a bulletin entitled *Appellations of origin*⁹¹. The Lisbon Agreement is a special Agreement under Article 19 of the Paris Convention for the Protection of Industrial Property. Any State party to the Convention may accede to the Agreement. The Lisbon Agreement was concluded in response to the need for an international system that would facilitate the protection of a special category of such geographical indications, i.e. “appellations of origin”, in countries other than the country of origin, by means of their registration at the International Bureau of WIPO.

The Lisbon Agreement defines an “appellation of origin” as “*the geographical denomination of a country, region, or locality, which serves to designate a product originating therein, the quality or characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors*”. “Country of origin” is defined as “*the country whose name or the country in which is situated, the region or locality whose name constitutes the appellation of origin that has given the product its reputation*”⁹².

⁸⁸ Which should not be confused with the Madrid Agreement concerning the International Registration of Marks (also of 14 April 1891) considered earlier in this Chapter.

⁸⁹ Madrid Agreement, Articles 1 and 2.

⁹⁰ Madrid Agreement, Article 3 *bis*.

⁹¹ The Agreement is supplemented by Regulations. The latest version of these Regulations was adopted in September 2009, with a date of entry into force of January 1, 2010.

⁹² Lisbon Agreement, Article 2.

In order to qualify for registration at the International Bureau of WIPO, an “appellation of origin” must be “recognised” and “protected” in the “country of origin”⁹³. This means that the appellation of origin must be constituted by a geographical denomination that is protected in the country of origin as the denomination of a geographical area (country, region or locality) recognised as serving to designate a product that originates therein and meets certain qualifications. Such recognition must be based on the reputation of the product and the protection of the appellation of origin must have been formalised by means of legislative provisions, administrative provisions, a judicial decision or any form of registration. The manner in which recognition takes place is determined by the domestic legislation of the country of origin.

The Lisbon Agreement currently has 26 Member States, including the Republic of Moldova which joined the Agreement on 5 April 2001. Since its entry into force in 1966, 891 appellations of origin were recorded in the International Register, of which 817 are currently in force.

The *TRIPS* Agreement has several provisions dealing with geographical indications⁹⁴. Geographical indications are defined, for the purposes of the *TRIPS*, as:

“indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation, or other characteristic of the good is essentially attributable to its geographical origin”⁹⁵.

This means that the quality, reputation or other characteristic of the good in question can *each* be a sufficient basis for eligibility as a geographical indication, where they are essentially attributable to the geographical origin of the good.⁹⁶

The main provisions of the *TRIPS* on geographical indications are summarised below.

MAIN PROVISIONS OF THE TRIPS ON GEOGRAPHICAL INDICATIONS⁹⁶

- *WTO Members must provide the legal means, in respect of all geographical indications, to prevent the use of indications which mislead the public as to the geographical origin of the good, and use which constitutes an act of unfair competition within the meaning of Article 10bis of the Paris Convention for the Protection of Industrial Property (Article 22 (2));*
- *The registration of a trademark which uses a geographical indication in a way that misleads the public as to the true place of origin must be refused or invalidated ex officio if the legislation so permits or at the request of an interested party (Article 22.(3));*

⁹³ Lisbon Agreement, Article 1(2)

⁹⁴ TRIPS Agreement, Articles 22 to 24.

⁹⁵ TRIPS Agreement, Article 22(1).

⁹⁶ This publication examines the protection of geographical indications further in relation to European Union Law and Policy in **Chapter 4**.

- *Additional protection is provided in regard to geographical indications for wines and spirits. Article 23 requires WTO Members to provide interested parties with the legal means to prevent the use of a geographical indication identifying wines for wines not originating in the place indicated by the geographical indication. This applies even where the public is not being misled, there is no unfair competition and the true origin of the goods is indicated or the geographical indication is accompanied by expressions such as “kind”, “type”, “style”, “imitation” or the like;*
- *Similar protection must be given to geographical indications identifying spirits when used on spirits. Protection against registration of a trademark must be given in these cases;*
- *Article 24 contains a number of exceptions to the protection of geographical indications. These exceptions may be based on prior and continuous use of an indication, prior application or registration in good faith of a trademark, or customary use of the indication. For example, Members are not obliged to bring a geographical indication under protection, where it has become a generic term for describing the product in question;*
- *WTO Members are not obliged to protect geographical indications that are not protected or used in their country of origin.*

The relevant provisions of the *TRIPS* make it clear that a special, higher protection is recognised for geographical indications related to wines and spirits since protection must be provided by WTO Member States even where there is no risk of the public being misled as to the true origin of the product or where the use does not constitute acts of unfair competition. However, indications which have become identical with “*the term customary in common language*” (Article 24 (6)) in the territory of a WTO Member can be excluded from protection. WTO Members may also permit the use of a geographical indication of another Member if it was continuously used for at least 10 years prior to 15 April 1994 or in good faith preceding that date.

International Protection of Layout-Designs (Topographies) of Integrated Circuits

“Integrated circuits”, often called “chips”, are the core components of the information technology industry. They are essential components in any digital equipment and have been incorporated in a great variety of industrial articles, ranging from machine tools to all kinds of household and consumer devices. Both the design and production of such circuits require significant technical capabilities and heavy investments in plant facilities.

The *TRIPS* Agreement⁹⁷ requires Members to comply with Articles 2 through 7 (other than Article 6.3), Article 12 and Article 16.3 of the *Treaty on Intellectual Property in Respect of Integrated Circuits* (the “Washington Treaty”), adopted in 1989.

⁹⁷ TRIPS Agreement, Article 35.

Washington Treaty

Few States have become Parties to the Washington Treaty, and the Treaty is not yet in force. Major countries, like the United States and Japan, have refused to subscribe to the Treaty because of their dissatisfaction with some of its provisions, particularly those relating to compulsory licences and acquisition of products containing infringing semi-conductors. A summary is provided below of the provisions of the Washington Treaty which have been incorporated in the *TRIPS* Agreement and which are, therefore, binding as between WTO Members.

PROVISIONS OF THE WASHINGTON TREATY INCORPORATED IN TRIPS

- *An integrated circuit is defined as “a product, in its final form or an intermediate form, in which the elements, at least one of which is an active element, and some or all of the interconnections are integrally formed in and/or on a piece of material and which is intended to perform an electronic function” (Article 2 (i) of the Washington Treaty);*
- *Article 2 (ii) makes it clear that protection refers to a three-dimensional layout-design;*
- *The Washington Treaty does not specify the type of material into which the layout-design/topography may be incorporated. Any Party to the Treaty, and WTO Member, however, may limit protection to semiconductor integrated circuits (Article 3.1.c), i.e. to integrated circuits built into silicon and other semiconductor materials;*
- *Protection is conferred on “original” layout-designs/topographies – original in the sense that they are the result of their creators’ own ‘intellectual effort’ (Article 3.2(a));*
- *There is an obligation for each Contracting State to apply “national treatment” (i.e. the same treatment that it accords to its own nationals) to natural persons who are nationals or are domiciled in the territory of any of the other Contracting States, and to legal entities or natural persons who, in the territory of any of the other Contracting States, have a real and effective establishment for the creation of layout-designs (topographies) or the production of integrated circuits;*
- *Article 6.1 enumerates the acts that require the title-holder’s authorisation, including the total or partial reproduction by incorporation in an integrated circuit or otherwise (e.g. on a mask, on a computer tape, on paper, or by any other means including the manufacture of a microchip); and importing, selling or otherwise distributing for commercial purposes a protected layout-design/topography or an integrated circuit in which a protected layout-design/topography is incorporated;*
- *Article 6.2 sets out some exceptions regarding the title-holder’s right to authorise reproduction of a layout design/topography of an integrated circuit. The main exception relates to “reverse engineering” which, in this context, refers to the evaluation of an existing integrated circuit in order to independently develop a competitive product, which may be similar or identical to the original one;*

- *Article 7 (1) provides for some conditions on which protection may be made conditional;*
- *Article 12 makes it clear that the Washington Treaty is not to affect obligations which Contracting States may have under the Paris or Berne Conventions.*

In addition to incorporating these provisions (and some more technical ones) of the Washington Treaty, the *TRIPS* Agreement provides some additional obligations, as summarised below.

ADDITIONAL OBLIGATIONS OF THE TRIPS AGREEMENT

- *Article 36 adds to the exclusive rights of the title-holder, provided under the Washington Treaty, the right to import, sell or otherwise distribute an article incorporating such an integrated circuit;*
- *Bona fide purchasers of products involving the infringement of layout designs are liable to pay compensation to the right-holder after notification (Article 37 (1));*
- *The term of protection has been extended to a minimum of 10 years (compared to a minimum term of 8 years under the Washington Treaty). Unlike the Washington Treaty, the TRIPS specifies the dates from which such term is to be counted. In any case, Members may limit the duration of protection to 15 years after the creation of the layout design.*

This field of intellectual property rights protection is examined further in Chapter 4 of this publication in the context of EU law and policy.

International Protection of Undisclosed Information (TRIPS)

The principal rationale for protecting trade secrets and confidential information is similar to the rationale for the protection of other forms of intellectual property – such as copyright, patents, electronic integrated circuits and trademarks. Thus, the protection of trade secrets and confidential information is intended to ensure that a person who invests time, talent and money in developing ideas, information and concepts which are distinctive and commercially viable (but not for copyright) is able to benefit from that investment by having the exclusive right to use those ideas, information and concepts and to prevent others from using, or disclosing, them without authorisation.

A confidential agreement is often used by a company or organisation to prevent its employees from revealing trade secrets during and after their employment or association with the company or organisation. It is therefore prudent for employers who have a business-related secret, which has commercial value, to back up their trade secret with a confidential agreement with every person who has knowledge of the secret. In case of breach, such an agreement will make it easier for the company or organisation to make a successful claim against the person wrongfully using the trade secret.

The *TRIPS Agreement* is the first multilateral agreement covering “trade secrets”. The negotiations on the provisions for this subject reflected substantial differences between the common law and the civil law traditions, with the latter succeeding in having the Agreement contain provisions on trade secrets. Trade secrets are deemed capable of protection under the discipline of unfair competition, as established in Article 10bis of the Paris Convention. No exclusive rights are conferred on the possessor.

MAIN PROVISIONS OF TRIPS ON UNDISCLOSED INFORMATION

- *The protection of undisclosed information – trade secrets or “know-how” - applies to information that is secret, that has commercial value because it is secret and that has been subject to reasonable steps to keep it secret (Article 39.2);*
- *TRIPS requires that a person lawfully in control of undisclosed information must have the possibility of preventing it from being disclosed to, acquired by, or used by others without that person’s consent in a manner contrary to honest commercial practices (Article 39 (2));*
- *“Manner contrary to honest commercial practices” includes breach of contract, breach of confidence and inducement to breach, as well as the acquisition of undisclosed information by third parties who knew, or were grossly negligent in failing to know, that such practices were involved in the acquisition;*
- *The TRIPS also contains a provision on undisclosed data and other data whose submission is required by governments as a condition of approving the marketing of pharmaceutical or agricultural chemical products which use new chemical entities. In such a situation the Member State concerned must protect the data against unfair commercial use. In addition, Member States must protect such data against disclosure, except where necessary to protect the public, or unless steps are taken to ensure that the data are protected against unfair commercial use (Article 39 (3)).*

Even though the TRIPS has made this important contribution to the protection of “know-how”, it is important to note that the concept of a trade secret and the manner in which such trade secrets are to be legitimately protected remain both subjective and controversial. In many countries, aspects of this issue are regulated by competition (or anti-monopoly or fair trading) law, by consumer protection law, by advertising law or by industrial espionage legislation. A flavour of this debate can be gleaned from an example. Consider the situation where the owner of an important business or the Chief Executive of a major firm was convicted of fraud in another country. Such information about the owner or the Chief Executive of the company could be regarded as fulfilling the tests mentioned above of: “*information that is secret, that has commercial value because it is secret and that has been subject to reasonable steps to keep it secret*”. In certain circumstances, the disclosure of this type of information (for example, directly or indirectly by a competitor) could damage the reputation, the share price or the future sales of the firm in regard to the test of the commercial value of the secret. Moreover, it is often

a common business practice, especially when dealing with government investigations of business activities, to classify, or at least attempt to classify, *ALL* information disclosed to the investigation as “secret”. Other issues arise, for example, when an employee or ex-employee acts as an informant (“whistle-blower”) in respect of malpractice by a business firm (e.g. cartel practices; undisclosed negative effects of pharmaceuticals) which may meet the criteria for secret information and be also covered by a confidentiality agreement between that person and the firm in question.

While the view here is that the field of trade secrets remains far from settled in international (and often in national) law, some further guidance on this matter may be gleaned from the following discussion on what information can be a trade secret?⁹⁸

Although a legal definition of a trade secret rarely exists, several countries (following the example of France) differentiate between manufacturing (or industrial) secrets and commercial secrets, which could have consequences for the applicability of criminal law. The first category of trade secrets (*manufacturing/industrial*) is related to information of purely technical character, like production methods, chemical formulae, blueprints or prototypes. Such information could constitute a patentable invention but, generally, patentability of the information in question, in particular novelty in a patent law sense, is not required for the secret to be protectable. *Commercial secrets* include sales methods, distribution methods, contract forms, business schedules, details of price agreements, consumer profiles, advertising strategies and lists of suppliers or clients.

Usually, the subject matter of trade secrets is rather broadly defined, and the final determination of what information can be a trade secret will depend on the specific circumstances of each individual case. For example, in the *Unfair Competition Prevention Act* of Japan, a trade secret is defined as any information relating to a production method, a sales method or any other information on technology or business that is unknown to the public. A similar definition is contained in the *Uniform Trade Secrets Act* of the United States of America.

There are several lines of inquiry that serve to determine what information constitutes a trade secret: the extent to which the information is known to the public or within a particular trade or industry, the amount of effort and money expended by the trader in developing the secret information, the value of that information to the trader and to his competitors, the extent of measures taken by the trader to guard the secrecy of the information and the ease or difficulty with which the information could be properly acquired by others.

From a subjective point of view, the trader involved must have a considerable interest in keeping certain information as a trade secret. Although contractual obligations are not

⁹⁸ This Section is drawn from the practice statement on this topic contained in the “WIPO Intellectual Property Handbook: Policy, Law and Use”, WIPO 489, which is available in English and Russian at www.wipo.int.

necessary, the trader must have shown the intention to have the information treated as a secret. Frequently, specific measures to maintain the secrecy of the particular information are also required. The fact that the information has been supplied confidentially will not always be sufficient. In some countries (for example, the United States of America and Japan), the efforts made by the owner of the information to keep it secret are considered by courts to be of primary importance in determining whether the information constitutes a trade secret at all.

From an objective point of view, the information must, in order to qualify as a trade secret, be known to a limited group of persons only, that is, it must not be generally known to experts or to competitors in the field. Even patent applications may be regarded as trade secrets as long as they are not published by the patent office. Therefore, external publications or other information that is readily available will not be considered secret. For example, the use or disclosure of a trade secret by a person who has acquired it in a legitimate business transaction and without any negligence is not deemed unfair. On the other hand, absolute secrecy is not a requirement, for the information might also be discovered independently by others. Also, business partners can be informed without loss of secrecy if it is obvious that the information has to remain secret. Factors that indicate whether the information has the necessary degree of confidentiality to constitute a protectable trade secret are whether it contains material that is not confidential if looked at in isolation, whether it has necessarily to be acquired by employees if they are to work efficiently and whether it is restricted to senior management or is also known at the junior level. Still, the most solid proof is the strict confidentiality of the information and the contractual duty to keep it secret.

(6) Enforcement provisions of the TRIPS

The TRIPS Agreement obliges member states to ensure that certain enforcement procedures are available under their laws in order to permit effective action against infringement of all seven categories of intellectual property covered by the Agreement.

Certain general points are made in the Agreement concerning these enforcement procedures. These include that procedures must be fair and equitable and available without unreasonable delay or expense; decisions on the merits of a case shall preferably be in writing and reasoned; the decisions may be based only on evidence in respect of which parties were offered the opportunity to be heard, and there must be an opportunity for judicial review of a decision concerning at least the legal aspects of the decision on the merits of a case. Where civil cases are concerned there is a requirement for appropriate notice to the defendant, to representation by independent legal counsel. It is also specifically stated that procedures shall not impose overly burdensome requirements concerning mandatory personal appearances.

The enforcement procedures may be summarised as follows:

(A) Civil and Administrative Matters

Evidence: When one party has presented a case of infringement, the court must be in a position to order the opposing party to produce relevant evidence; and if the other party declines to do so, or otherwise impedes the proceeding, the court must be in a position to make a determination on such evidence as has been presented.

Injunctions: The judicial authorities must have the authority to order a party to desist from an infringement that involves an intentional infringement of IPR, including the prevention of entry into the channels of commerce of imported goods immediately following customs clearance of the goods.

Damages: The judicial authorities shall be entitled to order an infringer to pay the right holder sufficient damages to compensate the right owner for the infringement by a person who knowingly, or with reasonable grounds to know, has engaged in infringing activity. There should also be the right to order payment in appropriate cases for the recovery of profits and/or the payment of pre-established damages even where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity.

Disposal of infringing product: The judicial authorities must have the power to order that infringing goods are disposed of outside the channels of commerce, or destroyed. This applies also to materials and equipment used in the creation of infringing goods.

Right of information: In appropriate circumstances, member states may provide that the judicial authority may order an infringer to inform a right holder of the identity of third persons involved in the production and distribution of infringing goods or services and of their channels of distribution.

Indemnification of defendant: In the event of abuse of process by an applicant, the judicial authorities shall have the authority to order the applicant to compensate the defendant and to pay the defendant expenses, including legal fees. Public authorities and officials are exempt from liability where actions are taken or intended in good faith in the course of the administration of law.

Provisional measures: The judicial authorities must have the authority to order prompt and effective provisional measures for various purposes: to prevent an infringement from occurring; to prevent the entry of infringing goods into the channels of commerce, including imported goods immediately after customs clearance; and especially to preserve relevant evidence in regard to an alleged infringement. These remedies must be available *inaudita altera parte*⁹⁹, especially if delay might result in irreparable harm to the right holder, or there is a risk of evidence being destroyed¹⁰⁰.

⁹⁹ Meaning: without prior hearing of the other side to the dispute.

¹⁰⁰ There are some safeguards built into these provisions, including that evidence exists that an infringement is oc-

(B) Criminal Procedures

It is relevant for the purpose of this publication to quote in full the provisions of the TRIPS Agreement relating to the provision of criminal sanctions. Article 61 states that:

"Members shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale. Remedies available shall include imprisonment and/or monetary fines sufficient to provide a deterrent. In appropriate cases, remedies available shall also include the seizure, forfeiture and destruction of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offence. Members may provide for criminal procedures and penalties to be applied in other cases of infringement of intellectual property rights, in particular where they are committed wilfully and on a commercial scale."

(C) Border Measures

The Agreement prescribes a special procedure to be adopted by the customs authorities of member states to enable right holders to request the customs authority to suspend the release of goods suspected to infringe an IPR. The procedure involves the following steps:

- Application by the right holder to the customs authority to suspend the release goods suspected of infringement;
- The provision of *prima facie* evidence of infringement by the right holder;
- If required by the customs authority, the provision of a security by the right holder, to prevent an abuse of the proceeding;
- Notification by the customs authority to the right owner and the importer, when suspension has occurred;
- The release of the goods, if within a period of 10 days the right holder has not initiated proceedings seeking a decision on the merits of the case.

Where a member state requires the competent authority to act on its own initiative (*ex-officio*) and suspend the release of goods concerning which it has acquired *prima facie* evidence of infringement, the Agreement provides that the authority may seek information from the right holder to assist in the exercise of its powers. On the occurrence of such *ex-officio* action, public authorities and officials are exempt from exposure to personal responsibility when actions are taken in good faith.

curing or is imminent and the applicant may be required to provide a security or equivalent assurance sufficient to protect the defendant and to prevent abuse. If an order is given, the defendant must be notified and there must be a hearing at which the defendant is heard within a reasonable period. A provisional order lapses if the applicant does not proceed on the merits within a period to be determined but to be no more than one month and if it is found that there was no infringement and no appreciable threat of one, the judicial authorities must be able to compensate the defendant.

The competent authority of the member state must have the authority to order the destruction or disposal of infringing goods outside the channels of commerce.

Member states may exclude from these border provisions small quantities of goods of a non-commercial nature contained in travellers' personal luggage or sent in mail consignments.

■ PCA and ENAP requirements

It is clear from the above coverage of international law across the spectrum of fields of endeavour protected by intellectual property law that the range of international conventions and the WTO TRIPS Agreement form a fundamental background for the protection of intellectual property rights in the Republic of Moldova. Since as early as 1991, Moldova has acceded to key conventions (the first being the Paris Convention, the Budapest Treaty, the Nairobi Treaty, the WIPO Convention and the PCT). Most recently, Moldova became a Member of the Brussels Convention on 28 October 2008 and the Singapore Treaty on 16 March 2009. Moreover, it appears that Moldova has ratified more international intellectual property conventions than other Member State of WIPO¹⁰¹

Article 49 of the Partnership and Co-operation Agreement (PCA) has the following main provisions regarding intellectual property protection.

1. *Pursuant to the provisions of this Article and of Annex III, the Republic of Moldova shall continue to improve the protection of intellectual, industrial and commercial property rights in order to provide, by the end of the fifth year after the entry into force of the Agreement for a level of protection similar to that existing in the Community, including effective means of enforcing such rights.*
2. *By the end of the fifth year after entry into force of the Agreement, the Republic of Moldova shall accede to the multilateral conventions on intellectual, industrial and commercial property rights referred to in Paragraph 1 of Annex III to which Member States of the Community are parties or which are de facto applied by Member States according to the relevant provisions contained in these conventions.*

First, this means in effect that, *by July 2003*, the Republic of Moldova is required and has committed itself to affording a comparable level of intellectual property rights protection to that applying in the EU. Making clear that this is not simply a theoretical law making exercise, the provision of Article 49(1) adds that the commitment includes the establishment of effective means of enforcing such rights. Over the period 1998 to 2003, Moldova is required to improve its protection of intellectual property rights to that end. Apart from the references to conventions for the purposes of Article 49(2) – see below – Annex 3 to the PCA provides that –

¹⁰¹ Summary Table of Membership of the World Intellectual Property Organisation (WIPO) and the Treaties Administered by WIPO, plus UPOV and UN on <http://www.wipo.int/treaties>. In effect, as detailed earlier in this Chapter, Moldova has ratified all WIPO conventions except for the Washington Treaty.

4. From the entry into force of this Agreement the Republic of Moldova shall grant to Community companies and nationals, in respect of the recognition and protection of intellectual, industrial and commercial property, treatment no less favourable than that granted by it to any third country under bilateral agreements.
5. The provisions of paragraph 4 shall not apply to advantages granted by the Republic of Moldova to any third country on an effective reciprocal basis or to advantages granted by the Republic of Moldova to another country of the former USSR.

This Most Favoured Nation clause means that any pre-existing special arrangements with other countries (except those of the former Soviet Union) under bilateral agreements are required to be extended to natural or legal persons from the EU Member States. The exclusion of pre-existing special arrangements with CIS countries was designed to take account of certain regional agreements to which Moldova was/is a party.

Secondly, and again by July 2003, the Republic of Moldova is required by Article 49 to accede to the main intellectual property conventions to which EU Member States have acceded or which are de facto applied in EU Member States. To be more specific on this, Annex 3 to the PCA lists the five Conventions covered by the Article 49(2) commitment (Berne, Rome, Nice, UPOV and the Madrid Protocol) and adds, in a declaratory form, reference to four other conventions where the EU and Moldova “confirm the importance they attach to the obligations arising from [those] multilateral conventions”¹⁰². In effect the latter list refers to conventions that Moldova had joined before the PCA negotiations.

The Republic of Moldova has ratified all of the nine conventions referred to in Annex 3 to the PCA. The position of the Republic of Moldova vis-a-vis the PCA Annex 3 full list of nine intellectual property conventions is the following.

PCA ANNEX 3 CONVENTION	DATE OF MOLDOVAN MEMBERSHIP OF THE CONVENTION
Berne Convention for the Protection of Literary and Artistic Works (Paris Act, 1971).	2 November 1995
International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (Rome, 1961).	5 December 1995
Protocol relating to the Madrid Agreement concerning the International Registration of Marks (Madrid, 1989).	1 December 1997
Nice Agreement concerning the International Classification of Goods and Services for the purposes of the Registration of Marks (Geneva 1977, amended 1979).	1 December 1997
International Convention for the Protection of New Varieties of Plants (UPOV) (Geneva Act, 1991).	28 October 1998
Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for the purposes of Patent Procedures (1977, modified in 1980).	25 December 1991

¹⁰² EU/Moldova Partnership and Cooperation Agreement, Annex 3 paragraph 3.

Paris Convention for the Protection of Industrial Property (Stockholm Act, 1967 and amended in 1979).	25 December 1991
Madrid Agreement concerning the International Registration of Marks (Stockholm Act, 1967, and amended in 1979).	25 December 1991
Patent Cooperation Treaty (Washington 1970, amended and modified in 1984).	25 December 1991

Annex 3 to the PCA also provides that the Cooperation Council may recommend the extension of Article 49(2) of the agreement to include other multilateral conventions. To date this has not occurred. Moreover, the Annex stipulates that *“If problems in the area of intellectual, industrial, and commercial property affecting trading conditions were to occur, urgent consultation shall be undertaken, at the request of either Party, with a view to reaching mutually satisfactory solutions”*. This has also not arisen to date. Finally, the PCA Joint declaration concerning Article 49 stipulates the scope of the term *“intellectual, industrial and commercial property”* in Article 49 as including, in particular:

“copyright, including the copyright in computer programmes, and Related rights, the rights relating to patents, industrial designs, geographical indications, including appellations of origin, trademarks and service marks, topographies of integrated circuits as well as protection against unfair competition as referred to in Article 10 bis of the Paris Convention for the protection of Industrial Property and protection of undisclosed information on know-how”.

Article 50 of the PCA deals generally with the commitment to ensure that Moldovan legislation will be gradually made compatible with that of the EU. Among the 17 sectors of law mentioned in Article 50 is *“intellectual property”*.

While the gradual nature of law approximation is somewhat vague, it can be argued that very substantial progress towards full approximation to EU law in the field of intellectual property law and policy is effectively required (within 5 years – by July 2003) by Article 50 being interpreted in conjunction with Article 49(1). Moreover, this approximation must include credible enforcement – not merely the creation of legal rights and duties – and is related to the continuously evolving legislation of the European Union in the field of intellectual property rights protection.

In addition to the above, the PCA has a number of other references to intellectual property rights protection which can be briefly noted here:

- **Article 19** – provides that the Agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on various grounds including the protection of intellectual, industrial and commercial property; provided that any such restrictions shall not constitute a means of arbitrary discrimination or a disguised restriction on trade between the EU and Moldova;
- **Article 57** – provides, in the context of cooperation in science and technology under the PCA, that such cooperation shall be subject, inter alia, to *“appropriate levels of effective protection of intellectual, industrial and commercial property rights”*;

- **Article 71** – provides that the EU and Moldova shall, in the context of the PCA, support the development of modern methods of information handling, including the media, and stimulate the effective mutual exchange of information. In that regard, priority is to be given to programmes aimed at providing the general public with basic information about the EU, and the Republic of Moldova including, where possible, mutual access to databases in full respect of intellectual property rights.
- **Article 90** – both the EU Member States and the Republic of Moldova are committed to ensuring that natural and legal persons of the other Party have access, without discrimination in relation to its own nationals, to the competent courts and administrative organs of the Parties to defend their individual rights and their property rights, *“including those concerning intellectual, industrial and commercial property”*.

While these provisions are self-explanatory and of a general nature, it is to be noted that the Article 90 provisions reinforce the effective enforcement requirement of Article 49.

Chapter 39 of the EU-Moldova ENAP deals with some of the specifics as regards ensuring a level of protection of intellectual property rights similar to that in the EU, including effective means of enforcement, in line with provisions in Articles 49 & 50 of the PCA. With an obvious emphasis on enforcement, the ENAP requires Moldova to:

- Apply international standards in this area, including in particular the TRIPS agreement.
- Ensure proper functioning of the judicial system to guarantee access to justice for right-holders and availability and effective implementation of sanctions.
- Consolidate the relevant institutional structures, as well as of the offices for industrial rights, copyrights protection and collective societies.
- Extend co-operation with third country authorities and industry associations.
- Increase resources dedicated to enforcement, in particular for the customs authorities and the judicial system and increase seizures and actions against counterfeit/pirated goods in specifically targeted sectors
- Improve the enforcement of the relevant conventions provided for by PCA Article 49(2) and
- Conduct a study on piracy and counterfeiting in Moldova and ensure effective dialogue with rights holders.

It has already been noted that the Republic of Moldova has progressed certain aspects of the PCA requirements – in particular as regards the adoption of all conventions specified in the PCA. In **Chapter 3**, this publication examines the progress of the Republic of Moldova in regard to its PCA and ENAP commitments in the intellectual property rights protection field.

■ Considerations related to prospective new EU agreements or other agreements

While the first stages of discussions between the Republic of Moldova and the EU on a new trade/association agreement have commenced, there is, as noted earlier, no detailed information yet available regarding the specifics of such an agreement in regard to intellectual property law and policy.

Nonetheless, it seems reasonable to expect the protection of intellectual property rights will retain a position of central importance in a new agreement. Following the opening of negotiations on a Moldova-EU Association Agreement in January 2010, it is clear that the new agreement will aim, *inter alia*, towards a *far-reaching market access liberalisation and regulatory approximation* (under the envisaged Chapter on trade).

The view here is that this will translate into either a repetition of existing requirements (including those of the more recent CEFTA 2006 agreement, reviewed below) or a stronger version of similar requirements with more precise commitments regarding the timetable to achieve conformity with EU legal norms, methods and practices.

Secondly, it is to be noted that negotiations on a *draft Moldova-EU Agreement on the Protection of Geographical Indications of Agricultural Products and Foodstuffs* commenced in 2009 and are expected to be concluded before the end of 2010. This Agreement will ensure the mutual protection of Geographical Indications of Agricultural Products and Foodstuffs based on shared lists of names and *ex officio* enforcement actions.

The CEFTA 2006 Agreement

One of the objectives of the CEFTA 2006 Agreement, ratified by the Republic of Moldova on 4 May 2007¹⁰³, is *“to provide appropriate protection of intellectual property rights in accordance with international standards”*¹⁰⁴. Moreover, there are specific provisions concerning intellectual property law and policy and these are reproduced below.

CEFTA 2006 INTELLECTUAL PROPERTY RIGHTS PROVISIONS

- **Article 17** – provides that the Agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on various grounds including the protection of intellectual, industrial and commercial property; if such measures are made effective in conjunction with restrictions on domestic production or consumption and provided that any such restrictions shall not constitute a means of arbitrary discrimination or a disguised restriction on trade between the CEFTA Parties.

¹⁰³ Law No.120-XVI on the ratification of the amendment and joining the Central European Free Trade Agreement (CEFTA) of 4 May 2007.

¹⁰⁴ CEFTA 2006, Article 1.2.f.

“For the purpose of this Agreement, intellectual property rights embody industrial property rights (patents, trademarks, industrial designs and geographical indications), copyright and related rights, topographies of integrated circuits, as well as protection against such unfair competition as referred to in Article 10 bis of the Paris Convention for the Protection of Industrial Property and the protection of undisclosed information as referred to in Article 39 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (hereinafter referred to as “TRIPS”).”

- **Article 38** – provides that the CEFTA Parties shall grant and ensure adequate and effective protection of intellectual property rights in accordance with international standards, in particular with TRIPS, including effective means of enforcing such rights provided for in international conventions and treaties. Moreover, they commit to continue to ensure an adequate and effective implementation of the obligations arising from the conventions listed in Annex 7 to the CEFTA¹⁰⁵. Where a CEFTA Party is not a member of one or more of the listed conventions it shall accede to it or them by 1 May 2014; taking all necessary measures with a view to implement the obligations arising from them adequately and effectively.
- **Article 39** – This Article (the so-called “evolutionary clause” provides that if any Party, after the entry into force CEFTA, should offer a third party additional advantages or preferences with regard to intellectual property rights beyond what is in the agreement, it shall agree to enter into consultations with the other CEFTA Parties with a view to extending these advantages or preferences to all of them on a reciprocal basis. It also provides that the Annex 7 convention list may be extended and that the intellectual property provisions of the CEFTA shall be reviewed no later than 1 May 2011.
- **The Joint Declaration on Cooperation and assistance** – This provides that the CEFTA Parties shall endeavour, where appropriate, to develop economic and technical cooperation and assistance in order to provide each other with possible assistance in regard to activities concerning intellectual property rights such as:
 - (i) legislative advice (comments on draft laws, judicial and administrative decisions, enforcement and other matters relating to the protection of intellectual property rights);
 - (ii) advice on the ways of organising administrative infrastructure, such as patent offices, collecting societies and inspection authorities;
 - (iii) training in the field of intellectual property rights administration and management techniques;

¹⁰⁵ The CEFTA Annex 7 covers 25 Agreements/Conventions and the list of these is reproduced as Annex 4 to this publication. At the conclusion of the CEFTA, the Republic of Moldova had acceded to 23 of these – all except the UNESCO Universal Copyright Convention of 1971 and the Brussels Satellite TV Convention of 1974. Moldova joined the Brussels Convention in 2008 but has not ratified the UNESCO Universal Copyright Convention.

- (iv) specific training of judges, prosecutors, lawyers, customs and police officers and inspectors, in order to make the enforcement of laws more effective; and
- (v) awareness-building activities for the private sector and civil society on protection and significance of intellectual property rights.

Most/many of these provisions clearly reflect similar requirements in the field under the PCA as reviewed earlier in this Chapter.

■ Present plans and strategies in the Republic of Moldova

Neither the Moldovan *National Development Strategy (NDS) 2008-2011*¹⁰⁶ nor the Government Programme: *“European Integration: Freedom, Democracy, Welfare” 2009 – 2013*¹⁰⁷ sets out any specific provision as regards the protection or further protection of intellectual property rights.

As already noted, the *National Strategy for Developing the National System of Protection and Use of Intellectual Property* until 2010¹⁰⁸ aims at the promotion of a coherent state policy in the field of intellectual property, compatible with the mechanisms of the EU and other states in the world, at ensuring an efficient protection of intellectual property rights and at the integration of the national system of protection of intellectual property in the economic, social and cultural development of the Republic of Moldova.

The main objectives of the strategy are the following:

- To ensure optimal conditions for the creation and the protection of intellectual property.
- To improve the normative basis of the IPR protection system.
- To create a functional mechanism for fighting against IPR infringements and preventing the importation, fabrication and commercialization of counterfeit products.
- To increase the level of public awareness about the importance and value of intellectual property.
- To educate and train the agents, professionals, civil servants and specialists acting in the field of intellectual property.
- To extend and develop the international cooperation in the field of intellectual property.

¹⁰⁶ National Development Strategy (NDS) 2008-2011 was adopted by the Law On approval of the National Development Strategy for 2008–2011 of 21 December 2007.

¹⁰⁷ October 2009 *Government Programme “European Integration: Freedom, Democracy, Welfare”, 2009 to 2013* accessible on www.moldova.md.

¹⁰⁸ *Government Decision on the Development strategy of national systems of protection and use of intellectual property until 2010*, No. 1143 of 18 September 2003.

- To improve the information system and services for the protection of intellectual property.

The Strategy covers the period 2003 to 2010 and is based strongly on the view that improved IPR protection in Moldova will stimulate the economic, social and cultural development of Moldova, in particular by the attraction of investment and via the role of research and development as a driving force of technological progress, sustainable development and economic competitiveness.

Since the adoption of the 2003 Strategy, the Moldovan Code on Science and Innovation was adopted¹⁰⁹ which created the Agency on Innovation and Technologies. This resulted in the separation of the strategic approach under the *National Strategy for Developing the National System of Protection and Use of Intellectual Property* until 2010 into separate innovation and IPR protection streams. Nonetheless, there is a continuing close cooperation between the two Agencies in regard to, for example, the promotion of innovation at Technological Parks.

In regard to the operations and performance of the Strategy, there have been significant achievements in regard to the planned results related to IPR protection in the period to date. These include:

- *Institutional and administrative rationalisation*: notably as regards the merger in 2004 of the State Agency on Industrial Property Protection and the State Agency on Copyright, to form AGEPI, and the establishment of new systems to serve this institution;
- *Administrative simplification*: notably as regards the concentration of civil IPR related cases in the Court of Appeal of Chisinau, the establishment of new databases and assessment methods for the operation of different registration requirements and the publication of forms on the AGEPI website¹¹⁰;
- *Promotion of concepts of IPR protection*: This has developed through a range of AGEPI initiatives including the development of a highly informative website, the establishment of the AGEPI Library as an IPR Information Centre (including free consultations), some 5-6 major press conferences or TV programmes annually, the publication and dissemination of over 5,000 brochures at trade shows and exhibitions and the comprehensive publication of IP user data on the Agency's website (how to protect IP objects; the AGEPI Bulletin and brochures, forms, fee information, trademark notifications etc.);
- *Training*: The organisation of over 20 seminars per year on IPR protection issues has become the norm for the Agency, covering police, creators, inventors, patent agents and judges.

¹⁰⁹ Code on Science and Innovation of the Republic of Moldova adopted by Law No. 259-XV of 30 July 2004.

¹¹⁰ www.agepi.md.

- *Legislation:* Major legislative reforms across all fields of IPR protection have taken place in the period covered by the Strategy – some are continuing¹¹¹.

At the time of writing, a major legislative reform of Moldovan Copyright legislation was at an advanced stage and a new Law on Copyright and Related Rights was adopted on 2 July 2010. Secondly, a pilot Roundtable with the Moldovan Judiciary to review judicial decisions concerning IPR protection was being planned. Moreover, the operations of the National Commission on Intellectual Property, established in 2008, commenced and a working plan for the Commission for the years 2010-2011 was agreed upon.

In regard to the period from 2011 to 2015, on which this publication has a particular focus, it is understood that a new Strategy is expected to be prepared with a focus on:

- Co-ordination of the work of the various governmental and public bodies engaged in the development of IP protection and enforcement;
- Continuing harmonisation with EU legislation and future EU legislation in the IPR field;
- Continuing capacity building of AGEPI and other bodies in the IPR field in Moldova¹¹²;
- IT development to support digital signature protection;
- Improving the quality of AGEPI service and procedures (e.g. speeding up processing of applications and registrations, review of fees etc.);
- The development of success indicators regarding enforcement and a unified database.

The latter point poses particular challenges and it is important that AGEPI seeks to benchmark its efforts vis-a-vis international measures in the sector and international trends. For example, the Agency is looking at ways to measure the contribution of IPR protection to the national economy. To date, data on this is only available from directly assisted R&D operations and inventions. Other measures being examined include inventions per million of population, % of GDP devoted to innovation, the percentage of registered patents actually exploited and the extent of immaterial assets in company balance sheets.

At present, in Moldova, the percentage of registered patents actually exploited is 2-3% (in comparison to an overall WIPO level of 7-8%) – although in some sectors, notably pharmaceuticals, the exploitation rate is 90%. The extent of immaterial assets in company balance sheets in Moldova is 1% (in comparison to EU 50% and USA 70%).

Issues concerning future strategic directions in the protection of intellectual property rights are examined further in **Chapters 5 and 6** of this publication.

¹¹¹ See **Chapter 3** of this publication.

¹¹² A forthcoming EU funded Twinning Project will assist on issues of IPR enforcement and is expected to commence in Autumn 2010.

PART 1:

THE PRESENT SITUATION

3. OVERVIEW OF MOLDOVAN POLICY AND LEGISLATION IN INTELLECTUAL PROPERTY LAW & POLICY AND A GENERAL ASSESSMENT OF THE EXTENT OF APPROXIMATION TO DATE

■ Introduction to the policy framework and legislation in Moldova in the field of intellectual property rights protection

Following independence, the Republic of Moldova began the process of establishing a modern Intellectual Property System, compatible with the international and regional systems. In 1991 the State Copyright Agency and in 1992 the State Agency on Industrial Property Protection were established. From 1993 to 1997, the two agencies focused on the development of the regulatory and institutional framework, while the years 1997 to 2000 were devoted to enforcement issues as well as to the preparation of accession to the World Trade Organisation (WTO). During the period of accession of the Republic of Moldova to the WTO, the legislation in the field of Intellectual Property was changed primarily for the purpose of compliance with the requirements imposed by the *TRIPS* Agreement. This process included amending both laws on the protection of IP objects (trademarks and appellations of origin, patent inventions, new plant varieties, industrial designs, topographies of integrated circuits, copyright and related rights) and civil - administrative legislation. While the Republic of Moldova became a member of the WTO in 2001, the most recent advancement of important TRIPS related legislation in Moldova took place in 2007 with the adoption of important amendments to the Criminal Code providing for penal sanctions against the infringement of intellectual property rights¹¹³.

As part of the wider process of developing and up-grading the national intellectual property system; under of the Code on Science and Innovation of 2004, the State Agency on Industrial Property Protection and the State Agency on Copyright merged into a single specialised public organisation at the end of 2004 – The State Agency for Intellectual

¹¹³ Law No. 446-XV of 30 December 2004 and Law No. 110-XVI of 27 April 2007.

Property (AGEPI)¹¹⁴. AGEPI is a self-financed, independent decision making body, subordinated to the Government of the Republic of Moldova. It has the status of a state enterprise and it is a self-financing body. It is independent in adopting decisions for legal protection of objects of intellectual property. The decisions of the State Agency can be appealed in the AGEPI Board of Appeal, special arbitration or in the court. AGEPI represents the Government of Moldova in the international and regional organisations in the field of intellectual property and is responsible for the implementation at the national level of intellectual property rights legal provisions.

Under the Code of Civil Procedure, the Court of Appeal of Chisinau has the competence to hear intellectual property cases at first instance with the possibility of appeal to the Supreme Court of Justice. There are no specialised courts dealing with the intellectual property rights issues in the Moldovan Judicial system, but some five judges of the Court of Appeal and two of the Supreme Court have achieved a degree of specialisation.

The enforcement of intellectual property rights at the borders of the Republic of Moldova is ensured by the Customs Code¹¹⁵ which regulates actions for the protection of intellectual property rights in regard to exported and imported goods. In June 2005, the structure and the responsibilities of the Customs Service in the field of intellectual property were enhanced. Specifically, the Customs Code of Moldova was amended in order to incorporate EC Regulation 1383/2003¹¹⁶.

Within the process of harmonisation of national legislation with EU law, the entire legal framework of the Republic of Moldova in the field of intellectual property was revised and upgraded. As a result recent new laws were adopted that include:

- The new Law on the Protection of Industrial Designs¹¹⁷, 2007;
- The new Law on the Protection of Inventions, 2008¹¹⁸;
- The new Law on the Protection of Trademarks, 2008¹¹⁹;
- The new Law on the Protection of Geographical Indications, Appellations of Origin and Traditional Specialities Guaranteed, 2008¹²⁰;
- The new Law on the Protection of Plant Varieties, 2008¹²¹;

¹¹⁴ AGEPI acts in accordance with the Code on Science and Innovations (approved by Law No. 259-XV of 15 July 2004) which provides the institutional and legal framework of the intellectual property system, together with Government Decision No. 1016 of 13 September 2004 on the creation of the State Agency on Intellectual Property and the AGEPI Statute approved by Governmental Decision No.1378 of 13 December 2004.

¹¹⁵ Law No. 1149-XV of 20 July 2000.

¹¹⁶ Law No.103-XVI of 16 May 2008 (in force since 4 July 2008).

¹¹⁷ Law on the Protection of Industrial Designs No. 161 of 12 July 2007.

¹¹⁸ Law on the Protection of Inventions No. 50-XVI of 7 March 2008.

¹¹⁹ Law on the Protection of Trademarks No. 38-XVI of 29 February 2008.

¹²⁰ Law on the Protection of Geographical Indications, Appellations of Origin and Traditional Specialities Guaranteed No. 66-XVI of 27 March 2008.

¹²¹ Law on the Protection of Plant Varieties No. 39-XVI of 29 February 2008.

- The new Law on Copyright and Related Rights¹²², 2010.

The new Law on Copyright and Related Rights, adopted in July 2010, represents a particularly recent and significant legislative milestone.

Two **Collective Management Organisations (CMOs)** were established in 1999 and 2000: the Association for Copyright and Related Rights (AsDAC) and National Association “Copyright”. At present, AsDAC is entitled (accredited by AGEPI) to collect remuneration for authors and performers whereas “Copyright” collect remuneration for performers and phonogram producers. Following a Supreme Court Decision of June 2010, the two CMOs are currently negotiating new arrangements for collecting remunerations, which should come into effect with the approval of AGEPI in August 2010.

■ The institutional setting of Intellectual Property law and policy in Moldova

The main responsible bodies in the field of IPR protection in Moldova are¹²³:

- The State Agency for Intellectual Property (AGEPI);
- The Customs Service;
- The National Virtual Bureau SECI/GUAM;
- The Ministry for Internal Affairs;
- The Centre for Combating Economic Crimes and Corruption;
- AsDAC - Collective management organisation for copyright and related rights;
- National Association “Copyright” – collective management organisation for related rights;
- The Agency for Innovation and Technology Transfer of the Academy of Science of Moldova;
- The Moldovan Judiciary;
- The National Commission for Intellectual Property¹²⁴.

The State Agency for Intellectual Property (AGEPI) was created in 2004 by the merger of the former “State Agency on Industrial Property Protection” and the “State Agency on Copyright”¹²⁵. AGEPI and represents the Republic of Moldova in the World Intellectual

¹²² Law on Copyright and Related Rights No. 139 of 2 July 2010.

¹²³ The following are also identified as having a strong interest in ensuring IP protection and enforcement: the Ministry for Economy & Trade, the Ministry for Information Development, the Ministry for Justice, the Centre for Consumer Protection and the Executive Committee of the Gagauz Republic.

¹²⁴ By a Government Decision of 29th March 2008, a National Commission on Intellectual Property was established to co-ordinate the activity of organisations interested in the development and protection of IPRs. This Commission became operational in June 2010.

¹²⁵ Article 163 of the Code on Science and Innovation of the Republic of Moldova adopted by Law No. 259-XV of 30 July 2004.

Property Organisation (WIPO) and in international and regional bodies on issues related to the exercise and protection of intellectual property rights. Specifically, AGEPI performs the following main functions:

- elaboration of proposals regarding state policy (legislative framework) on intellectual property protection;
- organisation and management of the national system of intellectual property protection;
- supervision of the enforcement of Moldovan IPR legislation and international agreements and treaties in the field where the Republic of Moldova is a Member State/Contracting State Party;
- administration of databases in the field of intellectual property protection and ensuring access to these databases;
- coordination and implementation of development programmes and bilateral cooperation agreements with other countries or international bodies in the IPR field;
- elaboration and implementation of methodological and practical programmes of training for specialists in the field;
- registration of intellectual property objects;
- provision of related services in this field.

AGEPI is independent in its decision-making on the legal protection of the intellectual property. The Agency has legal personality, maintains its own bank accounts and operates under the authority of a seal with the image of the State Emblem of the Republic of Moldova. It is largely self-financing.

AGEPI in cooperation with the representatives of the Ministry for Internal Affairs and of the Customs Service deals with the enforcement of intellectual property rights, carrying out controls, either *ex-officio* or at the request of IPR holders, on copyright and related rights compliance, and participates, in appropriate cases, in seizures and destructions of counterfeited and pirated audio-visual products. According to its Annual Report for 2009, in accordance with the revised Contravention Code (in force since 31 May 2009), the role of AGEPI was altered so that it may intervene in order to identify cases of infringement only jointly with the Ministry for Internal Affairs or other bodies vested with control functions. Thus, the number of controls exercised by AGEPI in 2009 declined by 9 times compared with 2008, and constituted 24 controls, of which 3 were initiated *ex officio* and 21 were at the request of the Ministry for Internal Affairs, the Centre for Combating Economic Crimes and Corruption, copyright holders and others.

Moldova uses a system of control marks to assist in combating the piracy of material carried on compact disks and compact and audio cassettes. The control marks are issued by AGEPI. In 2009, the Agency issued almost 600,000 such control marks.

AGEPI staffing encompassed a total of 220 employees in 2006; 195 in 2007 and 187 in 2009. The Organigramme of the Agency is set out in **Annex 3** to this publication. The Director General is the Head of the Agency with two Deputy Directors-General. The Director General of AGEPI is appointed and dismissed by the Government on the proposal of the President of the Academy of Sciences. Deputy Directors General are appointed and dismissed by the Government on the proposal of the Director General. The main AGEPI Departments cover: Inventions, Plant Varieties and Utility Models, Trademarks and Industrial Designs, Copyright and Related Rights, Informatics and Logistics, Promotion and Publishing and Legal. Support Units include the Economy and Finance Direction and the Human Resources and Secretariat Direction.

Since 1 January 2006, the *Board of Appeals of AGEPI* has been constituted as an administrative body primarily responsible for appeals from decisions taken by AGEPI concerning applications for registration of IP objects. Its decisions may in turn be appealed to the Court of Appeal in accordance with Article 33 of the Code on Civil Procedure. In 2009 140 such appeals were lodged and 187 were heard.

The Agency for Innovation and Technology Transfer of the Academy of Science of Moldova - In order to coordinate, motivate and implement the policy on innovation activity and technology transfer, the Agency for Innovation and Technology Transfer (AITT) was created under the 2004 *Code of Science and Innovation of the Republic of Moldova*¹²⁶. The AITT operates according to the statutes approved by the Supreme Council.

The Agency fulfils the following main functions:

- realisation of state policy in the sphere of innovation and technology transfer activity;
- development of proposals for the improvement of normative and regulatory rules in the sphere of innovation and technology transfer;
- establishment of strategic directions for the innovation and technology transfer activity, these directions being reflected in programmes and projects at all levels;
- contributes to the conclusion of partnerships between organisations in the sphere of science and innovation, higher educational institutions and production enterprises;
- determines the amount of financial allocations intended for the support of programmes and projects in the sphere of innovation and technology transfer activity, (final approval of the amount of allocations is the responsibility of the Supreme Council);
- organisation of the state registration and the record of programmes and projects of innovation and technology transfer;
- coordination of the process of infrastructure elaboration in the sphere of innovation and technology transfer;
- provision of specialised assistance in the sphere of innovation activity and technology transfer;

¹²⁶ Code of Science and Innovation of the Republic of Moldova, No. 259-XV of 15 July 2004, Article 83.

- organisation of exhibitions of the achievements in the sphere of innovation activity and technology transfer.

Within the Moldovan institutional system for the protection of intellectual property rights, the **Customs Service** has a very important role. Thus, the Moldovan Customs Service:

- carries out investigations, including with the participation of the staff of the Ministry for Interior, in order to prevent and combat cases of unauthorised entry or exit of counterfeit goods and pirated goods;
- collaborates with customs offices of other countries in order to combat violations of intellectual property rights;
- gives free consultations to the holders of intellectual propriety in order to protect the rights of intellectual property object holders' at the borders;
- continuously trains customs staff in the field of protection of intellectual property rights;
- collaborates with WIPO, WCO (World Customs Organisation) and AGEPI concerning the fight against piracy and counterfeiting.

In 2001, a small specialised section was created within the Customs Service which was responsible for prevention and combating the transborder crimes, including by ensuring adequate enforcement of intellectual property rights protection at the borders. Until 2006, this section participated in and acted as the National Office of **SECI/RILO** (a collaboration initiative in South-Eastern Europe/Regional Office for Information Exchange)¹²⁷. In 2006, the National Bureau SECI/RILO¹²⁸ was reorganised to become the National Virtual Centre SECI/GUAM. It collaborates with the Permanent Technical Council of OMV (Brussels, Belgium); the Regional centre for cooperation in Southeast Europe aimed at combating cross- border infringements (Bucharest, Romania); the Regional centre for information exchange (Warsaw, Poland) and the Regional and national offices of RILO within the framework of customs services of other countries.

As a result of the Europe Aid project 2005/099-285 "Border Management – Simplification and Harmonisation of Customs Procedures in Moldova", the Customs Code of Moldova was amended in order to incorporate the EC Regulation 1383/2003.

The Ministry for Internal Affairs deals with policing. A sub-division of the Special Fraud Investigation Division, consisting of seven or eight officers, deals with IPR crime. These officers also deal with information crime. They carry out operational investigations, prepare indictments in appropriate cases, and assist in the submission of matters to the court and in the court process. The Division liaises informally with police colleagues in Russia, the Ukraine, and in other countries. Internally it works alongside AGEPI, the Cus-

¹²⁷ Established by [Government Decision No. 815 of 13 August 2001](#).

¹²⁸ [Government Decision No. 93](#) on the creation of the national virtual centre SECI/GUAM for combating terrorism, organised crime, illegal drugs circulation and other serious crimes, 27 January 2006.

toms Service, the Centre for Combating Economic Crimes and Corruption and the Office of the Prosecutor General.

In line with provisions of the Criminal Code, the **Centre for Combating Economic Crimes and Corruption** also plays a role in IP enforcement. In principle, this can arise where suspected infringements relate to an organised criminal network or an investigation into serious economic crime.

AsDAC - Copyright State Agency - In the Republic of Moldova, two collective management societies for copyright and related rights were established in 1999 and 2000:

- *the Association for Copyright and Related Rights (AsDAC) of the Republic of Moldova;*
- *the National Association "Copyright".*

At present, AsDAC, established in 1999 pursuant to Article 35 of the 1994 Law on Copyright and Related Rights, has the right to collect remuneration on behalf of authors who are members of AsDAC as well as on behalf of foreign authors, performers and phonogram producers represented by AsDAC on the basis of reciprocal representation agreements (RRAs) concluded with foreign collective management organisations of copyright and related rights. AsDAC mainly manages the right to remuneration for public performances, cable retransmission and communication to the public of musical, dramatic, audiovisual and literary works. AsDAC also manages the right to remuneration for private copying and, on an irregular basis, the right to remuneration for mechanical reproduction of works.

On behalf of the copyright and related rights holders represented by AsDAC, the organisation:

- issues licences for the exploitation of works or objects protected by copyright and related rights, which have been entrusted to it for collective administration;
- negotiates with beneficiaries the amount of royalties for the exploitation of works or objects protected by related rights and other licensing conditions;
- negotiates with users the amount of remuneration in those cases where they are only responsible for collecting such remuneration, without being empowered to grant licences;
- collects the remuneration stipulated in the licences granted by AsDAC;
- distributes and pays the royalties accumulated on the basis of licences issued for the exploitation of works or objects protected by copyright and related rights, which have been entrusted to it for collective administration;
- may carry out any legal act essential for the defence of the rights for rightholders for whose administration they are responsible.

According to AsDac data - in June 2010 the organisation represented the interests of 2,624 members – 1,355 Moldovan authors, 1,264 Moldovan performers and 5 music publishers. AsDAC has concluded 58 reciprocal representation agreements with foreign copyright collective management organisations and 2 representation agreements with organisations for related rights.

The National Association “Copyright”, established in 2000 pursuant to Article 35 of the 1994 Law on Copyright and Related Rights, is the Moldovan collective management organisation for related rights, namely the rights of performers and phonogram producers, and under the accreditation given by AGEPI it is entitled to collect remuneration for performers and phonogram producers. The name “Copyright” is to be changed in the near future since it neither reflects the goals nor the activity of the organisation.

According to the National Association “Copyright”, in June 2010 it represented the interests of some 50 Moldovan performers and 6 Moldovan phonogram producers. “Copyright” has concluded 2 reciprocal representation agreements with foreign collective management organisations, namely “Credidam” of Romania and “VOIS” of Russia as well as 1 contract with the Russian phonogram producers’ organisation RFA.

The **Judiciary** has a key position in the system of IPR protection in Moldova although there are no specialised courts on IPR protection *per se*. Specifically, the present competences of courts to deal with IPR issues are as follows:

- In respect of civil cases the Court of Appeal of Chisinau is the court of first instance in IPR cases, and the Supreme Court of Justice is the appeal instance.
- In criminal and administrative matters, the court of first instance is the District Court, with a right of appeal to the Court of Appeal and from there to the Supreme Court. In criminal matters there is a further right of appeal from the decision of the Supreme Court to a Plenum of the Supreme Court.

It is to be noted that, under Moldovan legislation, there is a non-discriminatory access to justice as regards, inter alia, intellectual property rights holders. Moreover, rights holders may initiate enforcement proceedings on IPRs in the form of either: civil, administrative or criminal proceedings.

There is a degree of informal specialisation in intellectual property law in both the Court of Appeal and in the Supreme Court; in that five judges of the Court of Appeal and two of the Supreme Court have particular expertise in the area. To enhance judicial practice in the IPR field, two Decisions of the Plenum of the Supreme Court of Justice have been approved, viz:

- the 1998 Decision of the Plenum of the Supreme Court of Justice on *“Practice for the application by the courts of some provisions of the copyright and related rights legislation”*¹²⁹; and

¹²⁹ Decision of the Plenum of the Supreme Court of Justice on “Practice for the application by the courts of some provisions of the copyright and related rights legislation”, No. 32 of 9 November 1998.

- the 2001 Decision of the Plenum of the Supreme Court of Justice on “*Practice for the application by the courts of some provisions of the industrial property protection legislation*”¹³⁰.

More recently, the Supreme Court of Justice has issued an advisory document to the courts in the form of case notes from its collected IPR decisions to date. These documents provide very useful guidelines for judges when hearing matters relating to intellectual property rights protection.

Although in the past, judges have attended several seminars on IPR matters, there is a continuing perception that the number of judges who are professionally skilled in IPR remains very low. Moreover, the fact that civil cases in the Supreme Court are allocated on a random basis, and not specifically assigned to the judges with best knowledge of IPR law is perceived to contribute to a lack of consistency in decision-making in that court.

The **National Commission for Intellectual Property** was established in March 2008¹³¹ as a coordinating body in the field of the protection of intellectual property rights. It was created for the purpose of ensuring coordination and cooperation between ministries, other central public authorities and IP right holders in order to develop and consolidate the national system of IP, to prevent and combat violations of IP rights and counterfeit, import and commercialisation of pirated and counterfeit goods on the territory of the Republic of Moldova. Although established in 2008, it met for the first time in June 2010.

Its terms of reference include:

- The coordination of activities to prevent and combat violations of IP rights and counterfeiting, importation and sale of pirated and counterfeit goods on the territory of Moldova;
- Providing consultation and defining measures and activities aimed at developing and strengthening the system of IP protection in the Moldova;
- Providing assistance in the implementation of strategies and programmes for the development of the national system of protection and usage of IP objects and the development of international and regional agreements in the IP area to which Moldova is a party.

The Commission has the right to:

- request and receive information (documents) - within the scope of the Commission’s competence and in accordance with the established rules - from public authorities, physical and legal persons. The Commission also has the right to access information resources of central sectoral public bodies and local authorities;
- hear information from public and local authorities in its sessions;

¹³⁰ Decision of the Plenum of the Supreme Court of Justice on “Practice for the application by the courts of some provisions of the industrial property protection legislation”, No. 26 of 24 December 2001.

¹³¹ Government Decision No. 489 of 29 March 2008.

- create working and expert groups represented by public authorities, researchers and specialists in the field of IP protection for the purpose of developing and carrying out expertise on draft legal acts and preparing methodological and guidance materials, recommendations, proposals, etc.

The Commission is to comprise the following persons:

- Minister for the Economy (Chairperson);
- Minister for the Internal Affairs;
- AGEPI Director General (Deputy Chairperson);
- Director of the AGEPI Department for Copyright and Related Rights (Secretary);
- President of the Academy of Science;
- Deputy Minister for Information Development;
- Deputy Minister for Justice;
- Chief Specialist for Investigation of Infringements, Ministry for Internal Affairs;
- Head of Directorate, Customs Service;
- Director of the Main Directorate of Analysis, Forecast and Prevention, Centre for Combating Crime, Economic Crimes and Corruption;
- Chairman of the Centre for Consumer Protection;
- Deputy of the Executive Committee of the Republic of Gagauzia.

The Decision specifies that the Commission will carry out its activities at the panel sessions which, as a rule, will be convened every half-year with a 50% quorum.

Other persons may participate in the work of the Commission, including representatives of public and local authorities, Research and Development institutions, higher education establishments, private law legal persons and representatives of the mass media.

■ Legal Framework

In the field of intellectual property the Republic of Moldova possesses a rather advanced legislative base that has been elaborated based both on agreements, conventions, treaties and international commitments in the field, as well as in terms of the regulations and directives of the European Union.

The procedures of exercising the intellectual property law are stipulated in the legislation of the Republic of Moldova and include the transactions with these rights (usage, heritage, cession, technological transfer, etc.), as well as the measures against the violation of legal rights and interests of the owners of intellectual property objects. These measures can be initiated by the owner of intellectual property rights, as well as by the respective specialised central bodies.

The Legal Acts governing IPR protection in the Republic of Moldova are listed below and the main ones are considered in the subsequent sections.

International Conventions, Treaties and Agreements on intellectual property

- Convention Establishing the World Organisation of Intellectual Property (1967), in effect in the Republic of Moldova since 25 December 1991¹³²;
- Paris Convention for the Protection of Industrial Property (1883), in effect in the Republic of Moldova since 25 December 1991¹³³;
- Madrid Agreement concerning the International Registration of Marks (1891), in effect in the Republic of Moldova since 25 December 1991¹³⁴;
- Patent Cooperation Treaty, (1970), in effect in the Republic of Moldova since 25 December 1991¹³⁵;
- Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for the purposes of Patent Protection (1977), in effect in the Republic of Moldova since 25 December 1991¹³⁶;
- Nairobi Treaty on the protection of the Olympic symbol (1981), in effect in the Republic of Moldova since 25 December 1991¹³⁷;
- Universal Copyright Convention (Geneva, 1952), in effect in the Republic of Moldova since 27 May 1993¹³⁸;
- Hague Agreement Concerning the International Deposit of Industrial Designs (1925), in effect in the Republic of Moldova since 14 March 1994¹³⁹;
- Berne Convention for the Protection of Literary and Artistic works (1886), in effect in the Republic of Moldova since 2 November 1995¹⁴⁰;
- International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (Rome, 1961), in effect in the Republic of Moldova since 5 December 1995¹⁴¹;
- Trademark Law Treaty (1994), in effect in the Republic of Moldova since 1 August 1996¹⁴²;

¹³² Decision of Parliament No 1328 - XII of 11 March 1993.

¹³³ Decision of Parliament No 1251-XIII of 10 July 1997.

¹³⁴ Decision of Parliament No 1624 - XII of 26 October 1993.

¹³⁵ Decision of Parliament No 1624 - XII of 26 October 1993.

¹³⁶ Decree of the President of the Republic of Moldova No 229 of 30 December 1993.

¹³⁷ Decree of the President of the Republic of Moldova No 229 of 30 December 1993.

¹³⁸ Decision of Parliament No 1318-XII of 2 March 1993.

¹³⁹ Decree of the President of the Republic of Moldova No 229 of 30 December 1993.

¹⁴⁰ Decision of Parliament No 511-XIII of 22 June 1995.

¹⁴¹ Decision of Parliament No 510-XIII of 22 June 1995.

¹⁴² Decision of Parliament No 615 - XIII of 27 October 1995.

- Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (1989), in effect in the Republic of Moldova since 1 December 1997¹⁴³;
- Nice Agreement Concerning the International Classification of Goods and Services for the purposes of the Registration of Marks (1957), in effect in the Republic of Moldova since 1 December 1997¹⁴⁴;
- Locarno Agreement Establishing the international classification for Industrial Designs (1968), in effect in the Republic of Moldova since 1 December 1997¹⁴⁵;
- Vienna Agreement Establishing the International Classification of Figurative Elements of Marks (1973), in effect in the Republic of Moldova since 1 December 1997¹⁴⁶;
- Strasbourg Agreement Concerning the International Patent Classification (1971), in effect in the Republic of Moldova since 1 September 1998¹⁴⁷;
- International Union for the Protection of New Varieties of Plants (1961), in effect in the Republic of Moldova since 28 September 1998¹⁴⁸;
- Convention for the Protection of Producers of Phonograms against Unauthorised Duplication of their Phonograms (Geneva, 1971), in effect in the Republic of Moldova since 17 July 2000¹⁴⁹;
- Madrid Agreement for the Repression of False or Deceptive Indications of the Source of Goods (1891), in effect in the Republic of Moldova since 5 April 2001¹⁵⁰;
- Lisbon Agreement for the Protection of Appellations of Origin place and their International Registration (1958), in effect in the Republic of Moldova since 5 April 2001¹⁵¹;
- WIPO Copyright Treaty (Geneva, 1996), in effect in the Republic of Moldova since 6 March 2002¹⁵²;
- WIPO Performances and Phonograms Treaty (Geneva, 1996), in effect in the Republic of Moldova since 20 May 2002¹⁵³;
- Patent Law Treaty (2000) in effect in the Republic of Moldova since 28 April 2005¹⁵⁴;
- Singapore Treaty on the Law of Trademarks (2006), in effect in the Republic of Moldova since 16 March 2009¹⁵⁵;

¹⁴³ Decision of Parliament No 614 - XIII of 27 October 1995.

¹⁴⁴ Decision of Parliament No 1251 - XIII of 10 July 1997.

¹⁴⁵ Decision of Parliament No 1251 - XIII of 10 July 1997.

¹⁴⁶ Decision of Parliament No 1251 - XIII of 10 July 1997.

¹⁴⁷ Decision of Parliament No 1251 - XIII of 10 July 1997.

¹⁴⁸ Decision of Parliament No 1355 - XIII of 22 October 1997.

¹⁴⁹ Decision of Parliament No 796-XIV of 10 February 2000

¹⁵⁰ Law of the Republic of Moldova No 1330 - XIV of 27 October 2000.

¹⁵¹ Law of the Republic of Moldova No 1328 of 27 October 2000.

¹⁵² Decision of Parliament No 1452-XIII of 28 January 1998.

¹⁵³ Decision of Parliament No 1452-XIII of 28 January 1998.

¹⁵⁴ Law of the Republic of Moldova No. 433-XV of 27 July 2001.

¹⁵⁵ Law of the Republic of Moldova No 214-XVI of 23 October 2008.

- Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite (Brussels, 1974), in effect in the Republic of Moldova since 28 October 2008;¹⁵⁶
- Agreement on Trade-Related aspects of Intellectual Property Rights, (WTO TRIPs Agreement, 1994) in effect since 26 July 2001¹⁵⁷.

CIS Treaties and Conventions on Intellectual Property

- Agreement concerning the measures of protection of Industrial Property and establishing the Inter-State Council for Industrial Property (Moscow, 1993), in effect in the Republic of Moldova since 12 March 1993;
- Eurasian Patent Convention (Moscow, 1994), in effect in the Republic of Moldova since 16 February 1996¹⁵⁸;
- CIS Agreement on the cooperation in the field of the protection of copyrights and neighbouring rights (Moscow, 1993), in effect in the Republic of Moldova since 9 April 1999¹⁵⁹;
- Agreement on Prevention of Intellectual Property Rights Infringements (Moscow, 1998), in effect in the Republic of Moldova since 20 November 2001¹⁶⁰;
- Agreement on Cooperation for the Prevention and Repression of False Trademarks and Geographical Indications (Minsk, 1999), in effect in the Republic of Moldova since 3 January 2002¹⁶¹;
- Agreement on Mutual Securing of Interstates Secrets in the field of the Legal Protection of Inventions (Minsk, 1999), in effect in the Republic of Moldova since 3 January 2002¹⁶².

National legislation

TITLE OF LEGAL ACT	DATE
1. Law on State Duties, No.1216-XII: Articles 2 (1) & (11) and 4 (1) & (2).	3 December 1992
2. The Constitution of the Republic of Moldova, Article 33.	29 July 1994
3. Law on Libraries, No. 286-XIII: Articles 20(2) and 33.	16 November 1994
4. Law on the Copyright and Related Rights, No.293-XIII.	23 November 1994
5. Law on Education, No. 547: Article 32(2).	21 July 1995
6. Government Decision on the approval of the Regulation for the Production of Wine and other Vine-bearing Products with Origin Title, No.760.	10 November 1995
7. Tax Code of the Republic of Moldova, No.1163-XIII: Articles 12, 28, 71 (j); 75 (4) a); 103 (1) 7); 111 (1) (e) and 1171 (5).	24 April 1997

¹⁵⁶ Law of the Republic of Moldova No 117-XVI of 22 May 2008.

¹⁵⁷ Law of the Republic of Moldova No 218-XV of 1 June 2001.

¹⁵⁸ Decision of Parliament No 615 - XIII of 27 October 1995.

¹⁵⁹ Decision of Parliament No 206-XIV of 25 November 1998.

¹⁶⁰ Decision of Parliament No 1245 of 15 November 2001.

¹⁶¹ Decision of Government No. 1331 of 3 December 2001.

¹⁶² Decision of Government No. 1331 of 3 December 2001.

8. Regulation on the Registration of Licence Contracts relating to Industrial Property Objects in the Republic of Moldova, approved by the AGEPI Director General Order, No. 40.	16 May 1997
9. Government Decision on Taxes for Services with Legal Significance in the Field of the Protection of Objects of Industrial Property, No. 774.	13 August 1997
10. Law on Customs Tariffs, No. 1380-XIII: Articles 2 and 13 (2) a).	20 November 1997
11. Law on Protection of Topographies of Integrated Circuits, No. 655-XIV.	29 October 1999
12. Law on External Trade Activities, No. 1031-XIV: Articles 2, 7 (2) c), 11, 13-16 and 19 (2) g) and h).	8 June 2000
13. Regulation on the Application of Law No. 655/1999 on the Protection of Integrated Circuits, approved by the Director General of AGEPI, No. 72.	20 June 2000
14. Customs Code of the Republic of Moldova, No. 1149-XIV: Article 1 and Chapter XII.	20 July 2000
15. Government Decision on the Awarding of WIPO Gold Medals: "Outstanding Inventor" and "Innovation Enterprise", No. 933.	12 September 2000
16. Law on Architectural Activities, No. 1350-XIV: Articles 3 d), 7 (2), 13 and Chapter IV.	2 November 2000
17. Law on Rationalisation Activities, No. 138-XV.	10 May 2001
18. Government Decision on the Minimal Tariffs in Copyright Remuneration, No. 641.	12 July 2001
19. Law on Pledge, No. 449: Article 7 (d).	30 July 2001
20. Government Decision on the Method of Using the Trademarks owned by the State, No. 852.	16 August 2001
21. Government Decision on the State Registration of the Works protected by Copyright and Related Rights, No. 901.	28 August 2001
22. Government Decision on the approval of the List of Trademarks owned by the State, No.1080.	8 October 2001
23. Criminal Code of the Republic of Moldova, No. 985-XV: Articles 1851, 1852, 1853 and 2461.	18 April 2002
24. Law on Evaluation Activities, No. 989: Articles 1, 5 (4) j) and k) and 15 (4).	18 April 2002
25. Order on the approval of a Regulation Introducing Changes into Application and into National Registries for Industrial Property Objects, and on the Registration of Transfer of Rights on Industrial Property Objects, No. 73.	4 May 2002
26. Government Decision on the approval of Industrial Property Representatives, No. 1362.	21 October 2002
27. Law on the distribution of copies of works and phonograms, No. 1459-XV.	14 November 2002
28. Code of Criminal procedure of the Republic of Moldova, No. 122-XV (Special Part): Articles 275(6) and 276.	14 March 2003
29. Code of Civil Procedure of the Republic of Moldova, No. 225 -XV: Articles 33 (31) a), b); 85 (1) a) p. 2 j); 1271, 1272, 1273 and 460 (1) j), (2).	30 May 2003
30. Government Decision on the approval of the Regulation on Method for Production, Issuance and Application of Control Marks on Copies of Works and Phonograms and of Regulation on the Method of Registering Receivers of Control Marks in the State registry, No. 744.	20 June 2003
31. Government Decision on the Evaluation of Objects of Intellectual Property, No. 783.	30 June 2003
32. Regulation on the Specialised Arbitration under AGEPI in the Field of Industrial Property, approved by the AGEPI Director General Order No. 92.	18 July 2003

33. Government Decision on the approval of the Strategy for the Development of the National System of Protection and Use of Intellectual Property Objects until 2010, No. 1143.	18 September 2003
34. Regulation on the Mode of Certification and Registration of Industrial Property Representatives, approved by the AGEPI Director General Order No.133.	24 October 2003
35. Government Decision on the Method and Conditions for Issuing Permits to use Official and Historic Name of the State in Trade Marks or/and in Service Marks, No. 1425.	2 December 2003
36. Government Decision on the approval of a Regulation on the Objects of Industrial Property Created in the Course of the Execution of Professional Duties, No. 1609.	31 December 2003
37. Law on Investments into Entrepreneurial Activities, No. 81-XV: Articles 4 (1) (f) and 21 (2) c).	18 March 2004
38. Code on Science and Innovation of the Republic of Moldova, No. 259-XV.	15 July 2004
39. Government Decision on the creation of the State Enterprise "State Agency for Intellectual Property", No. 1016.	13 September 2004
40. Government Decision on the approval of the Statute and Structure of AGEPI, No. 1378.	13 December 2004
41. Government Decision on the approval of the Action Plan Republic of Moldova–European Union, No. 356.	22 April 2005
42. Government Decision on Some Measures for Wine Production with the Origin Title, No. 551.	7 June 2005
43. Decision of the Parliament of the Republic of Moldova on the approval of the Strategic Directions of Activities in the field of Science and Innovation for the years 2006 – 2010, No. 160 – XVI.	21 July 2005
44. Law on the acceptance of amendments to some international treaties administered by the World Organisation of Intellectual Property, No. 90- XVI.	20 April 2006
45. Law on the acceptance of amendments to the Convention for the establishment of the World Organisation of Intellectual Property, No. 89-XVI.	24 April 2006
46. Television and Radio Code of the Republic of Moldova, No. 260 – XVI, Articles 18 and 20 (1) b).	27 July 2006
47. Government Decision on the Implementation of the Action Plan Republic of Moldova – European Union, No. 889.	3 August 2006
48. Government Decision on the Strategy for Industrial Development until 2015, No. 1149.	5 October 2006
49. Law on the Protection of Industrial Designs and Models, No. 161-XVI.	12 July 2007
50. Law on the Protection of Trademarks, No. 38-XVI.	29 February 2008
51. Law on the Protection of Plant Varieties, No. 39 – XVI.	29 February 2008
52. Law on the Protection of Inventions, No. 50-XVI.	7 March 2008
53. Law on the Protection of Geographical Indications, Appellations of Origin and Guaranteed Traditional Products, No.66 – XVI.	27 March 2008
54. Government Decision on the National Commission on Intellectual Property, No. 489.	29 March 2008
55. Contravention Code of the Republic of Moldova, No.218 – XVI: Articles 96-103 and 400.	24 October 2008
56. Government Decision on the approval of a Regulation on the Procedure for Submission, Expertise and Registration of Industrial designs and models, No. 1496.	29 December 2008

57. Government Decision approving the Regulation on the State Registration of the Results of Research Activities (Annex V of the Partnership Agreement between the Government of the Republic of Moldova and the Science Academy for 2009-2012), No. 27.	22 January 2009
58. Government Decision on the approval of the Regulation of the Appeal Board of AGEPI, No. 257.	2 April 2009
59. Government Decision on the approval of a Regulation on the Procedure for the Submission and Consideration of Applications for Granting and Holding Plant Variety Patents, No.295.	16 April 2009
60. Order on the approval of a Regulation on Access to Information kept in AGEPI, No. 63.	2 June 2009
61. Government Decision on the approval of a Regulation on the Procedure for the Submission, Expertise and Registration of Trademarks, No.488.	13 August 2009
62. Government Decision on the approval of a Regulation on the Procedure for the Submission and Consideration of Applications for and Issuance of Invention Patents, No.528.	1 September 2009
63. AGEPI Regulation on the Registration of Pawning Industrial Property Objects Rights, approved by the Order of the Director General of AGEPI No. 167.	30 December 2009
64. Government Decision on the approval of a Regulation on the Procedure for the Submission, Expertise and Registration of Geographical Indications, Appellations of Origin and Traditional Specialities Guaranteed, No 610.	5 July 2010

Main Provisions of Codes¹⁶³

The **Civil Code** especially refers to the exercise of intellectual property rights at Article 21 paragraph (2), 301, Article 470 paragraph (2), Articles 1171-1178 and Article 1607. The general norms of civil law are also applicable. Thus, according to Article 11 of the Civil Code, the measures for protecting intellectual property rights include the recognition of intellectual property rights; restoration of the situation preceding the violation of intellectual property rights and the award of damages. The competence of the courts is dealt with by the **Civil Procedure Code**, at Article 33.

The **Code on Science and Innovation in the Republic of Moldova**, at Chapter VIII, provides for the role of AGEPI in the protection of intellectual property. It provides, *inter alia*, that AGEPI will constitute the Board of Appeals for considering appeals in the field of industrial property protection. In relation to copyright and related rights, AGEPI may bring suit in court on behalf of authors and on their own behalf and may submit to the relevant bodies proposals on the application of penalties in case of infringement. According to Article 38 of the Code, the following refers to objects of intellectual property:

- a) *objects of industrial property (inventions, utility models, species of plants, topographies of integrated circuits, titles of origin of goods, brands of goods and brands of services, industrial designs and models); and*
- b) *objects of copyright and of related rights (literary works, works of art, science, etc., including software and databases), commercial secrets (know-how) etc.*

¹⁶³ It should be noted that the Criminal Code, the Code on Criminal Procedure, the Contravention Code and the Civil Code are all undergoing revision at the time of preparation of this publication.

The **Customs Code** of the Republic of Moldova, in Chapter XII provides “that measures are to be taken concerning intellectual propriety”. This is supplemented by the Government Decision on the duty for customs assistance in the field of the protection of intellectual propriety, No. 1715 of 27 December 2002. Procedures include the possibility for suspension of the release of goods suspected to infringe an intellectual property right on the application of the right holder, and the possibility for the exercise of this procedure on an *ex-officio* basis. Under the Customs Code, a rightholder is permitted to present a request to stop the customs clearance of the goods of a manufacturer who violates the holder’s exclusive right, using his brand in trade, without the holder’s agreement. The provisions of the Customs Code were developed in accordance with the WTO TRIPS Agreement and the recommendations of the World Customs Organisation concerning the development of an effective protection system of intellectual property objects.

The **Criminal Code of the Republic of Moldova**, at Article 185/1-3, sets out the actions considered to infringe copyright and related rights and industrial property rights, and specifies the sanction in each case. For most offences, it provides for fines of up to 1,000 conventional units for a natural person and up to 5,000 conventional units for a legal entity. Natural persons may be subject to up to 240 hours community work and legal entities may be prohibited from carrying on certain activities for periods of up to 5 years. In the case of certain actions carried out by an organised criminal group or criminal organisation, the penalty may include imprisonment for up to 5 years, a fine of up to 10,000 conventional units and deprivation of the right to carry out certain activities for up to 5 years. The legal entity may also be liquidated. Making false statements in intellectual property registration documents is an offence. As well as providing for the upper limits of the sanctions, Article 185/1-3 also provides for the lower limits.

The **Criminal Procedure Code** of the Republic of Moldova, at Articles 139-142 and 276 provides for procedures in penal proceedings. In general, a criminal investigation may be initiated only on the complaint of a victim.

The **Contravention Code** of the Republic of Moldova, at Articles 96-04, and Article 400 defines the administrative violations in the field of intellectual property and the manner in which these are to be dealt with. Penalties consist of fines of up to 300 conventional units and periods of up to 60 hours of unpaid community work.

The Protection of Copyright and Related Rights in the Republic of Moldova

The main national legislative and normative acts regulating the protection of the copyright and related rights on the territory of the Republic of Moldova are:

- *Article 127 of the Constitution of the Republic of Moldova*¹⁶⁴ which provides that property rights shall be protected in the Republic of Moldova. The Constitution also provides for

¹⁶⁴ *Constitution of the Republic of Moldova* of 24 July 1994.

the principle of freedom of creation, the right to intellectual property and the protection of IPRs under the law¹⁶⁵.

- *The Code of Science and Innovation of the Republic of Moldova (2004)*¹⁶⁶, regulates the legal relations related to the elaboration and promotion of state policy in the field of science, innovation, scientific research, transfers of technology, transfer of scientific-technological data, accreditation of the organisations acting in the field of science and innovation, certifying the qualification of scientific and teaching personnel and the protection of intellectual property.
- *The Law on the Protection of Copyright and Related Rights (1994)*¹⁶⁷, *No 293-XIII of 23 November 1994* governs the relations resulting from the creation and use of literary, artistic and scientific works (copyright) and from the creation and use of performances, phonograms and the broadcasts of radio and television organisations (Related rights).

Protected copyright works encompass intellectual creations in the field of literature, arts and science expressed in any objective form; permitting reproduction thereof both published and unpublished and independent of the form, destination and merit each of the work, as well as of the process of reproduction thereof. The exclusive right to the work belongs to the author who created it.

The author's right does not depend on the property rights to the material object where the respective work finds its expression. The fact of acquisition of the object by another person shall not give that person the author rights. Copyright applies to the form of expression but not to the ideas, processes, methods and functioning, or to mathematical concepts, where relevant.

The following objects are considered as objects of copyright:

- literary works (books, brochures, computer programmes etc.);
- dramatic and musical-dramatic works, scenery, designs of scenario, libretti, film synopsis;
- musical works with or without text;
- choreographic and pantomimic works;
- audiovisual works (cinema, television, video, slide films etc.);
- painting works, sculpture, graphic arts and other fine arts works;
- architecture works, town-planning and garden-park art;
- fine art works;

¹⁶⁵ Article 33 (Freedom of creation) provides that – (1) *“The Freedom to artistic and scientific creation is guaranteed. The creation is not subject to censure; (2) the right of citizens to intellectual property, their material and moral interests emerging in association with various genres of creation are protected by the law and (3) the state contributes to maintenance, development and promotion of cultural and scientific achievement, both national and international”*. There has been one case before the European Court on Human Rights on a copyright issue - application [No.19247/03: Balan vs. Republic of Moldova](#), involving the right in photography.

¹⁶⁶ *Code of Science and Innovation of the Republic of Moldova*, No. 259-XV of 15 July 2004.

¹⁶⁷ *Law on the Protection of Copyright and Related Rights*, No 293-XIII of 23 November 1994.

- photographic works and works obtained by a method similar to photography;
- maps, plans, sketches and plastic works relating to geography, topography, architecture and other sciences;
- derivative and integrated works;
- other works.

According to the 1994 Law, the copyright is valid during the whole life of the author plus 70 years after death, the term begins from the 1 January of the year that follows the death. Copyright on audiovisual work is protected for a term of 50 years. Copyright on works of applied and decorative art lasts 25 years from the date of creation of the work. Copyright on an anonymous work or a work appearing under a pseudonym is valid for a term of 70 years after publication. The moral rights of the author are protected for an unlimited term. After the author's death, moral rights pass to the author's successors, as well as to the organisations which, in accordance with established procedure, have authorisation to protect the copyright. These organisations are also given the role of protecting the moral rights of the author where the rights of the author have expired.

In response to a range of issues concerning the 1994 Copyright and Related Rights Law, a new Draft Copyright and Related Rights Law is at present before the Parliament of the Republic of Moldova (see below).

- *The Law on Broadcasting of copies of works and phonograms(2002)*¹⁶⁸ created new competences for the control of the distribution of copies of works and phonograms; providing for the registration of natural and legal persons which produce and/or distribute copies of works, control marking and responsibility for violations of the provisions of this law.
- *The Customs Code of the Republic of Moldova (2000, as amended)*¹⁶⁹ contains provisions related to the enforcement of intellectual property rights at the border (Articles 301-310). The actions applicable at the border of the Republic of Moldova for the protection of intellectual property are stipulated in chapter XII of the Customs Code, which fully complies with the requirements of the WTO TRIPs Agreement and the guidelines of the World Customs Organisation (WCO) on the development of an efficient system for the protection of intellectual property.
- *Specific Government Decisions dealing with:*
 - the minimum remuneration of copyright authors (No. 641 of 12 July 2001);
 - the approval of Regulations on the mode of production, delivery and application of control hallmarks on works of art and phonograms and Regulations on the method of registration of control hallmark owners in the State Register (No. 744 of 20 June 2003);

¹⁶⁸ *Law on distribution of copies of works and phonograms*, No 1459-XV, of 14 November 2002.

¹⁶⁹ *The Customs Code of the Republic of Moldova*, No. 1149-XIV of 20 July 2000; as amended by Law No. 280 of 14 December 2007 and Law No. 103 of 16 May 2008.

- the registration of works protected by the Law on Copyright and Related Rights, (No. 901 of 28 August 2001);
- the approval of the Strategy for the Development of the National System of Protection and utilisation of intellectual property objects up to 2010 (No. 1143 of 18 September 2003).
- *The Criminal Code (as of 28 January 2005)* provides for both fines and imprisonment for copyright and related rights infringements. Article 185/1 of the Criminal Code¹⁷⁰ lists the actions considered to infringe the copyright and related rights, including:
 - Assuming author's right (plagiarism) or other violation of copyright and/or of related rights, if the value of the violated rights or the value of the licensed work, software programme, database, performance, phonogram or broadcasting which are the subject of the copyright or of related rights is significant.
 - Sale, rental and exchange of copies of works or phonograms in violation of copyright and/or of related rights through public advertising or electronic communication technology, or by the public display of catalogues with covers, or covers of works and phonograms, as well as a refusal to declare the origin of copies of works or phonograms sold, rented or exchanged in violation of copyright and/or of related rights.
 - Sale, rental, exchange, free transfer, export, storage or other use of copies of works and/or phonograms, software programmes or databases with no corresponding control marks, if the value of such items is significant.
 - Evasion of technical means of protecting copyright and related rights, as well as the removal or replacement of information regarding the management of copyright and related rights, irrespective of whether the rights have been violated or not.

Such offences are liable to fines up to 240 hours of community service, while a legal entity is liable to higher fines. In case of repeated violation of the copyright or related rights (or when the offence is committed by two or more persons, by a criminal group or if the size of the infringement is very large), the penalty is higher. In such cases, the offender is liable to a fine or imprisonment for a term from 3 to 5 years and (in appropriate cases) the possible deprivation of the right to carry out certain business activities by a legal entity for a period from 1 to 5 years or the forced liquidation of the legal entity.

The New Law on Copyright and Related Rights¹⁷¹

Under the provisions of the 1994 legislation, harmonisation with EU norms was insufficient. For instance, the Law did not contain any provisions with regard to the right to remuneration for rental and public lending of copyright works. Other problems with the

¹⁷⁰ Criminal Code of the Republic of Moldova adopted by the Law No. 985-XV of 18 April 2002 enacted on 12 June 2003.

¹⁷¹ Law on Copyright and Related Rights, No.139 of 2 July 2010.

1994 Law included the absence of provisions on the copyright in works of applied art (designs) and works of architecture; no application of the three-step test under of the Berne Convention as a precondition for all exceptions and limitations on economic rights of authors; the lack of provisions on the rights of producers of videograms; no regulation as regards acts of temporary reproduction; no specific provisions on the right of resale of works of art, technological protection measures and rights management information and only limited measures concerning the enforcement of copyright and related rights.

The new *2010 Law on the Protection of Copyright and Related Rights* that was elaborated by the AGEPI Working Group with the assistance of an EU funded Project is in line with the legal provisions of EU Directives and the WTO TRIPS Agreement. The new Law provides higher standards for the protection and enforcement of copyright and related rights on the territory of the Republic of Moldova. In particular, the new Law on the Protection of Copyright and Related Rights is harmonised with the provisions of the following EU legislation:

- Directive [2004/48/EC](#) of the European Parliament and of the Council on the enforcement of intellectual property right;
- [Commission Recommendation](#) on collective cross-border management of copyright and related rights for legitimate online music services;
- Directive [2001/84/EC](#) of the European Parliament and of the Council on the resale right for the benefit of the author of an original work of art;
- Directive [2001/29/EC](#) of the European Parliament and of the Council on the harmonisation of certain aspects of copyright and related rights in the information society;
- Directive [96/9/EC](#) of the European Parliament and of the Council on the legal protection of databases;
- Council Directive [93/98/EEC](#) harmonising the term of protection of copyright and certain related rights, Consolidated legislation;
- Council Directive [93/83/EEC](#) on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission;
- Council Directive [92/100/EEC](#) on rental right and lending right and on certain rights related to copyright in the field of intellectual property;
- Council Directive [91/250/EEC](#) on the legal protection of computer programmes, as amended and codified in Directive 2009/24/EC.

Moreover, the new Law is compatible with the relevant international treaties; specifically: the Berne Convention, the Rome Convention, the TRIPS Agreement, the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT)¹⁷².

¹⁷² The compatibility of this Law was confirmed by the Statement of Compatibility of the Centre for Legal Approximation attached to the Ministry for Justice of the Republic of Moldova.

The new Law regulates the relations that evolve as a result of creation and exploitation of literary, artistic and scientific works (copyright) and of performances, phonograms, videograms, and broadcasts of the broadcasting organisations (related rights), and other rights recognised in connection with the intellectual activity in the area of literature, arts and science.

The new Law provides for an extensive list of definitions, including newly formulated definitions of a database, an audiovisual work, a videogram and producer of videogram, rental and lending, as well as number of others which appear in the new Law as a result of transposition of the provisions of the relevant EU Directives.

Article 4 of the new Law outlines the authorities and powers of AGEPI. It is important to note that, during the examination of the Law by the Parliamentary Commission for Culture, it was decided to entrust the task at present performed by AGEPI of carrying out specialised expertise of copies of works, videograms and phonograms, which are presumed to be counterfeit to the Centre for Court Expertise under the Ministry for Justice. In accordance with the new Law, AGEPI will also supervise collective management organisations established in Moldova but will no longer accredit CMOs since the system of accreditation as such is not provided for in the new Law.

The new Law states the general principles of collection and distribution of royalties collected for cable retransmission, remuneration for private copying, public lending and reprographic reproduction of copyright works.

The three-step-test of the Berne Convention is stipulated in Article 24 of the new Law and all the exceptions and limitations of economic rights listed in Chapter III of the new Law are in line with the provisions of the EU Information Society Directive.

The new Law provides for a *Domain Public Payant* system whereby remuneration for the exploitation of works in public domain and folklore expressions has to be paid to the relevant collective management organisation which, after the deduction of management expenses, is obliged under the Law to use the remuneration for the promotion of creativity, appreciation of remarkable creative achievements, granting aid to authors who need financial support as a result of sickness or old age, as well as for the support of research and folklore conservation activity.

Chapter VIII of the new Law regulates technological protection measures and rights management information and its provisions in that regard are in full compliance with Article 6(3) of the Information Society Directive.

Last but not least, the new Law offers a comprehensive set of enforcement measures for holders of copyright and related rights, including measures for preserving evidence, provisional and precautionary measures, corrective measures, injunctions, alternative measures and the right to claim damages.

Enforcement of Copyright and Related Rights in Moldova

The 1,630 copyright registrations at AGEPI in the period 2005 to April 2010 are summarised in the following Table.

COPYRIGHT AND RELATED RIGHTS REGISTRATIONS 2005-2010						
Category of works	2005	2006	2007	2008	2009	2010 (to end April)
Literary	50	78	64	77	74	26
Fine Art	13	44	61	63	29	15
Scientific	54	52	70	78	29	21
Musical	6	13	14	5	21	3
Audiovisual	1	4	11	7	83	26
Decorative and applied art	8	6	8	2	2	0
Integrated	8	2	16	20	52	12
Derived	0	2	2	2	0	0
Phonograms	27	51	45	54	47	13
Databases	3	3	7	4	2	1
Computer programmes	6	28	57	18	21	9
	176	283	355	330	360	126

Enforcement is carried out by the Ministry for Internal Affairs, the Centre for Combating Economic Crimes and Corruption, and the Customs Service. AGEPI also carries out controls in regard to copyright and related rights infringements, although in 2009, in accordance with the provisions of the Contravention Code (in force since 31 May 2009), the internal affairs bodies were entrusted with the investigation and/or punishment of minor offences related to the infringements of copyright and related rights, with AGEPI intervening only in order to identify cases jointly with the officers of the other authorities. Consequently, as noted earlier, in 2009 the number of controls exercised by AGEPI declined significantly compared with 2008 and constituted 24 controls, of which 3 were initiated *ex officio*, and 21 at the request of the Ministry for Internal Affairs, the Centre for Combating Economic Crime and Corruption, copyright holders, etc.

The AGEPI Annual Report for 2009 indicates that, as a result of these controls, 22 control and seizure reports were prepared and submitted to the competent courts in 2009, of which 16 related to the commission of administrative contraventions. In 6 cases the matter was referred to the criminal prosecution body, as the value of infringed rights or licensed copies of works or phonograms was substantial.

The Annual Report of AGEPI for 2009 provides some additional detail about enforcement, as follows: in the year in question AGEPI specialists prepared 155 expert examination reports on copies of seized works or phonograms - including 59 in the context of criminal

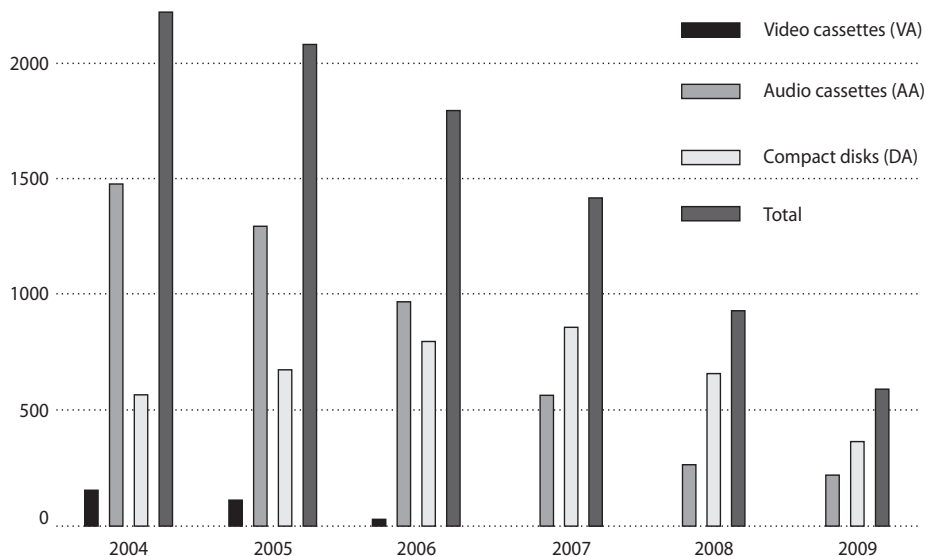
files and 96 in the context of administrative files. They examined works and phonograms printed on 13,964 tangible media (CD, DVD and MP3) and 440 hard disks. Of these, 3,155 CDs, DVDs, MP3s and 119 HDDs were related to administrative matters and 10,809 CDs, DVDs, MP3s and 321 HDDs were related to criminal matters.

Number of seized copies of works and phonograms

2004	2005	2006	2007	2008	2009	
18686	6976	6102	2775	3016	158	Seized works and phonograms, total:
5640	1136	336	42	63	0	including on media: • audio cassettes (MC)
7133	1750	426	132	0	0	• video cassettes (VHS)
4213	1466	1697	612	603	0	• compact disks (CD)
1682	2624	3618	1976	2295	119	• compact disks (DVD)
0	0	25	13	55	39	• hard disks (HDD)

Moldova operates a system of control marks for media carrying IPR objects. In 2009 AGEPI reports that they issued 594,782 control marks in order to ensure the legal marketing of audiovisual works and phonograms recorded on compact discs, video and audio cassettes. As indicated in the Table below, this was 36% less than in the previous year.

Number of Control Marks issued by AGEPI



One of the most frequently encountered problems in relation to the enforcement of IPRs is the lack of interest on the part of right owners. If right owners do not co-operate positively with law enforcement personnel, it places a heavy reliance on *ex-officio* action by the relevant authorities. However, customs actions aside, *ex-officio* action is not possible under Moldovan law in the field of industrial property rights; as it is specifically provided that the authorities may only act on the complaint of the right owner. In relation to copyright and related rights the position is regarded as being uncertain as there is no specific provision in the law. *Ex-officio* authority is provided in the Customs Code, although there is reluctance on the part of the Customs Service to rely upon it. At the time of preparation of this publication, the legal position in relation to *ex-officio* action by the relevant authorities was being reviewed.

Penal sanctions constituting a deterrent, and the proper use of them by the judicial authorities, are also an important part of the enforcement regime. Although penal sanctions have been improved in Moldova¹⁷³, maximum penalties are still modest and the possibility of imprisonment is provided only in a limited way in relation to organised criminal activity. The Criminal Code, as well as other Moldovan Codes was also under review at the time of preparation of this publication.

As noted earlier, AsDAC is one of the copyright collective management organisations which mainly deals with musical performing rights, the right to remuneration for private copying, and cable retransmission rights. Its activities require improvements in various aspects.

First, AsDAC has problems with the collection of remuneration for the rights in its repertoire due to the lack of sufficiently clear and detailed provisions in the 1994 Law. The new Law addresses this. Secondly, AsDAC does not have the necessary contractual relationships with the corresponding foreign organisations at this stage although AsDAC is already an ordinary member of the International Confederation of Societies of Authors and Composers (CISAC based in Paris¹⁷⁴) as of 2005 and has concluded 58 reciprocal representation agreements with other member societies,, such contracts are still missing with some important foreign partners. Moreover, there are no established contacts and contractual arrangements with the corresponding international non-governmental organisations and their member associations¹⁷⁵. Thirdly, AsDAC's distribution system is not sufficiently developed and it appears to require, inter alia, systemisation via the application of the AFRICOS software package¹⁷⁶.

¹⁷³ Law on completing the Criminal Code of the Republic of Moldova, No. 446-XV of 30 December 2004.

¹⁷⁴ www.cisac.org.

¹⁷⁵ For instance, the Association of International Collective Management of Audiovisual Works (AGICOA, Geneva; www.agicoa.org), representing film producers as holders of copyright.

¹⁷⁶ The AFRICOS programme is a joint project of the WIPO, CISAC and the Swiss authors' society SUISA.

The second CMO: National Association “Copyright” is experiencing problems at various levels. These include the small number of national performers represented, low licence agreement coverage of users of objects of related rights and disputes involving both AGEPI (as regards accreditation) and AsDAC (regarding a share of remuneration for private copying). In fact, “Copyright” started its activities only back in November 2009 after it was accredited by AGEPI. At present “Copyright” has concluded 13 licence agreements with radio stations and 10 are still being negotiated. However, in the near future “Copyright” plans to initiate court actions against TV stations which refuse to conclude agreements despite indisputable provisions of the legislation.

It should be noted that neither AsDAC nor “Copyright” have an operating website where rightholders and users as well as the general public could find all the necessary information on governance, members, tariffs, licences, collection and distribution.

A more fundamental problem, however, is that there are certain rights to remuneration provided both in the current Law and, in a more detailed manner, in the new Law (i.e. the reprographic reproduction right, public lending right and the resale right) that may only be exercised through a collective management organisation, but no such organisation exists yet in the Republic of Moldova. Equally, although the legal framework for the protection of rights of authors of visual arts, producers of audiovisual works and broadcasting organisations is already in place and will be further developed and improved once the new Law enters into force, there is no collective management organisation for these rightholders.

The Protection of Patents in the Republic of Moldova

The main legislation in Moldova on patents is the Law on the Protection of Inventions, No. 50-XVI of 7 March 2008 which replaced earlier national legislation from 1995 (Law No. 461/1995).

In accordance with this Law, the competent body with the authority to register patents in the Republic of Moldova is the State Agency on Intellectual Property of the Republic of Moldova (AGEPI). In order to register a patent it is necessary to file with AGEPI an application for registration of a patent in a standard form. The procedure of patent registration provides for the following successive stages:

- filing the application;
- examination of compliance with the filing requirements for patent registration;
- publishing the filed application;
- prior art search, if requested;
- substantive examination of the application;
- registration of the granted patent and issue of the title of protection or rejection of the patent application.

Each stage is carried out within a fixed time limit. The application may be filed directly, by mail or by electronic means (provided that the paper copy is filed within one month from the application). The person filing the application is the named applicant and the applicant may act in person or through a representative holding a valid power of attorney. For foreign applicants, the representation of an industrial property agent/attorney is obligatory.

Any legal or physical person has the right to file an application of registration of a patent both in the Republic of Moldova and abroad.

The patent application shall refer to a single invention (unity of invention: in case the patent application refers to more than one invention not linked as to form a single general inventive concept, the applicant may divide it by filing a divisional application) and shall be carried out in the State language, shall contain the power of attorney and, where required, acts confirming the priority (12 months from the date of the first application) of the patent (if any) and confirmation of payment of the prescribed fees.

For the examination of each application an individual file is opened by AGEPI. During the *Examination concerning compliance with the requirements for filing* an application for patent registration, where any issues arise on this, the applicant is notified and all required documents must be represented to AGEPI in this period; if not the application is considered as not being filed.

Where it is found that all the documents of the application correspond to the prescribed requirements, the data from the application are entered in the National Register of Applications for Patent Registration. The data shall be treated as confidential prior to the publication of the patent application.

Where the required conditions for filing the application are observed, the bibliographical data on the application are published in *The Official Bulletin of Industrial Property* (BOPI), after a period of 18 months from the filing date (or from the priority data, if any). Concomitantly, the application as filed is published and is open to public inspection at the AGEPI library.

Subject to the payment of a prescribed fee, a prior art search can be requested to AGEPI.

The substantive examination of the patent application may be requested within 30 months from the application date (while in the European Patent Convention this term is 6 months after publication of Search Report, and is carried out by AGEPI within 18 months).

Within 6 months of the date of publication, any person may file an opposition against the patent granted:

- on the necessity to reject the registration of a patent on the basis of *absolute grounds*;
- because the patent does not disclose the invention in a manner sufficiently clear and complete;
- because the subject matter of the patent extends beyond the content of the application.

Based on a positive decision and in the absence of any further opposition AGEPI will register the data on the registration in the National Register of Patents, publish it in the BOPI and will issue a Certificate on registration of the patent. In the Republic of Moldova the patent is registered for a period of 20 years (6+4 years in case of a short-term patent) from the filing date of the initial application in the Register.

The short-term patent factually replaces the utility model of the previous law, and the subject matter of a short-term patent is wider than what was provided for utility models, since the latter could only be devices while short-term patent in the new law can also be methods and products, with the exclusion of biological material and chemical or pharmaceutical substances and/or processes.

A short-term patent is registered for 6 years based on a search carried out in Moldovan and Eurasian patents and common knowledge, plus a possible renewal of 4 years after a further world-wide search. The utility model of the previous law was provided for a registration period of 10 years (5+5), without any assessment of the novelty of the invention or a worldwide search.

Where the applicant disagrees with the decision of AGEPI, he is entitled to file an appeal with the Appeals Board of AGEPI within 2 months from the date of receipt of the decision. The decision of the Appeals Board shall be published in the BOPI. Where an applicant contests the findings of the Appeals Board, he may appeal the decision in the court within 2 months from the decision. The competent court is the Chisinau Appeal Chamber.

The owner of a registered patent has the exclusive right to use the patent and to prevent any unauthorised use of the patent.

Since the Republic of Moldova is a member of the PCT (Patent Cooperation Treaty), a patent in the Republic of Moldova can be obtained not only via the national route, as explained above, but also via the international route by filing an international patent application with the International Bureau of WIPO (World Intellectual Property Organisation) and then entering into the national phase/commencement of the national phase/within a time limit of 31 months following the international filing date.

Since the Republic of Moldova is a member of the Eurasian Patent System, an invention in the Republic of Moldova can also be protected by a Eurasian registered patent.

When compared with the European Patent Convention, the Moldovan Patent Law does not include “methods for medical treatment and diagnosis” in the list of non-patentable inventions, which represents the 60% of the patents in the medical field and about 13% of the total number of patents.

In its Statement of Compatibility on the Draft of this Law, the Centre for Legal Approximation attached to the Ministry for Justice of the Republic of Moldova notes that the Draft was partially compatible with EU law in regard to patents, especially vis-a-vis the European Patent Convention. In particular, the CLA noted that exceptions to patentability were more restrictive than the Convention and the substantive examination of the application was to be undertaken within 30 months as opposed to a 6 month limit after publication of the search report in the EPC.

In the final text of the Law, “methods for medical treatment and diagnosis” were not included in the list of non-patentable inventions, and the substantive examination of the application is to be undertaken within 30 months from the date of the patent application (“mixed delayed” examination system as opposed to the delayed European examination system).

In the period from 1993 to 2009, 5,277 patent applications were lodged with AGEPI, of which 4,642 were filed by national applicants and 689 – by foreign applicants, including PCT applications - 292). In the same period, 3,722 patents were granted (to nationals - 3,313 and to foreigners - 409). In the same period, 22,368 patent applications were filed with the Eurasian Patent Office in Moscow, seeking protection in EAPO countries including the Republic of Moldova and 13,245 Eurasian patents were granted. On 31 December 2009, 5,349 patents were valid in the Republic of Moldova, of which 4,187 Eurasian patents.

The Protection of Plant Varieties in the Republic of Moldova

The main legislation in Moldova on plant varieties is the Law on the Protection of Plant Varieties No. 39-XVI of 29 February 2008, which replaced the earlier national legislation (Law No. 915/ 1996).

Under this Law, the intellectual property right in a plant variety is recognised and protected in the Republic of Moldova under a *sui generis* system and confirmed by a patent on the plant variety. The patent certifies the novelty of the variety, the ownership of the variety and the exclusive right of the patent owner to use the variety.

During the term of the patent, the patent owner holds the exclusive right on the patent and on the variety protected by patent, authorizing him to exploit, under the condition that in the course of exploitation it does not infringe the rights of other patent owners, to use it and prohibit the third parties to perform without his authorization the following acts with respect to the material of the variety:

- a. production or reproduction (multiplication);

- b. conditioning for the purpose of propagation;
- c. offering for sale;
- d. selling or other marketing;
- e. exporting;
- f. importing;
- g. stocking for any of the purposes mentioned in items (a) to (f).

The term of the patent for a plant variety varies depending on the connection of the plant variety with certain plant groupings viz:

- up to 30 years from the date of publication in the BOPI of the mentioning about the granting the patent for varieties of potatoes, trees and grapevines;
- up to 25 years from the date of granting the patent for varieties of other species.

At the request of the patent owner the term of the patent may be extended for a period of 5 years. Moreover, the patent owner shall, throughout the life of the patent, be obliged to pay annual maintenance fees. Where these fees are not paid, the patent owner will forfeit his rights deriving from the plant variety patent.

In its Statement of Compatibility on the Draft of this Law, the Centre for Legal Approximation attached to the Ministry for Justice of the Republic of Moldova noted that the Draft was compatible with EU law in regard to the protection of plant varieties, although the Statement mentions some differences vis-à-vis certain specific articles in EU law.

In the period from 2000 to 2009, 229 plant variety protection applications were lodged with AGEPI (by national applicants – 219 and 10 by foreigners). AGEPI granted a total of 49 plant variety patents in the same period. All 49 plant variety patents were valid on the territory of the Republic of Moldova on 31 December 2009.

The Protection of Trademarks in the Republic of Moldova

The main legislation in Moldova on trademarks is the Law on the Protection of Trademarks No. 38-XVI of 29 February 2008, which replaced the earlier national legislation (Law No. 588/1995).

In accordance with this Law, the competent body with the authority to register trademarks in the Republic of Moldova is the State Agency on Intellectual Property of the Republic of Moldova (AGEPI). In order to register a trademark it is necessary to file with AGEPI an application for registration of a trademark in a standard form. The procedure of trademark registration provides for the following successive stages:

- filing the application;
- examination of compliance with the filing requirements for trademark registration;
- publishing the filed application data;

- substantive examination of the application;
- registration of the trademark and issue of the title of protection.

Each stage is carried out within a fixed time limit.

The application may be filed directly or by mail. The person filing the application is the named applicant and the applicant may act in person or through a representative holding a valid power of attorney. For foreign applicants, the representation of an industrial property agent/attorney is obligatory.

Any legal or physical person has the right to file an application of registration of a trademark both in the Republic of Moldova and abroad.

The application shall refer to a single trademark and shall be carried out in the State language, shall contain the power of attorney and, where required, acts confirming the priority (6 months from the date of the first application) of the trademark (if any) and confirmation of payment of the prescribed fees. An applicant may also enclose documents and acts permitting use thereof as elements of the trademark for the names or pseudonyms, portraits of the well-known persons, titles of the scientific, literature works or works of art, citations or personages of the works, state accessories etc. in the form of some authorisations of the competent bodies or consent of the respective persons.

For the examination of each application an individual file is opened by AGEPI. The *Examination concerning compliance with the requirements for filing* an application for trademark registration is carried out within 1 month from the date of receipt of the application. Where any issues arise on this, the applicant is notified and all required documents must be represented to AGEPI within the prescribed time limit; if not the application is considered as not filed.

Where it is found that all the documents of the application correspond to the prescribed requirements, the data from the application are entered in the National Register of Applications for Trademark Registration. AGEPI also verifies the list of products and services, in line with the international classification of goods and services according to the Nice Agreement.

Where the required conditions for filing the application are observed, the data on the application shall be published in *The Official Bulletin of Industrial Property* (BOPI), not later than 3 months from the date of entry into the Register of Applications. Within 3 months of the date of publication, any person may file observations:

- on the necessity to reject the registration of a trademark on the basis of *absolute grounds*.

Within the same 3 months of the date of publication, the owner of prior intellectual or industrial property rights may file objections:

- on the necessity to reject the registration of a trademark on the basis of *relative grounds*.

The substantive examination of the requested sign is carried out within 6 months from the date of publishing the application in BOPI, by reviewing any absolute or relative grounds to reject the application and any observations or objections lodged with the Agency.

Depending on the outcome of the substantive examination, the Agency takes a decision to register the trademark in full or in part or to reject the application of registration and shall inform the applicant of its decision within one month of the decision. Based on a positive decision and in the absence of any further opposition AGEPI will register the data on the registration in the National Register of Trademarks and will issue a Certificate on registration of the trademark. In the Republic of Moldova the trademark is registered for a period of 10 years from the filing date of the initial application in the Register. The registration may be renewed at the request of the trademark owner for an unlimited number of 10-years periods against payment of a prescribed fee on each renewal.

Where the applicant disagrees with the decision of AGEPI, he is entitled to file an appeal with the Appeals Board of AGEPI within 2 months from the date of receipt of the decision. The Appeals Board must examine the appeal within 3 months of its filing. Where an applicant contests the findings of the Appeals Board he may appeal the decision in the court. Similarly, after a trademark is officially registered, any person may oppose the registration and file an appeal with the Appeals Board of AGEPI. The Appeals Board may either accept or reject such an appeal. These decisions may also be appealed before the Chisinau Appeal Court.

The owner of a registered trademark has the exclusive right to use the trademark and to prevent any unauthorised use of the trademark.

Since the Republic of Moldova is a member of the Madrid Union, a trademark in the Republic of Moldova can be protected not only as national trademark, as explained above, but also as extension of an International trademark, filing the relevant request with the WIPO (World Intellectual Property Organisation).

In its Statement of Compatibility on the Draft of this Law, the Centre for Legal Approximation attached to the Ministry for Justice of the Republic of Moldova notes that the Draft was partially compatible with EU law in regard to trademarks, especially by excluding public bodies from the procedure, the extension of grounds of refusal to encompass state images and religious symbols vis-a-vis Council Regulation 40/94¹⁷⁷.

In the final text of the Law state images and religious symbols have been included in the list of absolute grounds for refusal.

¹⁷⁷ This was codified by Council Regulation 207/2009 of 26 February 2009, OJ L 78 of 24 March 2009.

The Protection of Industrial Designs in the Republic of Moldova

The main legislation in Moldova on industrial designs is the Law on the Protection of Industrial Designs, No. 161-XVI of 12 July 2007, which replaced earlier legislation of 1996 (Law No. 991/1996).

In accordance with this Law, the competent body with the authority to register designs in the Republic of Moldova is the State Agency on Intellectual Property of the Republic of Moldova (AGEPI). In order to register a design it is necessary to file with AGEPI an application for registration of a design in a standard form. The procedure of design registration provides for the following successive stages:

- filing the application;
- examination of compliance with the filing requirements for design registration;
- publishing the filed application data;
- substantive examination of the application;
- registration of the design and issue of the title of protection.

Each stage is carried out within a fixed time limit.

The application may be filed directly or by mail. The person filing the application is the named applicant and the applicant may act in person or through a representative holding a valid power of attorney. For foreign applicants, the representation of an industrial property agent/attorney is obligatory.

Any legal or physical person has the right to file an application of registration of a design both in the Republic of Moldova and abroad.

The application shall refer to a single design (or more, up to a maximum of 100, in case of an application for multiple design) and shall be carried out in the State language and shall contain the power of attorney, where required, acts confirming the priority (6 months from the filing date of the first application) of the design, if necessary and confirmation of payment of the prescribed fees.

For the examination of each application an individual file is opened by AGEPI. The *Examination concerning compliance with the requirements for filing* an application for design registration is carried out within 2 months from the date of receipt of the application. Where any issues arise on this, the applicant is notified and all required documents must be represented to AGEPI within 3 months from the notification by AGEPI; if not the application is considered withdrawn.

Where it is found that all the documents of the application correspond to the prescribed requirements, the data from the application are entered in the National Register of Ap-

plications for Registration of Industrial Designs. AGEPI also verifies that the application is in line with the international classification according to the Locarno Agreement.

Where the required conditions for filing the application are observed, the data on the application shall be published in *The Official Bulletin of Industrial Property* (BOPI), not later than 6 months from the date of entry into the Register of Applications. If requested by the applicant, the publication in the BOPI may be postponed by up to 30 months from the filing date of the application (or of the priority, if any). Within 3 months of the date of publication, any person may file reasoned observations, free of charge, concerning the registration of the industrial design. During the same 3 months, any interested person may submit reasoned objections to the registration based on:

- *absolute grounds*;
- *relative grounds* – namely prior application/registration for the same design, or the use in the design, without permission, of works protected under copyright legislation or under other industrial property exclusive rights.

The substantive examination of the requested sign is carried by reviewing any absolute or relative grounds to reject the application and any objections lodged with the Agency.

Depending on the outcome of the substantive examination the Agency takes a decision to register the design or to reject the application of registration and shall inform the applicant of its decision within one month of the decision. Based on a positive decision and in the absence of any further objection AGEPI will register the data on the registration in the National Register of Registered Industrial Designs and will issue a Certificate on registration of the design. In the Republic of Moldova the design is registered for periods of 5 years from the filing date of the initial application in the Register, renewable up to a maximum of 25 years.

Where the applicant disagrees with the decision of AGEPI, he is entitled to file an appeal with the Appeals Board of AGEPI within 2 months from the date of receipt of the decision. The Appeals Board must examine the appeal within 3 months of its filing. Where an applicant contests the findings of the Appeals Board he may appeal the decision in the court. Similarly, after a design is officially registered, any person may oppose the registration and file an appeal with the Appeals Board of AGEPI. The Appeals Board may either accept or reject such an appeal. These decisions may also be appealed before the Chisinau Appeal Court.

The owner of a registered design has the exclusive right to use the design and to prevent any unauthorised use of the design.

The Law also provides for the protection of unregistered industrial designs, for a period of 3 years from the date on which they were first disclosed and made available to the public.

The owner of an unregistered design has the exclusive right to use the design and to prevent any unauthorised use of the design, but only if the disputed use is the result of copying the protected design.

Both registered and unregistered industrial design enjoy 1 year grace period, after which the owner can decide whether to register or not the design: in case the design is registered, it will enjoy a maximum of 25 more years of protection, in case it is not registered, it will enjoy 2 more year of protection.

The Law does not provide a definition of “informed user” or “degree of the author’s freedom”, so the judges will be expected to provide it: for the definition of “informed user”, the judges can take inspiration from two EU decisions that address this aspect of design protection in detail, namely *Procter & Gamble Co. V. Reckitt Benckiser Ltd*, UK Court of Appeal, October 10, 2007, and *Karen Millen Ltd v. Dunnes Stores & Anor*, High Court of Ireland, December 21, 2007.

Since the Republic of Moldova is a member of the Hague System, a design in the Republic of Moldova can be protected not only as national design, as explained above, but also as extension of an International design, filing the relevant request with the WIPO (World Intellectual Property Organisation).

In the period from 1993 to 2009, 7,329 industrial design applications were lodged with AGEPI (many of them for multiple designs, the total number of industrial designs seeking protection was of 30,124). From the total number of applications, 1,306 (containing 5041 industrial designs) were filed by national applicants and 6,023 (containing 25,083 industrial designs) were filed by foreign applicants, including via the Hague system – 5,827 applications. On 31 December 2009, 3,908 industrial designs registrations (containing 12,794 industrial designs) were valid in the Republic of Moldova, including 580 (containing 1,830 industrial designs) - registered via national procedure and 3,328 (containing 10,964 industrial designs) - registered through the Hague system.

The Protection of Geographic Indications in the Republic of Moldova

The main legislation in Moldova on the protection of Geographical Indications, Appellations of Origin and Traditional Specialities Guaranteed is the Law on the Protection of Geographical Indications, Appellations of Origin and Traditional Specialities Guaranteed, No. 66 – XVI of 27 March 2008 which replaced earlier 1995 legislation.

In accordance with this Law, the competent body with the authority to register geographical indications, appellations of origin and traditional specialities guaranteed in the Republic of Moldova is the State Agency on Intellectual Property of the Republic of Moldova (AGEPI). In order to register a geographical indication, or an appellation of origin or a guaranteed traditional product it is necessary to file with AGEPI an application for

registration in a standard form. The procedure for registration provides for the following successive stages:

- filing the application;
- examination of compliance with the filing requirements for registration;
- publishing the filed application data;
- substantive examination of the application;
- registration;
- and issue of the certificate attesting the right to use a geographical indication or an appellation of origin.

Each stage is carried out within a fixed time limit.

Any association of producers, of any legal form, has the right to file an application of registration for a geographical indication, or an appellation of origin or a traditional speciality guaranteed both in the Republic of Moldova and abroad.

The association filing the application is the named applicant and the applicant may act in person or through a representative holding a valid power of attorney. For foreign applicants, the representation of an industrial property agent/attorney is obligatory.

The application for a geographical indication or an appellation of origin shall include at least the following elements: the name and the address of the applicant; the product specification checked and approved by the competent authority and a document setting out the the main points of the specification. The product specification shall provide information on the name of the product (comprising the geographical indication or appellation of origin), a description of the product (including the raw materials, if appropriate, and principal physical, chemical, microbiological and/or organoleptic characteristics of the product), the definition of the geographical area, the evidence that the product originates in the defined geographical area referred, a description of the method of obtaining the product and, if appropriate, the authentic and unvarying local methods as well as information concerning packaging, if the applicant so determines and gives reasons why the packaging must take place in the defined geographical area to safeguard the quality, or ensure the origin, or ensure the control, the link between the quality or characteristics of the product and the geographical area, the link between a specific quality, the reputation or other characteristic of the product and the geographical origin, the name and address of the authorities or bodies verifying compliance with the provisions of the specification and their specific tasks, any specific labelling rule for the product in question, any other statutory requirements laid down by the applicable legislation.

The application for a traditional speciality guaranteed shall include the name and address of the applicant; the product specification (providing the name of the traditional speciality guaranteed in one or more languages, a description of the agricultural pro-

duct or foodstuff including its main physical, chemical, microbiological or organoleptic characteristics, a description of the production method that the producers must follow (including where appropriate the nature and characteristics of the raw materials or ingredients used and the method of preparation of the agricultural product or foodstuff), the key elements that define the product's specific character, the key elements that prove the product's traditional character, the minimum requirements and procedures to check the product's specific character; the names and addresses of the authorities verifying compliance with the provisions of the specification; the documents proving the product's specific and traditional character.

For the examination of each application an individual file is opened by AGEPI. The *Examination concerning compliance with the requirements for filing* an application for a registration of a geographical indication, or an appellation of origin or a traditional speciality guaranteed registration is carried out within 1 month from the date of receipt of the application. Where any issues arise on this, the applicant is notified and all required documents must be represented to AGEPI within two months from the filing date; if not the application is considered as not filed.

Where it is found that all the documents of the application correspond to the prescribed requirements, the data from the application are entered in the National Register of Applications for Registration of Geographical Indications, or National Register of Applications for Registration of Appellations of Origins or National Register of Applications for Registration of Traditional Specialities Guaranteed.

Where the required conditions for filing the application are observed, the data on the application shall be published in *The Official Bulletin of Industrial Property* (BOPI), Within 3 months of the date of publication, any person may file objections against the registration.

An objection against the registration of a geographical indication or an appellation of origin or a traditional speciality guaranteed shall be admissible only if it complies with the legal grounds.

In the *substantive examination* of the requested sign any grounds to reject the application and any objections lodged with the Agency are reviewed.

Depending on the outcome of the substantive examination the Agency takes a decision to register the the geographical indication, the designation of origin or the traditional speciality guaranteed, or to reject the application for registration. Based on a positive decision and in the absence of any further objection, AGEPI will register the data on the registration in the National Register of Protected Geographical Indications, or in the National Register of Protected Appellations of Origin, or the National Register of Traditional Specialities Guaranteed and publish it in the BOPI and will issue a Certificate attesting the right to use the geographical indication, or the appellation of origin.

Where the applicant disagrees with the decision of AGEPI, he is entitled to appeal it to the Appeals Board of AGEPI within 2 months from the date of receipt of the decision. The Appeals Board must examine the appeal within 3 months of its filing. Where an applicant contests the findings of the Appeals Board he may appeal the decision in the Chisinau Appeal Court.

The authorised users of a registered geographical indication or an appellation of origin have the right to use the geographical indication or the appellation of origin. Moreover, registered designations of origin and geographical indications provide protection against any unauthorised use of the same, namely any direct or indirect commercial use of a registered name in respect of products not covered by the registration, any misuse, imitation or evocation (even if the true origin of the product is indicated or if the protected name is translated or accompanied by an expression such as 'style', 'type', 'method', 'as produced in', 'imitation' or similar), any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product, any other practice liable to mislead the consumer as to the true origin of the product.

A registered geographical indication or appellation of origin may not be assigned or licensed and it may not form a subject matter of any real rights.

Registered names of traditional specialities guaranteed are protected against any imitation of names registered and any practice liable to mislead the consumer, including practices suggesting that an agricultural product or foodstuff is a traditional speciality guaranteed.

The term of protection granted to a designation of origin, or a geographical indication, or a traditional speciality guaranteed is unlimited in time. The term of validity of the certificate attesting the right to use a geographical indication, or an appellation of origin is 10 years with the possibility of a renewal for an unlimited number of 10-year periods.

The following appellations of origin, following registration with AGEPI, are protected in the Republic of Moldova in accordance with the 2008 Law on the protection of geographical indications, appellations of origin and traditional specialities guaranteed:

Wines: ROMĂNEȘTI/ПОМЭНЭШТЬ, (MD) and CIUMAI/ЧУМАЙ, (MD).

Beer: ČESKOBUDĚJOVICKE PIVO/BUDWEISER BIER/BIERE DE ČESKE BUDĚJOVICE/ BUDWEIS BEER, (CZ); BUDĚJOVICKE PIVO – BUDVAR/BUDWEISER BIER – BUDVAR/BIERE DE BUDWEIS – BUDVAR/BUDWEIS BEER – BUDVAR, (CZ); BUDĚJOVICKE BUDVAR/BUDWEISER BUDVAR, (CZ); BUDĚJOVICKE PIVO/BUDWEISER BIER/BIERE DE BUDWEIS/BUDWEIS BEER, (CZ); and KARLOVARSKA HOŘKA/KARLSBADER BITTER, (CZ).

In accordance with 1958 Lisbon Agreement for the Protection of Appellations of Origin and their International Registration 803 AOs of the 810 that are contained in the Inter-

national Database are protected in Moldova (as at 6 November 2008). The appellation of origin (ROMĂNEȘTI) is Moldovan and 6 AOs were not granted protection on the different legal grounds in Moldova.

In addition, two geographical indications enjoy a special protection on the territory of the Republic of Moldova in accordance with other laws¹⁷⁸:

1. CRICOVA/КРИКОВА.

2. MILEȘȚII MICI/МИЛЕШТИЙ МИЧЬ.

Further, several wine making regions and bottling areas are given appellations of origin based on Government Decisions of 2005 and 2006¹⁷⁹.

Latest AGEPI statistics indicate that, in the period from 1993 to 2009, 833 applications for registration of appellations of origin were lodged with AGEPI (10 filed by national applicants and 823 – by foreign applicants, including through Lisbon system – 817 applications). On 31 December 2009, 817 appellations of origin were protected on the territory of the Republic of Moldova, of which only 2 are indigenous appellations of origin.

In its Statement of Compatibility on the Draft of this Law, the Centre for Legal Approximation attached to the Ministry for Justice of the Republic of Moldova notes that the Draft was partially compatible with EU law in regard to Geographical Indications, Appellations of Origin and Traditional Specialities Guaranteed, although the reservations seem to relate largely to minor procedural differences vis-à-vis EU law.

From April 2010, the Republic of Moldova is negotiating with the European Union a bilateral Agreement on Protection of Geographical Indications of Agricultural Products and Foodstuffs. The Agreement provides for the protection in the Republic of Moldova of the EU Geographical Indications and, on the other hand, the protection in the EU of the Moldovan Geographical Indications. The Republic of Moldova is currently evaluating the feasibility of the Agreement from the economical and practical point of view, as well as the need of a transitional period.

The Protection of layout designs and integrated circuits in the Republic of Moldova

Under the Law on the Protection of Topographies of Integrated Circuits, No. 655 of 29 October 1999, a topography (Layout-design) of an integrated circuit means the three-dimensional disposition, however expressed, of the elements, at least one of which is

¹⁷⁸ Law of the Republic of Moldova No. 322 of 18 July 2003 on the declaration of the complex “Combinatul de Vinuri “Cricova” - S.A. as “the object of the cultural-national patrimony of the Republic of Moldova and the Law of the Republic of Moldova on granting the statute of the object of national-cultural patrimony of the Republic of Moldova to the property of the State Enterprise “Combinatul de Vinuri de Calitate “Mileștii Mici”.

¹⁷⁹ Government Decision of No. 551 of 7 June 2005 on some measures for making wine with the appellations of origin and Government Decision No. 1366 of 1 December 2006 on limitation of viticulture and wine-making areas.

an active element and of some of them or all of the interconnections of an integrated circuit, or such a three-dimensional compositions prepared for an integrated circuit intended for manufacture. An *integrated circuit* is a product, in its final form or an intermediate form, in which the elements, at least one of which is an active element, and some or all of the interconnections are integrally formed in and/or on a piece of material.

The right to the topography is recognised and protected in the Republic of Moldova by registration of the layout-design with AGEPI and the issue of a certificate on registration. AGEPI also publishes official data, registers contracts on transfer of rights, elaborates the standards and prescribes fees for the services having legal significance in the field of protection of topographies.

Natural and legal persons residing in the Republic of Moldova have the right to legal protection of topographies under the 1999 Law and natural and legal persons residing outside the Republic of Moldova enjoy the rights afforded by this law under the international treaties to which the Republic of Moldova is party, or by application of the principle of reciprocity. In the period 1993 to June 2010, no applications for the registration of layout designs and integrated circuits were filed with AGEPI.

The Protection of undisclosed information in the Republic of Moldova

The main legislation in Moldova concerning undisclosed information, in the sense of Article 39 of the WTO TRIPS Agreement, is the Law on Commercial Secrets No. 171 of 6 July 1994, as amended¹⁸⁰.

Under this Law, implementing Article 39 of the TRIPs Agreement, the right in a commercial secret is recognised and protected, and the responsibility of keeping commercial secrets lies with the business agent, or with an executive appointed by him, assisted by the State and order protection bodies.

The Law also provides for protection of tests and other secret data regarding pharmaceutical or agricultural chemical products, implementing paragraph 3 of Article 39 of the TRIPs Agreement.

Enforcement provisions in the various intellectual property legislative acts

Each of the legislative acts referred to above concerning the protection of the individual areas of intellectual property law contain enforcement provisions which are in general well approximated to TRIPS and EU standards.

¹⁸⁰ Law on Commercial Secrets, No. 171-XIII of 6 July 1994, amended by the Law No. 1079-XIV of 23 June 2000, the Law No. 312-XV of 28 June 2001, the Law No. 390-XV of 20 July 2001, the Law No.290-XV of 22 July 2004 and the Law No.204-XVI of 28 July 2005.

Responsibility for law approximation in the intellectual property field and underlying policy approaches

AGEPI is primarily responsible for law approximation in the intellectual property field in Moldova. This arises from its specific functions regarding the preparation of legislation, the organisation and management of the national system of intellectual property protection and the supervision of the enforcement of national and international IP law in Moldova under Article 163 of the Code of Science and innovation of 2004.

Enforcement, as seen earlier in this Chapter, is a wider function with several different actors. Nonetheless, AGEPI's supervisory role is clear.

Since the establishment of the National Commission on Intellectual Property, responsibility for higher level strategy in the sector is placed with the Minister for Economy. This makes sense from a public administration perspective as AGEPI is a state enterprise with no obvious entitlement to a voice at Government level.

Summary of key progress to date in law approximation regarding intellectual property in Moldova

According to the Moldovan Ministry for Foreign Affairs and EU Integration, Moldova took important steps in adjusting the national legislation to the requirements of the international treaties (notably the TRIPs Agreement) between 2005 and the end of 2007. Moreover, institutional consolidation progressed via the merger of two agencies (*Agency for industrial property and Agency for authors' rights*) into one single body: AGEPI. In addition, cooperation with the IP authorities from other states was extended, industrial associations were improved, the implementation process of important conventions was settled in line with Article 49 of the PCA and a study on counterfeiting and piracy in Moldova was completed¹⁸¹.

In respect of the five key action points of the ENAP, the Ministry for Foreign Affairs and EU Integration Report assessed the situation as follows:

1. *Apply international standards on IPR, including in particular the TRIPS agreement.*

By end 2007, this was seen as in the course of being finalised, notably via new legislation on Industrial Designs, Trademarks, Geographical Indications and Copyright & Related Rights which were, at that point at different stages of preparation.

2. *Ensure proper functioning of the judicial system to guarantee access to justice for right-holders and availability and effective implementation of sanctions.*

¹⁸¹ "Overview of EU-MOLDOVA Action Plan Implementation, (February 2005 - November 2007)", Moldovan Ministry for Foreign Affairs and EU Integration, December 2007.

On this point, the Ministry for Foreign Affairs and EU Integration Report notes that Moldovan legislation provides for non-discriminatory access to justice for all right holders, including intellectual property right-holders. Secondly, to ensure public access to legal information and jurisprudence in this field, a dialogue had been initiated between AGEPI, the Court of Appeal, and the Supreme Court of Justice to find an optimal way to create an informational system for court decisions regarding intellectual property cases. Moreover, the following had been put in place:

- a database with the court decisions on IP, accessible via the AGEPI website;
- electronic management of data on litigation in the field of IP examined by the Board of Appeals of AGEPI and those under examination in the courts where AGEPI is a party;
- publication of summaries of decisions in the Official Bulletin of Industrial Property.

Thirdly, the AGEPI Board of Appeals (the administrative body for out-of-court solutions of disputes in the field of intellectual property) had been reorganised and a new Regulation on this was in force since 1 January 2006.

3. *Consolidation of the relevant institutional structures, as well as of the offices for industrial rights, copyrights protection and collective societies. Extend cooperation with third country authorities and industry associations.*

According to the Report, this had been completed. First, Institutional consolidation of the intellectual property system culminated in the creation of AGEPI in late 2004 and the Agency was staffed and being continuously trained. Secondly, in June 2005, the customs system of the Republic of Moldova was subject to some institutional modifications; both structural and responsibilities of this institution were improved. Thirdly, to ensure a common approach and application of consolidated measures targeted to protect and defend intellectual property rights, a closer collaboration was initiated between the institutions involved in the process of protection and provision of intellectual property rights, and cooperation agreements were signed between AGEPI, the Ministry for Internal Affairs, the Customs Service and the Ministry for Informational Development. Finally, a range of cooperation activities had been put in place, including with international organisations, the BSA (Business Software Alliance), the International Federation of Producers of Phonograms (IFPP), the Coalition for the Protection of Intellectual Property Rights (CFIPR) and Microsoft representatives in Moldova. Reciprocally advantageous relations were being maintained with the Member States of the CIS and regional Eurasian organisations.

4. *Increase resources dedicated to enforcement, in particular for the customs authorities and the judicial system and increase seizures and actions against counterfeit/pirated goods in specifically targeted sectors.*

According to the Report, this had also been completed. Notable aspects of this included the criminalisation of counterfeiting and piracy, the increased role of the Ministry for interior on the seizure and destruction of counterfeit and pirated goods and the prepa-

ration of a draft Government Decision on the creation of a National Commission for Intellectual Property to coordinate enforcement agencies.

5. *Improve enforcement of the relevant conventions provided for by PCA Article 49(2). Conduct a study on piracy and counterfeiting in Moldova and ensure effective dialogue with rights holders.*

This action had also been completed according to the MFAEUI Report. Apart from accession to various conventions (dealt with elsewhere in this publication), a study had been completed and published in 2006 on intellectual property rights observance in the Republic of Moldova including the issues of counterfeiting and piracy¹⁸².

In regard to the *Study on Counterfeiting and Piracy in the Republic of Moldova* of 2006, this revealed that a large number of governmental authorities play a role in the IP field without being fully aware of their respective role. Thus there is a need for a better clarification on the respective roles and responsibilities of these authorities and maybe also for a simplification and improved cooperation between them. The Study recommended the following specific actions:

- *Adequate equipping the institutions involved in combating counterfeit and piracy with hardware and software resources;*
- *Establishment of some units for expert evaluation of products presumed to be counterfeited;*
- *Training of persons responsible for IPR protection (Customs, Police, Prosecutor's Office) in methods for detecting and combating counterfeit and piracy, obtaining and securing of proofs;*
- *Widening cooperation between governmental institutions and right holders, including by involving right holder associations in improving and development of a modern IP system and in fighting counterfeiting and piracy;*
- *Establishment of a National Commission for Intellectual Property;*
- *Signature of some cooperation agreements between concerned public institutions and nongovernmental organisations;*
- *Launching a national campaign for fighting counterfeit and piracy.*

EU progress reports 2004 to 2010¹⁸³

In its Progress Reports on Moldova in the period 2004 to 2009, the European Commission has highlighted several important aspects of IPR law and policy in Moldova vis-à-vis the PCA and ENAP commitments. In the first Report in 2004, the Commission noted that

¹⁸² AGEPI (Liliana Vieru): "Study on Counterfeiting and Piracy in the Republic of Moldova", 2006.

¹⁸³ These are published since 2006 as Commission Staff Working Documents accompanying annual Commission Communications to the Council on the implementation of the European Neighbourhood Policy. The most recent of these is the *Progress Report – Republic of Moldova*, SEC (2010) 523 of 12 May 2010.

Moldova had also made progress in implementation of the trade-related PCA commitments, although contentious issues remained, including the protection of intellectual property rights. Subsequently, the 2006 Report recognised that Moldova had taken a number of positive steps, including the launch of a study on piracy and counterfeiting, preparation of several pieces of new draft legislation and increasing activity related to the seizure of counterfeited and pirated goods. Moreover, at that stage, the penal code had been modified to increase sanctions for violation and infringement of copyright and related rights and cooperation agreements between AGEPI, the Customs Service and the Ministry for Information Development had been renewed, and negotiations were underway to include the Ministry for Interior.

The 2008 Progress Report notes that Moldovan legislation had progressed and was further completed with the entry into force of the Law on Industrial Design, the electronic register of right-holders had been finalised and penal sanctions for infringing industrial property rights were in force. Moreover, the first study on piracy and counterfeiting had been finalised; setting out recommendations on further legislative approximation, awareness-raising and increased cooperation among all enforcement bodies. On the negative side, the Report noted:

"However, effective implementation and enforcement of the IPR legislation, including at court level, is still a challenge and only limited progress can be noted in this respect. Therefore, further training of IPR enforcement agents (i.e. police, customs, judges), a clarification of the responsibilities of all the governmental bodies involved in IPR, reliable statistical data and awareness-raising activities among the stakeholders are needed"¹⁸⁴.

The 2009 Progress Report recognised the substantial new and improved legislation on trademarks, the protection of plant varieties, the protection of inventions and the protection of geographical indications, appellations of origins and traditional specialties put in place in 2008. It also noted that, in May 2008, the customs procedures regarding intellectual property rights were strengthened, including provisions allowing *ex officio* intervention by customs. While the Government had approved a draft law on Copyright and Related Rights in December 2008, this had not yet been adopted. Moreover, the National Commission on Intellectual Property, designed to take charge of coordinating the relevant public institutions and advising on IPR issues, was formally established in April 2008.

The recently published 2010 Progress Report points out that Moldova continued to complement its legislation on intellectual property rights with the entry into force in November 2009 of improved procedures and patents and notes the completion of accession to international treaties with the ratification, in March 2009, of the Singapore Treaty on the law of trademarks. The Report also notes that the new Law on Copyright and related rights had not yet been adopted. Moreover, while the new Contravention

¹⁸⁴ Commission Progress Report 2008 at p. 11.

Code had entered into force in May 2009, providing for administrative sanctions, the enforcement of intellectual property rights on the ground and at court level, in the view of the Commission, remained an issue of concern together with the high level of piracy and counterfeiting. Further concern was expressed that the National Commission on intellectual property had not yet convened. Finally, the 2010 Progress Report notes that:

“In April 2009 Moldova sent an official request to open negotiations of an extension agreement with the European Patent Office (EPO). The issue of Moldova’s membership to the Eurasian Patent Organisation needs to be resolved before the start of negotiations with the EPO.”

In regard to this observation, the position is that the Republic of Moldova is considering leaving the Eurasian Patent Organisation in order to make a further step to become an extension state of the European Patent Convention. In 2008 a programme of co-operation activities between AGEPI and the European Patent Office was started, the first part of which ended in 2009 to be followed by a second part just started in 2010 and to be finished in 2011. The programme is focused on the analysis of the conformity of the patent law of the Republic of Moldova with the *acquis communautaire* and its compatibility with the EPC. It includes the training of examiners, review of the patent granting procedure, patent data exchange and publication, IT system, enforcement issues, raising awareness and promotion of the patent system, assistance in the setting up of the profession of patent attorneys and the promotion of the Moldovan patent system in western Europe.

Comments on extent of legislation development and institutional/enforcement record & capacity

From this overview of law and policy in the IPR field in the Republic of Moldova it is clear that legislative development to align Moldovan legislation with EU and international norms has proceeded well (albeit not by the 2003 deadline of the PCA) and is now in its final stages. Moldova also has an impressive record of accession to relevant international conventions on intellectual property rights protection.

The institutional arrangements to support the credible implementation and enforcement of IPR legislation have also developed significantly and generally in the right direction. However, it is also clear that there are continuing problems and challenges in this area.

Further (secondary) legislation is needed to apply the provisions of the Draft Law on Copyright and Related Rights, adopted on 2 July 2010. The most important challenges, however, relate to enforcement and the accreditation and workings of the collection management organisations in Moldova. In regard to industrial property, enforcement issues are again of central importance. The alignment of Moldovan legislation with EPC requirements will increase in importance if Moldova progresses towards being an extension state and setting up the necessary mechanisms for *ex-officio* enforcement of geographical indications regulation is likely to emerge as a short term imperative under a future EU-Moldova bilateral Agreement in this segment.

While improved enforcement emerges as the central need for the coming years, it is not simply a matter of increased staffing, specialisation and/or training in the relevant stakeholder organisations. These points are relevant to some degree. Court specialisation needs enhancement, for example, and donor support projects, including the forthcoming EU Twinning Project, are likely to provide considerable training support. In Moldova, two additional critical factors are enforcement leadership (including concerted anti-piracy activities) and the more active involvement of rightholders in enforcement activity. On the latter, it is unreasonable to expect strong enforcement results in Moldova if key rightholders (e.g. of industrial property rights) fail to assist enforcement efforts because of apparent indifference to the relatively small Moldovan market. In regard to enforcement leadership, there is a diversity of stakeholders in the system in Moldova operating at different capacity levels, creating conditions of administrative confusion and diluting the overall enforcement effort. Thus, there is a key need for coordination and enforcement leadership built around a coherent enforcement strategy. A key opportunity to address this issue immediately, comprehensively and strategically arises from the activation of the National Commission on Intellectual Property in June 2010.

These issues are considered further in **Chapters 5 to 7** of this publication.

PART 2:

THE APPROXIMATION
CHALLENGES TO BE MET

4. EU LAW AND POLICY IN REGARD TO INTELLECTUAL PROPERTY

Overview of EU Law and Policy on Intellectual Property

The protection of intellectual property rights has distinct European origins. The earliest-recorded historical case-law on copyright, and hence the *concept of copyright*, comes from 6th century Ireland and concerned a dispute about an unauthorised copy of a biblical manuscript. In the judgment on the case, it was held that: *“To every cow belongs her calf; therefore to every book belongs its copy”*. This principle was later encoded in the ancient Irish “Brehon” (or Judge) Laws around 700 AD and became part of Irish Law until the fourteenth century¹⁸⁵.

Modern copyright law originated with the British Copyright Act of 1709 (known as the “Statute of Anne”¹⁸⁶). This Act described itself as *“An Act for the Encouragement of Learning, by vesting the Copies of Printed Books in the Authors or purchasers of such Copies, during the Times therein mentioned”* and gave the authors rights for a fixed period of fourteen years for all works published under the statute, after which the copyright expired. The stated purpose of the Act was *“for the encouragement of learned men to compose and write useful books”*.

Subsequently, the US Constitution of 1787 adopted a Copyright Clause authorising copyright legislation: *“To promote the Progress of Science..., by securing for limited Times to Authors... the exclusive Right to their... Writings.”*¹⁸⁷

The 1886 Berne Convention first established the bilateral recognition of copyrights among sovereign states, rather than merely bilaterally. The Berne Convention was developed at the instigation of Victor Hugo of the Association Littéraire et Artistique Internationale. It was strongly influenced by the French “right of the author” (droit d’auteur), which contrasts somewhat with the Anglo-Saxon concept of “copyright” (which only

¹⁸⁵ The Statute of Kilkenny of 1368 effectively outlawed the Brehon Law system in Ireland.

¹⁸⁶ Great Britain: Copyright Act 1709, 8 Anne c.19.

¹⁸⁷ Article I, Section 8, Clause 8, United States Constitution, 1787.

dealt with economic concerns). It introduced important and novel principles that continue to the present:

- Copyrights for creative works do not have to be asserted or declared, as they are automatically in force at creation.
- In Berne Convention countries, there is no requirement for an author to "register" or "apply for" a copyright, or to mark his or her works with a copyright symbol or other indication.
- As soon as a work is "fixed", that is, written or recorded on some physical medium, its author is automatically entitled to all copyrights in the work, and to any derivative works unless and until the author explicitly disclaims them, or until the copyright expires.

The Berne Convention also resulted in foreign authors being treated equivalently to domestic authors, in any member country of the Convention¹⁸⁸.

Patent legislation has a similarly interesting and European history. The earliest patents (with a guaranteed right of profit for the inventor for one year) were given by the Greek City of Sybaris (now in Southern Italy) in 500 BC. Patents in the modern sense originated in 1474, when the Venetians enacted a decree that new and inventive devices, once put into practice, had to be communicated to the Republic to obtain the right to prevent others from using them. Later, in 1623 the English Statute of Monopolies¹⁸⁹ provided that patents could only be granted for "projects of new invention". English jurisprudence in the early 18th century developed the requirement that a written description of the invention must be submitted. In contrast, the modern French patent system was created during the Revolution in 1791 and patents were granted without examination on the basis that an inventor's right was considered a matter of natural law. It was also not necessary to publish the invention as its use was regarded as adequate public disclosure. The first US patent legislation was in 1790, although different states awarded patents under separate systems much earlier.

From this historical background it is clear that the protection of intellectual property rights emerged from European traditions. Civil law traditions developed a focus on a natural law, ethical, philosophical and later an economic basis for the protection of creative works. In the common law countries the fundamental focus was primarily economic from the beginning. Subsequent international law still carries shadows of these differing emphases and this, in part, explains somewhat stronger EU rules vis-à-vis the main mul-

¹⁸⁸ It is interesting to note that the UK signed the Berne Convention in 1887 but did not implement large parts of it until the passage of the *Copyright, Designs and Patents Act of 1988* and that the USA did not sign the Berne Convention until 1989.

¹⁸⁹ Statute of Monopolies, 1623 (21 Jac. 1, c.3). This was introduced in response to abuse of the previous system whereby the king could grant of arbitrary monopolies for the production of particular goods or the provision of particular services by "letters patent" to the detriment of commerce. The Statute provided strict rules on the circumstances in which the first inventor of a given item could be given exclusive rights to that invention, provided that it was not "contrary to the law nor mischievous to the state by raising prices of commodities at home, or hurt of trade, or generally inconvenient".

tilateral regime of the WTO TRIPS Agreement. It also explains why EU standards on IPR were problematic to develop and why EU harmonised rules emerged relatively later than other branches of EU law.

The EU took its first steps in the field of intellectual property in the second half of the 1970s with the establishment of the European Patent Office, but it was the establishment of the Single Market (1992) which provided the decisive impetus for the harmonisation of intellectual property rights. The objective was to ensure that goods and services protected by one of these rights could move freely. A right-holder had to be able to treat the EU as a single home market, which meant that the protection available had to be equivalent in all Member States. Differences which stood in the way of this objective were to be eliminated by means of measures adopted at EU level. Initially, therefore, EU action took the form of an alignment of the Member States' intellectual property legislation aimed at removing differences of treatment which interfered with the free movement of goods and services. Efforts were concentrated on areas where the divergences were most marked, or where there were or appeared to be unjustified obstacles to free movement.

EU harmonisation on the IPR field generally emerged on the basis of general provisions for harmonisation of laws in the interests of the free movement of goods and services in the EU Internal market¹⁹⁰ (e.g. Article 100 of the EEC Treaty/ Article 95 under the Amsterdam version of the EC Treaty).

Once an alignment of domestic legislation was secured, there were several areas where it was thought desirable to offer rightholders the possibility of securing protection throughout the European Union in one operation. This resulted later in the creation of the Community Trademark in 1993, the establishment of the Community design in 2001 and continues with new initiatives agreed in December 2009 on the main features of a future patent court in the EU and on a common approach to an EU Patent Regulation and a new EU mark for organic food which comes into effect in 2010. Moreover, the EU has developed important initiatives on the protection of IPRs or similar rights in several sectors; notably agriculture, biotechnology and pharmaceuticals.

The Lisbon Treaty, in force since 1 December 2009, makes the first explicit provision for IPR regulation in the following terms.

¹⁹⁰ Originally, Article 100 of the EEC Treaty. This became Article 95 under the Amsterdam version of the EC Treaty and is now Article 114 of the Lisbon Treaty.

IPR PROVISIONS OF THE LISBON TREATY

New Article 97a:

“In the context of the establishment and functioning of the internal market, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish 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.

The Council, acting in accordance with a special legislative procedure, shall by means of regulations establish language arrangements for the European intellectual property rights. The Council shall act unanimously after consulting the European Parliament.”

New Article 188c:

*“The common commercial policy shall be based on uniform principles, particularly with regard to changes in tariff rates, the conclusion of tariff and trade agreements relating to trade in goods and services, and **the commercial aspects of intellectual property**, foreign direct investment, the achievement of uniformity in measures of liberalisation ...”*

■ Review of EU law provisions

Intellectual Property rights protection in the European Union – Copyright and related rights

The legal framework of the EU is generally referred to as the *acquis* – the body of laws and policies on any given topic. In the case of copyright and related rights, the *acquis* incorporates all of the relevant provisions of the international instruments explored in the earlier chapters of this publication. The influence of the conventions can be seen in the European legislation, but the EU instruments are more detailed, and the level of protection more comprehensive than that of the international agreements.

European Union legislation is of two types: *directives*, containing legal measures which Member States are obliged to incorporate into their domestic laws; and *regulations*, which have direct effect in all Member States, without the need for domestic implementation.

EU policy on copyright and related rights

Statements on significant aspects of EU policy are generally published by the European Commission as *Green Papers*. There have been five Green Papers affecting Copyright and Related Rights, in the period 1988, to date. These are:

- *Copyright and the Challenge of Technology, 1988*¹⁹¹;
- *Copyright and Related Rights in the Information Society, 1995*¹⁹²;
- *Combating Counterfeiting and Piracy, 1998*¹⁹³;
- *Copyright in the Knowledge Economy, 2008*¹⁹⁴; and
- *Unlocking the Potential of Cultural and Creative Industries, 2010*¹⁹⁵.

In addition to the Green Papers, the Commission has published a number of follow-up documents, which develop the issues discussed in the Green Papers.

The starting point for any exploration of EU policy on copyright and related rights law is the first of the Green Papers mentioned above - *Copyright and the Challenge of Technology*, published in 1988. In it, the Commission argued that a shift had occurred in the economic activities of industrialised countries – away from the production of “basic” products, to those which had considerable value added involving new combinations of technology, skill and ingenuity. The Green Paper foresaw the huge market which was opening up in information products, and recognised that this market would be easily undermined by unauthorised copying. It also saw that European Member States could best compete in this new market if the effect of linguistic and legal differences between them could be minimised.

The Green Paper identified the following important needs:

- *to eliminate material differences between Member States on aspects of copyright and related rights law;*
- *to set the standard for legal protection at a high level, in order to improve the competitive position of Member States; and*
- *to address the problem of misappropriation of intellectual property, or piracy.*

The Commission took a conservative approach to the action needed. It pointed out that, as all Member States belonged to the Berne Convention, a certain amount of harmonisation of copyright law had already taken place. Thus, it was only in certain specific areas of the law that action was necessary.

With this approach in mind, the EU proceeded to produce the “*first generation*” of copyright and related rights directives. These deal with several diverse topics. The subject matter covered includes computer programmes; rental and lending rights; satellite

¹⁹¹ Green Paper on Copyright and the Challenge of Technology - Copyright issues requiring immediate action, COM (88) 172, June 1988.

¹⁹² Green Paper - Copyright and Related Rights in the Information Society, COM (95) 382, July 1995.

¹⁹³ Green Paper - Combating Counterfeiting and Piracy in the Single Market, COM (98) 569, October 1998.

¹⁹⁴ Green Paper – Copyright in the Knowledge Economy, COM (2008) 466, July 2008.

¹⁹⁵ Green Paper – Unlocking the Potential of Cultural and Creative Industries, COM (2010) 183, April 2010 (partially dealing with intellectual property issues).

broadcasting and cable retransmission rights; the term of protection of copyright and related rights; the protection of databases, and artists resale rights.

The second Green Paper, of 1995, focused on the problems posed by digital technology and the development of the Internet, and identified the need for a more comprehensive and less sectoral approach to legislation. As a result, a “*second generation*” of directives was initiated, addressing fundamental issues such as the nature of the reproduction right and the range of permissible exceptions, as well as the standard of enforcement measures – something that was identified as necessary in the third of the Green Papers.

The European Commission was not of course operating in a vacuum in this period. In the background were certain of the international agreements already covered in this publication, especially the TRIPS Agreement in 1994 and the two WIPO treaties of 1996. The influences are now reciprocal. The EU legislation is not only influenced by international agreements, it also exerts a considerable influence on the shape of those agreements.

The Directives

1. The Computer Software Directive¹⁹⁶

In certain jurisdictions it had from an early stage been recognised that computer programmes could be protected by copyright law, as literary works. Copyright protection for computer software is now well recognised in international law, as well as by the EU¹⁹⁷.

Council Directive 91/250/EEC on the legal protection of computer programmes was the first copyright measure of the European Union on copyright. The objective of the Directive was to harmonise Member States’ legislation regarding the protection of computer programmes in order to create a legal environment affording a similar degree of security against unauthorised reproduction of such programmes. Prior to the Directive, only five Member States had specific copyright protection systems for computer programmes: the United Kingdom, France, Germany, Spain and Denmark.

Article 1 of the Directive provides that computer programmes shall be protected as literary works. There is no definition of a computer programme, but it is clear that the protection extends to the expression in any form of a computer programme, but not to the ideas and principles underlying any element of the programme. The recitals to the Directive clarify that logic, algorithms and programming language are not protected. Preparatory design work is protected, provided the nature of it is such that a computer programme can result from it at a later stage.

¹⁹⁶ Council Directive 91/250/EEC of 14 May 1991 on the legal protection of computer programmes, OJ L 122 of 17 May 1991 as amended by Council Directive 93/98/EEC of 29 October 1993, OJ L 290 of 24 November 1993 and codified in Directive 2009/24/EC of the Council and the European Parliament of 23 April 2009, OJ L111 of 5 May 2009.

¹⁹⁷ See Article 10(1) of the TRIPS Agreements, and Article 4 of the WIPO Copyright Treaty (WCT).

The originality standard is stated to be “the author’s own original creation”. Thus, merely expending effort or resources will not be enough - there has to be some creative input. The recitals clarify, however, that no particular tests as to the qualitative or aesthetic merits of the programme should be applied.

The author is defined as the natural person or group of persons who created the programme, or, where the legislation of the Member State allows, the legal person designated as the right holder by that legislation. Ownership of the programme must be granted to the author, in the same way as applies in the case of literary works. An exception to this is provided in the case of an employee, who is not to be treated as an author, unless his or her contract so provides.

The acts of exploitation that the right holder can control are the following:

- The permanent or temporary reproduction of the programme, by any means and in any form, in part or in whole.
- The translation, adaptation, arrangement and any other alteration of the programme.
- Any form of distribution to the public, including rental of copies. The first sale of a copy in the EU exhausts the distribution right.

There are three exceptions to the restricted acts:

- *The lawful acquirer’s necessary use* - In the absence of contractual provisions to the contrary, the person who lawfully acquires a copy of a computer programme may carry out any of the restricted acts in so far as is necessary to use the programme in accordance with its intended purpose, including for error correction. On this point, the European Commission has clarified that its understanding of the meaning of “lawful acquirer” is that it means a purchaser, licensee, renter, or a person authorised to use the programme on behalf of the one of those persons¹⁹⁸.
- *The making of back-up copies* - When it is necessary for the use of a programme, the person having a right to use it may not be prevented from making a back-up copy. According to the Commission, the notion of “back-up” is intended to mean “for security reasons”. Only one copy may be made, and solely for that specific purpose. The exception, therefore, ensures that normal use of the programme can continue in the event of loss or a defect in the original. This is necessary for the use of the programme¹⁹⁹.
- *Observation, study or testing* - A person having the right to use a computer programme may observe, study or test the functioning of the programme in order to determine the ideas and principles underlying any element of it, if he does so while performing any of the acts of loading, displaying, running, transmitting or storing the programme, which he is entitled to do.

¹⁹⁸ See the Report of the Commission on the implementation of the Directive, COM/2000/0199 final.

¹⁹⁹ Ibid.

Article 6 of the Directive provides for decompilation²⁰⁰. The intention is to permit reverse engineering of a programme, in order to produce an interoperable programme, which can compete with the earlier programme, as long as the copyright in the earlier programme was not infringed. This point was the subject of intense debate and resulted in a compromise which has the effect in practice that the information required for establishing interoperability is made available. However, the provision is heavily conditional, thus limiting decompilation to the minimum necessary in order to achieve interoperability without prejudicing the rightholder's legitimate interest.

Article 6 provides that the copyright owners' permission is not needed where reproduction of the code and translation of the form of the programme are indispensable to obtain the information necessary to achieve inter-operability with independently created programmes, and provided the following conditions are met:

- The acts are performed by someone entitled to use the programme;
- The information needed to achieve inter-operability has not previously been readily available, and
- The acts performed are confined to the parts of the programme necessary to achieve inter-operability.

Furthermore, any information obtained:

- Cannot be used for any purpose other than to achieve inter-operability;
- Cannot be given to others, and
- Cannot be used for the development of a competing product.

And finally, the exception must be made subject to the three-step test of the Berne Convention²⁰¹.

Article 7 contains certain special enforcement provisions, obliging Member States to provide "appropriate remedies" for certain types of secondary infringement, namely: knowingly putting an infringing computer programme into circulation; knowingly possessing an infringing copy for commercial purposes; and circulating or possessing any technical device designed to facilitate the removal of copyright protection from a computer programme.

The term of protection was amended by the Term Directive²⁰², and is now the life of the author and 70 years p.m.a²⁰³. Arguably, this is an unnecessarily long period of protec-

²⁰⁰ "Decompilation" refers to several computer processes used for the recovery of lost source code, computer security, inter-operability and error correction. The success of decompilation depends on the amount of information present in the code being decompiled and the sophistication of the analysis performed on it.

²⁰¹ See earlier explanatory footnote on this.

²⁰² See below.

²⁰³ Post mortem auctoris, or after the author's death.

tion for a computer programme, but this is a consequence of the Directive's approach of treating the computer programme as a literary work.

The European Commission is satisfied that the Directive has resulted in a reduction in levels of piracy, and an increase in employment in the computer sector²⁰⁴. The Directive has also been used as a model for protection in a significant number of non-EU countries, including Australia, Hong Kong, and many central and eastern European states.

2. The Rental and Lending Right Directive²⁰⁵

In the 1970's, the advent of certain technologies that made home copying easier led to concern about the levels of home copying. At the same time, there was a sharp increase in rental as a means of exploiting works, especially films. The European Commission considered that the right holder should be remunerated for rental. Moreover, it was felt that the rental right might, to some extent, compensate for the loss of income to right owners resulting from the increased levels of piracy.

Directive 92/100/EEC harmonises the provisions relating to rental and lending rights as well as on certain rights related to copyright. It provides for exclusive rights to authorise or prohibit the rental and lending of both works subject to copyright and other objects subject to related rights.

In addition to providing for rental and lending rights, the Commission took the opportunity to state a harmonised level of protection for performers, phonogram producers, film producers and broadcasters. The Directive provides for the harmonisation of certain related rights including the right of fixation, reproduction, broadcasting and communication to the public and distribution. Apart from the film producer's rights, these coincide with the rights granted by the Rome Convention. The distribution right is limited by the principle of Community exhaustion²⁰⁶; as a result, Member States are prevented from applying international exhaustion²⁰⁷.

The duration of both the rental and lending rights, and the related rights were to be the same as those laid down respectively by the Berne and Rome Conventions, although their duration is now governed by the Term Directive²⁰⁸.

²⁰⁴ See Report of the Commission on the implementation of the Directive of 2000, *op. cit.*

²⁰⁵ Council Directive 92/100/EEC of 19 November 1992 on rental right and lending right and on certain rights related to copyright in the field of intellectual property, OJ L 346 of 27 November 1992.

²⁰⁶ The Principle of Exhaustion is a fundamental limitation on the right of distribution of intellectual property objects. The principle of Community exhaustion implies that a "first sale" of an item incorporating the protected intellectual property in a Member State of the EU will exhaust the distribution right of the holder of the intellectual property, thereby preventing him from further enforcement of the exclusive right of distribution against others in the EU Internal Market regarding that item. It should be noted that in accordance with Article 2 of Protocol 28 to the EEA Treaty and the ECJ jurisprudence the principle of exhaustion has been extended to cover the entire territory of the EEA (i.e. EU territory plus Norway, Iceland and Lichtenstein).

²⁰⁷ Article 9 of the Directive.

²⁰⁸ See below.

Where rental and lending are concerned, the Commission had originally intended only to harmonise the rental right, but was persuaded to add a lending right as well (rental being for gain, whereas lending is for non-commercial purposes when conducted by establishments which are accessible to the public). A right to derogate was provided in relation to the lending right, “provided at least authors receive a remuneration for such lending”, Member States being free to determine the remuneration.

This Directive also contained a number of important provisions concerning the exercise of the related rights granted, e.g. Member States may provide that when either an author or a performer concludes a contract with a film producer, they may be presumed to have transferred their rental rights. The right holder however retains a right to equitable remuneration, which is unwaivable, but the administration of which may be transferred to a collecting society

The Directive (Article 4) addresses collective management as a model for the management of the equitable remuneration right²⁰⁹, but does not make collective management a requirement. As regards the exclusive public lending right, Member States can derogate from it, provided that at least authors obtain remuneration for such lending via a single equitable remuneration, to be shared between the producer and the performer.

Finally, the principal director of a cinematography work is to be considered as an author of such work.

Council Directive 92/100/EEC was amended on several occasions²¹⁰ and consolidated in 2006 by Directive 2006/115/EC²¹¹.

3. Satellite and Cable Directive²¹²

This Directive deals with copyright issues which were not dealt with in the earlier, Television without Frontiers Directive, of 1989²¹³. Although a primary objective of that di-

²⁰⁹ Article 4 of the Directive.

²¹⁰ See Council Directive 93/98/EEC (the “Term Directive”), OJ L 290 of 24 November 1993, Article 11(2) and Directive 2001/29/EC of the European Parliament and of the Council (“Information Society Directive”), OJ L 167 of 22 June 2001, Article 11(1).

²¹¹ Directive 2006/115/EC of the European Parliament and of the Council of 12 December 2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property (codified version), OJ L 376 of 27 December 2006.

²¹² Council Directive 93/83/EEC of 27 September 1993 on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission, OJ L 248 of 6 October 1993.

²¹³ Council Directive 89/552/EEC of 3 October 1989 on the coordination of certain provisions laid down by Law, Regulation or Administrative Action in Member States concerning the pursuit of television broadcasting activities, OJ L 298 of 17 October 1989. The “Television Without Frontiers” Directive is the cornerstone of the European Union’s audiovisual policy. It rests on two basic principles: the free movement of European television programmes within the internal market and the requirement for TV channels to reserve, whenever possible, more than half of their transmission time for European works (“broadcasting quotas”). The Directive, following its amendment in 1997 (Directive 97/36/EC) and 2007 (Directive 2007/65/EC) also safeguards certain important public interest objectives, such as cultural diversity, the protection of minors and the right of reply.

rective was the distribution and promotion of European Television programmes, it did not address differences in the laws of Member States concerning the issue of where, for copyright purposes, the satellite broadcast takes place. Nor, in relation to cable re-transmission, did it address the question of when the cable operator has the right to transmit broadcasts via cable networks, and under what terms. Thus, the Satellite and Cable Directive facilitates the resolution of copyright problems linked to the trans-frontier nature of satellite and cable broadcasts and potentially increases the choice of viewers.

In addressing the copyright issues in satellite and cable broadcasting, the Directive first defines communication by satellite as the place where the programme-carrying signals are introduced into an uninterrupted chain of communication leading to the satellite and down to earth. It states that the act of communication takes place in the Member State where that occurs (i.e., the uplink location). However, for transmissions originating *outside* the European Union, the position is as follows:

- If the transmission originates in a country with the same level of protection as under the Directive, then it is also deemed to have occurred in the uplink location.
- If the transmission originates, in another country, but via an uplink station in a Member State, then the act will be deemed to have occurred in that Member State.
- If the transmission originates in another country and a broadcasting organisation in a Member State has commissioned the act of communication, then it will be deemed to have occurred in that Member State.
- Finally, if it originates outside the EU and there is no such connection with an EU state, then there is no rule, and the laws which will apply will be those in each place in which the transmission is received.

The Directive grants the author an exclusive right to authorise broadcasting by satellite. This does not apply to cinematographic works. Where related right holders are concerned, their right to authorise satellite broadcasting is to be protected in accordance with the provisions of the Rental and Lending Right Directive.

The Satellite and Cable Directive contains provisions aimed at ensuring that authorisations by right holders are by agreement only, and promoting the role of collecting societies.

In so far as cable retransmission is concerned, Member States must ensure that when programmes from another Member State are transmitted via cable in their territory, the applicable copyright and related rights are observed, and that the retransmission takes place on the basis of individual or collective contractual agreements between the relevant parties. The rights of the right holders in relation to cable retransmission may only be exercised through a collecting society. Where the right holder has not transferred the rights to a society, he or she will be deemed to have done so. In addition, the Directive

provides for mediation between parties in the event that no agreement can be reached concerning the authorisation of the cable retransmission of a broadcast.

4. The Term (or Duration) Directive²¹⁴

Council Directive 93/98/EEC harmonising the term of protection of copyright and certain related rights²¹⁵ was repealed and replaced by a codified update in the form of Directive 2006/116/EC in 2006.

Prior to the adoption of the original Term Directive in 1993, the duration of copyright and related rights protection in the laws of Member States varied widely. In Germany, Austria and Spain, the term of protection for certain works was 70 years p.m.a. In the UK and Ireland it was 50 years p.m.a. In Portugal at one time protection was perpetual.

The Directive extended the term of protection of copyright. In doing so, it brought back into copyright the works of a number of creative artists which had earlier entered the public domain. These included writers such as James Joyce, and visual artists such as Mondrian. The extended terms applied only to works which were in copyright in at least one Member State on 1 July 1995. They did not apply to works which were out of copyright in all Member States on that date. The extended terms, in general are: 70 years p.m.a. for authors rights, and 50 years for related rights. The Directive also specifies in each case the starting point for the calculation of the term.

There are two interesting new rights provided for in the Term Directive:

1. Member States are required to provide a right of “first publication” for anyone publishing for the first time a previously unpublished work in which the copyright has expired. The term of protection is 25 years from the date of publication²¹⁶.
2. Member States may protect “critical and scientific works” which have come into the public domain for a term of 30 years from publication. This is an optional provision and is expressed in a very open way, presumably with the intention of protecting works of special public importance²¹⁷.

As the extended terms exceed the international norms, the Directive needed to address the issue of protection for nationals of third countries. It provides that for authors rights, where the country of origin of a work within the meaning of the Berne Convention is a country outside the European Union, and the author is not an EU national, the term of protection will be that of the country of origin, but may not exceed the EU protection term. For related rights, Member States may grant non-EU nationals

²¹⁴ Directive 2006/116/EC of the European Parliament and of the Council of 12 December 2006 on the term of protection of copyright and certain related rights (codified version), OJ L 372 of 27 December 2006.

²¹⁵ Council Directive 93/98/EEC of 29 October 1993 harmonising the term of protection of copyright and certain related rights, OJ L 290 of 24 November 1993.

²¹⁶ Directive 2006/116/EC, Article 4.

²¹⁷ Directive 2006/116/EC, Article 5.

the same terms as under the Directive, i.e. 50 years. If they do not, then the term will be that applicable in the country of which the right holder is a national, but again may not exceed the EU term.

Another issue which needed to be addressed in the context of revived copyrights was that of “acquired rights”; that is the rights of those who had already commenced the exploitation of a work before the copyright was revived, and while it was in the public domain. In this respect the Directive simply states that Member States “shall adopt the necessary provisions” to protect the acquired rights of third parties.

Under a recent Commission Proposal²¹⁸, it was proposed to extend the term of protection for performers and phonogram producers to from 50 years to 95 years. This proposal would introduce amendments to Directive 2006/116/EC. According to the Commission:

“The aim of the proposal is to bring performers’ protection more in line with that already given to authors - 70 years after their death. The extended term will enable performers to earn money for a longer period of time and in any event throughout their lifetime. The income from copyright remuneration is important for performers, as they often do not have other regular salaried income. The extended term will also benefit record producers who will generate additional revenue from the sale of records in shops and on the internet. This should allow producers to adapt to the rapidly changing business environment and help them maintain their investment levels in new talent.”²¹⁹

In order to achieve the right balance between the benefits to record companies and featured artists and the genuine social needs of session musicians, the proposal contains certain accompanying measures such as establishing a fund for session musicians, introducing ‘use it or lose it’ clauses in contracts between performers and phonogram producers and a ‘clean slate’ for contracts in the extended period beyond the initial 50 years. In effect, the ‘use it or lose it’ clauses (which are intended to be included on a mandatory basis in all contracts linking performers to their record companies) are intended to allow performers to get their rights back if the record producer does not market the sound recording during the extended period. In this way the performer should be able to either find another record producer willing to sell his music or do it himself, something that is possible easily via the internet. In case neither the performer nor the producer would wish to market the recording, the recording would no longer be protected. In this way, the term extension would avoid ‘locking up’ those recordings that are not commercially interesting. Finally, the proposal envisages that record companies will have to set up a fund into which they will have to pay 20% of their revenues earned during the extended period. The money from this fund will be destined to help session musicians.

²¹⁸ Proposal for a European Parliament and Council Directive amending Directive 2006/116/EC of the European Parliament and of the Council on the term of protection of copyright and related rights [SEC(2008) 2287] [SEC(2008) 2288].

²¹⁹ http://ec.europa.eu/internal_market/copyright/term-protection/term-protection_en.htm.

These amendments have not yet been adopted and, in April 2009, the European Parliament approved most of the proposed changes – but the 95 year term of protection was cut back to 70 years²²⁰. The Directive on the extension of the term of protection of performers and phonogram producers is at an advanced stage and could be adopted before the end of 2010.

5. The Database Directive: Copyright Protection and the New *Sui Generis* Right²²¹

In 1988 the global electronic database industry was estimated to be worth \$ 5 billion, of which the share of the EU Member States was only \$350million. Accordingly, the European Commission was concerned to foster the growth of the database industries in the European Union. Moreover, within the EU, there was divergence amongst the laws of Member States concerning database protection. Most countries protected original collections and compilations in accordance with Article 2(5) of the Berne Convention. However, the originality standard varied fairly widely.

When a couple of landmark court cases in the US and Europe determined that certain valuable databases did not deserve protection because they lacked originality, the European Commission decided that a directive was needed urgently to protect the database industries in the EU.

The 1996 Database Directive provides protection on two levels: copyright protection for databases that qualify as original, and a novel, *sui generis* right for non-original databases. The *sui generis* right, which is based on a criterion of “substantial investment” in lieu of originality, was controversial, and remains so at the international level. In the absence of international agreement on the issue, EU databases enjoy a considerably higher level of protection than exists elsewhere in the world.

For the purpose of both copyright and the *sui generis* right, the database is defined as “a collection of independent works, data or other material arranged in a systematic or methodical way and individually accessible by electronic or other means”²²². It can, therefore, be either electronic or manual. Indexation and other systems necessary for organisation are protected, but any computer programme used in the making or operation of the database is not. The limiting factors in the definition are those of “independence” and “individual accessibility”. These imply that individual sections of the content of the database must, in their own right, have some individual character and purpose.

²²⁰ See Commission Press Release: “Commission welcomes Parliament vote on copyright term”, IP/09/627 of 23 April 2009.

²²¹ Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases, OJ L 77 of 27 March 1996.

²²² Directive 96/9/EC, Article 1(2).

Copyright protection of databases

The originality standard for copyright protection is stated in the following way: “Databases which, by reason of their selection or arrangement, constitute the author’s own intellectual creation shall be protected as such by copyright. No other criteria shall be applied to determine their eligibility for that protection”. It is also stated that copyright protection shall not extend to the contents and shall be without prejudice to any right subsisting in those contents²²³.

The originality standard, i.e. “the author’s own intellectual creation” is a test which is gaining increasing currency in European and International copyright instruments. At the same time, it is important to note that the creative input for the original database must be directed at the selection and arrangement of the information, rather than the content.

The owner of the copyright is the author, being the person “who created the base or, where the legislation of Member States so permits, the legal person designated as the right holder by that legislation”²²⁴. The restricted acts are:

- temporary or permanent reproduction, by any means and in any form, in whole or in part;
- translation, adaptation, arrangement and any other alteration; and
- any form of distribution to the public, subject to exhaustion on first sale in the European Union;
- any communication, display or performance to the public; and
- any reproduction, distribution, communication, display or performance of a translation or adaptation²²⁵.

There are some exceptions. The “lawful user” can do anything that is necessary for access and normal use of the database. In addition, Member States may provide exceptions for:

- reproduction for private use of a non-electronic database;
- illustration for teaching or scientific research, with acknowledgement of the source, and to the extent justified by the non-commercial purpose to be achieved;
- use for public security, administrative or judicial procedure; and
- other uses which are traditionally authorised under national law.

Finally, the three-step test of the Berne Convention must be observed.

The sui generis right in regard to databases

The Directive provides that Member States shall provide a right for the maker of the database that has been, qualitatively and/or quantitatively, the subject of substantial

²²³ Directive 96/9/EC, Article 3.

²²⁴ Directive 96/9/EC, Article 4.

²²⁵ Directive 96/9/EC, Article 5.

investment in either the obtaining, verification or presentation of the contents of the database. The right created is the right to prevent extraction and/or re-utilisation of the whole or of a substantial part of the contents of the database, evaluated qualitatively and/or quantitatively. Importantly, the owner of the right is stated to be the “maker” of the database²²⁶.

The qualification for protection is that of “substantial investment”. There is no guidance given in the Directive as to the meaning of the term, but it is clear that the quality/quantity reference implies that the financial size of the investment is not the only determining fact: that the input of human effort may also be taken into account.

The right granted is to prevent others from extracting and re-utilising the whole or a substantial part of the contents of the database. “Extraction” and “re-utilisation” are defined broadly. It is clear, however, that the right does not protect against the taking of “insubstantial” parts of the contents, it is in fact stated in the Directive that a “lawful user” may use insubstantial parts of the contents for any purpose whatever²²⁷.

What kind of protection does this give the contents? Does it effectively put beyond reach factual material which is commonly regarded as belonging in the public domain? The answer is no. If, as result of a substantial investment, a certain type of information is assembled in a database, then it is clear that the information in that database is placed beyond use without the permission of the database owner. However, it is not the factual material itself which is placed beyond use, but the particular assembly of it by the maker of the database. There is nothing to prevent anyone who is interested in doing so from independently assembling another database containing the same type of information, as long as it is not taken from the protected database.

The “lawful user” (presumed to mean the person who under a licence or otherwise has a right to use the database) is given certain rights and obligations in the Directive. The lawful user must not perform acts which conflict with normal exploitation of the database, nor unreasonably prejudice the legitimate interest of the database owner. The lawful user must also refrain from causing prejudice to the holder of the copyright or related rights in respect of any subject matter contained in the database²²⁸.

There are exceptions to the right, which may only be availed of by the lawful user. He or she may, without permission, extract or re-utilise a substantial part of the contents:

- In the case of a non-electronic database, for private purposes.
- For illustration for teaching or scientific research, with an acknowledgement and to the extent justified by the non-commercial purpose to be achieved.

²²⁶ Directive 96/9/EC, Articles 7 and 8.

²²⁷ Directive 96/9/EC, Article 7(5).

²²⁸ Directive 96/9/EC, Article 8.

- For public security, administrative or judicial procedure²²⁹.

The term of protection for the non-original database is 15 years from January 1st in the year following completion of the making of the database. However, any substantial change, evaluated qualitatively or quantitatively, qualifies the database for a fresh term of protection²³⁰ and, thus, protection is potentially perpetual - assuming that the maker is willing to continue to invest a sufficiently substantial amount in periodically updating the product.

It was obviously important to provide for the rights of non-EU nationals in this sphere also, given the absence of any international agreement on the issue. The right applies to those who are nationals of a Member State or who have their habitual residence in the European Union. It also applies to corporate entities formed in accordance with the law of a Member State and having their registered office, central administration or principal place of business in the EU. However, where the company has only its registered office in the EU, its operations must be linked on an on-going basis with the economy of a Member State.

On 9 November 2004, for the first time, the European Court of Justice gave its interpretation of the scope of the "sui generis" right under Directive 96/9/EC in 4 cases referred to it by the national Courts of the Finland, the United Kingdom, Sweden and Greece²³¹.

THE SUI GENERIS RIGHT CASES

In the Finnish Case C-46/02, the ECJ considered the expression 'investment in ... the obtaining ... of the contents' of a database in Article 7(1) of the Directive and noted that this must be understood to refer to investment in the creation of that database. It thus refers to the resources used to seek out existing materials and collect them in the database but does not cover the resources used for the creation of materials which make up the contents of a database. Accordingly, in the context of drawing up a fixture list for the purpose of organising football league events, the resources used to establish the dates, times and the team pairings for the various matches in the league did not constitute such investment. Moreover, finding the data which make up such a list did not require any particular effort on the part of the professional leagues, which participate directly in the creation of such data. Finally, the resources used for the verification or presentation of the data making up the list could not be considered to represent substantial investment independent of the investment in the creation of the data. This position was followed in regard to the same facts (and litigation parties) in the Swedish Case C-338/02 and in the Greek Case C-444/02 (see below).

²²⁹ Directive 96/9/EC, Article 9.

²³⁰ Directive 96/9/EC, Article 10.

²³¹ Case C-46/02, Fixtures Marketing Ltd – v – Oy Veikkaus Ab of 9 November 2004 (FINLAND); Case C-203/02, The British Horseracing Board Ltd et al ("BHB") – v – William Hill Organisation Ltd. 9 November 2004 (UNITED KINGDOM); 3) Case C-338/02, Fixtures Marketing Ltd – v – AB Svenska Spel (SWEDEN); and Case C-444/02, Fixtures Marketing Ltd – v – OPAP (GREECE).

Case C-203/02 followed the Finnish case (C-46/02 above) and added that, in the context of drawing up lists of horse races, the resources used to draw up a list of horses entered in a race constitute investment not in the obtaining of the contents of the database but in the creation of the data making up the lists relating to those races. The resources used for the checks prior to the entering of a horse on a list for a race relate to the stage of creating the data making up that list and thus do not constitute an investment in the verification of the contents of a database. Moreover, the terms 'extraction' and 're-utilisation' as defined in Article 7 of the Directive must be interpreted as referring to any unauthorised act of appropriation and distribution to the public of the whole or a part of the contents of a database. Those terms do not imply direct access to the database concerned and the fact that the contents of a database were made accessible to the public by its maker or with his consent does not affect the right of the maker to prevent acts of extraction and/or re-utilisation of the whole or a substantial part of those contents.

In the Greek Case C-444/02, the ECJ clarified that the term database as defined in Article 1(2) of the Directive refers to any collection of works, data or other materials, separable from one another without the value of their contents being affected, including a method or system of some sort for the retrieval of each of its constituent materials. A fixture list for a football league such as that at issue in the case did constitute a database within the meaning of the Directive.

In 2005, the European Commission published the first evaluation of the Directive 96/6/EC and invited stakeholders to comment on four options:

- The full repeal the whole Database Directive;
- Withdrawal of the sui generis right while leaving protection for creative databases unchanged;
- Amendment of the sui generis provisions in order to clarify their scope;
- Making no change in the Directive.

This consultation appears to have been inconclusive²³².

6. The Resale Right Directive²³³

The Berne Convention provided, on an optional basis, for a resale right for the benefit of the author of an original work of art. Resale rights constitute an intellectual property right which allows an artist or his heirs to receive share in the proceeds of the sales of his or her works, after the first sale, usually by way of payment of a percentage of the value of the sale when it is resold by an art-market professional such as an auctioneer, a gallery or any other art dealer. The aim is to allow artists and their beneficiaries to share in the seller's profit on the increased value of their works. It restores some balance between the

²³² See http://ec.europa.eu/internal_market/copyright/prot-databases/prot-databases_en.htm.

²³³ Directive 2001/84/EC of the European Parliament and of the Council of 27 September 2001 on the resale right for the benefit of the author of an original work of art, OJ L 272 of 13 October 2001.

economic situation of artists and that of other creative workers who have the possibility of exploiting their works several times over.

Various theories underpin the right. The most compelling is probably that a work of art is different to other protected works, in that the value largely resides in the original piece, and not in the right to copy it. As a result, artists do not normally share in royalties based on reproduction in the same way as other authors do.

The European Commission argued that, because the right existed in some countries of the EU and not in others, there was distortion of the EU internal market on this point. Those opposed to the introduction of a resale right argued that the introduction of a resale right would have a detrimental effect on the art market in the EU, and that sales of artworks would migrate to New York, Geneva and Tokyo.

The Directive applies to “original works of art”, defined to mean works of graphic or plastic art such as pictures, collages, paintings, drawings, engravings, prints, lithographs, sculptures, tapestries, ceramics, glassware and photographs, provided they are made by the artists or are copies considered to be works of art. Copies which have been made in a limited number by the artist or under his authority are considered to be original works. They will usually have been numbered and signed, although this is not essential.

The right is inalienable and unwaivable. It only applies when sales of art works involve art market professionals. Private sales are therefore exempt. The term of protection is the same as for other author’s works – i.e. life and 70 years p.m.a. and the royalty is payable by the seller.

The Directive provides rules concerning the manner in which the payment is to be calculated. Member States may set a minimum sales price, but it may not exceed €3,000. There is a sliding scale provided, and the maximum payment to an artist in respect of a single sale may not exceed €12,500.

As to third countries, the Directive provides that artists who are nationals of third countries and their successors in title shall enjoy the right only if legislation in their own country provides for such protection²³⁴. Moreover, under the system envisaged by the Directive, on the basis of information provided by the Member States, the Commission is obliged to publish and update an indicative list of those third countries which fulfil these conditions. However, to date, the Commission has apparently not been supplied with evidence for any third country which demonstrates that they qualify for inclusion on this list.

²³⁴ Directive 2001/84/EC, Article 7.

THE SALVADOR DALI CASE

Case C-518/08 concerned the interpretation of Arts 6(1) and 8(2) and (3) of the Resale Rights Directive (Directive 2001/84). The reference had been made in the course of proceedings brought by the Fundación Gala-Salvador Dalí and the Spanish visual arts collecting society VEGAP, against the French visual arts collecting society ADAGP and the family members of Salvador Dalí, concerning royalties received on sales of works of art by Salvador Dalí.

Since 1997, ADAGP had collected amount in respect of the exploitation of Salvador Dalí's works, which were transferred by VEGAP to the Fundación Gala-Salvador Dalí, with the exception of those in respect of the resale right. Pursuant to the provisions of Art. L. 123-7 of the IPC, which reserved the benefit of the resale right to the heirs alone, to the exclusion of legatees and successors in title, ADAGP paid the amount in respect of the resale right directly to Salvador Dalí's heirs.

The Court held that the wording of Directive 2001/84 gave no guidance in relation to the concept, referred to in Art. 6(1), of "those entitled" under the author of the work. However, according to the Court, Directive 2001/84 was based on two objectives, namely first, to ensure that authors of graphic and plastic works of art share in the economic success of their original works of art and, second, to put an end to the distortions of competition on the market in art, as the payment of a royalty in certain Member States might lead to displacement of sales of works of art into those Member States where the resale right was not applied.

The Court held that, in the light of the objectives pursued by Directive 2001/84, it was permissible for Member States to make their own legislative choice in determining the categories of persons capable of benefiting from the resale right after the death of the author of a work of art.

The Court however added that it was for the referring court, for the purposes of applying the national provision transposing Art. 6(1) of Directive 2001/84, to take due account of all the relevant rules for the resolution of conflicts of laws relating to the transfer on succession of the resale right.

7. The Information Society Directive²³⁵

There were two original aims of this Directive. First, it set out to implement and permit Member States to ratify the two 1996 WIPO Treaties, the WCT and the WPPT discussed earlier in this publication. A number of the obligations of the WCT and WPPT had already been addressed in earlier directives and been implemented by EU Member States. There were, however, some outstanding issues, mainly the clarification of the extension of the existing regime to the digital environment, and the need to provide protection for technological measures and rights management information.

²³⁵ Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, OJ L 167 of 22 June 2001.

The second, largely unrelated objective was to harmonise certain aspects of substantive copyright and related rights law – a departure from the Commission's previous practice of piecemeal approximation. In this, the Directive represents the first in the second generation of directives, with horizontal application in the field of copyright and related rights.

A broad new reproduction right was introduced by the Directive²³⁶. The right is granted to the author, performer, phonogram producer, film-producer and broadcasting organisation. Prior to the Information Society Directive, the WIPO Treaties had failed to settle the meaning of the reproduction right, mainly due to differences of opinion concerning temporary copying. The Directive makes it clear that temporary acts of reproduction, by any means and in any form, constitute reproduction. This provision is offset by a mandatory exception which provides that *“temporary acts of reproduction which are transient or incidental [and] an integral and essential part of a technological process and whose sole purpose is to facilitate a transmission in a network between third parties by an intermediary, or a lawful use of a work, and which have no independent economic significance, are exempted from the reproduction right”*²³⁷.

The right of communication to the public implements Article 8 of the WCT, and makes it clear that the right encompasses on-line use, which is called the “making available” right²³⁸.

The distribution right²³⁹ implements Article 6 of the WCT. Article 6 allowed contracting parties to introduce exhaustion provisions, and the Directive avails of this opportunity. The Agreed WIPO Statement concerning Article 6 indicated that only “tangible objects” are covered by the distribution right. It is understood that the same applies to the Directive. This is not stated explicitly, but implied in certain of the recitals.

Perhaps the most striking feature of the Directive is its exhaustive list of exceptions. As we have already seen, there is one mandatory exception, concerning temporary acts of reproduction. The remainder are optional, and the list is closed. Member States may pick and choose from the list, but they may not introduce, or retain exceptions which fall outside the list. The list is drawn from Member States' existing exemptions. There are 20 of them in all²⁴⁰. Some are exceptions to the reproduction right only, and others to both the reproduction right and to the right of communication to the public. Moreover, some exceptions are conditional on the payment of “fair compensation”. While the list is considerably wider, more detailed and specific than anything contained in any of the

²³⁶ Directive 2001/29/EC, Article 2.

²³⁷ Directive 2001/29/EC, Article 5.

²³⁸ Directive 2001/29/EC, Article 3.

²³⁹ Directive 2001/29/EC, Article 4.

²⁴⁰ Directive 2001/29/EC, Article 5.

international instruments, all of the exceptions are required to pass the three-step test of the Berne Convention.

The Directive also addresses the protection of technological measures and rights management information, implementing Articles 11 and 12 of the WCT and Articles 18 and 19 of the WPPT²⁴¹. Member States must provide “adequate legal protection” against the circumvention of any effective technological measures and against the removal or alteration of rights management information. The Directive goes further than the WCT and WPPT in restricting a range of secondary acts, or dealings, in devices designed to remove technological measures, and the distribution of works which have had their rights management information removed.

One of the difficulties that arose in connection with these measures was how to allow an exception to operate when a right holder has in place an anti-copying device, blocking access to the work. It had not been possible to solve this problem in 1996 for the purposes of the WIPO Treaties. The Directive attempts a resolution, by obliging Member States, in the absence of “voluntary measures by right holders” to take “appropriate measures” to ensure that right holders make available to the beneficiaries of certain exceptions, which are specified, the means of benefiting from that exception. The Directive does not, however, specify how this may be done²⁴².

As to enforcement, Member States are to provide appropriate sanctions and remedies in respect of any infringement of the rights and obligations set out in the Directive. The sanctions are to be effective, proportionate and dissuasive²⁴³.

In a Report on the application of the Directive on the harmonisation of certain aspects of copyright and related rights in the information society, the European Commission assessed how Articles 5, 6 and 8 have been transposed by the Member States and applied by the national courts²⁴⁴. This Report presented facts rather than policy conclusions.

As part of its efforts to promote the free movement of knowledge and innovation as the “Fifth freedom” in the European Union, the Commission published a *Green Paper on Copyright in the Knowledge Economy* in July 2008²⁴⁵. The Green Paper focussed on how research, science and educational materials are disseminated to the public and whether knowledge is circulating freely in the internal market. It also opened a debate on the issue of whether the current copyright framework is sufficiently robust to protect knowledge products and whether authors and publishers are sufficiently encouraged to create and disseminate electronic versions of these products. The Green Paper points to

²⁴¹ Directive 2001/29/EC, Articles 6 and 7.

²⁴² Directive 2001/29/EC, Article 6(4).

²⁴³ Directive 2001/29/EC, Article 8.

²⁴⁴ European Commission: “Report on the application of the Directive on the harmonisation of certain aspects of copyright and related rights in the information society”, SEC(2007) 1556 of 30 November 2007.

²⁴⁵ European Commission: “*Green Paper on Copyright in the Knowledge Economy*”, COM(2008) 466/3 of 16 July 2008.

future challenges in the fields of scientific and scholarly publishing, search engines and special derogations for libraries, researchers and disabled people.

In October 2009, the European Commission issued a *Communication on Copyright in the Knowledge Economy*²⁴⁶ aimed at addressing the important cultural and legal challenges of mass-scale digitisation and dissemination of books, in particular of European library collections such as “*Europeana*”. The Commission view is that the advent of digital libraries has the potential to provide researchers and consumers across Europe with new ways to gain access to knowledge. One particular impediment to this, however, is the uncertain copyright status of so-called “orphan works”; which often prevents their publication in digital form. A further focus in the Communication is on improving the distribution and availability of works for persons with disabilities, particularly the blind.

On 5 May 2010 the European Parliament adopted a *Resolution on Europeana – the next steps*²⁴⁷ stressing the need to increase resources for the “*Europeana*” on-line library. The Parliament stresses the need to respect copyright, including moral rights and points out that cultural assets underpin the knowledge economy, but that they are not standard economic goods as others and must be protected from excessive commercialisation. Solutions have to be found for “*Europeana*” to be able to offer in-copyright as well as out-of-print and orphan works. In this respect, solutions such as extended collective licensing or other collective management practices could be favoured. Solutions which would put an end to the current legal uncertainty, in accordance with the requirement for diligent search and remuneration for rights holders must be adapted on a sector-by-sector basis. Accordingly, the European Parliament is now asking the European Commission to develop a database of orphan works which would make it possible to exchange information on the ownership of rights and reduce costs incurred in making diligent searches. The Resolution emphasises that a solution must be found for personal documents which are held by cultural institutions, but have never been published or made available to the public, and which raise privacy-protection and moral-rights issues. Finally, the Parliament recommends to the Commission that it research the possibility of establishing a European body to coordinate the involvement of national authorities in monitoring the digitisation process, copyright payments to authors and other issues relevant to the European project

The digitisation and dissemination of orphan works pose a particular cultural and economic challenge – the absence of a known rightholder means that users are unable to obtain the required authorisation, e.g. a book cannot be digitised. Orphan works represent a substantial part of the collections of Europe’s cultural institutions (e.g., the British Library estimates that 40 percent of its copyrighted collections are orphan). The aim is for an EU-wide solution to facilitate the digitisation and dissemination of orphan works

²⁴⁶ European Commission: “*Communication on Copyright in the Knowledge Economy*”, COM(2009) 532 final of 19 October 2009.

²⁴⁷ European Parliament: “*Resolution of 5 May 2010 on “Europeana” – the next steps*” (2009/2158(INI))

and the establishment of common 'due diligence' standards to recognise orphan status across the EU. First progress in this respect has already been made by the "ARROW" (Accessible Registries of Rights information and Orphan works) project which gathers national libraries, collective management organisations and publishers and is co-funded by the European Commission under the [eContent plus programme](#) (€ 2.5 million). This project (launched in November 2008) is aimed at identifying rights holders and clarifying the rights status of a work, including whether it is out of print or orphan.

The European Commission (DG Markt) is currently finalising its impact assessment on orphan works. It is due to be completed by mid- 2010 and a draft directive is expected to be put forward before the end of 2010. The impact assessment will simply list the different possible scenarios for resolving the problems of orphan works; the Commission will not come down in favour of any particular solution. However, the draft directive expected later in 2010 is likely to require member states to establish a system that can be mutually recognised, based on a prior diligent search for rights holders in the country of origin. Obligatory payment of remuneration may also be called for. The proposal would relate only to textual works. France has reportedly called for the audiovisual sector to be excluded. Overall, this system offers some flexibility for EU Member States to choose the solution that can best suit their system and safeguards the interests of rights holders. One important issue that will need to be resolved in advancing the draft directive is how to address the libraries' arguments that they should be granted an exception for the free use of works.

The 2009 Communication notes that only 5% of European publications are available in accessible formats for blind people, a situation compounded by restrictions on cross-border distribution, even between countries sharing a language. A stakeholder forum on the needs of disabled persons, in particular visually impaired persons, will examine policy responses, including ways to encourage the unencumbered EU trade of works in accessible formats.

The Communication also coincided with the Google Books Settlement in the United States which raised special concerns for the EU; in that the approved Settlement created the anomalous situation where the vast number of European works in U.S. libraries that have been digitised by Google would only be available to consumers and researchers in the U.S. but not in Europe itself. Thus, ensuring that Europeans are given access to their own cultural heritage, while European authors are fairly remunerated, is seen as an immediate concern that and will require European responses. On September 7, 2009, the European Commission organised a hearing on the effect of the Google Book US Settlement Agreement in the European Union. Viviane Reding, Commissioner for Information Society and Media, and Charlie McCreevy, Commissioner for the Internal Market and Services, made a joint statement setting out the important cultural and economic stakes of book digitisation in Europe. To face the daunting task of digitising Europe's books, of which there are tens of millions in Europe's national libraries alone, the two Commissio-

ners stressed the need for fully respecting copyright rules to ensure fair remuneration for authors, but also welcomed public-private partnerships as a means to boost digitisation of books. They highlighted the need to adapt Europe's still very fragmented copyright legislation to the digital age, in particular with regard to orphan and out-of-print works. Under the settlement, agreed between Google, authors and publishers in the United States (which still requires validation by a US court); authors could receive 63% of the online revenue generated by Google with digitised books. As of today, no equivalent solution is available in the EU and a European response to the challenges of books digitisation has to be developed. Both Commissioners believe that the challenge for EU policymakers is to ensure a regulatory framework which paves the way for a rapid roll-out of services, similar to those made possible in the United States by the recent settlement, to European consumers and to the European library and research communities.

In May 2010, the European Commission adopted a Communication on a Digital Agenda for Europe²⁴⁸ which outlines an action plan to boost Europe's prosperity and well-being. Implementing the ambitious Digital Agenda for Europe unveiled by the European Commission would contribute significantly to the EU's economic growth and spread the benefits of the digital era to all sections of society. Half of European productivity growth over the past 15 years was already driven by information and communications technologies and this trend is likely to accelerate. The Agenda outlines seven priority areas for action: creating a digital Single Market, greater interoperability, boosting Internet trust and security, much faster Internet access, more investment in research and development, enhancing digital literacy skills and inclusion, and applying information and communications technologies to address challenges facing society like climate change and the ageing population. In these seven areas, the Digital Agenda foresees some 100 follow-up actions, of which 31 would be legislative. The Digital Agenda is the first of seven flagship initiatives under the Europe 2020 strategy for smart, sustainable and inclusive growth. With regard to the field of copyright and related rights, under the first priority area of action of creating a digital Single Market, it is envisaged to stimulate the music download business (where the EU is now only at 25% of the US level) by simplifying copyright clearance, management and licensing. Inter alia, by the end of 2010, the Commission will propose a framework Directive on collective rights management to enhance the governance, transparency and pan European licensing for (online) rights management. The situation will be reassessed in 2012, following a Green Paper later this year.

8. The E-Commerce Directive

The Electronic Commerce Directive²⁴⁹, adopted in June 2000, sets up an Internal Market framework for electronic commerce, which provides legal certainty for business and consumers alike. It establishes harmonised rules on issues such as the transparency and

²⁴⁸ European Commission: "Communication on a *Digital Agenda for Europe*", COM (2010) 245 of 19 May 2010.

²⁴⁹ Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market, OJ L 178 of 17 July 2000.

information requirements for online service providers, commercial communications, electronic contracts and limitations of liability of intermediary service providers. This ISP liability regime is harmonised on a European level in the E-Commerce Directive 2000/31. This Directive provides for a “safe haven” regime under which providers of hosting, caching and mere conduit services are exempt from liability under certain conditions. Furthermore, the E-Commerce Directive states that the providers of these services cannot be subject to any general monitoring obligation. Courts can only impose temporary monitoring obligations in specific cases. National courts have however experienced difficulty in the past in correctly applying the provisions of the E-Commerce Directive. The latest court to deal with this issue is the High Court of Justice, which was asked to decide in a trademark infringement case brought against eBay by L’Oreal²⁵⁰.

Intellectual Property rights protection in the European Union – Patents, Trademarks, Industrial designs, Geographical indications and undisclosed information

Trademarks

The approximation of laws in the European Union concerning trademarks involved both the traditional harmonising efforts to eliminate barriers to trade and the more innovative introduction of a single Community Trademark. Strong policy and law across the EU in this field is seen also as an essential element in the fight against piracy and counterfeiting.

At the end of 1988, a European Directive²⁵¹ established the basis for the harmonisation of national trademark laws across the European Union. This did not attempt a full harmonisation of national trademark regulation, Instead, it concentrated on harmonising the conditions for obtaining and continuing to use a registered trademark, including rules regarding conflicts arising from the potential confusion from similar marks and signs; leaving EU Member States to determine such procedural matters as registration, revocation and invalidity of trademarks.

In accordance with the 1988 Directive (Directive 89/104/EEC), a trademark may consist of any sign capable of being represented graphically (particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging), provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.

²⁵⁰ The merit of the High Court’s decision to refer to the ECJ is that finally judges around Europe may receive some guidance on how to apply the E-Commerce Directive 2000/31 and the IP Enforcement Directive 2004/48. This will help in creating a uniform, harmonised legal framework for rights holders and online intermediaries across Europe. However, the debate before the High Court is far from over, since the precise wording of the High Court’s questions to the ECJ must still be decided. This wording may be of paramount importance for the final outcome of the case.

²⁵¹ First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, OJ L 40 of 11 February 1989.

A trademark has now therefore a double function:

- A.** the traditional *distinctive function* (as an identification of origin of the products and/or services and a guarantee of authenticity and the same quality standard),
- B.** a brand new “*attraction*” function (as clients’ collector, guarantee of status symbol, trademark as added value to the product and therefore a basic aspect of the product itself).

This involves, as a consequence, a wider concept of trademark counterfeiting: not only any confusing activity regarding the origin of the product, but also any parasitic activity.

The 1988 Directive lays down absolute and relative grounds for the refusal of trademark registration²⁵². In regard to *absolute grounds of refusal*, the signs which cannot constitute a valid trademark are the following.

TRADEMARKS CAN NEVER BE REGISTERED WHERE THEY

- a) are devoid of any distinctive character;
- b) consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods;
- c) consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;
- d) consist exclusively of the shape which results from the nature of the goods themselves, or the shape of goods which is necessary to obtain a technical result, or the shape which gives substantial value to the goods;
- e) are contrary to public policy or to accepted principles of morality;
- f) are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service;
- g) have not been authorised by the competent authorities and are to be refused or invalidated pursuant to Article 6 ter of the Paris Convention.

Furthermore, any Member State may provide that a trademark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that:

- the use of that trademark may be prohibited pursuant to provisions of law other than trademark law of the Member State concerned or of the European Union;
- the trademark covers a sign of high symbolic value, in particular a religious symbol;
- the trade mark includes badges, emblems and escutcheons²⁵³ other than those covered by Article 6 ter of the Paris Convention and which are of Public interest, unless the con-

²⁵² Council Directive 89/104/EEC, Article 3.

²⁵³ In this context, escutcheon typically refers to a shield displaying a coat of arms.

sent of the appropriate authorities to its registration has been given in conformity with the legislation of the Member State;

- the application for registration of the trade mark was made in bad faith by the applicant.

However, a trademark shall not be refused registration or be declared invalid in accordance with the above refusal grounds (other than refusal of a bad faith registration) if, before or after the date of application for the registration and following the use which has been made of it, it has acquired a distinctive character (so-called “secondary meaning”).

The *relative grounds for the refusal* of registration ensure that a trademark shall not be registered or, if registered, shall be liable to be declared invalid:

- if it is identical with an earlier trademark²⁵⁴, and the goods or services for which the trademark is applied for or is registered are identical with the goods or services for which the earlier trademark is protected;
- if, because of its identity with, or similarity to, the earlier trademark and the identity or similarity of the goods or services covered by the trademarks, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trademark²⁵⁵.

A trademark shall also not be registered or, if registered, shall be liable to be declared invalid if it is identical with, or similar to, an earlier Community trademark which has a *reputation in the European Union* and is to be, or has been, registered for goods or services which are not similar to those for which the earlier Community trademark is registered. This is particularly important where the earlier Community trademark has a reputation in the European Union and where the use of the later trademark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the reputation of the earlier Community trademark. In addition, any Member State may furthermore provide that a trademark shall not be registered or, if registered, shall be liable to be declared invalid where the earlier trademark has a *reputation in the Member State* concerned, or to the extent that -

- rights to a non-registered trademark or to another sign used in the course of trade were acquired prior to the date of application for registration;
- the use of the trademark may be prohibited by virtue of an earlier right other than trademark rights (in particular: a right to a name; a right of personal portrayal; a copyright; an industrial property right);
- the trademark is identical with, or similar to, an earlier collective trademark conferring a right which expired within a maximum period of 3 years preceding application;

²⁵⁴ “Earlier trademarks” are Community (or EU) trademarks, National trademarks registered in a Member State, International trademarks which have effect in a Member State and trademarks which are well known in a Member State (in accordance with Article 6 bis of the Paris Convention).

²⁵⁵ Council Directive 89/104/EEC, Article 4(1).

- the trademark is identical with, or similar to, an earlier guarantee or certification trademark conferring a right which expired within a period preceding application the length of which is fixed by the Member State;
- the trademark is identical with, or similar to, an earlier trademark which was registered for identical or similar goods or services and conferred on them a right which has expired for failure to renew within a maximum period of 2 years preceding application, unless the proprietor of the earlier trademark gave his agreement for the registration of the later trademark or did not use his trademark;
- the trademark is liable to be confused with a trademark which was in use abroad on the filing date of the application and which is still in use there, provided that, at the date of the application, the applicant was acting in bad faith²⁵⁶.

Under the Directive, the registered trademark confers *exclusive rights* on the owner (or "proprietor")²⁵⁷ who is entitled to prevent all third parties not having his consent from using in the course of trade:

- any sign which is identical with the trademark in relation to goods or services which are identical with those for which the trademark is registered;
- any sign where, because of its identity with, or similarity to, the trademark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, including the likelihood of association between the sign and the trademark.

The following may also be prohibited by the proprietor of a trademark:

- affixing the sign to goods or to the packaging thereof;
- offering goods, or putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;
- importing or exporting the goods under the sign;
- using the sign on business papers and in advertising.

Moreover, any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trademark in relation to goods or services which are not similar to those for which the trademark is registered, where the latter has a *reputation* in the Member State and where the use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the reputation of the trademark.

²⁵⁶ Council Directive 89/104/EEC, Article 4(3).

²⁵⁷ Council Directive 89/104/EEC, Article 5.

Nonetheless, there are some limitations to be noted. Specifically, the Directive provides that a trademark shall not entitle the proprietor to prohibit a third party from using, in the course of trade:

- his own name or address;
- indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or rendering of the service, or other characteristics of goods/services;
- the trademark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts, provided he uses them in accordance with honest practices in industrial or commercial matters;
- an earlier right which only applies in a particular locality if that right is recognised by the laws of the Member State in question and within the limits of the territory in which it is recognised²⁵⁸.

The so-called "exhaustion of trademark rights" means that the trademark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the European Union (and the wider European Economic Area) under that trademark by the proprietor or with his consent, unless there are 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 market²⁵⁹.

As far as *trademark licensing* is concerned, the Directive provides that a trademark may be licensed for some or all of the goods or services for which it is registered and for the whole or part of the EU Member State concerned. A licence may be exclusive or non-exclusive²⁶⁰.

Trademark rights can be undermined if proprietors fail to act. Thus, the Directive provides that if the proprietor of an earlier trademark in a Member State has acquiesced, for a period of 5 successive years, in the use of a later trademark registered in that Member State, while being aware of such use, he shall no longer be entitled on the basis of the earlier trademark either to apply for a declaration that the later trademark is invalid or to oppose the use of the later trademark in respect of the goods or services for which the later trademark has been used, unless registration of the later trademark was applied for in bad faith. The proprietor of the later registered trademark shall not be entitled to oppose the use of the earlier right²⁶¹.

²⁵⁸ Council Directive 89/104/EEC, Article 6.

²⁵⁹ Council Directive 89/104/EEC, Article 7. This is designed to create a balance between the legitimate rights of a trademark proprietor and the EU principle of the free movement of goods; notably in regard to any undue prevention of parallel imports.

²⁶⁰ Council Directive 89/104/EEC, Article 8.

²⁶¹ Council Directive 89/104/EEC, Article 9.

The following constitutes *use of a trademark* under the Directive²⁶²:

- genuine use of the trademark;
- use of the trademark in a form differing in elements which do not alter the distinctive character of the trademark in the form in which it was registered;
- affixing of the trademark to goods or to the packaging thereof in the Member State concerned solely for export purposes;
- use of the trademark with the consent of the proprietor or by any person who has authority to use a collective mark or a guarantee or certification mark shall be deemed to constitute use by the proprietor.

If, within a period of 5 years following the date of the completion of the registration procedure, the proprietor has not put the trademark to genuine use in the Member State in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of 5 years, the trademark shall be subject to the sanctions provided for in the Directive (revocation for non-use and impossibility to claim the non-used trademark against a subsequent conflicting trademark), unless there are proper reasons for non-use. Further, a trademark is liable to revocation if, within a continuous period of 5 years, it has not been put to genuine use in the Member State in which it is registered, and there are no proper reasons for non-use. However, no person may claim that the proprietor's rights in a trademark should be revoked where, during the interval between expiry of the 5 year period and filing of the application for revocation, genuine use of the trademark has been started or resumed.

A trademark is also liable to *revocation* under the Directive if, after the date on which it was registered:

1. in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service in respect of which it is registered (so-called "vulgarization" of a trademark);
2. in consequence of the use made of it by the proprietor of the trademark or with his consent in respect of the goods or services for which it is registered, it is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services.

The EU or Community Trademark

The Community trademark was established by the 1993 Regulation on the Community Trademark²⁶³. Prior to the introduction of the Community trademark, companies could

²⁶² Council Directive 89/104/EEC, Article 10.

²⁶³ Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trademark, OJ L 11 of 14 January 1994 (as amended by Council Regulation (EC) No 3288/94 of 22 December 1994, Council Regulation (EC) No 807/2003 of 14 April 2003, Council Regulation (EC) No 1653/2003 of 18 June 2003, Council Regulation (EC) No 1992/2003 of 27 October 2003 (to give effect to the accession of the European Community to the Protocol relating to the Madrid Agreement), Council Regulation (EC) No 422/2004 of 19 February 2004 and codified by Council Regulation 207/2009 of 26 February 2009 on the Community Trademark, OJ L 78 of 24 March 2009.

protect their trademarks throughout the European Union in two ways: nationally and internationally.

Registration at *national level*, of course, involves registering identical trademarks in each Member State of the European Union. On the other hand, registration at *international level* makes it possible to obtain a number of trademarks the effects of which, in each of the countries party to the Madrid Agreement or the Madrid Protocol designated by the applicant, are the same as national registration. This involves applying to the World Intellectual Property Organisation in Geneva on the basis of a trademark already applied for and registered in a country party to the Agreement or the Protocol. This route is available only to companies having their headquarters or a real and effective establishment in those countries.

The Community trademark offers the advantage of uniform protection in all countries of the European Union on the basis of a single registration procedure with the Office for Harmonisation in the Internal Market (OHIM) in Alicante, Spain²⁶⁴. The Community trademark offers protection for the entire market within the European Union. The international trademark meets the particular needs of those who wish to obtain protection also in the countries outside the European Union. Moreover, the Community trademark gives its proprietor a uniform right applicable in all Member States of the European Union and on the basis of simplified trademark policies at European level. The Community trademark also fulfils the three essential functions of a trademark at European level as it identifies the origin of goods and services, guarantees consistent quality through evidence of the company's commitment to the consumer, and is a form of communication and a basis for publicity and advertising. The Community trademark is valid for a period of 10 years and may be renewed indefinitely.

This simplification results in considerably reduced costs as compared with the overall costs of national registration in all or many of the twenty seven countries of the European Union. The Community trademark has also been designed to complement the national systems of protection. If applicants or proprietors of a Community trademark already hold a prior identical national trademark for identical goods and services they may claim the seniority of that mark. This allows them to preserve their prior rights even if they surrender their national trademark or do not renew it.

Infringement proceedings may be brought before the Community trademark courts, which are national courts designated by the Member States to have jurisdiction in respect of Community trademarks. Decisions have effect throughout the EU. This avoids the need to prosecute infringers in each Member State. Only the Community trade mark has such protection in the whole of the European Union.

²⁶⁴ The OHIM commenced operations in 1996 and by 2006 had received over half a million applications resulting in some 350,000 registrations (mostly from the USA, the UK and Germany). The OHIM is fully self-financing from fees. More information on the OHIM is available at: <http://oami.europa.eu/ows/rw/pages/index.en.do>.

The option to transfer and assign Community trademarks is essential for the management of companies. A Community trademark may be transferred, separately from any transfer of the undertaking which is its proprietor, in respect of some or all of the goods or services for which it is registered. A Community trademark may also be licensed for the whole or part of the European Union and a licence may be exclusive or non-exclusive.

Community trademarks constitute prior rights in relation to all subsequent trademarks and other conflicting rights in all Member States. This allows proprietors of Community trademarks not only to protect their exclusive rights at EU level but also to prevail over later national rights.

The recent enlargements of the European Union in 2004 and 2007 resulted in a European Union of 27 Member States. The relevant accession treaties provide for the automatic extension of all existing Community trademark applications and registrations, while limiting the possibility to attack them on grounds that become applicable merely as a result of the accession. The Community trademark therefore is not only a gateway to the existing single market but also to a market in the process of expansion. However, on a certain number of grounds there will be a right to restrict use of the Community trademark in the territory of the new Member States. For example, holders of earlier rights in new Member States can enforce their rights against extended Community trademarks as provided by their national legislation, provided that the earlier right was registered, applied for or acquired in good faith in the new Member State prior to the date of accession of that State.

Patents

The European Patent Office (EPO) was established by the Convention on the Grant of European Patents (EPC) signed in Munich in 1973. This was the outcome of the European countries' collective political determination to establish a uniform patent system in Europe. It currently includes 37 Contracting States (most recently Albania in April 2010) and 3 Extension States²⁶⁵.

The EPC constitutes a special agreement within the meaning of the Paris Convention for the Protection of Industrial Property. This means that the provisions of the Paris Convention on claiming priority (twelve months) and the principle whereby foreign applicants are treated as nationals apply also in the European procedure and to European applications.

The EPC is also a regional patent treaty within the meaning of the Patent Co-operation Treaty (PCT). Accordingly, European patents can be granted on the basis of an interna-

²⁶⁵ The *Contracting States* are: Albania, Austria, Belgium, Bulgaria, Switzerland, Cyprus, Czech Republic, Germany, Denmark, Estonia, Spain, Finland, France, United Kingdom, Greece, Croatia, Hungary, Ireland, Iceland, Italy, Liechtenstein, Lithuania, Luxembourg, Latvia, Monaco, Former Yugoslav Republic of Macedonia, Malta, Netherlands, Norway, Poland, Portugal, Romania, Sweden, Slovenia, Slovakia, San Marino and Turkey and the Extension States (which are not part of the EPC) are Bosnia & Herzegovina, Serbia and Montenegro. In April 2009, the Republic of Moldova applied for Extension State status to the European Patent Office.

tional application filed in accordance with the PCT. In these situations, the EPO acts as a receiving Office, designated Office and elected Office and as an International Searching and Preliminary Examining Authority under the PCT.

The EPC also forms the basis for the Community Patent Convention agreed in Luxembourg on 15 December 1975 and amended and supplemented by the Agreement in Luxembourg on 15 December 1989. This Convention was intended to provide for the uniform effect of European patents in those Member States of the European Union in respect of which it enters into force and, if appropriate, in any State party to the EPC participating in the Agreement relating to Community patents. However, it is unlikely at present that the Community Patent Convention will enter into force. Nonetheless, the EPC also forms the basis for the planned EU Regulation on the Community Patent, although it will have to be revised in a number of respects to implement the Community Patent. The planned EC Regulation on the Community Patent stipulates the unitary effects of European patents granted by the EPO for the territory of the European Union. A Community Patent would have immediate effect in all EU states (current and future states, with automatic extension to the new states), without the possibility to be rejected in one or more EU states, since in this case the entire Community Patent would collapse. Moreover, the decision of an EU Court on a Community Patent would be binding for all other EU Courts involved in cases regarding the same Community Patent.

Under the EPC, a European patent can be obtained by filing a single application in one of the official languages of the European Patent Office (English, French or German) in a unitary and centralized procedure before the EPO (with offices in Munich, The Hague and Berlin). A European patent is valid in as many of the contracting states as the applicant cares to designate and it may be filed by any natural or legal person or any body equivalent to a legal person, regardless of nationality or place of residence or business. A European patent affords the same rights in the designated Contracting States as a national patent granted in any of these States.

A European patent application is of particular value and commercial relevance when protection is sought in three or more European countries and it can be granted on the basis of a direct European patent application, which may be a first filing or one claiming the priority of a national or international (PCT) application filed within the previous 12 months. When filing a European patent application, the applicant must indicate (designate) the Contracting States in which he wishes to be protected. To reduce the risk of loss of rights, the form for the request for grant of a European patent provides for the designation of all the EPC Contracting States as a precautionary measure. Inasmuch as the EPC does not allow a State to be designated after the date of filing and the designation of a State is deemed to be withdrawn if the designation fee in respect of that State has not been paid within the time limits, the applicant has until expiry of the time limits for payment of the designation fees to make up his mind as to the States for which he wishes to obtain a European patent (this applies equally to the extension States).

If the subject-matter of the European patent is a process, the protection conferred by it extends to the products directly obtained by that process.

Any infringement of a European patent is dealt with by national law.

Published European patent applications provide provisional protection which cannot be less than that conferred by a Contracting State for a published national application and which must at least include the right to reasonable compensation in the event of infringement.

The European procedure has not dispensed with the national grant procedures. The applicant therefore has the choice in seeking patent protection in one or more EPC Contracting States between the national procedure in each State for which he desires protection and the European route which, in a single procedure, confers protection in all Contracting States which he has designated. Furthermore, if the applicant decides to obtain a European patent and insofar as he wishes to acquire protection in EPC Contracting States which are also parties to the PCT, he may choose between the direct European route and the Euro-PCT route. The direct European route means that the entire European patent grant procedure is governed exclusively by the EPC; in the Euro-PCT variant, the initial part of the procedure is governed in accordance with the provisions of the PCT (international phase), whereas the regional phase before the EPO as a designated or elected Office is governed mainly by the EPC.

A European patent application must contain:

- *a request for the grant of a European patent;*
- *a description of the invention;*
- *one or more claims;*
- *any drawings referred to in the description or the claims;*
- *an abstract.*

The European patent application must also disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art. The description must be accompanied, where appropriate, by the drawings, forms the basis for the claims, whose terms determine the extent of the protection conferred by the European patent. The description and drawings are also used to interpret the claims.

THE PHASES OF THE EUROPEAN PATENT PROCEDURE

Phase 1: filing the application, examination on filing and formalities examination, search, publication of application and search report. European patent applications may be filed either with the European Patent Office in Munich, the Hague or Berlin, or with national patent offices in the Contracting States.

Applicants may, within 12 months of the date on which a national or European patent application was filed, claim for the same invention the date of this first application for a subsequent national or European filing ("priority right").

The application is published 18 months after the date on which the European or national first application was filed (priority date). The search report is published either with the application or later on. Applicants then have six months to decide whether or not to pursue their application by requesting substantive examination.

Phase 2 involves substantive examination (grant of patent or refusal of application) and the three criteria for patentability are:

- novelty*
- inventive step*
- industrial applicability²⁶⁶*

Phase 3 (in Munich): (in some cases) involves opposition or appeal. Within nine months of the date of grant, any third party may file opposition against a patent they believe does not comply with the substantive provisions of the EPC.

An earlier disclosure is not prejudicial, however, if it occurs no earlier than six months preceding the filing of the European patent application and was due to an evident abuse in relation to the applicant or to a display at an official or officially recognised exhibition falling within the terms of the Convention on international exhibitions signed at Paris on 22 November 1928 and following revisions. Apart from these two cases, any disclosure of the invention before the date of filing, whether or not by the applicant himself, may be invoked against him as being comprised in the state of the art.

Determining whether or not the invention involves an inventive step depends on the specific details of each patent application and in particular the subject-matter of each claim. According to the circumstances, various factors are taken into account, such as the

²⁶⁶ An invention is capable of industrial application if it can be made or used in any kind of industry, including agriculture, as distinct from purely intellectual or aesthetic activity. An invention is said to be new if, prior to the date of filing or to the priority date accorded to the application from an earlier application for the same invention, it was not already known to the public in any form (written, oral or through use), i.e. it did not form part of the "state of the art" (i.e. absolute novelty). An invention is said to involve an inventive step if, in the light of what is already known to the public, it is not obvious to a so-called skilled person, i.e. someone with good knowledge and experience of the field.

unforeseen technical effect produced by a new combination of known elements, selection of particular operating conditions within a known range, the degree of difficulty the person skilled in the art must overcome when combining several known documents and secondary considerations; such as the fact that the invention solves a long-standing technical problem which there have been many attempts to solve.

Whereas in the first phase of the procedure the applicant does not need to be actively involved unless the Receiving Section finds formal errors, this is not the case during the substantive examination. At this stage the application is assigned to the Examining Division which usually communicates several times with the applicant or with his representative before issuing the decision on whether to grant the patent or to refuse the application. One crucial factor in ensuring rapid and satisfactory operation of the examination procedure is the competent preparation of the European patent application and of all procedural steps taken before the EPO.

If a European patent is granted, competence is transferred to the designated Contracting States, where it affords the same level of legal protection as a national patent. On average it takes 44 months to obtain a European patent. Under certain circumstances more rapid processing is possible at no extra cost. A European patent is valid for 20 years from the date on which the application was filed.

Phase 3 (in Munich): (in some cases) involves opposition or appeal, in which, for the first time during the procedure, third parties (competitors) take part. Within nine months of the date of grant, any third party may file opposition against a patent they believe does not comply with the substantive provisions of the EPC.

The EPO opposition division's decision in such matters is binding in all the contracting states designated for the patent concerned. Appeals may be lodged against the decisions of the Receiving Section, the Examining Divisions and the Opposition Divisions. The members of the boards of appeal of the EPO are impartial, their decisions being governed solely by the provisions of the EPC. Where necessary, cases may be referred to the Enlarged Board of Appeal as the body responsible for ensuring uniform application of the law.

While the three criteria for patentability must be met (novelty, inventiveness and industrial applicability), the following may not be patented:

- *Inventions whose exploitation would be contrary to "ordre public" or morality (obvious examples being land-mines or letter-bombs).*
- *Methods of medical treatment and diagnosis (this exclusion does not cover products, substances or compositions for use in any of these methods, e.g. medicines or surgical instruments).*

- *New plant or animal varieties (this exclusion does not apply to microbiological processes or the products thereof, and as far as plant varieties are concerned, a separate form of protection is available in most Contracting States).*
- *Discoveries.*
- *Scientific theories and mathematical methods.*
- *Aesthetic creations, such as works of art or literature.*
- *Schemes, rules and methods for performing mental acts, playing games or doing business (with the exception of "methods for doing business", e.g. Amazon Internet bookstore).*
- *Presentations of information.*
- *Computer software (however, if the subject-matter claimed adds a contribution of a technical character to the known art, a patent should not be refused simply because a computer programme is involved: this means that, for example, machines, processes of manufacture or control processes controlled by a computer programme may be patented).*

The advantages of a European Patent are that it is economic and efficient (being a cost-effective and time-saving way of applying for patent protection in several different countries), it has unitary effects in the contracting states, it gives a "strong" patent (since it has undergone substantive examination and can be obtained for countries which otherwise operate only a registration system e.g. Italy). In addition, the structure of the European patent procedure provides for the processing fees to be spread, enabling the applicant to commit the successive expenditure involved whilst taking into account both the outcome of past procedural stages and of the development of the interest shown by the applicant in obtaining protection. In particular, the separation between search and substantive examination offers the applicant the possibility of determining, in the light of the European search report, whether to proceed with the substantive examination.

On the other hand, several small to medium-large countries see the EPC "bundle" of national patents as slow and costly. These countries are now insisting that EPO procedures are made swifter, cheaper and more respectful of due process and that the delays which are widely claimed to examiners' objections, appeals and oppositions need to be reduced. Moreover, costs at the EPO are currently much higher than at the U.S. or Japanese patent offices. These are among the reasons why the majority opinion among users favours the creation of a Community Patent as an alternative to national patents granted through the EPO or national offices.

Against this background, it is worth noting that there is no EU patent law per se. This position was confirmed by the ECJ in 2007²⁶⁷. Efforts to create a "Community Patent" have persistently failed although there are several specific pieces of EU law affecting certain patents. These include:

²⁶⁷ Case C-431/05: Merck Genericos – Produtos Farmaceuticos Ltd. V. Merck and Co. Inc., Merck Sharp and Dohme Ltd (2007) 3 CMLR 49, paragraph 40.

- The Biotechnology Directive regulating the patentability of biotechnological inventions²⁶⁸;
- Regulations on the supplementary protection of medicinal products²⁶⁹;
- Regulation on the protection of plant varieties²⁷⁰.

The Biotechnology Directive

The objective of the Directive 98/44/EC was to clarify the distinction between what is patentable and what is not. It particularly sought to confirm that the human body at the various stages of its formation and development, and processes for cloning human beings and for modifying the germ-line genetic identity of human beings, may not be regarded as patentable inventions.

The Directive reiterates that inventions which are new, involve an inventive step and are susceptible of industrial application are patentable and introduces the innovation that they are patentable even if they concern a product consisting of or containing biological material. Moreover, biological material which is isolated from its natural environment or produced by means of a technical process may also be the subject of an invention. On the other hand, the following are not patentable:

- plant and animal varieties;
- essentially biological processes for the production of plants or animals, such as crossing or selection. This exclusion from patentability does not, however, affect the patentability of inventions which concern a microbiological process;
- the human body and the simple discovery of one of its elements, including the sequence or partial sequence of a gene²⁷¹.

Specific inventions are not patentable where their exploitation would be *contrary to public policy or morality*:

- processes for cloning human beings;
- processes for modifying the germ-line genetic identity of human beings;
- uses of human embryos for industrial or commercial purposes;

²⁶⁸ Directive 98/44/EC of the European Parliament and of the Council of 6 July 1998 on the legal protection of biotechnological inventions, OJ L 213 of 30 July 1998.

²⁶⁹ Council Regulation (EEC) No 1768/92 of 18 June 1992 concerning the creation of a supplementary protection certificate for medicinal products, OJ L 182 of 2 July 1992 as amended by Regulation (EC) No 1901/2006 of the European Parliament and of the Council of 12 December 2006, OJ L 378 of 27 December 2006.

²⁷⁰ Council Regulation (EC) No 2100/94 of 27 July 1994 on Community plant variety rights, OJ L 227 of 1 September 1994 as amended by Council Regulation (EC) No 2506/95 of 25 October 1995, OJ L 258 of 28 October 1995, Council Regulation (EC) No 807/2003 of 14 April 2003, OJ L 122 of 16 May 2003, Council Regulation (EC) No 1650/2003 of 18 June 2003, OJ L 245 of 29 September 2003, Council Regulation (EC) No 873/2004 of 29 April 2004, OJ L 162 of 30 April 2004 and Council Regulation (EC) No 15/2008 of 20 December 2007, OJ L 8 of 11 January 2008.

²⁷¹ However, an element isolated from the human body or produced by means of a technical process, including the sequence or partial sequence of a gene, may constitute a patentable invention.

- processes for modifying the genetic identity of animals which are likely to cause them suffering without any substantial medical benefit to man or animal, and also animals resulting from such processes.

The protection conferred by a patent on a biological material possessing specific characteristics as a result of the invention extends to any biological material derived from that biological material through propagation or multiplication and possessing those same characteristics. In addition, the protection conferred by a patent on a product containing genetic information extends to all material in which the product is incorporated. However, patent protection does not extend to:

- to biological material obtained from the propagation or multiplication of biological material, where the multiplication or propagation necessarily results from the application for which the material was marketed by the holder of the patent or with his consent, provided that the material obtained is not subsequently used for other propagation or multiplication;
- to plant-propagating material or breeding stock sold to a farmer by the holder of the patent or with his consent, provided that the farmer uses the biological material or livestock for his own agricultural purposes.

The Directive also provides that, where a breeder cannot acquire or exploit a plant variety right without infringing a prior patent, he may apply for a compulsory licence for non-exclusive use of the invention protected by this patent, subject to payment of an appropriate royalty. This also applies where the holder of a patent concerning a biotechnological invention cannot exploit it without infringing a prior plant variety right.

In regard to the procedures for depositing biotechnological inventions, the Directive provides that the application for a patent must meet a certain number of conditions (the biological material has been deposited no later than the date on which the patent application was filed with a recognised depositary institution, transmission of information on the characteristics of the biological material deposited, etc.).

Under the terms of the Directive, which entered into force in 1998, in order to protect biotechnological inventions, Member States must ensure that their national patent laws conform to the provisions of the Directive.

Regulation on the Supplementary Protection of Medicinal Products

Council Regulation (EEC) No 1768/92 recognised that pharmaceutical research plays a decisive role in the continuing improvement in public health but that medicinal products, especially those that are the result of long, costly research might not continue to be developed in the EU unless they are covered by favourable rules that provide for sufficient protection to encourage such research. Moreover, a specific problem related to the time that typically elapsed between the filing of an application for a patent for a

new medicinal product and authorisation to place the medicinal product on the market and this was seen as liable to make the period of effective protection under the patent insufficient to cover the investment put into the research.

Accordingly, the Directive provides that a supplementary protection certificate shall be granted, under the same conditions, by each of the Member States at the request of the holder of a national or European patent relating to a medicinal product for which marketing authorisation has been granted. In principle, the holder of both a patent and a certificate should be able to enjoy an overall maximum of fifteen years of exclusive protection from the time the medicinal product in question first obtains authorisation to be placed on the EU market. To assist this, while taking account of other considerations, notably public health interests, the certificate cannot be granted for a period exceeding five years; and the protection granted must be strictly confined to the product which obtained authorisation to be placed on the market as a medicinal product.

The series of legislation of which Council Regulation (EEC) No 1768/92 is a part concerns the rules for placing pharmaceutical products on the EU market. The most recent Regulation in this series (Regulation EC No. 1901/2006) deals with medicines for children. In regard to authorised paediatric medicines, authorisation certificates differ according to the category of medicine in question, viz:

- medicinal products no longer covered by a patent may be subject to a new marketing authorisation for paediatric use; including a new period of market exclusivity of 10 years;
- new medicines and products covered by a patent or a supplementary protection certificate (SPC) may receive a six-month SPC extension if all the measures included in the agreed paediatric investigation plan are complied with, if the product is authorised in all Member States and if relevant information on the results of studies is included in product information;
- orphan medicinal products qualify for ten years of market exclusivity which can be extended to twelve years if the requirements for data on use in children are fully met.

Regulation on the protection of plant varieties

Most European countries are members of the UPOV. However, to make the protection of plant variety rights in EU Member States easier by creating a single European procedure, the Council of the European Union established the CPVR on the basis of the provisions of the UPOV Convention. Thus, Council Regulation (EC) No 2100/94 known as the Community Plant Variety Regulation (CPVR) created a unitary right to protection under EU law which could not be supplemented by national protection or patent protection *per se*. Member States remain free to offer alternative plant protection systems and, in practice most do so. The EU scheme involves registration at the Community Plant Variety Office (CPVO) in Angers, France.

Under the CPVR, varieties of all botanical genera and species, including, hybrids between genera or species, may form the object of Community plant variety rights. Community plant variety rights can be granted by the Community Plant Variety Office for a single plant variety that has been generated by traditional breeding or through genetic engineering, provided that the variety fulfils the criteria of distinctness, uniformity, stability and novelty²⁷². The term of the Community plant variety right is 25 years or, in the case of varieties of vine and tree species, 30 years following the year of granting the approval²⁷³.

With an annual average registration of between 2,000 and 3,000 plant varieties, the total number of protected varieties at the end of 2009 was 16,700²⁷⁴.

Recent steps towards an EU Patent Regulation and system

Returning to the overall paucity of EU patent law *per se*, this is largely due to the success of international agreements such as the PCT, EPC and the WTO TRIPS Agreement. Nonetheless, EU policy continues to envisage further substantive development of EU Patent legislation and a full EU system is likely to emerge in the coming years.

The Commission proposed a Regulation for a Community Patent in August 2000 (now referred to as the EU Patent under the Lisbon Treaty). After a Council Common Political Approach in 2003, negotiations stalled and a final agreement was not reached. On the basis of an extensive consultation in 2006, the Commission adopted a Communication “*Enhancing the patent system in Europe*” in April 2007²⁷⁵. This re-launched the patent reform debate in the Council. In particular, it suggested new avenues to explore on the patent court and translation arrangements for the EU patent.

On 4 December 2009, the Council of the European Union reached political agreement on the main features of a future patent court in the EU and on a common approach to an EU Patent Regulation. The idea is that a specialised patent court will allow cases to be heard before judges with the highest level of legal and technical expertise in patents. A unified court will also mean that parties do not have to litigate in parallel in different countries incurring high costs. Parallel litigation can amount at least € 500 000 in a typical case, which can be cut drastically by a unified court, saving as much as € 289 million each year for European companies. The court will include local and central chambers under a common appeal court. In the initial stages, parties will be able to continue to use national courts, allowing confidence to build up gradually in the new system.

²⁷² Council Regulation (EC) No 2100/94, Articles 5 and 6.

²⁷³ Council Regulation (EC) No 2100/94, Article 19. Note also that the Article also provides that “The Council, acting by qualified majority on proposal from the Commission, may, in respect of specific genera or species, provide for an extension of these terms up to a further five years”.

²⁷⁴ CPVO Annual Report, 2009 at: <http://www.cpvo.fr/main/en/home/documents-and-publications/annual-reports>.

²⁷⁵ European Commission: Communication from the Commission to the European Parliament and the Council - Enhancing the patent system in Europe - COM/2007/0165 final of 3 April 2007.

After this political agreement, the Council is now awaiting a legal opinion on the new patent court from the European Court of Justice and the European Parliament is examining the Draft the EU Patent Regulation²⁷⁶.

Industrial design

Ten years after the harmonisation of trademark legislation in the European Union a further EU Directive addressed the harmonisation of Member Status national laws on design.

In accordance with Directive 98/71/EC on the legal protection of designs²⁷⁷, a Design may consist of the appearance of the whole or a part of a product²⁷⁸ resulting from the features of, in particular, the lines, contours, colours, shape, texture and/or materials of the product itself and/or its ornamentation.

The protection requirements for a design are novelty and individual character. A design is considered *new* if no identical design has been made available to the public before the date of filing of the application for registration or, if priority is claimed, the date of priority. Moreover, designs are deemed to be identical if their features differ only in small, insignificant details. A design is considered to have *individual character* if the overall impression it produces on the informed user differs from the overall impression produced on such a user by any design which has been made available to the public before the date of filing of the application for registration or, if priority is claimed, the date of priority. In assessing individual character, the degree of freedom of the designer in developing the design is taken into consideration. A design is deemed to have been made available to the public if it has been published, or exhibited, used in trade or otherwise disclosed, before the date of filing of the application for registration or, if priority is claimed, the date of priority. An exception is where these events could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the European Union.

Disclosure is essential in order to evaluate if a design has the novelty and individual character requirements. The disclosure begins the period of legal protection of the unregistered design.

The novelty of a design is considered relative and not absolute from the geographic point of view (the disclosure of the design can take place in any part of the world, but the design has to be known within the European Union) and because the design has to be

²⁷⁶ European Commission: Press Release: "Patents: EU achieves political breakthrough on an enhanced patent system", IP/09/1880 of 4 December 2009.

²⁷⁷ Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs, OJ L 289 of 28 October 1998.

²⁷⁸ A product is any industrial or handicraft item, including parts intended to be assembled into a complex product, packaging, graphic symbols and typographic typefaces, but excluding computer programmes. A complex product is a product which is composed of multiple components which can be replaced permitting disassembly and reassembly of the product (e.g. cars, aeroplanes, printers, photocopiers, computers, etc.).

known by the circles specialised in the sector concerned. Existing designs (the equivalent of the patent's "prior art") consist of all designs already disclosed and reasonably known by the circles specialised of the European Union. By analysing that number of prior designs, it is possible to ascertain the existence of the novelty requirement and the informed user should ascertain the existence of the individual character requirement.

A design applied to or incorporated in a product which constitutes a component part of a complex product is only considered to be new and to have individual character:

1. *if the component part, once it has been incorporated into the complex product, remains visible during normal use (i.e. by the user, excluding maintenance, servicing or repair work) of the latter, and*
2. *to the extent that those visible features of the component part fulfil in themselves the requirements as to novelty and individual character and are not solely dictated by technical function ("must fit" exception: e.g. socket of light bulb).*

For the time being there is no protection for spare parts, intended as design of a component used for the purpose of the repair of a complex product to restore its original appearance, while it is possible to protect that design against third parties who are using it in relation with different product(s). For example, the mirror of a car with its special design might be registered as it is a visible component part of a complex product. However the owner would not be able to stop a third party from reproducing the same mirror design when the mirror is incorporated into the same model of that car, while on the other hand the use of the design on any other make of car would infringe the design rights (so-called "repairs clause"). According to article 18 of Directive 98/71/CE, the European Commission proposed in 2004 a Directive, under approval with amendments by the European Parliament, that is aimed to exclude design protection for spare parts in the secondary market on the basis of the "repair clause" in order to harmonise the internal market (probably with a provision for a transitional period), since at the moment in some EU Member States' national law this protection is provided and in some other it is not. The main reason of the EC proposal is that design protection should grant exclusive rights to the appearance of a product, not a monopoly over the product as such: it is aimed at harmonising this area of the internal market through the full liberalization of the market for spare parts, ensuring at the same time that the consumers are informed about the origin of spare parts.

The informed user is supposed to determine if a design produces a different overall impression when compared to the design already made available to the public (through an important disclosure). In effect, this involves a fictitious person very similar to the person "skilled in the art" in the inventions' field.

It is also to be noted that, in order to determine the novelty and individual character of a design, the following disclosures are not to be taken into consideration:

- disclosures by the designer, his successor in title, or a third person as a result of information provided or action taken by the designer, or his successor in title; and
- disclosures during the 12-month period preceding the date of filing of the application or, if priority is claimed, the date of priority; and
- if the design has been made available to the public as a consequence of an abuse in relation to the designer or his successor in title.

The registration of a design confers on its holder the exclusive right to use it and to prevent any third party not having his consent from using it. Use without consent includes, in particular, the making, offering, putting on the market, importing, exporting or using of a product in which the design is incorporated or to which it is applied, or stocking such a product for those purposes.

The Community Design

The Community design was established by the 2001 Council Regulation on Community Designs²⁷⁹. The main characteristics of the Community design are its unitary character and simple application procedure. That process provides a uniform protection in all countries of the European Union on the basis of a single registration procedure with the Office for Harmonisation.

The Regulation provides for the protection of both *registered* designs and *unregistered* designs. The protection of a registered design can last up to 25 years, while the protection of an unregistered design, recognised only within the European Union, begins with the first relevant disclosure of the design and lasts 3 years from the first disclosure.

The unregistered design provides a restricted protection in comparison to a registered design, namely only against copying. It is therefore useful to protect designs which have a short life (e.g. in regard to fashion, textiles etc).

The EU Regulation also provides for a grace period of one year, after which the owner of the design can decide whether to apply for the registration of the design (providing protection for the remaining 24 years out of the total of 25) or not to apply for the registration and still enjoy the remaining 2 years of protection as an un-registered design.

At this stage, it is possible to cumulate different instruments of protection so that the same products can be protected, if the relevant requirements are found, as design, graphic or three-dimensional trademark, patent, utility model and copyright.

²⁷⁹ Council Regulation (EC) No. 6/2002 of 12 December 2001 on Community Designs, OJ L 3 of 5 January 2002 as amended by Council Regulation No. 1891/2006 of 18 December 2006 to give effect to the accession of the European Community to the Geneva Act of the Hague Agreement concerning the international registration of industrial designs, OJ L 386 of 29 December 2006.

In April 2007, the European Commission adopted two Regulations which were necessary to give effect to the accession of the European Community to the Geneva Act of the Hague Agreement concerning the international registration of industrial designs. The Regulation resulted from the Council's approval of the EC accession to the international design registration system of the World Intellectual Property Organisation (WIPO) on 18 December 2006. EU membership of the Geneva Act of the Hague Agreement allows EU companies, with a single application, to obtain protection of a design not only throughout the EU with the Community Design, but also in the countries which are members of the Geneva Act.

Geographical indications of origin

As noted earlier in this publication, a geographical indication is a sign used on goods that have a specific geographical origin and possess qualities or a reputation that are due to that place of origin. Most commonly, a geographical indication consists of the name of the place of origin of the goods. Agricultural products typically have qualities that derive from their place of production and are influenced by specific local factors, such as climate and soil. Whether a sign functions as a geographical indication is a matter of national law and consumer perception.

Geographical indications may be used for a wide variety of agricultural products, such as, for example, "*Tuscany*" for olive oil produced in a specific area of Italy (protected, for example, in Italy by Law No. 169 of February 5, 1992), or "*Roquefort*" for cheese produced in France (protected, for example, in the European Union under Regulation (EC) No. 2081/92 and in the United States under US Certification Registration Mark No. 571.798).

The use of geographical indications is not limited to agricultural products. They may also highlight specific qualities of a product which are due to human factors that can be found in the place of origin of the products, such as specific manufacturing skills and traditions. That place of origin may be a village or town, a region or a country. An example of the latter is "Switzerland" or "Swiss," which is perceived as a geographical indication in many countries for products that are made in Switzerland and, in particular, for watches.

A geographical indication points to a specific place or region of production that determines the characteristic qualities of the product that originates therein. It is important that the product derives its qualities and reputation from that place. Since those qualities depend on the place of production, a specific "link" exists between the products and their original place of production.

Geographical indications are understood by consumers to denote the origin and the quality of products. Many of them have acquired valuable reputations which, if not adequately protected, may be misrepresented by dishonest commercial operators. False use of geographical indications by unauthorised parties is detrimental to consumers and legitimate producers. The former are deceived and misled into believing

they are buying a genuine product with specific qualities and characteristics, while they are, in fact, getting a worthless imitation. Legitimate producers suffer damage, in turn, because valuable business is taken away from them and the established reputation for their products is damaged.

The difference between a trademark and a geographical indication is that a trademark is a sign used by an enterprise to distinguish its goods and services from those of other enterprises; it gives its owner the right to exclude others from using the trademark. On the other hand, a geographical indication tells consumers that a product is produced in a certain place and has certain characteristics that are due to that place of production. It may be used by all producers who make their products in the place designated by a geographical indication and whose products share typical qualities.

The *certification trademarks*, given to those who do not trade themselves but who certify that goods/services satisfy prescribed standards concerning origin, material, mode of manufacture, quality, accuracy, or other characteristics, are closest in concept to geographical indications. Often the proprietor of a certification trademark is an association established by those with commercial interests in the trademark, e.g. *STILTON*, a well-known trademark being available to all who manufacture cheese to defined standards within a given area (not including the town of Stilton itself!).

Also *collective trademarks* are quite close to geographical indications, as they are given to an association of traders, not in order to indicate anything about quality, but in order to show that a member belongs to the association (e.g. *WOOLMARK*). Moreover, a Community collective mark is a type of trademark described as such when the mark is applied for and is capable of distinguishing the goods/services of the members of an association which is the proprietor of the mark from those of other undertakings. Typically, signs or indications which may serve, in trade, to designate the geographical origin of the goods/services may constitute Community collective marks.

Geographical indications are protected in Europe in accordance with national laws and under a wide range of concepts, such as laws against unfair competition, consumer protection laws, laws for the protection of certification marks or special laws for the protection of geographical indications or appellations of origin. In essence, unauthorised parties may not use geographical indications if such use is likely to mislead the public as to the true origin of the product. Applicable sanctions range from court injunctions preventing the unauthorised use to the payment of damages and fines or, in serious cases, imprisonment.

If a geographical term is used as the designation of a kind of product, rather than an indication of the place of origin of that product, this term no longer functions as a geographical indication. Where that has occurred in a certain country over a substantial period of time, that country may recognise that consumers have come to understand a

geographical term that once stood for the origin of the product - for example, "*Dijon Mustard*," a style of mustard originally from the French town of Dijon - to denote now a certain kind of mustard, regardless of its place of production.

An *appellation of origin* is a special kind of geographical indication, used on products that have a specific quality that is exclusively or essentially due to the geographical environment in which the products are produced. The concept of geographical indication encompasses appellations of origin.

European systems for developing and protecting foodstuffs are aimed to encourage diverse agricultural production, to protect product names from misuse and imitation and to help consumers by giving them information concerning the specific character of the products.

Alongside rules governing organic production methods (which will be dealt with in the next section of this chapter), the two main elements of European food quality policy are the rules on the protection of geographical indications (PGI) and protected designations of origin (PDO) of agricultural products and foodstuffs under Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs and the rules on certificates of specific character (TSG) for agricultural products and foodstuffs²⁸⁰ and Council Regulation (EC) No 509/2006 of 20 March 2006 on agricultural products and foodstuffs as traditional specialties guaranteed²⁸¹.

The registration procedure of a product name begins when a group of producers defines the product according to precise specifications. The application, including the specifications, must be sent to the relevant national authority, where it is studied and thereafter transmitted to the European Commission. The Commission then carries out control procedures and, if it meets the requirements, a first publication of the product name in the Official Journal of the European Union will inform those in the EU who are interested. If there are no objections, the European Commission publishes the protected product name in the Official Journal.

²⁸⁰ The original Council Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs, OJ L 208 of 24 July 1992 was replaced by Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs and the rules on certificates of specific character (TSG) for agricultural products and foodstuffs, OJ L 93 of 31 March 2006.

²⁸¹ The original Council Regulation (EEC) No 2082/92 of 14 July 1992 on certificates of specific character for agricultural products and foodstuffs, OJ L 208 of 24 July 1992, as amended was replaced by Council Regulation (EC) No 509/2006 of 20 March 2006 on agricultural products and foodstuffs as traditional specialties guaranteed, OJ L 93 of 31 March 2006.

PROTECTED FOODS BASED ON ORIGIN AND TRADITION

A *PDO (Protected Designation of Origin)* covers the term used to describe foodstuffs which are produced, processed and prepared in a given geographical area using recognised know-how (e.g. Italian “prosciutto di Parma”, Spanish “queso Manchego”).

A *PGI (Protected Geographical Indication)* is based on a geographical link that must occur in at least one of the stages of production, processing or preparation. Furthermore, the product can benefit from a good reputation (e.g. French “cidre de Bretagne ou cidre breton”, Scottish “Scotch lamb”).

A *TSG (Traditional Speciality Guaranteed)* does not refer to the origin but highlights the traditional character, either in the composition or means of production (e.g. Finnish “sahti”, Italian “mozzarella”).

“Organic farming”

Finally, a few words about organic farming, which is more and more important in Europe and for which a new EU labelling logo applies from 2010.

Organic farming differs from other farming systems in a number of ways. It favours renewable resources and recycling, returning to the soil the nutrients found in waste products. Where livestock is concerned, meat and poultry production is regulated with particular concern for animal welfare and by using natural foodstuffs. Organic farming respects the environment’s own systems for controlling pests and disease in raising crops and livestock and avoids the use of synthetic pesticides, herbicides, chemical fertilisers, growth hormones, antibiotics or gene manipulation. Instead, organic farmers use a range of techniques that help sustain ecosystems and reduce pollution.

Organic farming has to be understood as part of a sustainable farming system and a viable alternative to the more traditional approaches to agriculture. Since the first EU rules on organic farming came into force in 1992 under Regulation (EEC) No 2092/91²⁸², tens of thousands of farms have been converted to this system, as a result of increased consumer awareness of, and demand for, organically grown products.

Equally important are the associated enforcement procedures, ensuring that all producers claiming organic status are registered with the competent inspection body in their country. These bodies are themselves designated by and subject to regulation by authorities whose task it is to verify their capability to administer the schemes fairly and efficiently.

Inspection covers all stages in the production process, including storage, processing and packing. Farm inspections are carried out at least once a year and random checks are

²⁸² Council Regulation (EEC) No 2092/91, OJ L 198, 22.7.1991 – now repealed.

also undertaken. Sanctions for infringements of any of the rules include instant removal of the right to claim organic status for the product concerned, with stricter penalties imposed for more serious breaches. Meticulous record keeping is required, including, for livestock farmers, complete records of their livestock management systems.

Increased consumer awareness of food safety issues and environmental concerns has contributed to the growth in organic farming over the last few years. Although it only represented around 3 % of the total EU utilised agricultural area in 2000, organic farming has in fact developed into one of the most dynamic agricultural sectors in the European Union. The organic farm sector grew by about 25 % a year between 1993 and 1998 and, since 1998, it is estimated to have grown by around 30 % a year.

The new Council Regulation (EC) No 834/2007²⁸³ on organic production and labelling of organic products repealed the earlier legislation and established, with effect from 1 January 2009, a new legal framework for organic products. It lays down the objectives and principles applicable to this type of production and illustrates the rules on production, labelling, inspection and trade with third countries. From 1 July 2010 the new EU organic logo will be mandatory for all pre-packaged organic products that originate in the 27 Member States and meet the labelling standards. Additionally, all non pre-packaged organic products that originate from the EU or that are imported from third countries can use the EU logo on a voluntary basis. The EU organic logo (light green in shade) is reproduced below.



²⁸³ Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products and repealing Regulation (EEC) No 2092/91, OJ L 189 of 20 July 2007.

Enforcement of Intellectual Property Rights in the European Union

The Enforcement Directive²⁸⁴

The Directive on the enforcement of intellectual property rights, adopted in April 2004, applies to all intellectual property rights, including industrial property rights. In so far as civil proceedings are concerned, it adopts the enforcement provisions of the TRIPS but adds to them in scope and detail.

The Directive places a general obligation on Member States to provide for measures, procedures and remedies necessary to ensure the enforcement of the rights covered by the Directive. The measures must be fair and equitable, shall not be unnecessarily costly or complicated, and must not entail unreasonable time-limits or unwarranted delays. The measures must also be effective, proportionate and dissuasive and applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse. These provisions echo Article 41 of the TRIPS. Unlike TRIPS, however, the Directive enumerates the persons entitled to avail of them. These include right owners; licensees; collective rights management bodies and professional defence bodies in accordance with national law.

There is also a presumption of ownership of rights where the name of the author or related right holder appears on the work which does not occur in the TRIPS.

The Directive provides procedures covering evidence and the protection of evidence and provisional measures such as injunctions and seizure. Remedies available to right holders include the destruction, recall or permanent removal from the market of illegal goods, as well as financial compensation, injunctions and damages. There is also a right of information allowing judges to order certain persons to reveal the names and addresses of those involved in distributing the illegal goods or services, along with details of the quantities and prices involved.

Under certain conditions, Member States must also take whatever steps are necessary to enable judicial authorities to order production of banking, financial or commercial documents. Where there is a danger that evidence may be destroyed, measures must be available to secure seizure, if necessary, and under certain conditions, *inaudita altera parte*, i.e. in the absence of the other party.

Many of these provisions are more specific than those set out in the TRIPS, for example, where the right of information is concerned, Member States must permit the judicial authority to order that information be provided by an infringer or any other person who was found to be involved in, or is implicated by a person found to be involved in, infringing activities. The sort of information envisaged is specified to include the names and ad-

²⁸⁴ Directive 2004/48/EC of the Council and the European Parliament of 29 April 2004 on the enforcement of intellectual property rights, OJ L 157 of 30 April 2004.

dresses of producers and manufacturers of product, information on quantities produced and the price obtained.

Member States must ensure that certain specific types of provisional and precautionary measures are available. These include the possibility of particular types of injunction; seizure of goods; the seizure of the assets of an alleged infringer, and blocking of his or her bank accounts. Judicial authorities must also be able to order recall from circulation and destruction of infringing goods. There must also be provision for damages appropriate to the prejudice suffered, and the legal costs of litigation should in general be borne by the unsuccessful party. Again, the provisions are more detailed than those of the TRIPS.

Member States are encouraged to publish judicial decisions concerning infringements and this must be possible. Encouragement is also provided for the development by trade and other associations of codes of conduct concerning enforcement of intellectual property rights. These provisions are not contained in the TRIPS.

The Customs Regulations

In the context of the enforcement of intellectual property rights, the EU enacted two Regulations concerning customs measures, in 1994 and 1995. These were more recently updated and replaced by new Regulations in 2003 and 2004 - *Council Regulation (EC) No 1383/2003* concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights²⁸⁵ and *Commission Regulation (EC) No 1891/2004* laying down provisions for the implementation of the Council Regulation²⁸⁶. These provide, in a detailed way, for the detention by customs authorities of goods suspected to be either counterfeit (i.e. which infringe trade mark law), or pirated (i.e. which infringe copyright, related rights law, or a design right). The Regulations set out the terms under which the goods may be detained, the period of detention and so forth. They echo, and amplify the provisions of Articles 51 to 60 of the TRIPS.

Developments in EU law and policy in relation to IP enforcement

The major difference between the TRIPS Agreement and the EU Enforcement Directive is that the former contains, at Article 61, the obligation for Members to provide for criminal sanctions for intellectual property infringement. The Enforcement Directive contains no such provision.

²⁸⁵ Council Regulation (EC) No 1383/2003 of 22 July 2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights, OJ L 196 of 2 August 2003.

²⁸⁶ Commission Regulation (EC) No 1891/2004 of 21 October 2004 laying down provisions for the implementation of Council Regulation (EC) No 1383/2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights, OJ L 328 of 30 October 2004.

There has been much debate in Europe concerning criminal sanctions for IP infringement. Of course Member States have such sanctions in their laws by virtue of their adherence to the TRIPS Agreement but the desire of the Europe Union is to harmonise those laws at an appropriate level. The principal problem until now has been a doubt about competence. It is not clear that the EC Treaty provides a legal basis for Community measures prescribing the type and level of criminal penalties.

A Proposal for a harmonising Directive was published in 2005, and is still on the agenda, but there have been a number of difficulties. Apart from the issue of competence, the contents of the Proposal have been controversial. A wide range of possible penalties was mentioned: including custodial sentences for natural persons; total or partial closure of a premises used to commit an offence; a permanent or temporary ban on engaging in commercial activities, and judicial winding-up of a business. Some of these were seen as draconian measures poorly suited to intellectual property infringements.

The Proposal also addressed certain problems which occur in many jurisdictions in relation to criminal proceedings. There is for example the issue of what is meant by infringement committed on a "commercial scale". This phrase occurs in the TRIPS and in the Enforcement Directive, and occurs also in the Criminal Code in Moldova. It has been interpreted by the European Court of Justice in a civil context as meaning an activity carried out in the context of a business, and not necessarily related to the size of the infringement. The approach taken by the Proposal for the Directive was to provide for criminal liability in relation to intentional infringements of copyright and trademark laws which are not for personal purposes and conducted for economic advantage, thus making it clear that the size or value of the infringement was not a threshold test.

The *ex-officio* initiation of legal action is also a problem without an easy solution, because it is very difficult to prove IP infringement to the standard required by the criminal law without the co-operation of the right owner. Under an amendment to the Proposal for the Directive it was provided that Member States should ensure that the possibility of making investigations into or prosecuting offences does not depend on the complaint of the right owner.

The most recent developments in the field of enforcement are these:

- In March 2009, the EU launched the *European Observatory on Counterfeiting and Piracy*. This is intended to be an enforcement tool. It is intended that it will be used to help improve the quality of information and statistics relating to counterfeiting and piracy in the EU; to provide information about best practice strategies and enforcement techniques from both the public and the private sector. It is composed of members from both the public and private sectors. It has initiated a data gathering exercise to develop a reliable methodology and assess the scope scale and impact of counterfeiting in the internal market of the EU.

- On the 1 March 2010, the EU Council adopted a resolution on the enforcement of IP in the internal market. Amongst other things, it invites the European Commission to analyse the effectiveness of the Enforcement Directive and if necessary to propose amendments; also to consider further an amended Proposal for a Directive on criminal measures aimed at counterfeiting piracy and counterfeiting.
- In the Customs area, the Commission produced an EU Customs Action Plan for the period 2009–2012, focusing on a range of measures, with the priorities being identified as combating the importation of dangerous counterfeit goods, in particular fake pharmaceuticals and electrical goods; the need to devise means to dismantle organised crime which increasingly behind piracy and counterfeiting; sales via the Internet, and the need to improve cooperation with stakeholders. Within this framework, on 25th March, 2010, DG Taxation and Customs opened a consultation process on the review of EU legislation on customs enforcement of IPR.

EU best practice in relation to enforcement

The EU Directorate-General of Trade has published a *Guidebook on Enforcement of Intellectual Property Rights*²⁸⁷ which describes best practice for enforcement of intellectual property rights. Apart from the legal provisions contained in the Enforcement Directive discussed above, best practice is described as incorporating the following features:

- National Co-operation and Co-ordination;
- International Co-operation;
- Public awareness and co-operation;
- Right holder co-operation;
- Judicial enforcement;
- Administrative enforcement;
- Specialised courts;
- Mediation and arbitration;
- Regulation of optical media manufacturing.

The Guidebook is an excellent resource and is accessible from the website of D-G Trade.

EU policy in relation to enforcement in third countries

The EU is interested in seeing its IP policies and practices on enforcement reflected in the laws of other countries. As part of its trade strategy, D-G Trade has published a paper on the subject entitled *Strategy for the Enforcement of Intellectual Property Rights in Third Countries*²⁸⁸. It describes the strategy as incorporating the following elements:

²⁸⁷ Website of European Commission DG Trade - <http://ec.europa.eu/trade/creating-opportunities/trade-topics/intellectual-property>.

²⁸⁸ *Strategy for the Enforcement of Intellectual Property Rights in Third Countries*, OJ C129 of 26 May 2005.

- Multi-lateral and bi-lateral agreements providing for a high standard of protection of IP protection and enforcement. The Moldovan Partnership and Cooperation Agreement and the European Neighbourhood Action Plan for Moldova are examples. The Association Agreement under negotiation at the time of preparation of this publication is another. This agreement is expected to update the existing level of cooperation in relation to alignment of the *acquis* in matters of IP enforcement.
- The use of political dialogue at every level, and especially through EC Delegations, to emphasise that effective protection and enforcement of IP is absolutely essential, and to demonstrate the positive effects of protection and enforcement, whether for economic reasons, to attract foreign investment, for consumer benefits or for health.
- The provision of technical co-operation to combat piracy and counterfeiting, promote institutional reform in enforcement-related areas such as customs, police, administrative and judicial bodies.
- The exchange of ideas with other key providers of technical cooperation, such as WIPO, the WCO, the US, to avoid duplication of effort and sharing of best practice.
- Where essential, the use dispute settlement mechanisms and sanctions.
- Awareness-raising, from two perspectives: raising the awareness of users/consumers in third countries, both to promote the benefits of IPR in terms of promotion of investment, creativity, technology transfer, protection of traditional material and quality, and to inform about the danger of violations to public health, consumer protection, public health and security, and so forth. Secondly raising the awareness of right owners, again from two perspectives: to make European right owners aware of the risks of trading in countries where IPR enforcement is ineffective, and the minimum precautions (such as registration) that should be adopted, and secondly to emphasise the need to use the enforcement means available in those countries.

■ The process of approximation of Intellectual property law and policy in non-EU countries

The process of approximation of intellectual property rights law and policy in non-EU countries can best be considered with reference to the core legal and institutional requirements related to candidate countries for EU membership; as these set relevant benchmarks for the more advanced stage of the EU integration process.

According to the Commission's *White Paper of 1995 on the Preparation of the Associated Countries of Central and Eastern Europe for integration into the Internal Market of the Union*²⁸⁹:

²⁸⁹ European Commission: *White Paper of 1995 on the Preparation of the Associated Countries of Central and Eastern Europe for integration into the Internal Market of the Union*, COM (95) 163 Final of 3 May 1995 (pages 352 to 358 deal with Intellectual and Industrial Property).

“Proper and effective protection of intellectual, industrial and commercial property... is an indispensable means of making the most of human ideas and creativity, and harnessing them in the cause of innovation... Intellectual property developed in the context of a market economy; it is vital to the construction of a modern society and to the emergence of innovative and high-quality goods and services... Copyright and related rights are at the same time closely bound up with freedom of expression and the free exchange of ideas, which are fundamental values in a democratic and pluralist society”.

While noting that EU law is compliant with and takes due account of WIPO conventions and the WTO TRIPS Agreement, the White Paper points out that the TRIPS, in particular, is a minimum standards agreement and thus:

“The TRIPs Agreement is a great step forward, but it has to be recognised that most of the multilateral conventions... do not provide an answer - or at any rate a complete answer - to all the questions which arise particularly in connection with technological development. In the nature of things, too the single market often calls for closer and more structured harmonisation of national legislation than do the international conventions. So that although multilateral action is necessary - it is not sufficient to meet the needs of the single market”.

The White Paper also points out that EU Law on IPR is generally intrinsically tied to membership of the European Union. However, the EU view is that *the systems* are so designed that they can be opened up without any discrimination to all non-EU, be they natural or legal persons.

In regard to the conditions necessary to operate EU standards in the IPR field, the White paper highlights the importance of competent courts – ideally specialised courts - (for IPR litigation) and the full implementation of TRIPS Article 4 remedies, a competent and computerised agency which keeps abreast of technological progress (for industrial property registrations), an important role for customs and police authorities in the fight against piracy and counterfeiting and the necessary establishment of management societies (to monitor the use of copyright works, to negotiate with users, and to collect royalties and divide them between the holders of the rights). It also highlights that the creation of rights must be accompanied by effective and credible enforcement together with the real possibility to exercise IP rights.

In regard to the prioritisation of approximation measures for the then Associated Countries, the phasing of alignment was focussed on the so-called Stage 1 and Stage 2 measures.

Stage 1 measures related to trademark and copyright and related rights approximation²⁹⁰. Associated countries were also committed to joining the European Patent Convention (Munich Convention) within 5 years.

²⁹⁰ On the details of this, see earlier in this Chapter. Specific Directives from the 1995 White Paper are not cited here as they do not necessarily reflect the latest legislation.

Stage 2 measures included approximation regarding the supplementary protection of pharmaceuticals, plant protection, designs and the Associated Countries were encouraged to develop serious initiatives regarding the fight against piracy and counterfeiting.

From this, the most interesting point for the Republic of Moldova concerns the focus on institutional conditions for approximation and the broad description of priorities for legislative and policy development. As well as the significant and continuing advance in EU IPR law since 1995, it is to be recalled that a generally more stringent approximation requirement on Moldovan alignment with EU norms has already been put in place via the 1998 Partnership and Cooperation Agreement – **full approximation by 2003**.

The ideas in the 1995 White Paper concerning institutional capacity in the IPR field and the effective enforcement of rights were further developed in the European Commission's 2005 *Institutional Guide*²⁹¹. The main points are summarised below.

ASSESSMENT POINTS ON ADMINISTRATIVE CAPACITY IN THE IPR FIELD

Copyright and related rights

- *Is there a Copyright Office or Ministerial department?*
- *Staff number? Number of professionals? Number of persons who have attended training on EU legislation and/or enforcement methods?*
- *Denomination and number of collective management societies for different rightholders, number of rightholders managed per society, amounts of rights managed per society in each of the past three years?*
- *Number of seizures performed at the border/in the country in each of the last three years? Value of goods seized? Conditions for seizures (e.g. application procedures; are ex-officio seizures foreseen and how?)*
- *Existence or not of a specialised court for intellectual property matters? How many judges and prosecutors have benefited from training on intellectual property law?*
- *Number of infringement cases prosecuted per annum in the last three years?*
- *Current level of fines? Have they been increased? Have jail sentences been pronounced? Length of imprisonment terms?*

Industrial property rights

- *Patent Office or Ministerial department?*
- *Staff number? Number of trademark examiners? Number of patent examiners? Number of persons who have attended training on EU legislation and/or enforcement methods?*

²⁹¹ European Commission Informal Working Document: "Guide to the Main Administrative Structures required for implementing the Acquis", May 2005. Intellectual Property is dealt with at pages 28-29 of this document.

- *How many persons from the police force, from the customs authorities and where relevant from the border guard forces have benefited from training on EU legislation and/or enforcement methods?*
- *Number of patent and trademark applications filed per annum in the two past years?*
- *Average time-span between application and registration of patents and trademarks?*
- *Number of patents and of trademarks registrations in force in the country by the end of the last year?*
- *Can the authority in charge of trademarks registration provide a general evaluation concerning bad faith applications for trademarks and information on possible measures against such behaviour?*
- *Number of seizures performed at the border/in the country per annum in the last three years? Value of goods seized? Conditions for seizures (e.g. application procedures; are ex-officio seizure foreseen and how?)*
- *Existence or not of a specialised court for industrial property matters? How many judges and prosecutors have benefited from training on industrial property law?*
- *Number of infringements cases prosecuted per annum in the last three years?*
- *Current level of fines? Have they been increased? Have jail sentences been pronounced? Length of imprisonment terms?*

Enforcement

There should be at least one national authority to which nationals and others can present applications for one or different kinds of intellectual and industrial property protection. This authority should have enough competent staff to be able to make decisions (or to carry out relevant administrative acts), for reasonable costs for the applicants, and without delay.

Also:

- *courts and tribunals must be staffed with sufficient judges and prosecutors familiar with IPR legislation; cases should be handled without delays;*
- *police and custom authorities, including border authorities, need to get adequate training in the field of IPR; and*
- *the responsible structures dealing with IPR in the competent Ministries and other state bodies must be adequately staffed and trained.*

Together with the progress in the Republic of Moldova, the assessment of institutional and enforcement capacity, presented in the next Chapter, is based on the above assessment criteria.

■ Recent developments and on-going challenges in EU law and policy in regard to intellectual property

Rights management

In the period 1995 to 2002, the European Commission consulted widely on the subject of rights management. As a result, a report was published in April 2004 which examined, *inter alia*, the existing legal framework in which collecting societies operate, including the application of EU competition law to collecting societies. At international level, both the Berne and Rome Conventions refer to collective management, although somewhat indirectly²⁹². Under EU law, several of the directives refer to the possibility of collective management. However, the *conditions* of right management have never been addressed, either at international or at EU level. The Commission's Report concluded that, while competition rules remain an effective way of regulating the market and behaviour of collecting societies, those rules should be complemented by the establishment of a legislative framework on good governance. In specific terms, the Commission identified the issues which require future legislation as follows:

- The legal form and status of collecting societies;
- The manner in which collecting societies publish their tariffs;
- The terms under which they grant licences;
- The mandate obtained from right holders, and the conditions of membership and other aspects of the relationship between the society and those it represents;
- The nature and extent of external control which should be exercised over the operation of collecting societies.

To date, the only progress on this has been a Commission Recommendation of 2005.

The *Commission Recommendation of on collective cross-border management of copyright and related rights for legitimate online music services*²⁹³ deals with the management of on-line rights in musical works. The recommendation puts forward measures for improving the EU-wide licensing of copyright for online services because the absence of EU-wide copyright licences has been one factor that has made it difficult for new Internet-based music services to develop their full potential.

The Commission recommends that right-holders and commercial users of copyright-protected material should be given a choice as to their preferred model of licensing. Different online services might require different forms of EU-wide licensing policies. The recommendation, therefore, proposes the elimination of territorial restrictions and customer allocation provisions in existing licensing contracts while leaving right-holders who do not wish

²⁹² See 11bis(2) and 14bis (3) of the Berne Convention.

²⁹³ Commission Recommendation of 18 May 2005 on collective cross-border management of copyright and related rights for legitimate online music services, OJ L 276 of 21 October 2005.

to make use of those contracts the possibility to tender their repertoire for EU-wide direct licensing. The recommendation also includes provisions on governance, transparency, dispute settlement and accountability of collective rights managers, which should introduce a culture of transparency and good governance enabling all relevant stakeholders to make an informed decision as to the licensing model best suited to their needs.

As a response to the Recommendation of 2005, a Common Declaration between ICMP (International Confederation of Music Publishers) and GESAC (European Grouping of Societies of Authors and Composers) was signed back in 2006. The GESAC/ICMP Declaration refers to the need to promote membership in CMOs by all music publishers, minimum representation on boards of Directors, minimum transparency and accountability of collective management organisations to rightholders.

In parallel with the adoption of the aforementioned Recommendation, in 2006 the European Commission decided to open formal proceedings against CISAC (the "International Confederation of Societies of Authors and Composers") and the individual national collecting societies in the EEA that are members of CISAC and issued them a Statement of Objections. The Statement of Objections concerned certain parts of the CISAC model contract and its implementation at bilateral level by CISAC members in the EEA. This model contract and its duplicates at bilateral level concern the collective management of copyright for every category of exploitation, for example the broadcasting of music in a bar, a night club or via internet. However, the SO concerned only certain relatively new forms of copyright exploitation: internet, satellite transmission and cable retransmission of music, the traditional forms of exploitation being left outside the scope of the SO. Two categories of clauses in the CISAC model contract and the reciprocal representation contracts between collecting societies raised concern as to their compatibility with Article 81 of the EC treaty and 53 of the EEA Agreement, namely the 'membership clause' and the 'territoriality clauses'. The addressees of the Statement of Objections expressed their views in their written replies and during an oral Hearing which took place on 14, 15 and 16 June 2006. Subsequently, CISAC and a substantial number of collecting societies offered their commitments which were put to market tests by the European Commission. Whereas the results of the market tests were negative, on 16 July 2008, the Commission adopted a decision relating to a proceeding under Article 81 of the EC Treaty addressed to 24 EEA collecting societies members of CISAC. It was decided that certain specific clauses contained in the reciprocal representation agreements between collecting societies which relate to membership and exclusivity as well as the concerted practice applied by the collecting societies which leads to a strict domestic territorial segmentation of licensing areas are anti-competitive and run contrary to Article 81 of the EC Treaty. CISAC and 22 European authors' societies which are members of CISAC lodged an appeal against the European Commission's Decision before the ECJ arguing that the authors' societies were not involved in practices restricting competition and consequently they have not violated competition law. The case before the European Court of Justice is still pending.

The merit of the Commission's Recommendation coupled with DG Competition investigation is to trigger an important re-think on rights management. It also launches a debate on the place of copyright and its exercise in the European integration process as well as the Lisbon strategy. The European Commission seems determined to limit the effect of rights territoriality on the free provision of services. It also wants to limit the consequences of the monopolies that are inherent to collective rights management.

As noted earlier, the Communication on a Digital Agenda for Europe lists the proposal for a Directive on Collective Rights Management as one of the policy key actions, "*establishing pan-European licensing for (online) rights Management*". On April 23, 2010, the European Commission held a Public Hearing on the Governance of Collective Rights Management in the EU. The aim of the hearing was to explore how the relationships between copyright owners, collecting societies and commercial users of copyright have evolved over time. The Copyright Unit of the DG Internal Market is currently preparing an Impact Assessment with different options which is due to be published after the summer and stakeholders will be offered a possibility to express their views on the document. The publication of the draft Directive which shall deal with the issues of governance, transparency and pan-European licensing for (online) rights management is scheduled for the end of the year 2010.

Unregistered Industrial Design for the Fashion World

Created by the EC Regulation No. 6/2002 on Community Design, the Unregistered Industrial Design is very convenient for the protection of short-lived designs such as fashion collections. The protection it gives is only against copying and lasts a maximum of 3 years. Since the Community Design provides for a grace period of 12 months, after the first year of disclosing the design(s), the designer can decide whether to register it/them and enjoy a maximum of 24 more years of full protection, or to enjoy the 2 remaining years of protection as an unregistered design. This is the situation in Europe, where in a recent case in Ireland the right on a few unregistered designs for clothes was enforced in Court by a fashion designer against a retail store, winning the case in the first instance²⁹⁴. In the United States, on the other hand, fashion is not yet recognised as protectable under IP laws, since many consider that the free copying of fashion apparel makes trends saturate the market quickly, driving fashion designers to search out newer looks (the so-called "Piracy Paradox"). However, even in the United States, there are fashion designers asking for copyright protection on their creations, on the basis that fashion is no longer a craft but a form of art.

Community Design and International Design

On September 24, 2007, the European Union (EU) acceded to the Geneva Act and became a contracting party to the Hague Agreement for the International registration of

²⁹⁴ Irish High Court, *Karen Millen v. Dunnes Stores*, December 21, 2007.

Industrial Designs, and the Act entered into force with respect to the EU on 1 January 2008. As a consequence, on the one hand the EU can be the base of an international design registration then extended to other countries contracting parties of the Hague Agreement, and on the other hand an international design registration can be extended to the EU.

Current harmonisation challenges for the European Union

As a summary of the latest issues and policy thinking in the European Union, this Chapter concludes with a synopsis of some of the issues that are high on the European agenda in the field of protection of intellectual property rights:

Creative content online

In 2008, the Commission adopted a policy paper on creative content online - building on a 2006 consultation process and launching further measures to support the cross-border delivery of online content²⁹⁵. The Communication launched the 2008 consultation process and identified 4 main areas requiring EU action:

- **Availability of creative content** – if online content services are to develop, more good content is needed, actively licensed and accurately priced for use via the new platforms.
- **Multi-territory licensing of creative content** - the lack of multi-country copyright licences makes it difficult for online content to fully benefit from potential access to the entire EU market.
- **Digital rights management systems (DRMs)** – these technologies, often used to restrict access to high-value content (e.g. sports and movies), need to be made more interoperable, i.e. designed to work with all types of hard- and software.
- **Piracy/unauthorised file-sharing** - cooperation is needed between service providers, producers and consumers, to:
 - ensure an adequate online supply of easily available and attractive content;
 - adequately protect copyrighted works; and
 - raise awareness that copyright secures a legitimate reward for producers.

The Communication also proposed a stakeholder discussion group - the “*Content online platform*” – to look at forthcoming challenges. In October 2009 the European Commission published a reflection paper on the challenge of creating a European Digital Single Market for creative content like books, music, films or video games. According to Commission studies, a truly Single Market without borders for Creative Online Content could allow retail revenues of the creative content sector to quadruple if clear and consumer-

²⁹⁵ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on creative content online in the Single Market (SEC(2007) 1710)/^{*} COM/2007/0836 final of 3 January 2008.

friendly measures are taken by industry and public authorities. The digital availability of content thus presents great opportunities for Europe, but also a number of challenges. First, regulatory and territorial obstacles still stand in the way of digital distribution of cultural products and services and can impede creativity and innovation. In addition, illegal downloads on a large scale can jeopardise the development of an economically viable Single Market for digital content; there needs to be much more encouragement for legal cross-border offers. Against this background, the reflection paper – drafted jointly by the services of Commissioners Reding and McCreevy – outlined current challenges for three groups of stakeholders – rightholders, consumers and commercial users – and invited everybody interested to participate in a broad debate about the possible European responses to them. With this public consultation, the Commission's services launched a wide-ranging debate on how to develop vibrant online markets for goods and services protected by intellectual property rights. The consultation addressed the role of legal online markets and explored a variety of copyright management models that may induce a more rapid development of such markets.

Digitisation of cultural material and orphan works

In 2006 the European Commission adopted a [Recommendation on the Digitisation and Online Accessibility of Cultural Material and Digital Preservation](#)²⁹⁶ calling the Member States to create mechanisms that would facilitate the use of orphan works and to promote the availability of lists of known orphan works and works in the public domain. So far, it has been largely left to Member States to identify solutions. Various studies have been conducted, and national initiatives have been launched. Yet, with few exceptions, little progress can be reported at the national level²⁹⁷. Orphan works are copyright-protected works (or subject matter protected by related rights), the right owners of which cannot be identified or located by reasonable inquiry.

Ownership of rights

At international level, the issue of first ownership of copyright has never been the subject of systematic international regulation. At EU level, rules exist in relation to some works, but not others. One of the issues which arises frequently in relation to cross-border matters is that of the ownership of works created in the course of employment. The position differs from Member State to Member State. The Commission feels that this is an issue which needs to be analysed further before any decisions are taken.

²⁹⁶ Commission Recommendation 2006/585/EC of 24 August 2006 on the digitisation and online accessibility of cultural material and digital preservation, OJ L 236/28 of 31 August 2006.

²⁹⁷ Communication from the Commission "Europe's cultural heritage at the click of a mouse: Progress on digitisation and online accessibility of cultural material and digital preservation across the EU", COM (2008) 513, 11 August 2008.

Points of attachment

States grant their own nationals copyright protection for their works. Contracting states of international copyright conventions grant, on the basis of national treatment, the same level of protection to authors of other contracting states as they grant to their own nationals. The relevant connection with another contracting state is determined by using criteria such as nationality, which are often called *points of attachment*.

The relevant points of attachment for the protection of authors and performers have been established at international level with no margin for choice for the contracting parties. Under the Berne Convention, the protection for authors applies to works by nationals of one of the contracting states and to works first published in a contracting state. Under the Rome Convention, protection for performers is granted to performances which take place in a contracting state or which are incorporated in a protected phonogram or a broadcast.

Where the producers of phonograms are concerned, the Rome Convention provides three different criteria: nationality, first publication and first fixation, and leaves contracting states with some choice concerning their application. There is similar flexibility concerning the protection of broadcasting organisations. The possibility of choice also exists under the TRIPS and the WPPT.

The Commission's Working Paper supports the need for a harmonised approach on this issue, for phonogram producers and broadcasting organisations.

Moral rights

Although it has been considered for a very long time, the protection of moral rights has never been harmonised in the European Union. At international level, the Berne Convention requires Member States to provide at least for paternity and integrity and the WPPT requires moral rights for performers.

The Commission points out, in assessing this issue, that new opportunities to infringe moral rights have been created by the electronic environment, where activities such as on-line linking and framing create new challenges. However, in practice they say that the existing international framework seems to be sufficient to contain the situation and that there is no apparent need to harmonise moral rights in the Community at this point.

Exhaustion of rights

The question here is whether or not the European Union should support a new rule of international exhaustion. This issue has been discussed at some length in recent years, mainly in connection with trademarks. The European Commission feels that if this issue is to be opened, it would have to be in the wider context of intellectual property, and not just in relation to copyright and related rights.

However, in general, it is felt that in the absence of developments at international level, a unilateral change would not benefit European Member States, but might instead lead to competitive disadvantage, and so the issue should be shelved again for the foreseeable future.

Spare Parts

As provided in Article 18 of the Directive 98/71/EC on the legal protection of design, 3 years after the implementation of the Directive the European Commission submitted a study of the consequences of the Directive, especially in the spare parts market, and a year later proposed to the European Parliament and the Council an Amendment to the Directive in order to harmonise the internal market, in which there are States where the design of spare parts is not protected (on the basis of the “repairs clause”) and other States where it is protected. The harmonisation only concerns the secondary market (also called aftermarket) of spare parts, without questioning the design protection of spare parts in the primary market. The automotive sector is the main one affected, but there are also other “minor” sectors of spare parts secondary market like domestic electrical appliances or watches. The Commission proposal is aimed at the liberalisation of the spare parts secondary market, since if the design protection were extended to spare parts, the holder of the design right would be given a product monopoly. Article 14 of the Directive 98/71/EC on the legal protection of design would have therefore to be amended in accordance to the repairs clause, providing that the consumers are informed about the origin of the spare parts as well as providing a provisional period for the Member States that allow a design protection for spare parts before liberalising the sector (probably 5 years from the implementation of the amending Directive). The exemption of design protection is intended to apply only to visible body-integrated spare parts (so-called “must-match” parts), while component parts for other purposes will be still protectable as design.

Community Patent

The creation of a Community Patent would allow the inventors the possibility to obtain a single patent which is legally valid in all the Member States of the European Union, including future enlargements. Substantial advantages of this new system would be a considerable reduction in patenting costs (especially those relating to translation and filing), a simpler protection of inventions throughout the territory of the EU thanks to one single procedure, and the establishment of a single centralised system of Community Patent Courts dealing with patent litigations. However, after many years of proposals and discussion, the creation of a Community patent system remains for the moment a future plan.

International issues of concern to the EU

Any examination of current issues must make reference to the role of the EU in the wider international context, and the issues that it is promoting at that level. These include the

issues of broadcasters' rights, copyright limitations and exceptions for educational activities and the so-called audiovisual protocol.

The Protection of Broadcasters' Rights

The updating of the rights of broadcast organisations has been on the WIPO agenda since 1997. The EU is fully supportive of the idea that a new international instrument is needed to update the Rome Convention in this respect. In November 2001 the EU presented a proposal in treaty language at the WIPO Standing Committee on Copyright and Related Rights (SCCR). The starting point was the level of protection under the Rome Convention, but drawing also on the WPPT, and some of the existing EU instruments (including the Rental Rights Directive, The Cable and Satellite Directive, the Term Directive, and the Information Society Directive).

The WIPO Standing Committee produced a consolidated draft text in the summer of 2004 covering issues such as: protected subject matter; the appropriate range of rights and the extension of protection to cable transmission (which the Rome Convention did not require). It also includes reference to issues such as webcasting and simulcasting. The next step in the process involved the convening of a Diplomatic Conference to consider the draft text. In September 2006 all of the various proposals for the Broadcast Treaty were compiled into a single document which had to serve as the draft treaty, although it contained multiple alternative provisions. Despite these drastic differences in opinion, the Chair of the Committee, Jukka Liedes of Finland, decided to call for convening a "diplomatic conference" on the treaty (despite the lack of consensus). The thirty-third WIPO General Assembly, noting the strong objections of many delegates and NGOs to convening a diplomatic conference on the unfinished treaty, required the SCCR to hold two "special sessions" and to resolve differences within the draft treaty before convening a diplomatic conference and the end of 2007. During the special sessions the SCCR fails to agree upon treaty language and basic definitions and recommends to General Assembly that discussions continue before a Diplomatic Conference. In September 2007 WIPO General Assembly approves SCCR recommendations to delay diplomatic conference on the Broadcast Treaty. In March 2008 during the Sixteenth session of the SCCR despite a noted lack of consensus at previous sessions, many delegations express a desire to continue negotiations on the Broadcast Treaty, so the issue remains unsolved.

Limitations and Exceptions for Educational Activities

In December 2009 WIPO carried out a Study on copyright limitations and exceptions for educational activities. The copyright limitations and exceptions are governed by different international instruments, such as Articles 9(2) and 10(2) of the Berne Convention, Article 15 of the Rome Convention as well as Article 10 of WCT and Article 16 of the WPPT. Yet, exempted educational uses remain a matter for domestic laws and the study revealed that domestic laws are not so generous. The Study points out that national solutions are fragmented, insufficient and non-uniform, online teaching uses are discriminated (not

all national legislators are sensitive to needs of online education). It is proposed that exceptions should be technology-neutral and voluntary licensing schemes (and DRMs) can hardly find the right “balance” between interests at stake. It is suggested that since education is a strong public interest, copyright exceptions and limitations should be a matter of strict public policy (addressed by the law).

The Audiovisual Protocol

Another of the items of unfinished business at international level is the protection of audiovisual performances. No agreement could be reached in 1996, nor was it possible at the subsequent Diplomatic Conference of December 2000 to update the Rome Convention in order to achieve a WIPO Audiovisual Performances Treaty. Work continues on the issue. The European Commission remains committed to promoting resolution of the problems preventing a successful outcome, the priorities being:

- The need to update and strengthen the level of protection accorded by the Rome Convention for both sound and audiovisual performers’ rights. The level of protection for audiovisual exploitation should be the same as that for sound under the WPPT. There should be no unjustified discrimination between these two groups of performers.
- The protocol should be simple, and should fit into the existing framework.
- The principal objective should be to improve and update the protection of audiovisual performers and not that of audiovisual producers.

WIPO called a diplomatic conference in December 2000 to agree on the Audiovisual Performances Treaty. Whilst 19 of the 20 articles received provisional agreement the issue of transfer turned out to be the sticking point. The USA and India with big film industries wanted an automatic transfer of the audio-visual performer’s rights to the film producer whereas the European Union wanted no such automatic transfer provision. The Diplomatic Conference was a spectacular failure.

At the past three meetings of the WIPO Standing Committee for Copyright and Related Rights under the leadership of the new Director General Francis Garry there has been a real impetus to get an Audiovisual Performances Treaty agreed. The plan is to accept the 19 provisions that received provisional agreement in 2000 and remove the Article 12 transfer provision entirely, leaving that issue either to contract or national legislation. This seems to be a good plan and provided all WIPO member states can agree to accept the 19 articles as they stand this treaty could go to another diplomatic conference later this year and agreement can finally be reached.

Enforcement of Intellectual Property Laws

The issue of progress in relation to a Directive harmonising criminal sanctions for infringement of IP rights was thrown into sharp focus early in 2010, when the European Parliament expressed its disapproval of the actions of the European Commission in en-

gaging in confidential negotiations concerning a new international treaty on intellectual property law and enforcement.

These discussions concern the proposed Anti-Counterfeiting Agreement (“ACTA”), which has been the subject of discussion for some time between the representatives of approximately 30 states and intergovernmental organisation, including the European Union.

The negotiations have been taking place outside WIPO and the WTO, the normal loci for such discussions. In March 2010, the European Parliament expressed its disapproval in strong terms, indicating serious concern about the lack of transparency, and the fact that no mandate for the talks had been obtained by the Commission from the Parliament.

It pointed out that the Commission is obliged to uphold the *acquits communautaire* when negotiating international agreements affecting legislation in the EU, and that according to documents leaked, the ACTA negotiations touch on, among other things, pending EU legislation concerning criminal measures on IP, and on existing EU legislation regarding e-commerce and data protection. It stated firmly that EU efforts to harmonise IPR enforcement measures should not be circumvented by trade negotiations which are outside the scope of normal EU decision-making processes, and called for publication of the ACTA negotiation texts.

The ACTA working text was subsequently published in April 2010. It contains detailed criminal measures and provisions not yet seen in any other international treaty concerning enforcement in the digital environment. Accordingly, it remains to be seen how the ACTA negotiations will now impact on EU enforcement policy.

Each of the issues reviewed in this section is of potential relevance to Moldova in the years ahead and it is important, accordingly, that these are carefully monitored as a continuing agenda vis-a-vis the Moldovan process of EU law approximation in the IPR field.

PART 3:

GENERAL ASSESSMENT AND
RECOMMENDATIONS FOR
NEXT STEPS AND PRIORITIES
FOR MOLDOVA IN THE
INTELLECTUAL PROPERTY
FIELD

5. GENERAL ASSESSMENT

Introduction

The focus of this Chapter is on an assessment of the extent to which laws and policies identified in Chapter 4 have been/need to be approximated in Moldova together with advisory comments and recommendations regarding the advantages/disadvantages of full approximation; impediments to full approximation and necessary institutional changes.

Assessment of the need for full approximation in the protection of intellectual property rights

Intellectual property rights are important to Moldova (and in other countries) for a number of reasons, the main ones being:

- **Encourages inventiveness:** When a country provides effective protection for intellectual property rights it provides an incentive on the part of its creative artists and inventors to write, to create art, to invent new technologies, designs and processes etc. If laws on intellectual property are inadequate, or poorly enforced, piracy is likely to thrive. This will not only deter creativity and inventions but can also thwart national development in knowledge-based industries, such as those associated with the creation of software;
- **Encourages inventors to disclose their invention instead of keeping it to themselves:** Inventors obtain economic benefits from their work in return for having the invention coming into the public domain at the expiry of the patent. This provides important benefits for society;
- **Encourages investment and transfer of technology:** Comprehensive and effective laws on intellectual property will encourage both Moldova and foreign investors to invest more capital in intellectual property related industries, including the development of new technology. This in turn gives the incentive and the means to finance research and development activities;
- **Promotes trade flows:** There is evidence suggesting that strengthened laws on intellectual property – and patent laws in particular – have led to a considerable increase in

exports to countries where protection has been enhanced, and that this is particularly the case in regard to the export of equipment, machinery and food products;

- **Promotes fairness and justice:** If a person or a company invests capital, time and inventiveness into the creation of a work of art, an invention, or the acquisition of a high reputation for their goods or services, it would be unfair and unjust if others could take advantage of all that effort and investment to obtain a financial advantage. Such action would be a form of stealing;
- **Protects indigenous art and culture:** This is particularly the case in relation to countries that have strong indigenous art traditions. Intellectual property protection is easier, however, when indigenous art is the product of individual effort, in contrast to a communal venture;
- **Protects consumers and the public generally:** It is important that consumers and the public should have confidence that what they are purchasing is the genuine article or service, and that they be protected from deceptive practices, such as false representations of marks or designs;
- **Provides the conditions for international protection of intellectual property:** Providing stronger protection for intellectual property rights in one's country creates the conditions for reciprocal recognition, and enforcement, of intellectual property rights in other countries, thus ensuring that inventions and creations are protected beyond national borders.

Assessment of impediments to full approximation

In the Republic of Moldova, a serious effort has been made to achieve the fullest approximation in the IPR field with EU and international norms. This is particularly evident from the pace and extent of recent legislation, the record achievements of Moldova vis-a-vis the ratification of international conventions and the highly focussed efforts of AGEPI to raise awareness on the part of all stakeholders as to the requirements of the new standards of IPR protection. As already noted – and as will be explained further – the main impediments to full approximation relate to a range of barriers to effective enforcement of IPRs. These barriers include:

- Inadequate coordination of enforcement agencies;
- Absence of a strategic direction to enforcement;
- Staffing and other resource constraints;
- The continuing need for further training of enforcement bodies;
- The continuing need for further awareness raising initiatives;
- The need to achieve a fuller degree of judicial specialisation in regard to IPR cases;
- The absence of sufficient engagement of rightholders in the enforcement effort;
- The absence of planning, activity and achievement data in regard to the fight against piracy and counterfeiting;

- The presently under-developed collection management system in Moldova.

Thus, on the *policy-legislation-effective enforcement* approximation model, further legislation *per se* (i.e. transposition of EU Directives) is a minor consideration in regard to overall approximation in the IPR field. What is most lacking (and potentially damaging to the overall achievement in approximation) is the absence of policy leadership and a proper basis for credible strategic enforcement. While AGEPI has sought to fulfil these tasks, the Agency lacks the overall authority to do so. In principle, the recent decision to activate the National Commission on Intellectual Property represents a significant expression of political will to address precisely the kinds of impediments identified here.

Assessment of the extent of approximation progress

Copyright and Related Rights

Legislative Progress

The main legal act regulating the field of copyright and related rights is the 1994 Law on Copyright and Related Rights. As noted earlier, a new Law on Copyright and Related Rights was adopted by the Parliament in early July 2010. It is currently under preparation for publication and should enter into force three months after the publication. The new Law on Copyright and Related Right is, in general, in line with EU Law and policy. The differences that may still exist between the new Law and the provisions of the 8 EU directives in the field of copyright and related rights, follow either from the fact that certain provisions are applied only among EU Member States or taking into account the particular socio-economic development of the Republic of Moldova. For instance, the provisions of Article 20 of the new Law on Copyright and Related Rights which regulate the resale right of authors, in general, correspond to Article 1 (2) and (4) of the Resale Right Directive; although the level and the basis of calculation of remuneration do not correspond with Articles 3 and 4 of the Directive which provide for a complex system of royalties determined in amounts of euro adapted to the price structure and the standard of living of the present Member States of the European Union.

Institutional Capacity

The State Agency on Intellectual Property, AGEPI, is both a policy-making and an enforcement institution in the field of protection of copyright and related rights. The Agency has a very good reputation and is viewed as the leading institution in the field of intellectual property protection. The functions and powers of AGEPI are outlined in a number of legal acts, namely the Code on Science and Innovation, the Law on Copyright and Related Rights and the Government Regulation on the approval of the Statute and the structure of the State Agency on Intellectual Property. AGEPI contributes to the development and implementation, within the limits of its competence, of relevant policy for protecting, pursuing and applying the copyright, related rights and other rights protected under

this Law, international commitments and national interests of the Republic of Moldova; collects the necessary information, carries out trainings and consults with relevant governmental authorities and institutions, as well as with the representatives of right-holders and IP users; submits proposals to the Government, Ministries and other central administration authorities in cases where undertaking certain necessary measures aimed at implementing the IPR protection policy lies beyond its area of competence; participates to the drafting of normative acts aimed at protecting, pursuing and applying copyright and related rights; represents the Republic of Moldova in international and regional organisations in the area of copyright and related rights.

AGEPI is important as a key actor in all fields of IPR protection in Moldova and has made a highly professional contribution to policy making, legislation and enforcement and awareness initiatives in each area of IPR protection. This capacity, of course, needs continuous nurturing and updating to take account of new developments in the IP field, the demands of staff turnover and the improvement of institutional knowledge and developing practices. In that regard, we note that an EU funded Twinning Project with a strong focus on the further enhancement of institutional capacity is due to commence at AGEPI before the end of 2010.

Copyright Registration

One of the functions of AGEPI is the registration of copyright works. This is operated by the Registration and Expertise Division of the Copyright and Related Rights Department of AGEPI. The Government Decision on public registration of copyright works and related rights objects of 28 August 2001 outlines the modalities of such registration specifying that the public registration of copyright works and related rights objects is carried out with a view to promoting the copyright works and related rights objects, ensuring better protection of economic and moral rights of rightholders as well as reducing the number of infringements of these rights. The Register at AGEPI is in a form of a registration journal in manual form and also in electronic form (but not as a database). At the moment AGEPI is developing an e-register (a searchable data base) for copyright and related rights works. The intention is for this to be freely accessible and searchable on-line.

It should be noted that the registration carried out by AGEPI is a mere confirmation of a legal fact that, on a certain date, a specific person was in possession of a specific work. However, no expertise as regards the originality of the work or the authorship is performed. AGEPI does perform a limited expertise of the work presented for registration – e.g. by checking if the work presented for registration is in conformity with the provisional list of works protected by copyright outlined in the 1994 Law on Copyright and Related Rights. The 1994 Law on Copyright and Related Rights does provide that, in case of a dispute, the certificate of registration may constitute a presumption of authorship for the court in the absence of proof to the contrary. The version of the Draft Law on Copyright and Related Rights submitted to the Parliament did not contain any provisions on

the registration of copyright works except for the provision emphasising the fundamental “no formalities²⁹⁸” principle of copyright law. However, during the discussions at the Parliament, it was decided to include provisions on a voluntary system of registration of copyright works in the new Law. The necessity for such provisions is driven by three main factors: the increased interest in registration from rightholders, the widespread use of certificates of registration by the Customs authorities, and the use of certificates of registration by public notaries in Moldova dealing with succession matters.

Collective Management Organisations

In the Republic of Moldova, there are two collective management organisations for copyright and related rights: the Association for Copyright and Related Rights (AsDAC) and the National Association “Copyright”. At present, AsDAC is entitled (accredited by AGEPI) to collect remuneration for authors whereas “Copyright” collect remuneration for performers and phonogram producers. Following a Supreme Court Decision of June 2010, the two CMOs are currently negotiating new arrangements for collecting remunerations, which should come into effect with the approval of AGEPI in August 2010.

Various concerns may be raised with regard to the system of collective rights management in Moldova. First, the degree of hostility and the absence of cooperation between the two existing CMOs is a cause of concern. The disagreements between AsDAC and “Copyright” concern two issues: the representation of performers, on the one hand, and the sharing of remuneration for private copying, on the other hand.

AsDAC represents 1,264 Moldovan performers whereas “Copyright” has 50 membership agreements with Moldovan performers. It should be noted that the practice of AsDAC of having both copyright and related rights holders under the same roof is quite a rare one in the Member States of the European Union. It seems that in Moldova such a situation has formed due to the *de facto* monopoly of AsDAC, which until November 2009 was the only collective management organisation to receive authorisation from AGEPI to collect royalties on behalf of owners of copyright and related rights.

For its part, the National Association “Copyright” believes that this situation could be changed by amending the formulation of the phrase “*copyright and related rights*” in the section of the Draft Law on Copyright and Related Rights dealing with collective management, namely by replacing the word “*and*” by the word “*or*”. However, the view here is that this is a misinterpretation of the meaning of the phrase in the Law/draft Law since the legislator uses the conjunction “*and*” not with a view to establishing that both copyright and related rights should be managed by a single collective management organisation but rather with the objective to make it clear that the same terms and provisions shall apply both to the management of copyright and to the management of related

²⁹⁸ As noted earlier in this publication, an author benefits from copyright on his/her work just by the fact of its creation and in order to be granted the copyright it is not required to register the work, submit any other notification act or go through other formalities.

rights. In any event the new Law on Copyright and Related Rights uses a general formulation referring to: “*copyright and/or related rights*”.

From a practical point of view, National Association “Copyright” finds itself in a type of a closed-circle situation since it would like to manage the rights of performers and, according to “Copyright” quite a number of performers have expressed a preference for “Copyright” as the collective management organisation of their rights. However, as AsDAC was for a long period of time the only organisation entitled to collect remuneration for performers, they (performers) have had no choice other than to remain members of AsDAC. The situation changed, however, based on a recent Supreme Court of Justice decision (of 9 June 2010) rejecting AGEPI’s decision to refuse to issue an authorisation to “Copyright” to collect royalties for performers²⁹⁹.

In accordance with the provisions of the new Law on Copyright and Related Rights³⁰⁰, if more organisations submit applications for accreditation related to the same category of rights of the same category of rightholders, AGEPI will accredit the organisation which better meets the conditions to be taken into account and which are set out in Article 48(5) –

- (1) a considerable part of the members of a CMO are citizens of the Republic of Moldova;
- (2) a CMO has reciprocal representation contracts with similar foreign organisations or, at least, takes all necessary measures to have such agreements;
- (3) a CMO has the capacity to manage collectively economic rights, has the necessary staff and adequate technical means;
- (4) there are adequate mechanisms in place in the CMO for the collection, distribution and payment of the remuneration;
- (5) the CMO guarantees equal treatment to all rightholders and users, in case of similar objective conditions; and
- (6) the byelaws and other regulations of the organisation are in conformity with the provisions of the Law on Copyright and Related Rights as well as provisions of other relevant legislation of the Republic of Moldova.

AsDAC seems to be in a more favourable position with regard to meeting these criteria. First, as explained above, AsDAC represents a substantially larger cohort of Moldovan performers. Secondly, it is understood that the bye-laws of “Copyright” contain provisions which contradict the legislation applicable to non-profit associations. Furthermore, AsDAC being a market leader in the Moldovan collective rights management system is

²⁹⁹ The text of this Decision was unpublished and unavailable at the time of writing.

³⁰⁰ Article 48 of the Law on Copyright and Related Rights No. 139 of 2 July 2010. Since the new Law on Copyright and Related Rights has now been adopted, it is presumed that the problem at hand will be addressed based on the provisions of the 2010 Law on Copyright and Related Rights rather than the 1994 Law on Copyright and Related Rights, currently in force.

likely to have a more advanced system of collection and distribution as well as a wider network of reciprocal representation agreements.

In these circumstances, it will be important for the credibility of the new legislation that every effort is made to resolve the positions and intentions of the CMOs and to re-align accreditation, if necessary, to reflect a workable solution acceptable to all parties and, most importantly, in the best interests of all rightholders and the Moldovan system of intellectual property protection in general.

In accordance with the 1994 Law on Copyright and Related Rights, AGEPI issues two types of accreditation/authorisation: firstly, it carries out accreditation at the moment of registration of the association (CMO) by the Ministry for Justice and, secondly, it takes a decision to authorise/refuse to authorise the accredited CMO to collect royalties/remuneration for the members represented by the CMO. During recent discussions of the Draft Law on Copyright and Related Rights at the Parliament, it was decided to abandon the first type of accreditation but the accreditation (authorisation) to collect royalties is to remain the task of AGEPI and a precondition for the actual activity of the collective management organisation. This is viewed as a drawback of the new Law on Copyright and Related Rights since it may raise problems with regard to the freedom of establishment and to the freedom to provide services in the context of Moldova's existing and prospective EU integration commitments³⁰¹.

Furthermore, *governance problems* exist in AsDAC as a result of the fact that music publishers are not represented on the Board of Directors of AsDAC. This may raise problems with regard to the Binding Professional Rules of CISAC which AsDAC has undertaken to comply with by the year 2011 and, more importantly, with regard to the future EU Directive on Collective Management Organisations which is to include provisions on equal representation of members.

Both AsDAC and "Copyright" lack *transparency*. Neither of the two collective management organisations have an operating website where at least the general information on the rights managed, the members represented, the tariffs and the distribution rules applied could be made available to the rightholders, the users and the general public.

Finally, AsDAC has identified the need for more advanced distribution software whereas "Copyright" has encountered problems with regard to the conclusion of licensing agreements with TV broadcasters and has expressed a wish for greater support by AGEPI³⁰².

³⁰¹ In 2008 the European Commission took infringement proceedings against the Czech Republic and Hungary. Czech and Hungarian laws provided that a single collecting society may be authorised to operate in their respective countries for each type of right and work. In the view of the European Commission, this monopoly granted to national companies prevented collecting societies established in other EU Member States from undertaking any form of activity and denied them the freedom of establishment and the freedom to provide services. On the basis of the reasoned opinions of the European Commission initiating these proceedings, both countries made the necessary amendments to their Copyright laws.

³⁰² "Copyright" sent a letter to AGEPI asking them whether TV broadcasters were obliged to pay royalties for pho-

While this assessment of the CMO issues in Moldova focuses on the existing organisations and the nature and scope of their activities, a more fundamental problem is that, while certain rights to remuneration (the reprographic reproduction right, the public lending right and the resale right) may only be exercised through a collective management organisation, no such organisation exists at present in the Republic of Moldova. Moreover, there is no collective management organisation for authors of visual arts, broadcasting organisations and producers of audiovisual works.

Trademarks, Patents, Geographical Indications and Industrial Designs

Legislative Progress:

The new Moldovan industrial property legislation is very much in line with the EU legislation. Specifically, this refers to:

- Law on the Protection of Trademarks, No. 38-XVI of 29 February 2008;
- Law on the Protection of Inventions, No. 50-XVI of 7 March 2008;
- Law on Protection of Plant Varieties No. 39 - XVI of 29 February 2008;
- Law on the Protection of Geographical Indications, Appellations of Origin and Traditional Specialities Guaranteed, No. 66-XVI of 27 March 2008; and
- Law on the Protection of Industrial Designs, No. 161-XVI of 12 July 2007.

In regard to patents, there is one main difference related to the possibility to patent “medical methods” in the Republic of Moldova (along similar lines to what is provided for by the United States Patent Law). As requested by the European Patent Office, the Republic of Moldova is presently considering leaving the Eurasian Patent Organisation in order to commence a process directed towards membership of the European Patent Convention, first as an extension state and then as a member. The fact that under the Moldovan Patent Law “medical methods” are protectable with a patent would not in principle be a bar for the accession of the Republic of Moldova to the European Patent System, although patents for “medical methods” would not be admitted if the protection of a patent were to be eventually requested in the Republic of Moldova through the European Patent Office. The possibility to patent “medical methods” would remain for national Moldovan patent applications; even if in the long term the further integration of the Republic of Moldova into the EU could require the amendment of this difference in patentability.

Under the 2007 Law on the Protection of Industrial Designs, the introduction of the provision of a 3 year unregistered design protection, together with the 1 year grace period, could make the use of design protection more and more popular (as is happening with the Community Design), especially for products with a short life such as fashion collections.

nogram producers under the Law on Copyright and Related Rights. AGEPI, instead of giving an answer on the substance, replied by saying that it was not authorised to interpret the Law.

In the GIs area, the forthcoming EU-Moldova Bilateral Agreement on Geographical Indications is a very important agreement for the future relationship between the Republic of Moldova and the EU which warrants a scrupulous analysis by the Moldovan authorities as regards its economic, political, technical and implementation implications. Given the relatively low number of protected Moldovan GIs by comparison with the very large number protected on the EU side, there is a perception of imbalance at this stage. However, even if the list of EU GI's that will be protected in the territory of the Republic of Moldova by signing the bilateral agreement is much bigger than the list of Moldovan GI's that will be protected in the territory of the EU on reciprocal basis, this step remains essential in the EU integration process of the Republic of Moldova.

Institutional Capacity:

The AGEPI is well organised and its officials are very skilled in dealing with issues regarding trademarks, patents, designs and GIs during the process of registration and first instance cases (the Board of Appeal) for objections and oppositions or disputes. The arbitration system provided by the Law is not yet in force and will be of considerable assistance to the overall industrial property protection process when in place.

Information in the website is very well organised, although the translation into English of the trademark, patents and design databases (partially done) would be of great help, and possibly of the decisions of the Board of Appeals, or at least an abstract of their decisions.

Moreover, there are very successful training sessions underway with the European Patent Office, the first already finished (2008-2009) and the second in process (2010-2011).

Continuing work on raising awareness about the role of trademarks, brands, patents and short-term patents, both registered and unregistered designs (as essential assets of modern companies) and geographical indications (especially as far as the Moldovan wine industry is concerned) remains important to promote a better understanding by the public in general and by local industrial property agents in particular.

As regards responsible organisations other than AGEPI, the Police and the Customs would like to have more people dedicated to IP infringements, as well as to be able to involve much more the IP rights holders in the enforcement of their rights. Thus, raising public awareness is also a main issue for these organisations. As far as the Courts are concerned, there are too few cases to provide the appropriate degree of institutional and judicial experience. This is further complicated by the random distribution of cases to judges, whether or not they are trained in IP Law. Accordingly, the view here is that the training of experienced judges and their subsequent specialisation in IP legal cases is a particular priority for the institutional capacity of the system in Moldova. This issue is considered further in the following enforcement capacity assessment.

Enforcement across the different areas of IPR protection

Legislative Progress

The position is as follows:

With the reservations specified hereunder, the provisions of the TRIPS Agreement and those of the Enforcement Directive have been largely and appropriately transposed into the laws and codes of the Republic of Moldova. The primary legislative instrument in each area of intellectual property contains a section on enforcement. These are contained at:

- Articles 34-36 of the Law on Protection of Inventions of 7 March 2008;
- Articles 61-73 of the Law on Protection of Trade Marks of 29 February 2008;
- Articles 70-83 of the Law on Protection of Plant Varieties of 29 February 2008;
- Articles 57-70 of the Law on Industrial Designs of 12 July 2007;
- Articles 47-59 of the Law on Protection of Geographical Indications Appellations of Regions and Traditional Specialties Guaranteed of 27 March 2008.

Concerning copyright and related rights, the Law of November 23rd 1994 is at the time of preparation of this publication about to be superseded by a new law which appears to fully conform to the standards of TRIPS and the EU Enforcement Directive in so far as enforcement measures are concerned.

The various codes providing for the practical implementation of the laws have largely been amended in order to implement the legislation, as it developed, but continue to be improved and updated, in particular to enhance the penalties provided for infringement.

To the extent however that there are material shortcomings in the system of enforcement, full approximation has not been achieved. Both the TRIPS Agreement and the EU Enforcement Directive envisage that the provision of the legal means for enforcement is not of itself sufficient: effective application of the legal provisions is integral to compliance with the obligations contained in the instruments. Moreover, both the PCA and ENAP, and in particular Chapter 39 ENAP are specific in requiring a level of protection of intellectual property rights similar to that in the EU, including effective means of enforcement, defined as including the obligation to :

- Apply international standards in this area, including in particular the TRIPS agreement.
- Ensure proper functioning of the judicial system to guarantee access to justice for right-holders and availability and effective implementation of sanctions.
- Consolidate the relevant institutional structures, as well as of the offices for industrial rights, copyrights protection and collective societies.
- Extend co-operation with third country authorities and industry associations.

- Increase resources dedicated to enforcement, in particular for the customs authorities and the judicial system and increase seizures and actions against counterfeit/pirated goods in specifically targeted sectors.
- Improve the enforcement of the relevant conventions provided for by PCA Article 49(2) and
- Conduct a study on piracy and counterfeiting in Moldova and ensure effective dialogue with rights holders.

Institutional and practical aspects of enforcement

The State body AGEPI is the strongest element of the present enforcement system. It plays a central and crucial role in the protection of IP in Moldova. Its officials display a high level of knowledge and professionalism and have the practical capacity to discharge the wide remit of the Agency.

The judicial authorities are also interested in, and concerned to ensure the application of the new laws, as they develop. However, there are no specialised courts and a very small number of specialised judges (five in the Court of Appeal and two in the Supreme Court of Justice). The small number of IPR cases makes it difficult for the judges to develop expertise in the subject matter. Moreover, in the Supreme Court, while there are two judges with special expertise in intellectual property law, the practice of random allocation of cases amongst the judges means that IP cases are not heard by the judges best-qualified to hear them. This results in inconsistency in decision-making.

There are several problems in the Customs Service. Moldova is seen as a transit country for counterfeit and pirated goods originating primarily in Russia and Ukraine. Effective customs control is therefore a key element in the enforcement regime. While there is a specialised IP Unit in the Customs Service, this consists only of two persons, largely conducting the administrative tasks associated with the collation of information. Although there is *ex-officio* authority for customs officers to suspend the release of goods which they suspect to infringe an IP right, customs officers are not sufficiently trained in the identification of infringing product, and appear to lack confidence in using the powers at their disposal. They are undoubtedly hampered by a lack of right owner co-operation. Their problems are compounded by corruption and the fact that the border with Transnistria is to a material degree porous.

The Ministry for Internal Affairs also contains a specialised Unit devoted to IP infringement and information crime, consisting of 7/8 persons. This is again a very small number and is acknowledged to be inadequate for the purpose. The Prosecutor-General has no staff trained in IP and in 2010 initiated no legal actions relating to IP infringement. It is acknowledged in that office that intellectual property is accorded a very low priority.

There are other governmental and public bodies interested in IP enforcement. These include the Ministry for Justice, the Ministry for Economy, the Centre for Consumer Protection and the Medicines Agency. There is no effective co-ordination or co-operation between all interested parties. The National Commission on Intellectual Property, which was established in 2008 to serve this purpose, convened to commence its work in June 2010.

There is a notable lack of co-operation by right owners, and this is a serious shortcoming in the present situation. All stakeholders complain about a lack of interest on the part of right owners. The incomplete and under-developed state of the system of collective management contributes significantly to this problem. Interestingly, one international stakeholder – Microsoft – with a local representative, reports a high degree of satisfaction with the response of the authorities to his concerns and those of the Business Software Alliance, pointing out that while serious challenges exist, enormous progress has been made in Moldova since 2006. This perception demonstrates the value of right owner co-operation.

While AGEPI produces statistics on its own activities, apart from the BSA estimate of 91% software piracy³⁰³, there are no current published statistics available on the scale and nature of piracy and counterfeiting in Moldova. There appears to be a general acceptance that levels are very high. If this is so, the number of actions initiated by customs and police, as indicated orally, appears remarkably small.

While, as mentioned, the legislation and Codes largely conform to the TRIPS Agreement and the Enforcement Directive, there is one aspect of legal authority that needs to be clarified. This is the issue of *ex-officio* authority for the Ministry for Internal Affairs to investigate and initiate legal proceedings. The Customs Service has such authority. The position otherwise however is that proceedings relating to industrial property, as specifically provided by law, may only be initiated on the basis of a complaint by a right owner. The law is silent in relation to the position concerning copyright and related rights. AGEPI is at the time of the preparation of this publication preparing proposals to define the circumstances in which *ex officio* action may be taken by the relevant authorities. It is at the same time proposing to make right owner cooperation mandatory in defined circumstances.

While there is indisputable political will to provide a modern legislative system and the legal means of enforcement, there is a marked lack of leadership to pull the elements of the system together and to inspire the will of the enforcement agencies. There is also a marked need for training of all enforcement personnel and for a strong public awareness programme.

³⁰³ According to the most recent BSA data ("*Seventh Annual BSA/IDC Global Software Piracy Study 2009*", published in May 2010), the Republic of Moldova together with Bangladesh has the third highest rate of software piracy in the world at 91% of all software. This places Moldova only fractionally better than the worst offender Georgia and the second worst Zimbabwe. At the same time, the Moldovan data in these studies shows a marginal improvement in that the earlier percentages were 96% (2005), 94% (2006, 92% (2007) and 90% (2008).

An important impetus for any system of enforcement is a well-designed and properly focused strategy, with operational plans allocating responsibility for the activities identified in the strategy to the relevant parties. Moldova's existing strategy expires in 2010 and as yet a new strategy document is not available to interested parties. The delay in the preparation of this new strategy communicates lack of interest and creates uncertainty amongst right owners.

Overall assessment

The above assessments of intellectual property law and policy approximation in Moldova give rise to important conclusions, which can be summarised in the following points:

- A serious effort has been made in Moldova (especially in the last four years) to achieve the fullest approximation in the IPR field with EU and international norms. This is particularly evident from the pace and extent of recent legislation, the record achievements of Moldova vis-a-vis the ratification of international conventions and the highly focussed efforts of AGEPI to raise awareness on the part of all stakeholders as to the requirements of the new standards of IPR protection.
- Once the new Law on Copyright and Related Rights is brought into force, the Moldovan legislation will be in general in compliance with the *acquis communautaire*. Relevant secondary legislation should be drafted (e.g. regarding public lending right) in order to ensure that an efficient mechanism for implementation of the legislation is in place.
- In the patents field, the possibility of patenting medical methods in Moldova is inconsistent with EU Law and a matter that should be reviewed in the context of further dialogue towards becoming an extension state vis-a-vis the European Patent Convention.
- Further legislative changes may be needed in the short and medium term to take account of on-going changes in EU Law but more particularly to take account of new requirements emerging from the envisaged bilateral EU-Moldova Agreement on Geographical Indications and the EU-Moldova Association Agreement – both of which are being negotiated at the time of writing.
- AGEPI is important as a key actor in all fields of IPR protection in Moldova and has made a highly professional contribution to policy making, legislation and enforcement and awareness initiatives in each area of IPR protection. This capacity, of course, needs continuous nurturing and updating to take account of new developments in the IP field, the demands of staff turnover and the improvement of institutional knowledge and developing practices. In that regard, it is to be noted that an EU funded Twinning Project with a strong focus on the further enhancement of institutional capacity is due to commence at AGEPI before the end of 2010.
- Although registration of copyright works done by AGEPI is a mere confirmation of a legal fact rather than a test of originality and/or authorship, for the time being it is viewed as a necessity by rightholders, enforcement authorities (Customs) and public notaries (for matters of succession).

- The system of accreditation/authorisation of collective management organisations may raise concerns with regard to freedom of establishment and freedom to provide services.
- There is no cooperation between the two existing collective management organisations AsDAC and “Copyright”, both collective management organisations lack transparency and raise concerns with regard to the issues of governance and a further study on how to upgrade the collective management by establishing new CMOs or extending the competences of the existing ones is required.
- While certain rights to remuneration (the reprographic reproduction right, the public lending right and the resale right) may only be exercised through a collective management organisation, no such organisation exists at present in the Republic of Moldova. Moreover, there is no collective management organisation for authors of visual arts, broadcasting organisations and producers of audiovisual works.
- Continuing work on raising awareness about the role of trademarks, brands, patents and short-term patents, both registered and unregistered designs (as essential assets of modern companies) and geographical indications (especially as far as the Moldovan wine industry is concerned) together with copyright and related rights (especially in the light of the new legislation) remains important to promote a better understanding by the public in general and by local industrial property agents in particular.
- Enforcement however displays a number of material institutional and practical weaknesses which include: the absence of a strategic direction to enforcement together with an absence of planning, activity and achievement data in regard to the fight against piracy and counterfeiting; inadequate coordination of enforcement agencies; staffing and other resource constraints; the continuing need for further training of enforcement bodies and for further awareness raising initiatives; the need to achieve a fuller degree of judicial specialisation in regard to IPR cases; the absence of sufficient engagement of rightholders in the enforcement effort and the presently under-developed collection management system in Moldova.
- What is most lacking (and potentially damaging to the overall achievement in approximation) is the absence of policy leadership and a proper basis for credible strategic enforcement. While AGEPI has sought to fulfil these tasks, the Agency lacks the overall authority to do so. In principle, the recent decision to activate the National Commission on Intellectual Property represents a significant expression of political will to address precisely the kinds of impediments identified here.

The main points of this assessment are summarised in the **ANNEX 1**.

In the next Chapter, recommendations and priority actions for the period 2010 to 2015 are presented.

6. RECOMMENDATIONS FOR NEXT STEPS AND PRIORITIES FOR 2011-2015

Based on the analysis and assessment of law approximation in the Republic of Moldova in the field of IPR law and policy, the view here is that future efforts in the coming years should be guided, in particular, by the following principles:

- Coordination of activities of various public institutions involved in protection of intellectual property rights via strategic leadership
- Increased participation of rightholders in enforcement of intellectual property rights
- Increased effectiveness, transparency and monitoring of enforcement efforts
- The fullest development of collective management in the Republic of Moldova
- Continuing transposition of new EU Law and Policy, where relevant.
- Continuous improvement of public and key stakeholder awareness and the continuous training of key personnel.

In the light of these general principles, and our assessment in Chapter 5, we suggest the certain priorities for the periods 2011 to 2013 and 2014-2015. Before turning to this, however, we make the following over-arching recommendations concerning strategic leadership and enforcement in the next 5 to 7 years.

Over-arching recommendations concerning strategic leadership and enforcement in the next 5 to 7 years

Strategic Leadership and the National Commission on Intellectual Property

As noted earlier, there is a tremendous opportunity for the National Commission on Intellectual Property not just to co-ordinate the work of the various Ministries, public bodies and enforcement agencies concerned with the development of IP in Moldova, but to provide the leadership necessary to inspire the professional will to execute the laws now in force and to transform the enforcement landscape in Moldova. At present AGEPI is carrying a disproportionate share of the burden in relation to the enforcement of IPRs. While it is achieving a great deal, the situation is analogous to an organisation with a

very effective executive, but lacking leadership and direction from an effective board of directors or other responsible governing entity.

It is recommended that:

- the Commission should commence regular meeting as early as possible and commit itself to leading the development of a best practice system of protection of intellectual property and the achievement of maximum effect in reducing piracy and counterfeiting in Moldova. While the Government Decree provides for meeting every 6 months, it is recommended that, especially initially, the Commission should meet more frequently;
- the Commission, as one of its first tasks, should direct a formal study to identify all of the Ministries, enforcement agencies and public bodies in Moldova with an interest in the development and enforcement of IPR, and to articulate the nature of such interest. This exercise can serve two functions:
 - a) to establish that all of the relevant entities are represented on the Commission, or on some sub-group within the Commission. The Government decision has been in force since 2008 and some of the entities named may have changed name or function. The inclusion of the Ministry for Culture seems essential. It may be relevant to include the Ministry for Agriculture, in view of its new role in relation to the protection of Geographical Indications. The inclusion of the Medicines Agency may also be appropriate in some capacity as it has authority in relation to establishing the authenticity of medicines.
 - b) The second reason for such a study is to identify and initiate the necessary steps to allocate appropriate responsibility in relation to IP matters in all governmental and public bodies, to ensure that their responsibilities are reflected in their terms of reference, and to bring a new focus to the issue for some of the bodies concerned. This type of clarity might be very useful to the process;
- the Commission direct other studies needed, in particular:
 - a) to establish a methodology for evaluating the nature and extent of piracy and counterfeiting in Moldova and to conduct such an evaluation (to the extent that this information is not already available from a report currently being carried out by AGEPI);
 - b) to examine data assembly and collation of statistics and other information regarding piracy and counterfeiting, and produce a plan directing the manner in which such data and information might be most effectively shared amongst relevant parties;
 - c) to establish a methodology for evaluating the contribution of intellectual property to the economy of Moldova and to conduct such an evaluation.
- a new *Strategy on EU Law Approximation in regard to Intellectual Property Rights Protection in line with EU and international norms* is prepared and published by the Commission by 2011 to guide the overall process, whether for 5 years or longer, enabling the re-

sponsible authorities to ensure continuous focus on Moldova's EU integration agenda in the IPR field, providing a clear and appropriate locus for responsibility for the process and its reforms, addressing the recommendations set out in this publication and providing the basis for the continuous improvement of enforcement practice and allowing Moldova to keep abreast of the latest debates and developments in the field³⁰⁴.

- the Commission demonstrates its leadership role in relation to the development of IP and its commitment to the reduction of piracy and counterfeiting in Moldova. This may include:
 - a) A high degree of transparency in relation to its activities.
 - b) Taking a conspicuous lead in ensuring that all governmental and other public organisations are compliant in their use of IP. To the extent that governmental and other public bodies are exempt from compliance with IP laws, such exemption might be waived or removed.
 - c) Fostering the involvement of private sector stakeholders and representative organisations in the enforcement process, including, for example, by promoting public-private co-operation which can be conducted in various ways.

Law enforcement agencies

In regard to the Customs Service, the effectiveness of the Customs Service in containing illegal import, export and transit of infringing product is one of the major keys to effective enforcement in Moldova, especially given the acceptance that the country is used as a transit route for infringing product emanating primarily from Russia and Ukraine. With the challenges of the border with Transnistria and the number of border posts (104 in total) the Customs Service is severely challenged. It also lacks confidence in using its *ex officio* powers. Accordingly, it is recommended that:

- The Customs Service develops a strategy for enhanced performance, to include to the extent that it does not already exist, a comprehensive risk management policy.
- The specialised IP Unit is enhanced and, to the extent necessary, is provided with additional resources.
- Many more customs officers are trained in the identification of infringing product at the border.
- Confidence is developed in the use of *ex officio* powers inter alia by continuing to build co-operative relationships with principal right owners.

³⁰⁴ Here we note that all stakeholders need to be clear about the priorities of the Government and the direction it intends to take in relation to matters of IP enforcement. While the strategy is needed as a matter of priority, the Commission will have to decide whether it has to hand all of the information needed in order to finalise a strategy for a 5 year period, or whether a shorter-term approach may be necessary until the Commission has settled into its functions and has the results of whatever information-gathering exercises are necessary to inform the preparation of a strategy. AGEPI has already commenced working on proposals for a strategy, and of course in this as in other matters it may take the lead in proposing policy to the Commission.

- The activity of the Customs Service is extended in so far as possible to encompass export and in-transit controls.
- Close co-operation with the Ministry for Internal Affairs is put in place and practised as a matter of course.

In respect of the Ministry for Internal Affairs (police), the specialised IP unit at the Ministry is also, by its own account, inadequate to keep abreast of the investigation and processing of action in relation to IP infringement. It is recommended, therefore, that:

- This Unit is enhanced and that a reporting structure is put in place so that the Unit is reporting at the highest level. Dynamic leadership and the communication of a sense of purpose, with benchmarking against enforcement statistics standards in recent EU accession countries might drive a much improved result.
- Many more officers are trained in the identification of infringing product and in the investigation of internet offences related to IPRs.
- *Ex officio* authority to investigate and initiate criminal and administrative proceedings is provided.

In regard to the Judiciary, the representatives of the Court of Appeal and the Supreme Court of Appeal communicate a genuine interest in the effective application of IP laws in their courts. However, there are certain difficulties that need to be addressed. To deal with these, it is recommended that:

- Specialisation of judges is adopted as a conscious policy so that it can be ensured that IP cases are heard by judges with particular expertise in the field. This should lead to greater consistency in decision-making. It will mean that IP will have to be made an exception to the rule of random allocation of IP cases in the Supreme Court.
- Judges receive more training support. Those judges in the Court of Appeal and in the Supreme Court of Appeal who are identified as interested in developing expertise in intellectual property law and enforcement should receive further and on-going training.
- The present system whereby the Court of Appeal is the court of first instance in civil matters, with one opportunity only of recourse to the Supreme Court, should not be altered so that the District once again becomes the court of first instance (a point that is apparently being considered at present).
- The present co-operation between AGEPI and the judicial authorities in relation to the written reasoned reporting of cases, and publication of case results is continued³⁰⁵.

³⁰⁵ An extraordinarily large number of appeals are processed in the courts of Moldova and the figures in relation to IP matters are even higher than in other cases (58% was suggested as the percentage number of cases appealed from the Court of Appeal to the Supreme Court of Justice). Litigants appear to exhaust the possibilities in relation to appeals, possibly because access to the legal system appears to be inexpensive. Increased specialisation, with more consistency in decision-making, together with more widespread reporting of court decisions might help to contain the number of appeals, and reduce the burden on the system.

In respect of all law enforcement agencies, there is a common need which is not currently met in an efficient manner - the provision of certain types of expertise. In the case of the Customs Service and the Ministry for Internal Affairs, the expertise required is technical, with both agencies endeavouring to train their personnel in the identification of infringing product. In the case of the court system, the expertise required is slightly different. Evidence of the results of technical evaluation of authenticity will be needed in certain cases, but more often it is legal expertise that is required. The courts are heavily reliant on the participation of AGEPI in court proceedings to supply this need.

It would be worthwhile to explore this issue with a view to establishing the most efficient way of delivering technical expertise to the Customs Service and the Ministry for Internal Affairs, reducing duplication of effort and also limiting the requirement to train every police and customs officer to a high standard. If it were possible to train a unit of experts, operating independently of the police and customs services, and make its services available to both police and customs service as required, with the capacity for urgent response, this might, combined with *ex officio* authority for police, improve the existing position. Moreover, the intervention of a separate service, independent of both police and customs, might contribute to the containment of the existing problem of corruption. Where the judicial authority is concerned, heavy reliance on the intervention of AGEPI for the provision of legal advice is not appropriate as a substitute for specialised judges. Increased specialisation in the court system, as recommended above, should help to solve this problem. Accordingly, it is recommended that:

- New approaches are put in place to ensure the optimal availability of identification expertise and legal expertise across the enforcement system in Moldova.

The co-operation of right owners is another key element in an enforcement regime. The participation of right owners is needed to work with customs and police authorities to provide information to help the authorities identify and impound infringing product. This work can be labour intensive and time consuming on the part both of the authorities and the right owners, and in a small market such as Moldova, right owners, especially international right owners, have not as yet proved willing to co-operate in sufficient number. Right owner involvement is also important for cooperation with customs and police authorities in the initiation of legal proceedings and in the provision of evidence in court hearings. In civil matters, it is equally important that right owners initiate legal action for protection of their rights. This function is most efficiently carried out in many cases by collective management rights organisations representing right owners. However, the present system of collective management in Moldova is under-developed and this contributes to the lack of right holder involvement. In respect of the role of right owners, it is recommended that:

- Customs and police authorities, with the assistance of AGEPI, collaborate with right owner representatives to devise the most efficient method of delivery of the information required by the authorities.

- The provision of information required by the authorities, at least in criminal cases, should be made mandatory, to the extent that it is not already so.
- The recommendations made in this publication concerning collective management organisations should be adopted.
- Consideration should be given to the establishment of on-going dialogue with right owners, by way of a consultation forum, meeting approximately half-yearly, with an agenda settled by AGEPI.

Concerning the role of AGEPI, it is clear that AGEPI is currently the cornerstone of IP protection and enforcement in Moldova. It appears to be involved in every single aspect of both the protection and the promotion of IPRs and is also deeply involved in the system of enforcement. It has the authority, for example, to propose penalties to the court, and to bring suit on behalf of authors (a responsibility that is provided for by the Code on Science and Innovation and by the AGEPI Statute but which is no longer enforced by the AGEPI and should be removed once the new Law on Copyright enters into force). It also controls the accreditation of copyright management organisations. It gives the impression of a highly efficient and capable executive arm of an organisation, so strong that it effectively directs its own governance. Leaving aside the question whether this is a good governance model, it is a fact that AGEPI does not, and could not acquire the authority to direct the activities of the law enforcement bodies. And this may be one of the principal reasons that law enforcement is lagging so far behind the provision of new laws. By strengthening the system of governance, through the active leadership of the National Commission on Intellectual Property, it will relieve AGEPI from sole responsibility, and provide the basis for a more effective way of ensuring enforcement of IPRs in Moldova. More generally, it is recommended that:

- a study on the most appropriate remit of AGEPI is factored into the proposed new strategy at some point in the period 2011-2015. This is a project that could be appropriately supported by donor assistance and carried out with the assistance of suitably qualified external experts. *[It is emphasised that this recommendation does not imply any criticism of any aspect of the work of AGEPI. Indeed it is the very efficiency of the organisation and its capacity to deliver a huge range of activities that has given rise to the need to explore this particular question. Moreover, it is consistent with the mandate provided for in Article 71 of the 2010 Law on Copyright and related Rights for a new Special Law to be developed on the activity of the State Agency on Intellectual Property].*

PHASE 1. Priorities in the period to end-2015 (covering the period 2011 to 2013)³⁰⁶

Copyright and Related Rights

In the Copyright and Related Rights field, the following priorities should be addressed in the next period:

- Following the entry into force of the new Law on Copyright and Related Rights the relevant secondary legislation should be drafted and adopted in order to enable the rightholders to fully benefit from the high level of legal protection provided for by the Law (on this see also Annex 1 to this publication).
- AGEPI should carefully examine the actual situation with the representation of performers and remain neutral with regard to both collective management organisations to the greatest extent possible. The mediation mechanism provided for by the new Law on Copyright and Related could be suggested as a tool for resolution of the current disagreements between AsDAC and "Copyright". In principle, action here should aim towards an agreement of cooperation (or at least certain joint initiatives such as joint public awareness raising campaigns) in order to demonstrate the existence of agreement and cooperation between the two collective management organisations.
- "Copyright" should change the name of the organisation in order to avoid causing confusion among rightholders, users and the general public. Any discrepancies of the By-laws of "Copyright" with the regulations on non-profit organisations in Moldova should be removed. "Copyright" is strongly encouraged to further develop its network of reciprocal representation agreements with credible foreign partners and endeavour to become a member of foreign umbrella organisations for related rights, such as SCAPR (Societies' Council for Collective Management of Performers' Rights) or AEPO-ARTIS (Association of European Performers' Organisations).
- In order to achieve transparency of activity, both AsDAC and "Copyright" should create websites where all the relevant documents and information would be made accessible to the rightholders, users and the general public. It is strongly advisable that at least the byelaws, the tariffs and the distribution rules be made available on the website in the Moldovan, the Russian and the English languages.
- With regard to the function of registration of copyright works it is recommended that AGEPI organise a campaign raising public awareness on the essence/legal significance of registration done by AGEPI in order to ensure complete transparency of the registration activity and not mislead in any way the rightholders. Such a campaign would be fully in line with AGEPI's power entrusted to AGEPI under the Law on Copyright and Related Rights to carry out promotion activities aimed at apprising, *inter alia*, rightholders and courts about the importance and legal and practical aspects of the protection, exercise and implementation of copyright and related rights.

³⁰⁶ See also Transposition Table in ANNEX 1.

- AGEPI should also initiate discussions with creative unions of authors of visual arts (or other bodies grouping visual artists) in order to encourage them to start managing collectively the economic rights of visual artists, including the resale right.
- It is strongly advised for AsDAC to analyse the necessity of further representation of performers' rights and carefully assess the advantages of confining the scope of collective management to the rights of various categories of authors. With a view to bring the governance in line with the policy of the European Union, AsDAC should include a representative of music publishers on the Board of Directors of AsDAC. Assistance from CISAC could be sought with regard to obtaining more advanced software for the distribution of royalties.
- The envisaged Law on AGEPI should be developed in this period.

Trademarks, Patents, Geographical Indications and Industrial Designs

In the industrial property area, the following priorities should be addressed in the next period:

- Concerted action should be taken to further advance public and stakeholder awareness about the value and substance of industrial property protection (patents, trademarks, GIs, industrial designs).
- Action should be initiated to facilitate the disengagement of Moldova from the Eurasian Patent Organisation as a primary step in the accession of Moldova to the EPC as extension state.
- A detailed analysis should be undertaken as regards the compatibility of the Moldovan Patent Law with the EPC. As part of this process, AGEPI should open a dialogue (possibly via a study visit) with a comparable EPO extension state or former extension state and implement a patent data exchange and publication between the AGEPI and the EPO (MIMOSA platform). AGEPI should also work with the EPO on a customer service policy (IP pre-diagnosis, valuation of IP assets, patent information centres, etc.) and improve where needed the online publications regarding patents.
- Further training in the patents area, especially in cooperation with EPO, should be put in place for AGEPI officials and patent agents.
- The Moldovan authorities should seek to open negotiations with EPO for the accession of the Republic of Moldova to the EPC as extension state in this period.
- The possibility to introduce e-filing for patents should be examined.
- Further action should be undertaken to stimulate the creativity of inventors with competitions and promote increased economic recognition for employees' inventions.
- A new impetus should be given to the improvement of the protection of local and foreign trademarks against counterfeiting.
- Moldovan authorities should promote both registered and unregistered (multiple) design as an option together with trademark registration.

- An effort should be made to register more Moldovan GI's, especially for wines.
- The Moldovan authorities should put in place the necessary implementation mechanisms to implement the bilateral Agreement with EU on Geographical Indications, possibly including legal amendments to increase powers of ex officio action and possibly including the creation of a GI Unit within AGEPI.
- Further training on industrial property law and practice should be put in place and actively promoted, especially for Judges, Police and Customs.
- A specific effort should be given to the involvement of IP rights holders in IP infringement cases in the industrial property arena. Moreover, a specific database of requests to foreign industrial property rightholders should be put in place in order to track this. Where two requests have been sent to a rightholder to assist in an industrial property enforcement action (and this assistance has not been provided) the rightholder should be identified on a list of non-cooperating rightholders and this list should be published annually from 2012 onwards³⁰⁷.
- To further reinforce enforcement efforts, the full compatibility of Moldovan legislation with the EU Enforcement Directive should be achieved by 2013 (see Annex 1 on this).

PHASE 2. Priorities in the period to end-2015 (covering the period 2014 to 2015)³⁰⁸

Copyright and Related Rights

In this period, particular account should be taken of new commitments by the Republic of Moldova in the Copyright and Related Rights field (e.g. under the envisaged Association Agreement with the EU), new EU legislation and the completion of priority initiatives from the 2011-2013 period which remain uncompleted. Apart from this, specific priorities should include:

- The drafting and adoption of necessary amendments to the Law on Copyright and Related Rights in order to ensure that the legal provisions regulating the establishment and activity of collective management organisations are fully in line with the freedom of establishment and the freedom to provide services. Further amendments should be considered also in this period to more fully align the legislation with certain EU Directives (on this see Annex 1 to this publication).
- A study on the advantages and disadvantages of the system of voluntary registration with a view to establishing whether the voluntary registration system is still as relevant and necessary for rightholders, Customs authorities and public notaries as in 2010. Should the results of such a study reveal that the system of voluntary registration is no longer such a necessity, certain alternatives to voluntary registration system may

³⁰⁷ This is considered of particular importance in creating the necessary proof if enforcement efforts continue to be hampered by disinterest on the part of rightholders and data on the extent of this problem.

³⁰⁸ See also Transposition Table in **ANNEX 1**.

be considered, such as the registration of copyright works by the public notaries or a simple posting of copies of work by the author to himself³⁰⁹.

- A study should be carried out on the system of collective management in Moldova in order to establish whether the rights of visual artists and the rights that may only be exercised through a collective management organisation are being managed collectively in Moldova. The study should propose further action to be taken in the field of collective rights management.

In the industrial property area, the following priorities should be addressed in this period:

Trademarks, Patents, Geographical Indications and Industrial Designs

Again, in this period, particular account should be taken of new commitments by the Republic of Moldova in regard to industrial property rights protection (e.g. under the envisaged Association Agreement with the EU), new EU legislation and the completion of priority initiatives from the 2011-2013 period which remain uncompleted. Apart from this, specific priorities should include:

- The finalisation of negotiations with the EPO for the accession of the Republic of Moldova to the EPC as extension state.
- A review of enforcement achievements in regard to industrial property rights in 2014.
- Further amendments should be considered also in this period to more fully align trademark legislation with certain EU Directives (on this see Annex 1 to this publication).
- Consideration of the transposition of EU Regulation (EC) No. 816/2006 on the compulsory licensing of patents relating to the manufacture of pharmaceutical products for export to countries with public health problems³¹⁰.

³⁰⁹ This alternative to registration (sometimes referred to as the “poor man’s copyright”) is, despite its simplicity, a fairly common approach used in the Member States of the European Union.

³¹⁰ With a significant pharmaceutical industry, this initiative based on the amendment of the TRIPS Agreement may be of some interest to the sector in the Republic of Moldova. On 14 November 2001 the World Trade Organisation’s Ministerial Conference issued a declaration on Trade Related Intellectual Property Rights (TRIPS), which offers the possibility of compulsory licences, when patented medicines are too expensive for developing countries to be able to adequately deal with sometimes massive public health problems. Thus, third parties can make use of patented inventions and developing countries’ access to generic medicines is guaranteed. In 2006 the EU, partly in response to the TRIPS declaration, published Regulation (EC) No 816/2006. The Regulation creates a mechanism in line with the WTO General Council Decision of August 2003 so that companies in the EU can apply for a licence to manufacture, without the authorisation of the patent holder, pharmaceutical products for export to countries in need of medicines and facing public health problems. There is no specific restriction on the pharmaceutical products covered, although there is acknowledgement that they are required to address public health problems since that is the context of the WTO Decision. In effect, the Regulation represents an instrument that will allow the compulsory licensing procedure of the WTO decision to fit within the context of EU Member States’ national patent law and their compulsory licensing procedures.

■ 7. CONCLUSIONS

In the context of the approximation of intellectual property law and policy in Moldova, it is important to reiterate that law approximation is a complex and medium term process which involves the alignment of policies, the correct harmonisation/transposition of relevant laws, the updating of such laws where appropriate, the establishment and resourcing (via new organisations or otherwise) of necessary institutional structures and the pursuit of credible and objectively verifiable implementation and enforcement. Thus, simply drafting EU style laws for Moldova (“transposition” or “harmonisation” of laws) is a much narrower concept that does not achieve the desired benefits for the Republic of Moldova or the implementation of commitments regarding law approximation in any particular field.

From the analysis here, it is clear that:

- The fullest protection of intellectual property rights is of importance for a range of reasons, both to the EU and for the Republic of Moldova.
- Significant progress has been achieved in the Republic of Moldova in its law approximation efforts in the IPR field.
- Further approximation will be needed in coming years to address new commitments by the Republic of Moldova.

In the assessment of the extent to which laws and policies identified in this publication have been/need to be approximated in Moldova and our recommendations for the coming years, the key conclusions in regard to the protection of intellectual property rights in Moldova in line with EU and international norms and the development of further protection in Moldova are the following:

- While legislative harmonisation is effectively completed with the adoption of the new Law on Copyright and Related Rights, enforcement remains the key challenge to full approximation in the IPR field.
- Improved enforcement (as the central need for the coming years) will involve improvements in staffing, specialisation and training in the relevant stakeholder organisations.
- Two additional critical factors are of particular importance in the enforcement dimension of Moldovan approximation to EU standards in regard to intellectual property rights protection - enforcement leadership (including concerted anti-piracy activities) and the

more active involvement of rightholders in enforcement activity. In particular, there is a clear need for coordination and enforcement leadership built around a coherent enforcement strategy. In that regard a specific opportunity to address this issue arises from the activation of the National Commission on Intellectual Property in June 2010.

We attach major importance to the need for a continuing and revised overall strategic approach to approximation in the IPR field and recommend that AGEPI prepares a new medium to long-term Strategy on EU Law Approximation in regard to Intellectual Property Rights Protection in line with EU and international norms based on the analysis in this publication. This approach should have particular regard to a number of core principles (including: coordination of activities of various public institutions involved in protection of intellectual property rights via strategic leadership, increased participation of rightholders in enforcement of intellectual property rights, increased effectiveness, transparency and monitoring of enforcement efforts, the fullest development of collective management, continuing transposition of new EU Law and Policy, where relevant and the continuous improvement of public and key stakeholder awareness and the continuous training of key personnel). This strategic approach to future approximation must also take due account of any new or refined obligations undertaken by Moldova with the EU in the context of a future association agreement and a future agreement on geographical indications, both of which are being negotiated at present.

In the context of an adopted Strategy on EU Law Approximation in regard to Intellectual Property Rights Protection in line with EU and international norms based on the analysis in this publication, it is also of some importance that international and bilateral donors continue to play a strong role in the coming years to achieve high grade results in the continuing approximation of Moldovan IPR law and policy to EU and international standards.

ANNEXES

ANNEX 1

Transposition summary assessment table ³¹¹

International commitments: PCA Articles 19, 49, 50, 57, 71 and 90, (ENAP Chapter 39), CEFTA 2006 Articles 1.2.f, 17, 37, 38, 39 and Joint Declaration			
EU and other legislation (see Chapter 4)	Legal Transposition degree of Republic of Moldova National Laws/bye-laws/drafts (covering the area of the relevant EU act)	Necessary legislative measures	Timetable 2010-2015 ³¹²
COPYRIGHT & RELATED RIGHTS			
International Treaties & Conventions			
<i>Berne Convention for the Protection of Literary and Artistic Works</i>	Parliament Decision No. 511-XIII of 22 June 1995 and Law on Copyright and Related Rights, No. 139 of 2 July 2010 (not yet in force).	Entry into force of the new Law on Copyright and Related Rights and relevant secondary legislation as provided for in Article 71 of the new Law ² .	2010 adoption and entry into force of new Law; secondary legislation by 2011.
<i>International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (Rome Convention)</i>	Parliament Decision No. 510-XIII of 22 June 1995 and Law on Copyright and Related Rights, No. 139 of 2 July 2010 (not yet in force).	Entry into force of the new Law on Copyright and Related Rights and relevant secondary legislation provided for in Article 71 of the new Law ³¹³ .	2010 adoption and entry into force of new Law; secondary legislation by 2011.
<i>Geneva Convention 1952</i>	Parliament Decision No. 1318-XII of 2 March 1993.	N/A	
<i>Geneva Convention 1971</i>	Parliament Decision No. 796-XIV of 10 February 2000.	N/A	

³¹¹ This summary (requested by the Centre for Legal Approximation of the Ministry for Justice) relates primarily to key aspects of legal transposition based on the findings of the study.

³¹² The proposed timetable is explained further in Chapter 6.

³¹³ It is understood that this will involve a Regulation on the registration of copyright and related rights works; a Regulation on collective management of patrimonial rights; and a Regulation on the envisaged Mediation Commission.

Universal Copyright Convention	In effect since 28 October 1998.	N/A	
WIPO Copyright Treaty	Parliament Decision No. 1452-XIII of 28 January 1998 and Law on Copyright and Related Rights, No. 139 of 2 July 2010 (not yet in force).	Entry into force of the new Law on Copyright and Related Rights and relevant secondary legislation provided for in Article 71 of the new Law (see footnote 313).	2010 adoption and entry into force of new Law; secondary legislation by 2011.
WIPO Performances and Phonograms Treaty (WPPT)	Parliament Decision No. 1452-XIII of 28 January 1998 and Law on Copyright and Related Rights, No. 139 of 2 July 2010 (not yet in force).	Entry into force of the new Law on Copyright and Related Rights and relevant secondary legislation provided for in Article 71 of the new Law (see footnote 313).	2010 adoption and entry into force of new Law; secondary legislation by 2011.
Bruxelles Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite	In effect since 28 October 2008.	N/A	
TRIPS Article 14 Related Rights and Berne plus provisions	Law on Copyright and Related Rights, No. 139 of 2 July 2010 (not yet in force).	Entry into force of the new Law on Copyright and Related Rights and relevant secondary legislation provided for in Article 71 of the new Law (see footnote 313).	2010 adoption and entry into force of new Law; secondary legislation by 2011.
Agreement of the Commonwealth of Independent States on collaboration in the field of the protection of copyright and related rights (Moscow, 1993)	In effect in the Republic of Moldova since 25 November 1998.	N/A	

Specific EU legislation		
<p>Directive 2009/24/EC of 23 April 2009 on the legal protection of computer programmes (codified version)</p>	<p>Law on Copyright and Related Rights, No. 139 of 2 July 2010 (not yet in force). Partially compatible with Article 5(1) – certain necessary user actions require authorisation by the rightholder in regard to computer programmes.</p>	<p>Entry into force of the new Law on Copyright and Related Rights and relevant secondary legislation provided for in Article 71 of the new Law (see footnote 313).</p> <p>2010 adoption and entry into force of new Law; secondary legislation by 2011. Further changes to achieve full compatibility should be considered by 2015.</p>
<p>EU Directive 2006/115/EC of 12 December 2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property (codified version)</p>	<p>Law on Copyright and Related Rights, No. 139 of 2 July 2010 (not yet in force).</p>	<p>2010 adoption and entry into force of new Law; secondary legislation by 2011.</p>
<p>EU Council Directive 93/83/EEC on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission</p>	<p>Law on Copyright and Related Rights, No. 139 of 2 July 2010 (not yet in force). Legal vacuum with Article 10 of the Directive (i.e. the exercise of retransmission rights shall not apply to the rights exercised by a broadcasting organisation in respect of its own transmission, irrespective of whether the rights concerned are its own or have been transferred to it by other copyright owners and/or holders of related rights).</p>	<p>2010 adoption and entry into force of new Law; secondary legislation by 2011. Further changes to achieve full compatibility should be considered by 2015.</p>

<p>EU Directive 2006/116/EC of 12 December 2006 on the term of protection of copyright and certain related rights (codified version)</p>	<p>Law on Copyright and Related Rights, No. 139 of 2 July 2010 (not yet in force). Legal vacuum with Article 1(6) of the Directive (allowing for the termination of protection where the term of protection is not calculated from the death of the author or authors and where the works have not been lawfully made available to the public within 70 years from their creation).</p>	<p>Entry into force of the new Law on Copyright and Related Rights and relevant secondary legislation provided for in Article 71 of the new Law (see footnote 313).</p>	<p>2010 adoption and entry into force of new Law; secondary legislation by 2011. Further changes to achieve full compatibility should be considered by 2015.</p>
<p>EU Directive 96/9/EC of the European Parliament and of the Council on the legal protection of databases</p>	<p>Law on Copyright and Related Rights, No. 139 of 2 July 2010 (not yet in force).</p>	<p>Entry into force of the new Law on Copyright and Related Rights and relevant secondary legislation provided for in Article 71 of the new Law (see footnote 313).</p>	<p>2010 adoption and entry into force of new Law; secondary legislation by 2011.</p>
<p>Directive 2001/84/EC of the European Parliament and of the Council on the resale right for the benefit of the author of an original work of art</p>	<p>Law on Copyright and Related Rights, No. 139 of 2 July 2010 (not yet in force).</p>	<p>Entry into force of the new Law on Copyright and Related Rights and relevant secondary legislation provided for in Article 71 of the new Law (see footnote 313).</p>	<p>2010 adoption and entry into force of new Law; secondary legislation by 2011.</p>
<p>EU Directive 2001/29/EC of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society</p>	<p>Law on Copyright and Related Rights, No. 139 of 2 July 2010 (not yet in force). Partially compatible with Article 1(1) and Article 4 of the Directive (Distribution Right).</p>	<p>Entry into force of the new Law on Copyright and Related Rights and relevant secondary legislation provided for in Article 71 of the new Law (see footnote 313).</p>	<p>2010 adoption and entry into force of new Law; secondary legislation by 2011. Further changes to achieve full compatibility should be considered by 2015.</p>

<p>EU Directive 2004/48/EC of the European Parliament and the Council on the enforcement of intellectual property right – copyright and related rights.</p>	<p>Law on Copyright and Related Rights, No. 139 of 2 July 2010 (not yet in force).</p>	<p>Entry into force of the new Law on Copyright and Related Rights and relevant secondary legislation provided for in Article 71 of the new Law (see footnote 313).</p>	<p>2010 adoption and entry into force of new Law; secondary legislation by 2011.</p>
<p>PATENTS</p>			
<p>International Treaties & Conventions</p>			
<p>Paris Convention</p>	<p>Compatible - Parliament Decision No. 1328-XII of 11 March 1993, Law on the Protection of Inventions No. 50 of 7 March 2008; Government Decision on the approval of Regulation on Procedure for Submission and Consideration of Application for and Issuance of Invention Patent No. 528 of 1 September 2009.</p>		
<p>Patent Cooperation Treaty</p>	<p>Parliament Decision No. 1624-XII of 26 October 1993.</p>		
<p>Budapest Treaty</p>	<p>Compatible – Presidential Decree No. 229 of 30 December 1993, Law on the Protection of Inventions No. 50 of 7 March 2008; Government Decision on the approval of Regulation on Procedure for Submission and Consideration of Application for and Issuance of Invention Patent No. 528 of 1 September 2009.</p>		
<p>Convention for the Protection of New Varieties of Plants (UPOV)</p>	<p>Compatible - Parliament Decision No. 1355-XII of 22 October 1997, Law on the Protection of Plant Varieties No. 39 - XVI of 29 February 2008 and Government Decision on the approval of Regulation on Procedure for Submission and Consideration of Application for Granting and Holding Plant Variety Patent No. 295 of 16 April 2009.</p>		
<p>Strasbourg Agreement Concerning the International Patent Classification of 24 March 1971</p>	<p>Parliament Decision No. 1248-XIII of 10 July 1997.</p>		

TRIPS Part II, Section 5	Compatible - Law on the Protection of Inventions No. 50 of 7 March 2008; Government Decision on the approval of Regulation on Procedure for Submission and Consideration of Application for and Issuance of Invention Patent No. 528 of 1 September 2009.		
Agreement concerning the measures of protection of Industrial Property and establishing the Inter-State Council for Industrial Property (CIS)	In effect in the Republic of Moldova since 12 March 1993.		
Eurasian Patent Convention (1994).	Decision of Parliament No. 615 - XIII of 26 July 1995.		
Specific EU legislation			
EU Directive 98/44/EC of the European Parliament and of the Council of 6 July 1998 on the legal protection of biotechnological inventions	Compatible - Law on the Protection of Inventions No. 50 of 7 March 2008; Government Decision on the approval of Regulation on Procedure for Submission and Consideration of Application for and Issuance of Invention Patent No. 528 of 1 September 2009.	N/A	
EU Regulation (EC) No. 816/2006 of the European Parliament and of the Council of 17 May 2006 on the compulsory licensing of patents relating to the manufacture of pharmaceutical products for export to countries with public health problems	Not Transposed.	Need to consider amendment of the 2008 Law on the Protection of Inventions and Customs Code.	2015
EU Directive 2004/48/EC of the European Parliament and the Council on the enforcement of intellectual property right –Patents	Compatible - Law on the Protection of Inventions No. 50 of 7 March 2008, Articles 73 to 85.		

European Patent Convention	Moldova is not a member of the EPC. In the final text of the Law, "methods for medical treatment and diagnosis" were not included in the list of non-patentable inventions, there is no provision for when to pay the fees and the substantive examination of the application is to be undertaken within 30 months from the date of the patent application.	To be considered in the context of an application to join the EPC as an extension state.	
Trademarks			
International treaties & conventions			
Paris Convention	Compatible - Parliament Decision No. 1328-XII of 11 March 1993, Law on the Protection of Trademarks No. 38-XVI of 29 February 2008 and Government Decision on the approval of Regulation on the Procedure for Submission, Expertise and Registration of Trademarks No.488 of 13 August 2009. Also Chapter V of the Law on the Protection of Trademarks No. 38-XVI and Customs Code No. 1149-XIV of 20 July 2000 Part XII Cross-border measures in the field of intellectual property protection.		
Madrid Agreement	Parliament Decision No.1624-XII of 26 October 1993 and the Law on the Protection of Trademarks No. 38-XVI of 29 February 2008.		
Madrid Protocol	Parliament Decision No.614-XIII of 27 October 1995 and the Law on the Protection of Trademarks No. 38-XVI of 29 February 2008.		
Nice Agreement	Parliament Decision No. 1251-XIII of 10 July 1997.		
Nairobi Treaty	Presidential Decree No.229 of 30 December:1993 and the Law on the Protection of Trademarks No. 38-XVI of 29 February 2008.		
WIPO Trademark Law Treaty	Presidential Decree No.229 of 30 December 1993 and the Law on the Protection of Trademarks No. 38-XVI of 29 February 2008.		

<i>Singapore Treaty</i>	Law on the Protection of Trademarks No. 38-XVI of 29 February 2008.		
<i>Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks</i>	Parliament Decision No. 1250-XIII of 10 July 1997.		
<i>TRIPS Articles 15 to 21 and 51</i>	Law on the Protection of Trademarks No. 38-XVI of 29 February 2008.		
<i>Agreement concerning the measures of protection of Industrial Property and establishing the Inter-State Council for Industrial Property (CIS),</i>	In effect in the Republic of Moldova since 12 March 1993.		
<i>Agreement on Cooperation for the Prevention and Repression of False Trademarks and Geographical Indications (CIS)</i>	Government Decision No. 1331 of 3 December 2001, in effect in the Republic of Moldova since 3 January 2002.		
Specific EU legislation			
<i>Directive 2008/95/EC of 22 October 2008 to approximate the laws of the Member States relating to trade marks (Codified version)</i>	Compatible - Law on the Protection of Trademarks No. 38-XVI of 29 February 2008.	N/A	

<p>EU Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trademark (Codified version)</p>	<p>Partially Compatible - Law on the Protection of Trademarks No. 38-XVI of 29 February 2008.</p>	<p>The view here is that the 2008 Law on the Protection of Trademarks is sufficiently compatible to allow the applicable substantive norms to operate in the national law setting of a non-EU Member State. This position should be reviewed in the medium term depending on developments in the interim. In particular, the position regarding state and religious symbols should be reconsidered.</p>	<p>2015</p>
<p>Directive 2004/48/EC of the European Parliament and the Council on the enforcement of intellectual property right – Trademarks</p>	<p>Partially Compatible -Law on the Protection of Trademarks No. 38-XVI of 29 February 2008 and Code of Civil Procedure No. 225-XV of 30 May 2003.</p>	<p>Remaining inconsistencies with the Directive should be addressed as part of the continuing improvement of trademark enforcement methodology.</p>	<p>2015</p>
<p>INDUSTRIAL DESIGNS & INTEGRATED CIRCUITS</p>			
<p>International treaties & conventions</p>			
<p>Hague Agreement (Hague & Geneva Acts) Industrial Designs</p>	<p>Law on the Protection of Industrial Designs and Models No. 161-XVI of 12 July 2007, and Government Decision on the approval of Regulation on the Procedure for Submission, Expertise and Registration of Industrial designs and models No. 1496 of 29 December 2008 (Part VIII providing for AGEPI expertise on international application submitted in accordance with the Hague Agreement procedure). Also Government Decision on Taxes for Services with Legal Significance in the Field of Protection of Objects of Industrial Property No. 774 of 13 August 1997 with amendments and Order on the approval of Regulation on the Access to Information kept in AGEPI No. 63 of 2 June 2009.</p>		

TRIPS Articles 25 & 26 Industrial Designs	Law on the Protection of Industrial Designs and Models No. 161-XVI of 12 July 2007, and Government Decision on the approval of Regulation on the Procedure for Submission, Expertise and Registration of Industrial designs and models No. 1496 of 29 December 2008.		
TRIPS Article 35/Washington Treaty provisions	Law on the protection of Topographies of Integrated Circuits, No. 655-XIV of 29 October 1999.		
Specific EU legislation			
EU Directive 98/71/EC of the European Parliament and of the Council, of 13 October 1998, on the legal protection of Designs	Compatible - Law on the Protection of Industrial Designs and Models No. 161-XVI of 12 July 2007, and Government Decision on the approval of Regulation on the Procedure for Submission, Expertise and Registration of Industrial designs and models No. 1496 of 29 December 2008.	N/A	
EU Council Regulation (EC) No 6/2002 of 12 December 2001 on Community Designs	Compatible (in so far as third country compatibility is concerned)- Law on the Protection of Industrial Designs and Models No. 161-XVI of 12 July 2007, and Government Decision on the approval of Regulation on the Procedure for Submission, Expertise and Registration of Industrial designs and models No. 1496 of 29 December 2008 together with Order on the approval of Regulation on the Access to Information kept in AGEPI No. 63 of 2 June 2009 and Government Decision on the approval of Industrial Property Representatives No. 1362 of 21 October 2002.	N/A	
EU Council Directive 87/54/EC of 16 December 1986 on the legal protection of topographies of semiconductors as amended by Council Decision 94/824/EC of 22 December 1994 and Council Decision 96/644/EC of 11 November 1996	Compatible - Law on Protection of Topographies of Integrated Circuits, No. 655-XIV, 29 October 1999 and the Law on Copyright and Related Rights, No. 139 of 2 July 2010 (not yet in force).	Entry into force of the new Law on Copyright and Related Rights and relevant secondary legislation as provided for in Article 71 of the new Law (see footnote 313).	2010 adoption and entry into force of new Law; secondary legislation by 2011.

<p>EU Directive 2004/48/EC of the European Parliament and the Council on the enforcement of intellectual property right – industrial designs</p>	<p>Compatible - Law on the Protection of Industrial Designs and Models No. 161-XVI of 12 July 2007, Articles 57 to 59 and Code of Civil Procedure No. 225-XV of 30 May 2003.</p>	<p>N/A</p>
<p>GEOGRAPHICAL INDICATIONS</p>		
<p>International treaties & conventions</p>		
<p>TRIPS Articles 22 to 24 Geographical Indications</p>	<p>Law on the Protection of geographical indications, appellations of origin, and traditional specialities guaranteed, No. 66-XVI of 27 March 2008.</p>	
<p>Lisbon Agreement concerning the Protection of Appellations of Origin and their International registration of 31 October 1958</p>	<p>Compatible - Law on the ratification No. 1328-XIV of 27 October 2000, Law on the Protection of geographical indications, appellations of origin, and traditional specialities guaranteed, No. 66-XVI of 27 March 2008 and Government Decision No. 610 on the procedure for submittal, consideration and registration of geographical indications, appellations of origin, and traditional specialities guaranteed, of 5 July 2010.</p>	
<p>Madrid Agreement on sanctions for false or deceitful indications of origin on goods (1891)</p>	<p>Law of the Republic of Moldova No. 1330 - XIV of 27 October 2000.</p>	
<p>Agreement on Cooperation for the Prevention and Repression of False Trademarks and Geographical Indications (CIS)</p>	<p>Government Decision No. 1332 of 3 December 2001 in effect in the Republic of Moldova since 3 January 2002.</p>	

Specific EU legislation		
Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs	Compatible - Law on the Protection of geographical indications, appellations of origin, and traditional specialities guaranteed, No. 66-XVI of 27 March 2008 and Government Decision No. 610 on the procedure for submittal, consideration and registration of geographical indications, appellations of origin, and traditional specialities guaranteed, of 5 July 2010. Also Competent bodies under Articles 33 and 34 of Law No. 66/2008.	N/A
Council Regulation (EC) No 509/2006 of 20 March 2006 on agricultural products and foodstuffs as traditional specialities guaranteed	Compatible - Law on the Protection of geographical indications, appellations of origin, and traditional specialities guaranteed, No. 66-XVI of 27 March 2008 and Government Decision No. 610 on the procedure for submittal, consideration and registration of geographical indications, appellations of origin, and traditional specialities guaranteed, of 5 July 2010.	N/A
EU Directive 2004/48/EC of the European Parliament and the Council on the enforcement of intellectual property right	Compatible - Law on the Protection of geographical indications, appellations of origin, and traditional specialities guaranteed, No. 66-XVI of 27 March 2008 and Government Decision No. 610 on the procedure for submittal, consideration and registration of geographical indications, appellations of origin, and traditional specialities guaranteed, of 5 July 2010 and Code of Civil Procedure No. 225-XV of 30 May 2003.	N/A
UNDISCLOSED BUSINESS INFORMATION		
International treaties & conventions		
TRIPS Article 39 on Undisclosed business information	Law on Commercial Secrets , No. 171-XIII of 6 July 1994.	
Agreement on Mutual Securing of Interstates Secrets in the Field of the Legal Protection of Inventions (CIS)	Government Decision No. 1331 of 3 December 2001, in effect in the Republic of Moldova since 3 January 2002.	

CUSTOMS			
Specific EU legislation			
<p>Council Regulation No 1383/2003 of 22 July 2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights.</p>	<p>Partially Compatible via the Customs Code and enforcement provisions of relevant IPR legislation.</p>	<p>Remaining inconsistencies with the Regulation should be addressed as part of the continuing improvement of enforcement practice.</p>	<p>2013</p>
<p>Commission Regulation No 1891/2004 of 21 October 2004 laying down provisions for the implementation of Council Regulation (EC) No 1383/2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights.</p>	<p>Partially Compatible via the Customs Code and enforcement provisions of relevant IPR legislation.</p>	<p>Remaining inconsistencies with the Regulation should be addressed as part of the continuing improvement of enforcement practice.</p>	<p>2013</p>
COMMENTS AND RECOMMENDATIONS FOR FUTURE STEPS IN ORDER TO ACHIEVE FULL APPROXIMATION			
<p>General Comments: Intellectual property rights are important to Moldova (and in other countries) for a number of reasons, the main ones being:</p> <ul style="list-style-type: none"> • <i>The encouragement of inventiveness.</i> • <i>Providing the basis for inventors to disclose their invention instead of keeping it to themselves.</i> • <i>Promoting investment and transfer of technology.</i> • <i>Improving trade flows.</i> • <i>Promotes fairness and justice for creators and inventors.</i> • <i>Protection of indigenous art and culture.</i> • <i>Protection of consumers and the public generally.</i> • <i>Providing the conditions for the international protection of intellectual property.</i> 			

<p>Advantages/disadvantages of full approximation:</p> <ul style="list-style-type: none"> • In the context of Moldova's efforts towards greater EU integration, the approximation of IPR legislation and its credible implementation and enforcement is of particular importance from the standpoint of trade relations and as regards the protection of rights both in Moldova and in EU Member States. More generally, a robust IPR regulatory regime to EU and international standards encourages innovation, discourages inventors and creators from non-commercialisation of new inventions and creations, encourages investment and transfer of technology and protects art, culture and consumers. • Disadvantages relate to the complexity of new systems and generally higher product costs to consumers. 	<p>Impediments to full approximation</p> <p>The main impediments to full approximation relate to a range of barriers to effective enforcement of IPRs. These barriers include:</p> <ul style="list-style-type: none"> • Inadequate coordination of enforcement agencies. • Absence of a strategic direction to enforcement. • Staffing and other resource constraints. • The continuing need for further training of enforcement bodies. • The continuing need for further awareness raising initiatives. • The need to achieve a fuller degree of judicial specialisation in regard to IPR cases. • The absence of sufficient engagement of rightholders in the enforcement effort. • The absence of planning, activity and achievement data in regard to the fight against piracy and counterfeiting. • The presently under-developed collection management system in Moldova.
<p>Necessary institutional changes (Chapter 6) 2010-2015</p> <ul style="list-style-type: none"> • The fullest development of the newly activated National Commission on Intellectual Property. • Achievement of operational specialisation in the IPR field in the Judiciary. • Reinforcement of IP Units in the Police and Customs Services. • Review of the institutional role of AGEPI and Law on AGEPI by 2013/2014. • The fullest development of CMOs in Moldova. 	

ANNEX 2

■ Table of Moldovan legislation and EU legislation and jurisprudence

International Treaties and Conventions

Paris Convention for the Protection of Industrial Property (1883).

Berne Convention for the Protection of Literary and Artistic works (1886), as revised.

Madrid Agreement concerning the International Registration of Marks (1891), as revised.

Madrid Agreement for the Repression of False or Deceptive Indications of the Source of Goods (1891).

Hague Agreement Concerning the International Deposit of Industrial Designs (1925), as revised.

Universal Copyright Convention (Geneva, 1952).

Nice Agreement Concerning the International Classification of Goods and Services for the purposes of the Registration of Marks (1957).

Lisbon Agreement for the Protection of Appellations of Origin place and their International Registration (1958).

International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (Rome, 1961).

International Union for the Protection of New Varieties of Plants (1961), as revised.

Convention Establishing the World Organisation of Intellectual Property (1967).

Locarno Agreement Establishing the international classification for Industrial Designs (1968).

Patent Cooperation Treaty, (Washington, 1970).

Convention for the Protection of Producers of Phonograms against Unauthorised Duplication of their Phonograms (Geneva, 1971).

Strasbourg Agreement Concerning the International Patent Classification (1971).

Vienna Agreement Establishing the International Classification of Figurative Elements of Marks (1973).

European Patent Convention, Munich 1973 (as amended 2000).

Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite (Brussels, 1974).

Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for the purposes of Patent Protection (1977).

Nairobi Treaty on the protection of the Olympic symbol (1981).

Harare Protocol on Patents and Industrial Designs, ARIPO, 1982.

Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (1989).

Washington Treaty on Intellectual Property in Respect of Integrated Circuits, 1989.

Agreement concerning the measures of protection of Industrial Property and establishing the Inter-State Council for Industrial Property (Moscow, 1993).

CIS Agreement on the cooperation in the field of the protection of copyrights and neighbouring rights (Moscow, 1993).

Trademark Law Treaty (Geneva, 1994).

General Agreement on Tariffs and Trade (GATT), 1994.

Eurasian Patent Convention (Moscow, 1994).

Agreement on Trade-Related aspects of Intellectual Property Rights, (WTO TRIPs Agreement, 1994).

WIPO Copyright Treaty (Geneva, 1996).

WIPO Performances and Phonograms Treaty (Geneva, 1996).

EU-Moldova Partnership and Cooperation Agreement, 1998.

Patent Law Treaty (2000).

Singapore Treaty on the Law of Trademarks (2006).

Agreement on Prevention of Intellectual Property Rights Infringements (Moscow, 1998).

Agreement on Cooperation for the Prevention and Repression of False Trademarks and Geographical Indications (Minsk, 1999).

Agreement on Mutual Securing of Interstates Secrets in the field of the Legal Protection of Inventions (Minsk, 1999).

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The Constitution of the Republic of Moldova, Article 33, 29 July 1994.

Tax Code of the Republic of Moldova, No.1163-XIII, 24 April 1997.

Customs Code of the Republic of Moldova, No. 1149-XIV of 20 July 2000.

Criminal Code of the Republic of Moldova, No. 985-XV, 18 April 2002, as amended.

Civil Code of the Republic of Moldova, No.1107-XV, 6 June 2002.

Code of Criminal procedure of the Republic of Moldova, No. 122-XV, 14 March 2003.

Code of Civil Procedure of the Republic of Moldova, No. 225 –XV, 30 May 2003.

Code on Science and Innovations approved by Law No. 259-XV of 15 July 2004.

Television and Radio Code of the Republic of Moldova, No. 260 – XVI, 27 July 2006.

Contravention Code of the Republic of Moldova, No.218 – XVI, 24 October 2008.

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Law on State Duties, No.1216-XII, 3 December 1992.

Law on Commercial Secrets, No. 171-XIII of 6 July 1994, as amended.

Law on Libraries, No. 286-XIII, 16 November 1994.

Law on the Copyright and Related Rights, No.293-XIII, 23 November 1994.

Law on Education, No. 547, 21 July 1995.

Law on Customs Tariffs, No. 1380-XIII, 20 November 1997.

Law on Protection of Topographies of Integrated Circuits, No. 655-XIV, 29 October 1999.

Law on External Trade Activities, No. 1031-XIV, 8 June 2000.

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Law on Architectural Activities, No. 1350-XIV, 2 November 2000.

Law on Rationalisation Activities, No. 138-XV, 10 May 2001.

Law on Moldova's accession to the World Trade Organisation No. 218-XV of 1 June 2001.

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Law on the distribution of copies of works and phonograms, No. 1459-XV, 14 November 2002.

Law on Investments into Entrepreneurial Activities, No. 81-XV, 18 March 2004.

Law on the acceptance of amendments to some international treaties administered by the World Organisation of Intellectual Property, No. 90- XVI, 20 April 2006.

Law on the ratification of the amendment and joining the Central European Free Trade Agreement (CEFTA) No.120-XVI of 4 May 2007.

Law on the Protection of Industrial Designs and Models No. 161 of 12 July 2007.

Law on the approval of the National Development Strategy for 2008–2011 No. 265-XVI of 21 December 2007.

Law on the Protection of Trademarks No. 38-XVI of 29 February 2008.

Law on the Protection of Plant Varieties No. 39-XVI of 29 February 2008.

Law on the Protection of Inventions No. 50-XVI of 7 March 2008.

Law on the Protection of Geographical Indications, Appellations of Origin and Traditional Specialities No. 66-XVI of 27 March 2008.

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Decree of the President of the Republic of Moldova No. 229 on the ratification of the Nairobi Treaty on the protection of the Olympic symbols (1981), of 30 December 1993.

Decree of the President of the Republic of Moldova of No. 229 on the ratification of the Hague Agreement on the international storage of industrial designs and models (1925), of 30 December 1993.

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Decision of Parliament No 1328 - XII on the ratification of the Convention for the establishment the World Organisation of Intellectual Property (1967), of 11 March 1993.

Decision of Parliament No 1624 - XII on the ratification of the Madrid Agreement on the international registration of trademarks (1891) of 26 October 1993.

Decision of Parliament No 510 - XIII on the ratification of the Rome Convention (1961), of 22 June 1995.

Decision of Parliament No 511- XIII on the ratification of the Berne Convention on the protection of literary and artistic works (1971), of 22 June 1995.

Decision of Parliament No 615 - XIII on the ratification of the Eurasian Patent Convention (1994), of 27 October 1995.

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Decision of Parliament No 1251 - XIII on the ratification of the Nice Agreement on the international classification of the goods and services aimed at registering trademarks (1957) of 10 July 1997.

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Decision of Parliament No 1452 - XIII on the ratification of the WIPO Performances and Phonograms Treaty (Geneva, 1996) and the WIPO Copyright Treaty (Geneva, 1996), of 28 January 1998.

Decision of Parliament No 206 - XIV on the ratification of Cooperation Agreement in the field of protection of copyright and related rights, of 25 November 1998.

Decision of Parliament No 796 - XIV on the ratification of the Convention for the protection of phonogram producers against non-authorised reproduction of phonograms (Geneva, 1971), of 10 February 2000.

Decision of the Parliament No. 160 – XVI on the approval of the Strategic Directions of Activities in the field of Science and Innovation for the years 2006 – 2010, 21 July 2005.

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Government Decision No. 1425 on the Method and Conditions for Issuing Permits to use Official and Historic Name of the State in Trade Marks or/and in Service Marks, 2 December 2003.

Government Decision No. 1609 on the approval of a Regulation on the Objects of Industrial Property Created in the Course of the Execution of Professional Duties, 31 December 2003.

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Regulation on the Registration of Licence Contracts relating to Industrial Property Objects in the Republic of Moldova, approved by the AGEPI Director General Order, No. 40 of 16 May 1997.

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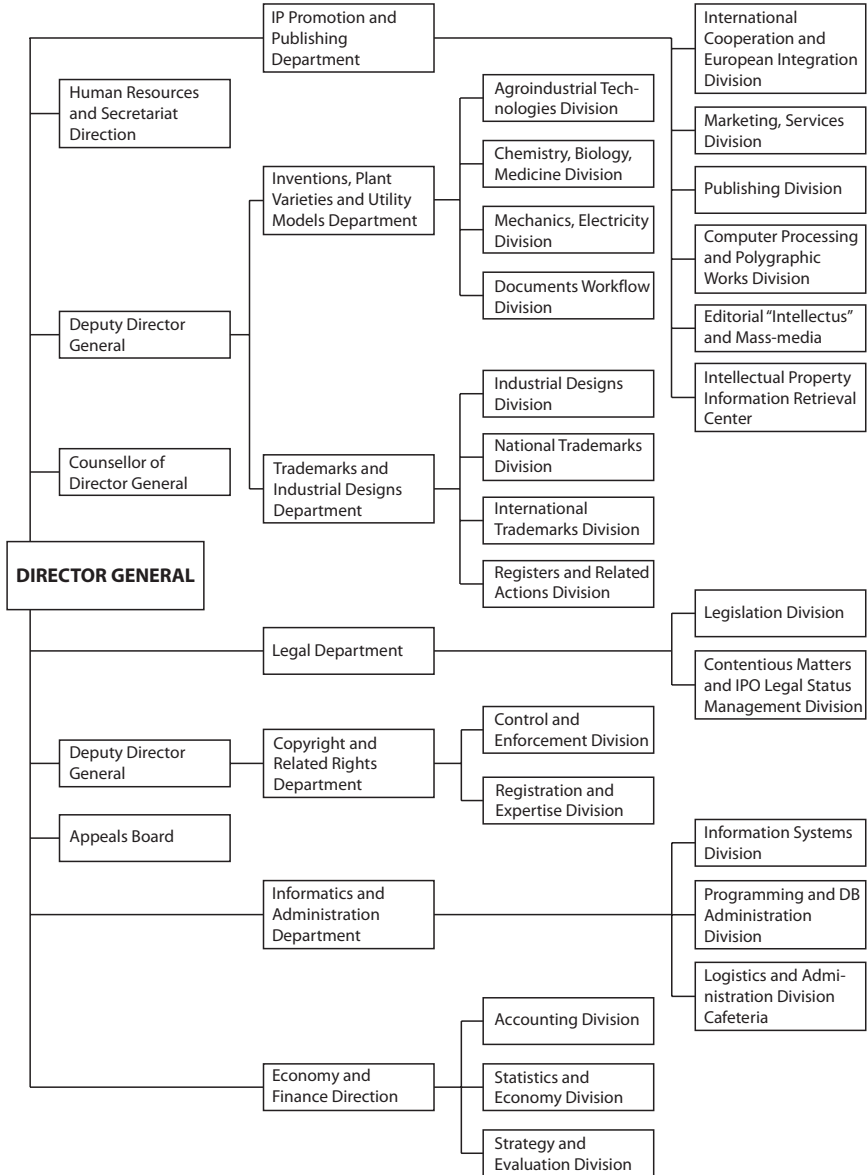
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ANNEX 3

■ Organigramme of AGEPI



Annex 4

■ CEFTA 2006 Agreement – Annex 7 conventions

1. Convention Establishing the World Intellectual Property Organisation (WIPO Convention 1967, as amended 1979).
2. Berne Convention for the Protection of Literary and Artistic Works of 1886 (Paris Act 1971).
3. WIPO Copyright Treaty (Geneva, 1996).
4. WIPO Performances and Phonograms Treaty (Geneva, 1996).
5. Madrid Agreement Concerning the International Registration of Marks (1891).
6. Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (1957).
7. Patent Cooperation Treaty (PCT, Washington, 1970).
8. Agreement on Trade Related Aspects of Intellectual Property Rights (WTO TRIPS Agreement).
9. Universal Copyright Convention (Geneva Text, 1952)³¹⁴.
10. Universal Copyright Convention (Paris Text 1971)³¹⁵.
11. International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (Rome Convention, 1961).
12. Convention for the Protection of Producers of Phonograms Against Unauthorised Duplication of their Phonograms (Phonogram Convention, Geneva 1971).
13. Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite (Satellite Convention, Brussels, 1974).
14. Paris Convention for the Protection of Industrial Property (1883).
15. Locarno Agreement Establishing an International Classification for Industrial Designs (1968).
16. Strasbourg Agreement Concerning the International Patent Classification (1971).

³¹⁴ Otherwise known as the UNESCO Universal Copyright Conventions. These are the only CEFTA 2006 Conventions not yet ratified by the Republic of Moldova which, in accordance with CEFTA 2006 must do so by 2014.

³¹⁵ Also part of the UNESCO Universal Copyright Conventions – see previous note.

17. Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks.
18. Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure (1977).
19. Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol, 1989).
20. Hague Agreement on the International Deposit of Industrial Designs, of November 6, 1925, as revised in the Hague on November 28, 1960 (the Hague Act, 1960), and amended in Stockholm, on July 14, 1967, with the amendments of September 28, 1979 (Stockholm Complementary Act, 1967).
21. Geneva Act of the Hague Agreement on the International Registration of Industrial Designs, as adopted in Geneva on July 2, 1999.
22. Patent Law Treaty (PLT).
23. Trademark Law Treaty (TLT).
24. Nairobi Treaty on the Protection of the Olympic Symbol Party.
25. International Convention for the Protection of New Varieties of Plants (UPOV).

ANNEX 5

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