# Report: AIPPI Congress London 2019

Thanks to the support of the Belgian group of the AIPPI, I was able to attend the annual AIPPI World Congress taking place in London this year. Hereunder I provide a report of the congress, including a first section containing general remarks and a second section dedicated to two of the resolutions resorting from the study questions to which various members of the Belgian group contributed.

## 1. General remarks

Although the congress did not have any general theme or subject, I noticed that two topics did come up at several instances and had a noticeable impact on proceedings. The first topic was, to little surprise, Brexit. Being located in the hearth of political London, close to both the Houses of Parliament and the UK Supreme Court, one did not have to look far to notice that Brexit was still at the front and centre of the news in the UK. This was emphasised even more given that during the congress, the UK Supreme Court held a two-day hearing regarding the potentially unconstitutional dissolving of Parliament as done by Prime Minister Boris Johnson, leading to much press attention and protests only fifty meters away from the conference centre.

During the congress, the focus of the AIPPI's members was obviously more on the impact of Brexit on IP. Pundits agreed that the impact would be most profound on trademarks and design rights, due to the existence of unitary rights in the EU. However, at several times efforts were made to reassure the IP community that all necessary preparations have been made. This was done during the opening ceremony keynote by the former UK Minister responsible for IP, Jo Johnson (*n.b.* Boris' brother), and also during a dedicated panel session on IP and Brexit. All held that legal certainty and continuity shall be provided and the UK will remain a prime hub for the protection and exercise of IP rights. This view was also shared by the present in-house and external counsels during the panel. They all seemed to agree that preparation is required, but nevertheless felt confident that Brexit would not weaken the protection of (their) IP rights in the UK or the EU.

Obviously, some questions do still remain. For example: the impact of Brexit on the Unified Patent and UPC, whether UK trade mark attorneys and practitioners will still be able to represent their clients before the EUIPO and other administrations, *etc*. These questions and more will still require further discussions with the EU and also depend on whether a *hard* or *soft* Brexit will eventually be achieved.

Aside from Brexit, another topic which regularly came up during the congress, at least in my opinion, is China's changing role in the world of IP. China has traditionally been regarded mostly as a country at the origin of several IP infringements and as a source of counterfeit goods. This aspect is still true today, as demonstrated during a panel on counterfeit and border measures where statistics showed that more than 40% of counterfeit goods sold worldwide are still being produced in China, with an additional 40% originating from Hong Kong. However, China is at the same time continuously taking steps to improve its IP system, by updating its substantive law and modernising its court system. The latter can be seen both on the patent side, with an increasing reputation of China's patent courts, but also on *soft* IP, as demonstrated by the establishment of the Beijing Internet Court in 2018. The latter court, dealing with copyright and other infringements in an online context, in particular appears to be worthy of some closer attention. Its entire procedure is organised as an Internet Trial model. This means that all procedural steps, from filing a claim, submitting arguments and evidence and even hearings, take place online. Judicial Blockchain ensures the security of submitted documents and the average duration of a trial is only 40 days, resulting in more than 30.000 cases being handled during the first year of its existence. Something a former lawyer from a country where court digitalisation has not been without its problems and where judicial backlogs can run up to several years, can only dream of…

Whether the above steps are only creating a façade of compliancy or are indeed turning China into a new cornerstone in the IP landscape will have to be seen in the years to come. In any event, I am sure that the members Chinese group of the AIPPI will do anything to convince the IP community of the latter next year at the AIPPI World Congress in Guangzhou.

## 2. Study questions and resolutions

During the congress, I had the opportunity to participate to two of the plenary sessions on the study questions. This included the session on "*IP damages for acts other than sale*" and the one on "*Copyright in artificially-generated work*".

### 2.1. IP DAMAGES FOR ACTS OTHER THAN SALE

Two years ago, one of the study questions and resulting resolutions from the Sidney congress covered the subject "Quantification of monetary relief", focusing on the quantification of damages in the event of IP infringements when a sale has occurred. The main principles established there where that damages could be quantified either by multiplying the infringing mass with the relevant profit margin or to refer to royalties.

The goal of the study question for the London congress was to establish the principles that can be used to quantify damages caused by infringing acts other than sale (*e.g.* importing, warehousing, manufacturing, using and offering). In addition, the very peculiar issue of franking was addressed. This principle stemming from (in the words of the reporter-general) "*ancient common law caselaw*", means that there should be no further liability for infringing goods as soon as damages have been paid to the right holder, causing the infringing goods to freely circulate in the market. It would be a sort of 'forced exhaustion', not requiring the consent but merely the compensation of the right holder.

Based on the group reports, there was a clear consensus on several points regarding the award of damages in the event of infringing acts other than sale:

– Irrespective of whether an injunction can be obtained, damages should also in principle be available as a remedy for the right holder;
– A causal nexus is required between the infringement and loss;
– Potential sales are relevant in order to quantify non-sales loss;
– Double recovery of loss should be avoided;
– No policy of franking should be adopted.

A strong majority also considered that as a minimum, the right holder would be entitled to a reasonable royalty (which, depending on the circumstances, can be very low or even amount to a symbolic euro). If further loss can be proven, it should also be compensated.

Even though the national groups mostly agreed on the above points, the remainder and the exact wording of the resolution was the subject of intensive debates, including active participation by the Belgian group. The most heavily debated aspect was paragraph 6) of the resolution, concerning the criteria the court should take into account when assessing damages for non-sales infringements. These criteria complete the list provided in the Sidney resolution, by adding relevant factors for non-sales infringements.

In relation to products obtained from a patented process, one of the criteria of the second draft resolution debated during the plenary session was the following: "*potential sales to be made by the infringer of any products manufactured using the process*". The concern of several groups, most notably the UK and Japanese groups, was that this could lead to over-quantification of damages.

The leadership of the study committee provided the following example to clarify this: imagine a patented process X is used to produce sugar and that sugar is afterwards used to produce a cake. In this example, the potential sales of the cake should not be a relevant criterion for the quantification of damages of the right holder of the patented process X, as the price of the cake will be substantially higher than the value of using the patented process X. Therefore, the UK and Japanese groups proposed to add the following precision to the second bullet point of paragraph 6), b): "*as long as, in respect of the potential sales, the right holder proves a causal nexus between the infringement and the right holder's loss*".

Although the Belgian group agreed with the underlying intention of the proposed amendment, we argued that it could have negative consequences. By adding an explicit reference to the causal nexus in only one of the criteria, it could be read *a contrario* that the other criteria do not require any causal nexus to be established. This was clear shortly thereafter, when a similar amendment had to be proposed to paragraph 6), a) first bullet point in order to ensure consistency. Nevertheless, the amendment had sufficient support and was adopted.

### 2.2. Copyright in artificially-generated works

Finally, I attended the plenary session on copyright debating the draft resolution regarding artificially-generated works. Contrary the topic of damages described above, I did not participate to the preparation of the Belgian Group's report on this topic, nor did I attend the study committee meeting. However, I was able to learn from the other members of the Belgian Group, that this topic gave rise to quite some discussions.

The topic of artificially-generated works has gained in popularity the last few years, mainly due to the reason that artificial intelligence (AI) is becoming ever more advanced and capable of assisting or even replacing humans in several tasks. Significant investments are being made in the sector to continue this advancement, allowing AI to create elements that could potentially be considered as 'works' under relevant copyright provisions. Given that one of the main goals of copyright is to encourage the creation of works, the question is whether and under what conditions copyright, related rights and/or *sui generis* rights should be granted to such AI generated 'works'.

Based on the national reports, the general consensus (+85%) was that copyright protection can only be granted if there is sufficient human intervention in the creation of the 'works', although it remains unclear at what stage and to what extent the human intervention should occur. A similar majority agreed that the originality criterium should remain a condition in order to obtain exclusive rights under copyright and that the protection regime (scope of rights, term, *etc*.) should be identical to that of other works.

Furthermore, a limited majority (±55%) argued that related rights should be granted to AI generated works, but only a minority (±40%) was in favour of creating a new *sui generis* right for 'works' created without any human intervention (the goal of this right would be to reward *investments* rather than *creativity*).

During the plenary session the discussion points were limited. The UK group did propose to either change the wording or remove in their entirety the examples provided in paragraph 2) of the resolution, as they interpret current law and would make it more difficult to propose further resolutions on this topic in the future. This led to a rather unique situation in which both the proposal to change the wording of the examples, as well as the proposal to remove them resulted in a tie vote (!). Given that a tie vote means that a proposal is not accepted (and after a short technical break during which the UK group tried their best to lobby other groups, including members of the Belgian group), the original wording was maintained.

A final discussion point was regarding the last sentence of paragraph 5), about whether AI generated works not covered by existing protection regimes (under related rights or other) should be eligible for protection under copyright, related rights or other. The draft resolution debated during the plenary session stated that such AI generated works "*should not be eligible*" for exclusive rights under copyright or related rights. The UK group wanted to delete this sentence and leave this matter to national law. The Belgian, German and Dutch group shared the sentiment of the UK group, but instead proposed to amend the sentence in order to 'soften' the wording and avoid taking a clear position at this stage rather than removing it completely. That way, a position can still be taken in the future, but the current input from the national groups can be included in the resolution. In the end, the latter proposal was accepted (also by the UK group) which led to the final text of the resolution as it stands now.

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1) This Study Question concerns the question whether "plausibility" should be considered as a (further) patentability requirement, and if so, how to define its preconditions.

2) Plausibility, if considered as a patentability requirement, generally addresses the question whether there is sufficient evidence/disclosure that the purported technical effect of a claimed invention can be actually achieved, as opposed to mere "speculative" patent applications. In this respect the plausibility requirement can relate to various established disclosure requirements, including sufficiency, clarity, utility, industrial applicability and use of post-filing data, as well as traditional patentability requirements such as novelty and inventive step.

## Why AIPPI considers this an important area of study

3) There is currently no harmonized worldwide approach to plausibility. This causes legal uncertainty, increased complexity of global patent prosecution and hampers collaboration among the patent offices.

4) The issue of plausibility has a significant economic impact especially in the life science/pharma sector. It may create a disincentive to early filing of priority applications while the claimed technical effects are still under investigation or data collection (studies) is still ongoing.

## Relevant treaty provisions

5) There is currently no formal legislation addressing the plausibility requirement. The Agreement on Trade-Related Aspects of Intellectual Property Rights

(TRIPs), the Patent Cooperation Treaty (PCT) and the European Patent Convention (EPC) and the European Directive 98/44/EC on the legal protection of biotechnological inventions do not contain provisions governing plausibility. Article 29.1 TRIPs merely sets forth the general disclosure requirement stating that "*Members shall require that an applicant for a patent shall disclose the invention in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art* [...]."

6) The plausibility requirement is currently being developed by case law in some jurisdictions, see in more detail below.

## Scope of this Study Question

7) This Study Question examines whether "plausibility" should be considered as a (further) patentability requirement, and if so, how to define its preconditions. Given the (potentially) extremely broad and sweeping implications of this requirement, the scope of this Study Question shall be limited to the sub-issues of (1) the general credibility of the invention, (2) the general prohibition of speculative filings and (3) specific restrictions regarding "prophetic" examples.

8) The aim is to analyze whether the plausibility requirement should include some or all of the above-mentioned sub-issues, and if so, which would be the "best fit" for plausibility within the established patentability requirements.

9) In studying plausibility specifically, this Study Question does not aim to revisit the general sufficiency of disclosure requirement, the general utility requirement or the use of post-filing data in support of patentability.

## Previous work of AIPPI

10) The requirement of sufficiency of disclosure has repeatedly been addressed by AIPPI, which led to the adoption of several Resolutions on this topic.

11) In the Resolution on Q69 – "Sufficient description of the invention" (Munich, 1978), AIPPI resolved, "*The description shall disclose the invention in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art. The person skilled in the art is skilled in the art corresponding to the technology with which the invention is concerned*."

Also, "*the description must be clear and complete*", which means that it "*shall supply all which is necessary, not only to understand the invention, but also to*

*carry it out or implement it.*" In order to be complete, "*it should not include any obscurity or ambiguity.*"

However, "*difficulty in carrying out the invention may not be confused with obscurity, and the capacity of the person skilled in the art must correspond to the nature and the degree of the invention*."

Furthermore, the person skilled in the art must be enabled to carry it out, which means that the description "*discloses the constituent elements of the invention and the instructions adequate to enable a person skilled in the art to put the invention into effect by the application of his skill and knowledge*." Additionally, it states "*that an invention cannot be considered as inadequately described on the sole ground that it is difficult or imperfect.*" This was also emphasized in the Resolution on "Added Matter: the standard for determining adequate support for amendments" (Milan, 2016).

12) In addition to confirming the core statement of the Resolution on Q69, the Resolution on Q142 "Breadth of claims, support by disclosure and scope of protection of patents" (Rio de Janeiro, 1998) particularly states that "the *criteria [for the drafting of claims and disclosure] are applicable to all inventions, regardless of the technical field involved and whether the invention can be said to be of 'pioneer' status*."

13) Moreover, the Resolution on Q213 "The person skilled in the art in the context of the inventive step requirement in patent law" (Paris, 2010) defines the person skilled in the art as having "*at least the following characteristics:*

- *This person possesses common general knowledge as well as knowledge in the field (or fields) to which the invention relates that the average person in that field (or fields) would be expected to have or which would be readily available to that average person through routine searches;*
- *This person possesses the skills that are expected from the average person in the field (or fields) to which the invention relates;*
- *This person is able to perform routine experimentation and research and can be expected to obtain predictable solutions as compared to the prior art.*"

14) The Resolution on Q82 "Patent protection for biotechnological inventions" (Rio de Janeiro, 1985) and the Resolution on Q150 "Patentability requirements and scope of protection of expressed sequence tags (ESTs), Single Nucleotide Polymorphisms (SNPs) and Entire Genomes" (Sorrento, 2000) recommend that the criteria for sufficiency of disclosure should also apply for biotechnological inventions. A deposit of a living organism or other biological material is not required; however, it should always be considered as completing the requirement of sufficient disclosure particularly in relation to repeatability of the invention.

15) In the Resolution on Q180 "Content and relevance of industrial applicability and/or utility as requirements for patentability" (Geneva, 2004), AIPPI notes the necessity for "*a harmonized patentability criterion ['practical applicability'] in addition to novelty and inventive step and in replacement of industrial applicability and utility*", which "*should not be construed to introduce new patentability requirements which do not exist under the concepts of industrial applicability or utility*." Therefore, the Resolution on Q180 addressed a similar question as this Study Question, however, without overlap to its specific scope.

16) The AIPPI 2017 Position Paper "AIPPI's Resolutions Relating to Sufficiency of Disclosure" summarizes the above-mentioned Resolutions.

17) At the Sydney Congress in 2017, AIPPI held a panel session titled "Sufficiently plausible" that highlighted the global emergence of plausibility as a requirement and analyzed significant differences in the approaches taken in the USA, Canada, Europe and China.

18) Lastly, thematically related to this topic, AIPPI published a position paper titled "Recommendations on the use of post-filing data in support of inventive step" in 2017 and passed the Resolution on "Use of post-filing data in support of inventive step/non-obviousness" at the Cancun Congress in 2018.

Supporting the use of post-filing data in support of inventive step/non-obviousness, the 2018 Cancun Resolution states that "*in pre-grant proceedings before a national or regional patent office, patent applicants should be able to support inventive step/non-obviousness of claimed subject-matter by relying on Post-filing data showing at least one property or effect of the claimed invention, in particular in situations where the property or effect is already described in or is apparent from the patent application, either explicitly or implicitly*."

In addition, patent applicants should be able to further support a technical effect or property, in order to support inventive step/non-obviousness, by either referring in general terms to prior art or by specifically providing a comparison with the prior art.

Analogously, patent owners should also be able to rely on Post-filing data in post-grant proceedings such as post-grant oppositions or post-grant invalidity proceedings, either before a national or regional patent office or before a national or regional court.

However, it is important to note that the use of post-filing data is not within the scope of this Study Question.

**Discussion**

19) As regards the case law of the Boards of Appeal of the EPO, *e.g*. the first decision stating that an effect must be "credible" is *AgrEvo* of 12 September 1995 – T-939/92, which is still considered as the lead decision in this debate. The term "plausibility" was first introduced by the decision *Factor-9/John Hopkins* of 28 Juni 2005 – T-1329/04. Further decisions explained what needs to be made plausible, *e.g. Neutrokine/Human Genome Sciences* of 21 October 2009 – T-18/09, Arch Development Corp of 2 December 2010 – T-1642/07, and *Dasatinib/BMS* of 1st February 2017 – T-488/16.

20) In the decision *Factor-9/John Hopkins* of 28 Juni 2005 – T-1329/04, the problem to be solved by the claimed invention was to "*isolate[e] a further member of the TGF-Beta superfamily*". The subject matter of the claim was a specific member of the TGF-Beta superfamily called TGF-9. The original application did not disclose a functional characterization of TGF-9. At the priority date, there was no evidence available yet showing that the claimed compound is actually a growth differentiation factor, *i.e*. it was merely a "speculation" that this property is given. The Board therefore held that there was not enough evidence in the application to make "at least plausible" that a solution was found to the problem which was purportedly solved. It states:

> "*The definition of an invention as being a contribution to the art, i.e. as solving a technical problem and not merely putting forward one, requires that it is at least made plausible by the disclosure in the application that its teaching solves indeed the problem it purports to solve. Therefore, even if supplementary post-published evidence may in the proper circumstances also be taken into consideration, it may not serve as the sole basis to establish that the application solves indeed the problem it purports to solve.*"

21) It seems important to note that the Board rejected patentability of the claimed invention under the inventive step requirement (Article 56 EPC). One may derive from this decision that the facts in support of inventive step must be supported by evidence available at the priority date, while speculations or merely prophetic examples seem to be inadmissible in support of inventive step.

22) Some national European courts adopted variations of this plausibility requirement (*e.g*. House of Lords, *Conor Medsystems Inc. v. Angiotech Pharma, Inc*. – [2008] UKHL 49 –, and Patents Court of England and Wales, 16 November 2015, *Actavis Group PTC EHF & Anor v. Eli Lilly and Company* – [2015] EWHC 3294 (Pat) –, and the decision of the Court of Appeal of The Hague,

07 November 2017, *LEO Pharma v. Sandoz* – 200.195.459/01 –), while most other European national courts seem to be hesitant to introduce the requirement into national practice.

23) Under Canadian patent law, the utility of the claimed invention must be demonstrated or "soundly predicted". The patent as filed must have (1) an actual basis for prediction, and (2) an articulable and sound line of reasoning from which the desired result can be inferred from the factual basis.

24) It seems to be the broader rational of these doctrines to prevent excessive "land claiming" by patent applications on subject matter which have a high potential of commercial use, but which require further study to evaluate this potential. Recognizing and disclosing the potential use as such is not sufficient to support inventive step. The patent shall be rather awarded to the applicant actually providing the evidence that the contemplated use is indeed feasible.

25) On a more abstract level, this plausibility requirement therefore echoes a fundamental discussion in patent law, namely the question whether availability of patent protection aims to incentivize an early disclosure of technical achievements for the benefit of a dynamic development of the overall economy, or rather the disclosure of "completed" inventions (which may involve a mandatory disclosure of a "best mode").

26) In the history of patent law, this discussion appeared under various titles. Before the advent of the current plausibility discussion, this theme was, for example, vigorously discussed in the context of patentability of expressed sequence tags (ESTs). An EST is a short sub-sequence of a cDNA sequence. ESTs may be used to identify gene transcripts and to determine gene-sequences. Patent applications on ESTs typically did not disclose the gene-sequence (in particular not its function) the claimed EST relates to; the applicant rather "speculated" that the claimed EST happens to relate to an economically important gene-sequence, which would then fall in the scope of protection of the EST claim. These types of filings led to a controversial worldwide patentability debate. In Europe, this discussion was ultimately ended by Recital 23 of the Directive 98/44/EC on the legal protection of biotechnological inventions stating: "*Whereas a mere DNA sequence without indication of a function does not contain any technical information and is therefore not a patentable invention*." This recital is nowadays reflected by Rule 29 (3) EPC, stating: "*The industrial application of a sequence or a partial sequence of a gene must be disclosed in the patent application.*"

27) The ongoing plausibility discussion shows that there is still a lack of consensus as to this quite fundamental question. Therefore, it seems timely to

revisit this topic under the flag of "plausibility". In this context, one also should consider the strong incentive for an early disclosure provided by the first-to-file system, which penalizes a "diligent" applicant filing a perfectly "complete" invention if they are no longer the first applicant.

28) As mentioned above, the overall discussion within this Study Question shall be limited to three distinct sub-issues:

– The patent application describes a technical effect of the claimed invention which appears non-credible to a person having ordinary skill in the art (or even to an expert in the field). This may be, for example, because the described effect contradicts the common perception of in the relevant technical field and/or is a surprising effect;
– The patent application does not (expressly) disclose a technical effect or concrete use *e.g.* of a chemical substance; the potential technical effect or concrete use rather remains speculative ("speculative" patent application);
– The patent application merely contains "prophetic" examples (or embodiments) in support of the technical solution purported by the claimed invention, *e.g.* the description "predicts" that a specific experiment "will" prove a special property of the claimed compound.

*You are invited to submit a Report addressing the questions below. Please refer to the 'Protocol for the preparation of Reports'.*

## Questions

### I. Current law and practice

We have looked at the EPC case law, as the group is unaware of any Belgian case law explicitly addressing this issue.

*Please answer all questions in Part I on the basis of your Group's current law.*

1) Does your law in general provide a plausibility requirement?

Thus far, there has been no explicit recognition of a plausibility requirement under Belgian law. That being said, the Belgian courts tend to adhere to the guidelines and case law of the European Patent Office ("EPO") and of foreign courts in relation to matters of validity of European patents. Over time, plausibility may prove to be such a matter.

2) Is the plausibility requirement, if any, a stand-alone requirement or is it integrated into another requirement (*e.g.* inventive step)?

If a plausibility requirement would find its way into Belgian law, it will likely not be a stand-alone requirement (it is not one in the context of the European Patent Convention ["EPC"]) but rather a requirement or consideration that is integrated in other requirements.

3) Are there any statutory provisions that specifically apply to plausibility? If yes, please briefly explain.

No.

4) Please briefly describe the general patentability requirements in the statutory law of your jurisdiction that are or would be relevant to the issue of plausibility.

– *Novelty* (Art. 54 EPC; Art. XI.6 Economic Law Code ["ELC"]): it is constant case law in Belgium that a finding of lack of novelty requires that the asserted prior art is "compact". It is said that not only all features of the patent claim at issue should be disclosed (explicitly or implicitly) but the prior art should lead to the *same result* (*e.g.* Ghent, 4 February 2016, *ICIP* 2016, 610; Comm. Brussels, 28 April 2017, *ICIP* 2017, 483). Plausibility may be an issue with respect to that latter aspect ("same result");
– *Inventive step* (Art. 56 EPC; Art. XI.7 ELC): in the framework of an inventive step assessment, Belgian courts tend to apply the problem solution approach devised by the EPO (Brussels, 15 September 2015, 2014/AR/885, *Puratos/Dum Dum Doughnuts*, *unpublished*; Brussels, 20 September 2016, *IRDI* 2016, 313; Brussels, 20 February 2018, 2017/KR/54, *Icos/Teva*, *unpublished*). Within that approach, one step is to define the "*objective technical problem*" that is solved by the claimed invention. It is required (or should at least be made plausible) that the claimed invention solves the objective technical problem, and that it does so over the whole breadth of the claim. A technical problem can only be taken into account for assessing inventive step if it could be accepted as having been solved, *i.e.* if it would be credible that substantially all claimed compounds possess this characteristic (see *e.g.* T-939/92);
– In addition to both aforementioned points, when considering what forms *part of state of the art*, it is reminded that subject-matter described in a document can only be regarded as having been made available to the public, if the information given therein to the skilled person is sufficient to enable him, at the relevant date of the document to practise the technical teaching which is the subject of the document, taking into account also the general knowledge at that time in the field to be expected of him (*EPO Guidelines*, November 2018 Part G – Chapter VI-1 and Chapter IV-2). In T-1437/07, the Board emphasized that a disclosure in a prior art document is novelty-de-

stroying only if the teaching it contains is reproducible and that the requirements of sufficiency of disclosure are identical for a prior art document and a patent. In T-1859/08 the Technical Board found that while it may be true that the claimed effect is inherent once applying the claimed therapy, the decisive question to be answered by the board remains whether or not this effect was a "hidden" one or was accessible to the skilled person before the priority date of the patent in suit;

– *Sufficiency of disclosure* (Art. 83 EPC; Art. 57, §1.2 ELC): It is the responsibility of the patent applicant to ensure that he supplies, on filing his application, a sufficient disclosure, *i.e*. one that meets the requirements of Article 83 EPC in respect of the invention as claimed in all of the claims. A claimed invention that cannot be carried out by a person skilled in the art fails to satisfy this requirement (see *e.g*. T609/02, for the plausibility of 2nd medical use claims);
– *Other occurrences* of a plausibility objection are conceivable, such as within the context of the assessment of added matter, priority, industrial applicability, *etc*.

5) Under the case law or judicial or administrative practice in your jurisdiction, are there decisions or rules that specifically apply to plausibility? If yes, please briefly explain.

No, not expressly. There may be cases in which some plausibility test has played a role.

For instance, in *GSK/Sanofi*, 17 October 2007, the Brussels Court of First Instance revoked the Belgian branch of the patent because it was felt to protect mere ideas or concepts, whereas it should have been described more clearly and completely to achieve the described results:

> "*Les extraits de la description reproduits ci-dessus, en particulier, les points 0020 et 0024, montrent que la composition exacte du vaccin faisant l'objet du brevet est laissée en grande partie à l'appréciation de l'homme de l'art.* […] *À supposer qu'il s'agisse d'une invention nouvelle et qu'elle soit le fruit d'une activité inventive, encore faut-il qu'elle soit suffisamment aboutie pour être susceptible d'application et donc, qu'elle soit décrite de façon suffisamment claire et complète pour qu'un homme de métier puisse l'exécuter. Or ici, trop d'inconnues ont été laissées pour qu'un vaccin sûr et efficace rencontrant le phénomène d'interférence négative décrit puisse être développé. Comme l'expose très justement la partie demanderesse, il s'agit d'un brevet d'idée ou de concept. On observa d'ailleurs que Sanofi n'a pas, depuis 1997, développé de vaccin correspondant au brevet dont*

*elle est titulaire, ce qui démontre bien qu'il n'est pas, en l'état, susceptible d'application*."

Or in *AstraZeneca/Sandoz*, 20 December 2013, the Antwerp Court of Commerce revoked the Belgian branch of the patent at issue when the patentee tried to establish inventive step on the basis of post-published clinical trial results establishing improved tolerability, whereas the application focused on other matters:

"*Het komt de octrooiaanvrager niet toe om ongemotiveerde algemene en/of vage beschrijvingen naar voren te schuiven in het octrooi als 'onbewezen efficiëntie' of 'voordelen' die zowat alle later ontdekte effecten kunnen omvatten bij wijze van 'hindsight', zodat elk verrassend effect ontdekt in een later stadium eraan kan worden verbonden. Dergelijke houding zou een te belangrijk onevenwicht veroorzaken tussen de rechten van de octrooiaanvrager en de gemeenschap (die een monopolie toekent aan een idee waarvan de technische oplossing niet kon onderzocht worden door haar (belichaamd door de onderzoekers van het EOB) in het licht van het technisch probleem). Het moment van het aanreiken of identificeren van het 'objectief technisch probleem' wordt onderscheiden met het moment waarop het bewijs dient geleverd te worden dat de uitvinding 'werkt'. Dit laatste dient niet bewezen te worden (zijn) op het moment van octrooiaanvraag. De octrooiaanvrager heeft de mogelijkheid om het bewijs te leveren omtrent de effectiviteit van de uitvinding in de loop van de verleningsprocedure. Dit bewijs dient echter wel in verband te kunnen worden gebracht met het technisch problem zoals aangegeven (identificeerbaar) in het octrooischrift (op de prioriteitsdatum). De klinische resultaten kunnen dienen als bewijs van het objectief technisch problem als geïdentificeerd in het octrooischrift doch niet als bewijs van een objectief technisch problem dat niet is terug te vinden in het octrooischrift. Nog anders gezegd de klinische resultaten kunnen enkel dan een invloed hebben op de bepaling van het objectief technisch problem indien dit problem werd aangereikt*."

6) Please briefly describe the general patentability requirements under the case law or judicial or administrative practice of your jurisdiction that are or would be relevant to the issue of plausibility.

*Cf. supra* – the group's answer sub question 4.

*If there is no explicit or implied plausibility requirement in the law or under the judicial or administrative practice in your jurisdiction, please skip the below questions and proceed directly to question 15.*

In Belgian law, there is neither a clear application nor an established standard of any (explicit or implied) plausibility requirement. Therefore, first of all,

the group believes it is impossible to state for a fact that one (or more) application(s) of a plausibility requirement would *prime* over any other, as seems to be the query in questions 7-9 below. Secondly, as the Belgian group understands this point, it may be not so much directed to the question of qualitative primacy of any of the below-mentioned criteria over the other, but rather a question of how frequent certain criteria are applied. But, again, absent any specific case law on this point in Belgium (*cf. supra*), the group believes that it is impossible to state which criteria are applied more or less frequent. The below answers are based on the group members' experience before the patent offices, in particular the EPO. Thirdly, and irrespective of the above points, the group believes that the question whether an issue of plausibility presents itself will in the first place depend not on the primacy of any given legal requirement but rather on the wording of the patent by the applicant and the facts of the case.

7) Can the plausibility requirement be regarded primarily as a "credibility" requirement, *i.e.*, a requirement applying to patent applications that describe a technical effect that appears non-credible, *e.g.*, because the described effect contradicts the common perception of in the relevant technical field, and/or is a surprising effect?

Yes, this can also be seen to present a plausibility issue (taking into account the group's introductory caveats *supra*).

a) If yes, is the credibility determined from the perspective of a person having ordinary skill in the art, or from the perspective of an expert in the field?

A person having ordinary skill in the art (as most other assessments under EPC).

In that respect, the Belgian group points out that plausibility/credibility may be just a first step within the full validity assessment. If a claim is supported by/based on a certain technical effect which was *prima facie* credible to a skilled person, and said technical effect turns out afterwards to be incorrect or not present over the full scope of the claim, then the group believes that such claim will suffer from (and be rejected for) a lack of inventive step.

b) If the relevant perspective is the person having ordinary skill in the art, why is a "credible" technical effect not also obvious at the same time?

Again, the group believes this will depend on the facts of the case and the wording of the patent at issue.

One reason why a "credible" technical effect should not per se be obvious at the same time may be that the credibility (plausibility) of a claimed invention is assessed with full knowledge of, and taking into account the whole of, the

patent application at issue (taking it as a starting point for a credibility assessment of further claims), whereas for the assessment of obviousness (inventive step) of the patent application at issue, the test starts from the state of the art that is disclosed before the priority date of the patent application (in order to avoid hindsight bias).

The Belgian group reminds that in T-0950/13 the Technical Board of Appeal at the EPO explicitly stated that a technical teaching is not rendered implausible because it may not have been obvious in view of the prior art.

c) Do all the promises of the patent description have to seem achievable for the person skilled in the art?

A 'promise' in the description is nothing more than a technical effect which the claims (are alleged to) achieve. If the claim is novel and there is at least one non-obvious technical effect which seems achievable vis-à-vis the prior art, the claim is patentable (provided the other requirements for patentability are met). In this case it does not matter that other technical effects are mentioned in the description that are not achieved by the claims. Thus, not all promises need to seem achievable for the person skilled in the art, only the technical effects relied upon in support of non-obviousness vis-à-vis the prior art.

Note that the above applies *mutatis mutandis* to sufficiency in case the promise/technical effect is mentioned in the claim (see also *GL/EPO*, F-III, 12).

8) Can the plausibility requirement be regarded primarily as a prohibition of "speculative" patent applications which do not (expressly) disclose a technical effect or concrete use, *e.g.*, of a chemical substance (the potential technical effect or concrete use rather remains speculative)?

Yes, this can also be seen to present a plausibility issue (taking into account the group's introductory caveats *supra*).

a) If yes, which standard does apply to determine a speculative filing? Which requirements does the applicant have to meet in order to reach a non-speculative filing?

As confirmed in the EPO Guidelines, November 2018, Part G – Chapter I-1, 3: "*the EPC does not require explicitly or implicitly that an invention, to be patentable, must entail some technical progress or even any useful effect. Nevertheless, an advantageous effect, if any, with respect to the state of the art should be stated in the description (Rule 42(1)(c)), as any such effect is often important in determining inventive step*."

If the nature of the invention is such that it relies on a technical effect, which is neither self-evident nor predictable or based on a conclusive theoretical

concept, at least some technical evidence is required to show that a technical problem has indeed been solved.

The group believes indeed that, at least, there should be a disclosure of one concrete effect or use, derivable by a person skilled in the art from what is explicitly described in the application. In T0488/16 it was decided that if the nature of the invention is such that it relies on a technical effect, which is neither self-evident nor predictable or based on a conclusive theoretical concept, at least some technical evidence is required to show that a technical problem has indeed been solved. In the board's judgment, it is not acceptable to draw up a generic formula, which covers millions of compounds, vaguely indicate an "activity" and leave it to the imagination of the skilled reader or to future investigations to establish which compound inhibits which kinase and is therefore suitable to treat the respective diseases associated therewith. A simple verbal statement that compound X may be used to treat disease Y may not be enough to ensure sufficiency of disclosure in relation to a claim to a pharmaceutical. In T-609/02, for the plausible sufficiency of 2nd medical use claims, the Board found that it was "*required that the patent provides some information in the form of, for example, experimental tests, to the avail that the claimed compound has a direct effect on a metabolic mechanism specifically involved in the disease, this mechanism being either known from the prior art or demonstrated in the patent per se. Showing a pharmaceutical effect in vitro may be sufficient if for the skilled person this observed effect directly and unambiguously reflects such a therapeutic application (T-241/95, OJ EPO 2001, 103, point 4.1.2 of the reasons, see also T-158/96 of 28 October 1998, point 3.5.2 of the reasons) or, as decision T-158/96 also put it, if there is a 'clear and accepted established relationship' between the shown physiological activities and the disease (*loc. cit.*). Once this evidence is available from the patent application, then post-published (so-called) expert evidence (if any) may be taken into account, but only to back-up the findings in the patent application in relation to the use of the ingredient as a pharmaceutical, and not to establish sufficiency of disclosure on their own.*"

b) If a technical effect (which is not expressly described in the specification) is nonetheless plausible because the skilled person would understand that the technical effect was, at the priority date, implied or self-evident from the specification, why was the technical effect not obvious at the priority date?

*Cf. Supra* the Belgian group's answer sub 7.b.

9) Can the plausibility requirement be regarded primarily as specific prohibition against "prophetic" examples (or embodiments) in the specification in support

of the technical solution purported by the claimed invention, *e.g.*, the description merely "predicts" that a specific experiment "will" prove a special property of the claimed compound?

Yes, this can also be seen to present a plausibility issue (taking into account the group's introductory caveats *supra*).

a) If yes, which standard does apply to identify a prophetic example? Must the applicant submit test data *etc.* to support examples (unless self-evident)?

The group believes that this issue is probably most linked to an objection of lack of enablement (Art. 83 EPC; Art. 57, §1.2 ELC). What matters is that the patent application is sufficiently enabling, based on what it does disclose (irrespective of whether that is via data or otherwise), and the knowledge of the skilled person (and taking into account, as explained earlier, that for second medical use claims attaining the claimed therapeutic effect is a functional technical feature of the claim).

While a simple statement may generally not suffice (*cf. supra*, T609/02), it is not required per se to provide test data in order to support examples, in particular if there is no substantiated doubt about the effectiveness of the claimed invention. In T578/06 the Technical Board confirmed that the EPC requires no experimental proof for patentability and considered that the disclosure of experimental data or results in the application as filed and/or post-published evidence is not always required to establish that the claimed subject-matter solves the objective technical problem. This is in particular true in the absence of any formulated substantiated doubt. In T-1255/11 the Board decided that the (medical) effect had been made plausible by theoretical background explanations provided in the application as filed.

b) Do all examples (or embodiments) need to pass this plausibility test? What is the consequence if only some examples (or embodiments) do not pass the test?

The group does not think so. Pursuant to the EPO Guidelines, it is not required that all examples or embodiments are sufficiently disclosed (Art. 83 EPC). The EPO Guidelines (November 2018, Part F – Chapter III-4) give two examples of such partial (in)sufficiency:

– The fact that only variants of the invention, *e.g.* one of a number of embodiments of it, are not capable of being performed does not immediately give rise to the conclusion that the subject-matter of the invention as a whole is incapable of being performed. The parts of the description relating to those variants must then be deleted or marked background information that is not part of the invention. The specification must then be so worded that the remaining claims are supported by the description;

– In some particular cases (for example claims relating to a combination of ranges or Markush claims), the scope of the claim might encompass a large number of alternatives, some of which correspond to non-working embodiments. In such cases, the presence of non-working embodiments in the claim is of no harm, provided that the specification contains sufficient information on the relevant criteria to identify the working embodiments within the claimed alternatives (see *e.g.* T-930/94 or T-939/92).

10) Is it possible to make a clear distinction between the above-mentioned aspects (as set out in the questions 7-9 above) or do they merge into each another?

No, as the exact extent of a possible plausibility requirement is not clear at this stage. Neither is it established whether *all* above-mentioned aspect are relevant criteria, or whether they should be the *only* relevant criteria. Even though the discussion depends on the facts of the case, the Belgian group believes – if it is would be deemed useful to have a plausibility test (*cf. infra* section III) – that it is of primary importance that this is a clear and predictable test.

11) What is the relevant point in time for the plausibility test? What if for example the technical effect of an invention appears plausible at the priority date, but later proves to be wrong, or vice versa?

At the priority date of the patent at issue.

Even if supplementary post-published evidence may in the proper circumstances also be taken into consideration, it may not serve as the sole basis to establish that the application solves indeed the problem it purports to solve (T-1329/04).

12) Are there different plausibility tests for different types of claims (*e.g.* pure product/compound claims without a functional feature, product claims including a functional feature, second medical use claims, *etc.*)?

The Belgian group believes that the standards are the same. Of course, the impact of the standard may be different depending on the type and wording of the claim.

13) Who has the burden of proof for (lack of) plausibility (patentee/applicant or patent office/opponent)?

When challenging the validity of a patent application, the burden of proof as a rule lies with the (third) party raising the objection.

However, in the framework of sufficiency of disclosure objection (Art. 83 EPC; Art. 57, §1.2 ELC), the EPO Guidelines (November 2018, Part F – Chapter III-3) state that this principle does not apply where:

– The application as filed does not provide a single example or other technical information from which it is plausible that the claimed invention can be carried out;
– There are serious doubts as regards the possibility of performing the invention and repeating it as described.

Then, the burden of proof as regards this possibility, or at least a demonstration that success is credible, rests with the applicant or the proprietor of the patent.

14) Please comment on any additional issues concerning any aspect of plausibility that is being regulated by your Group's law/practice you consider relevant to this Study Question, having regard to the scope of this Study Question as set out above.

N/A.

## II. Policy considerations and proposals for improvements of your Group's current law

15) Are there aspects of your Group's current law relating to plausibility that could be improved? If YES, please explain.

The Belgian group believes – if it would be deemed useful to introduce a formal plausibility test in Belgian law (*cf. infra*, section III) – that it is important that this is a clear and predictable test which can be taken into account when filing and drafting patent applications.

16) Under your Group's current law, does the availability of patent protection aim to incentivize an early disclosure of technical achievements, or rather the disclosure of "completed" inventions (which may involve a mandatory disclosure of a "best mode")?

Our patent system is based on the first to file principle, be it of patents with genuine substance in order to justify the *quid pro quo* bargain with society – *i.e.* there must be a technical contribution justifying the legal monopoly that is granted in return for its disclosure.

17) Under your Group's current law, does the plausibility requirement, if any, interfere with the incentive for an early disclosure provided by the first-to-file system?

No.

## III. Proposals for harmonization

*Please consult with relevant in-house/industry members of your Group in responding to Part III.*

18) Do you consider that harmonization regarding plausibility is desirable?

Yes.

*If YES, please respond to the following questions without regard to your Group's current law.*

*Even if NO, please address the following questions to the extent your Group considers your Group's current law could be improved.*

19) Should there be a plausibility requirement?

There must be a way of countering patent filings/grants that do not have proper "support", be them called speculative, incredible, prophetic or otherwise. The group feels that applicants should not be rewarded for an invention they have not made nor sufficiently disclosed. A claimed invention should find *justifiable* technical support in the application. In the end, a lot will depend on the facts of the case and the wording of the patents at issue. This makes it difficult to suggest all-encompassing standards.

Also for that reason, the Belgian group does not see a need for a separate plausibility requirement. The Belgian group prefers to have checks and balances built in the legal requirements that are provided in the law, in particular inventive step and enabling disclosure. It may be that "plausibility" is an issue that can be dealt with by balanced rules on burden of proof.

In any event, the Belgian group would like to see that the same standard applies to the application at issue as well as to the prior art documents that are cited against it.

*If no, please briefly explain why and then please also answer the following questions assuming there is a plausibility requirement.*

20) Should plausibility be a "credibility" requirement that excludes patent applications describing a technical effect of the claimed invention which however looks "incredible", *e.g.* because the described effect contradicts the common perception of in the relevant technical field, and/or is a surprising effect?

No. Incredible inventions should be shown to work and be enabling like with all other patent applications. Nothing more. Incredible or surprise effects are even cited as indicia that the claimed invention is based on an inventive step.

a) If yes, which standard should apply to determine the credibility of the invention? Is the credibility determined from the perspective of a person having ordinary skills in the art, or from the perspective of an expert in the field?

The skilled person.

b) Should all the promises of the patent description have to seem achievable for the person skilled in the art?

No.

21) Should plausibility be a prohibition of "speculative" patent applications which do not (expressly) disclose a technical effect or concrete use *e.g.* of a chemical substance (the potential technical effect or concrete use rather remains speculative)?

Plausibility should not be a "prohibition" *per se* but sit within the legal requirements provided for within the law. Plausibility, as discussed supra, should not only be an issue of "speculative" applications, but encompass such applications indeed.

a) If yes, which standard should apply to determine a speculative filing? Which requirements should the applicant have to meet in order to reach a non-speculative filing?

They must have justifiable support in the application. *Cf. supra*.

b) What should be the consequence if a technical effect which is not expressly described in the specification is nonetheless plausible because the skilled person would understand that the technical effect was, at the priority date, implied or self-evident from the specification?

This can be an example of having justifiable support in the application.

22) Should plausibility be a specific prohibition to refer to "prophetic" examples (or embodiments) in the specification in support of the technical solution purported by the claimed invention, *e.g.* the description "predicts" that a specific experiment "will" prove a special property of the claimed compound?

Plausibility should not be a "prohibition" per se but sit within the legal requirements provided for within the law. Plausibility, as discussed *supra*, should not only be an issue of "prophetic" applications, but encompass such applications.

a) If yes, which standard should apply to identify a prophetic example?

They must have justifiable support in the application – *cf. supra*. To the Belgian group, this implies that there should be some technical effect disclosed in the application. The definition of an invention as being a contribution to the art, *i.e.* as solving a technical problem and not merely putting forward one, requires that it is at least made plausible by the disclosure in the application that its teaching solves indeed the problem it purports to solve (T-1329/04, *Johns Hopkins*).

b) Should all examples (or embodiments) need to pass this plausibility test? What should be the consequence if only some examples (or embodiments) do not pass the test?

There should be a justifiable link between the examples and the claim. Therefore, the plausibility test should be met for all examples that are relevant to the claimed subject-matter.

23) What should be the relevant point in time for the plausibility test? What if for example the technical effect of an invention appears plausible at the priority date, but later proves to be wrong, or *vice versa*?

The priority date.

Later evidence proving that the technical effect is wrong may be used to challenge the validity of the application (lack of sufficient disclosure/inventive step). The group is not convinced that the same should be allowed *vice versa*, *i.e.* if a technical effect that could not even be made plausible at the priority date, is found after the priority date to be present nonetheless.

24) Should there be different plausibility tests for different types of claims (*e.g.* pure product/compound claims without functional feature, product claims including functional feature, second medical use claims, *etc.*)?

Not per se, or even preferably not. It may be, in practice, that certain objections are raised more than others.

25) Who should have the burden of proof for (lack of) plausibility (patentee/applicant or patent office/opponent)?

The Belgian group could consider distributing the burdens of proof for raising a plausibility objection depending on what type of disclosure is in the patent:

– When the application does contain an elaborate disclosure, but still faces an objection of lack of "credibility" (Q20), the burden of proof is first on the one raising the objection. That party should substantiate why the claimed invention would not be credible despite the elaborate disclosure in the patent. Only if that objection succeeds, the burden shifts back to the patentee. If it does shift back, the patentee will have to prove that the patent is plausible and patentable in the sense that it sufficiently disclosed and inventive (*i.e.* that it reaches the claimed effects over the closest given prior art).
– Patent applications facing objections under Q21 (speculative) and Q22 (prophetic) seem to be different in that respect. In such hypotheses, the issue is that the application contains very little information about the (part of the) claimed subject-matter/the effect that is challenged as being implausible. A substantiated objection of plausibility may then consist of defining what part

of the subject-matter suffers in particular from the lack of supporting information in the application. Then, the burden may shift to the patentee to show that the claimed subject-matter/effect is nonetheless *justifiably* supported by the (little) information that is in the application. Examples thereof could be, for instance, in case a skilled person would have reached the claimed subject-matter/effect without undue burden and inventive effort based on what is disclosed in the application.

26) Please comment on any additional issues concerning any aspect of plausibility you consider relevant to this Study Question, having regard to the scope of this Study Question as set out above.

N/A

27) Please indicate which industry sector views provided by in-house counsel are included in your Group's answers to Part III.

| | |
|---|---|
| **Title :** | **Copyright in Artificially-Generated Works** |
| **Contributors :** | Julien Cabay*[(1)], Michaël De Vroey**[(2)], Sophie Lens** (Secretary), Anne-Namalie L'Hôte, Benoît Michaux** (President) and Annick Mottet. |

## I. Current law and practice

1) Does your current law/practice contain laws, rules, regulations or case law decisions specifically relating to Copyright and/or Related Rights in artificially-generated works? If YES, please describe.

No.

### A. Application of general Copyright criteria to artificially-generated works

*Authorship*

2) Does your current law/practice require that a work has to be created by an *identified author* (natural or legal person) to be protected by Copyright?

No. For a work to be protected, it must "simply" have been created by an "author" – who must be a natural person (see question 3) – without the need for this author to be identified or identifiable in the sense of his/her civil status. In practice, in some sectors it is quite common for a (co)author not to be identified or identifiable.

Although the Study Guidelines expressly specify that anonymous and/or pseudonymous works should not be taken into consideration (see p. 11, footnote 7), the group considers it important to stress that the possibility of having anonymous and/or pseudonymous works confirms, precisely, that it is not necessary for the author to be identified or identifiable for a work to be protected.

(1) Participated in the discussions.
(2) The persons designated by ** participated in the discussions and wrote this Report.

3) Does your current law/practice require that a work has to be created by a *human* to be protected by Copyright?

Yes. In this respect, reference can be made to the following provisions and principles:

- Article XI.170 of the Belgian Code of Economic Law (hereafter, "CEL") provides that "Copyright *shall belong as of origin to the natural person who has created the work*";
- The duration of Copyright protection is linked to the lifetime of the author, *i.e.* the natural person (Article XI.166 CEL: "*Copyright shall subsist for 70 years after the death of the author to the benefit of the person he/she has designated to such effect or, failing such person, to his/her heirs in accordance with Article XI.171*");
- In addition to economic rights, the author enjoys inalienable moral rights (Article XI.165, §2, CEL).
- The requirement that the original author of a work be a natural person is also reflected in the definition of the originality criterion: An original work is an "*intellectual creation of its author*" and must reflect his/her "*personality*" (CJEU, 16 July 2009, C-5/08, *Infopaq*; CJEU, 1 December 2011, C-145/10, *Painer*). According to the CJEU, this condition will be met if "*the author was able to express his/her creative abilities in the production of the work by making free and creative choices*" (CJEU, C-145/10, *Painer*, *op. cit.*, §89), *i.e.* by giving it his/her "*personal touch*" (§92).

4) Could one or more of the natural persons involved in the process of the Working Example be qualified as authors of the resulting work in your jurisdiction?

To answer this question, we assume that the work ("*resulting work*") is protectable by Copyright.

a. The authors of the program or code that defines the AI entities?

From the outset, we note that the mere fact that a person holds a Copyright in a computer program does not mean that he/she automatically holds any Copyright in the work obtained *via* the use of such a computer program. Indeed, to be considered as the owner of a Copyright in the work generated via the program, it is necessary to prove a decisive contribution to the work in question in its final state (below, "the final work").

Therefore, there is no reason to attribute Copyright ownership of the final work to a person who has only coded the program – that is, who

has written the program in a language that can be understood by the machine.

However, if this person establishes that, beyond the coding, he/she has configured the program in detail, including the specific objective to be achieved by the AI entity, it cannot be excluded *a priori* that he/she may claim the status of (co)author if he/she can demonstrate that his/her intervention contributed to the final original result.

b. A human who defines the particular goal or objective to be achieved by the AI entities?

We assume that the person referred to in this question is somehow the "architect" of the AI entity and so is the person who defined its specifications. As indicated in the previous point, it cannot be excluded *a priori* that he/she may claim the status of (co)author if he/she can establish that his/her intervention contributed to the final original result. In our view, this scenario would however require the person concerned to have drawn up such detailed specifications that the AI entity would, in practice, only have little room for maneuver with respect to the objective it was given and the means made available to it, and that the person's "personal touch" would thus be reflected in the final work.

c. A human who selects the data or the data selection criteria (inputs)?

We understand that this question refers to a person who is only involved in the step of selecting the elements that will "feed" the AI entity, but not in the step of defining the specifications and objective to be achieved by the AI entity.

By definition, any selection implies a choice and therefore, potentially, an intellectual work likely to be protected:

- If the choice reflects a "personal touch", the selection as such could be considered original and, therefore, the "selector" may enjoy the status of author of that selection;
- If the selection requires substantial investments in the obtaining, verification or presentation of the data constituting said selection, the data selected would form the content of a database. In the latter case, the "selector" could then benefit from *sui generis rights* on the database used to "feed" the AI entity (Article XI.306 CEL) (see also question 11).

The fact that the "selector" may possibly benefit from a Copyright in the selection of the data used to "feed" the AI entity does not necessarily imply

that he/she would also be considered as the (co)author of the final work generated by the AI entity. While the latter scenario cannot be excluded *a priori*, it requires, however, that it be established that the selection made upstream has made a decisive contribution to the originality of the final work.

Likewise, the mere fact that the "selector" made substantial investments in relation to the data used to "feed" the AI entity, and that, as a result he/she may own *sui generis* rights on the corresponding database, does not necessarily imply that he/she owns any Copyright in the final work generated by the AI entity via the use of the said data. The "selector" who made such investments would only have a Copyright in the final work if he/she demonstrated that he/she furthermore contributed in a decisive manner to the originality of the final work. In the same way, he/she would only be in a position to claim a *sui generis* right vis-à-vis the final work generated by the AI entity, if this final work reutilizes a "substantial" part (in qualitative terms) of the data collection used to "feed" the AI – which is *a priori* unlikely[3].

d. A human who selects a particular artificially-generated work from multiple works generated by the AI entities?

   We understand this question as referring to a person who merely selects a work among several works generated by an AI entity, without making any modification and/or improvement to the selected work. In such a case, this person will not be able to benefit from the status of (co)author if he/she has not in any way marked the final work of his/her personality. However, this person may make a selection of *several* works out of many generated by the AI whereby said selection, taken as a whole, reveals an original touch. In this case, the selection in itself can be considered as a work protected by Copyright and the person who made the selection can be considered as the author of this work.

e. Someone else?

   The above scenarios do not seem to take into account the person who, regardless of a choice among the works generated by the AI, would have modified/improved the work concerned after its generation by the AI. This person is likely to benefit from the status of (co)author as long as his/her intervention contributes to the originality of the final work. He/she may be compared to the "artistic producer", *i.e.* the person who, independently of the intervention consisting of fixing/recording the work

(3) It is even more unlikely that the final work will reutilize a substantial part in quantitative terms.

(see question 11), selects and arranges music pieces so that he/she may possibly benefit from Copyright.

*Originality*

5) If, in your jurisdiction, originality is a requirement for a work to be protected by Copyright, could an artificially-generated work qualify as an original work in your jurisdiction?

To date, taking into account the applicable regulations (see question 3), a work generated by AI can only be protected by Copyright if (i) a natural person has been involved in the creative process and (ii) his/her intervention contributes to the original character of the final work in the sense that the latter work reveals his/her personal touch. By contrast, if the final work has *exclusively* been generated by AI, *i.e*. without any human intervention during the creative process, it cannot currently be protected by Copyright since it would not be marked by anyone's personality (given the AI entity has no legal personality – see questions 8 and 9), *a fortiori* by the personality of a natural person.

However, if the final work results from the intervention of both an AI entity and a natural person whose personal touch is reflected in it, the said work could possibly qualify as an original work, despite the fact that it was partially generated by an AI entity.

*Supplementary criteria*

6) If there are supplementary or other requirements for a work to be protected by Copyright in your current law/practice, can an artificially-generated work in accordance with the Working Example fulfill them?

In Belgium, to be protected by Copyright, a "work"[(4)] must:

– Have a form of expression that is concrete (the mere idea at the basis of the work is not protectable as such);
– Have a form of expression that is precise and objective (which makes the work identifiable);
– Be original (*i.e*. an intellectual creation that reflects the personality of its author).

(4) To qualify as a (protectable) work in the legal sense of the term, the result in question must have a sufficient degree of stability (*e.g*. a taste is not protectable as such).

*A priori*, it is possible that a work generated by AI meets these various conditions (subject to the intervention of a human being to meet the originality criterion – see question 5).

*Original ownership*

7) Assuming that, under your current law/practice, an artificially-generated work is protectable by Copyright, who would be the "first owner" of the Copyright, *i.e.* the person defined by the law as the *original owner*?

   The original Copyright owner will necessarily be a natural person (see question 3) who contributed to the originality of the work generated by AI (see question 5).

8) Under your current law/practice, could an AI system or machine be qualified as a juridical entity capable of holding Copyright or Related Rights?

   No.

9) Does your current law/practice allow non-humans and/or non-juridical entities to hold Copyright?

   No: there is no right without legal personality.

*Term of protection*

10) Assuming that, under your current law/practice, an artificially-generated work is protectable by Copyright, what is the term of protection?

    The starting point of the term of Copyright protection is the date of creation of the work. Protection runs for the author's life and then for 70 years after his/her death (Article XI.166 CEL).

    Where a work is the result of a collaboration, the 70 year period begins with the death of the last surviving coauthor.

    In the case of anonymous or pseudonymous works (for which the author's identity is not known), the term of Copyright is 70 years from the date that the work is lawfully made accessible to the public or, if it has not been lawfully made accessible to the public, from the date of its creation.

    The publisher of an anonymous or pseudonymous work shall be deemed to be the author of the work regarding other parties, and shall therefore exercise the rights relating thereto as long as the "real" author does not identify him/herself.

## B. Application of Related Rights criteria to artificially-generated works

11) Could a work created with the process of the Working Example be protected by any type of Related Rights? If YES, please answer the following sub-questions:

Yes, possibly.

a. What type(s) of Related Rights would be applicable?

(i) *Sui generis database right*:

The *sui generis* database right can possibly protect both the result from the selection work carried out to "feed" the AI and the final result produced by the AI on the basis of the data from which it was fed:

- *Selection work carried out to "feed" the AI*: In addition to Copyright protection (see question 4.c), the result of the "selection" work – *i.e.* "*obtaining, verification or presentation*" of the content of the database – carried out prior to the creation process by the AI with a view, specifically, to "feeding" the AI, is likely to be protected by the *sui generis* database right if this "selection" work attests a qualitatively or quantitatively substantial investment (see Title 7 of Book XI CEL and, more particularly, Article XI.306 CEL);
- *Final result produced by the AI*: In principle, the *sui generis* right on the database used to "feed" the AI entity will not extend to the *individual* final result produced by the AI, unless it is established that this specific result corresponds to a substantial part of the database for qualitative reasons, which is however *a priori* unlikely (see also question 4.c).

(ii) *Neighbouring rights of the producer of a first fixation*: Theoretically, the individual final result produced by the AI must be considered in terms of potential protection by the neighbouring rights of the producers of phonograms and/or first film fixations (Article XI.209 CEL; see also Rome Convention for the protection of performers, producers of phonograms and broadcasting organizations[(5)], WIPO Performances and Phonograms Treaty[(6)] and Directive 2006/115 of

(5) https://wipolex.wipo.int/en/text/289795.
(6) https://wipolex.wipo.int/en/text/295578.

12 December 2006 on rental right and lending right and on certain rights related to Copyright in the field of intellectual property[7])[8]. These rights are distinct from the Copyright that may exist in the sound sequences or film recorded by the producer.

b. What would be the requirements for protection by Related Rights?

(i) *Sui generis database right*: The *sui generis* database right "*applies to databases, whatever their form, the obtaining, verification or presentation of whose content attests a qualitatively or quantitatively substantial investment*" (Article XI.306 CEL; see also Article 7 of Directive 96/9/EC of 11 March 1996 on the legal protection of databases[9]). This investment consists in the use of substantial financial, technical or human resources to obtain, verify and/or present existing elements for the purpose of collecting them in a database (the *sui generis* right does not protect the means used to *create* elements constituting the content of a database – see, in particular, CJEU, 9 November 2004, C-203/02, *The British Horseracing Board Ltd v. William Hill Organization Ltd*, §42).

(ii) *Neighbouring rights of the producer of a first fixation*: Only producers who have made the first fixation of a film (in the broad sense of the term: *i.e*. sequences of images) or sounds (in the broad sense of the term) may claim a neighbouring right on this first recording/fixation.

Admittedly, the AI will reuse parts of contents that taken individually have been the subject of a first fixation. However, the question remains as to whether the result generated by AI, taken as a whole, can nevertheless be considered as being the subject of a first fixation. A positive answer cannot be firmly ruled out. Moreover, it could be argued that the new combination generated by the AI is obtained through new technical and financial investments, whereby the granting of a Related Right (the neighbouring right of the producer of phonograms or first fixation of films) could be justified. However, at this stage there is no authoritative decision that would allow the issue to be definitively decided.

c. Who would be the original owner of the Related Rights?

(7) http://data.europa.eu/eli/dir/2006/115/oj.

(8) At this point, there is no need to address the new right for press publishers – namely a kind of Related Right – as mentioned in Article 15 of the Directive on Copyright and Related Rights in the Digital Single Market ("DSM Directive") recently adopted by the European Parliament (26 March 2019) and the Council (15 April 2019) (See consolidated text). This provision has not yet been transposed into Belgian law.

(9) http://data.europa.eu/eli/dir/1996/9/oj.

(i) *Sui generis database right*: Protection benefits the database maker, *i.e*. the natural or legal person who takes the initiative and assumes the risk of the investments that are at the origin of the database.

(ii) *Neighbouring rights of the producer of a first fixation*: The original owner of the neighbouring rights, the "producer", is the natural or legal person who assumes the financing and responsibility for the making of the first sound fixation and/or the first fixation of a film or audiovisual sequence (regardless of whether the sound and/or film in question is protected by Copyright or not) (see 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[(10)], WIPO Performances and Phonograms Treaty[(11)] and Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations[(12)]).

d. What would be the term of the protection?

(i) *Sui generis database right*: The *sui generis* database right lasts 15 years from the time the database is completed (Article XI.309 CEL). If the database is only used internally (in private), then the time limit starts to run from the time the database is made available to the public.

This period may be renewed for each substantial new investment made to modify the database (*e.g*. any significant funding invested in updating the database).

(ii) *Neighbouring rights of the producer of a first fixation*:

– The duration of neighbouring rights enjoyed by the producer of the first fixation of a film is 50 years from 1st January following the year of fixation. If the considered first fixation is published or communicated to the public during this period, then the duration of the protection is extended to 50 years from the first of these two facts (Article XI.209, §1, indents 5 and 7 CEL);
– The duration of neighbouring rights enjoyed by a phonogram producer is also 50 years from 1st January following the year of its fixation. If the phonogram is published or communicated to the public during this period, the protection will extend to 70 years from the first of these two facts (Article XI.209, §1, indents 6 and 7 CEL).

(10) http://data.europa.eu/eli/dir/2006/115/oj.
(11) https://wipolex.wipo.int/en/text/295578.
(12) https://wipolex.wipo.int/en/text/289795.

**With regard to Parts II and III below –**
**Proposal for a Motion by the Belgian Group**

The Belgian group considers that the current "state of play" does not allow the questions raised in the questionnaire to be addressed in a satisfactory manner, for the following reasons:

(i) At this point, there is anything but a consensus as to whether works exclusively generated by AI should be protected by Copyright and/or a Related Right;

(ii) Under those circumstances, it appears premature to design (tailor-made) rights without the support of a majority;

(iii) Only if and when a majority votes in favour of a protection by Copyright and/or a Related Right will it make sense to design rights that seem appropriate;

(iv) The design of rights, either new rights or new features of existing rights, if any, should happen at an international level from the very beginning, it being understood that each country should be consulted in a second phase;

(v) The design of rights, either new rights or new features of existing rights, could be prepared by an international *ad hoc* Committee composed of academics, practitioners, enterprises and members of civil society.

Considering the foregoing, the Belgian group makes the following recommendations:

(i) To establish an international committee to study the questions raised in parts II and III of the questionnaire; with such a committee being composed of academics, practitioners, enterprises, and members of civil society;

(ii) To instruct the committee to give an opinion on the preliminary question as to whether it is desirable to protect works exclusively generated by AI through Copyright and/or a Related Right.

## II. Policy considerations and proposals for improvements of your Group's current law

12) Could any of the following aspects of your Group's current law or practice relating to artificially-generated works be improved? If YES, please explain.

a. Requirements for artificially-generated works to be protected by Copyright and/or Related Rights?

b. Ownership of artificially-generated works?

c. Term of protection of artificially-generated works?

13) Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

## III. Proposals for harmonisation

14) In your opinion, should Copyright protection and/or Related Rights protection for artificially-generated works be harmonized? For what reasons?

*If YES, please respond to the following questions without regard to your Group's current law or practice.*

*Even if NO, please address the following questions to the extent your Group considers your Group's current law or practice could be improved.*

15) In your opinion, should artificially-generated works be protected by Copyright and/or Related Rights? For what reasons?

### *A. Copyright protection of artificially-generated works*

16) Should intervention by a human be a condition for Copyright protection of an artificially-generated work? If yes, at which step or steps in the Working Example would human intervention be required?

17) Should originality be a condition for Copyright protection of an artificially-generated work?

18) What other requirements, if any, should be conditions for Copyright protection of an artificially-generated work?

19) Who should be the original owner of the Copyright on an artificially-generated work?

20) What should be the term of Copyright protection for an artificially-generated work?

21) Should Economic Rights differ between artificially-generated works and regular works?

22) Considering existing exceptions to Copyright, should any exceptions apply differently to artificially-generated works versus other works?

23) Should there be any new exceptions to Copyright specifically applicable to artificially-generated works?

24) Moral Rights

a. Should moral rights be recognized in artificially-generated works?

b. If yes, what prerogatives should the moral rights include (for example, the right to claim authorship of the work, the right to object to any distortion, mutilation or other modification of the work)?

c. If yes, who should exercise the prerogatives of moral rights?

*B. Related Rights protection of artificially-generated works*

25) Considering existing Related Rights, should any Related Rights apply to artificially-generated works?

26) Should there be any new Related Rights specifically applicable to artificially-generated works?

27) If an existing or new Related Right is applicable to artificially-generated works, what requirements should be conditions for protection?

28) Which Related Rights' economic rights and moral rights should apply to artificially-generated works?

29) Who should be the original owner the Related Right?

30) What should be the term of protection of the Related Right?

31) Please comment on any additional issues concerning any aspect of Copyright protection and Related Rights protection for artificially-generated works you consider relevant to this Study Question.

32) Please indicate which industry sector views provided by in-house counsel are included in your Group's answers to Part III.

| | |
|---|---|
| **Title:** | **Consumer Survey Evidence** |
| **Contributors :** | Emmanuel Cornu (President), Geoffrey Froidbise (Reporter), Alizée Jolie, Guillaume de Villegas de Clercamp, Olivia Santantonio, Geert Philipsen, Florence Van Damme, Christian Dekoninck, Sarah van den Brande and Sandra Bauwens. |

## Questions

### I. Current law and practice

1) a) Is consumer survey evidence in principle admissible in trademark proceedings? Please answer YES or NO.

Yes.

b) Are there specific statutory provisions in your law governing consumer survey evidence? If YES, what do they state and do they specifically concern trademark matters or do they have a more general nature?

There is no specific statutory provision governing consumer survey evidence.

2) a) Is consumer survey evidence admitted in all types of trademark proceedings (see also §13 above)?

Yes.

b) If consumer survey evidence is not admitted in all types of trademark proceedings, in which types is it admitted and in which types is it not (*e.g.* opposition proceedings, revocation, proceedings, infringement proceedings)?

/

3) a) What can consumer survey evidence prove or help prove (*e.g.* confusion, acquired distinctiveness; see also §14 above)?

Consumer survey evidence can be used to help prove various elements.[(1)]

(1) G. Vos and T. Iserief, "De opkomst van marktonderzoek in merkenzaken", *BMM*, 1/2012, pp. 2-14; R. Sjoerdsma, "Meten is weten: Waar op te letten bij het gebruik van marktonderzoeken in merkenzaken voor het BHIM?", *BMM*, 1/2012, pp. 15-21.

First, it is a useful means of evidence for proving the reputation and/or the (acquired) distinctiveness of a specific trademark.

Surveys may also be used in discussions regarding the likelihood of confusion between two trademarks. In that regard, reference can be made to the consistent case law of the Court of Justice of the European Union that, since its *Puma/Sabel*(2) ruling, has held that the appreciation of the likelihood of confusion "*depends on numerous elements and, in particular, on the recognition of the trade mark on the market, of the association which can be made with the used or registered sign, of the degree of similarity between the trade mark and the sign and between the goods or services identified*"; this perspective led the Court to conclude that the likelihood of confusion must therefore be appreciated globally, taking into account all factors that are relevant to the circumstances of the case.

However, at the same time, attention must be drawn to other elements from the same Court of Justice of the European Union's case law that show that the assessment of the likelihood of confusion is a legal rather than a merely factual assessment. The criteria for such assessment have been set by different rulings of the Court of Justice such as the aforementioned *Puma/Sabel* case,(3) the *Canon/Cannon* case(4) and the *Lloyds/Klijsen* case.(5) Specifically with regard to trademarks consisting of words or names, reference can also be made to the General Court's finding, as repeated in several rulings, that the consumer's attention is usually directed to the beginning of the word, which therefore gets a greater role in the assessment.(6)

It seems that the consumer survey evidence that is produced within discussions regarding the likelihood of confusion will have to align with the legal principles of the assessment to be made.

Consumer surveys are also sometimes put forward to help prove dilution of a reputed trademark.

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(2) CJEU, 11 November 1997, *Puma/Sabel*, C-251/95, EU:C:1997:528, §22.

(3) "That global appreciation of the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components.", CJEU, 11 November 1997, *Puma/Sabel*, C-251/95, EU:C:1997:528, §23.

(4) "A global assessment of the likelihood of confusion implies some interdependence between the relevant factors, and in particular a similarity between the trade marks and between these goods or services. Accordingly, a lesser degree of similarity between these goods or services may be offset by a greater degree of similarity between the marks, and vice versa.", CJEU, 29 September 1998, *Canon/MGM*, C-39/97, EU:C:1998:442, §17.

(5) CJEU, 22 June 1999, *Lloyds/Klijsen*, C-342/97, EU:C:1999:323,§§17-22.

(6) GC, 27 May 2005, *Éd. Albert René/OHMI-Orange*, T-336/03, EU:T:2005:379, §75; GC, 17 March 2004, *El Corte Inglés/OHIM-González Cabello*, T-183/02 and T-184/02, EU:T:2004:79, §83.

Finally, consumer survey evidence can be used in issues relating to the non-use of a trademark or even to the revocation of a trademark (for example, the degeneration of its distinctive character).

b) What is consumer survey evidence most used for in practice to prove or help prove (*e.g.* confusion, acquired distinctiveness; see also §14 above)?

In practice, consumer survey evidence is mostly used to prove the reputation and/or the (acquired) distinctiveness of a specific trademark.(7)

Consumer survey evidence is also frequently used to help prove the likelihood of confusion between two trademarks.(8) That being said, such surveys are not always useful in that regard.(9)

In a few cases, such evidence is used to demonstrate the non-use of a trademark.(10)

4) a) Are there specific requirements for surveys, *e.g.* as to the way of conducting the survey (*e.g.* internet or email survey, telephone survey, shopping mall interrupt surveys), the number and selection of respondents, the appropriate form and order of survey questions and the use or nature of controls? If so, which?

There are no specific requirements for surveys under Belgian law.

However, the CJEU case law offers some indications regarding consumer survey evidence.

First, the questions asked must be non-leading (GC, 13 September 12, *Espetec*, T-72/11, EU:T:2012:424, §79(11)):

> "*As regards the conclusions on the answers to the second to fourth questions raised in the context of this study, it should be noted that the Board of Appeal considered in particular that those questions suggested, where they*

(7) See for examples: Brussels Company Court, 6 March 1998, *IRDI*, 1998, p. 252; Brussels, 18 February 1999, *IRDI*, 1999, p. 113; Nivelles Company Court, 16 November 1999, *unpublished*; Brussels, 23 December 1999, *IRDI*, 2000, p. 48; Pres. of the Company Court of Liège, 28 February 2013, *DAOR*, 2015/2, p. 97.

(8) Antwerp, 1 June 1993, *B.I.E.*, 1994, p. 356. Brussels Company Court, 28 May 1999, *IRDI*, 2000, p. 95.

(9) C.-H. Massa, "Enquêtes de marché et marques en Belgique", *BMM*, 2001, p. 21.

(10) In that regard, see Mons, 12 June 2017, *RDC*, 2018/5, p. 466. E. Cornu, "À propos de l'intérêt à agir en déchéance d'une marque, à la charge et à l'objet de la preuve", *RDC*, 2018/5, p. 475.

(11) Translation from : "*Quant aux conclusions sur les réponses aux deuxième à quatrième questions posées dans le cadre de cette étude, il y a lieu de relever que la chambre de recours a notamment considéré que lesdites questions suggéraient, quand elles n'induisaient pas, une réponse déterminée (point 41 de la décision attaquée) et n'a, par conséquent, pas pris en considération les résultats ainsi obtenus. Toutefois, en dehors des citations des passages du rapport complémentaire de 2011 qui ne peuvent pas être pris en considération par le Tribunal, la requérante ne formule pas d'arguments concrets permettant de remettre en cause la conclusion de la chambre de recours*".

*did not lead to a specific answer (point 41 of the contested decision) and did not therefore take into account the results thus obtained. However, apart from the quotations from the passages of the 2011 supplementary report which cannot be taken into consideration by the Court of First Instance, the applicant does not put forward any concrete arguments to challenge the conclusion of the Board of Appeal*" (free translation).

Second, the public sample must be indicative of the entire relevant public and must be selected randomly:

– GC, 29 January 2013, *Cortadora de cerámica*, T-25/11, EU:T:2013:40, §88[(12)] :

"*Secondly, with regard to the applicant's various allegations based on the market studies presented as Annexes 1 and 2 to its brief of 12 February 2009 and criticising the reasons given by the Board of Appeal for arguing that these studies did not have sufficient probative value, they should be considered inoperative since they only concerned the territory of a few Member States of the Union (see paragraph 73 above). In any event, it must be noted that their probative value is reduced, at the very least, because of the small number of professionals targeted by the applications and because it is impossible to assess the representativeness of the sample chosen. Indeed, on the one hand, only 104 professionals were targeted by each of these two studies for France, Portugal and the United Kingdom. On the other hand, the sample was selected according to a non-transparent key, as already noted by the examiner and as shown on page 6 of the said studies*".

– GC, 25 September 2014, *Peri*, T-171/12, §§45 to 47:

"*45. Finally, as regards the evidential value of the survey produced by the applicant at the proceedings before OHIM on the distinctiveness of the three-dimensional sign in question, the Board of Appeal was right to point out that it was carried out only among the specialist German-speaking public, not among the specialist public of the European Union, which is the*

(12) Translation from: "*En deuxième lieu, concernant les diverses allégations de la requérante fondées sur les études de marché présentées en tant qu'annexes n° 1 et n° 2 de son mémoire du 12 février 2009 et critiquant les raisons avancées par la chambre de recours pour soutenir que ces études n'avaient pas de valeur probante suffisante, il convient de les juger inopérantes dans la mesure où ces études ne portaient que sur le territoire de quelques États membres de l'Union (voir point 73 ci-dessus). En tout état de cause, force est de constater que leur valeur probante est diminuée, à tout le moins, en raison du faible nombre de professionnels ciblés par les demandes et en raison de l'impossibilité d'apprécier la représentativité de l'échantillon choisi. En effet, d'une part, seuls 104 professionnels ont été visés par chacune de ces deux études pour ce qui concerne la France, le Portugal et le Royaume-Uni. D'autre part, l'échantillon a été choisi selon une clé non transparente, comme cela avait été déjà relevé par l'examinateur et comme il ressort de la page 6 desdites études*."

*relevant public in this case. Indeed, even in the case of an application for a three-dimensional Community trade mark, which, as the applicant rightly points out, does not require knowledge of any language to be 'read', it is still the case that the relevant German-speaking public is none the less more familiar with goods sold by German and Austrian companies and will therefore naturally name them more frequently in a survey, which the specialist public in the Union as a whole would not.*

*46. In addition, the applicant, citing the results of that survey, had argued before the Board of Appeal (paragraph 6, fourth indent, of the contested decision) that 'a large percentage of the specialist German public' identified the manufacturer of the three-dimensional shape in respect of which registration as a Community trade mark had been applied for. Yet, distinctiveness must be perceived as such across the relevant public as a whole (which is the relevant public in the Union). It follows that the Board of Appeal was right to disregard that survey as incapable of affecting its finding that the three-dimensional shape lacked distinctiveness.*

*47. In as much as the applicant relies on the results of that survey to establish the sign's distinctiveness with the relevant public for goods which the sign connotes, and which the applicant is already marketing, that is an argument which relates to acquired distinctiveness following the use made of the mark applied for. The Board of Appeal did not therefore err when it pointed out that such evidence could not lead to OHIM excluding the application of an absolute ground for refusal within the meaning of Article 7(1)(b) of Regulation No 207/2009 (see, to this effect, judgment of 7 February 2002 in Mag Instrument v. OHIM (Torch shape), T-88/00, ECR, EU:T:2002:28, paragraph 39). Such evidence can only therefore be taken into account in the context of the application of Article 7(3) of the regulation, a provision not invoked by the applicant at any point in the proceedings*".

Finally, the survey's evidential value always depends on the method used (GC, 12 July 2006, *Vitacoat*, T-277/04, EU:T:2006:202, §§38-39):

"*38. Secondly, as regards the market surveys compiled in 1992 and 1997, it must be pointed out, first of all, that in order to have an unusually high level of distinctiveness as a result of the public's potential recognition of it, an earlier mark must, in any event, be familiar to the public on the filing date of the trade mark application or, as the case may be, on the priority date relied on in support of that application (see, to that effect, Case T-8/03 El Corte Inglès v. OHIM – Pucci (EMILIO PUCCI) [2004] ECR II-4297, paragraphs 71 to 73, not appealed on those points). None the less, it is not in*

*principle inconceivable that a survey compiled some time before or after that date could contain useful indications, although it is clear that its evidential value is likely to vary depending on whether the period covered is close to or distant from the filing date or priority date of the trade mark application at issue. Furthermore, its evidential value depends on the survey method used.*

*39. In the present case the evidential value of the 1997 survey is weakened, as the Board of Appeal rightly observes, by the fact that the interviewees did not answer spontaneously, since the questionnaires used showed them the sign at issue and mentioned the goods. That finding is not called into question by the applicant's argument, first that it was necessary to specify the goods concerned to prevent the interviewees' indicating trade marks for food intended for human consumption and, second, that a survey without any reference to the mark concerned leads to useful results only in cases where the marks enjoy a high degree of recognition ('berühmte Marken') (see paragraph 27 above). It would have been possible to mention to the interviewees the goods concerned without referring to the VITAKRAFT marks or to show them a list of different marks one of which was the earlier sign at issue.*"

In its "*Salospir*" judgment of 24 October, 2018 (case T-261/17), the General Court stated, regarding the probative value of two surveys that had been produced to establish that there was confusion between two figurative signs, the following standards:

"*63. First, it is apparent from the case-law that one of the criteria allowing the results of a survey to be recognised as having probative value is that the survey be carried out in the objective circumstances in which the marks at issue are present, or may be present, on the market.*

*64. In that regard, in its judgment of 12 January 2006, Devinlec v. OHIM – TIME ART (QUANTUM), (T-147/03, EU:T:2006:10), the Court did not accord as much importance as the applicant claimed should be accorded to the results of a survey produced in the context of a dispute, because 'that survey, carried out at the home of each person questioned, did not take account of the objective circumstances in which the respective marks are present, or may be present, on the market' (judgment of 12 January 2006, QUANTUM, T-147/03, EU:T:2006:10, paragraph 90). However, a survey was held to be unobjectionable where the method chosen when it was conducted reflected what actually occurs in a large number of purchases of the goods concerned (see, to that effect, judgment of 10 October 2012, Bimbo*

*v. OHIM – Panrico (BIMBO DOUGHNUTS), T-569/10, not published, EU:T:2012:535, paragraph 73).*

*65. The neutralised packaging survey and the Salospir survey were not carried out in the objective circumstances in which the marks at issue are present, or may be present, on the market. First, pharmaceuticals sold over-the-counter are purchased in pharmacies, the purchaser, as a general rule, saying their name (see paragraph 39 above) and not looking solely at their packaging or at an image of the mark in question. Furthermore, the neutralised packaging shown to the participants in the first survey is never present on the market as such. Next, as is apparent from Annex A5, pages 36 and 88, and as the applicant confirmed at the hearing, the two surveys were conducted at the homes of the participants and therefore were not carried out in conditions that reflected what actually occurs in purchases of the goods concerned, since pharmaceuticals are normally purchased in pharmacies and not at home. Lastly, as EUIPO and the intervener have rightly argued, the Salospir survey was carried out in Germany, where the product SALOSPIR is not traded, with the result that the persons interviewed were unlikely to have ever been confronted with the product in question.*

*66. Second, it is apparent from the case-law that the probative value of surveys also depends upon whether the persons interviewed have been shown several images in order to be able to spontaneously associate one of those images with a trade mark or an undertaking, instead of being shown one image only. Thus, in a case in which a drawing or a photo of only Bic lighters was shown to the persons interviewed and they were asked which mark they most associated with the image of that lighter, the Court held that that survey could not be considered to demonstrate that a significant part of consumers identified, by means of the mark applied for, the product in question as originating from the BIC company rather than from another company. It would have been another matter if different lighter shapes had been shown during the survey instead of the single shape of the trade mark applied for. It would have been possible in that case to take into account the number of people who spontaneously and without being influenced attributed the picture of the shape in question to BIC (judgment of 15 December 2005, BIC v. OHIM (Shape of a lighter), T-262/04, EU:T:2005:463, paragraph 84).*

*67. During the two surveys in question, the participants were not shown several images, but only one single image.*

*68. Third, the probative value of the surveys also depends on the way in which the questions were formulated. Thus, for example, the first question*

*asked during the Salospir survey, by which the participants were asked which over-the-counter medicines they thought of when seeing the picture of the product SALOSPIR, suggested that the picture referred to an existing product, and since the mark applied for had not yet been used on the German market, it could have induced the participants, who were German consumers, to think of the over-the-counter pharmaceuticals that they already knew, as the Board of Appeal rightly asserts in paragraph 51 of the contested decision.*

*69. In addition, the second question asked during the Salospir survey, by which the participants were asked if they associated the packaging of the product SALOSPIR with another pharmaceutical product, with another mark or with another company, was also suggestive. Indeed, the question asked already suggested that the mark applied for was reminiscent of something else.*"

b) If your answer to Q4a) is NO, what characteristics do surveys generally have, *e.g.* as to the way of conducting the survey, the number and selection of respondents, the appropriate form and order of survey questions and the use or nature of controls?

Survey characteristics vary (widely) from case-to case. The Belgian group cannot identify general principles relating to consumer survey evidence in Belgian case law.(13)

Surveys generally respect the (broad) characteristics described in a). If not, the survey is either disregarded by the Court (or IP office) or has a limited evidential value.

The Belgian courts seem to confirm the principle that there are no specific requirements for such consumer surveys, *e.g.*:

– Surveys may be conducted by different methods, such as over the phone(14) or by physical interviews;(15)
– The number of respondents may vary a lot (from a few dozen(16) to more than a thousand)(17) but often comprises of a few hundred respondents.(18) The courts pay attention to the sampling of respondents regarding their se-

(13) In that regard, see C.-H. Massa, "Enquêtes de marché et marques en Belgique", *BMM*, 2001, p. 21. In the article, it is shown that the characteristics of consumer survey vary widely from one another.
(14) Brussels, 4 September 2007, *Ing. Cons.*, 2007, p. 536; Mons, 9 September 2010, *Ing. Cons.*, 2010, p. 425.
(15) Mons, 9 September 2010, *Ing. Cons.*, 2010, p. 436.
(16) *Ibid.*
(17) Brussels, 6 July 2012, *RABG*, 2012, p. 1439.
(18) Brussels, 4 September 2007, *Ing. Cons.*, 2007, p. 536; Brussels, 7 April 2006, *IRDI*, 2007, p. 78; Brussels, 14 January 2015, *RABG*, 2015, pp. 1293-1307.

lection and whether they are representative of the Belgian population or the target group;[19]

– Leading questions should be avoided since they may influence results and therefore, the courts may refuse to accept such a survey entirely or in part.[20]

5) a) Are specific percentages of respondents answering certain questions required or sufficient to prove certain items? If so, which?

There are no specific percentages sufficient to prove certain items. In that regard, the Belgian Group refers to the following CJEU case law:

– CJEU, 14 September 1999, *Chevy*, C-375/97:

"*25 It cannot be inferred from either the letter or the spirit of Article 5(2) of the Directive that the trade mark must be known by a given percentage of the public so defined*".

– CJEU, 18 June 2002, *Philips/Remington*, C-299/99:

"*62. However, it must first be pointed out that the Court has made clear that the circumstances in which the requirement under Article 3(3) of the Directive may be regarded as satisfied cannot be shown to exist solely by reference to general, abstract data, such as predetermined percentages (Windsurfing Chiemsee, paragraph 52)*".

– CJEU, 19 June 2014, *Oberbank*, C-217/13 and C-218/13:

"*48. It follows from the foregoing that it is not possible to state in general terms, for example by referring to predetermined percentages relating to the degree of recognition attained by the mark within the relevant section of the public, when a mark has acquired a distinctive character through use and that, even with regard to contourless colour marks, such as the mark at issue in the main proceedings, and even if a consumer survey may be one of the factors to be taken into account when assessing whether such a mark has acquired a distinctive character through use, the results of a consumer survey cannot be the only decisive criterion to support the conclusion that a distinctive character has been acquired through use.*

*49. In the light of those considerations, the answer to the first question is that Article 3(1) and (3) of Directive 2008/95 must be interpreted as precluding an interpretation of national law according to which, in the context of proceedings raising the question whether a contourless colour mark has*

(19) Brussels, 3 January 2003, *Ing. Cons.*, 2005, p. 264; Antwerp, 20 January 2015, *IRDI*, 2015, pp. 162-164.
(20) Brussels, 26 June 2018, *IRDI*, 2018, pp. 162-172.

*acquired a distinctive character through use, it is necessary in every case that a consumer survey indicate a degree of recognition of at least 70%.*"

b) What percentages of respondents answering certain questions are typically deemed insufficient?

There are no specific percentages that are typically deemed insufficient. It will always depend on the circumstances of the case and of the survey method (for example, interpretation of the results and/or change of the public sample between questions). There are no general rules in that regard. Belgian case-law is also very diverse on this issue.

For instance, regarding establishing the reputation of a trademark, the Brussels Court of Appeal deemed the following percentages insufficient for establishing the reputation of the TEMPUR brand: (i) unprompted awareness of 8% and prompted awareness of 57% with the general public, (ii) unprompted awareness of 25% and prompted awareness of 78% with owners of a mattress from the top segment and (iii) unprompted awareness of 69% with owners of a TEMPUR mattress.[(21)]

More generally, the Belgian courts have however deemed a 25% brand recognition to be sufficient to establish the reputation of a trademark, as also acknowledged by the President of the Commercial Court of Antwerp, which ruled that "*although the case law does not provide a clear rule on the lower limit, it seems reasonable that this lower limit should be set at 25%*":[(22)]

The Belgian Group also refers to the following court decisions:

– Brussels Court of Appeal, 3 January 2003, *Redisco v. Gillette Belgium and Gillette Nederland*[(23)]: 30% of the relevant public knows MACH 3;
– President of the Brussels Company Court, 28 May 2008, *John Player & Sons v. Savelux*[(24)]: 44% of the respondents immediately cited RIZLA as a result of the blue shade of the Mascotte package;
– Brussels Court of Appeal, 31 January 2012, *Quick restaurants v. Dimi Nederland et al.*[(25)]: more than 50% of the Benelux consumers knew the trademark QUICK in 2000-2001 and more than 76% in 2007;

(21) Brussels, 31 January 2012, *Tempur Benelux v. Bemo et. al.*, *IRDI*, 2012/3, p. 292.
(22) Pres. of the Antwerp Company court (injunction chamber), 20 January 2015, *Optima Bank v. Belgacom*, *Ing. Cons.*, 2015, p. 148.
(23) Brussels Court of Appeal, 3 January 2003, *Redisco v. Gillette Belgium and Gillette Nederland*, *Ing. Cons.*, 2005, p. 250.
(24) President of the Brussels Company Court, 28 May 2008, *John Player & Sons v. Savelux*, *IRDI*, 2011, p. 333 (judgment confirmed by the Brussels Court of Appeal – Brussels, 21 March 2011, *Ing. Cons.*, 2011, p. 383).
(25) Brussels Court of Appeal, 31 January 2012, *Quick restaurants v. Dimi Nederland et al.*, *IRDI*, 2012/3, p. 304.

– Brussels Court of Appeal, 21 October 2013, *Inbev Belgium v. Alken-Maes Brouwerijen*[(26)]: 60% of the Belgian population identified the colour blue regarding beer as originating from Alken-Maes;
– President of the Brussels Company Court, 17 March 2016, *August Storck AG v. Confiserie Leonidas*[(27)]: 99% of the respondents know the trademark MERCI and half of them knew the related slogan ("Merci dat jij er bent").

In addition, when it has come to establishing acquired distinctiveness through use, the Belgian courts have deemed percentages of 44%,[(28)] 83%,[(29)] 66.5%, 56%, 61.5%, 96% and 76.9%[(30)] to be sufficient.

6) Is the court or IP office involved in the set-up of the survey, or can it be, and, if so, to what extent?

No, neither the Courts nor the Benelux Office for Intellectual Property (hereafter "BOIP") are involved in the set-up of the survey.

7) What weight or value is generally given by the court or IP office to consumer survey evidence, if such is admitted, and which factors are relevant in considering the extent of such weight or value?

The weight or value given by the courts or the BOIP can be extremely variable from one case to another. Once again, there are no general rules in that regard.

Market surveys can be a useful means of evidence for providing information about the degree of knowledge of the mark, its market share, or its position on the market for competitors' goods.

That being said, it should be remembered that consumer survey evidence is always of limited probative value as the consumer is never placed in the "real" circumstances.

Consumer survey evidence is only one element among (many) others and its value is subject to the court's (or the office's) appreciation.[(31)] It is left to the court or the IP office to decide what value should be given to the consumer survey evidence considering the circumstances of the case.

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(26) Brussels Court of Appeal, 21 October 2013, *Inbev Belgium v. Alken-Maes Brouwerijen*, *Ing. Cons.*, 2013, p. 845.
(27) President of the Brussels Company Court, 17 March 2016, *August Storck AG v. Confiserie Leonidas*, *Ing. Cons.*, 2016, p. 435.
(28) Brussels, 7 April 2006, *Forinex v. Micres*, *IRDI*, 2007, p. 75.
(29) Brussels, 14 January 2015, *OBPI v. Amazing Brands*, 2013/AR/02181.
(30) Brussels Company Court, 12 July 2017, *Sandoz v. Glaxo Group*, A/16/00182, published on www.ie-forum.be on 12 July 2018: https://www.ie-forum.be/artikelen/geen-doorhaling-kleurmerk-want-paarse-inhalator-is-ingeburgerd.
(31) M. Kurecko, "*La preuve dans le contentieux des marques de l'Union européenne*", *JDE*, 2017, pp. 254-262.

To have strong probative value, consumer survey evidence should (at least) show a high level of representativeness, clarity and impartiality[32] (in the interpretation of the results but also in the wording of the questions and the composition of the consumer sample).[33]

The probative value of market surveys will be influenced by the status and degree of independence of the entity conducting it, by the relevance and accuracy of the information it provides, and by the reliability of the method applied.

Therefore, leading questions,[34] unrepresentative samples of the public, and undue editing of responses must be avoided in order not to undermine the survey's probative value.

## II. Policy considerations and proposals for improvements of your Group's current law

8) Could any of the following aspects of your Group's current law or practice relating to consumer survey evidence be improved? If YES, please explain.

a) types of trademark proceedings in which survey evidence is admissible:

Consumer survey evidence is admissible in all types of proceedings and it should remain so.

**b)** ***what survey evidence can prove or help prove:***

There is no need for improvement in that regard.

**c)** requirements of surveys:

Some uniform non-binding criteria should be put in place.

**d)** the application, or lack thereof, of bench-mark percentages:

The current situation should remain the same and therefore no benchmark percentages should be applied. The court or the Office should remain free to take the evidence into consideration or to disregard it.

Setting benchmark percentages is too risky: some companies could for example be inclined to ask partial questions in order to reach the benchmark percentages.

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(32) C.-H. Massa, "Enquêtes de marché et marques en Belgique", *BMM*, 2001, p. 21 ; see for example Brussels Company Court, 6 March 1998, *IRDI*, 1998, p. 252.

(33) Companies must remain careful when they decide to rely on consumer survey evidence as sometimes the results can prove to be counter-productive. In that regard, see Brussels, 11 December 2012, *TKS/Lego*, *IRDI*, 2013/1, p. 64; in that case, the results of the surveys produced by TKS were used by the court to demonstrate the opposite to that which TKS was trying to prove.

(34) President of the Brussels Company Court (injunction chamber), 28 July 2015, *Ing. Cons.*, 2015/4, p. 754; Brussel, 29 April 2014, *RABG*, 2014/18, p. 1287.

**e)** the weight or value given to consumer survey evidence:

As of this date, consumer survey evidence does not have any specific weight or value.

The current situation should not change: consumer survey evidence is only one element among others and the court (or the Office) should decide what weight or value the evidence has, taking into account the circumstances of the case.

9) Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

The Belgian group has the opinion that some non-binding criteria relating to consumer survey evidence should be put in place.

For example, trade mark offices in Germany, Great Britain and Switzerland have issued guidelines on how to assess the evidential value of a survey.(35)

This should also be the case in the Benelux. In developing such criteria, the BOIP could be inspired by the EUIPO guidelines which, in that regard, indicate the following (EUIPO Guidelines, Part C – Opposition, Section 5, 3.1.4.4):

"*The probative value of opinion polls and market surveys is determined by the status and degree of independence of the entity conducting it, by the relevance and accuracy of the information it provides, and by the reliability of the method applied.*

*More particularly, in evaluating the credibility of an opinion poll or market survey, the Office needs to know the following.*

1. *Whether or not it has been conducted by an independent and recognised research institute or company, in order to determine the reliability of the source of the evidence (27/03/2014, R 540/2013-2, Shape of a bottle (3D), §49).*
2. *The number and profile (sex, age, occupation and background) of the interviewees, in order to evaluate whether the results of the survey are representative of the different kinds of potential consumers of the goods in question.*
3. *The method and circumstances under which the survey was carried out and the complete list of questions included in the questionnaire. It is also important to know how and in what order the questions were formulated, in order to ascertain whether the respondents were confronted with leading questions.*

(35) In that regard, see A. Niedermann, "*Surveys for legal evidence throughout Europe: Where do we stand?*", *BMM*, 1/2012, pp. 22-30.

*4. Whether the percentage reflected in the survey corresponds to the total amount of persons questioned or only to those who actually replied.*

*Unless the above indications are present, the results of a market survey or opinion poll should not be considered of high probative value, and will not in principle be sufficient on their own to support a finding of reputation*".

## III. Proposals for harmonization

10) Do you believe that there should be harmonisation in relation to consumer survey evidence?

Yes.

11) Should consumer survey evidence in principle be admissible in trademark proceedings? Please answer YES or NO.

Yes.

12) a) Should consumer survey evidence be admitted in all types of trademark proceedings (see also §13 above)?

Yes.

b) If consumer survey evidence should not be admitted in all types of trademark proceedings, in which types should it be admitted and in which types should it not be admitted (*e.g.* opposition proceedings, revocation, proceedings, infringement proceedings)?

/

13) What should consumer survey evidence be allowed to prove or help prove (*e.g.* confusion, acquired distinctiveness; see also §14 above)?

Consumer survey evidence is most useful when it is necessary to prove the reputation and/or the acquired distinctiveness of a trademark.

That being said, consumer survey evidence should be accepted whenever useful, which means that consumer survey evidence could also be taken into account when assessing the likelihood of confusion or issues relating to the non-use of a trademark or even to the revocation of a trademark (for example, the degeneration of its distinctive character).

14) Should there be specific requirements for surveys, *e.g.* as to the way of conducting the survey (*e.g.* internet or email survey, telephone survey, shopping mall interrupt surveys), the number and selection of respondents, the appropriate form and order of survey questions and the use or nature of controls? If so, which?

There should be no binding requirements for surveys but there should be non-binding criteria on how to assess the evidential value of a survey.

The criteria should be based on the following principles:

1. The survey should be conducted by an independent and recognised research institute or company;
2. The results of the survey should be representative of the different kinds of potential consumers of the goods in question;
3. The method and circumstances under which the survey was carried out should be transparent and impartial.

15) a) Should specific percentages of respondents answering certain questions be required or deemed sufficient to prove certain items? If so, which?

No.

b) What percentages of respondents answering certain questions should be deemed insufficient?

This does not matter.

16) Should the court or IP office be involved in the set-up of the survey and, if so, to what extent?

The court or IP office should not be involved in the set-up of the survey.

The burden of proof lies upon the parties. The court's (or IP office's) role should simply be to assess the probative value of a survey.

17) What weight or value should be given by the court or IP office to consumer survey evidence, if such is admitted, and which factors should be relevant in considering the extent of such weight or value?

Consumer survey evidence should not be given any specific weight or value by the court or IP office.

Consumer survey evidence should only be one element among (many) others and its value should be subject to the court's (or the IP office's) appreciation. The court or the IP office should decide what value should be given to the consumer survey evidence based on the circumstances of the case.

The probative value of market surveys should be determined by the status and degree of independence of the entity conducting it, by the relevance and accuracy of the information it provides, and by the reliability of the method applied.

If the reliability of source and method are questionable, the statistical sample is too small, or the questions were leading, then the probative value of the evidence should be diminished accordingly.

18) Please comment on any additional issues concerning any aspect of consumer survey evidence you consider relevant to this Study Question.

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19) Please indicate which industry sector views provided by in-house counsel are included in your Group's answers to Part III.

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|---|---|
| **Title:** | **IP Damages for Acts other than Sales** |
| **Contributors:** | Judith Bussé, Eric De Gryse, Blandine de Lange, Michaël Devroey, Dietger Glorieux (secretary), Olivia Hottat, Sophie Lens, Bernard Vanbrabant (president) and Simone Vandewynckel. |

## 1. Current law and practice

1) What non-sales infringing acts, *i.e*. infringing acts which do not involve sales, are recognised in your jurisdiction?

We address hereunder the question in respect of copyright (including neighbouring rights), patents and trade mark rights (*i.e*. the "major" IP rights).

*Copyright*: According to Article XI.165 of the Code of Economical Law (hereinafter 'CEL') unauthorized *distribution* (*i.e*., in essence, the sale of the original or copies of a work) is only one case of infringement, among others; infringement will, except when statutory exceptions apply, also occur in case of:

(i) (mere) *Reproduction* of the work (or part thereof), including by adaptation or translation;

(ii) *Communication of the work to the public* (including by making the work available on-line);

(iii) The *rental or lending* of the work;

(iv) Not taking into account, even by an authorized licensee, the *moral rights* of the author, *i.e.* the rights of divulgation, paternity and respect for the work (as per Art. XI.165, §2, CEL).

The same acts are deemed infringing in respect of neighboring rights (although moral rights are granted only to performers, not producers). Likewise, the main acts reserved to the holder of the database *sui generis* right are the extraction and the reutilization of data, which do not imply any sale; only the further distribution of a competing database would be analyzed as an infringement by sale.

*Patents*: besides the *sale* of the patented products, or the products directly obtained through the patented method, Article XI.29 CEL provides that patent infringement will, but for statutory exceptions or compulsory license, occur in

case of the following unauthorized acts with regard to the patented products or the products directly obtained through the patented method:

(i) Manufacturing;

(ii) Offer for sale;

(iii) Entry into circulation;

(iv) Use;

(v) Importation or detention for the above.

Similarly, the unauthorized application of a method or procedure to which the patent relates, also constitutes an infringement, upon condition that the alleged infringer knows or it is clear due to the circumstances that such method or procedure requires the authorization from the patent holder.

*Trademarks*: besides the sale of products bearing the trademark (or a similar sign), Article 2.20 of the Benelux Convention on Intellectual Property (hereinafter 'BCIP') the infringement will, but for statutory exceptions, occur in case of unauthorized:

(i) Affixing of the trademark (or a similar sign) on the products;

(ii) Offering the goods under the sign, or stocking them for the purposes of offering or selling, or offering or supplying services under the sign;

(iii) Importing or exporting the goods under the sign;

(iv) Using the sign as a trade or company name or part of a trade or company name;

(v) Using the sign on business papers and in advertising;

(vi) Using the sign in comparative advertising in a manner that is contrary to Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 concerning misleading and comparative advertising.

2) Please explain how damages are quantified, under the laws of your Group, in relation to infringing acts which do not involve sales of infringing products.

Under Belgian law, the compensation of the prejudice suffered in case of IP infringement is based on the general principles of tort law, which were derived by case law from Article 1382 of the Belgian Civil Code[(1)]. The main principle is that of "*restitutio in integrum*", which means that the compensation should

(1) This well-known provision states that "*any act of man, which causes damages to another, shall oblige the person by whose fault it occurred to repair it*". For some IP rights, the right to obtain compensation of the prejudice suffered has however been confirmed by specific provisions, without many more details however: see *e.g.* Articles 2.21 and 3.17 of the Benelux Convention on Intellectual Property (regarding Benelux trademarks Benelux designs, respectively).

be equivalent to (no more and no less than) the actual prejudice suffered by the injured party. The purpose is to place the injured party back into the situation it had prior to the harmful event. The application of the *restitutio in integrum* principle in cases involving IP infringements has been consistently confirmed by jurisprudence, including by the Belgian Supreme Court (Cour de Cassation).[(2)]

According to this principle, damages are compensatory in nature; punitive damages are in principle not allowed under Belgian law. On the other hand, all aspects of the prejudice should be taken into account.

Belgian case-law considers that following elements must be taken into account when assessing the damage suffered:

– The loss of profit, which amounts to what the right holder would have earned but for the infringement; to determine the loss of profit, it is first necessary to determine the mass of counterfeited material, and then to determine the prejudice of the right holder, by reference to its profit margin or, alternatively, the royalties it lost. This may be problematic in respect of acts other than sale, because it may be difficult for the right holder to prove that such acts resulted into a perceivable loss of profit;
– Other loss suffered, which includes the breach of the monopoly, the harm caused to the image and attractiveness of a trademark, as well as all costs and care of the proceedings, including any costs of technical and trademark attorneys or any destruction and storage costs of the counterfeited material.

It is also reminded that Directive 2004/48/EC[(3)], also known as the 'Enforcement Directive', which sets out a series of measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights, includes some guidelines regarding the quantification of damages.

Article 13 of this Directive provides that:

> "*Member States shall ensure that the competent judicial authorities, on application of the injured party, order the infringer who knowingly, or with reasonable grounds to know, engaged in an infringing activity, to pay the rightholder damages appropriate to the actual prejudice suffered by him as a result of the infringement.*
>
> *When the judicial authorities set the damages:*

(2) Cass. (Supreme Court), 23 June 1981, *Pas.*, 1981, I, p. 12; Cass., 15 March 1985, *J.T.*, 1986, I, p. 8; Cass., 23 December 1992, *Pas.*, I, 1992, p. 1406; Cass., 13 April 1995, *J.T.*, 1995, p. 649; Cass., 13 May 2009, *A&M*, 2009, p. 384. Concerning the latter case, which is related to a copyright infringement, see infra, the response to question 2, a).

(3) Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, *OJ*, L 195, 2 June 2004, pp. 16-25.

*a) They shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the rightholder by the infringement;*

*or*

b) *As an alternative to (a), they may, in appropriate cases, set the damages as a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question.*"

Analysis of recent Belgian case law (January 2010-April 2019) shows that courts award relatively lower damages when the infringing use does not involve any sales of goods. The courts often rely on *Article XI.335, §2, of the CEL* to assess the damage in relation to such infringing acts. This article provides that "*where the extent of the damage cannot be determined in any way, the court may in a reasonable and equitable manner fix a lump sum as damages*".

The following cases illustrate that courts and claimants face difficulties with finding the right connecting factors to quantify the damages in case of non-sales infringements. This often results in lower damages or even no damages at all. This may also be due to the lack of evidence provided by the claimant.

Below we further explain, on the basis of existing case law, how damages are quantified in respect of different non-sales acts.

### A) Copyright – communication to the public

Damages are commonly awarded in respect of unlicensed communications to the public of artistic works. Such communication to the public may consist, inter alia, in a public performance of the work, online streaming or uploading, hyperlinking to an unlawfully uploaded content, *etc*. Whether the infringer received any payment in consideration of such communication[(4)] is not particularly relevant when it comes to calculating the compensation which the right holder may claim. Absent or not the existence of such (direct) consideration, the compensation awarded to the right holder will depend upon the reach of the communication (what public? How long?) and the price that the right holder itself would have charged for such communication, or alternatively the royal-

(4) Even when such communication to the public has been made for a consideration, the infringer's act does not qualify, in Belgian legal terminology, as a "sale", as it concerns services rather than goods.

ties that would be due by an authorized licensee to proceed with such communication to the public.

For example, the Court of Appeals of Brussels[5] considered a case where the infringer had reproduced and communicated to the public a horoscope available on the website of the claimant. The latter argued that as a result hereof, the amount of '*pageviews*' on its website had significantly decreased (allegedly by 105 million). Furthermore, the claimant argued that, due to the advertising banners displayed on its website, it earned USD 10 per 1000 pageviews. As a result, the applicant estimated its prejudice to be in the amount of USD 1,05 million. However, the Court rejected the quantification method put forward by the claimant, considering the evidence to be insufficient, in particular regarding the causal nexus between the unlawful reproduction and the decrease in the pageviews of the claimant. The court hence awarded damages, calculated *ex aequo et bono,* in the amount of EUR 250.000.

In another case, the Court of First Instance of Brussels awarded a lump sum compensation for making available to the public a *logo* of the Smurfs via several websites[6]. It justified the amount of the damages – a modest sum of BEF 50,000 (*i.e.* approximately EUR 1.250) – by stating that it would have been the minimum amount of royalties the right holder would have requested for such acts.

### b) Copyright – reproduction

In copyright cases, it often happens that unauthorized acts of reproduction take place, without those reproduced works being sold afterwards. In these cases, the courts often apply an applicable rate from a collective management organization or determine a reasonable royalty rate that the infringer should have paid in case he requested the rightsholder's authorization. In absence of any comparable licenses granted by the right holder, such royalty rate is often determined *ex aequo et bono* by the courts.

In a case decided in 2017, the Court of Appeal of Brussels decided that the unauthorized reproduction, in a journal, of photographs available in a database entitled the right holder to a compensation. The amount of such compensation was based on the (minimum) rate applied by Sabam (the Belgian Association of Authors, Composers and Publishers) in case of reproduction of pictures in periodicals. The Court refused to apply prices negotiated between parties for

(5) Court of Appeals Brussels, 15 September 2004, *IRDI*, 2004, p. 387.
(6) Court of First Instance Brussels, 7 October 2003, *IRDI*, 2004, p. 47.

previous contracts stating that such prices could not be applied outside the specific circumstances of such contracts.[7]

In a case concerning the extraction and the re-use of data from a database, the Court of Appeal of Brussels rejected the submission of the right holder that its damage amounted to the turnover made by the infringer; nevertheless, the Court held, this does not imply that the right holder has not suffered any harm. Damages were thus assessed *ex aequo et bono*, taking into account various parameters, including the quantity of data that had been extracted, in comparison to the whole content of the original database, and the bad faith of the infringer.[8]

### c) Copyright – moral rights

Likewise, damages are sometimes awarded in respect of infringements of an author's moral rights, *e.g.* in case of unauthorized divulgation of a work, infringement of the paternity right or the unauthorized modification of a work.

The Court of Justice of the European Union (CJEU) clarified in the *Liffers* case[9] that a right holder can request compensation for moral damages (calculated in accordance with Article 13, paragraph 1(a) of the Directive 2004/48)[10], in addition to the compensation due for the infringement upon the exploitation rights amounting to the royalties that would be have been paid under a license (according to Article 13, paragraph 1(b)). In its judgement, the Court determined that the two methods of calculation mentioned in Article 13, paragraph 1, could indeed be combined, because the objectives of the Directive "*must be interpreted as establishing the principle that the calculation of the amount of damages to be paid to the holder of the intellectual property right* must seek to ensure that the latter is compensated in full for the 'actual prejudice suffered' by him*, which also includes any moral prejudice*."[11] (emphasis added).

The Court of Appeal of Brussels awarded a compensation in the amount of EUR 15,000 to the holder of a database of photographs for the unauthorized reproduction of some of these photographs without indicating the name of the holder. This amount was assessed *ex aequo et bono* "fair" and deemed to be fair taking into account the nature of the prejudice, the scope of the infringement,

(7) Court of Appeals Brussels, 3 October 2017, *darts-IP*.
(8) Court of Appeal Brussels, 16 February 2017, *darts-IP*. See also: Court of Appeals Brussels, 27 January 2014, *darts-IP*.
(9) CJEU, 17 March 2016, C-99/15, ECLI:EU:C:2016:173.
(10) Or at least, according to the Spanish law provision that implemented Article 13 into national law.
(11) §25, C-99/15 (*op. cit*).

the nature and circumstances of the infringement and the value of the reproduction right.[12]

In a case decided in 2013 concerning the unauthorized reproduction of a logo on posters, the Court of Appeal of Brussels assessed globally the material and moral prejudice suffered by a copyright holder. A sum of EUR 12,500, assessed *ex aequo et bono*, was hence awarded to compensate both for the loss of profit and the violation of the paternity and integrity rights.[13]

In another case concerning both the reproduction and communication to the public of a family crest, and the sale of goods bearing this reproduction, the Commercial Court of Brussels stated that the moral damage suffered by the family was obviously much higher than the material prejudice (loss of profit) as the crest in question was not meant for commercial use. Therefore, it did not matter much that the defendant, i.e. the company Zara Home had ordered only 38, and sold only 30 litigious goods. The Court opined that the legal cost borne by the claimant family should also be taken into account. Damages were finally assessed *ex aequo et bono* and amounted to EUR 7,500.[14]

### d) Mere manufacturing

The analysis of case law learns that in case of mere manufacturing of infringing products (or, under trademark law, the mere affixing of the infringing sign on the products), damages are *sometimes awarded*, although the products in question have not been effectively sold.

For example, in a case involving the infringement of Delvaux's copyright by clothes retailer C&A, the Court of Appeal of Brussels[15] determined that in order to quantify the damages, account should be taken not only of the products that had been sold, but also of the products that had been *manufactured and/or imported but not yet sold*. Moreover, the Court used the same damages quantification method as for products sold, *i.e.* it included the unsold goods into the infringing volume and multiplied that figure with the relevant profit margin. A similar reasoning has also been adopted by the Court of Appeal of Liège[16], the Court of First Instance of Ghent[17] and the Criminal Court of Ghent[18].

(12) Court of Appeal Brussels, 3 October 2017, *darts-IP*.
(13) Court of Appeal Brussels, 8 March 2013, *darts-IP*. See also: Court of Appeals Gent, 5 January 2009, *darts-IP*.
(14) Commercial Court Brussels, 19 June 2017, *darts-IP*.
(15) Court of Appeals Brussels, 28 June 2011, *IRDI*, 2012, p. 395.
(16) Court of Appeals Liège, 8 September 2008, *Ing. Cons.*, 2008, p. 778.
(17) Court of first Instance Ghent, 10 January 2007, *IRDI*, 2007, p. 13.
(18) Criminal Court Ghent, 24 May 2006, *Ing. Cons.*, 2006, p. 553.

However, on other occasions, courts have *refused* to grant damages in respect of infringing goods which were not effectively sold.

For example, the Court of First Instance of Ghent[19] decided that only 112 machines manufactured *and delivered* to clients could be taken into account. Similarly, the Court of Appeal of Brussels[20], Liège[21] and Antwerp[22] decided that only the products sold by the infringer should be taken into account when determining the infringing volume.

In a case relating to an infringement of plant variety rights, the Court of Appeal in Antwerp[23] awarded the plaintiff a 'reasonable compensation' within the meaning of Article 94(1) of Regulation n° 2100/94. The infringement concerned the production of potato plants. The Court applied the CJEU's reasoning in Case C-481/14[24] to determine the 'reasonable compensation', which covers (i) the fee that would normally be payable for licensed production (in this case 50% of the usual plant breeder's compensation per hectare) and (ii) all damage that is closely connected to the failure to pay that fee, which may include payment of default interest. The Court dismissed the plaintiff's claim for double damages and instead based its calculation of the damages on the number of hectares mentioned in a report made by an expert that was appointed by the court by multiplying the usual plant breeder's compensation per hectare with the number of hectares concerned.

The plaintiff also claimed compensation for 'any further damage' resulting from the infringing act on the basis that the defendant had acted intentionally or negligently within the meaning of Article 94(2) of Regulation n° 2100/94. According to the CJEU's judgment in Case C-481/14, this damage must be determined on the basis of the specific matters put forward by the holder of the variety infringed, if need be using a lump-sum method if those matters are not quantifiable. The Court of Appeal accepted, as a matter of principle, the plaintiff's claim for reimbursement of the costs he made to trace, establish and manage the infringements, as well as the loss of exclusivity and the loss of reputation resulting therefrom. The Court accepted the defendant's negligence but dismissed the plaintiff's claim to order the restitution of the profits and gains made by the infringer, acknowledging however that these profits and gains can be used to set a 'lower limit'. The Court eventually awarded a provisional amount of EUR 10,000 and appointed a court expert to determine this 'lower limit'.

(19) Court of first Instance Ghent, 23 May 2005, *unpublished* (available on Darts IP).
(20) Court of Appeals Brussels, 23 June 2015, *Ing Cons*, 2015, p. 464.
(21) Court of Appeals Liège, 16 April 2012, *IRDI*, 2013, p. 159.
(22) Court of Appeals Antwerp, 28 February 2011, *IRDI*, 2012, p. 405.
(23) Court of Appeals Antwerp, 2 May 2017, *ICIP*, 2017, p. 623.
(24) CJEU, 9 June 2016, C-481/14, ECLI:EU:C:2016:419.

There is no clear justification for this contrasted case law regarding the quantification of damages in case of manufacturing without further marketing or sale.

### e) Importing and warehousing

It follows from the case law that the importation of infringing products can also lead to damages being *awarded* to the right holder, even if these products have not yet been sold.

Indeed, in several cases the courts calculated the infringing volume by taking into account not only the number of products actually sold by the alleged infringer, but also the products that have merely been imported[(25)]. The quantification of the damages resulting from the importation of products was therefore identical to the quantification of damages resulting from the sale of such products. Analysis of the case law shows that the damages allocated however varies greatly from one Court to another. The damages are generally assessed from EUR 25 up to EUR 500 per item (depending on the item concerned). Some Courts also granted a lump sum regardless of the mass of counterfeiting items seized.

However, on other occasions, courts have *refused* to grant damages in respect of infringing goods which were not offered for sale, or even for goods which although offered for sale, were not effectively sold.

For example, in a (trademark, copyright and model infringement) case brought by Apple Inc against a Belgian company, the Brussels Court of Appeal decided that the products imported but not sold (i.e. products that had been seized by the customs authorities) could not be taken into account for the calculation of damages.[(26)]

It is also worth mentioning that Belgian Courts have on several occasions recognized in several case-law that the placing on the market of low-quality products undermines the image and repute of authentic products and hence harms the right holder.

A recent case before the Court of Appeal of Brussels illustrates the above and deals with the matter of damages for unauthorized import of goods in the EER[(27)]. The Court identified four separate categories of infringing goods:

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(25) Court of first Instance Ghent, 10 January 2007, *IRDI*, 2007, p. 13; Court of first instance of West Flanders, division Bruges, criminal section, 7 Juni 2017, www.ie-forum.be. See also references to case law above under c) mere manufacturing.

(26) Court of Appeal of Brussels, 28 June 2011, *darts IP*.

(27) Court of Appeals Brussels, 7 February 2017, *Mitsubishi v. Duma Forklifts and GS International*, « Mitsubishi », 2010/AR/2007, (available on Darts-IP).

– The first category of goods was sold by the trademark holder outside the EER and were advertised, imported, offered for sale and sold in the EER by the infringer without any modification to the trademark. There were slight modifications to the goods in order to comply with EU regulations, but these were found not to be relevant for the judgement of the Court;
– The second category of goods were sold by the trademark holder outside the EER and imported in the EER by the infringer without any modification to the trademark, but were held in a customs warehouse without the destination of sale being known. The Court did not further examine a possible infringement in relation to these goods;
– The third category of goods were the goods under the second category that had their trademarks removed in the customs warehouse after which they were being advertised, offered for sale and sold in the EER. The removal was poorly executed whereby the trademark was still visible;
– The fourth category of goods were sold by the trademark holder outside the EER and were advertised, imported, offered for sale and sold in the EER after removing the trademark from the goods outside the EER. A prejudicial question was referred to the European Court of Justice. The Court did not take a decision as to the infringement or to the damages with regards to this category of goods.

For the first category of goods, the Court identified four infringing acts, namely advertisement, import, offering for sale and sales of infringing goods. The Court did however not make a distinction in damages awarded for damage resulting from advertisement, import or sales. It awarded, provisionally, one lump sum that covers the damage resulting from all three infringing acts. The lump sum was assessed *ex aequo et bono* at EUR 3 million taking as connecting factor the profit made on the actual goods sold in the EER (remittance of profit). The Court clarified that this sum covers three categories of damages. First the moral damages for the deterioration of the distinctive capability of the claimant's trademarks, an impairment to their exclusivity, an erosion of their power to attract and prejudice to their reputation. With regards to these damages, the Court stated that the three infringing acts together, executed on a large scale over a period of more than four years, created the impression to the outside world that the trademark holder was not capable of stopping the unlawful parallel import and to control the first import of their goods in the EER. Next the material damages, in this case the loss of profits, due to the use of the trademarks without paying any royalty and without being bound under a license agreement. Lastly the costs related to the tracking, uncovering and cessation of the infringing activities such as administration- and personnel costs and costs related to seizure measures.

Interestingly the Court considered that the applicants were entitled to the lump sum without having to prove the exact scope of the actual prejudice suffered, nor whether the lump sum equates to this prejudice. Quoting the case law of the Benelux Court of Justice, the Court then went on to define "profit" and "deductible costs" and considered the "net-cost" to be sale price of the infringing good minus the purchase price and all costs and taxes directly related to the sale of the infringing, without taking account of the general costs of the undertaking. The Court provisionally awarded EUR 3 million and appointed an expert to further determine the exact profits made by the infringer with regards to this category of goods.

The Court applied the same reasoning for the third category of goods (found four infringing acts and awarded one lump sum without distinction) and appointed an expert to determine the exact scope of the profits made by the infringer with regards to this category of goods.

In a different case, but also related to the unauthorized import of goods in the EER, the Court of Appeal of Brussels[28] followed the same reasoning. The Court identified five infringing acts, namely the purchase, import, offering for sale, sales and warehousing of infringing goods. A lump sum was granted and estimated *ex eaquo et bono* for all of the identified infringing acts. The lump sum was granted for reason that the trademark holder was deprived of the possibility to be the first to introduce the infringing goods in the EER which resulted in moral damages, material damages and costs related to the tracking, uncovering and cessation of the infringing activities. The Court awarded EUR 12,500 taking into account the purchase, sales and stock numbers of the infringer. The Court also allowed a remittance of profit, estimated at EUR 179,90 euro for a total of 1.621 miniature bottles of two kinds of liquor. The Court went a step further in determining the loss of profit as also including profit on infringing purchased goods not found in the inventory, nor in any sales record. According to the Court, these goods are included, unless the infringer can produce sufficient evidence that it has given the infringing goods away for free. The Court ordered the destruction of the other remaining goods in the inventory.

Finally, in a case before the Court of Appeal of Brussels[29] that also deals with the matter of damages for unauthorized import of goods in the EER. The Court identified four infringing acts, namely the import, warehousing, offering for

(28) Court of Appeals Brussels, 25 September 2018, *Bacardi v. Alcimex*, « Bacardi », 2014/AR/137, (available on Darts-IP).

(29) Court of Appeals Brussels, 7 November 2017, *Diesel v. Carrefour, Mithra and Cosmos World*, « Diesel », 02010/AR/2008, (available on Darts-IP).

sale and sales of infringing goods. The Court rejected the claim for remittance of profit and the remittance of unsold goods due to the lack bad faith, despite the previous litigation between the parties and judgements in favour of the trademark holder in other countries. Similarly as above, the Court granted one lump sum and estimated it *ex aequo et bono* for all of the identified infringing acts. The lump sum was assessed at EUR 125,670 taking as connecting factor the actual goods sold in the EER multiplied by EUR 30. This covers the loss of profit and the dilution to the distinctive power suffered by the trademark holder due to the fact that the infringing goods were sold in a supermarket at relatively cheap discounted prices. Damage to the reputation was not proven. For its calculation, the Court thus only took account of the actual sales (4.194 out of 8.131). The remaining goods in the inventory could not be further sold. The case involved a chain of actors that were all convicted *in solidum* for the entire sum as they all contributed to the damage suffered by the trademark holder.

With respect to the issue of warehousing, a different approach may also be noticed in function of the intellectual property right at stake. Under Belgian patent law, simply storing goods in a warehouse without offering them for sale or bringing them to market in the Belgian territory has been held not to constitute patent infringement. The Antwerp Court of Appeal indeed considered that an infringement can be found only to the extent the infringing goods have entered the market, are used or are stored in view of commercialization or use.[30]

### f) Offering for sale/advertisement (including multi-jurisdictional)

In trademark law, in particular, the offering of infringing products for sale and commercial advertising for such products (or services) will entitle the right holder to compensation. In light of the difficulty to determine exactly the harm caused to the right holder because of such acts, the damages are often determined *ex aequo et bono* by the courts.

In a case brought before the Court of Appeal of Mons[31], it was determined that *by offering* infringing products *on the market*, the infringer harmed, amongst others, the *legal monopoly* granted to the patent holder. In order to calculate the damages caused as a result hereof, the court took into account the specialized and closed character of the market in question, the high price of the products and the fact that the infringer was well known and established on the market whereas the patent holder was still young and relatively unknown. Yet, given

(30) Antwerp Court of Appeal, 14 September 2015, 2010/AR/2481, *not published*.
(31) Court of Appeals Mons, 9 February 2015, *IRDI*, 2015, p. 26.

that no objective method was available in order to calculate the damages, the court eventually determined those damages *ex aequo et bono* and awarded EUR 200,000.

Furthermore, the use of a name in the course of trade that infringes upon an existing trademark or commercial name, can also lead to the awarding of damages, even if no counterfeit goods have been sold. In a case before the Commercial Court of Brussels[32], the Court awarded Playmobil a lump sum of EUR 2,500 for the prejudice it had incurred when a Belgian company had used the word mark "Playmobil" as part of its company name ("Playmobil Industrie"). The justification given by the Court was that the latter company's use of the name "Playmobil" had damaged Playmobil's "*professional interests*" by using a name confusingly similar to its commercial name and company name. In a similar case concerning the use of the commercial name "Beautiful Freak" for a tattoo shop, the Commercial Court of Ghent[33] awarded EUR 1 provisional, in absence of further evidence, for the use of an identical/similar commercial name.

In a similar decision of the Court of Appeals of Brussels[34], the Court held that the infringing use of the sign "Jimmy's" or "Jimmy's Private Club" had affected the distinctive character of the plaintiff's trademarks, resulting in moral damage for the latter. However, the *extent* of the moral damage suffered by plaintiff was not proven. The plaintiff admitted that there are no precise elements to estimate the damage. In the absence of precise elements to estimate the damage, the Court assessed the other factual elements and documents available, in particular those showing that although the defendants offer their services in collaboration with other players located throughout Europe, their appearance and activities are mainly limited territorially to the city of Antwerp and the Antwerp region. As a result, the detriment to the distinctive character of the plaintiff's trademarks was relatively limited. The court thus set the moral damage suffered by the plaintiff at a lump sum amount of EUR 5,000.

Similarly, the Court of Commerce of Antwerp[35], in a case relating to the infringing use of a protected name as an adword and metatag, awarded damages *ex aequo et bono*, estimated at EUR 5,000 for the loss of profits and the reputation damage. The claimant claimed loss of profits for the reason that it was

(32) Commercial Court Brussels, 21 September 2017, www.ie-forum.be.
(33) Commercial Court Ghent, 12 January 2017 (www.ie-forum.be and Darts IP).
(34) Court of Appeals Brussels 13 July 2018, *ICIP*, 2018, p. 461.
(35) Commercial Court Antwerp, division Antwerp, 20 December 2018, *VZW I-Learning v. BVBA Belenus and VZW Schoonheidsschool*, « Schoonheidsschool », A/17/6082 (available on Darts-IP).

unable to use the adword and metatag, thus losing out on potential customers. The Court found that the claimant did not provide sufficient and serious evidence concerning the potential customers it missed. The defendant did not submit records showing an evolution in the sales. Providing its raw income as its loss of profit without specifying production costs for its services did not suffice. Every cost related to the provision of the services, including taxes, should have been considered.

In an earlier judgement the Court[36] had already warned the claimant therefor and did not follow its reasoning to award damages based on the websites' visitor statistics. The claimant had argued that it supposedly missed out on 26 subscribers and had calculated its damages to recover the entire subscription fee (EUR 481,23) for every missed subscriber, without taking into consideration any costs. Such reasoning was dismissed.

The Court of Commerce of Ghent, in a case relating to infringing use and registration for a trademark in bad faith of a protected name for similar services, dismissed the claimed amount of EUR 2.500 *ex aequo et bono* estimated damages[37]. The claimant did not provide the Court with any evidence of any potential damage or any disadvantage that the claimant might have incurred. The Court awarded 1 euro provisionally. The Court emphasized that the damages it can award consist either of loss of profit (*lucrum cessans*) or of suffered damages (*damnum emergens*), including damage to its good name and reputation. The Court also reiterated that the claimant must prove the causal relationship between the damage and the infringing use. This appears to be the most difficult part for this kind of cases.

In *patent law*, the mere offering of infringing products in Belgium constitutes a patent infringement. Given the difficulty for the patent holder to demonstrate the exact amount of lost profits and damages incurred, courts generally consider that an *ex aequo et bono* amount of damages should be awarded, taking into account that the amount should be sufficiently high to deter speculation on behalf of the infringing party. Additionally, Belgian courts tend to award a compensation for the costs made to investigate the infringement and enforce their patent rights (including costs of experts and patent attorneys).[38]

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(36) Commercial Court Antwerp, division Antwerp, 3 May 2018, *VZW I-Learning v. BVBA Belenus and VZW Schoonheidsschool*, « Schoonheidsschool », A/17/6082 (available on Darts-IP).

(37) Commercial Court Ghent, division Ghent, 12 January 2017, *X v. Y and BVBA SWEET P*, « Beautiful Freak », A/15/06576 (available on Darts-IP).

(38) Court of Appeal Mons, 9 February 2015, 2013/RG/915, *Darts-IP*; Court of First Instance Brussels, 22 December 2005, 05/3196/A, *Darts-IP*.

In this respect, also the presentation of an infringing product on a fair[39], the description thereof in a promotional document constitutes infringement. However, if no sales have resulted of this promotion or offer, the Court of Appeal of Brussels decided in 2009 that the claimed lost profits should not be awarded. On the other hand, the costs of the patent expert were awarded as compensation.[40]

3) Please explain what approach your current law takes in relation to "franking": if damages are paid in relation one infringing act (e.g. manufacturing) for specific infringing goods, can those goods then be circulated freely subsequently, or does their subsequent circulation amount to a fresh infringement in relation to which an injunction or damages may be available?

We have not encountered any case law in Belgium addressing the situation of "franking".

This said, under Belgian law, compensation should always be proportional to the prejudice suffered by the victim of the wrongful act, in this case the right holder. Therefore, if the right holder has already obtained damages in respect of an infringing act related to particular goods, it could claim additional damages for further infringing acts in respect of the same goods only if it can establish that it suffers additional harm due to the latter acts.

## 2. Policy considerations and proposals for improvements of your group's current law

4) Are there aspects of your Group's current law or practice relating to the quantification of damages for non-sales infringements that could be improved? If YES, please explain.

Yes, the group believes that the current law and practice could be clarified and improved regarding the quantification of damages for the *(mere) manufacturing and/or (mere) importation (and warehousing)* of tangible goods.

As described above in our answer to question 2), some decisions have denied to grant damages in respect of such goods, while other decisions quantify damages for such non-sales infringing acts by using the same method as for infringing sales; in the latter case, the manufactured or imported goods, although not sold (or even offered for sale), are considered as part of the infringing volume together with the goods that have been sold by the infringer, with the result that

(39) Court of First Instance Antwerp, 23 April 2002, 01-2978-A, *Darts-IP*; Court of First Instance Antwerp, 1 December 2000, 91/6220/A, *Darts-IP*.
(40) Court of Appeal Brussels, 15 October 2009, 2006/AR/3172, *Darts-IP*.

damages are awarded, at a unique tariff (normally the margin of the right holder on the sale of comparable authentic goods), for all counterfeit goods whether sold or not sold.

The group agrees that the manufacturing or importation (and warehousing) of counterfeit goods may cause a prejudice to the right holder, but is divided on the extent of such prejudice and the appropriate way to quantify damages in such circumstance.

In the view of the majority of the group, infringing goods that have been manufactured or imported but not yet sold do *not* result in the *same loss of profits* for the right holder as in the case they are put on the market and effectively sold. It is difficult to consider that the mere manufacture, or importation, of a counterfeit good, results in the right holder 'missing out' a sale. Given that the driving principle of "*restitutio in integrum*", which means that the compensation should be equivalent to (no more and no less than) the actual prejudice suffered by the injured party, the majority of the group believes that quantifying the damages in such a way may result in an over-compensation of the prejudice incurred by the right holder.

A minority of the group, however, believes that the (mere) manufacturing and the (mere) importation are typically performed by counterfeiters with the intent to subsequently sell the infringing goods. Those members consider that damages may in this case be calculated as if the goods concerned had been sold; indeed, it should be taken into account, on the one hand, that the proof of actual sales is difficult to bring and, on the other hand, that it is likely that the infringer, who is found in possession of infringing goods, has already marketed similar goods.

There was a consensus among the group that the right holder should in any event be compensated for any suffered loss. Consequently, the group agreed that the compensation due by the infringer should at least include the *costs* of identification and pursuit of the (particular) infringement, the costs for the seizure and destruction of the infringing goods in question, the fees of technical and legal experts, and possible similar costs.

Furthermore, in some circumstances, it appears justified – also to the majority of the group – to award the right holder damages to compensate a *loss of royalties*.[41] Given that, under the law applicable to most IP rights, manufacturing (reproducing) and importing, and as the case may be detaining, infring-

(41) M. Buydens, "La réparation du dommage en droit de la propriété intellectuelle", in *Droits intellectuels – Le contentieux (compétence, procédures, sanctions)* (B. Vanbrabant éd.), 2012, Wavre, Anthemis, p. 150.

ing goods, are considered as infringing acts as such, it may be argued that the infringer should have requested a license from the right holder in order to perform these acts, and damages could therefore be awarded on this basis. This damages quantification method appears particularly appropriate where the right holder has already license agreements, or even has a standard royalty rate, in place where the mere manufacturing (or importation) of goods (or yet the mere reproduction of a work) entails the payment of royalties. In absence of such reference, specific to the right holder, reference could also be made to the royalties that generally apply in the relevant sector. Finally, if none of these methods could be used to quantify the damages, the courts could determine a reasonable royalty rate, or lump sum compensation, purely *ex aequo et bono*.

In the case where infringing goods are not only manufactured, or imported, but *also offered for sale, or advertised*, the right holder suffers additional harm – like the harm to reputation or the loss of exclusivity – which may result in additional compensation. This was not disputed among the group.

5) What policy should be adopted generally in relation to non-sales infringements? Should:
   *a) Only damages be available for past non-sales infringements?*
   *b) Only an injunction be available to restrain future non-sales infringements?*
   *c) Both damages and an injunction should be available.*

The group considers that both damages and an injunction should be available in relation to non-sales infringements. First, except in exceptional cases where an abuse of a dominant position, or an abuse of right, is stated, an injunction should always be pronounced at the request of the right holder in case of infringement, irrespective of whether any goods have been sold. For example, if infringing goods have been manufactured or imported, the right holder should be able to request an injunction preventing these goods from entering into circulation.[(42)]

Nevertheless, even if an injunction is granted, the right holder should still be compensated for the prejudice he has incurred as a result of the infringement. This includes the costs made by the right holder (identification and pursuit of the infringement, costs for seizure and destruction of infringing goods, costs of experts), an indemnification for the harm to reputation and possibly the loss of

(42) In Belgian law, the courts are typically obliged to pronounce an injunction as soon as an infringement has been identified, irrespective of whether the injunction was requested by the rightholder.

profits (*e.g.* in case where works are unlawfully made available for free on the Internet) or the loss of royalties[43].

6) What policy, in relation to franking, would best promote a uniform recovery of damages in relation to infringements in a number of jurisdictions in relation to the same goods?

In relation to franking, we note that such situation should happen only in very rare occasions, given that an injunction should be available to the right holder but in exceptional circumstances. As a result, the right holder should normally be able to prevent the further circulation of infringing goods, even if these goods are no longer held by the initial infringer. For example, if A has manufactured infringing goods and sold those goods to B, who subsequently sold them to C, the right holder should normally still be able to impose an injunction to party C, preventing the further sale, and as the case may be, to secure the seizure and destruction of such infringing goods.

Nevertheless, if a situation of franking would occur, the principle should remain that the right holder is entitled to compensation for the entire prejudice suffered as a result of the infringement. Therefore, if the right holder has already been fully compensated for the sale and distribution of infringing goods in one jurisdiction, there is, in our group's view, no reason to award additional damages if the 'franked' goods are later found in another jurisdiction. However, if the right holder has received damages which cover only part of the infringing acts (for example, only the manufacturing or importation of infringing goods, on the basis of a reduced royalty: see question 4) and afterwards said infringing goods have been distributed or sold, the right holder should be entitled to obtain damages for the additional prejudice he suffers as a result of these further acts.

7) Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

We believe it could be useful to create a worldwide, or at least European wide, database of caselaw involving the quantification of damages for non-sales infringements. Even though certain aspects of the laws of EU Member States have already been harmonized through the Enforcement Directive[44], significant differences apparently subsist between the quantification methods used in each Member State. A database for caselaw could help to promote best practices and further serve to improve and refine quantification methods in all Member States.

(43) See above, question 4).
(44) See above, question 2).

## 3. Proposals for harmonisation

*For the purposes of this section III, please assume that the following acts are infringing acts, even if they are not infringing acts under the current laws of your Group:*

(a) *Manufacturing;*

(b) *Selling;*

(c) *Offering whether for sale otherwise;*

(d) *Importing; and*

(e) *Keeping and warehousing.*

8) Do you believe that there should be harmonisation in relation to damages for non-sales IP infringement?

*If YES, please respond to the following questions without regard to your Group's current law or practice.*

*Even if NO, please address the following questions to the extent your Group considers your Group's current law or practice could be improved.*

Yes, we believe this would be beneficial.

9) Manufacturing of patented products: How should damages be quantified in relation to the manufacturing of infringing products?

We refer to our response to question 4). In cases involving the manufacturing of patented products, the right holder should in any event be compensated for any incurred costs (identification and pursuit of the infringement, costs for seizure and destruction of infringing goods, costs of experts, *etc*.). Additionally, given that the infringer should have requested a license for the manufacturing of patented products, the right holder could also be awarded damages for the loss of royalties. The lost royalties can be quantified by referring to (ranked in order of precedence) (i) similar license agreements concluded by the right holder; (ii) royalties that generally apply in the sector; (iii) an *ex aequo et bono* compensation (either in the form of a fair royalty rate or a lump sum).

10) Should the subsequent export and sale of manufactured infringing goods change the quantification of damages?

Yes, in the event that the manufactured infringing goods are subsequently exported and sold, we believe that damages should be calculated taking into account such export and sale. Damages awarded for the sale of infringing goods, normally also includes a compensation for non-sales infringing acts,

such as manufacturing, import/export, warehousing, which occurred before the sale.[45]

However, the right holder cannot be compensated twice (or more) for the same prejudice. Therefore, if the right holder has already been awarded damages for the sales of infringing goods in one territory, he should not be awarded further damages for resales of the same goods, be it in another territory. In such a case, the right holder could only claim additional damages if he can demonstrate that he has not been fully compensated for the prejudice which he suffers as a result of the various infringing acts. For example, if the first damages awarded only compensate the sales of goods in territory A, but goods have also been exported and sold in other territories, it would then be possible to obtain damages in relation to the latter sales.

On another note, the group is of the opinion that if goods are manufactured in one country in violation of particular IP rights and then exported and sold in another country where no similar protection applies, the sale of these goods in that latter territory could nevertheless be taken into account when quantifying damages for the non-sales infringing acts which occurred in the first country. In such case, we think, there is indeed sufficient causality between the infringement in the first country and the loss suffered in the latter country; provided however that the right holder is selling in this country despite the absence of exclusivity. The profit margin which should then be taken into account to quantify the damages, should be that margin which the right holder is making in the country of destination, which will usually be lower than the margin in the country of exportation.

11) Importing and warehousing of patented products: How should damages be quantified in relation to importing and keeping or warehousing?

We refer to our response to question 9). The method for quantifying damages in relation to importing and keeping or warehousing should be the same as in case of (mere) manufacturing of patented products. The indemnifiable costs, made by the right holder, may just be of a different nature.

12) Series of infringements in relation to patented products: In the situation where there is a series of infringing acts, such as manufacturing, followed by warehousing, followed by a sale, should damages be quantified, for each individual infringing product:

*a) On the basis of a sale alone, if that infringing product was eventually sold?*

(45) For more details regarding the quantification of damages for acts of sale, we refer to the 2017 AIPPI report of the Belgian Group: "*Quantification of monetary relief*".

*b) On the basis of each infringing act in the chain?*

*c) If the infringing product was never sold?*

*d) On some other basis?*

Unless a specific distinguishable harm can be attributed to any of the non-sales infringing acts, we believe damages should be quantified on the basis of the sale of the patented products. The damages awarded for such sale, should under normal circumstances also compensate the prejudice incurred by the right holder for preceding non-sales acts, such as manufacturing, import/export, keeping and warehousing, *etc*. Where the damages are awarded on the basis of lost royalties[(46)], however, it may be the case that distinct royalties are applicable in respect of the various acts in the chain which fall under the exclusive right of the patentee; in such case, the concerned royalty rates could be aggregated, as they would be in respect of a licensee who both manufactures, warehouses and sells the patented products.

If *several parties* have performed distinguishable infringing acts, all of the involved parties shall typically be liable *in solidum* towards the right holder for the payment of all damages. Afterwards, it would be up to the joint-tortfeasors to sort out amongst themselves to which extent each of them should contribute to the debt; in absence of an agreement in this respect, the court would decide.

13) Services/operating patented processes: please explain how damages should be quantified in relation to infringements that consist of carrying out infringing processes. *e.g.* a patented manufacturing process?

In relation to services/operating patented processes, the same principles regarding the quantification of damages apply. As a result, the right holder should be compensated for all prejudice he suffered as a result of the infringement.

This includes the costs made by the right holder to enforce its rights (identification and pursuit of the infringement, seizure and destruction of infringing goods, costs of experts, etc.), the loss of profits and any other loss suffered (such as the harm to the right holder's reputation/legal monopoly). The loss of profits can be calculated in one of two ways. If the right holder offers itself to perform the services/processes to third parties, the quantification of damages should take into account the prices applied by the right holder for such services. If the right holder does not offer such services/processes on the market, the loss of profits should be quantified with reference to the royalties that the

(46) This will be the case, for example, where the patentee is a non-practising entity the business whereof consists in licensing its patents: see the 2017 AIPPI report of the Belgian Group: "*Quantification of monetary relief*", question 2.

right holder would have charged under a license agreement with the infringer. The royalties can be quantified by referring to (ranked in order of precedence) (i) similar license agreements concluded by the right holder; (ii) royalties that generally apply in the sector; (iii) an *ex aequo et bono* compensation (either in the form of a fair royalty rate or a lump sum).

14) Please explain how damages should be quantified for subsequent post-manufacturing activities in relation to the products of a patented process, *e.g.* the offering for sale of a product made using a patented process?

Given that the products manufactured by using a patented process without the consent of the right holder are considered as infringing products, the method for quantifying damages in relation to post-manufacturing activities in relation to such products, is the same as for patented products as described in our responses to questions 9) until 12).

15) Simultaneous single infringing acts: In the situation where there is a single act, such as an offer for sale on the internet, which amounts to an infringing act simultaneously in a number of jurisdictions, how should damages be quantified in each of those jurisdictions? For example, one single offer to sell products is made on the internet and that single offer is considered to infringe by the courts of two jurisdictions A and B. If court A awards damages for that single act which compensate for the loss suffered by the right holder, should court B also award damages and how should those damages be quantified so as to eliminate or reduce double recovery?

If, in the example described in the question, court A has the competence to award damages on a worldwide basis (*e.g.* where the infringer has its domicile in country A) and has proceeded to do so, the right holder should have been fully compensated for any prejudice he suffered as a result of all the infringing acts. Therefore, the right holder should not be entitled to claim additional damages before court B as he cannot claim damages twice for the same prejudice.

However, if court A has granted damages only for the prejudice incurred by the right holder in country A (because its competence is limited), court B could still award damages in case any additional prejudice is caused to the right holder in country B (or as the case may be yet another country). The quantification method in such case depends on the type of infringing acts for which the right holder is claiming additional damages. Reference is made to the responses to the questions above. If the infringing act consists in an offer for sale on the Internet, each court could for example refer to the conditions under which a license for the court territory would be granted to a willing licensee.

16) Franking: If damages have been paid in relation to goods that have been manufactured but the further circulation of those goods has not been restricted by injunction, should the infringer (or the acquirer of the goods) be liable again for damages if those same goods are subsequently sold?

*a) If the answer to this question is no, does that mean that the infringer has a de facto licence to sell the manufactured infringing goods?*

*b) If the answer to this question is yes, does that mean that the right holder can recover twice in relation to the same goods?*

The Group would like first to remind that it is only in exceptional circumstances that a court should not pronounce an injunction in respect of an infringement which has been identified.

This said, the group is of the opinion that, in any case, the right holder can only be compensated once for the prejudice he suffered. This means that the right holder can claim damages for subsequent infringing acts only if these acts cause an additional prejudice which has not been compensated already. If the right holder has been compensated only in respect of the manufacturing of infringing products, but not for their subsequent sale, it is likely that this sale causes additional prejudice. Indeed:

– In relation to the loss of profits, in case of mere manufacturing of infringing products such loss may only be quantified by referring to the loss of royalties, whereas in case infringing goods have been sold, the loss of sales should be used as the appropriate basis to quantify the loss of profits of the right holder;
– additionally, the mere manufacturing or importation of infringing goods does normally not result in any harm to the reputation or legal monopoly of the right holder, whereas such harm is much more likely to occur if those goods are subsequently sold.

In order to compensate the right holder for the additional prejudice, he could be attributed the difference between the damages quantified using the method for respectively (i) the manufacturing of infringing products[47] and (ii) the sale of infringing products.[48]

This does *not* mean that the infringer has a *de facto* license to sell the manufactured infringing goods, because the right holder should normally be able to request an injunction preventing the further circulation of infringing goods. Nor does it mean that the right holder can recover twice in relation to the same

(47) See above, question 9).
(48) See 2017 AIPPI report of the Belgian Group: "*Quantification of monetary relief*".

goods, given that any additional damages concern different aspects of the prejudice suffered by the right holder and together only aim to compensate the right holder once in full for all prejudice which he suffered as a result of the infringing acts.

17) Please comment on any additional issues concerning any aspect of quantification you consider relevant to this Study Question.

There are no additional issues we would like to comment on.

18) Please indicate which industry sector views provided by in-house counsel are included in your Group's answers to Part III.

One industry sector view provided by in-house counsel concern the damages awarded in case of non-sales infringing acts such as manufacturing and importation. Given that these acts are typically performed *with the intent to subsequently sell* the infringing goods, it is their view that, also in such case, sufficient damages should be awarded to the right holders to discourage potential infringers from partaking in such acts.

They disagree with the caselaw which considers that in such instances, the right holder did not suffer any loss of profits. Therefore, they believe that a quantification of the loss of profits based on lost royalties, as recommended by (the majority of) the group in our response to question 4, could be a way to justify that sufficient damages are awarded to the right holders.[49]

(49) See above, questions 4) and 9).