

LES TRAVAUX DE L'AIPPI

Question Q244

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| National Group: | AIPPIBE |
| Title: | Inventorship of multinational inventions |
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| Invited: | Arina Gorbatyuk (PhD University of Leuven) |
| Reporter within | |
| Working Committee: | Philippe Campolini |
| Date: | 18 May 2015 |

Questions

I. CURRENT LAW AND PRACTICE

1) Please describe your law defining inventorship and identify the statute, rule or other authority that establishes this law.

- a. If person A, located outside your country, directs the efforts of person B, located in your country, for making an invention in your country, under what circumstances would person A and/or person B be considered an inventor under your law?*

Art. XI.9 of the Belgian Code of Economic Law provides that the right to the patent belongs to the “inventor” or its successor in title. However, the Code does not define inventorship. According to the Belgian case law⁽¹⁾ and the legal literature,⁽²⁾ each person who has delivered a

(1) Comm. Antwerp 18 October 2013, *IRDI* 2014, 381; *RAGB* 2013, 1438; Court of first instance of Liège 21 January 1999, *Ing.-Cons.* 1999, 420.

(2) M.-C. JANSSENS en F. GOTZEN, *Wegwijs in het intellectueel eigendomsrecht*, 2012, 232-233.



substantial contribution to the invention, can claim the status of inventor.

The nationality of the inventor is without influence on the question of inventorship. Under art. 191 of the Belgian Constitution and 11 of the Belgian Civil Code, in the absence of a Belgian statutory provision to the contrary, foreigners enjoy the same rights under Belgian law as those awarded to Belgian citizens. This includes the right to be recognized as the inventor of an invention. This is in line with art. 2(1) of the Paris Convention and art. 1(3) and 3 of the TRIPS Agreement. The domicile of an inventor is also without influence on the question of inventorship. This is in line with art. 2(2) of the Paris Convention.

As a consequence of the above, A and B could both be considered as inventors, provided they have delivered a substantial contribution to the invention.

- b. Does your law defining inventorship rely on or look to a particular part of the patent application? For example, is inventorship under your law determined on a claim by claim basis, determined based on the content of the drawings or the examples, or determined on some other, and if so, what basis?*

The Belgian case law and legal literature defining inventorship require relying on the invention as claimed. The claimed invention should be considered as a whole. Inventorship is not determined on a claim by claim basis. A substantial contribution to one of the claims is sufficient to be considered as an inventor. The contribution should be assessed on a qualitative basis, and not on a quantitative one.

2) Does your law of inventorship depend on the citizenship of the inventor(s)?

No (see above under question 1.a).

3) Does your law of inventorship depend on where the invention was made (e.g. on the residency of the inventor[s])?

No (see above under question 1.a).

4) Can the inventorship of a patent application be corrected after the filing date in your country?

Yes.

- a. If yes, what are the requirements and time limits for such correction?*

Art. XI.21 of the Belgian Code of Economic Law provides that when the patent application meets the conditions laid down for obtaining a filing



date but not the other legal or regulatory requirements, which includes the designation of the inventor (or, in the absence thereof, an express request of the inventor not to be mentioned), the Belgian IP Office notifies the applicant and gives him the opportunity to regularize its application. Such regularization must be done within 3 months after the receipt of the notification and a regularization fee must be paid within the same period. At the expiration of this period, the application shall be deemed withdrawn if not regularized. The Belgian IP Office does not check the correctness or completeness of the list of designated inventors. It is noted that if no inventor is mentioned, and no express request not to be mentioned is submitted, the application will not proceed to grant because the requirement of art. XI.16, § 1, 7°, of the Belgian Code of Economic Law is not fulfilled. Not mentioning an inventor does however not affect the grant of a filing date (art. XI.17 of the Belgian Code of Economic Law). If a mistake occurred in the list of designated inventors, and as long as the patent has not been granted, the applicant may also take the initiative to proceed to such regularization, without any invitation by the Office to that effect. Such proactive regularization is also subject to the payment of the prescribed regularization fee.

This procedure clearly allows the applicant to indicate the name(s) of the inventor(s) if he omitted to do so upon filing of the patent application. It should also allow the applicant to correct inventorship if a person has been incorrectly designated as an inventor or if the name of an inventor is missing. Such corrections will be mentioned in the register and should be included in the publication of the granted patent.

In practice, the Belgian IP Office also accepts corrections or additions to the list of designated inventors *after* the patent has been granted. Such corrections after grant will be mentioned in the register (no reissue of the patent).

The above is without prejudice to (i) entitlement proceedings and (ii) proceedings based on the moral right of the inventor:

- i. a correction or addition to the list of designated inventors in the patent application (or in the granted patent) can have implication on the ownership to the patent and, in case of dispute, give rise to entitlement proceedings according to art. XI.10 of the Belgian Code of Economic Law;
- ii. a correction or addition to the list of designated inventors in the patent application (or in the granted patent) can also be claimed by an



inventor before a court on the basis of its moral right if the applicant does not agree with the requested correction or addition.

5) What are the possible consequences of an error in the stated inventorship on a patent application in your country? Can a patent issued from such an application be invalidated or rendered not enforceable on that basis? Does it matter whether the error was intentional or unintentional?

In Belgium, an error – intentional or unintentional – in the stated inventorship on a patent application is without consequence on the validity or enforceability of the patent issued from such application. However, for a patent to be issued, an inventor must be mentioned or an express request stating that the inventor does not wish to be mentioned must have been filed with the Belgian IP Office in accordance with art. XI.13 of the Belgian Code of Economic Law.

The above is without prejudice to the consequences an error in the inventorship may have on the ownership of the patent (application). In this regard, it seems worth mentioning that a dispute on ownership can lead to the invalidation of the patent according to art. XI.57, § 1, 4°, of the Belgian Code of Economic Law. However, issues relating to the ownership of the patent (application) are outside the scope of this question. Therefore, these aspects are not further developed.

6) Does your law require that an application for a patent claiming an invention made in your country, whether in only one technical area or in all technical areas, be filed first in your country?

In Belgium, there is no first filing requirement in the meaning of question No. 6 and of the working guidelines, i.e. a first filing requirement based on the place where the invention was made.

However, Belgian law contains several legal provisions that can have an effect similar to a first filing requirement, which we consider worth mentioning. These legal provisions are not based on the place where the invention was made, but only on the nationality or residence (or registered office) of the applicant. Distinction is to be made between a Belgian national patent application, a European patent application and an international patent application. Art. XI.82(2) of the Belgian Code of Economic Law⁽³⁾ provides that a European patent application filed by a Belgian applicant or an applicant having his dom-

(3) See also art. 3(2) of the Act of 8 July 1977 “approving the following international instruments: 1. Convention on the Unification of Certain Points of Substantive Law on Patents for Invention, done in Strasbourg



icile or registered office in Belgium must be filed with the Belgian IP Office if that patent application is of relevance for the defense of the territory or the national security. As said above, this legal provision is not based on the place where the invention was made, but on the nationality or residence (or registered office) of the applicant. As a result, in such a case, the applicant is prevented from filing a European patent application with the European Patent Office. The question whether a patent application is of relevance for the defense of the territory or for the national security must be assessed by the applicant.

A similar rule applies to international patent applications. According to art. XI.91(2) of the Belgian Code of Economic Law,⁽⁴⁾ international patent applications must be filed with the Belgian IP Office if they are of relevance for the defense of the territory or for the national security. Art. XI.91(2) is not explicitly limited to international patent applications filed by applicants with Belgian nationality or having their domicile or registered office in Belgium. However, this limitation results from rule 19(1) of the Regulations under the PCT as the Belgian IP Office is the sole competent Receiving Office for such applications.

These two rules thus only apply to European patent applications (filed according to the EPC) and international patent applications (filed according to the PCT). They do not apply to other types of patent applications. Therefore, they do not prevent the applicant from filing other types of patent applications abroad in the first place, e.g. national patent applications outside Belgium or regional patent applications outside the EPO.

The only provision that limits the possibility for an applicant to file a patent application abroad in the first place is the Act of 10 January 1955 “on the disclosure and implementation of inventions and trade secrets which are of relevance for the defense of the territory or for the national security”. This act contains a very broad provision (art. 1) that prohibits the disclosure of

on 27 November 1963; 2. Patent Cooperation Treaty and Regulations, done in Washington on 19 June 1970; 3. Convention on the Grant of European Patents (European Patent Convention), Regulations and four protocols, done in Munich on 5 October 1973; 4. Convention for the European Patent for the Common Market (Community Patent Convention) and Regulations, made in Luxembourg on 15 December 1975” and art. 2(2) of the Act of 21 April 2007 “containing various provisions relating to the procedure for filing European patent applications and the effects of these applications and of European patents in Belgium”.

(4) See also art. 2(2) of the Act of 8 July 1977 “approving the following international instruments: 1. Convention on the Unification of Certain Points of Substantive Law on Patents for Invention, done in Strasbourg on 27 November 1963; 2. Patent Cooperation Treaty and Regulations, done in Washington on 19 June 1970; 3. Convention on the Grant of European Patents (European Patent Convention), Regulations and four protocols, done in Munich on 5 October 1973; 4. Convention for the European Patent for the Common Market (Community Patent Convention) and Regulations, made in Luxembourg on 15 December 1975”.



inventions and trade secrets if such disclosure is contrary to the interests of the defense of the territory or national security. It is provided that the author of the disclosure (or the person who caused this disclosure through negligence) shall only be punished if it is established that he couldn't have ignored that the disclosure was contrary to the interests of the defense of the territory or national security.

A patent application (any type of patent application) filed in a foreign country could be considered as a disclosure in the meaning of this provision.⁽⁵⁾ Therefore, such patent application filed abroad could lead to a breach of this provision, if the applicant cannot have ignored that such disclosure was contrary to the interests of the defense of the territory or national security. The preparatory works of this act make it clear that this can result either from the very nature of the invention or from a joint decision of the Minister of Defense and the Minister of Economy.⁽⁶⁾ In the absence of such joint decision, the preparatory works acknowledge that, for inventions that do *not* concern weapons, it is very difficult to assess if the disclosure would be contrary to the interests of the defense of the territory or national security, and that the act must be applied in a reasonable way.⁽⁷⁾

a. Is the law requiring first filing in your country limited to a specific area of technology or otherwise limited such that it does not apply to all inventions made in your country? If yes, please explain.

The rules referred to above are limited to inventions that are of relevance for the defense of the territory or for the national security. They apply irrespective of the technical area to which the invention belongs.

b. Does your law provide for granting of a foreign filing license or similar mechanism that would allow a patent application for an invention made in your country to be filed first in another country? Please describe any such foreign filing license or similar mechanism as well as the procedure, timing, and cost of obtaining it.

No.

c. If the answer to b. above is yes, is it possible to obtain a foreign filing license retroactively, for example, if a foreign filing was made without a foreign filing license due to inadvertent error?

N.a.

(5) Comp. art. 5 of the Act of 10 January 1955.

(6) Exposé des motifs, Sénat, sess. ord., 1952-1953, n° 447, 11.

(7) Rapport des commissions réunies des affaires économiques et des classes moyennes et de la défense nationale, Sénat, sess. ord., 1953-1954, n° 171, 3.



- d. *How does your law apply to an application for a patent claiming an invention that was made jointly by an inventor in your country and an inventor in another country? Does this apply based on the citizenship of the inventor, the residency of the inventor, or both? Does the nationality of the patent owner affect your answer?*

The first two rules referred to above (art. XI.82(2) and 91(2) of the Belgian Code of Economic Law) only apply to applicants with Belgian nationality or having their domicile or registered office in Belgium. The place where the invention was made, as well as the nationality and residence of the inventor(s), are of no relevance.

A breach of the third rule referred to above (art. 1 of the Act of 10 January 1955) is a criminal offense contrary to the national security. Therefore, this rule applies not only to any disclosure on the Belgian territory (by anyone),⁽⁸⁾ but also to any disclosure abroad by a person having the Belgian nationality or having its domicile in Belgium⁽⁹⁾ or even by a foreigner.⁽¹⁰⁾ Belgian criminal law also applies to criminal offenses partially committed on the Belgian territory, provided that one of the “material” constitutive or aggravating elements of the offense has been realized on the Belgian territory.⁽¹¹⁾

- e. *In the case of an invention made jointly by an inventor in your country and an inventor in another country, would it violate your law if a request for a foreign filing license was filed in the other country before being filed in your country?*

Such request for a foreign filing license would not violate art. XI.82(2) and 91(2) of the Code of Economic Law, which only prohibit the *patent application* to be filed outside Belgium under the circumstances mentioned above. However, art. 1 of the Act of 10 January 1955 could be violated if the request for a foreign filing license filed in the third country discloses the invention (which is normally the case as the foreign IP office needs to assess the content of the patent application in view of their national criteria).

(8) Art. 3 of the Criminal Code.

(9) Art. 4 of the Criminal Code, *juncto* art. 6, 1°, of the Act of 17 April 1878 containing the preliminary title of the Code of criminal proceedings.

(10) Art. 4 of the Criminal Code, *juncto* art. 10, 1°, of the Act of 17 April 1878 containing the preliminary title of the Code of criminal proceedings.

(11) Cass. 23 January 1979, *Pas.* I, 582; Cass. 4 February 1986, *Pas.* I, 664.



- f. *What are the possible consequences for failing to comply with this law? Does it matter whether the error was intentional or inadvertent?*

The Act of 10 January 1955 provides that the author of the disclosure shall be punished with imprisonment from six months to five years and a fine of 3.000 to 30.000 Euros, or one of these penalties. If the disclosure has been caused by its negligence, he shall be punished with imprisonment of one month to one year and a fine of 600 to 6.000 Euros, or one of these penalties. These penalties should also apply to any breach of art. XI.82(2) and 91(2) of the Code of Economic Law, given that a patent application filed in violation of these provisions would constitute a disclosure contrary to art. 1 of the Act of 10 January 1955.

- 7) **Does your law require that a patent application claiming an invention made, at least in part, in your country undergo a secrecy review or similar process before it can be filed in another country?**

Belgian law does not require that a patent application claiming an invention made, at least in part, in Belgium undergoes a secrecy review or similar process *before it can be filed in another country*. However, the Act of 10 January 1955 provides the possibility for the Minister of Defense to review any patent application upon its filing, in order to determine if specific measures need to be taken in order to ensure the defense of the territory or the national security.

- a. *If yes, does this law depend on the area of technology that is disclosed and claimed in the patent application?*

No, such review can concern any patent application, in any area of technology.

- b. *If yes, describe this aspect of your law as well as the procedure, timing, and cost of compliance with it.*

The Minister of Economy may bring any patent application, upon its filing, to the knowledge of the Minister of Defense, in order to determine if specific measures need to be taken in order to ensure the defense of the territory or the national security. The Minister of Defense may also, for the same purpose, take the initiative to review any patent application upon its filing. The specific measures that can be taken by the Minister of Economy and the Minister of Defense (jointly) can consist of a temporary prohibition to disclose the invention or the determination of temporary exploitation conditions. If it is established that temporary exploitation conditions are not sufficient to ensure the defense of the territory or the national security, other measures can be taken, such as a



temporary prohibition to exploit the invention, a temporary right for the State to exploit the invention (on an exclusive or non-exclusive basis) or the obligation for the applicant to provide the State with a complete knowledge of the invention. According to the information provided by the Belgian IP Office, such secrecy review is extremely rare in Belgium. If a patent application undergoes a review by the Minister of Defense, the applicant is informed without delay. From that moment, he is prohibited, unless expressly authorized, to disclose the invention claimed in the patent application, which includes a prohibition to file a patent application abroad, to assign the rights to the application or to grant a license. If needed, the grant of the patent can be suspended. Within three months, the Minister of Defense informs the Minister of Economy, whether or not specific measures as indicated above must be taken. A decision must be taken by the Ministers jointly within six months after the filing of the patent application. Such decision must be notified to the applicant without delay.

During such review and thereafter for the duration of the prohibition to disclose the invention, if such measure has been taken, the administration is obliged to ensure the secrecy of the patent or patent application.

As the patent prosecution is suspended during the review and thereafter when non-disclosure measures have been taken by the Ministers, the patent application will not be published nor can the request for the novelty search and the corresponding written opinion be submitted. Once the prohibition is withdrawn, the applicant can submit this request by paying the search fee within 13 months.

Even if the patent prosecution is suspended, the patent applicant must still pay the maintenance fees due to keep the patent application alive.

Although the patent application is placed under secrecy, the patent applicant can, upon authorisation by the Ministers, use his patent application to claim conventional priority if filing in those countries with whom Belgium has concluded an agreement in this respect. These countries will then also place their national patent applications, claiming priority from this Belgian patent application, under secrecy according to their national procedures. Such an agreement exists among the NATO member states.⁽¹²⁾

(12) Agreement for the mutual safeguarding of secrecy of inventions relating to defence and for which applications for patents have been made, signed in Paris on 21 September 1960.



The measures referred to above (including the limitations applicable during the review) may be withdrawn partially or totally at any time, by a joint decision of the Ministers. This withdrawal may be requested by the patent applicant or owner.

The patent applicant who has been subject to such measures has the right to obtain a compensation. The same applies to the patent owner who has been subject to specific measures, such as temporary exploitation conditions, after grant of the patent.

- c. *If yes, describe the possible consequences of failing to comply with this law. Does it matter whether the error was intentional or inadvertent?*

The Act of 10 January 1955 provides that the author of a disclosure contrary to the measures referred to above (during the review or thereafter) shall be punished with an imprisonment of six months to five years and a fine of 3.000 to 30.000 euros, or one of these penalties. If the disclosure has been caused by someone's negligence, this person shall be punished with an imprisonment of one month to one year and a fine of 600 to 6.000 euros, or one of these penalties. Breaches of the other measures referred to above (decided after the review) are punished by an imprisonment of one month to one year and a fine of 600 to 6.000 euros, or one of these penalties.

II. POLICY CONSIDERATIONS AND PROPOSALS FOR IMPROVEMENTS OF THE CURRENT LAW

- 8) If your act defines inventorship, is this definition sufficient to provide patent applicants with clear guidance as to who should be named as the inventor(s) of a patent application? Are there aspects of this definition that could be improved?**

As indicated above, Belgian law does not define inventorship. This definition is given by the Belgian case law and the legal literature. A legal definition of inventorship, if possible harmonized at the international level, is desirable to help applicants and patent attorneys.

- 9) If you have laws requiring first filing of patent applications directed to inventions made in your country, are there aspects of these laws that could be improved to address multinational inventions?**

It can be difficult for an applicant to assess whether an invention is of relevance for the defense of the territory or the national security. Given the criminal sanctions applicable in case of breach of the rules referred to



under question No. 6, clear guidance should be available. In particular, the influence of the multinational character of the invention on the assessment should be clarified. It should be possible for the applicant to know with a sufficient degree of certainty if the patent application can be filed abroad without breaching these legal provisions.

In addition, given their broad scope *ratione personae* and the fact that they are not necessarily based on the same criteria as in other countries (nationality or residence of the inventors, place where the invention was made, etc.), the provisions referred to above are likely to apply in situations where first filing requirements imposed by foreign countries apply cumulatively. In the absence of harmonization, the following aspects of Belgian law should at least be improved:

- a statutory possibility to obtain a foreign filing license from the Belgian IP Office (or from the Ministers) should be foreseen ;
- it should be foreseen that the application filed abroad for a foreign filing license does not constitute a breach of art. 1 of the Act of 10 January 1955.

10) If you have laws requiring a secrecy review of patent applications directed to some or all types of inventions made in your country, are there aspects of these laws that could be improved to address multinational inventions?

As stated above, the secrecy review is not automatic in Belgium. Only patent applications that are specifically identified by the Minister of Defense will be subject to a review and, during such review, to a prohibition to file a patent application abroad.

The problem of this system is that foreign patent applications may already have been filed before the Minister of Defense had the time to realize that the invention at stake could be of relevance for the defense of the territory or the national security. This could lead to sanctions based on art. 1 of the Act of 10 January 1955 if it can be established that the applicant should have known that the filing of the patent application abroad was contrary to the interests of the defense of the territory or national security (see above).

The Belgian workgroup proposes to foresee an automatic prohibition to file abroad during a short period of time (7 days for instance), but only if the Belgian patent filing was the first filing. Unless an objection is raised, subsequent foreign patent filings should be allowed.



In addition, multinational inventors should also be allowed to exchange texts with foreign patent attorneys on a confidential basis during the secrecy review.

11) Are there other aspects of your law that could be improved to facilitate filing of patent applications having multinational inventorship? If yes, please explain.

The question raises the issue whether the system of first filing requirement and secrecy review at national level is not outdated. It is suggested that the defense of the territory and the national security can be ensured through other means.

If this system is not abolished, it should at least be harmonized at international level (see below). Competing first filing requirements should be avoided, as well as competing secrecy reviews.

The secrecy review could be performed by a central administration common to several countries (for example, NATO).

Foreign filing licenses should be available in any case.

III. PROPOSALS FOR HARMONISATION

12) Is harmonisation in this area desirable?

Yes.

13) Please provide a definition of inventorship that you believe would be an appropriate international standard.

Any person who has delivered a creative and substantial contribution to the invention as claimed should be considered as an inventor.

14) Please propose a standard for correction of inventorship after a patent application is filed, together with any requirements necessary to invoke this standard (e.g. intentional versus unintentional error) and any timing requirements (e.g. during pendency of the application).

The patent applicant or owner should always have the right to file a request for correction of inventorship, whether the error was intentional or unintentional. The requirements for the registration of such correction should be merely formal. All inventors (including those added and/or cancelled in the requested correction) should be notified without delay.

In case the correction is challenged, then a claim should be filed before a court, either by an inventor (alleged or designated) on the basis of its moral right or, in case the correction has a consequence on ownership, by the



interested owner (alleged or designated) via entitlement proceedings. The filing of such claim should be registered by the Office. If the patent has not been granted yet, the grant procedure should only be suspended in case of entitlement proceedings.

Such correction proceedings should not per se affect the validity or enforceability of the patent.

15) If you believe such a requirement is appropriate, please propose an international standard for first filing requirements that would take into account multinational inventions.

The Belgian working group is of the opinion that a first filing requirement does not need to be maintained.

However, if it had to be maintained, it should be harmonized at international level and based exclusively on the nationality or registered office of the applicant. If there are several applicants, it should only apply to the first applicant mentioned in the patent application. If the applicant has several nationalities or registered offices in multiple countries, he should be able to choose between them to determine where to file first. In order to avoid problems, the nationality or domicile of the inventors should not be taken into account, nor the place where the invention was made. The first filing requirement should not be limited to a specific technology.

16) If you believe such a requirement is appropriate, please propose an international standard for secrecy review requirements that would take into account multinational inventions.

Implementing such an international standard, would conflict with the sovereignty of each country in defining what, for that country, secrecy is and whether non-disclosure measures have to be taken with regard to a particular invention.

However, it should be avoided that several countries perform a secrecy review of the same invention. One single secrecy review should be performed by the country where the patent application has been first filed according to the rule proposed under question No. 15.

17) If you believe such a requirement is appropriate, please propose an international standard for obtaining a foreign filing license.

If the system proposed above were to be adopted, there would be no objective necessity for a system of foreign filing license, as there would never be two competing first filing requirements.



However, the system could be maintained to offer applicants the possibility to first file in a country other than their country of nationality. Each country could determine its own standard for obtaining a foreign filing license.

If the system proposed above was not adopted, it should at least be ensured that any country with a first filing requirement automatically proposes the possibility to request a foreign filing license.

Each country should also provide that a request for foreign filing license filed abroad does not constitute a breach of the first filing (or disclosure) requirement. Each country could establish a list of “allied” countries (at least at some levels, such as at the EU level) for which the foreign filing license should be automatically granted if the administration does not react within a very short time period (7 days for example).

18) Please propose an international standard for an ability to cure or repair an inadvertent failure to comply with a first filing requirement or a security review requirement.

If the applicant omitted to request a foreign filing license, he should be able to request such a license with retroactive effect if he can establish that the failure to file the request on time occurred in spite of all due care required by the circumstances having been exercised.

19) Please propose any other standards relating to multinational inventions (excluding those related to inventor remuneration or ownership of the invention) that you feel would be appropriate.

N.a.

Summary

In Belgium, *inventorship* is only defined by the case law and legal literature. This can lead to practical difficulties. An harmonized definition of inventorship is desirable.

In Belgium, *corrections* of inventorship are admitted during and after the grant procedure. Such corrections are without consequence on the validity or enforceability of the patent. This could become an international standard.

In Belgium, there is no *first filing requirement* based on the place where the invention was made. However, Belgian law contains a very broad provision that prohibits the disclosure of inventions if such disclosure is contrary to the interests of the defense or national security. Any foreign patent application and any



application for a foreign filing license filed abroad could fall within the scope of this provision. This legal provision should be abolished or clarified. If first filing requirements are not abolished, an international standard ensuring that only one such requirement applies in each case should be adopted, e.g. based on the nationality or registered office of the applicant. In the absence of such standard, it should be ensured that applications for foreign filing licenses are always possible.

Secrecy review is not automatic in Belgium. However, the Minister of Defense has the right to submit any Belgian patent application to such review, in which case any disclosure, including a foreign filing, is forbidden, unless expressly authorized. The grant procedure of such patent application is suspended for the duration of the review and thereafter in case of secrecy order. If secrecy review is not abolished, it should at least be ensured that it is only performed by the country of first filing.



Question Q245

National/Regional Group: Belgium

Title: **Taking unfair advantage of trademarks: parasitism and free riding**

Contributors name(s): Emmanuel Cornu (President)
Renaud Dupont, Geert Philipsen, Olivia Santantonio, Eline Vereecke

Date: 22 May 2015

Questions

I. CURRENT LAW AND PRACTICE

1) Do the laws of your jurisdiction provide for protection against:

- a) *the taking of unfair advantage of trademarks as defined in these Working Guidelines (see paragraphs 26) and 27) above); and/or*
- b) *use that you consider similar but outside the scope of the definition in these Working Guidelines?*

For the questions below, if b) applies either separately or in addition to a., please make that clear in any relevant answer.

Response:

The taking unfair advantage of an earlier trademark, also named “free-riding” or “parasitism”⁽¹⁾ is referred to in Articles 2.20, § 1, c) and d) of the Benelux Convention on Intellectual Property (hereinafter “BCIP”).

Those provisions specify that:

Article 2.20, § 1, c):

(1) CJEU 18 June 2009, C-487/07, *L'Oréal/Bellure*, par. 41; CJEU 22 September 2011, C-323/09, *Interflora*, par. 74.



“1. A registered trademark shall provide its holder with an exclusive right. Without prejudice to the possible application of ordinary law in matters of civil liability, the exclusive right to a trademark shall permit its holder to prohibit any third party, without its consent, from:
(...)

c. using in the course of trade a sign which is identical or similar to the trademark for goods or services which are not similar to those for which the trademark is registered, where the *trademark enjoys a reputation in the Benelux territory*, where use of the sign without due cause would *take unfair advantage of or be detrimental to the distinctive character or the_repute of the trademark.*”

Article 2.20, § 1, d):

“1. A registered trademark shall provide its holder with an exclusive right. Without prejudice to the possible application of ordinary law in matters of civil liability, the exclusive right to a trademark shall permit its holder to prohibit any third party, without its consent, from:
(...)

d. using a sign for purposes other than those of distinguishing the goods or services, where use of the sign without due cause would take unfair advantage of or be detrimental to the distinctive character or the repute of the trademark.”

On the other hand, Article 9, § 1, c), of the Council Regulation (EC) No. 207/2009 of 26 February 2009 on the Community trade mark (hereinafter the “CTMR”) also provides that:

“1. A Community trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:
(...)

(c) any sign which is identical with, or similar to, the Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark is registered, where the latter has a reputation in the Community and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Community trade mark.”

The provisions apply without prejudice to the application of general civil law (Art. 1382 Civil Code) and unfair competition provisions (see further question 3).



- 2) **What is this protection called, and is this a definition developed in case law or found in a statutory provision? If such protection is characterised as a form of protection against dilution, please state this and provide any explanation as to the basis for such characterisation.**

Response:

Such concept is not defined in a statutory provision but has been defined by case-law.

The concept of “taking unfair advantage of the distinctive character or the repute of the trademark”, also referred to as, inter alia, “free-riding” or “parasitism”, does not relate to the detriment caused to the trademark (as “dilution”) but to the advantage taken by the third party as a result of the use of an identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the trademark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the trademark with a reputation.⁽²⁾

- 3) **If such protection is available, what is the basis for the protection, e.g. trademark law (distinguishing between unregistered and registered trademarks where relevant), unfair competition, consumer protection law, common law? If multiple causes of action are available, is there an interaction between them, and if so, what?**

Response:

Under Belgian law, multiple causes of action are available to seek protection against the taking of unfair advantages of trademarks.

For registered Benelux trademarks, Article 2.20, § 1, c), of the BCIP provides for an extended protection of Benelux trademarks with a reputation in the Benelux territory. More precisely, Article 2.20, § 1, c), of BCIP stipulates that Benelux trademarks with a reputation are protected against the use of a sign in the course of trade which takes unfair advantage of the distinctive character or repute of the Benelux trademark.

(2) CJEU 18 June 2009, C-487/07, *L'Oréal/Bellure*, par. 41; CJEU 22 September 2011, C-323/09, *Interflora*, par. 74; GC 22 March 2007, T-215/03, *Sigla/OHIM – Elleni Holdings* (“VIPS”); GC 19 June 2008, T-93/06, *Mülhens/OHIM – Spa Monopole* (“Mineral Spa”); E. CORNU, “L’arrêt ‘L’Oréal/Bellure’ de la Cour de justice : la protection de la marque renommée, la conjonction entre le droit des marques et le droit de la publicité et la consécration des fonctions économiques de la marque”, *RDC* 2009, 797-804, especially 799 en 800; E. CORNU, “Les fonctions de la marque dans la jurisprudence de la Cour de justice : entre consécration et hésitation”, in *Liber amicorum Ludovic De Gryse*, Bruxelles, Larcier, 2010, 76.



Article 2.20, § 1, d), of the BCIP in turn protects the holder of a Benelux trademark against the use of a sign, for purposes other than distinguishing goods or services, which use takes unfair advantage of the distinctive character or repute of the Benelux trademark.

Holders of a registered Community trademark which has a reputation in the Community can invoke Article 9, § 1, c), of the CTMR and seek protection, similar to Article 2.20, § 1, c), of BCIP, against the use of a sign in the course of trade if such use takes unfair advantage of the distinctive character or repute of the Community trademark.

Trademark holders could also seek protection against the taking of unfair advantage of trademarks on the basis of unfair competition and, in particular, the following provisions from the Belgian Code of Economic Law:

- article VI.17, which sets under which conditions comparative advertising is allowed;
- article VI.104, which prohibits any act contrary to honest market practices, which damages or could damage the professional interests of one or more businesses;
- article VI.105.1°, which prohibits misleading advertising, including misrepresentation regarding the commercial origin (a)) and ownership of intellectual property rights (c)).

Finally, a trademark holder can invoke general civil law provisions, and in particular Article 1382 of the Civil Code and the principles of non-contractual liability (tort law).

As regards the question whether there is an interaction between the above causes of action, reference can be made to Article 2.19, § 1, of the BCIP:

Article 2.19 – Obligation to register:

“1. With the exception of the holder of a trademark which is well known within the meaning of Article 6*bis* of the Paris Convention, and *regardless of the nature of the action brought, no one may claim in court protection for a sign deemed to be a trademark as defined in Article 2.1 (1) and (2), unless that claimant can provide evidence of registration of the trademark which it has filed.*”

Article 2.19, § 1, of the BCIP thus implies that unfair competition or non-contractual liability cannot be invoked to seek protection for a sign which may constitute a Benelux trademark but which has not



been registered, unless the trademark is well known within the meaning of Article 6bis of the Paris Convention (see AIPPI Resolution on Q100).⁽³⁾

According to certain Belgian case-law and scholars, there is a broader “negative reflex effect” which would prevent the holder of a registered trademark to take action on the basis of unfair competition against acts which cannot be prohibited on the basis of its trademark rights (for example because one of the conditions for protection are not fulfilled or because a limitation applies).⁽⁴⁾ A part of the Belgian and Benelux case-law and Belgian doctrine stated that, in the event of confusion (within the meaning of Article 10bis, 3), 1°, of the Paris Convention and the EU Unfair Commercial Practices Directive), there cannot be a “negative reflex effect” and the holder of a registered trademark should be allowed to act on the basis of unfair competition.⁽⁵⁾ However in its “*Daewoo*” judgement, the Benelux Court of Justice stated that according to the contents of the BCIP, the owner of an extinguished trademark cannot legally obtain any protection, even from common law [by example Article 1382 of the Civil Code or unfair competition law], to protect his trademark.⁽⁶⁾

This statement was also confirmed by the Belgian Supreme Court in the same case.⁽⁷⁾

The Belgian Supreme Court held in a judgment of 29 May 2009 that copying is in principle allowed, unless there is an infringement of intellectual property legislation, or if there are accompanying circumstances

(3) See also Benelux Court of Justice 23 December 2010, *Ing.-Cons.* 2010, 703, *IRDI* 2011, 223, which confirms that in order to invoke article 10bis of the Paris Convention to obtain the protection of a sign which may be considered as a trade mark, there must be evidence that the trade mark is registered.

(4) See for example President of the Commercial Court of Brussels 15 September 2010, *Ing.-Cons.* 2010, n° 4, 633; V. WELLENS, *Doorwerking van de intellectuele rechten in de Wet Handelspraktijken*, Brussels, Larcier, 2007, 49.

(5) Court of Appeal of Brussels 12 January 2010, *IRDI* 2010, 305; President of the Commercial Court of Brussels 4 March 2009, *Jaarboek Handelspraktijken & Mededinging* 2009, 683; President of the Commercial Court of Brussels 29 January 2003, *IRDI* 2004, 90; A. HALLEMANS, “De reflexwerking van het Benelux merkenrecht t.a.v. het Unieverdrag van Parijs”, *IRDI* 2011, 226; B. KEIRSBILCK and E. TERRY, “Overzicht van rechtspraak handelspraktijken 2003-2010 – Verboden praktijken”, in H. DE WULF, B. KEIRSBILCK and E. TERRY, “Overzicht van rechtspraak. Handelsrecht en handelspraktijken 2003-2010”, *TPR* 2011, 1195-1196; V. WELLENS, *Doorwerking van de intellectuele rechten in de Wet Handelspraktijken*, Brussels, Larcier, 2007, 86. Regarding the protection of non-registered trademarks against another sign which causes confusion, see also Benelux Court of Justice 23 December 2010, *Ing.-Cons.* 2010, 703; *IRDI* 2011, 223.

(6) Benelux Court of Justice, 23 December 2010 (*Engels/Daewoo*), *Ing.-Cons.* 2010, 703.

(7) Cass. 15 septembre 2011 (*Engels & Daewoo*), *Ing.-Cons.* 2011, 163.



contrary to the requirements for honest trade practices, in which case the aggrieved party can act on the basis of unfair competition.⁽⁸⁾

4) What are the elements of any available cause of action, e.g. the requirement for the trademark to be registered, reputation in the trademark, establishment of a link or association with the trademark, bad faith, change in the economic behaviour of consumers, actual advantage, potential future advantage? How are they proven?

Response:

The following elements are required:

1. The trademark has to be registered.

According to Article 2.2 of the BCIP, the exclusive right in a trademark shall be acquired by registration of the trademark through filing in Benelux territory (Benelux filing) or resulting from registration with the International Bureau (international filing).

Moreover, Article 2.20, § 1, of the BCIP confirms that only a registered trademark shall provide its owner with an exclusive right, which shall permit the owner to prevent any third party, without its consent, to use a sign which is notably identical or similar to its trademark.

Similarly, Article 6 CTMR provides that a Community trademark is obtained through registration.

The claimant must prove that this first requirement is fulfilled by providing the court with a copy of the trademark registration which is still valid.

2. Depending on the ground of action, the trademark *may need to have a reputation*.

According to *Article 2.20, § 1, c), of the BCIP* “the exclusive right to a trademark shall permit the owner to prevent any third party, without its consent, from using in business a sign which is identical or similar to the trademark for goods or services which are not similar to those for which the trademark is registered, *where the trademark enjoys a reputation* in the Benelux territory and where use of the sign

(8) Cass. (Supreme Court) 29 mai 2009, C.06.0139.N, www.cass.be; B. KEIRSBILCK and E. TERRY, “Overzicht van rechtspraak handelspraktijken 2003-2010 – Verboden praktijken”, in H. DE WULF, B. KEIRSBILCK, and E. TERRY, “Overzicht van rechtspraak. Handelsrecht en handelspraktijken 2003-2010”, *TPR* 2011, 1214-1216; G. STRAETMANS, “Over parasitaire concurrentie en namaak”, *DAOR* 2011, 283; J. STUYCK, “Oneerlijke mededinging”, in J. STUYCK, *Handels- en economisch recht. Deel 2. Mededingingsrecht. A. Handelspraktijken*, Mechelen, Kluwer, 2013, 205-206, nrs 216-217.



without due cause would take unfair advantage of or be detrimental to the distinctive character or the repute of the trademark.” (emphasis added).

Similarly, Article 9, § 1, c), CTMR, provides that “(a) Community trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark is registered, *where the latter has a reputation in the Community and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Community trade mark*” (emphasis added).

The concept of reputation is not defined in the BCIP and was neither defined in the previous version of the BCIP, the Uniform Benelux Law on Trademarks nor in the CTMR or the Directive 89/104 to approximate the laws of the Member States relating to trade marks (hereinafter the “Trademark Directive”) which also provides a similar provision (Article 5.2).

Due to the different interpretations of the concept of reputation between the Member States, a preliminary ruling had been asked before the European Court of Justice which rendered a decision on 14 September 1999 in case C-375/97 (*General Motors Corporation/ Yplon SA – Chevy*).

The European Court of Justice stated that “in order to satisfy the requirement relating to reputation, a registered trade mark must be known by a *significant part of the public concerned* by the products or services which it covers.”

How this element has to be proven? In its *Chevy* judgment, the European Court of Justice stated that “in examining whether this condition (of reputation) is fulfilled, the national court must *take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it*. Territorially, the condition is fulfilled when the trade mark has a reputation in a substantial part of the territory of a Member State since, failing closer definition of requirements under Community law on this point, a trade mark cannot be required



to have a reputation ‘throughout’ the territory of the Member State.” (emphasis added). The trademark does not have to be known by a given percentage of the public concerned.

However, in case of application of *Article 2.20, § 1, d), of the BCIP, the trademark does not need to have a reputation*. Indeed, this provision stipulates that the exclusive right in a trademark shall permit the owner to prevent any third party, without its consent, from using a sign for purposes other than those of distinguishing the goods or services, where use of the sign without due cause would take unfair advantage of or be detrimental to the distinctive character or the repute of the trademark.

3. There must be a *link or association with the trademark*.

The European Court of Justice in its *Adidas* judgment (C-408/01) of 23 October 2003 stated that “the infringement referred to in Article 5.2 of Directive 89/104, where they occur, are the consequence of a certain degree of similarity between the mark and the sign, by virtue of which the relevant section of the public makes a connection between the sign and the mark, that is to say, establishes a *link between them even though it does not confuse them*.” (emphasis added).

This is also notably confirmed in the *Interflora* judgment (C-323/09) of the European Court of Justice of 22 September 2011 that stipulated that “the exercise of that right by the proprietor of the trade mark with a reputation is not conditional upon there being a likelihood of confusion on the part of the relevant section of the public (*Adidas-Salomon and Adidas Benelux*, paragraph 31, and *Case C-487/07 L’Oréal and Others*, paragraph 36).”

How can this element be proven?

In its *Adidas* judgment as well as in its *Intel* judgment (C-257/07) of 27 November 2008, the European Court of Justice added that “the existence of such a link must just like a likelihood of confusion be appreciated globally, taking into account all factors relevant to the circumstances of the case (see, in respect of the likelihood of confusion, [Case C-251/95] *SABEL* [[1997] ECR I-6191], paragraph 22, and [Case C-425/98] *Marca Mode* [[2000] ECR I-4861], paragraph 40).” (emphasis added).

In the *Intel* judgment, the Court enumerates the criteria to assess whether such a link exists:



- “the degree of similarity between the conflicting marks;
 - the nature of the goods or services for which the conflicting marks were registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public;
 - the strength of the earlier mark’s reputation;
 - the degree of the earlier mark’s distinctive character, whether inherent or acquired through use;
 - the existence of the likelihood of confusion on the part of the public.”
4. There must be a *potential future advantage*, but not an actual advantage. The European Court of Justice in its *Bellure* judgment (C-487/07) of 18 June 2009 stated that “the concept of ‘taking unfair advantage of the distinctive character or the repute of the trade mark’, also referred to as, inter alia, ‘free-riding’, relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation.”

Moreover, in its *Interflora* judgment of 22 September 2011 (C-323/09) the European Court of Justice added that “it cannot be denied that, where a competitor of the proprietor of a trade mark with a reputation selects that trade mark as a keyword in an internet referencing service, the purpose of that use is to take advantage of the distinctive character and repute of the trade mark. In fact, that selection is liable to create a situation in which the probably large number of consumers using that keyword to carry out an internet search for goods or services covered by the trade mark with a reputation will see that competitor’s advertisement displayed on their screens. Nor can it be denied that, when internet users, having studied the competitor’s advertisement, purchase the product or service offered by the competitor instead of that of the proprietor of the trade mark to which their search originally related, that *competitor derives a real advantage from the distinctive character and repute of the trade mark*. (...) It is clear from those particular aspects of the selection as internet keywords of signs corresponding to trade marks with a reputation which belong



to other persons that such a selection can, in the absence of any ‘due cause’ as referred to in Article 5(2) of Directive 89/104 and Article 9(1)(c) of Regulation No. 40/94, *be construed as a use whereby the advertiser rides on the coat-tails of a trade mark with a reputation in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of its own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark.* If that is the case, the advantage thus obtained by the third party must be considered to be unfair” (emphasis added).

The following elements are *not* required:

5. The infringer does not have to act in bad faith.
6. No change in the economic behavior of consumers is required.

5) Further to question 4):

a) *What degree of reputation, if any, in the trademark is required?*

Response:

As mentioned under question 4, the trademark does not have to be known by a given percentage of the public concerned. There is no specific degree of reputation required.

b) *Who bears the burden of proof regarding the requirements?*

Response:

The claimant.

c) *Must the use at issue cause confusion?*

Response:

No. The European Court of Justice in its Adidas judgment (C-408/01) of 23 October 2003 stated *that* “it must be noted at the outset that (...) Article 5(2), of the Directive establishes, for the benefit of trade marks with a reputation, a form of protection whose implementation does not require the existence of such a likelihood.”

However, if there is a likelihood of confusion, this increases the potential future prejudice.

If so, what degree of confusion is required, e.g. actual confusion, a likelihood of confusion and/or initial interest confusion?

Response:

Not applicable.



d) *Can the protection be invoked in case of both similar and dissimilar goods/services?*

Response:

Article 2.20, § 1, c), of the BCIP, Article 9, § 1, c), CTMR and Article 5.2 of the Trademark Directive only refer to the situation where the goods/services are dissimilar.

However, in its *Davidoff* judgment (case C-292/00) of 9 January 2003, the European Court of Justice confirmed that these provisions are also applicable in case of identity or similarity between the goods and services.

Indeed, the European Court of Justice stated that “Article 5.2 of the Directive 89/104 must not be interpreted solely on the basis of its wording, but also in the light of the overall scheme and objectives of the system of which it is a part. Having regard to the latter aspects, that article cannot be given an interpretation which would lead to marks with a reputation having less protection where a sign is used for identical or similar goods or services than where a sign is used for non-similar goods or services. On this point, it has not been seriously disputed before the Court that, where a sign is used for identical or similar goods or services, a mark with a reputation must enjoy protection which is at least as extensive as where a sign is used for non-similar goods and services.”

e) *Are there any other factors, even if not a separate requirement, that may be relevant, and if so, what are they?*

Response:

A likelihood of detriment to the distinctive character or the repute of the mark or, more generally, to its proprietor is not a relevant requirement.

Indeed, the European Court of Justice in its *Bellure* judgment (C-487/07) of 18 June 2009 stated that “Article 5.2 of Directive 89/104 must be interpreted as meaning that the taking of unfair advantage of the distinctive character or the repute of a mark, within the meaning of that provision, *does not require* that there be a likelihood of confusion or a *likelihood of detriment to the distinctive character or the repute of the mark or, more generally, to its proprietor*. The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an advantage taken unfairly by that third party of the distinctive character or the repute of that mark where that party seeks by that use to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to



exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image" (emphasis added).

6) Are there any defences against and/or limitations to the protection?

Response:

Belgian law contains a number of defences against and/or limitations to the protection against parasitism and free riding.

a) The concept of "due cause"

Pursuant to Article 2.20, § 1, c), of the BCIP and Article 9, § 1, c), of the CTMR, protection is granted to the owner of a trademark with reputation when a third party uses, *without due cause*, in business, a sign which is identical or similar to its trademark and where such use would take unfair advantage of the reputation of the trademark. This means that where the third party using a sign which is identical or similar to the trademark with reputation can prove that he uses the sign with due cause, the trademark owner will not be entitled to benefit from the protection against free riding.

This concept of "due cause" can also be found in Article 2.20, § 1, d), BCIP which provides protection to a trademark owner when a third party uses a sign, for purposes other than those of distinguishing the goods or services, where use of the sign *without due cause* would take unfair advantage of the distinctive character or the repute of the trademark.

In order to establish due cause, a reason justifying the use of the trademark is required.⁽⁹⁾

The Benelux Court of Justice has considered the following in respect of the concept of "due cause":

In the *Klarein* case,⁽¹⁰⁾ the Benelux Court of Justice stated that it is not possible to define *in abstracto* the criteria for determining the presence or absence of due cause.

According to the Court, there must be an absolute need for the third party to use a particular sign or the third party must have an own right which is not outweighed by the trademark holder's right.

The circumstances that the sign which is similar to the trademark with reputation is particularly appropriate to designate the product on which it

(9) EGC 6 July 2012, T-60/10, point 68.

(10) Benelux Court of Justice 1 March 1975, A 74/1, *Klarein*,



is used and/or that in the past, the user has used the sign on that product or on similar products do not constitute a use with due cause.

In this case, the defendant was prevented from calling a detergent product “Klarein”, in view of the well-known mark of a Dutch gin, “Claeryn”, based on the assertion that the use on a detergent would negatively affect the persuasive power of the mark for gin.

In another case, the Benelux Court of Justice held that the mere interest of a third party to express its nationality cannot constitute a use with due cause of the trademark.⁽¹¹⁾

The interpretation given by the Benelux Court of Justice is rather severe. As a consequence, the defence of due cause has almost never been recognized by the national courts.

The case-law of the European General Court appeared to be pointing in the same direction with regard to Community trademarks.⁽¹²⁾

More recently, the European Court of Justice⁽¹³⁾ has given a much more balanced interpretation of the concept of “due cause”.

The Court reminded that the purpose of the Trademark Directive is generally to strike a balance between the interest which the proprietor of a trademark has in safeguarding its essential function, on the one hand, and the interests of other economic operators in having signs capable of denoting their products and services, on the other.⁽¹⁴⁾ The interests of a third party in using, in the course of trade, a sign similar to a mark with reputation must be considered in the light of the possibility for the user of that sign to claim “due cause”.

The European Court of Justice considered that the concept of “due cause” may not only include objectively overriding reasons (*i.e.* the need to use the disputed sign), but may also relate to the subjective interests of a third party using a sign which is identical or similar to the mark with a reputation.⁽¹⁵⁾ The concept of “due cause” is intended to strike a balance

(11) Benelux Court of Justice 22 May 1985, A 83/1, *Lux-Talc*.

(12) E. CORNU, “Le ‘juste motif’: de la nécessité à l’intérêt légitime”, *Ing.-Cons.* 2014, 117-118 citing EGC 7 December 2010, T-59/08, *La Perla*; EGC 25 March 2009, T-21/07, *Spaline*; EGC 26 September 2012, T-301/09, *Citigate*; EGC 16 April 2008, T-181/05, *Citigroup and Citibank v. OHIM and Citi*; EGC 10 May 2007, T-47/06, *Nasdaq*.

(13) CJEU 6 February 2014, C-65/12, *Red Bull/Leidseplein*, *Ing.-Cons.*, 2014/1, 103 and observations E. CORNU, “Le ‘juste motif’: de la nécessité à l’intérêt légitime”; J. MUYLDERMANS, “Voorgebruik als geldige reden?”, *IRDI* 2014/3, 567.

(14) CJEU 27 April 2006, C-145/05, *Levi Strauss*, par. 29.

(15) CJEU *Red Bull*, par. 45.



between the interests in question, by taking account of the interests of the third party using that sign.⁽¹⁶⁾

The Court has not provided a precise definition of the concept of “due cause” but invites the national courts to perform this balancing exercise before accepting or rejecting the defence.⁽¹⁷⁾

In respect of the conditions under which the prior use of a sign which is similar to a trademark with reputation may be covered by the concept of “due cause”, the European Court of Justice has stated the following:

“the proprietor of a trade mark with a reputation may be obliged, pursuant to the concept of ‘due cause’ within the meaning of that provision, to tolerate the use by a third party of a sign similar to that mark in relation to a product which is identical to that for which that mark was registered, if it is demonstrated that that sign was being used before that mark was filed and that the use of that sign in relation to the identical product is in good faith.”

In order to determine whether the prior use by a third party of a sign similar to a trademark with reputation may constitute “due cause”, the national court must take into account, in particular:⁽¹⁸⁾

- how that sign has been accepted by, and what its reputation is with, the relevant public;
- the degree of proximity between the goods and services for which that sign was originally used and the product for which the mark with a reputation was registered; and
- the economic and commercial significance of the use for that product of the sign which is similar to that mark.

It is for the national courts to determine for each particular case whether these conditions are met.

b) Comparative advertising

Comparative advertising also constitutes a defence or limitation to the protection against free riding.

Article VI.17 of the Belgian Code of Economic Law lists the conditions under which comparative advertising may not be prohibited. One of the conditions states that comparison may not take unfair advantage from the notoriety of a competitor’s trade mark, trade name or other distinctive sign.

(16) CJEU *Red Bull*, par. 46.

(17) E. CORNU, *o.c.*, *Ing.-Cons.* 2014, 120.

(18) CJEU 6 February 2014, *Red Bull*, *ibidem*, par. 53-59.



In the *O2* case,⁽¹⁹⁾ the European Court of Justice held that a trademark owner is not entitled to prevent, on the basis of the provisions of trademark law, the use by a third party of a sign that is identical or similar to his trademark in a comparative advertisement which satisfies all the conditions laid down in the directive on comparative advertising, under which comparative advertising is permitted.

However, the European Court of Justice only addressed Article 5(1) (b) of the Trademark Directive (*i.e.* use of an identical or similar mark in relation to identical or similar services where there exists a likelihood of confusion on the part of the public) and not the case of free riding.

c) *Article 2.23 of the Benelux Convention on Intellectual Property*

Certain types of trademark uses have been permitted as legitimate forms of trading.

Article 2.23 of the BCIP states that:

1. “The exclusive right shall not imply the right to challenge a third party over the use in business of:
 - (a) its name and address;
 - (b) indications relating to the kind, quality, quantity, intended purpose, value geographical origin or time of manufacture of a product or provision of a service or other characteristics thereof;
 - (c) the trademark, where it is necessary in order to indicate the purpose of a product or service, particularly as an accessory or spare part;
provided that such use is made in accordance with fair use in the conduct of industry or business.
2. The exclusive right to a trademark shall not imply the right to challenge use in business of a similar sign which draws its protection from a prior right of local scope, if such right is recognized by the legal provisions of any Benelux country, within the limits of the territory in which it is recognized.”

We would like to underline the following elements:

i. Use of own name

Each natural person may use his own name in order to identify himself. The holder of a trademark with reputation is not entitled to prevent this person from using his own name.

(19) CJEU 12 June 2008, *O2 v. Hutchison 3G*, C-533/06.



- ii. Indications relating to the kind, quality, quantity, intended purpose, value geographical origin or time of manufacture of a product or provision of a service.

The Benelux Court of Justice⁽²⁰⁾ has ruled that a trademark owner is not entitled to prevent a third party from using a word in order to indicate that its products or services are of the quality expressed by that word (in the present case “polyglot”).

The European Court of Justice has also stated that “the proprietor of a trade mark cannot rely on his exclusive right where a third party, in the course of commercial negotiations, reveals the origin of goods which he has produced himself and uses the sign in question solely to denote the particular characteristics of the goods he is offering for sale so that there can be no question of the trade mark used being perceived as a sign indicative of the undertaking of origin”.⁽²¹⁾

This was already accepted by the Benelux Court of Justice case law, prior to the adoption of Article 2.23 BCIP.⁽²²⁾

- iii. Indication of compatibility

The case law allows use by car dealers who are not part of the trademark owner’s dealer network of the latter’s trademark under certain circumstances. The European Court of Justice has ruled⁽²³⁾ that the trade mark owner is not entitled “to prohibit a third party from using the mark for the purpose of informing the public that he carries out the repair and maintenance of goods covered by that trade mark and put on the market under that mark by the proprietor or with its consent, or that he has specialised or is a specialist in the sale or the repair and maintenance of such goods, unless the mark is used in a way that may create the impression that there is a commercial connection between the other undertaking and the trade mark proprietor, and in particular that the reseller’s business is affiliated to the trade mark proprietor’s distribution network or that there is a special relationship between the two undertakings.”

“It is contrary to the directive for the proprietor of the BMW mark to prohibit the use of its mark by another person for the purpose of informing the public that he has specialised or is a specialist in the

(20) Benelux Court of Justice 16 June 1995, A-94/1.

(21) CJEU 14 May 2002, C-2/00, *Hölteroff Freiesleben*.

(22) Benelux Court of Justice 5 October 1982, A 81/4, *Wrigley*.

(23) CJEU 23 February 1999, C-63/97, *BMW*.



sale of second-hand BMW cars, provided that the advertising concerns cars which have been put on the Community market under that mark by the proprietor or with its consent and that the way in which the mark is used in that advertising does not constitute a legitimate reason (...) for the proprietor's opposition.”⁽²⁴⁾

In respect of the sale of accessory and spare parts, the European Court of Justice has decided in the *Gillette* case⁽²⁵⁾ that “use of a trade mark by a third party who is not its owner is necessary in order to indicate the intended purpose of a product marketed by that third party where such use in practice constitutes the only means of providing the public with comprehensible and complete information on that intended purpose in order to preserve the undistorted system of competition in the market for that product.”

The European Court of Justice also considered that “Where a third party that uses a trade mark of which it is not the owner markets not only a spare part or an accessory but also the product itself with which the spare part or accessory is intended to be used, such use falls within the scope of Article 6(1)(c) of Directive 89/104 in so far as it is necessary to indicate the intended purpose of the product marketed by the latter and is made in accordance with honest practices in industrial and commercial matters.”

iv. Fair use

Abovementioned types of uses should however be made in accordance with fair use in the conduct of industry or business. Those uses are not allowed under all circumstances.

In the *Gillette*-case, the European Court of Justice has specified the condition of “honest use”:

“The condition of ‘honest use’ within the meaning of Article 6(1)(c) of Directive 89/104, constitutes in substance the expression of a duty to act fairly in relation to the legitimate interest of the trademark owner.

The use of the trade mark will not be in accordance with honest practices in industrial and commercial matters if, for example:

- it is done in such a manner as to give the impression that there is a commercial connection between the third party and the trade mark owner;

(24) CJEU 23 February 1999, *o.c.*, *BMW*, point 50.

(25) CJEU 17 March 2005, C-228/03, *Gillette*.



- it affects the value of the trade mark by taking unfair advantage of its distinctive character or repute;
- it entails the discrediting or denigration of that mark;
- or where the third party presents its product as an imitation or replica of the product bearing the trade mark of which it is not the owner.⁽²⁶⁾

Whether the product marketed by a third party has been presented as being of the same quality as, or having equivalent properties to, the product whose trade mark is being used is a factor which the referring court must take into consideration when it verifies that that use is made in accordance with honest practices in industrial or commercial matters.”

v. Earlier rights

As stated in Article 2.23, § 2, BCIP, “The exclusive right to a trademark shall not imply the right to challenge use in business of a similar sign which draws its protection from a prior right of local scope, if such right is recognized by the legal provisions of any Benelux country, within the limits of the territory in which it is recognized”.

Pursuant to this provision, the trademark owner is not entitled to prevent the owner of a trade name which is earlier to the trademark from using its trade name.

The mark or sign must have been in continuous use since a date before the registered trademark was used or registered. A person entitled to such an earlier right may take advantage of this defence where his right to protection applies only “in a particular locality”.

7) Who bears the burden of proof in relation to any defences and/or limitations? In this context, please also consider the relationship with the element of “unfairness”. For example, is it a defence that the use is with “due cause” (see paragraph 31 of the introduction) above and footnote 2) of the introduction? If so, can such use ever be “unfair”? Or is this just a matter of a shifted burden of proof?

Response:

Under Belgian law, the party claiming defences and/or limitations bears the burden to prove the required conditions are met.

(26) See for example: Antwerp 19 January 2015, *Laser, ICIP-Ing.-Cons.* 2015/1.



In respect of the fair use element, it is for the trademark owner to prove that the defendant does not meet the requirements.

8) If a defence exists or only limited protection is available, what rights does that give the free rider? For example, may the free rider simply use the trademark or may the third party obtain a separate trademark registration in respect of the goods and/or services in respect of which the free rider is using the trademark?

Response:

A study of Belgian case-law learns that the defence against an infringement claim on the basis of a free riding situation, has been invoked in circumstances relating to political campaigns,⁽²⁷⁾ comparative advertising,⁽²⁸⁾ the fact of offering goods under or in relation to the actual trademark,⁽²⁹⁾ the pretended generic nature of the sign⁽³⁰⁾ and, in a rare case, on the basis of freedom of expression without political intent.⁽³¹⁾ It seems however that only the defence of a – permissible – comparative advertisement has been successful. However, since comparative advertising can only be allowed in case all conditions set out in Article VI.17 of the Belgian Code of Economic Law are fulfilled, among which the condition – sub 7° of the article – that the advertisement does not create an unfair advantage due to the reputation of a trademark, trade name or other distinctive sign of a competitor. In view of this condition only the factual appreciation remains whether or not the use of the competitor's trademark is justified or merely used to create an unfair advantage. Furthermore, in the Belgian scholar it is held that there should be a fair balance between intellectual property rights and the fundamental human rights such as the right to freedom of expression or the right to informa-

(27) Pres. Com. Court Antwerp 9 May 2014, *ICIP* 2014, 477; Pres. Com. Court Antwerp 14 October 2013, *RABG* 2013, 1476; Rb. Namur 29 September 2008, *JLMB* 2011, 770.

(28) Liège 29 April 2014, *ICIP* 2014, 572; Antwerp 9 October 2000, *A&M* 2001, 287; Liège 2 May 1991, *RRD* 1991, 462; Pres. Com. Court Brussels 25 February 2002, *Jaarboek Handelspraktijken en Mededinging* 2002, 156; Pres. Com. Court Leuven 26 March 2002, *Jaarboek Handelspraktijken en Mededinging* 2002, 170; Pres. Com. Court Brussels 10 July 2001, *Jaarboek Handelspraktijken en Mededinging* 2002, 222; Pres. Com. Court Antwerp 16 March 2000, *Jaarboek Handelspraktijken en Mededinging* 2000, 101.

(29) Brussels 11 February 2009, *IRDI* 2009, 174; Com. Court Liège 24 November 2006, *JLMB* 2008, 926.

(30) Com. Court Brussels 26 February 2003, *IRDI* 2003, 65.

(31) Brussels 9 October 2012, *Bull. BMM* 2012, 175; Brussels 15 February 2011, *A&M* 2001, and observ. D. VOORHOOF; E. CORNU and B. DOCQUIR, "L'usage des réseaux sociaux: entre droits intellectuels, liberté d'expression et vie privée", in *Les réseaux sociaux et le droit*, Bruxelles, Larcier, 2014, 51-52, spec. 81/83; see also Brussels 20 October 2011, *IRDI* 2012, 185, for a somewhat related topic that, however, did not relate to the trademark as such but to an identical name and did not actually based the defence on a freedom of expression ground.



tion.⁽³²⁾ However, this has currently not yet be translated into Belgian case-law.

Notwithstanding the outcome of each case, it is clear that the defence is always linked to specific circumstances and only intends to obtain a (temporarily) right to use the trademark under the circumstances that gave rise to the specific defence (the specific campaign or publicity).

In case a free rider can invoke a ground for justification, this might – theoretically – lead to a possible new trademark registration if the filing of such trademark cannot be considered:

- (i) an infringement of Article 2.20, § 1, c), of the BCIP or
- (ii) a filing in bad faith according to Article 2.4 sub f), of the BCIP.

Article 2.3, sub c), BCIP states that within the filing process, the existing rights resulting from already filed well known trademarks regarding similar, non-comparable goods or services, if the use of the younger trademark would, without due cause take unfair advantage of the notoriety or reputation of the older trademark. Article 2.28, § 3, a), BCIP allows to file a claim in nullity of such younger filing.

There is no similar provision relating to the protection on the basis of Article 2.20, § 1, d), BCIP. Hence, a trademark holder that can invoke the protection of Article 2.20, § 1, d), BCIP but who is not entitled to invoke the protection of Article 2.20, § 1, c), BCIP must rely on a “bad faith” – reasoning in order to see such younger trademark annulled. This leads to the theoretical conclusion that it might be possible – in case of a not well known trademark and in case the conditions to conclude to a filing in bad faith are not met – that a free rider obtains proper trademark rights. However, the conditions for a filing in bad faith do not require a malicious intent but merely a knowledge⁽³³⁾ of the prior use, this will rarely happen.

(32) C. DECONINCK, “Merken en vrijheid van meningsuiting: zoeken naar een fair balance”, *RAGB* 2013, 1483; V. RAUS, “Merkenrecht en vrijheid van meningsuiting. Kanttekeningen bij enkele Belgische beslissingen.”, *Bull. BMM*, 2013, 9; F. GOTZEN and M.-C. JANSSENS, *Wegwijs in het intellectueel eigendomsrecht*, Brugge, Vanden Broele, 2012, 188-189; A. BRAUN and E. CORNU, *Précis des marques*, Bruxelles, Larcier, 2009, 471-472; B. MICHAUX, “La BD et la liberté d’expression face à la marque et aux droits d’auteur des tiers”, in E. CORNU, *Bande dessinée et droit d’auteur*, Bruxelles, Larcier, 2009, 90-91; J. VAN DEN BERG and M. HAAK, “IE-rechten en uitingsvrijheid, naar een fair balans”, *BMM Bulletin* 2013/1, 2-7; V. RAUS, “Merkenrecht en vrijheid van meningsuiting”, *BMM Bulletin* 2013/1, 8-10; E. CORNU and B. DOCQUIR, *op. cit.*, 82.

(33) The circumstance in which the filing party ought to know about the prior use is assimilated to actual knowledge of the filing party in case the use refers to use of the older trademark within the Benelux territory.



9) Can the protection be invoked in:

a) court in civil proceedings;

Response:

Yes, protection can be invoked in all kinds of commercial litigation, including provisional matters.

b) court in other proceedings;

Response:

In answer to the previous questions, it has been clarified that the protection against free riding can find a legal basis in different texts, such as the rules on unfair competition, general tort law and Article 2.20, § 1, c) and d), BCIP. With regard to both legal grounds in trademark law (Article 2.20, § 1, c) and d), BCIP), according to Article XV.103, 1st paragraph, sub 1.a. of the Belgian Code of Economic Law, only Article 2.20, § 1, c), BCIP can be a basis for action in a criminal proceeding.

In contrast, the article in general tort law which may serve as a basis for protection against free riding (Art. 1382 Civil Code) cannot form the basis for a criminal action. The same is true for the general article which prohibits any act contrary to honest market practices, which damages or could damage the professional interests of one or more businesses (Art. VI.104 Code of Economic Law).

c) opposition proceedings;

Response:

No, neither the protection on the basis of Articles 2.3, c) or 2.20, § 1, c), of the BCIP nor the protection on the basis of Article 2.20, § 1, d), of BCIP, nor the protection on the basis of other legal regimes (p.e. unfair trade practices or general tort law) can be invoked in an opposition proceeding. The scope of such an opposition is limited to the situations set out in Article 2.14, § 1, of the BCIP (identity or likelihood of confusion with a prior trademark).

d) any other?

Response:

There are no other (administrative) proceedings in which the protection can be invoked.



10) If the protection can be invoked in multiple proceedings, are there different requirements for different proceedings? If so, please state the requirements.

Response:

In case the protection is invoked in a criminal procedure, there is – according to Article XV.103, § 1, sub 1.a., of the Belgian Code of Economic Law – the additional requirement that the infringement is committed with a malicious or fraudulent intention.

**II. POLICY CONSIDERATIONS AND PROPOSALS FOR IMPROVEMENTS
OF THE CURRENT LAW**

11) Should there be protection against:

a) the taking of unfair advantage of trademarks as defined in these Working Guidelines; and/or

Response:

The answer is affirmative.

b) use that is similar but outside the scope of the definition in these Working Guidelines?

Why? Why not?

Response:

One should also maintain the application of ordinary law in matters of civil liability (see Art. 1382 Civil Procedure Code), as well as the application of Article 2.20, § 1, d), BCIP, which transposes in Benelux law Article 5, § 5, of the Trademark Directive. This provision allows the holder of a trademark to oppose the use of an identical or similar sign “other than for the purposes of distinguishing goods or services”, where the use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the reputation of the trademark.

This provision is useful to oppose to “free-riding” uses which could intervene outside the course of trade, namely outside of a commercial or economic purpose. One may in this regard think about non commercial uses which could take unfair advantage of, or be detrimental to, the distinctive character or the reputation of the trademark. This could concern for instance the use of the trademark as title of a book or a press article, without “due cause”, and in particular without a legitimate exercise of the freedom of expression.



For instance, one will notice that the use, in the frame of an aggressive advertisement campaign against the use of tobacco by pregnant women, of a sign which is identical to a trademark registered to designate IT products, was considered as an infringement to this trademark, in the terms of Article 2.20, § 1, d), of BCIP.⁽³⁴⁾ In the case at stake, it was more a case of dilution an infringement to the reputation of the earlier trademark, but one may not exclude that a similar case having a “free-riding” character may overcome.⁽³⁵⁾

Article 2.20, § 1, d), BCIP, and the protection it offers against free-riding was also used by the Benelux case-law to fight against the abusive registration by a third party of a domain name which resembles to a protected trademark.⁽³⁶⁾

12) Is the basis for protection or the cause of action relevant? Why? Why not?

Response:

There should not be any other conditions than those mentioned above (see response to question 4).

13) Should it be possible to invoke the protection in all types of proceedings mentioned above under 9) above? Why? Why not?

Response:

Yes, it should be possible to invoke the protection in all proceedings mentioned above under question 9).

14) How can your current law as it applies to the taking of unfair advantage of trademarks and/or the interpretation thereof (in particular, in case law) be improved?

Response:

The current legal framework and EU case-law are sufficiently clear. The Belgian group would, however, be in favor of opening the possibility to holders of a national or Community trademark with a reputation (but which are not “well known” in the meaning of Article 6*bis* of the Paris Convention) to file opposition against the registration of new Benelux trademarks which take unfair advantage of the earlier

(34) La Haye 19 December 2002, *IER* 2003, 123.

(35) See A. BRAUN and E. CORNU, *Précis des marques*, Bruxelles, Larcier, 2009, 5^e éd. ; nrs 414-414*ter*, 478 to 481.

(36) See for instance: Prés. trib. Luxembourg 20 October 2000, *Ing.-Cons.* 2000, 406 ; A. BRAUN and E. CORNU, *o.c.*, Bruxelles, Larcier, 2009, 5^e éd., nr. 415*bis*, 482 and nr. 415*ter*, 483.



trademark (see new legislative proposals regarding new EU Trade-mark Directive). A modification of the BCIP is expected in this sense.⁽³⁷⁾

III. PROPOSALS FOR HARMONISATION

15) Is harmonisation in this area desirable?

Response:

Yes, it is always desirable.

If yes, please respond to the following questions without regard to your national or regional laws.

Even if no, please address the following questions to the extent you consider your national or regional laws could be improved.

16) If your answer to question 11) is “no” in respect of a) and/or b), is it your view that no such protection should be available anywhere?

Response:

This is not applicable.

17) Should there be harmonisation of the definition of:

a) the taking of unfair advantage of trademarks as defined in these Working Guidelines; and/or

Response:

It is the belief of the Belgian group that the taking unfair advantage of a trademark is a factual issue that has to be considered against the background of the specific circumstances of each case that may present itself. Therefore it is not considered desirable that a definition is put in place that restricts judges in appreciating de facts and circumstances of each specific case.

b) use that you consider similar but outside the scope of the definition in these Working Guidelines?

Response:

In view of the answer sub a. of this question, the belief is that there is no need for a specific definition of such similar use.

(37) See “Position de l’ANBPPI sur les propositions de modification du système Benelux sur les marques présentées par l’OBPI le 24 mars 2009”, in www.aippi-belgium/documents.



18) What should the basis for protection/cause(s) of action be?

Response:

The provisions that are currently contained in art. 2.20, § 1, c) and in art. 2.20, § 1, d), of the BCIP in the Trademark Directive provide an adequate protection to the owner of a trademark with reputation against free riding and parasitism.

19) What should the requirements for protection be? In your answer, please address at least the following, in addition to any other relevant factors:

a) *What level of reputation, if any, in the trademark should be required, and*

Response:

The level of reputation that is currently required under Belgian law (namely as determined by the European Court of Justice:⁽³⁸⁾ a trade mark that is known by a significant part of the public concerned by the products or services which it covers. In the Benelux territory, it is sufficient for the registered trade mark to be known by a significant part of the public concerned in a substantial part of that territory, which part may consist of a part of one of the countries composing that territory) is sufficient.

b) *Who should bear the burden of proof?*

Response:

The trademark owner invoking the benefit of the protection against free riding should bear the burden of proof, as is currently the case.

20) What defences against and/or limitations to the protection should be available? Please state the proposed requirements for any defence/limitation, and the effect of any defence/limitation.

Response:

The defences and limitations described under question 6 are adequate.

21) Who should bear the burden of proof in respect of any defences and/or limitations?

Response:

The free rider should bear the burden of proof in respect of any defences and/limitations it wants to invoke, as is currently the case.

(38) CJEU 14 September 1999, C-375/97, *Chévy*.



22) In what type(s) of proceedings should it be possible to invoke the protection?

Response:

It should be possible to invoke the protection in all proceedings mentioned above under question 9) (see also responses to questions 13 and 14).

*
* *



Question Q246

| | |
|------------------------|---|
| National Group: | Belgium |
| Title: | Exceptions and limitations to copyright protection for libraries, archives and educational and research institutions |
| Contributors: | Benoit Michaux (president), Sari Depreeuw, Sarah Van Den Brande, Timothy Van De Gehuchte |
| Date: | 18 May 2015 |

Questions

I. CURRENT LAW AND PRACTICE

Preliminary remark

The Belgian copyright law⁽¹⁾ provides for a number of exceptions to the exclusive right of reproduction and the exclusive right of communication to the public, in particular for libraries and archives, and also for the purpose of education and research, as detailed here below.

By contrast, these exceptions are not explicitly extended to the right of distribution (as permitted under the Information Society Directive 2001/29), even when said materials have been previously reproduced in compliance with statutory exceptions. When taken literally, this would mean that, while the law contains a provision allowing a teacher to make a copy (reproduce) a copyright protected material for teaching purposes, subject to certain conditions, it does not contain any provision allowing the teacher to distribute the copy to his students without the consent of the right holder. However, in practice, it seems to be accepted that in such a situation, the statutory exception allowing the making of the copy also covers the subsequent act of distribution of that copy.⁽²⁾ This pragmatic

(1) The Code on Economic Law, hereinafter “CEL”, Book XI.

(2) P. LAURENT, “Les nouvelles exceptions au droit d’auteur en faveur de l’enseignement: l’ère de l’e-learning”, *A&M* 2008, 3, (180) 192.



solution can be supported by the argument that generally speaking, according to the wording of the Belgian copyright act, the right of distribution is part of the right of reproduction,⁽³⁾ and that in this specific case, the act of distribution is a mere continuation of the act of reproduction.

1) Does your law provide for exceptions or limitations to copyright protection for libraries and archives? If so, please provide details of such exceptions or limitations, including in relation to the following activities:

a. reproduction and/or distribution for the purpose of preservation or replacement;

Article XI.190 of the (Belgian) Code of Economic Law (“CEL”) provides that (free translation):

“When a work has lawfully been published, the author cannot prohibit:

(...)

12°. the reproduction limited to a number of copies, to be determined and justified by the goal of safeguarding the cultural and scientific heritage, by publicly accessible libraries, museums or by archives that do not pursue a direct or indirect commercial or economic advantage, and to the extent that it does conflict with the normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author.

Material thus created remains the property of these institutions that renounce any commercial or profitable use thereof.

The author may obtain access thereto on condition of strictly respecting the preservation of the work and subject to fair compensation for the work done by these institutions.”

b. reproduction and/or distribution for the purpose of interlibrary lending;

The CEL does not provide for a specific exception in respect of interlibrary lending.

However, Article XI.192, § 1, of the CEL provides an exception which may be relevant in this respect. It permits the lending for educational or cultural purposes, as follows (free translation):

“The author cannot forbid the lending of literary works, databases, photographic works, sheet music, audio recordings and audio-

(3) Article 165, § 1, CEL.



visual works, for educational or cultural purposes by institutions recognized or established by government.”

According to Article XI.243 CEL, this exception is subject to a remuneration which is determined by the Government.

c. *reproduction and/or distribution for the purpose of providing copies (either in a physical or a digital form) to users of libraries or archives; or*

– *From a library or archive perspective*

The CEL provides that (free translation):

“When the work has lawfully been published, the author cannot prohibit:

(...)

8°. the communication of works by institutions officially recognized or established by the government when the communication is made for the purpose of illustration for teaching or scientific research, it is justified by the non-commercial purpose to be achieved, it takes place in the course of the normal activities of the institution, it is made only through its closed transmission network of the institution, and it does not conflict with the normal exploitation of the work, as long as the source, including the author’s name, is indicated, unless this turns out to be impossible.

(...)

13°. the communication, including the making available to individuals, for the purpose of research or private study, of works which are not subject to purchase or licensing terms and which are part of the collections of publicly accessible libraries, scientific- or teaching institutions, museums or archives that do not pursue a direct or indirect economic or commercial goal, through dedicated terminals on the premises of these institutions.”

The scope of Article XI.190, 8°, CEL is limited to teaching staff, students and researchers having an access to the closed transmission network⁽⁴⁾ whilst Article XI.190, 13°, CEL can be invoked by all members of the public visiting the institutions described in this Article.

Article XI.190, 13°, refers to *communication*, not to reproduction (e.g. digitisation). Admittedly, the Court of Justice⁽⁵⁾ allows the national

(4) M.-C. JANSSENS, in F. BRISON en H. VANHEES (eds.), *Hommage à Jan Corbet*, 3rd edition, Brussels, Larcier, 2012, 164.

(5) See the judgment in *TU Darmstadt* (C-117/13), commented here below.



legislator to grant the right to digitise. But that right is not (yet) recognized in CEL.

– *From a user perspective*

The CEL provides that an author of a work that has lawfully been made public cannot object to the following (free translation):

“When the work has lawfully been published, the author cannot prohibit:

(...)

5°. the reproduction in whole or in part, on paper or any similar medium, of Articles, works of visual and graphic art or the reproduction of short extracts from other works, when this reproduction is made by the use of any kind of photographic technique or by some other process having similar effects, with the exception of sheet music, solely for private use and does not conflict with the normal exploitation of the work.

6°. the reproduction in whole or in part, on paper or any similar medium, of Articles, works of visual and graphic art or the reproduction of short extracts from other works, when this reproduction is made by the use of any kind of photographic technique or by some other process having similar effects, for the purpose of illustration for teaching or scientific research, it is justified by the non-commercial purpose to be achieved, and it does not conflict with the normal exploitation of the work, as long as the source, including the author’s name, is indicated, unless this turns out to be impossible.

7°. the reproduction in whole or in part, of Articles, works of visual or graphic art or short extracts from other works, when this reproduction is made on any medium other than paper or a similar medium, for the purpose of illustration for teaching or scientific research, it is justified by the non-commercial purpose, and it does not conflict with the normal exploitation of the work, as long as the source, including the author’s name, is indicated, unless this turns out to be impossible.

(...)

9°. the reproduction on any medium other than paper or a similar medium of works, made within the family circle and only intended therefor.”

The foregoing provisions, read together, enable the users of libraries or archives to make copies of the works concerned, subject to certain



conditions that are determined by the medium on which the reproduction is made (paper or other), and the purpose to be achieved (private use, illustration for teaching scientific research, use within the family circle). These exceptions are subject to compensation of the relevant right holders (art. XI.229, XI.235, XI.240 CEL).

It is reminded here that, in its September 11th 2014 judgement in Case C-117/13 (*TU Darmstadt/Eugen Ulmer KG*⁽⁶⁾), the Court of Justice has confirmed that Article 5(3)(n) of Directive 2001/29, read together with Article 5(2)(c) of that same Directive, must be understood not to preclude Member States from granting to publicly accessible libraries covered by those provisions the right to digitise the works in their collections, if such act is necessary for the purpose of making those works available to users by means of dedicated terminals within those establishments. In the same judgement, the Court decided that the reproduction of works on paper or on a USB stick carried out by users from dedicated terminals, may be permitted under national legislation transposing the exceptions or limitations provided for in Article 5(2)(a) or (b). The cited provisions of the CEL indeed allow such use.

d. any other activities, and if so, what activities?

There are no other exceptions for libraries and archives than those mentioned above.

2) Do any of these exceptions or limitations apply to libraries, archives or other organizations (e.g. museums) generally, or only to certain organizations (e.g. public and/or commercial libraries and archives)? If so, which organizations?

Article XI.190, 8°, CEL (the exception for the communication of works through closed transmission networks) refers to institutions “recognized or established by government”, leaving it open to government to add or remove institutions falling under the scope of this exception without having to change the law.

Article XI.190, 12°, CEL (the exception for the reproduction for the purpose of preservation) refers to “publicly accessible libraries, museums or archives that do not pursue a direct or indirect economic or commercial advantage” and does not provide that such institutions must be recognized or established by government.

(6) Judgment in *Technische Universität Darmstadt v. Eugen Ulmer KG*, C-117/13, ECLI:EU:C:2014:2196.



Article XI.190, 13°, CEL (the exception for the communication and making available or works through dedicated terminals) refers to “publicly accessible libraries, scientific- or teaching institutions, museums or archives that do not pursue a direct or indirect economic or commercial goal” and does not provide that such institutions must be recognized or established by government.

3) Are there any conditions as to the type or scope of any permitted activities (e.g. number of copies that may be created, whether only a portion of a work may be used, whether certain forms of reproduction (e.g. digital reproduction) are excluded)? If so, please explain the conditions.

Response (from a library or archive perspective):

– *with regard to the number of copies*

Only Article XI.190, 12°, CEL refers to a number of copies determined and justified “by the goal of safeguarding the cultural and scientific heritage” without putting forward an exact number. In case of dispute, it will be left to the discretion of the courts what is reasonable in light of the purpose and taking into consideration that no prejudice may be caused to the normal exploitation of the work and the legitimate interests of the author.

For the other exceptions, there is no reference to an exact number of copies. As will be explained below (question 10), it is however accepted under Belgian law that the Three-Step Test applies to each exception mentioned above.

– *with regard to the size (portion / integral reproduction) of the work that is used*

Articles XI.190.8°, 12° and 13°, CEL, which can all apply to communications, reproductions or the making available of works by libraries and archives do not refer to an explicit size limit. The Three-Step Test, as partially repeated in the text of Articles XI.190, 8° and 12°, CEL however applies.

– *with regard to the form of reproduction*

Articles XI.190, 8° and XI.190, 13°, CEL stipulate that works may only be communicated or made available under these exceptions via either a closed transmission network (Article XI.190, 8°, CEL) or a dedicated terminal (Article XI.190, 13°, CEL).

As indicated above, the response is different from a user perspective. As elaborated on sub question 1 (c) above, restrictions as to the applied



medium (carrier), reproduction size and purpose are to be respected by library or archive users.

4) Are there any conditions as to the type of copyrighted work that may be used (e.g. lawfully created copies, copies existing in the library's or archive's collection, published works)? If so, please explain the conditions.

The first sentence of Article XI.190 CEL states that the copyright exceptions provided in this Article only apply for works that have been “lawfully published”. In recent years, there has been discussion about the correct interpretation of the reference to works that have been “lawfully published”. A part of Belgian scholars have argued that this condition only refers to the author's right of divulgation⁽⁷⁾ whilst others have analysed this as excluding illegal copies as a source of reproduction.⁽⁸⁾ Given the recent jurisprudence of the Court of Justice (see case C-435/12 of April 10th 2014, *ACI Adam BV/ Stichting de ThuisKopie*) – and although this judgement only concerns the interpretation of Article 5.2(b) of Directive 2001/29 (private use copy) – there is reason to believe that the reference to “lawfully published” works excludes illegal copies of works as a source for (authorized) reproductions or communications as provided in Article XI.190 CEL.

5) Does your law provide for exceptions or limitations to copyright protection for education and research institutions? If so, please provide details of such exceptions or limitations, including in relation to the following activities:

a. performance and/or display for educational purposes;

Article XI.190, 4^o, CEL provides that (free translation):

“When the work has lawfully been published, the author cannot prohibit:
(...)

4^o. the free of charge performance within the framework of school activities, whether or not within the premises of the teaching institution;”

It is clearly accepted that the term “performance” covers the communication of copyright protected materials such as power point presentations. By contrast, it is disputed whether that term also covers the use of works in the context of communication at distance (video conferences, etc.), e.g. for the purpose of teaching at distance.⁽⁹⁾ The exception of

(7) S. DUSSOLIER, *Droit d'auteur et protection des œuvres dans l'univers numérique – Droits et exceptions à la lumière des dispositifs de verrouillage des œuvres*, Brussels, Larcier, 2007, nr. 587.

(8) A. BERENBOOM, *Le nouveau droit d'auteur et les droits voisins*, Brussels, Larcier, 2005, 313.

(9) See in favour of this position, M.-C. JANSSENS, *o.c.*, 157.



Article XI.190, 4°, is limited to “school activities”, which is generally viewed as requiring an element of teaching and excludes for example playing music at school festivities.⁽¹⁰⁾

Article XI.190, 11°, CEL provides a specific exception for the performance of a work during public examinations and states that an author cannot prohibit (free translation):

“the free of charge performance of a work during a public examination, when the purpose of the performance is not the work itself but rather the assessment of the performer or performers in consideration of granting a certificate of qualification, degree or title related to a recognized education program.”

Unlike in Article XI.190, 4°, CEL, the term “performance” is generally interpreted in a clearly restrictive way for this exception.

- b. *reproduction and/or distribution for educational purposes (e.g. preparation of course packs, compilations or anthologies, exams);*

Article XI.189 CEL states:

“§ 1. Citing of a work that has lawfully been published, for the purpose of criticism, polemic, review, teaching, or in the framework of scientific work, does not infringe on copyright, to the extent it takes places in accordance with fair professional practices and is justified by the intended effect. Citing as described above must include a source and name of the author, unless this turns out to be impossible.

§ 2. Composing an anthology for education that does not pursue a direct or indirect economic or commercial advantage, requires the consent of the author out of whose work extracts are being compiled. If the author has died, the consent of the right holders is not required to the extent that the extract, including its place and presentation, respects the author’s moral rights and that a fair compensation is paid as agreed upon between parties or, by lack of agreement, by a judge in accordance with fair practices.”

Article XI.189 CEL regulates two distinct hypotheses: § 1 permits limited citations for the purpose of *inter alia* teaching (corresponding to Article 5(3)(d) Directive 2001/29). The composing of anthologies is dealt with in § 2 of the same Article and does not amount to an actual exception while the author is alive (his/her consent is required⁽¹¹⁾), but

(10) See M.-C. JANSSENS, *o.c.*, 158.

(11) This consent will not be necessary when applying the copyright exceptions included in Articles XI.190.6°, XI.190, 7°, 190, 8° and XI.190.13°, CEL as cited above.



after his/her death, the anthology can be published on condition that his/her moral rights are respected, the parties find an agreement on the fair compensation to be paid (absent which the court will decide upon the compensation).

This consent will not be necessary when applying the copyright exceptions included in Articles XI.190, 6°, XI.190, 7°, 190, 8° and XI.190, 13°, CEL as cited above.

c. making translations;

Whether or not making translations is included in the copyright exception for educational purposes, is subject to discussion.⁽¹²⁾ There are no (published) Belgian court decisions on the matter and scholars have signalled that clarification by the legislator would be appropriate.

d. making available in digital networks for educational purposes (e.g. uploading course packs onto on-line platforms, compilations or anthologies, providing distance education);

Article XI.190, 8°, CEL states that an author cannot prohibit (free translation):

“the communication of works by institutions officially recognized or established by the government for the purpose of illustration for teaching or scientific research, when it is justified by the non-commercial purpose, made in the course of the normal activities of the institution and through its closed transmission network, and it does not conflict with the normal exploitation of the work, as long as the source, including the author’s name, is indicated, unless this turns out to be impossible.”

The exception here above only concerns the *communication* of a work. As far as the prior reproduction of this work is concerned (i.e. the reproduction of the work before its communication through a closed transmission network), other conditions need to be fulfilled in order for the user to benefit from a statutory exception to the exclusive reproduction right. Such prior reproduction on a medium than paper will need to fulfil the conditions of Article XI.190, 7°, CEL as cited sub question 1c above.

e. reproduction and/or distribution for research purposes; or

Reproduction of works for the purpose of research is included in Articles XI.190, 6°, XI.190, 7°, CEL as cited above. As already mentioned,⁽¹³⁾ the distribution of copies is included in the constraints of the exceptions.

(12) M.-C. JANSSENS, *o.c.*, 162.

(13) See preliminary remark above.



f. any other activities, and if so, what activities?

Article XI.190, 13°, CEL – cited with regard to libraries and archives – is also relevant for scientific and teaching institutions and provides that an author cannot prohibit (free translation):

“the communication, including the making available of works not subject to purchase or licensing terms which are part of the collections of publicly accessible libraries, scientific- or teaching institutions, museums or archives that do not pursue a direct or indirect economic or commercial advantage, consisting of communicating or making the work available to individual members of the public through dedicated terminals on the premises of these institutions and this for the purpose of research or private study.”

6) Do any of these exceptions or limitations apply to educational and research institutions generally (e.g. non-profit institutions), or only to certain institutions? If so, which institutions?

Article XI.190, 8°, CEL (the exception for the communication of works through closed transmission networks) refers to institutions “recognized or established by government”, leaving it open to government to add or remove institutions falling under the scope of this exception without having to change the law.

The other exceptions (art. XI.190, 6°, XI.190, 7°, XI.190, 11°) refer to a purpose of education or scientific research and add the requirement of a non-profit seeking goal. This latter term should be interpreted in line with recital 42 of Directive 2001/29 which reads: “When applying the exception or limitation for non-commercial educational and scientific research purposes, including distance learning, the non-commercial nature of the activity in question should be determined by that activity as such. The organisational structure and the means of funding of the establishment concerned are not the decisive factors in this respect.”

7) Are there any conditions as to the type or scope of the activities and the persons who may engage in such activities (e.g. number of copies that may be created, whether only a portion of a work may be used, whether both a teacher’s and student’s performance is covered, or only one or the other)? If so, please explain the conditions.

– *With regard to the scope of activities*

Article XI.189, §§ 1-2, CEL provides that only citations or anthology for educational purposes fall in the scope of the exception.



Article XI.190, 4°, CEL (performance during school activities) limits the performance to a school activity.

Articles XI.190, 6° and 7°, CEL (reproduction on paper [6°] and other medium [7°]) require that the reproduction is made for the purpose of illustration for teaching or for scientific research.

Article XI.190, 8°, CEL (communication through a closed transmission network) requires the same and adds that only institutions recognized or established by government can rely on this exception.

Article XI.190, 11°, CEL (performance during public examination) limits the exception to a performance for the purpose of assessing a performance in light of granting a degree or title.

Article XI.190, 13°, CEL (communication through dedicated terminals) is limited to communication for private study and research.

– *With regard to the number of copies*

None of the educational/scientific research exception makes reference to an exact maximum number of copies. As will be explained below (question 10), it is however accepted under Belgian law that the Three-Step Test applies to each exception mentioned above.

– *With regard to the size (portion / integral reproduction) of the work that is used*

Article XI.189, § 1, CEL (citations) is limited to an extract justified for the purpose of criticism, review, etc. (citation right).

Article XI.189, § 2, CEL (anthologies) refers to fragments out of works without stating an exact size limit. As an anthology requires the author's consent (unless he/she is no longer alive), the size of the anthology will be subject to negotiation.

Article XI.190, 4°, CEL (performance during school activities) does not provide a size limit.

Article XI.190, 6°, CEL (reproduction to paper for illustration for teaching and scientific research) and Article XI.190, 7°, CEL (reproduction to a medium other than paper for illustration for teaching and scientific research) provide no size limit for reproductions of Articles and works of visual or graphic art. For other works, the reproduction should be limited to “short extracts”.

Article XI.190, 8°, CEL (communication through a closed transmission network) does not mention any size limit. As flagged sub question 5.d. above, one should however take into consideration that a size limit may apply for the reproduction of the source of digitization.



Article XI.190, 11° and 13°, CEL do not refer to an explicit size limit. The three-step test however applies.

– *With regard to performing persons*

Article XI.189, § 1, CEL (citations) is not limited to beneficiaries acting in a specific capacity (teacher, student or other).

Article XI.189, § 2, CEL (anthologies) does not explicitly refer to people acting in a specific capacity (teacher or student) and merely states that the anthology should be created “for education”. This does not seem to rule out students making an anthology as an assignment.

Article XI.190, 4°, CEL does not explicitly refer to people acting in a specific capacity (teacher or student) and applies to both.

Articles XI.190, 6° and 7°, CEL (reproduction on paper and medium other than paper for illustration for teaching and scientific research) applies to students, teachers or staff making copies for students.⁽¹⁴⁾

Article XI.190, 8°, CEL (communication through a closed transmission network) is limited to institutions recognized or established by government.

Article XI.190, 11°, CEL (performance during public examination) logically only applies to the person performing for the purpose of the examination.

Article XI.190, 13°, CEL (communication through dedicated terminals) is limited to dedicated terminals owned or controlled by publicly accessible libraries, scientific or educational institutions, museums and archives.

– *With regard to the form of reproduction*

Article XI.189, § 1 and § 2, CEL (citations – anthologies) is not limited to a specific form (medium) of reproduction.

Article XI.190, 4°, CEL is limited to a “performance” of a work. As explained above, it is disputed whether the term “performance” includes both the use of a work through a live presentation such as power point presentations *and* a communication at distance (e.g., video conferences, etc.), for example for the purpose of distance learning.

Articles XI.190, 6° and 7°, CEL explicitly refer to the allowed medium: either on paper or equivalent medium (Article XI.190, 6°, CEL) or on other medium than paper (Article XI.190, 7°, CEL).

Article XI.190, 8°, CEL (communication through a closed transmission network) is limited to institutions recognized or established by govern-

(14) F. DE VISSCHER and B. MICHAUX, *Précis du droit d'auteur*, Brussels, Bruylant, 2000, 114.



ment. Teaching staff, students and researchers are allowed access to the works.

Article XI.190, 11°, CEL (performance during public examination) logically only applies to the performance by the person that is being assessed.

Article XI.190, 13°, CEL (communication through dedicated terminals) is limited to digital versions that are to be consulted on terminals within publicly accessible libraries, scientific or educational institutions, museums and archives. Individuals of the general public consulting such terminals are allowed to access the works. (Also see reference to the Darmstadt judgement sub question 1c above).

- 8) Are there any conditions as to the type of copyrighted work that may be used (e.g. only lawfully created copies, only certain kinds of copyrighted works)? If so, please explain the conditions.**

See question 4 above.

For the questions below, please provide an answer for each exception or limitation mentioned above.

- 9) Is there any statutory provision that specifically provides for such exception or limitation? Is it alternatively or additionally recognized in case law? If neither, does your jurisdiction have a more general or broad exception or limitation that is interpreted as covering such specific exception or limitation.**

Relevant statutory provisions were cited above.

- 10) Does your law adopt the Three-Step Test (or equivalent wording) in relation to such exception or limitation?**

Belgian law does not provide a specific overarching clause stipulating the Three-Step Test.⁽¹⁵⁾ Nevertheless, Belgian copyright law partially repeats the Three-Step Test in particular exceptions and limitations, i.e.

- Art. XI.190, 5°, CEL (re reproduction on paper for private use);
- Art. XI.190, 6°, CEL (re reprography for education or scientific research);
- Art. XI.190, 7°, CEL (re reproduction on other carriers than paper for education or scientific research);
- Art. XI.190, 8°, CEL (re communication to the public to teaching staff, students and researchers with access to the closed transmission network);

(15) M.-C. JANSSENS, *o.c.*, 161 and the references cited there.



- Art. XI.190, 12°, CEL (re reproduction for safeguarding the cultural and scientific heritage);
- Art. XI.190, 13°, CEL (re communication and making available or works through terminals);
- Art. XI.190, 15°, CEL (re reproduction and communication in favour of disabled persons);
- Art. XI.191, § 1, CEL (re reproduction and communication of databases);
- Art. XI.217 CEL (re neighbouring rights).

Even though this disparate textual approach might cause confusion at first sight, it has been generally accepted under Belgian copyright law that the Three-Step Test applies to each and every exception mentioned in Belgian copyright law,⁽¹⁶⁾ even without a specific reference to the Three-Step test.

11) Is use under the exception or limitation permitted automatically (without any further action), or must certain criteria be fulfilled/procedure(s) followed (e.g. seeking a compulsory licence)? If it is the latter, please explain the criteria/procedure(s).

As a principle, the use under the exceptions or limitations is permitted automatically under Belgian copyright law.

An exception to this rule is stated in Art. XI.189, § 2, CEL (see above sub 5.B), which provides for a compulsory license for the use of works in an anthology – in case the author has died.⁽¹⁷⁾ This compulsory license consists in a “fair compensation” that is to be “agreed upon between parties” (copyright owners and anthology compilers) “or, by lack of agreement, by a judge in accordance with fair practices”. Only when such a fair compensation has been determined, one can rely upon the anthology exception when the author of the particular copyrighted work has died.

12) Is remuneration payable for use under such exception or limitation? If so, how is the amount of remuneration determined or calculated? Who is liable for making such payment, and to whom must such payment be made?

Not all but various exceptions and limitations under Belgian copyright law provide in a mandatory compensation/remuneration:

- (i) *Compensation for the exception on the private use reproduction (Art. XI.229-XI.234 CEL)*

(16) M.-C. JANSSENS *o.c.*, 151 and the references cited there.

(17) When the author is still alive, his/her authorization is required.



Art. XI.229 CEL provides a mandatory compensation for the author, performing artist, publisher of literary works and graphic art and producer of audio works in the private use reproduction exception (on another carrier than paper) and the exceptions for disabled people.

These compensations consist of fixed fees that have to be paid by the manufacturer, importer or purchaser of:

- carriers that are clearly used for making private use reproductions on an any medium other than paper or similar carrier, or
- devices that are clearly used for such reproductions.

These fixed fees have to be paid on the date on which the carriers and devices are introduced to the Belgian market. These compensations are to be collected by collecting societies which will subsequently allocate the compensations to the authors, performing artists, publisher of literary works and graphic art and producers.

(ii) *Compensation for the exception re reprography (Art. XI.235-239 CEL)*

Art. XI.235 CEL provides a mandatory compensation/remuneration for the author or publisher of literary works and databases in the reprography exception, i.e. the reproduction on paper or a similar carrier for private use, education or scientific research and for disabled people.

These compensations consist of fixed fees that have to be paid by the manufacturer, importer or purchaser of devices that are clearly used for making private use reproductions on paper or a similar carrier.

These fixed fees are paid on the date on which the devices are introduced to the Belgian market. These compensations have to be proportionate to the amount of reproductions made and they are due by:

the persons or entities that exploit the acts under these exceptions; or the persons or entities that put such a device to the disposal of the persons mentioned in the previous bullet (in such a case, those persons mentioned in the previous bullet are exempted from payment).

These compensations are to be collected by collecting societies which will subsequently allocate the compensations to the authors, performing artists, publisher of literary works and graphic art and producers.

(iii) *Compensations for reproduction and/or communication for education and scientific research (art. XI.240-242 CEL)*

Art. XI.240 CEL provides a mandatory compensation/remuneration:



§ 1 for the author or publisher of literary works or databases for the reproduction on any carrier other than paper with the purpose of education or scientific research;

§ 2 for the author or publisher of literary works or databases for the communication through transmission networks with the purpose education or scientific research;

§ 3 for the performing artists, producers of sound recordings and of first fixations of cinematographic works for (i) the reproduction of short fragments for education and research (Art. XI.217, § 5°) and (ii) the communication through transmission networks with the purpose education and research (Art. XI.217, § 6°).

These compensations have to be proportionate to the exploitation acts that are performed under these exceptions and they have to be paid by the persons exploiting these exceptions. This means that these compensations are in first instance due by the users themselves, being physical persons or entities. As a consequence, the researchers and teachers are often liable for making such payment. However, Belgian copyright law provides that these persons or entities can be exempted from payment, when the payment is made by the education and research institution that reproduces or communicates the works under these exceptions.⁽¹⁸⁾

(iv) *Compensation for the exception on public lending (Art. XI.243-245 CEL)*

Art. XI.243 CEL provides a mandatory compensation/remuneration:

§ 1 (see above 1.B) for the author and publisher of literary works, databases, photographic works and sheet music;

§ 2 (see above 1.B) for the author, performing artist(s) and producer of audio works and audio visual works.

These compensations are determined by Royal Decree taking into account, a.o. the volume of the collection of the lending institution and the amount of loans.

The compensations are collected by collecting societies and are subsequently allocated as follows:

- 70% to the authors and 30 % to the publishers pursuant to Art. XI.243, § 1, CEL;

(18) M.-C. JANSSENS, in F. BRISON and H. VANHEES (eds.), *Hommage à Jan Corbet*, 3rd edition, Brussels, Larcier, 2012, 375.



- Pro rata with each share of the author, performing artist(s) and producer pursuant to Art. XI.243, § 2, CEL.

13) Is there any special treatment for orphan works for use within such exception or limitation? If so, please explain.

Currently under Belgian law, there is none. Nevertheless, by lack of any specific treatment for orphan works, Belgian scholars presume that the above-mentioned exceptions and limitations also apply to orphan works.⁽¹⁹⁾

14) Does the law of your jurisdiction allow the exception or limitation to be overridden by contract?

Pursuant to Articles XI.193 and XI.219 CEL all exceptions under Belgian copyright law are mandatory, which means that they cannot be overridden by contracts.

15) Other than what is provided in the law of your jurisdiction, are there any efforts by private organizations (such as a private licensing organizations) to address use by libraries, archives and educational and research institutions? If so, please explain those efforts.

There is no official information available in this respect.

According to unofficial sources, it appears that some public libraries started with a test project to lend e-books. The lending fees were determined in cooperation with the publishers. It seems that due to technical issues, this project has been recently aborted. Nevertheless, the libraries announced that they intended to re-launch a new version of a similar project in a near future.

II. POLICY CONSIDERATIONS AND PROPOSALS FOR IMPROVEMENTS OF THE CURRENT LAW

16) Should there be any exceptions or limitations to copyright protection for libraries and archives? If yes, in relation to what activities? If no, why not?

Yes: in relation to the activities that pertain to the public interest mission that libraries and archives are supposed to pursue:⁽²⁰⁾

(19) M.-C. JANSSENS, “Op zoek naar een adoptieregeling voor wezen in het auteursrecht (A ‘diligent search’ into the issue of orphan works)”, *IRDI* 2009, 12 and 14.

(20) See on the role of libraries, archives and museums: S. DUSOLLIER, “The limitations and exceptions to copyright and related rights for libraries, research and teaching uses”, in J.P. TRIAILLE e.a., *Study On The Application Of Directive 2001/29/EC On Copyright And Related Rights In The Information Society (The “Infosoc Directive”)*, available at http://ec.europa.eu/internal_market/copyright/docs/studies/131216_study_en.pdf, 258 et s.



- preservation ;
- restoration (including format shifting) ;
- making accessible (dissemination) to the public of cultural, scientific or informational works.⁽²¹⁾

The public interest mission of libraries and archives can be related directly to fundamental rights (protected in the EU Charter of Fundamental Rights) such as the right to freedom of expression and information, right to privacy, the freedom of the arts and sciences, the right to education.

Consequently, there should be exceptions to copyright protection (reproduction, communication to the public including the making available right, and distribution including lending) for libraries and archives to the extent that such is required to achieve the public mission these institutions are entrusted with.

The exact formulation of such exception should however reconcile diverse interests, especially the interest of the libraries and archives (whose mission is to preserve and disseminate cultural and scientific works), of the general public and the individual user (who wishes to enjoy the opportunities created by digital and online technologies to access cultural, scientific and informational works) and of the authors, performers and other right holders (who have exclusive rights protecting the exploitation of their works and creations – including new emerging exploitation models). Particular attention should be paid to the digitisation of the collection (transforming an analogue format to digital format) and, independently from the digitisation, the availability to the public of the work in the digital format (onsite or online).

The taking into account of the interest of the right holders should include the payment of a fair compensation in appropriate cases.

17) Should there be any exceptions or limitations to copyright protection for education and research institutions? If yes, in relation to what activities? If no, why not?

Yes. In the course of teaching and research, many activities may have some copyright relevance:⁽²²⁾

(21) In *TU Darmstadt*, the CJEU stated that the core mission of publicly accessible libraries is the dissemination of knowledge. In relation to this mission, the exception contained in art. 5(3)(n) promotes “the public interest in promoting research and private study” (judgment in *TU Darmstadt* ECLI:EU:C:2014:2196, par. 27).

(22) S. Dusollier gives an extensive overview of the acts teachers, students, researchers and institutions may engage in: S. DUSOLLIER, *l.c.*, 353-355.



- *teachers* may reproduce protected subject matter while preparing their classes, include some in the teaching materials, they may hand out protected subject matter (such as newspaper Articles or graphic illustrations) as study material, they may make such protected material available in an electronic version (by e-mail or e-learning platforms) and they may display protected creations in the class room (e.g. powerpoint presentations, show videos or listen to audio fragments);
- *students* may copy works while preparing exercises, exams or (written) assignments, they may quote fragments for the same purposes or otherwise use existing materials in school projects, they may display protected works in presentations in the class room and make such available to their fellow students (via e-mail, the e-learning platform of the school or otherwise),...;
- *researchers* may copy materials while conducting their research (e.g. while preparing a research paper or a conference presentation), they may include some protected elements in their “output” (e.g. quoting existing materials in Articles or presentations), distribute this output (e.g. publication in a journal) or make it available to the public (online publication, possibly through “open access” or other repositories). “Data mining” is also relevant in this context (be it by the researcher or her institution);
- the *teaching or research institutions* may deploy activities in support of the teaching and research by their teachers and students.

These activities are commonly considered as a public interest objective and can be related directly to fundamental rights as protected in the EU Charter, e.g. freedom of expression and information, freedom of the arts and sciences, right to education.

The protection of these fundamental rights is (and should be) accommodated in copyright in the form of statutory exceptions.

The precise formulation of the exceptions should reconcile the interests of the various stakeholders, including the protection of the exploitation of protected works (also through new business and exploitation models) and the legitimate interests of the right holders. This may be a delicate matter, especially for authors and publishers of educational and scientific works (e.g. school books, teaching material, educational software,...).

18) Is the Three-Step Test a useful test for determining any exceptions or limitations to copyright protection? Why/why not?

At the legislative level, it is a useful test: it requires the legislature to draft a carefully formulated exception, with precise conditions in order to achieve the delicate balance between the various stakeholders.



After that, the courts assess whether any given use falling within the scope of an exception also complies with the three-step test.

19) Should the exception or limitation be capable of being overridden by contract? Why/why not?

Under Belgian law, the application of an exception cannot be overridden by contract (exceptions to the exclusive rights being mandatory – see Art. XI.193 CEL). It should be verified whether that rule is actually in compliance with the balance of interests of the various stakeholders and whether it is reasonably justified on the ground of the public interest objective of the exceptions concerned.

20) Should remuneration be payable for any of the activities described in 16) and 17) above? Why/why not?

The need for a compensating remuneration right should be assessed on the economic effect that any exception could have on the author or right holder, in conformity with the CJEU decisions on this point. It could be argued that the exception allowing libraries or archives without commercial or economic objective to make specific reproductions in the context of their public interest mission (e.g. preservation of the collection) is not likely to have a significant impact on the exploitation of the work. By contrast, other uses such as the (digital or analogue) copying of protected works by students, teachers, researchers or the teaching or research institution may have a bigger impact, which justifies a compensation by means of a remuneration.

21) How can your current law as it applies to exceptions and limitations to copyright protection for libraries, archives and educational and research institutions be improved?

A number of questions should be further examined in relation to the exception for libraries and archives, in order to improve the current law where needed:

– *Digitisation of collections and making these accessible to the public.* Libraries and archives are increasingly involved in (international, European) projects pursuing the preservation and opening up of their collections. It is uncertain whether such large-scale digitisation efforts fall within the scope of the exception covering reproductions for the preservation of cultural or scientific heritage.

It is certain that such projects exceed the scope of the exception for communicating the library or archive collection via dedicated terminals on the premises of the establishments where the digitised collections are accessible to the general public (online, using their own devices). The



- strict conditions imposed by the exception under current law constitute an important obstacle to such projects and therefore it should be verified whether these conditions cannot be replaced by other conditions which would enhance the accessibility of the collection without compromising the exploitation of the work.
- *E-lending*. Libraries are experimenting with e-lending initiatives.⁽²³⁾ Such experiments are currently not so much based on the exception for lending by public libraries but on negotiated licences with publishers. It should be examined whether the limitation to the rights for the purpose of public lending should also cover works in electronic formats (books, music, video, video games,...), considering the educational and cultural objective of the exempted use and the beneficiary of the exemption (public institutions).
 - *Teaching and research*. The exceptions covering teaching and research are fairly large and allow the students, teachers, researchers and institutions to pursue their studying, teaching or researching activity. Some conditions could be clarified, such as the exemption of protected acts for teaching or research to the extent that such is justified by the “non-profit objective”, the beneficiaries of some exceptions (institutions recognised or founded by the government”) or the type of activities covered (“school activities”).

III. PROPOSALS FOR HARMONISATION

22) Is harmonisation in this area desirable?

Yes.

If yes, please respond to the following questions without regard to your national or regional laws.

Even if no, please address the following questions to the extent you consider your national or regional laws could be improved.

23) If your answer to question 16) or 17) is no, should this be explicitly set out in any international treaty/convention?

24) If yes to question 16):

a. to what libraries, archives and other organizations should these exceptions or limitations apply;

libraries, archives or other institutions that are publicly accessible, without commercial purpose (direct or indirect), with a public interest mis-

(23)S. DUSOLLIER, “A manifesto for an e-lending limitation in copyright”, *JIPITEC* 2014, vol. 5. (urn:nbn:de:0009-29-40961), available at <http://www.jipitec.eu/issues/jipitec-5-3-2014/4096>.



sion (preservation of cultural or scientific heritage, restoration and dissemination of culture and/or science).

- b. to what activities should these exceptions or limitations apply;*
- constitution and preservation of the collection, including digitisation of the collection;
 - accessibility of the collection through onsite consultation (including through dedicated terminals on the premises, possibly relaxing this condition in the current technical environment); considering the international and European efforts on digital libraries and the e-accessibility of scientific and cultural heritage, the definition of the exception should be aligned to these objectives;
 - lending (including possibly e-lending on strict conditions).
- c. under what conditions should the activities be undertaken or the copyrighted work used?*
- non-commercial use;
 - the exception should not compromise the normal exploitation of protected works, including future or developing exploitation models in an online environment nor unreasonably prejudice the legitimate interests of the right holders;
 - accessibility restricted to a defined public (e.g. researchers, member of the library/archive,...);
 - compensation through remuneration if the exception is likely to affect the exploitation of the work (in particular for lending and e-lending);
 - possibly additional services (e.g. document delivery services), under a collective licensing regime.
 - (...)

The objective of harmonisation requires in the first place that all harmonising States (EU or international harmonisation) impose the same conditions (with no or little margin to deviate from the adopted text), as to enable international/European projects. Alternatively, another mechanism should be adopted to neutralise the effects of the territorial nature of copyright.

25) If yes to question 17):

- a. to what educational and research institutions should these exceptions or limitations apply;*

Educational and research institutions with a public interest mission. Attention should be paid to the non-commercial nature of their activ-



ities. A first option could be that the exceptions and limitations do not apply to institutions which pursue a commercial purpose in general. If a distinction has to be made between those institutions and others, useful indications should be provided to make that distinction. In this context, it could be considered that the mere fact that an institution imposes an enrolment fee does not imply in itself that the institution pursues a commercial purpose in general. Apart from the distinction above, it should be clarified that the exceptions and limitations do not apply to the specific activity at stake if that activity gives rise to a payment the amount of which goes beyond what is necessary to cover the operating costs of the institution.⁽²⁴⁾

b. to what activities should these exceptions or limitations apply;

Non-commercial teaching, research, school activities (where the public is restricted to the students/pupils, researchers, teachers and institutions).

c. under what conditions should the activities be undertaken or the copyrighted work be used?

Taking into account the interests of the right holders, the applicable conditions should include :

- the non-commercial nature of the activities (*cf.* a);
- a fair compensation in case of harm to the exploitation of the work;
- in appropriate cases, a limitation of the size of the work used, depending on the type of work;
- mention of source and respect of moral rights to a reasonable extent.

The objective of harmonisation requires in the first place that all harmonising States (EU or international harmonisation) impose the same conditions (with no or little margin to deviate from the adopted text), as to enable international/European projects (e.g. researcher and student mobility within EU). Alternatively, another mechanism should be adopted to neutralise the effects of the territorial nature of copyright.

For the questions below, please provide an answer for each exception or limitation mentioned above (as applicable).

(24) See recital (11) of the Directive 2006/115 on rental right and lending right, in relation to lending not made for a direct or indirect economic or commercial advantage.



26) Should use under the exception or limitation be permitted automatically (without any further action), or should certain criteria or procedure(s) be required? If so, what criteria/procedure(s)?

Automatically.

27) How should any remuneration for use that falls under such exception or limitation be determined or calculated? Who should be liable for making such payment, and to whom should such payment be made?

On the basis of the use of the work and the (potential) harm to the exploitation of the work.

28) What special treatment, if any, should there be for use of orphan works within such exception or limitation?

Cf. Implementation of EU directive.

29) In what circumstances should the exception or limitation be capable of being overridden by contract?

The circumstances in which the exceptions or limitations could possibly be overridden by contract should be directly related to the need for the protection of the normal exploitation of the work and, to a reasonable extent, of the legitimate interests of the right holders.

It should be considered whether it is wise to provide that, as a general and mandatory rule, the exceptions and limitations cannot be overridden by contract.

30) How should any efforts by private organisations to address use by libraries, archives and educational and research institutions, be reconciled with any exception or limitation provided by law?

In cases where it is not clear whether the exception or limitation apply, it might still be useful for the stakeholders to address the use of works through the conclusion of contractual arrangements.



Question Q247

| | |
|---------------------------|--|
| National Group: | Belgium |
| Title: | Trade secrets: overlap with restraint of trade, aspects of enforcement |
| Contributors: | Olivia Hottat, Dominique Kaesmacher, Sophie Lens, Annick Mottet, Domien Op de Beeck, Pierre-Yves Thoumsin, Bernard Vanbrabant ⁽¹⁾ |
| Reporter within | |
| Working Committee: | Pierre-Yves Thoumsin |
| Date: | 12 May 2015 |

Questions

I. CURRENT LAW AND PRACTICE

Aspect (i) – Overlap with restraint of trade

1) Is trade secret protection viewed as a form of restraint of trade and, if so, under what circumstances and under which legal regimes (e.g. competition law)?

Under Belgian law, the rule is freedom of trade and industry (Article II.2-3 of the Code of Economic Law – “CEL”); therefore trade secret protection (like intellectual property rights) constitutes an exception to this general rule and can be viewed as a form of restraint of trade.

The free movement of goods is moreover a fundamental principle both under EU law (Article 28 seq. of the Treaty on the functioning of the European Union – TFUE) and under Belgian law. However the question whether

(1) The group expresses its gratitude to Ms Nicole Marechal, Senior Legal Counsellor & Governance Officer at CEFIC, and Ms Isabelle Plets, attorney-at-law and labour law expert, for their invaluable contribution to this report.



goods manufactured, or sold, in breach of trade secrets may be seized and discarded from the channels of commerce, even after they have been purchased by a third party acting in good faith (i.e. not aware of their infringing nature), has not raised much debate among legal scholars in Belgium,⁽²⁾ nor been decided by the Belgian Supreme court (“Court of cassation”).

On another note, it is acknowledged that the detention of trade secrets can sometimes lead to a dominant position on a specific market and that such dominant position may, in exceptional circumstances, be used abusively, e.g. to restrict competition on another, separate, market.⁽³⁾ The Belgian Competition Council found, in a similar situation, that Portima, a Belgian software company, abused its dominant position by refusing to disclose (confidential) network information and was therefore harming the reliability of other software developers’ operating systems. Consequently, on the basis of Article 62 of the Protection of Economic Competition Act of 15 September 2006 (currently Article VI.64 CEL), the Competition Council adopted interim measures to oblige Portima to disclose this information.⁽⁴⁾

There is no uniformed or harmonized protection scheme at EU level, and 28 national systems coexist at the moment. Hence why the Commission has proposed a Directive to help companies in case of misappropriation (the “Proposal for a Directive on Trade Secrets”).⁽⁵⁾ This patchy situation can be viewed as a restraint of trade between EU Member States.

In addition, in sectorial legislation such as for chemicals (the so-called REACH), pesticides, biocides there are provisions which state which infor-

(2) Such discussions have however been triggered by the recent Proposal for a Directive of the European and of the Council on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure (*Com* (2013) 813 final). The WTO (World Trade Organization) TRIPs (Trade-Related Aspects of Intellectual Property Rights) Agreement signed in 1994 expressly mentions in its first page that it was drafted to “reduce distortions and impediments to international trade, and taking into account the need to promote effective and adequate protection of intellectual property rights, and to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade...”. The TRIPs Agreement includes a Section 7 “Protection of Undisclosed Information” with a unique Article 39, which defined in broad terms rules applicable to trade secrets. The other Articles on basic principles, enforcement and procedure apply as well to trade secrets. Signatory countries including Belgium must implement this Agreement.

(3) General Court of the European Union, T-167/08, *Microsoft v. Commission*, EU:T:2012:323.

(4) Decision no. 2007-V/M-07 of 14 February 2007 – Case MEDE-V/M-03/0060: NV Computer Resource Management – DEV – NV Computer Resource Management – TEC/CVBA Portima.

(5) Proposal for a Directive of the European and of the Council on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure, *Com* (2013) 813 final; see also A. STROWEL, “Les secrets d’affaires en droit européen anno 2013: projet de directive et jurisprudence de la Cour de justice de l’Union européenne”, in V. CASSIERS and S. GILSON, *L’entreprise et le secret*, Brussels, Larcier, 2014.



mation ought to be considered as confidential or not, and those for which confidentiality can be requested to the authority. One may conclude that for this sectorial legislation within the EU trade is submitted to similar rule.

In view of the above, we conclude that the protection of trade secrets may be viewed as a form of restraint of trade, and in some circumstances therefore be restricted, on the basis of various conflicting principles (trade law, competition law, regulatory/administrative law).

2) How does your law distinguish between general skills or knowledge acquired during the course of employment, confidential information, and trade secrets? What protection is extended to each?

a. Definitions

Various rules of Belgian law protect certain types of trade secrets, either through specific mechanisms or through general principles of law.

These provisions do not provide for a uniform definition of “trade secrets” under Belgian law.

As exposed in the Belgian report under Q 215,⁽⁶⁾ guidance can nevertheless be sought in TRIPS, Commission Regulation No. 316/2014,⁽⁷⁾ Commission notice 2005/C 325/07⁽⁸⁾ and in European and national case law.

- As set out in the working guidelines, Article 39(2) of the TRIPS Agreement relates to information that (a) is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question; (b) has commercial value because it is secret and (c) has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.
- According to Article 1(i) of Regulation Commission Regulation No. 316/2014 (the so-called “Technology Transfer Block Exemption”) know-how means a package of practical information, resulting

(6) D. KAESMACHER, P. MAEYAERT, A. MOTTET, G. PHILIPSEN, L. RYCKEBOER and K. NEEFS, “AIPPI – Question 2015 Protection of trade secrets through IPR and unfair competition law”, *ICIP* 2010/3, 369.

(7) Commission Regulation (EU) No. 316/2014 of 21 March 2014 on the application of Article 101(3) of the Treaty on the Functioning of the European Union to categories of technology transfer agreements, *OJ L* 93, 28 March 2014, 17-23.

(8) Commission Notice 2005/C 325/07 on the rules for access to the Commission file in cases pursuant to Articles 81 and 82 of the EC Treaty, Articles 53, 54 and 57 of the EEA Agreement and Council Regulation (EC) Nr. 139/2004. This notice describes, amongst others, how undertakings.



from experience and testing, which is secret, substantial and identified.⁽⁹⁾

- In section 3.2 of Commission notice 2005/C325/07, business secrets are defined, with reference to case T-353/94 *Postbank*,⁽¹⁰⁾ as information about an undertakings' business activity, the disclosure of which could result in a serious harm to the same undertaking. The examples given in the notice are technical and/or financial information relating to an undertaking's know-how, methods of assessing costs, production secrets and processes, supply sources, quantities produced and sold, market shares, customer and sales strategy. In case T-474/04 *Pergan*, the General Court took over this definition and added that the interests liable to be harmed by disclosure must be worthy of protection.⁽¹¹⁾
- On the national level, Article 17, 3°, of the Act of 3 July 1978 on Employment Agreements (the "Employment Agreements Act") provides that an employee may not disclose, either during his employment or after the termination thereof, "manufacturing secrets, business secrets or secrets in respect to any personal or confidential matters which he may obtain in the framework of his professional activity". This broad definition covers technical information, commercial data such as clients and prices, as well as information pertaining to the organization of the business.

Disclosure of manufacturing secrets by individuals working or having worked in a factory is also prohibited by Article 309 of the Criminal Code.

In respect to manufacturing secrets, the Court of cassation has ruled in a judgment of 27 September 1943⁽¹²⁾ that these comprise "technical data which, in contributing to the realisation of operations put in place in a factory to obtain a certain product, are liable to provide to the manufacturer technical advantages and which ensure a competitive superiority over his competitors so that the manufacturer obtains an economical benefit by not disclosing the information to his com-

(9) Whereby "secret" means not generally known or easily accessible; "substantial" means significant and useful for the production of contract products; and "identified" means that the information is described in a sufficiently comprehensive manner so as to make it possible to verify that it fulfils the criteria of secrecy and substantiality.

(10) General Court 18 September 1996, *Postbank v. Commission*, T-353/94, [ECR 1996], II-00921, § 87.

(11) General Court 12 October 2007, *Pergan Hilfsstoffe für industrielle Prozesse v. Commission*, T-474/04, EU:T:2007:306, para. 65.

(12) Court of cassation 27 September 1943, *Pas. I*, 1043.



petitors”. In its judgment of 26 June 1975,⁽¹³⁾ the Court of cassation has also ruled that, in the absence of a legal definition, it is up to the judge ruling on the merits of the case to decide whether a manufacturing process qualifies, in the normal sense of the word, as a manufacturing secret. Recent case law still applies the definition set out in the judgment of 23 September 1943.⁽¹⁴⁾

A broader definition of “trade secrets” is applied in cases where the courts are seized to rule on whether the misappropriation and use of confidential information of a competitor constitutes an unfair trade practice in the sense of Article VI.104 CEL. This case law at least implicitly seems to apply the definition provided in Article 39(1) TRIPS. Examples of protected information include detailed customer lists, data in respect to the date that maintenance and repairs were conducted for particular clients, the spare parts delivered to a particular client⁽¹⁵⁾ and confidential e-mail correspondence.⁽¹⁶⁾

In view of the above, for the purpose of the present study, the concept of “trade secret” can be defined as:

- (i) technical, business or organizational information,
- (ii) which is liable to provide its owner certain advantages and which ensure a competitive superiority over its competitors,
- (iii) so that its owner obtains an economical benefit by not disclosing the information to his competitors.

b. Protection

Various, partially overlapping regimes apply to the protection of the different categories of “trade secrets”.

– Specific rules regarding the work environment

Article 17, 3°, of the Employment Agreements Act prevents current and former employees from disclosing trade secrets which they obtained in the framework of their professional activity.

(13) Court of cassation 26 June 1975, *Pas.* I, 1043.

(14) Liège court of appeal 2 September 2004, *JLMB* 508; Antwerp court of appeal 31 March 2009, *ICIP* 2009/1, 133; Brussels court of appeal 31 March 2009, *ICIP* 2009, 137. Interestingly, the Brussels court of appeal expressly dismissed the defense that the technique in dispute did not qualify as a trade secret because it was known from scientific literature, on the grounds that putting the said technique to practice successfully required extensive and complex experiments.

(15) Ghent court of appeal 18 February 2004, *DCCR* 2005, 67.

(16) Ghent court of appeal 30 March 2009, *DAOR* 2009, 180.



Pursuant to Article 309 of the Belgian Criminal Code, individuals working or having worked in a factory are prohibited to disclose “the secrets of the manufacture in which they work or have been working” to third parties, in a deceitful or malicious way. This provision is not limited to employment agreements as such.

With respect to manufacturing secrets, the Liège court of appeal stressed that they only enjoy limited protection. Indeed, while one can prevent parties from disclosing such secret, it cannot be used to prevent parties from using a similar manufacturing process, when the secret has not been breached. This would otherwise allow the owner of the manufacturing secret to enjoy a similar, or even stronger, protection than a patent owner.⁽¹⁷⁾

– *General prohibition of unfair market practices*

Where the misappropriation of confidential information and the use thereof threatens to cause prejudice to an undertaking, the latter can rely on Article VI.104 CEL, which provides for a general prohibition of unfair market practices. This rule is also a specific application in the field of business law of the general principles of tort (Art. 1382 Civil Code) providing that the author of a faulty behaviour should compensate for the damage resulting therefrom.

– *Procedural rules*

Various rules and practices can be considered to enable a (more or less restricted) disclosure of trade secrets during (court) proceedings. These rules and practices are further described below (see question 6).

– *Other rules*

Various other rules address the issue of protecting trade secrets, such as the professional secrecy applicable to some regulated professions; the financial regulation regarding inside trading, or criminal provisions concerning IT theft or breach of trust. These are not addressed in this contribution.

3) Are employees under a duty of confidence whether or not such a duty is set out in their contract of employment?

Yes, employees are under a legal duty of confidentiality/confidence even if this is not expressly set out in their employment agreement (see Art. 17, 3°, a), of Employment Agreements Act).

(17) Liège court of appeal 12 June 2008, *IRDI* 2008/4, 339.



- a. *Are express confidentiality clauses to protect classes of information broader than would anyway be protected by the employee's duty of confidence permitted.*

The legal obligation of confidentiality already covers trade and manufacturing secrets as well as confidential and private information. The scope of this provision is therefore quite broad.

The employer is entitled to add a confidentiality clause in the employment agreement, in which he can describe more in detail what is meant by trade or manufacturing secrets, as well as the information that is covered by the confidentiality duty.

However, this does not entitle the employer to broaden the scope of the legal obligation. It is therefore not possible to prevent an employee from using in the future certain knowledge/technics he has acquired in the course of his employment. Case law is very strict in its interpretation and considers, in particular, that a confidentiality clause may not result in a mere non-compete obligation, since the validity and enforceability of the latter clause is subject to specific conditions.⁽¹⁸⁾

- b. *How long after the end of employment does an ex-employee's duty of confidence in relation to trade secrets last in the absence of any express confidentiality clause?*

As a secret normally remains a secret, there is no time limitation to the confidentiality duty of the employee: as long as the trade/manufacturing secret is secret the duty will last. However, if the employer decides to add a confidentiality clause to the employee's employment agreement, he could contractually provide for a specific period of time during which the employee is bound by the confidentiality duty.

- 4) If not constrained by an enforceable non-compete agreement, may workers use knowledge acquired in the course of earlier employment in their new employment? If yes, is there any distinction between the types of knowledge they can use?**

Workers may use the knowledge acquired in the course of an earlier employment in their new employment, provided that the use of this knowledge does not have as a consequence that trade/manufacturing secrets or confidential information are disclosed.

(18) Brussels labour court 27 April 2011, *Chr. D. S.* 2012/1, 36; Liège labour court 2 September 2010, *JTT* 2011, 109.



5) Are certain employees subject to a higher obligation of confidentiality

The principle is that every employee is bound by the same duty of confidentiality. The law does not make any distinction with regard to the employee's function or the degree of confidentiality. The same confidentiality obligation rests on every employee. However, some employees will be in contact with more sensitive information, and will therefore have to be more cautious about what they say or disclose.

There is a specific exception for employee representatives in the works council.⁽¹⁹⁾ They are bound by a special discretion and confidence obligation regarding certain specific financial and economic information on the company.

Also, for certain professions, such as auditor, specific obligations apply.

Aspect (ii) – Ensuring confidentiality during Court proceedings

6) What measures or provisions are available to preserve the secrecy of trade secrets during Court proceedings? For example, do trade secret proprietors have access to the following mechanisms to preserve the secrecy of a trade secret during proceedings (subject to the Court's discretion to allow/disallow such access)

It has been observed that trade secret holders can face some problems in enforcing or safeguarding their trade secrets in the course of court proceedings.⁽²⁰⁾ Belgian court systems are not always accustomed to adequately preserve the secrecy of confidential information during and/or after litigation. Indeed, in order to get relief in court, a trade secret holder risks having to disclose his secret in a public hearing. In addition, there is a risk that the formulation of related injunctions by the court will imply disclosing the secret. Both would cause unwanted dissemination of the trade secret.

In 2007 the Belgian legislator stated in the *Travaux Préparatoires* of the Acts implementing the Directive 2004/48/EC⁽²¹⁾ that the protection of confidential information required urgent attention.⁽²²⁾ Whilst this was a promising statement, no legal initiatives seem to have broken the surface so far. In the

(19) See Articles 32 and 33 of the Royal Decree of 27 November 1973 on economic and financial information to works councils.

(20) "Report on Trade Secrets for the European Commission", 11-12 (overview of the Belgian legal framework), published at http://ec.europa.eu/internal_market/iprenforcement/docs/trade/201201-study_en.pdf.

(21) 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* 157, 30 April 2004.

(22) Preparatory works of the Acts on civil and procedural law aspects of the protection of intellectual property rights, DOC 51 2943/001 and 2944/001, *Exposé des motifs*, www.lachambre.be: "It should be stressed that it is urgent that the issue of the protection of confidential information is addressed. This is not only a



meanwhile, courts and legal scholars are thinking about alternative ways to facilitate the use of secret evidence in court, including expert appointments, *in camera* view, limited disclosure or redactions of the secret evidence.

a. *Restricted access to the hearing and/or evidence*

– *Restricted access to the hearing*

Pursuant to Article 148 of the Belgian Constitution (and Article 6.1 of the European Convention on the protection of Human Rights – “ECHR”), civil proceedings are public.⁽²³⁾ Yet, Article 148 itself slightly tempers this principle by allowing the courts to order that the hearing will not be public if the “public access can endanger morals or public order” or in case the parties’ right to privacy pursuant to article 6 ECHR is at stake. A court will have to explicitly motivate any such limitation to the public nature of the hearing.

While it is not excluded that the protection of trade secrets as such might justify a trial behind closed doors, to our knowledge these cases have been very rare. And when such “closed trial” is ordered to ensure confidentiality of trade secrets, the parties usually had consented thereto. In a very exceptional case, the 18th chamber of the Brussels court of appeal appears to have ordered a hearing *in camera*, with only one the parties (and counsels) present, in order to determine if that party’s alleged trade secrets deserved protection in the course of the proceedings.⁽²⁴⁾

– *Restricted access to the evidence*

Pursuant to Article 870 of the Belgian Judicial Code and Article 1315 of the Belgian Civil Code, each party has to prove its claim and to submit the documents in support thereof to the court, and has to do so diligently and loyally (Art. 871 Judicial Code). Further, pursuant to Article 736 of the Judicial Code, a party that intends to use an exhibit in court is obliged to communicate it to the other party. These procedural fundamentals echo the basic right to an “adversarial/*inter partes*

requirement imposed by Directive 2004/48/EC, but it is also necessary to improve legal certainty, having regard to the fundamental principle of adversarial / *inter partes* debate” (free translation).

(23) Court of cassation 9 November 2012, www.cass.be: “When determining one’s rights and duties, everybody is entitled, pursuant to Article 6.1 ECHR, to benefit from the different guarantees provided for in that provision, including the right to a public handling of one’s case. This principle of publicity of trial and judgment can only be deviated from in case the party involved waives that right freely and unequivocally, and in conformity with national right” (free translation).

(24) Brussels court of appeal 30 June 2010, *JLMB* 2011, 1185, cited in B. ALLERMEERSCH and W. VANDEN-BUSSCHE, “Bewijs versus geheim in het aansprakelijkheidscontentieux”, *TBH* 2013, 1074.



trial” (i.e. the right for a party to be heard and to have access to all the documents that are submitted in court by the opposing party).⁽²⁵⁾

In this respect, attention should also go to Article 877 of the Judicial Code, pursuant to which “if there are precise, serious and strong presumptions that a party has in its possession a document containing the proof of a relevant fact”, the judge – at the request of a party or *ex officio* – can force a party to disclose the considered document.⁽²⁶⁾ This provision also relates to the principle that parties should cooperate loyally in search for the legal truth.⁽²⁷⁾

On the basis of the above-mentioned procedural principles, disclosure of evidence is the rule. Yet, (too) strictly applied, this rule could possibly harm the parties’ interests, in particular when trade secrets are at stake.

As such, two fundamental principles collide: on the one hand, the party’s right to protect its privacy, including its trade secrets⁽²⁸⁾ (Art. 8 ECHR) and, on the other hand, the right to a fair trial (Art. 6 ECHR and Art. 14.1 ICCPR), encompassing the aforementioned procedural principles (the parties’ obligation to participate diligently and loyally in the proceedings, the right to get access to evidence and the right to an *inter partes* trial⁽²⁹⁾). Following the solution usually suggested when two fundamental rights collide, the judge will have to make a balance of the interests at stake.^{(30),(31)}

In this sense, in a decision of 2 November 2012, the Court of cassation acknowledged that the right to privacy, including the right to protection of trade secrets, can in some cases justify that the right to *inter*

(25) According to the ECHR, this implies a right for the parties to the proceedings to take note of and reply to any exhibit or remark submitted to the judge in order to influence his decision: ECHR 18 February 1997 (*Nideröst-Huber/Switzerland*), *Publ. Eur. Court. H.R.* 1997, I, 101; B. ALLERMEERSCH and W. VANDENBUSSCHE, *o.c.*, 1064; E. BREWAEYS, “Zakengeheim verdraagt geen tegenspraak”, *Juristenkrant* 2013, 7; Court of cassation 14 January 2005, *Arr. Cass.* 2005, nr. 24.

(26) The term “document” encompasses written documents but also drawings, pictures, etc.

(27) Report Van Reepinghen, *Travaux Préparatoires Senate*, 1963-64, 2012, nr. 60.

(28) This right to privacy also applies to professional relationships and legal entities: ECHR 16 December 1992 (*Niemietz/Germany*), *Publ. Eur. Court. H.R.* 1993, Series A, 251-B; ECHR 16 April 2002 (*Société Colas Est et autres/France*), *Publ. Eur. Court. H.R.* 2002, III, 131; CJEU 14 February 2008, (*Varec/Belgische Staat*), C-450/06, *Jur.* 2008, I, 581; Belgian Constitutional Court 19 September 2007, case 118/2007, *B.S.* 31 October 2007, *R.A.B.G.* 2008, 382; Brussels court of Appeal 9 December 2005, GR 2004/AR/174, www.juridat.be; Brussels court of appeal 10 June 2010, *JLMB* 2011, 1181.

(29) B. ALLERMEERSCH and W. VANDENBUSSCHE, *o.c.*, 1063-1066.

(30) CJEU 13 July 2006, C-438/04, *Mobistar/BIPT*, *Jur.* 2006, I, 6675; CJEU 14 February 2008, C-450/06, *Varec/Belgische Staat*, *Jur.* 2008, I, 581.

(31) B. ALLERMEERSCH and W. VANDENBUSSCHE, *o.c.*, 1065; B. ALLERMEERSCH, “Zakengeheim in burgerlijk proces en bewijs”, in B. ALLEMEERSCH *et al.*, *Zakengeheim*, Brugge, die Keure, 2012, 15.



partes trial is subject to certain limits.⁽³²⁾ The Court found that it is up to the trial judge to appreciate the need for such a limitation after having properly balanced the interests at stake.⁽³³⁾

Since there is no legal provision on the basis of which the judge should perform this balance of interests, guidance in that respect is to be found in case law. Upon performing the balance of interests, the judge should verify the confidential nature of the document and the relevance of said document for the solution of the proceedings.⁽³⁴⁾ In this respect, some decisions have even provided practical guidance as to what aspects should be taken into account by the judge.⁽³⁵⁾ To this day, the issue is however very case-based so that the precise criteria might vary from one case to the other.

It is commonly accepted that the court can only restrict the fundamental right to a fair trial, including the right to *inter partes* trial, in case it is absolutely necessary and if no alternative, less invasive measure is available.⁽³⁶⁾ If such a restriction is deemed to be necessary, the court should always make sure that the other party is provided with sufficient access to the relevant information and, in this respect, determine the precise modalities for disclosing the evidence to the other party.⁽³⁷⁾ In other words, even if, in a particular case, the right to protection of one's trade secrets is deemed to prevail, the court will have to put in place certain measures that compensate for the limitation of the other fundamental rights and, ultimately, provide sufficient guarantees to the fairness of the proceedings.⁽³⁸⁾

(32) Court of cassation 2 November 2012, *JT* 2013, 176, note E. DE LOPHEM; *TBO* 2013, 84, note T. TOREMANS and F. DUPON; B. ALLERMEERSCH and W. VANDENBUSSCHE, *o.c.*, 1066.

(33) Court of cassation 2 November 2012, *JT* 2013, 176, note E. DE LOPHEM; *TBO* 2013, 84, note T. TOREMANS and F. DUPON; B. ALLERMEERSCH and W. VANDENBUSSCHE, *o.c.*, 1066.

(34) B. ALLERMEERSCH and W. VANDENBUSSCHE, *o.c.*, 1069.

(35) In its decision of 20 December 2012, the Antwerp commercial court provided an indicative list of elements that can be taken into account when performing the aforementioned balancing exercise, i.e. (i) whether parties are in a competitive relationship towards each other, (ii) what value the confidential information has for the other side, (iii) what information the other side has already in its possession, (iv) whether the other side could get hold of the information via alternative ways, (v) whether there is a risk that the information will be used for other purposes (*C/12/00129, unpublished*, cited in B. ALLERMEERSCH and W. VANDENBUSSCHE, *o.c.*, 1065).

(36) CJEU 14 June 2011 (*Pfeiderer AF/Bundeskartellamt*), *C-360/09, Jur.* 2011, I, 5161; B. ALLERMEERSCH and W. VANDENBUSSCHE, *o.c.*, 1065.

(37) Court of cassation 2 November 2012, *o.c.*

(38) B. ALLERMEERSCH and W. VANDENBUSSCHE, *o.c.*, 1065; Brussels court of appeal 30 June 2010, *o.c.* (with reference to ECHR, 20 February 1996, *Doorson/Nederland*); Brussels court of appeal 29 June 2009, *RW* 2012-13, 389 (translated): "In case certain exhibits merit protection during the execution of the expert mission because of their confidential nature, one should determine how such protection can be organised in a manner that allows to optimally safeguard the adversarial/inter partes character of the proceedings."



When possible, parties should be able to consult a non-confidential version of the evidence.⁽³⁹⁾

Belgian courts deciding on the merits have been asked to perform this delicate balance of interests on numerous occasions, and in practice have come up with different solutions in an attempt to adequately safeguard the interests of all parties involved.

- Courts have repeatedly found that if the prejudice caused by a disclosure of a document containing a trade secret is disproportionate compared to the limited relevance of the document for the solution of the case, one must refuse the request for forced disclosure of the document altogether.⁽⁴⁰⁾
- In a judgment dated 29 September 2006, the Brussels court of appeal found that the principle of loyal participation in the proceedings does not oblige a party to disclose allegedly relevant confidential evidence, if the requesting party itself had not produced any direct evidence to support its case.⁽⁴¹⁾ This case law was confirmed later by that same court in a similar case, stating that an expert appointment or an order for production of documents cannot serve to compensate for a total lack of evidence by the plaintiff.⁽⁴²⁾ The same conclusion was reached in a case where the plaintiff's allegations were in fact contradicted by other evidence.⁽⁴³⁾
- The court could also decide that the parties' obligation to collaborate to the collection of evidence and the right of defence of the one of the parties prevail and that certain documents must be disclosed in court, even if they contain trade secrets.⁽⁴⁴⁾ Such a decision cannot be appealed.⁽⁴⁵⁾ In that respect, Article 879 of the Judicial Code allows the court to modulate the disclosure in court, by imposing measures to protect the trade secret.

(39) Belgian Constitutional Court 19 September 2007, case 118/2007, *BS* 31 October 2007, *RABG* 2008, 382.

(40) Liège court of appeal 14 January 2000, *JLMB* 2001, 1289.

(41) Brussels court of appeal 29 September 2006, *Jaarboek Handelspraktijken & Mededinging*, 2006, 870; B. ALLERMEERSCH and W. VANDENBUSSCHE, *o.c.*, 1063-1064; see also Liège court of appeal 25 June 1998, *Jaarboek Handelspraktijken & Mededinging* 1998, 246.

(42) Brussel court of appeal 7 November 2013, *TBH* 2014, 808.

(43) Court of cassation 20 February 1975, *Pas.* 1975, I, 633.

(44) Liège court of appeal 6 March 2000, *JLMB* 2000, 1728; A. KOHL, "Les mesures d'instruction", in X., *Actualités et développements récents en droit judiciaire*, Brussels, Larcier, 2004, 207 *et seq.*

(45) Pursuant to Article 882 of the Belgian Judicial Code, a party that is ordered by the judge to submit a certain document might refuse to do so if it can prove that it has a "legitimate reason". To this day, it is debated whether a trade secret can be considered as a "legitimate reason" in the sense of Article 882.



In a judgment dated 29 June 2009, the Brussels court of appeal did grant access to confidential documents held by a party. However, the court provided for safety measures by making consultation of the confidential evidence subject to specific rules and limits: the confidential information was stored in a secured data room, visitation hours were well-determined, no copies or notes could be made, and visitation right was limited to the party's representatives or legal counsel, all within the framework of a court-ordered *inter partes* expert mission.⁽⁴⁶⁾

It is also quite commonly accepted to make a non-confidential version of a document, by redacting ("black line") and/or suppressing certain confidential content.⁽⁴⁷⁾ In a case before the Hasselt commercial court, the judge allowed one of the parties to 'black line' the purchasing prices of certain of its products to safeguard the confidential nature of that information towards the other side.⁽⁴⁸⁾ Similarly, the Brussels commercial court allowed the production of a redacted version of a cinema exploitation agreement signed by one of the parties, in order to safeguard certain confidential information described in the agreement. However, the court required that party to justify each redaction. When, at a later stage, the court checked if the information blanked out was indeed confidential and was not essential to the solution of the case, it turned out that the party which invoked the secrecy did not respect the modalities set forth by the court, as it also blanked out information which was relevant for the solution of the case.⁽⁴⁹⁾

Rather than completely suppressing or black lining confidential information, one could also replace it by corresponding non confidential information: for example, one could replace a specific number/amount by a more generic range.⁽⁵⁰⁾

(46) Brussels court of appeal 29 June 2009, RW 2012-13, 388; B. ALLERMEERSCH and W. VANDENBUSSCHE, *o.c.*, 1067; this case is specific because it was the plaintiff himself who invoked the right of protection of his trade secrets. The judgment was confirmed by in Court of cassation, 2 November 2012, *o.c.* The Court found that, even though the plaintiff had the burden to prove its claims as to the alleged prejudice and damage, it should not prevent him from obtaining a protection of its trade secrets.

(47) Brussels court of appeal 30 June 2010, *o.c.*; Hasselt commercial court 11 October 1996, *Jaarboek Handelspraktijken & Mededinging*, 1996, 293.

(48) Hasselt commercial court 18 April 2001, *Jaarboek Handelspraktijken & Mededinging* 2001, 284; Brussels court of appeal 30 June 2010, *o.c.*

(49) Brussels commercial court 14 May 2009, A/08/05692, *unpublished* and Brussels commercial court 3 December 2009, *unpublished*, cited in B. ALLERMEERSCH and W. VANDENBUSSCHE, *o.c.*, 1072.

(50) B. ALLERMEERSCH and W. VANDENBUSSCHE, *o.c.*, 1072.



b. *Disclosure of evidence only to the legal representatives of the opponent, but not to the opponent themselves*

Disclosure of evidence to legal representatives only is as such not common in Belgian civil proceedings. As set out earlier, in principle all evidence which is filed with the court must simultaneously be communicated to the opposing party (through its counsel if it has one).

Parties may come to a mutual agreement on the disclosure of evidence, e.g. by identifying the persons to whom confidential information may or may not be disclosed, as well as the specific use that the receiving party may make of the information that is communicated in the course of the proceedings. In this respect, reference can be made to the decision of the Brussels court of appeal of 20 June 2008⁽⁵¹⁾ and to the decision of the Antwerp court of appeal of 6 February 2008,⁽⁵²⁾ where the receiving parties undertook to only share the confidential information to predetermined persons and to use it for certain purposes only. Noteworthy is that in both of these cases, restrictions were put in place as a result of the receiving party's own initiative.

c. *Non-confidential versions of documents being provided to all except authorized individuals*

The practice of allowing simultaneous filing of confidential and non-confidential files is occasionally applied. It is inspired by the regulatory and administrative proceedings⁽⁵³⁾ and has gradually gained importance in Belgian civil proceedings.

Parties may agree and/or the judge may allow that a non-confidential (redacted or otherwise) version of a document allegedly containing trade secrets is communicated to the other party, while the integral document – including the alleged trade secrets – would only be disclosed to the court and/or an “authorized person”.

In the aforementioned Antwerp court of appeal case,⁽⁵⁴⁾ for instance, the expert drafted two versions of his “counterfeit/descriptive seizure” report. And it was explicitly stated that only the courts, the claimant's counsels and its company lawyers got access to a confidential version of

(51) Brussels court of appeal 20 June 2008, *ICIP* 2008, 566.

(52) Antwerp court of appeal 6 February 2008, *IRDI* 2008, 173. This judgment was annulled by the Court of cassation on grounds unrelated to the restrictions of use.

(53) G. DE BUYZE and L. SCHELLEKENS, “Stand van zaken en recente ontwikkelingen op het vlak van het eerlijk proces”, in P. VAN ORSHOVEN (ed.), *Themis Gerechtelijk Recht*, Brugge, die Keure, 2010, 24.

(54) Antwerp court of appeal 6 February 2008, *o.c.*, 173.



the descriptive seizure report, whereas a non-confidential version of the report could be shared with a wider group. In subsequent proceedings on the merits, the parties always filed one confidential version of their written pleadings (referencing the confidential content of the expert report and annexes) and one non-confidential version (in which certain parts of the written pleadings were redacted).

In a case before the Hasselt commercial court, parties agreed that a defendant would only communicate to the plaintiff purchasing orders that concealed the identity of the defendant's customers, while it did produce the original copies of the purchasing order to the judge at the hearing.⁽⁵⁵⁾

The prerequisites for getting the "authorization" that is required to acquire access to the full, unredacted version of the evidence tend to differ depending on the circumstances of the case and on the parties' positions.

Access to the evidence can result from specific confidentiality obligations, for instance inherent to that person's profession. In this sense, certain parties have agreed that a company auditor could get access to confidential evidence and information, considering he was bound by an obligation of professional secrecy.⁽⁵⁶⁾

In other cases, access to the evidence was subject to the actual signing of a confidentiality agreement. In a case before the Antwerp court of appeal, one party would not allow the presence of its opposing party, its employees and/or its counsel at an *inter partes* expert mission at its premises absent a preliminary signing of a confidentiality agreement.⁽⁵⁷⁾ In another case, signing of a confidentiality agreement was required to get access to a data room where the confidential information was made available.⁽⁵⁸⁾

Redaction of confidential data has the benefit of being relatively cheap and effective, but is also possibly subject to abuse.

For that reason, some legal scholars have suggested that the courts could take a more active approach to the matter and, in this respect, that a com-

(55) Hasselt commercial court 11 October 1996, *o.c.*

(56) Antwerp court of appeal 20 November 2007, *P&B* 2009, 110, note D. MOUGENOT; Ghent court of appeal 11 April 2011, *RW* 2012-13, 468; B. ALLERMEERSCH and W. VANDENBUSSCHE, *o.c.*, 1068-1069; Pres. Tongeren commercial court 13 February 2007, *RDJP* 2009, 110, note D. MOUGENOT, confirmed on appeal by Antwerp court of Appeal 20 November 2007, *RDJP* 2009, 109, note D. MOUGENOT.

(57) Antwerp court of appeal 24 May 2006, 2005/RK/276, *unpublished*; Antwerp court of appeal 5 September 2007 2007/RK/32, *unpublished*.

(58) Brussels court of appeal 29 June 2009, *RW* 2012-13, 388.



plete bundle of exhibits would be produced to the court, in confidential manner, for the judge to form its opinion as to the relevance of the exhibit for the solution of the case and the existence of trade secrets.⁽⁵⁹⁾

Other legal scholars have suggested that all evidence should be produced to an intermediary (independent expert, special lawyer, bailiff, etc.), who could then be charged with the mission to sort out confidential from non-confidential data.⁽⁶⁰⁾ Such a mission is said to be especially appropriate in technically advanced fields,⁽⁶¹⁾ where there is a risk that the judge could be out of his depth. In other circumstances, such regime is much more controversial.⁽⁶²⁾ In any event, the ultimate control needs to be executed by the court.⁽⁶³⁾

d. *Only non-confidential parts of any judgment/decision publicly available?*

Pursuant to Article 149 of the Belgian Constitution, “every judgment must be pronounced in public hearing”. There is no exception to this principle which is prescribed not only by Article 149 of the Belgian Constitution, but also by Article 6.1 ECHR and 14.1 ICCPR. Therefore, if a trade secret is mentioned in a judgment, there is no way to prevent its disclosure.⁽⁶⁴⁾

In order to prevent the disclosure of a trade secret in a judgment, one must therefore take action before the judge has made up his mind and has drafted his judgment. To that end, a party to a dispute can file a request asking the court to treat certain information it has submitted as confidential, in particular by not mentioning the considered information in the judgment. In its judgment dated 20 June 2008, the Brussels court of appeal granted such a request and expressly omitted some information which was considered confidential.⁽⁶⁵⁾

(59) J.-P. BUYLE, “La production forcée de documents au regard du secret et de la confidentialité”, *TBH* 2013, 1078; Court of cassation 19 December 1994, *RW* 1994-95, note S. VAN OVERBEKE. Some argue that doing so creates an asymmetry in the information communicated to the judge on the one hand and to the parties on the other hand, which is contrary to the principle of *inter partes* trial according to which each party should have access to all the documents which have been submitted to the judge and on the basis of which the latter might take its decision (D. MOUGENOT, “Le secret d’affaires et ses implications en droit judiciaire”, *P&B* 2009, 116).

(60) B. ALLERMEERSCH and W. VANDENBUSSCHE, *o.c.*, 1073.

(61) This is the case for instance in “counterfeit seizures” (“saisie-contrefaçon”). Article 1369bis/6 of the Belgian Judicial Code provides that the court-appointed expert should take due care not to prejudice the alleged infringer’s legitimate interests, “in particular as far as the protection of confidential information is concerned”.

(62) Brussels court of appeal 10 June 2010, *JLMB* 2011, 1181.

(63) Constitutional Court 19 September 2007, case 118/2007, *B.S.* 31 October 2007, *RABG* 2008, 382.

(64) A. VERHEYDEN and W. DERIJCKE, “Secrets d’affaires et principe du contradictoire”, in V. CASSIERS and S. GILSON (coord.), *L’entreprise et le secret*, Brussels, Larcier, 2014, 241-242.

(65) Brussels court of appeal 20 June 2008, *o.c.*



It has to be noted that to this day, such explicit omissions in judgments remain rather exceptional.⁽⁶⁶⁾ For this reason also, parties in litigation about trade secrets may prefer the avenue of arbitration.

7) If such (or similar) measures are available, do they apply by default, or must the trade secret holder submit sufficient evidence to convince the Court that the information merits protection?

In Belgium, there are a few legal provisions that are meant to safeguard confidential information.⁽⁶⁷⁾ However, their scope of application is rather limited (e.g. Article XI.60, § 1, CEL on the reversal of burden of proof relating to the infringement of a patented method resulting in a new product).

A lot of attention has gone to mechanisms protecting “*confidential information*” upon revising the rules regarding descriptive seizure in civil proceedings, (especially Art. 1369*bis*/1, § 3, 1369*bis*/4, § 1, 1369*bis*/6 and 1369*bis*/7 Judicial Code). It is stated explicitly that the court-appointed expert should take due care not to prejudice the alleged infringer’s legitimate interests, “in particular as far as the protection of confidential information is concerned”, when performing the evidentiary seizure mission. Article 1369*bis*/7, § 2, of the Judicial Code expressly provides that the ensuing expert report and all of its annexes are deemed to be confidential. The court order granting the seizure will set out the conditions in view of protecting the seized party’s interest in protecting confidential data. It can also modulate or deny the presence of the applicant or its counsel during the seizure. Thus, in this specific discovery procedure (described below under question 15), the law expressly provides for protection of trade secrets. There is ample case law on the role of the court-appointed expert in this delicate exercise of collecting evidence of intellectual property right infringement but at the same time safeguarding the seized party’s interests, including the secrecy of its confidential information.⁽⁶⁸⁾ When opposing the discovery in court in specific “*tierce opposition*” proceedings, the alleged infringer can further request variety of measures to safeguard his legitimate interests. Consequently, the confidential nature of some information of the seized party cannot prevent the granted discovery measures from taking place because the discovery is precisely supposed to reveal what would otherwise be kept confidential.⁽⁶⁹⁾

(66) Specifically for matters of competition law, Articles IV. 65 and IV.66 CEL provides for an explicit legal basis imposing on the (President of the) Competition Law Council an obligation to safeguard the parties’ business secrets and other confidential information when rendering its decision.

(67) See footnote 61 above.

(68) *E.g.* Brussels court of appeal 4 December 2009, *IRDI* 2010, 146.

(69) *Cf.* D. KAESMACHER, P. MAEYAERT, A. MOTTET, G. PHILIPSEN, L. RYCKEBOER and K. NEEFS, “Protection of trade secrets through IPR and unfair competition law”, *ICIP* 2010/3, 369; Preparatory works of the



It is not excluded that the court would make sure *ex officio* to provide for some protective measures, but in practice trade secret holders can of course expressly request for protection of their rights in the course of the proceedings by suggesting those measures that are most appropriate and proportionate for the case at hand.

8) Whether or not such measures are available, does the Court restrict the defendant's or claimant's use – after the proceedings have terminated – of the information they gain during the proceedings?

There is no such general rule under Belgian law. At most there is a general duty of care and/or of loyalty, which is not more stringent than the general rule of tort – would a reasonable person put in the same circumstances have acted differently?

There are, however, certain specific provisions that expressly limit a party's freedom to use information gained during the proceedings. For instance in descriptive seizure proceedings, parties are restricted in the use that they can make of the evidence (confidential know-how possibly) obtained within the framework of the seizure. Pursuant to Article 1369*bis*/7, § 2, of the Judicial Code, “the expert report, as well as all the annexes thereof, samples or information collected within the framework of the descriptive measures are confidential and can only be disclosed or used by the plaintiff or its right-holders within the framework of a procedure, in Belgium or abroad, on the merits or in summary proceedings”. If no such action is introduced within the time frame referred to in Article 1369*bis*/9 of the Judicial Code, the claimant is no longer entitled to use the information gathered by the expert.

Echoing Article 1369*bis*/7 of the Judicial Code, the Antwerp Court of appeal has ruled that information obtained by a competitor during discovery can only be used in the framework of the subsequent patent proceedings.⁽⁷⁰⁾

Eventually, the parties may also come to a mutual agreement on the use of certain information that is obtained in the course of the proceedings.⁽⁷¹⁾

Aspect (iii) – Valuation of loss

9) Are damages available as a remedy for trade secret violation?

In cases where trade secret violation is actionable under Belgian law (see question 10 above), damages are available as a remedy for such trade secret violation.

Acts on civil and procedural law aspects of the protection of intellectual property rights, DOC 51 2943/001 and 2944/001, *Exposé des motifs*, www.lachambre.be, 67.

(70) Antwerp court of appeal 6 February 2008, *o.c.*, 173.

(71) Brussels court of appeal 20 June 2008, *ICIP* 2008, 566.



However, there are no specific rules under Belgian law that provide for damages for trade secret violation (contrary to statutory provisions on intellectual property rights, such as Art. XI.335 CEL). Belgian laws implementing the European Directive on the enforcement of intellectual rights do not apply to trade secrets, as trade secrets are not regarded as an intellectual property right “*sensu stricto*” in Belgium.

Remedies for trade secret violation are therefore based on general principles of torts law as provided Article 1382 of the Civil Code.

According to these principles, the trade secret holder must show that:

1. the trade secret has been violated;
2. this violation harms the holder’s interests;
3. a causal link exists between the unlawful act and the prejudice.

a. *How (if at all) is that value diluted by publication?*

We understand this question to cover the issue of the value of damages if the infringer has disclosed, published, or made accessible the trade secret to third parties.

The answer might differ from case to case, because Belgian case law and legal scholars seem to be divided on the question of the legal consequences of a breach of secrecy regarding trade secrets.

One part of the case law and legal literature considers that as soon as a trade secret is not secret anymore, it loses its protection, so the trade secret holder will not be able to seek a court order forbidding the use of its trade secret by the infringer or third parties. According to this part of the legal scholars and case-law, since the trade secret holder enjoys only a factual monopoly, a cease and desist order cannot cover a trade secret use whose secrecy is revealed at the risk of creating a monopoly outside the legal framework. The trade secret holder is not entitled to benefit from the same rights as the holders of intellectual rights who made concessions by, for instance, disclosing their invention. The disclosure of a trade secret is irrevocable, and the unlawful disclosure of the trade secret can only be compensated by damages.

According to the other part of the case law and legal literature, the fact that the trade secret holder does not enjoy a legal monopoly on its trade secret (contrary to that of an intellectual property rights holder) cannot impact the kinds of remedies available. It is considered a general rule under Belgian law that the remedy which must be favoured by the courts is the remedy in kind. This means that as long as it is still possi-



ble and does not constitute an abuse of process, the judge must or may order any injunction to put the trade secret holder back in the situation it would have been had the infringement not occurred. The injunction would therefore mitigate the consequences or even prevent the irrevocable character of the consequences of the breach of secrecy, and would thus have a direct impact on the value of damages that the trade secret holder could seek.

In summary, a court following the first line of reasoning will award damages as sole remedy for the violation, while a court following the second line of reasoning would issue an injunction as principal remedy and damages as a complementary or subsidiary means of compensation for the violation.

- b. *How are those damages quantified? Specifically, is allowance made for loss of profits; unjust enrichment; and/or what the trade secret holder would or might have charged as a reasonable royalty fee or licence?*

As a general principle, damages must compensate entirely (but not more) the harm or loss that has been caused by the trade secret violation; in other words, the trade secret holder must be put back in the state where it would have been had its rights not been violated.

Furthermore according to general civil law principles, the prejudice must be evaluated *in concreto*, meaning that the applicant must prove the value of the damage claim. However, in most cases, the value of such kind of damage will not be easy to determine. The judge is thus allowed to apply an *ex aequo et bono* calculation of damages. A legal expertise could also be appointed and ordered to assess (in further details) the value of the damage. For instance, in a case before the Commercial Court of Brussels, the court appointed an accountant expert to provide a technical opinion in order to assess the scope of the damage (and its value) caused by the unlawful use of a company's confidential information by one of its competitors.⁽⁷²⁾ Such an expert investigation can easily last one or two year(s).

One should also note that punitive damages are not recognized under Belgian civil law. However, as far as intellectual property rights are concerned, there is an ongoing juridical discussion on whether or not damages should assume a prohibitive effect, which includes the fact that the holder of the litigious intellectual right might not have granted a license

(72) Brussels commercial court 16 February 2012, RG. 6202/10, not published.



to the infringer.⁽⁷³⁾ This discussion could be transposed to a certain extent into the field of trade secrets.

To avoid the difficulties in proving the value of the prejudice or damage suffered, parties to a contract may include a clause in their agreement that indicates the lump sum that would be owed if the confidentiality obligation is breached. According to Article 1231 of the Belgian Civil Code, the judge is nevertheless entitled to reassess the sum agreed between the parties should the sum fixed by the parties to compensate any prejudice caused by a breach of the confidentiality obligation obviously exceed the actual value of the damage.

Published case-law in which damages are granted for trade secret violation is rare. Most often, in accordance with the second line of reasoning abovementioned, actions for trade secret violation are based on unfair competition provisions, and the injured party would seek to obtain a cease and desist order, in the framework of which proceedings it is not entitled to request damages.

In a judgment of May 05, 2014, the Gent Court of appeal awarded damages to compensate for the access that the claimant made to the other party's confidential trade information.⁽⁷⁴⁾ In the framework of a descriptive seizure, which was considered abusive by the judge afterwards, the defendant sought EUR 50,000 in damages for the prejudice it suffered which was caused by the abusive descriptive seizure. The prejudice included among others harm to its reputation and trade name and access to confidential trade information. The judge considered that the defendant's prejudice, including the access to confidential trade information, was unquestionable although the defendant could not specify it in details. The judge awarded on an *ex aequo et bono* basis a sum of EUR 10,000 to compensate entirely the prejudice caused by the abusive descriptive seizure.

On the contrary, the Brussels commercial court (November 03, 2010) in another case held that the request of the company GSK to obtain damages as a remedy for the unlawful access to its confidential information by the company Novartis in the framework of a descriptive seizure was not grounded.⁽⁷⁵⁾ According to the court, GSK failed to show that

(73) A. BERENBOOM, 26 March 2009, "Contrefaçon sur l'Internet – Réparation du dommage", http://www.droitbelge.be/news_detail.asp?id=533.

(74) Ghent court of appeal 5 May 2014, 2012/AR/1005, not published.

(75) Brussels commercial court 3 November 2010, *IRDI* 2010, 474.



Novartis had misused this information and/or that the latter would have used it for other purposes than only showing the alleged counterfeiting acts. The Brussels Court of appeal nevertheless prohibited Novartis to use that confidential information.

In practice, a claimant is entitled to seek damages to compensate the defendant's unjust enrichment resulting from the trade secret violation as well as loss of profits, provided that the claimant is able to prove the casual link between the trade secret violation and the alleged unjust enrichment/loss of profits. In most cases, this link will be quite difficult to prove, even though the evidence can be in any form, including suspicion alone or factual presumptions. For instance, the Brussels Court of appeal held that an employee had breached the confidentiality obligation under Article 17 of the Employment Agreements Act when he copied confidential information before leaving to join a competitor, but that the ex-employer had failed to show that the use or the disclosure of such information by the ex-employee could cause damage to its own interests.⁽⁷⁶⁾

One presumption, which is often considered by the court, is the “unrealistically fast and massive success” gained by the defendant that could not have been achieved without the use of the litigious trade secret, as it is unbelievably achieved so fast and massively.

Loss of profit is not easy to determine because the profit made by the defendant through the unlawful access/use of the trade secret might not be equal to the profit the claimant would have made. The claimant will have to identify the competitive advantage that its trade secret presents and then show for instance market shares gained by the defendant and to claimant's detriment because of the unlawful access/use of the trade secret. Concepts commonly used in the field of intellectual property rights such as the assessment of the loss of profit on the basis of the “counterfeiting mass” could also be helpful, as well as the royalty fee that the claimant used to request for the use of its trade secret as an indicator for an *ex aequo et bono* assessment.

The claimant is also entitled to seek reimbursement of lawyer's fees and costs, the sums of which are determined by law and are quite low (Art. 1022 Judicial Code). The question concerning whether this provision is compatible with Article 14 of the Enforcement Directive has

(76) Brussels court of appeal 10 September 2013, 2011/AR/3155, not published.



already been raised a few times. In a recent patent litigation, this question has finally been referred to the CJEU, whose answer could also have an impact on trade secret litigation.⁽⁷⁷⁾

- c. *Can damages be awarded for moral prejudice suffered by the trade secret holder? If so, how is moral prejudice defined, and how are such damages quantified?*

General civil law principles governing damages for trade secret violation do not exclude moral prejudice *per se*, as the main rule is that the prejudice must be compensated in its entirety.

Generally speaking, moral prejudice is the damage that affects a (legal) person's reputation, integrity or honour. In the context of intellectual property rights, moral prejudice could be, for instance, the damage to an author's reputation, the banalisation of an artistic work, the popularization of a trademark or the violation of a patent holder's monopoly.

As regards trade secrets, since the trade secret has value only because it is kept secret to the public, the trade secret holder's moral prejudice could only be caused if its identity is disclosed with the trade secret; such disclosure could then have an impact on the image or reputation of the holder.

Belgian case law and legal literature have not yet covered this subject exhaustively. The Ghent court of appeal nevertheless awarded damages, in the framework of a descriptive seizure, which was subsequently considered abusive by the court, to compensate for the access that the claimant made to the defendant's confidential trade information as well as the harm to the defendant's reputation and trade name.⁽⁷⁸⁾ Although the defendant could not specify its damage in detail, the judge awarded a sum of EUR 10,000 on an *ex aequo et bono* basis to compensate for the prejudice caused by the abusive descriptive seizure. In our view, this can be considered as quite similar to a compensation for moral prejudice.

In any event, moral prejudice would most often be quantified on an *ex aequo et bono* basis as applied in the here above mentioned case law.

Aspect (iv) – Proving infringement

10) What elements must be proved to establish violation of a trade secret?

One should prove that (i) it is the owner of a trade secrets, (ii) that this information is duly protected that (iii) the information has been disclosed in breach of this protection.

(77) Antwerp court of appeal 23 January 2015, IEFbe 1178, www.IE-Forum.be.

(78) Ghent court of appeal 5 May 2014, 2012/AR/1005, not published.



- (i) In our answer to question 2, we gave a broad definition of “trade secrets” as business, organizational or technical information, which is liable to provide its owner certain advantages and which ensure a competitive superiority over its competitors, so that its owner obtains an economical benefit by not disclosing the information to his competitors.

As trade secrets are valuable only if they remain secret, the owner of the information should also prove that he suffers a prejudice from its disclosure. This prejudice should be proved pursuant to the principles outlined under question 9.

- (ii) Trade secrets can be protected at different levels, as outlined under question 2. They include rules applicable to employment agreements, general contract law, as well as the general prohibition of unfair competition.
- (iii) The breach of protection should be defined depending on the protection ground, as stressed in question 11 below.

11) What additional elements must be proved (if any) for a trade secret violation in comparison to a breach of confidence, to the extent those are different types of violations?

Although the violations of trade secrets are similar in their nature, the elements to be proved depend on the protection ground. Under employment law, one has to prove the existence and validity of an employment agreement. Under criminal law, one has to prove the bad faith of the disclosing party (the “moral element” of the offence).

12) Can constructive knowledge of a trade secret by an ex-employee or a new employer be imputed, e.g. if the subject-matter of that ex-employee’s work was closely linked to the trade secret? If so, in what circumstances?

Employment law and criminal law prevent ex-employees from disclosing trade secrets. In addition, third parties can be held liable for complicity to a breach of contract. This requires (i) the existence of a valid contract, (ii) a breach of contract by one of the parties, (iii) the third party knew or ought to have known of the contract and (iv) the third party has participated in, or contributed to, the breach of contract of one of the parties.⁽⁷⁹⁾

(79) Court of cassation 24 November 1932, *Pas.* 1933, I, 19 and Court of cassation 21 April 1978, *RW* 1978-79, 1961. See for a concrete example in the field of trade secrets Liège court of appeal 2 September 2004, *JLMB* 2006/12, 508.



13) Does your jurisdiction provide for discovery? If yes, does it provide for discovery at the pre-action stage; and/or against third parties?

Despite the commonly received idea that “discovery” is foreign to civil law jurisdictions, Belgian law actually provides for procedural devices that come close to discovery in more than one respect.

a. General procedural device: production orders

First, as set out in question 6.a, under civil procedure law there is a general possibility for the judge to order that a specific document containing evidence of a relevant fact be submitted by a party to the proceedings pending before the court. Such order may even be addressed to a third party, i.e. someone who is not a party to the pending proceedings (Art. 877 Judicial Code). For such an order to be allowed, there must be serious, precise and concordant presumptions that the party in question has such document in his/her possession. If, without a due justification, the orderee refrains from making available the document in question (or a copy thereof), he/she may be condemned to damages. Such production order is close to a common law “discovery”, though its scope is probably narrower.

The above mentioned production order, as well as other orders and measures concerning evidence (e.g. an expertise or the hearing of a witness), may be requested (i) as an *interim* measure in proceedings on the merits (Art. 19, 3rd indent, Judicial Code), (ii) in summary proceedings (which are in principle, but not always, subject to a condition of urgency) (Art. 584, 3rd indent, Judicial Code) or even *ex parte*, then under stricter conditions (see below, under question 15). In the latter case, the production order is close to a discovery at a pre-action stage, except for its scope (see above).

Subject to possible controversies, production orders are a general device of civil procedure law, and hence available also in cases involving the infringement of trade secrets.

b. Specific IP device

Another, specific, provision, the scope whereof is limited to listed intellectual property rights – not including trade secrets (at least on the face of the text of said provision) –, entitles the judge, when finding infringement of a right of such nature on a commercial scale, to order the infringer (or the user or holder of the infringing goods or services) to provide the claimant with all information and data in his/her possession about the origin and the distribution networks of the infringing goods



or services (Article XI.334 (3) of the Belgian Economic Code, implementing Article 8 of Directive 2004/48 of 29 April 2004 on the enforcement of intellectual property rights). Such measure will be granted only if it is “justified and proportionate”.

It is, as such, not available at pre-action stage. However, the specific “descriptive seizure” described below leads to a comparable result, on the basis of *ex parte* proceedings.

14) Does the burden of proof switch to the defendant if the applicant is able to demonstrate, to a certain level of probability, that there has been a violation? If yes, what is this threshold?

The burden of proof in a trade secret violation case is also governed by the general Belgian civil law principles. According to Article 1315 of the Civil Code and Article 870 of the Judicial Code, each party must prove what he/she alleges. The Court of cassation also adds that the evidence must be certain.

In principle, the claimant would first have to demonstrate what rights it has and that the alleged trade secret can be considered in fact as a trade secret. As a means of defence, the defendant would have to prove that it legitimately gained access to the trade secret.

Regarding the proof of the confidential nature of the litigious trade secret, the claimant must demonstrate that the trade secret cannot be accessed materially, intellectually and legally speaking. Here again, as a means of defence, the defendant would have to prove that it gained access to the trade secret through a legitimate way.

15) Does your law provide for any other methods for securing evidence, such as seizures or ex parte measures? If so, what requirements must be fulfilled in order for the measure to be ordered and what safeguards are in place to prevent abuse?

a. Securing evidence – IP

In the field of intellectual property, Article 1369*bis* of the Judicial Code provides for a specific procedure called “seizure in matter of counterfeit” or (“*saisie en matière de contrefaçon*”/“*beslag inzake namaak*”). This procedure aims in the first place at describing in detail (suspected) acts of counterfeit, and thereby providing the right holder with a strong evidence of the infringement of his/her rights; it is then being referred to as “descriptive seizure” (“*saisie-description*”/“*beschrijvend beslag*”).⁽⁸⁰⁾

(80) At the request of the right holder (or possibly other persons authorized to proceed), the court will grant permission to an expert (e.g. a patent attorney) to enter, together with a bailiff and if need be the police and/



The requirements for such “descriptive seizure” to be allowed by the Court are, on the one hand, the existence of a *prima facie* valid intellectual property right and, on the other hand, indications of an infringement, or an imminent infringement, of such right (Art. 1369bis/1, § 3, Judicial Code).

While the list of (IP) rights mentioned under Article 1369bis of the Judicial Code does not include trade secrets, or confidential information, it has been submitted by an author that the procedure of “descriptive seizure” should also be available for knowhow for Belgian law to be compliant with the TRIPs agreement.⁽⁸¹⁾ This thesis has however been rejected by a court,⁽⁸²⁾ and it is worth noting that the Proposal for a Directive on Trade Secrets does not include, at least at this stage, any provision regarding the collecting and safeguarding of evidence.

b. Securing evidence – General civil procedure

As mentioned above (question 13), the Judicial Code also includes a general provision allowing the Presiding judges of civil, commercial and labour courts to take various kinds of (provisional) orders on the basis of *ex parte* proceedings (Art. 584, 3rd indent, Judicial Code). Such orders may be requested with the view to obtaining and securing evidence of facts, including, arguably, the violation of trade secrets, the unlawful divulcation (or use) of confidential information, and yet other acts of unfair competition.

The threshold to obtain such orders in *ex parte* proceedings is, however, rather high: in addition to the requirement for normal summary proceedings, namely urgency, the petitioner must demonstrate the existence of an “absolute necessity” not to make use of *inter partes* (summary) proceedings. Besides cases of “extreme urgency” (i.e. where any delay

or a locksmith, into premises where infringing goods are suspected to be manufactured, stocked or offered for sale. The order authorizing such “descriptive seizure” is, as a matter of principle, taken on the basis of *ex parte* proceedings, i.e. without the alleged infringer being heard; only a third-party opposition is available to the latter, after the order being served on him and the seizure having taken place. During the “seizure”, samples and pictures are generally taken by the expert, together with documents relating to the manufacture, sourcing and/or distribution of the infringing goods (e.g. invoices, accounting books...).

Following the “seizure”, the expert will draft a report describing the scope of the counterfeit (if any), as well as the origin and destination of the infringing goods. To that effect, additional questions may be put to the alleged counterfeiter.

On the other hand, the expert must take adequate measures to protect the legitimate interests of the visited party (and, in particular, to prevent the undue divulcation of confidential information).

(81) C. DE MEYER, “Beschrijvend beslag en knowhow”, in X., *Liber Amicorum Ludovic De Gryse*, Brussels, Larcier, 2010, 117-129.

(82) Ghent court of appeal 1 December 2008, *IRDI* 2009, 58-63.



would cause irreparable harm to the right holder), such absolute necessity exists, according to leading legal scholars, when there is a demonstrable risk of evidence being destroyed, and a surprise effect is hence necessary.⁽⁸³⁾

However, in an unpublished judgment of 17 December 2008⁽⁸⁴⁾, the Brussels court of appeal cancelled an *ex parte* order (granted by the judge in first instance pursuant to Article 584, 3rd indent, Judicial Code) which had allowed the collecting of computer data (including emails), by a bailiff and an expert, from the computers of a company suspected of unfair competition and its directors. According to the court of appeal, the actual purpose of the petitioner was to search or identify undetermined elements of evidence. The judge held that such “fishing expedition” was not allowed under Belgian civil procedural law, outside the specific procedure of “descriptive seizure”, analysed above. Likewise, in a judgment of 8 March 2011,⁽⁸⁵⁾ the Liège court of appeal confirmed the cancellation of an *ex parte* judicial order which had allowed the collecting of evidence by an expert concerning the sales of biscuits the packaging whereof was allegedly in breach of fair market practices (trade dress case). The court held that there was no “absolute necessity” for such an order to be granted, within the meaning of Article 584, 3rd indent, of the Judicial Code. The court underlined that the request for such order, on the basis of the latter provision, constituted an attempt to circumvent the requirements under Article 1369*bis* of the Judicial Code (the “descriptive seizure” procedure analysed above).

c. *Seizures*

Under Belgian law, the term “seizure” generally refers to the proceedings aiming at the freezing, and as the case may be the adjudicating, of the goods of an insolvent person for the benefit of his/her creditors. These kinds of proceedings, we understand, are foreign to the subject matter of this questionnaire.

In the field of intellectual property, though, a specific procedure of seizing is organized by the Judicial Code in order to protect the interests of right holders in case of counterfeit. Indeed, the above mentioned “*seizure in matter of counterfeit*, in addition to measures that aim at securing evidence of an infringement (the so-called “descriptive sei-

(83) H. BOULARBAH, *Requête unilatérale et inversion du contentieux*, Brussels, Larcier, 2010, 486 *et seq.*

(84) Brussels court of appeal 17 December 2008, *One Solution/HP*, docket No. 2008/AR/90, unpublished.

(85) Liège court of appeal 8 March 2011, *Lotus Bakeries/Brichard*, docket No. 2010/RF/135, unpublished.



zure”: see above, under a), may include a real, physical, seizure, of the infringing goods, and, in appropriate cases, of the materials and implements used in the production and/or distribution of these goods (Art. 1369bis/1, § 5, Judicial Code).⁽⁸⁶⁾

Subject to the above mentioned controversy (concerning the requirements of the TRIPs Agreement), the specific procedure of “seizure in matters of counterfeit” is available only for the specified IP rights listed under Article 1369bis of the Judicial Code, and hence not in case of violation of trade secrets, or of a duty of confidence.

Belgian law, on the other hand, provides for a general device called “judicial sequestration” (Art. 1955 and following of the Belgian Civil Code), whereby any kind of object can be confiscated and put into the hands of a third party (trustee). According to case law, the conditions for sequestration to be granted are (i) that two or more persons invoke conflicting rights in a same object.⁽⁸⁷⁾

Judicial sequestration may be requested in *ex parte* proceedings, under Article 584, 3rd indent, of the Judicial Code, subject to the condition of absolute necessity and might arguably be used in the context of violation of trade secrets, where documents or other confidential items have been diverted. There is however no settled case law in this respect.

d. Criminal proceedings

Whenever a criminal offence (including the violation of trade secrets, or computer crimes) is suspected to have been committed, the police, and in some cases other public agents, may, under the supervision of an investigating magistrate (“juge d’instruction”/“onderzoeksrechter”), take, on a pre-action stage, any measures necessary to secure evidence of the crime and prevent its continuation (seizures, seals, witness hearings, etc.).

(86) The requirements to be fulfilled for the court to grant such real seizure are (i) a *prima facie* valid intellectual property right, (ii) indications of infringement “which cannot reasonably be contested” and (iii) a favourable balance of interests. While the procedure is in principle *ex parte*, the court may request the opposing party to be heard before it grants the order; in such case, the applicant may however avoid the hearing by requesting a mere description, instead of the real seizure.

(87) Court of cassation 16 April 1984, *Arr. Cass.* 1983-84, 1097, *Bull.*, 1984, 1036; *Pas.* 1984, I, 1036, *RW* 1984-85, 1986), that the contestation at issue is serious and that the sequestration is in the interest of both parties (Court of cassation 28 April 1994, available at <http://www.cass.be>, *AJT* 1994-95, 267, note P. HOFSTROSSLER, *Arr. Cass.* 1994, 427, *Bull.* 1994, 418, *JLMB* 1995, 5, *P&B* 1994, 158, *Pas.* 1994, I, 418, *R. Cass.* 1994, 324, note K. BROECKX; *RW* 1994-95, 812.



16) Where seizure is available, for what purposes can it be used? To secure evidence, to prevent items entering into circulation or for other reasons?

As mentioned above, the specific procedure of “seizure in matter of counterfeit” (available under Art. 1369*bis* Judicial Code) may aim both at obtaining and securing evidence of a suspected infringement (description of facts and taking of samples, pictures and copies of documents; see point 15, a), above) and, under stricter conditions, at preventing counterfeit goods from entering into circulation, and production means to be further used (seizure: Art. 1369*bis*/1, § 5; 15, c), above).

Tools available under general civil and civil procedure law may, arguably, likewise be used to secure evidence (production order, bailiff observation and report, expertise and judicial sequestration of documents), or to prevent goods from entering into the channels of commerce (judicial sequestration of goods, cease and desist order/injunction under Article 584 of the Judicial Code). Due to various controversies, it may, however, appear more difficult to obtain such measures in case of violation of trade secrets than it would be, on the basis of the special provision of Article 1369*bis* of the Judicial Code, when IP rights are concerned.

In criminal proceedings, both kinds of measures are (also) available, without possible doubt.

II. Policy considerations and proposals for improvements of the current law

Aspect (i) – Overlap with restraint of trade

17) Should limits be placed on the protection of trade secrets to avoid unlawful restraints on trade? If so, what limits? If not, why?

Yes. Inspiration can be found in this respect in the Belgian legal system where the judge enjoys a large margin of appreciation and is deemed to take into account the principle of proportionality when sanctioning acts of unfair competition, including the violation of trade secrets.

As mentioned in Question 1, in case of abuse of a dominant position, the judge could order the disclosure of trade secrets on the basis of competition law. Considerations of general interest such as fundamental rights, public health and the protection of the environment are also to be considered as legitimate limits to the protection of trade secrets.



Generally speaking, proportionality between the seriousness and/or the scope of the trade secret violation and (the consequences of) its sanction, should be taken into account. Also, the group believes that the role and relative weight of the trade secret in the product/process under scrutiny should be taken into account when determining what (injunctive) relief is justified. The judge should weigh the legitimate interests of the parties but also the legitimate interests of third parties (in particular those who have purchased in good faith the goods manufactured on the basis of the violated trade secret).

18) Should different obligations of confidence/non-use apply to different employees? Why/why not?

As the confidence obligation is already large, we believe statutory law should not make a further difference between employees. However, depending of the employee's involvement in the company business, some employees will be in contact with more sensitive information, and will therefore have to be more cautious about what they say or disclose.

In this respect, we refer to the current Belgian system exposed under questions 3.a and 5 above.

Aspect (ii) – Ensuring confidentiality during Court proceedings

19) Should a defendant, who is sued unsuccessfully for a trade secret violation, and who learns of the trade secret during the course of the litigation, be required to not use the trade secret after the proceedings? Why/why not?

Considering (i) the principle of freedom of competition and (ii) the fact that trade secrets are not a right under Belgian Law, the group does not see a justification for restricting a successful defendant's freedom of operation after such proceedings by way of principle.

It should however be stressed that the procedural rules should provide means to avoid the disclosure of trade secrets in the course of proceedings. In that respect, under certain circumstances courts could deem it necessary to subject the defendant to certain obligations of confidentiality and/or non-use or to impose alternative measures to safeguard the confidential nature of the trade secret from the defendant. The Proposal for a Directive on Trade Secrets should provide guidance in this respect.

If the procedural rules have provided means to avoid the disclosure of trade secrets in the course of proceedings, and the defendant has legally become aware of the trade secret in the course of the proceedings without breaching such procedural rules, this should in principle not impose on him any



additional obligations of confidentiality/non-use. Otherwise disclosing trade secrets in proceedings could be used to limit the freedom of operation by a competitor.

The reasons for the dismissal of the action, as well as the situation (know-how) of the successful defendant prior to the action, should also be taken into consideration as the case may be, but the latter's situation should, as a rule, not be more disadvantageous than it used to be before the proceedings and the additional know-how gained during the proceedings should as a rule not be considered to have been acquired illegally.

20) Should such obligations of confidentiality attach to information that the defendant developed independently prior to the trade secret proceedings, or develops independently after the trade secret proceedings? Why/why not?

Such obligation doesn't attach to these independent developments, provided that it is proven that it was developed independently. And unless the defendant expressly agreed not to use such independent development.

Aspect (iii) – Valuation of loss

21) Should damages as a remedy be available by default, or only where injunctive relief is (a) not possible, (b) not adequate, or (c) not necessary? If by default, why?

The principle should be that the prejudice caused by the violation of the trade secret has to be repaired in its entirety in the most appropriate way. Therefore, as long as it is still possible and useful, an injunctive relief should be ordered in order to stop the disclosure and/or the use of the trade secret and thus mitigate the prejudice of the trade secret holder. Furthermore a distinction has to be made between the prejudice already caused to the trade secret holder by the unlawful acquisition, disclosure and/or use of its trade secret and the prejudice which could still occur in the future. The past prejudice can only be repaired by the payment of damages.

Aspect (iv) – Proving infringement

22) Should constructive knowledge of a trade secret by an ex-employee be imputed to their new employer? If yes, in what circumstances? If no, why not?

Yes, under strict conditions, as provided in the current Belgian regime exposed under question 12 above. The new employer's knowledge should in particular be based on a set of serious, precise and convergent factual elements.



23) Should pre-action evidence preservation orders and seizure orders be available? If so, should the hearings to decide whether or not to grant them be able to take place *ex parte*? Why/why not?

Yes, pre-action evidence preservation orders and seizure orders should be available. Evidence preservation orders should take place *ex parte* as a matter of principle, subject to the prior authorization of a judge, and the possibility for the later to decide that only a third independent party (e.g. an expert) will have (full) access to the collected data. As far as seizure orders are concerned they should be allowed *ex parte* also if the judge decides that this is appropriate after balancing the interests of the applicant and the would-be seized party. If the seizure is liable to cause an excessive prejudice to the latter, and the existence, or the extent, of the infringement remains uncertain, a prior hearing should take place. In order to avoid such hearing the claimant should have the option to, temporarily, limit his request to a mere description (and analysis) of the infringing acts/products.

24) What if the claimant learns of new trade secrets (of the defendant) during the course of a seizure?

The claimant should not be allowed to use, or divulge, trade secrets learnt in such circumstances, until they fall in the public domain. This prohibition should apply in particular if the claim is dismissed.

III. Proposals for harmonisation

25) Is harmonisation in this area desirable?

If yes, please respond to the following questions without regard to your national or regional laws.

Even if no, please address the following questions to the extent you consider your national or regional laws could be improved.

Yes.

Aspect (i) – Overlap with restraint of trade

26) Please propose principles for the circumstances in which trade secret enforcement actions should fail, because such actions would be *de facto* restraints of trade.

The central criterion should be the good or bad faith of the user of the trade secret or the owner of the goods manufactured on the basis of the trade secret.



27) What relief should courts give when a trade secret violation has occurred or is about to occur, but an enforcement action is barred as a restraint of trade?

The violating party should be liable to pay damages to the owner of the trade secret.

28) Should employees subject to a stricter obligation of confidentiality be released from that duty in certain circumstances? If so, in what circumstances?

N/A

Aspect (ii) – Ensuring confidentiality during Court proceedings

29) What protection for trade secrets should be available during Court proceedings, and what conditions should be satisfied for that protection to be given?

Full disclosure should only be reserved to the court or – in technically advanced cases – to a third party expert appointed by the court, and limited disclosure should be made to the other party:

- provided that the disclosing party is able to demonstrate that the trade secret is eligible for protection in the case at hand (secret, substantial, valuable, etc.) ;
- and subject to certain safety measures (e.g. limited verification by the parties' lawyers or individually designated representatives of the other party, under an injunction not to disclose to the other party).

The courts should be (made) aware of the risk of disclosing trade secrets when issuing judgment (e.g. not explicitly include trade secrets).

30) If an enforcement action fails (e.g. because the defendant had independently developed the secret information and did not misappropriate it), what type(s) of confidentiality or non-use obligation, if any, should continue or cease to apply?

No such obligation should apply, unless agreed during the proceedings.

Aspect (iii) – Valuation of loss

31) Please propose the principles for quantifying damages for trade secret violations.

The principles applicable to IP rights violation should equally apply to trade secret violation. This means the taking into consideration of all the relevant factors, including the unfair profits obtained by the infringer, the loss of profits incurred by the trade secret holder, the possibility of calcu-



lating the damages on the basis of royalties which would have been due had the infringer requested authorisation to use the trade secret in question, as well as any moral prejudice caused to the trade secret holder.

32) Should courts award moral damages? If so, how should they be quantified?

The moral damage should not be excluded as a matter of principle, as the reputation of a company or the confidence herein can be damaged due to a trade secret violation. The moral damages should however always be demonstrated.

Aspect (iv) – Proving infringement

33) What measures to secure or preserve evidence should be available?

The group strongly suggests that all measures available to secure or preserve evidence of infringement of intellectual property rights⁽⁸⁸⁾ be available, under national laws, to the holders of trade secrets who present reasonably available evidence to support their claims that such trade secrets have been illegally acquired, divulged or used. The same safeguards, in particular those directed to the protection of confidential information of the alleged infringer, or visited third party, should also apply. Those provisions should be compliant with the general requirements under Article 50 of the TRIPs Agreement, which does not make any distinction between undisclosed information, protected under Article 39, and other IP rights.

34) What restrictions should apply to the use of seized evidence by the claimant?

Practical measures, including restricted access and/or non-disclosure obligation, should be taken to avoid such evidence to be used for other purposes than substantiating the pending, or contemplated legal claim.

(88)As far as Belgian law is concerned, *cf.* the specific procedure of “*Saisie en matière de contrefaçon*”/“*Beslag inzake namaak*” described above, in our answer to questions 15 and 16. At the EU level, the Directive on Trade Secrets should, in our view, be supplemented by provisions similar to those found under Articles 6 and 7 of Directive 2004/48.

