



QUESTION 37

Incidence on industrial property rights of national or international provisions guaranteeing free competition

Yearbook 1960, New Series No. 10, 2nd Part, 63rd Year, page 21
24th Congress of London, May 30 - June 4, 1960

Q37

QUESTION Q37

Incidence on the rights of industrial property of the national or international provisions guaranteeing free competition

Resolution

The Congress,

considering that industrial property rights are instituted and protected to encourage inventors and to promote technical and economic progress,

firmly the principle that national or international rules guaranteeing freedom of competition should in no way, directly or indirectly, affect either the existence of industrial property rights or the exercise, within legal limits, of such rights,

recommends to the Executive Committee that it follow the development of this question and take such measures as will prove necessary.

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QUESTION 37

Incidence on industrial property rights of national or international provisions guaranteeing free competition

Yearbook 1963, New Series No. 13, 1st Part, 66th Year, page 85
25th Congress of Berlin, June 3 - 8, 1963

Q37

Question Q37

Incidence on the rights of industrial property of the national or international provisions guaranteeing free competition

Resolution

The Congress adopts the following resolution:

I. The normal exercise of industrial property rights is legitimate and must not be hampered by regulations designed to ensure freedom of competition.

In fact, the Congress expresses its conviction that the protection of industrial property an essential means of furthering progress, since the exclusive right of industrial property stimulates research and encourages the investment of capital that is needed for technical development.

II. Regulations to ensure freedom of competition may only affect:

- clauses not related to the exercise of industrial property rights and not justified by the exercise of such rights, in particular by the guarantee required of the licensee,

- or clauses based on manifest abuse.

Any restrictions in a contract concerning the working of a licence do not in fact constitute a limitation of competition, for example

- in a case where such restrictions relate to activities which the licensee could not have undertaken without a licence,

- in a case where these restrictions forbid the licensee to carry on activities which he would not have had the right to undertake consistently with the contractual implications of the licence.

The Congress decides to keep the question on the IAPIP's agenda so as to watch progress and express a view when circumstances may bring cases to its notice.

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QUESTION 37

Incidence on industrial property rights of national or international provisions guaranteeing free competition

Yearbook 1964/II, 67th Year, page 124
Executive Committee of Salzburg, September 14 - 18, 1964

Q37

Question Q37

Incidence on the rights of industrial property of the national or international provisions guaranteeing free competition

Resolution

The Executive Committee, in compliance with the decision of the Berlin Congress, states:

- that in their reports submitted to the Meeting of Salzburg the groups are unanimous in expressing their satisfaction with the resolution adopted by the Berlin Congress:
- that it is convinced that the Berlin Resolution expresses the basic rules which should be applied in case of any interaction between the rights of industrial property and any measure which might be taken in order to protect the right to free competition;

declares with respect to the Berlin resolution in addition:

- that generally the system of industrial property law and practice contains within itself adequate measures for protection against misuse of industrial property rights within their framework and, therefore, provisions in the interest of free competition should not limit the rights which have been - or according to usual standards should be - provided under the industrial property system;
- that, consequently, if in the interest of free competition legislation is promulgated to prevent the misuse of industrial property rights outside their legal framework the nature of any measure and the actual impairment of the right to free competition should be clearly and specifically set forth in such legislation and such measure should not restrict the use of industrial property rights more than this impairment requires;

The Executive Committee reaffirms the direction given to the Committee for the International Co-ordination of Intellectual Property Rights to watch progress and to include this subject in its report.

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QUESTION 37

Incidence on industrial property rights of national or international provisions guaranteeing free competition

Yearbook 1966/II a, 69th Year, page 45
26th Congress of Tokyo, April 11 - 16, 1966

Q37

Question Q37

Incidence on the rights of industrial property of the national or international provisions guaranteeing free competition

Resolution

The Congress,

with reference to the Berlin resolution, declares:

- that generally the system of industrial property law and practice contains within itself adequate measures for protection against misuse of industrial property rights within their framework and, therefore, provisions in the interest of free competition should not limit the rights which have been - or according to usual standards should be - provided under the industrial property system;

- that, consequently, if in the interest of free competition legislation is promulgated to prevent the misuse of industrial property rights outside their legal framework, the nature of any measure and the actual impairment of the right to free competition should be clearly and specifically set forth in such legislation and such measure should not restrict the use of industrial property rights more than this impairment requires.

The Congress furthermore decides to keep this question on the agenda in order that developments in this field may be followed.

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QUESTION 37

Incidence on industrial property rights of national or international provisions guaranteeing free competition

Yearbook 1975/III, page 134
29th Congress of San Francisco, May 3 - 10, 1975

Q37

Question Q37

Incidence on Industrial Property Rights of the National or International Provisions Guaranteeing Free Competition

Resolution

Whereas the proper protection of industrial property rights is indispensable for the development of science, economic prosperity and the promotion of competition, and

whereas active steps should be taken by IAPIP to ensure the maintenance and defence of industrial property rights,

the IAPIP

adopts the following resolution:

1. Industrial property rights and rules governing freedom of competition are not in conflict but on the contrary jointly serve economic progress and the public interest.
2. It is wrong to say that rules governing freedom of competition may impair, if not the existence, then at least the exercise, of industrial property rights, for limiting or prohibiting the exercise of industrial property rights drains from them their entire substance, which is thus destroyed.
3. Rules governing freedom of competition should not impair the exercise of industrial property rights, if that exercise remains within the normal framework of the object and the ends of these rights.

The IAPIP,

implementing the resolution requesting active steps to be taken to ensure the maintenance and defence of industrial property rights,

charges the Bureau with the task of taking the necessary measures for the recognition of the IAPIP as an institution, under Article 37 of the Protocol of the Statute of the Court of

Justice of the EEC, having "an interest in the result of any case" involving the protection of industrial property, so that the IAPIP may have the possibility of arranging for the submission of its views to the Court, as *amicus curiae*.

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QUESTION 37

Incidence on industrial property rights of national or international provisions guaranteeing free competition

Yearbook 1977/I, pages 136 - 138
Executive Committee and Council of Presidents of Montreux,
September 26 - October 2, 1976

Q37

Question Q37

Incidence of Industrial Property Rights on the National or International Provisions Guaranteeing Free Competition

Resolution

Whereas the adequate protection of industrial property rights, compatible with the rules relating to competition, is indispensable to assure economic and technical progress and protection of the public interest,

having considered the report of its Committee,

the IAPIP

1. *adopts* the guidelines proposed in the Report;
2. *decides* to continue the general study of Question 37, and in particular provisions in license agreements concerning industrial property rights;
3. *decides* to engage in a study of definitions of the specific objects of the different industrial property rights in regard to rules relating to competition.

II. General Statement

Study of the present question has led the Committee to the conclusion that it is necessary to define the specific objects of the different industrial property rights, more particularly the essential characteristics of these rights in regard to rules relating to competition.

The rules relating to competition should not interfere with the exercise of industrial property rights when their exercise is in accordance with the specific objects of the law of industrial property.

With respect to the Common Market, this principle flows from Article 36 of the Treaty of Rome, and it should receive its full and entire application without being diminished, neither by reason of the principle of free circulation of products nor by reason of Article 85 and 86 of the Treaty of Rome.

Consequently, the Committee believes that the study of the definition of these objects should be continued in cooperation with the studies of other Committees of the IAPIP concerned with defining these objects, notably the Committees dealing with Question 67 (Revision of the Paris Convention) and 68 (Economic Significance, Functions and Purposes of the Trademark).

III. Guidelines Concerning License Agreements

The Committee has examined some typical provisions of license agreements.

The following are among those which should not be objectionable under the rules relating to competition:

A. Patents

1. A restriction of the license to the production of the patented product while excluding the sale or the distribution thereof by the licensee.
2. A restriction of the license in respect of the field of application of the patented invention.
3. Grant of an exclusive license which prohibits the patentee from licensing a third party. The patentee may also agree not to work the patent himself.
4. A prohibition against export of a patented product from the territory covered by the patent to another territory based on the fact that the patentee owns in the other territory a patent that would be infringed. But exception is made to this principle of territoriality inside the Common Market where a product is put on the market under a patent in a country which is a member of the Common Market, in view of the uniform character of this market in which the principle of exhaustion applies.

5. A tying clause requiring the licensee to obtain supplies from a given source, when justified for implementation of the license agreement.

6. A commitment to pay royalties in relation to a period after expiry of the patent if the license agreement includes additional subject matter, such as, for example, communication of know-how to the licensee. In this case, it should in the license agreement be made clear what compensation is payable for the additional subject matter, such as know-how.

7. A requirement that the licensee grant to the patentee a nonexclusive license on the inventions or improvements made by the licensee in connection with use of the licensed patent.

8. A prohibition against granting sublicenses.

B. Know-how

1. Restrictions designed to maintain the confidential character of know-how covered by license agreement. Such restrictions should be valid both for the duration of the agreement and after termination of the agreement.

2. A tying clause requiring the licensee to obtain supplies from a given source, where justified for implementation of the license agreement.

3. A requirement that the licensee disclose and grant to the licensor a nonexclusive license for developments or improvements made by the licensee in connection with the licensed know-how.

Where a license agreement covers both a patent and know-how relating thereto, the guidelines in respect of patent license agreements shall still apply to the patent provisions of the agreement.

C. Trademarks

1. Grant of an exclusive license which prohibits the licensor from licensing a third party to use the mark. The licensor may also agree not to use the mark himself.

2. A restriction on the duration of the license.

3. A restriction on the products to be distributed in association with the trademark.

4. A tying clause requiring the licensee to obtain supplies from a given source, where justified, for implementation of the license agreement, and especially to protect the trademark or to assure quality.

5. A prohibition against granting sublicenses.

With regard to the license agreement, appropriate steps should be taken to prevent deception of the public.

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QUESTION 37

Incidence on industrial property rights of national or international provisions guaranteeing free competition

Yearbook 1978/II, page 145
30th Congress of Munich, May 15 - 19, 1978

Q37

Question Q37

Incidence on Industrial Property Rights of the National or International Provisions Guaranteeing Free Competition

Resolution

The IAPIP

decides to continue with the study of Question 37 in accordance with the resolution adopted by its Executive Committee at Montreux;

and in particular,

charges the Working Committee with the task of formulating the observations of the IAPIP on the Draft Regulations proposed by the Commission of the European Communities on the application of Article 85, Paragraph 3, of the Rome Treaty concerning certain categories of patent licensing agreements.

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