

# **Direct implementation of international treaties and the European Law in the intellectual property practice in Estonia**

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Prior to going to the point, let me to express my sincere appreciation to the authorities of our neighbouring country Latvia and to the organisers of the present conference for the opportunity to attend this event and to have the floor. I also address my sincere congratulations to my Latvian and Lithuanian colleagues and wish you successful professional activity in the family of fraternal independent member states of the European Union.

## **Introduction**

The points of contact between the national law and international one have acquired the essential importance in the legislative process and legal practice of any country. Particularly actual is the problem in the member states of the European Union having desisted from having the full sovereignty in their national legal environment and as a result been obliged in their legislative activities as well as in the legal practice to implement the European law as obligatorily overriding the national legal instrumentarium. Although the respective Estonian practice as of a country being still a “rookie” in the European Union is not sufficiently weighty yet, we nevertheless have some experiences being in my understanding worthy to be discussed. Of course, it may have happened that Estonia has repeated the path already permeated by the older member states but nevertheless – one’s own experience is most teaching.

### **1. The international treaties and the problems of their implementation**

While studying the matter of intromission of the provisions of an international treaty in the national legislation, two rather opposite conceptions have been revealed. The apologists of superiority of the national legislation retain the position according to which an international treaty the country has become a member to, is just a juridical frame, an obligation for

introducing the necessary amendments in the national legislation and as far as the subject amendments have not been introduced, the respective treaty cannot be considered fully effective with regard to this country. The advocates of a more flexible approach, on the contrary, seem to be convinced that an international treaty officially accepted by a country shall be considered as an inseparable part of the judicial system of said country and the provisions of this treaty shall be directly applicable in this country without any amendments in the national law.

Both the above-reviewed standpoints have *pros* and *cons*. The requirement to introduce the necessary novels in the national law may essentially delay the validation of this treaty in the country, in the case of acceptance of the principle of direct application there may arise problems regarding these provisions of the treaty which are too general and do not have the level of concreteness necessary for an applicable legal provision. Also, it may be taken that direct application of an international treaty in the legal environment of a country requires more flexibility and higher qualification of the national jurisprudence.

Let us move on to the matters of Estonia now. The scientific dispute between the two above-reviewed positions began in Estonia in the middle of nineties of the last millennium. The polemic was rather ardent for the fully understandable reasons - only a couple of years ago the country restored its independence, the legal system was still in the process of creation, the legal framework appointed by the Constitution was only partially filled in with the concrete content. Therefore, the subject dispute was of principal significance regarding the further development of the Estonian law.

As a result of these discussions, the opinion in favour of direct implementation prevailed. Since the end of the discussions our legal practice has proceeded on the presumption that if Estonia accepts an international treaty, the provisions of this treaty will be directly applicable in the national legal practice, of course provided that the respective provisions are on the level of an applicable legal provision.

In the field of intellectual property, so far the most attractive international treaty from the standpoint of direct implementation has been the Paris Convention for the Protection of the Industrial Property, preferentially its Article 4*bis* declaring independence of the patents

obtained for one and the same invention in different countries and Article 6*quinquies* defining the rather arguable principle of *telle quelle* in the legal practice. Our practice evidences that Article 4*bis* is a favourite counterargument of patent examining authorities in the cases when the applicant tries to substantiate patentability of his invention with a reference to the patent he has obtained for the same invention in other countries, the principle of *telle quelle* is usually used as a counterbalance during the examination prosecution or by solving the further possible oppositions when one of the parties takes that the trademark cannot be registered as being in contradiction with the absolute grounds of refusal established by our national trademark legislation.

It has to be mentioned that our practice of direct implementation has not at all been smooth. The experience in the field of industrial property protection evidences also the attempts of the persons involved trying to extend the subject principles far beyond an international treaty itself, for instance to the interpretations, comments, etc made by the international body administering the treaty.

As an example in this respect the situation can be mentioned when the respective amendments were introduced in the Patent Cooperation Treaty in 2002 establishing a single 31-month period for entering the National Phase in the member states along with the annulment of obligation of the second stage of the international phase (International Preliminary Examination). Estonia being rather a compliant member to the Treaty, quickly brought this new term to effect but did not establish any transitional rules regarding those PCT applications not brought into the second stage of the international phase prior to the amendments in the Patent Cooperation Treaty but meeting the 31-month term after the enforcement of the respective amendments in the Estonian Patent Act.

Prior to the amendments in the Estonia legislation, the way for the National Phase of the above-characterized PCT applications was closed in our country. But whereas the new term of 31 months was enacted as a *carte blanche* without any transitional rules, a legal collision for the practice had been born.

One party of the collision held the position that a new term not accompanied with any restrictions (transitional rules) should be implementable for all the PCT applications whose

priority date met the 31-month rule irrespective of their prosecution stage in the International Phase. The counterpart, with reference to the respective interpretation of WIPO, insisted that the subject interpretation should be directly applicable and therefore the respective PCT applications should be considered “dead” for Estonia. The first party, in its turn, defended their argument with the reference to our Constitution providing that only the laws published in our official language are applicable and this constitutional prescription had not been met in the present case. Fortunately, the number of such dubious applications was rather small and an amicable solution was found.

The above-characterized collision should expressively evidence that the problems of direct implementation of international treaties have not yet been solved unambiguously, therefore to bring the legal practice in this field in order, the further legal analysis of the problem is urgently needed.

## **2. The European Union and the supranational law**

If a country not being a member to the European Union joins an international treaty, the joining party has beforehand the full information on the consequences of said accession, the consequences to the national legislation included. In general the acceding party accepts the provisions of the treaty but there are not excluded also the possibilities to conclude some special agreements regarding the validity of some provisions of the treaty with regard to the acceding country. In other words, this kind of accession does not affect sovereignty of the joining party whereas any *post factum* change introduced in the treaty is not binding for the country without their acceptance.

In our understanding the legal position of the member states of the European Union is completely different. Being a member of the European Union and hereby having surrendered a part of their sovereignty to the central bodies of the Union, a member state cannot prevent the possibility where *acquis communautaire* as the supranational European law may further be supplemented with some or many legal prescriptions obligatory for all the member states but not meeting the interests of this member state in the best way. Particularly it may affect the small and “young” member states whose absolute representation among the

decisionmakers of the Union is rather indiscernible and what is also rather important - their experience to effectively proceed in the corridors of power of the Union is still quite poor.

Discussing the problems of direct application of the European Law in the legal practice of the member states, a part of this Law namely treaties can be waived immediately - the Single European Act (1987), the Maastricht Treaty (1992) and the Treaty of Amsterdam (1997) as the pillars of the European Law are just the legal basis for the secondary legislation of the Union - Directives and Regulations. As to these sources of law, then the Directives are obligatory for the member states with a certain time lag, being on the essence the proposals *de lege ferenda* to be introduced in the national law within a certain prescribed period of time, at the same time the Regulations are obligatorily directly applicable in all the member states. Even more, it is prohibited to include the provisions of the Regulations in the national legislative acts. This means that regarding the legal practice, the Regulations directly either amend or complement the national law.

## **2.1 The European law in the sphere of industrial property**

Nowadays all of us are witnessing rather an active offensive of the European law, the field of legal protection of industrial property included. The most noticeable achievements in the latter field are apparent in trademark and industrial design matters where the opportunity for obtaining of the so-called federal protection through filing of one single application is enforced. In order to be unbiased, it has to be stressed that the central procedure for obtaining legal protection simultaneously in all the member states has turned out to be extremely popular and has been highly respected by the applicants as an effective tool of the market competition.

At the same time it has to be mentioned that the above-explained systems for central protection of trademarks and designs are based on the respective Directives of the Union and as far as the author of the present paper has been informed, the European Law does not include any Regulations for these kinds of industrial property yet. Thus, so far the European supranational law has refrained from intervening by the obligatorily directly applicable provisions in the national substantial laws for trademarks and designs of the member states.

Regarding the inventions, first of all the unitary patent of the European Union, the Union's offensive has been less productive although the respective Convention as the cornerstone for creating this protective document was adopted already in 1975. It seems most likely, that one of the prohibitory factors is the rather concurrent geographical area of already operative European Patent and of the planned patent of the Union but also the applicants' restricted playground in the event of a supranational patent.

But at the same time the European Law has already directly invaded the area of the national patent laws of the member states, fortunately by not altering the valid national laws but by introducing the obligatory legal regulation for the matter so far having been beyond the subject to patent law at all - the supplementary protection of medicinal and plant protection products. The Council Regulation (EEC) No 1768/92 of 18 June 1992 concerning the creation of a supplementary protection certificate for medicinal products<sup>1</sup> and the Regulation (EC) No 1610/96 of the European Parliament and of the Council of 23 July 1996 concerning the creation of a supplementary protection certificate for plant protection products<sup>2</sup> have started the era of direct implementation of the European Law in patent matters in the member states.

## **2.2. Supplementary protection of medicinal and plant protection products**

Taking into account the restricted volume of the present paper, it is not possible to deal sufficiently profoundly with all the economic and other objectives having forced the European Union to put into effect the above-mentioned Regulations. Shortly, the validity of a patent being practically everywhere 20 years turned out to be too short for transnational pharmaceutical and chemical companies and as a result of their active lobby, the European Law has chosen the way with the help of a legal manoeuvre to practically open a possibility for extending the term of a patent.

The subject regulations have constructed the legal opportunity for the patentees after receipt of a valid authorization to place the medicinal or plant protection product on the market to apply for and obtain, provided that the subject product is covered by a valid patent (the so-

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<sup>1</sup> Official Journal L 182, 02/07/1992 P.0001-0005

<sup>2</sup> Official Journal L 198, 08/08/1996 P0030-0035

called basic patent), the supplementary protection, the essence of which is the following - after expiry of validity of the basic patent, the patentee has an exclusive right within a certain term to commercialize the product covered by the basic patent. It should be of interest that albeit the legal regulation of supplementary protection is supranational, the real protection nevertheless is restricted by the frontiers of one or several member states because the validity of the basic patent is so far still national.

Now to the Estonian developments in this matter. The possibility to apply for the supplementary protection was opened as of January 1, 2000 when the respective amendments introduced in our Patent Act came into effect. As a basis for the national legislation, the referenced Regulations had been used but as Estonia was not a member of the European Union at that time, the national regulation turned out to be essentially different from the European Law. First of all, the term of protection was defined differently and the unified legal regulation for both kinds of products was provided. There were also divergences in methods of contesting the validity of the protection.

Estonia acceded to the European Union on 1 May 2004. The renewed versions of our Patent Act, Trademark Act and Utility Model Act took effect from the same date. The amendments of the Patent Act turned the previous Chapter of the supplementary protection upside down by way of throwing out all the national substantive regulations in this matter - the action having been in full accordance with the obligation to directly implement the Regulations as a part of the European Law. Now our Patent Act includes only the provisions providing the procedural rules for applying for the protection in Estonia.

Implementation of the Council Regulation (EEC) No 1768/92 of 18 June 1992 and the Regulation (EC) No 1610/96 of the European Parliament and of the Council of 23 July 1996 is our first experience on the cumbersome way of direct application of European Law in the area of industrial property. Although scant, the experience gained already encourages us to define some first conclusions for the further eventual discussion:

- i) direct application diminishes essentially the workload of the national legislator but concurrently requires serious exertions for coupling of the national legislation with the

European Law. Should there remain any legal gaps, serious problems in the legal practice would be the results;

ii) it is sometimes rather complicated to direct the specialists who are used to implementing only the national law to use simultaneously both the national law and the European Law;

iii) the quality of the translation of the European Law into the national language rather often gives occasions to expect a better one.

One more remark. Everything that is artificial on the earth is the creation of human beings, also the European Law. Whereas *errare humanum est*, then also the European Law may be subject to discrepancies when the provisions regulating the similar situations appear not to normally hook and as a result so causing ambiguousness in practice. Just one example: Article 15 of Council Regulation (EEC) No 1768/92 provides that the validity of supplementary protection of a medicinal product can be contested before the body responsible under the national law for the **renovation** of the corresponding basic patent. Article 15 of the Regulation (EC) No 1610/96 differs essentially - for contesting the validity of supplementary protection of a plant protection product, the contestant has to act before the body responsible under the national law for the **revocation** of the corresponding basic patent.

In the legal environment of Estonia the above illustrated means that the action for invalidation of medicinal product Certificate has to be brought before the Estonian Patent Office (an administrative body) but a plant protection product Certificate can be invalidated by the help of an action brought before the Civil Court. The subject bodies are compulsory whereas the respective Regulations are directly applicable.

The above reveals a sufficiently serious problem, namely: the supplementary protection of medicinal and plant protection products as a certain complex of exclusive rights is in essence undoubtedly industrial property. The Estonian national law provides that the invalidation of the exclusive right of industrial property is possible **only** through the respective court decision. Thus, as regards the medicinal products, the direct implementation of the Council

Regulation (EEC) No 1768/92 dictates that the respective invalidation action has to be addressed to the Patent Office and the validity of proprietary rights shall be decided by an administrative body, i.e. practically to decide lawfulness of an action of expropriation. Our firm belief is that if at all, this field of judicature shall be the exclusive competence of civil court.

In our understanding, rather a rueful dissention between the European and the national laws has been programmed whereby the priority of the European Law turns the legal practice of the member states to rather a dubious runway.

### **3. Instead of the synopsis**

The direct application of the European Law is rather a new matter and a serious challenge raising a number of new problems for the Estonian jurisprudence. Unfortunately, not all of these problems are caused only by novelty of the changing legal environment but also by the European Law itself sometimes giving the diverging provisions for handling the similar problems that, in its turn, causes a compulsory change of the legal practice in the member states not always turning in the most reasonable direction. But as a paper should be finished in a positive tuning, then let me express a sincere hope that the creative potential of new member states of the European Union, Estonia, Latvia and Lithuania included, will effectively support the collective legislative process of the Union in industrial property matters enabling to further raise the level of the European Law to the unprecedented heights and thus essentially contribute to achieving the demanding goal of the European Union – to become the region with the highest developed economy.