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Intellectual Property and Sustainability

A Critical Review of Thoughts Presented in *Propriété intellectuelle et dévelopment durable – Intellectual Property & Sustainable Development* edited by Jacques de Werra

Nachhaltige Entwicklung ist ein Kernziel unserer Gesellschaft und das Recht des geistigen Eigentums sollte ebenfalls zu diesem Ziel beitragen. Mit dem Schwerpunkt auf ökologischer Nachhaltigkeit bietet das von Jacques de Werra herausgegebene Buch «Intellectual Property & Sustainable Development» verschiedene Perspektiven darauf, wie das Recht des geistigen Eigentums, insbesondere das Patent- und Markenrecht, sowie Durchsetzungsmassnahmen Instrumente bieten, die den Technologietransfer, die Vermeidung von Greenwashing und die Kreislauffähigkeit von Produkten fördern können. Diese Rezension setzt sich kritisch mit den gemachten Vorschlägen auseinander und macht weitere Überlegungen zu wichtigen Einschränkungen, die das Recht des geistigen Eigentums für die Nachhaltigkeit birgt.

Le développement durable est un objectif clé de notre société, et le droit de la propriété intellectuelle devrait également y contribuer. En mettant l'accent sur la durabilité environnementale, l'ouvrage «Intellectual Property & Sustainable Development», dirigé par Jacques de Werra, offre différentes perspectives sur la manière dont le droit de la propriété intellectuelle, en particulier le droit des brevets et des marques, ainsi que les mesures d'application, peuvent fournir des outils pour favoriser le transfert de technologie, la prévention de l'écoblanchiment et la circularité des produits. La présente revue de cet ouvrage examine de manière critique les propositions faites et présente des réflexions supplémentaires sur les limites importantes que les lois sur la propriété intellectuelle posent à la durabilité.

Intellectual Property & Sustainable Development edited by Jacques de Werra brings together different perspectives on how sustainability concerns can be accommodated by intellectual property (IP) law. In particular, it offers insights into how trade mark and patent law could stimulate increased sustainability in luxury fashion, how greenwashing can be avoided by means of unfair competition law and other regulations, the facilitation of transfer of green technologies, the obstacles that trade mark protection raises for upcycling, and what space the TRIPS Agreement leaves for sustainable enforcement practices.

The appeal of the book is, in particular, its timely contribution to an important topic and the diversity of perspectives of the different contributions. It should be understood as a starting point of a broader discussion on sustainability and the various forms of IP. The aspects addressed in the contributions serve as a promising basis to be brought together in a more holistic fashion, relating the analysis and proposals with each other to offer an overview of existing opportunities already used (in some cases), possible avenues not yet employed, and required amendments to the law that would foster more sustainable products, production processes and services. Such an analysis would also help to place IP in the broader picture of the circular economy, relating IP solutions to other regulation targeting the same goal.

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The english translation of the lead and summary is included on Swisslex and legalis only.

This review is meant to provide an overview of the arguments presented in the book and offer additional thoughts and suggestions for further research.

Olivia Dhordain's contribution *Luxury, IP and Sustainability – a Perspective* represents a short but clear call for rethinking paradigms in IP protection for luxury products. In essence, she proposes three changes, on the account that luxury icons are thoughtful and lasting products, as compared to fast fashion. First, luxury icons such as the screw motif of Cartier's LOVE bracelet, should be considered as 3D trade marks and hence offered indefinite protection for as long as the sign maintains distinctive character. According to Dhordain, a lack of protection «encourages mass production […] with no regard for environmental, social and governance principles» (p. 4).

While understandable, considering the effects trade mark protection can have, this call for trade mark protection for 3D luxury product designs may be problematic when it comes to the reason why it is increasingly denied by trade mark offices. For shapes, it is not enough that the mark is distinctive to enjoy protection; the protection of 3D marks may also not monopolise product markets. This is a real risk where the form or design of a product is protected, as compared to a product name or logo. Protection of shapes means that other products with the same or similar designs are excluded from the market. Therefore, the law, i.e. in Art. 7(1)(e) EUTMR,[1] foresees in three situations where

1 Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (OJ L 154 of 16 June 2017).

market exclusion of competing products is problematic: (i) the shape results from the nature of the goods themselves, (ii) the shape is necessary to obtain a technical result, and (iii) the shape gives substantial value to the goods.

While the first and second aspects are not often at issue for luxury product designs, the third certainly is. Imagine a particular pattern of stitches on jeans that because of its power of attraction and aesthetic-ornamental value has become a general trend for jeans design. Such design patterns should not be permanently monopolised by one undertaking; competitors should also be able to use such aesthetic solutions. This rationale can also not be remedied by acquired distinctiveness,[2] which many iconic designs possess, as the prevention of monopolisation weighs higher. Whether the public interest in sustainable fashion weighs more strongly than the prevention of monopolisation should be questioned. This is even more difficult where trade mark examiners do not possess information that underscores the sustainability of a product at the moment of application; a product's mere «luxury» status may insufficiently reflect sustainability.

Dhordain's second request is a sensible and legitimate call for a more important role for trade mark offices in determining when marks are deceptive. This also links to the second contribution by Nicolas Binctin on *La lutte contre l'écoblanchiment (greenwashing): Défis et développements récents*, who assesses other tools for fighting greenwashing, e.g., unfair competition laws as well as financial and investment law regulation. Trade mark offices *ex officio* assess whether marks deceive the public, i.e. as to, the nature, quality or geographical origin of goods or services (Art. 7(1)(g) EUTMR). Marks that claim to be sustainable, whether using the colour green, wording, a slogan or descriptive elements, are deceptive when the actual product cannot be classified as sustainable, and therefore should not be registered. Dhordain suggests to reverse the burden of proof, requiring applicants to prove that their product in fact is «green» (p. 6). This is a good idea and provides the basis for a solid assessment of deception.

However, in addition to obtaining information regarding the sustainability aspects of a product, one would have to agree on a common standard of sustainability. In its broadest sense, the term «sustainability» refers to human activity that seeks to «meet the needs of the present without compromising the ability of future generations to meet their own needs».[3] Operationalizing such a definition of green claims is difficult but needed if the goal is to promote sustainable product solutions. The assessment is further complicated as not only a scientific assessment of the (sustainable) characteristics of the product and production methods matters with respect to deception, but importantly also what consumers perceive the mark to convey.

Expecting a trade mark office to determine whether or not a green claim is in line with standards of sustainability is probably unrealistic. What could be helpful here is creating a body similar to the Australian Competition and Consumer Commission (ACCC), which advises the Australian trade mark office about different aspects of certification marks, among others whether the rules are detrimental to the public and are satisfactory.[4] Examining information provided by applicants as to their truthfulness and compliance with sustainability standards could therefore also be carried out by a body focussing on aspects of IP but also other public concerns, such as sustainability, unfair practices and product safety.

Finally, Dhordain also looks at patent rules and argues that 20 years of patent protection for green technologies is inappropriate if the patent owner does not license the invention to others. She argues that society cannot afford to wait until after the expiration of patent protection for these technologies to become available, but is dependent on their wide dissemination. More concretely, her idea is that patent owners should, as a condition for patent protection, agree to a «non-exclusive license outside the immediate scope of activity at a predetermined and preferable royalty rate to any interested third party» (p. 8). Such a regime would, according to Dhordain, preserve for the patent owner a competitive advantage (annuities) while at the same time allowing third parties to tap into the invention.

Such a solution would require legislative changes as currently a patent owner is free to choose between using the invention himself, or licensing it out. Requiring a non-exclusive license takes away an important business decision from the patent owner, making patents less attractive as an IP right. If patents are less attractive, businesses may resort to trade secret protection for technologies they do not want to share, which makes the information about how a sustainable technical solution works fully unavailable. While it is a good idea to strongly encourage non-exclusive licenses for green technologies, one should be mindful of the risk that patent law would be used less and, as a consequence, such technologies would no longer be disclosed in public registries, which now is a requirement under patent law, allowing third parties to study and use them for the further development of improved technologies.

Peter Oksen and Edward Kwakwa's chapter on *How the IP System Promotes Sustainability – the WIPO GREEN Initiative* links to Dhordain's third proposal: they point to a better use of licensing in order to adopt and distribute green technologies more effectively. Accordingly, there is a need for many climate change technologies to mature and scale up, and for a stronger development of technologies that produce food in a more sustainable way. It is in this context that the WIPO Green initiative is presented: as a marketplace for a

2 CJEU 371/06 *Benetton Group SpA vs. G-Star International BV*, 20 September 2007.

3 V. Mak/E. Terryn, Circular Economy and Consumer Protection: The Consumer as a Citizen and the Limits of Empowerment Through Consumer Law, *Journal of Consumer Policy*, 2020, 43:227–248, 228; G. H. Brundtland, Our Common Future: Report of the World Commission on Environment and Development, Geneva 1987, UN-Dokument A/42/427, ‹www.un-documents.net/wced-ocf.htm›.

4 J. Lai, Hijacking Consumer Trust Systems: Of Self-Declared Watchdogs and Certification Trade Marks, *IIC* 2021, 52:34–61, 47.

diversity of stakeholders to voice climate change needs, present available technology and innovation, and offer capacity to support the development of technologies.

While there are also other tools that pool available technologies, WIPO Green helps to match needs with a diverse pool of solutions. We know from the technology transfer literature[5] that many aspects matter to effectively transfer technology: the technology itself, finding financing options, regulatory expertise, or sharing contracts such as license models. It is not that there are insufficient ideas of how to address certain aspects relevant for climate change resilience or sustainable products; the enabling environment is equally important for taking such technologies to the market. The value of WIPO GREEN, including the acceleration projects, lies in bringing a large diversity of stakeholders together to facilitate that process and avoid technologies becoming buried in the Valley of Death between lab and market. Here, WIPO also provides support with webinars, management clinics, etc.

In the chapter *Does Intellectual Property Promote or Hinder Sustainability? The Case of Upcycling*, Irene Calboli and Siroos Tanner turn back to trade mark protection and upcycled products. Their concern is not whether brands indicate sustainable information correctly (as Dhordain and Binctin address in their chapters), but in how far trade mark law allows to turn old and used products into something new while keeping the original trade mark on the product. Think of Chanel coat buttons being re-purposed as jewellery. The usefulness of Calboli and Tanner's contribution lies particularly in their account of current case law that illustrates under which circumstances courts declare instances of offering upcycled goods confusing or detrimental to distinctive character or reputation. Those cases show that US courts are concerned about upcycling when it alters the brand, suggests an unauthorised affiliation, or is confusing to the consumer about the origin of the upcycled product. This first overview calls for a deeper exploration of the infringement grounds in cases worldwide.

The authors are also concerned about the fact that upcycling offers a new way of laundering counterfeit products on the market as genuine products. In other words, upcycling could be used as a means of bringing counterfeit products to the market, under the guise of upcycled products. While this is of course a possibility, it is unclear to what extent this problem actually exists: are there indications that counterfeiters make the additional effort of adding some new elements to the products to disguise them as upcycled products?

Online marketplaces can, according to Calboli and Tanner, become hotspots for counterfeit products (p. 56); therefore, they are called upon to improve their controls of the nature and quality of upcycled products. In case of large volumes, however, this is a notoriously difficult task, prone to false positives where detection and filtering software is involved. One should therefore be cautious in putting too much hope in this solution; instead, paying attention to better quality control of upcycled products is certainly important. Another, potentially more promising, strategy proposed by the authors is for right holders to initiate more collaborations with upcyclers, the conditions of which would be agreed upon in licensing agreements.

Calboli and Tanner further emphasise the importance of labelling on upcycled products as a way forward for upcyclers. In certain situations, unequivocal information about the use of original trade marked parts can avoid trade mark infringement. They point out one case from the US Court of Appeals for the Second Circuit in *Hamilton International v. Vortic LLC*[6] where the court held that Vortic's clear communication about their wristwatch incorporating components of original Hamilton pocket watches diminished the likelihood of confusion by consumers, also because Vortic maintained the integrity of the original Hamilton parts. This ultimately led to a finding of a lack of an infringement.

However, confusion is not the only claim that right holders bring up in upcycling cases; detriment to distinctive character (dilution) or to reputation (tarnishment) are additional concerns that are not easily remedied by labelling. In order to justify dilution of a mark or even its tarnishment, an exception will have to be applied. It is already well-established[7] that exhaustion does not offer a remedy where upcycling results in products with material differences, which is almost inherent in the transformation of an old and used product into a new one. The EUTMR provision for exhaustion in Art. 15 highlights in its second paragraph that proprietors can oppose further commercialisation of goods where legitimate reasons to do so exist. This would especially be the case where «the condition of the goods is changed or impaired after they have been put on the market.» However, courts could apply an expansive interpretation thereof, suggesting that in situations of non-confusing upcycling, opposition to further commercialisation would not be legitimate. Calboli and Tanner also seem to support such a development (p. 57).

A trade mark exception that holds promise is that of referential use. The authors identify the US nominative fair use doctrine as a strong case to allow upcyclers to refer to the trade marked good «as long as the reference does not suggest endorsement or affiliation» (p. 58). I fully agree with this interpretation and while referential use so far has been limited to information on packaging, marketing or product placement texts, there are no compelling reasons

5 House of Commons, Bridging the valley of death: improving commercialisation of research, Science and Technology Committee, Eight Report of Session 2012–2013, London; N. Islam, Crossing the Valley of Death—An Integrated Framework and a Value Chain for Emerging Technologies, *IEEE Transactions on Engineering Management* 64(3): 389–399.

6 United States Court of Appeals for the Second Circuit, *Hamilton International Ltd. v. Vortic LLC*, (2s Cir. 2021) (September 14, 2021) (No 20–3369).

7 A. Kur, As Good as New – Sale of Repaired or Refurbished Goods: Commendable Practice or Trade Mark Infringement?, *GRUR International* 2021, 70(3): 228–36; M. Senftleben, Fashion Upcycling as Protected Free Speech in Trademark Law, *University of Miami International and Comparative Law Review* 2024, 31: 349–387.

why the use of the original trade mark on the product itself cannot fulfil a similar referencing purpose, certainly where consumers have become accustomed to re-purposed products on the market.

However, in the European Union, the CJEU did not follow this route in the *Audi* decision.[8] To the contrary, the decision seems to indicate that a faithful reproduction of the trade mark on a spare part cannot simultaneously indicate the nature or purpose of the product, as foreseen by the referential use exception in Art. 14(1)(c) EUTMR. The facts of the case involve spare parts but can apply to upcycled products as well. In this case, the defendant sold grilles for Audi cars, featuring an element that is designed to attach Audi's logo. Because of its shape, that element was identical or confusingly similar to Audi's registered trade mark. The CJEU confirmed that such element amounts to a sign under Art. 9(2) EUTMR and that it is used in the course of trade (paras. 38–39).

The question posed to the CJEU was directed towards the referential use exception of Art. 14(1)(c) EUTMR, which allows third parties to use a trade mark in the course of business for the purpose of identifying or referring to the goods or services of the trade mark proprietor, where that use is «necessary to indicate the intended purpose of a product or service», provided that such use is in accordance with honest practices in industrial or commercial matters (Art. 14(2) EUTMR). The provision is meant to inform the public of the intended purpose of the supplier's good in an honest manner, enabling healthy competition and a smooth functioning of the internal market. According to the CJEU, this situation is fulfilled where an undertaking uses the trade mark to indicate that spare parts are intended to be incorporated into the trade mark proprietor's goods, but does not affix the sign on the spare part. The fact that the shape of the mounting element is identical to the trade mark «exceeds» the referential use in Art. 14(1)(c) (para. 57); the CJEU followed the interpretation provided in the Advocate General's Opinion (point 57). For the EU, therefore, this avenue currently seems to be blocked.

As a last important contribution, Wolf. R. Meier-Ewert provides in *The TRIPS Agreement and the Sustainable Disposal of IP-infringing Goods – Lessons from WTO Dispute Settlement Cases* a very useful perspective on what type of enforcement procedures the TRIPS Agreement mandates to be used in order to offer creative solutions, such as to avoid waste and prolong the lifecycles of products. It is important to highlight the flexibilities, responsibilities and the mandate that the TRIPS Agreement imposes on WTO Member States. The next step is to turn to national perspectives and explore the actual application of enforcement measures; in the end, it is national enforcement procedures that have to be used and interpreted in light of sustainability concerns. It would be interesting to further research whether there is room for that.

In essence, contrary to how right owners routinely interpreted Art. 46 TRIPS, namely as mandating the destruction of IP-infringing goods, it contains important flexibilities. First, rather than mandating specific disposal options, Art. 46 is an empowerment norm that sets out disposal options that must be available to judicial and administrative bodies. Second, the China IPR panel report[9] confirms that the catalogue of options in Art. 46 is not exhaustive. Rather, individual jurisdictions have a responsibility and mandate to create solutions in line with domestic policymaking, i.e., sustainability considerations. Third, they should devise other, not yet listed disposal options that correspond to less severe IP infringements, in line with the principle of proportionality between the seriousness of infringement and the remedy, as well as third-party interests. Article 46 does not specify domestic policy interests or how to deal with mild forms of infringement; it requires Member States to provide for adequate disposal options.

The fourth sentence of Art. 46 further mandates: «In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient, other than in exceptional cases, to permit release of the goods into the channels of commerce.» However, as Meier-Ewert points out, it is only to the narrow category of blatant, almost identical counterfeit goods (see footnote 14(a) TRIPS) that the re-entry into the channels of commerce must be avoided (p. 83). Also, only «where the overall state of the goods lends itself to counterfeiting, the simple removal is not an effective deterrent» (p. 85, referring to China IPRs, para. 7.373). In other words, where the state of the goods is sufficiently altered, the removal of the trade mark is not simple and could therefore be sufficient for release into the channels of commerce. According to Meier-Ewert, re-using and re-circulating even counterfeit goods, where steps are taken, are sustainable enforcement options dictated by the TRIPS Agreement. It would be an interesting exercise to analyse whether in national enforcement procedures, sustainability can and already is considered when determining disposal options.

To conclude, de Werra's edited volume provides sufficient food for thought about and further research into the options IP law offers to develop and bring to market green technologies, to disseminate and share these technologies widely, to allow upcycled and repaired products, as well as spare parts, to be marketed with correct information, to enable consumers to choose sustainable products and for judicial and administrative authorities to choose sustainable disposal options for infringing IP products. The contributions to this volume present concrete and specific cases of fostering sustainability, such as for luxury fashion items and upcycled products, through the WIPO Green initiative, and through the lens of the TRIPS Agreement enforcement framework; the next step is to adopt a holistic view on IP and sustainability. This would entail assessing how IP laws

8 CJEU of 25 January 2024, C-334/22, *Audi AG v GQ*.

9 WTO panel report, China – Measures Affecting the Protection and Enforcement of Intellectual Property Rights, WT/DS362/R (26 January 2009) (adopted 20 March 2009), ‹www.wto.org/english/tratop_e/dispu_e/cases_e/ds362_e.htm›.

can support the development of specific green technologies, how IP law applies to other sustainable products, how effective different forms of technology transfer are, and what national perspectives on sustainable IP enforcement look like. Taken together, this may provide an overview where current IP law offers flexibilities that could be used, and where legislative changes are needed to foster more sustainability in IP law.

Zusammenfassung

Jacques de Werras Buch Intellectual Property & Sustainable Development vereint verschiedene Perspektiven darüber, wie Nachhaltigkeitsaspekte im Recht des geistigen Eigentums berücksichtigt werden können. Insbesondere bietet es Einblicke in die Fragen, wie das Marken- und Patentrecht mehr Nachhaltigkeit in der Luxusmode fördern könnte, wie Greenwashing durch das Recht des unlauteren Wettbewerbs und andere Vorschriften vermieden werden kann, wie der Transfer grüner Technologien erleichtert werden kann, welche Hindernisse der Markenschutz für das Upcycling birgt und welchen Spielraum das TRIPS-Abkommen für nachhaltige Durchsetzungspraktiken lässt.

Der Reiz des rezensierten Buches liegt insbesondere in den zeitgemässen Beiträgen zu einem wichtigen Thema und in der Vielfalt der Perspektiven. Für alle, die sich für Nachhaltigkeit und geistiges Eigentum interessieren, ist dies ein Denkanstoss. Diese Rezension setzt sich kritisch mit den vorgeschlagenen Ideen, den vorgestellten Initiativen und den diskutierten Grenzen des IP-Rechts auseinander. Es werden zusätzliche Überlegungen angestellt, unter welchen Umständen der Schutz des geistigen Eigentums von Luxusprodukten gerechtfertigt ist, wie Markenämter besser beurteilen könnten, ob eingetragene Produkte das halten, was sie versprechen, welche Bedingungen den erfolgreichen Transfer grüner Technologien beeinflussen und inwieweit sich TRIPS-Flexibilitäten für Durchsetzungsmassnahmen auch auf nationaler Ebene widerspiegeln.

Als nächster Schritt sollte ein ganzheitlicher Ansatz für Nachhaltigkeit und geistiges Eigentum verfolgt werden. Dies könnte erreicht werden, indem die verschiedenen hier besprochenen Vorschläge miteinander in Beziehung gesetzt werden und ein Überblick über bestehende Möglichkeiten gegeben wird, die bereits (in einigen Fällen) genutzt werden, mögliche Wege, die noch nicht beschritten wurden, und Änderungen, die im Gesetz erforderlich wären, um nachhaltigere Produkte, Produktionsprozesse und Dienstleistungen zu fördern. Eine solche Analyse würde auch dazu beitragen, geistiges Eigentum als Teil der Kreislaufwirtschaft zu verstehen und mögliche Lösungen im Zusammenhang mit anderen Regelbereichen zu sehen.

Résumé

Le livre de Jacques de Werra, Intellectual Property & Sustainable Development, rassemble différentes perspectives sur la manière dont les préoccupations en matière de durabilité peuvent être prises en compte dans le droit de la propriété intellectuelle. Il discute comment le droit des marques et des brevets pourrait promouvoir une plus grande durabilité dans la mode de luxe, comment le greenwashing peut être évité par le droit de la concurrence déloyale et d'autres réglementations, comment le transfert de technologies vertes peut être facilité, quels obstacles la protection des marques présente pour l'upcycling et quelle marge de manœuvre l'accord ADPIC laisse pour des pratiques d'application durables.

L'intérêt de l'ouvrage ici revu réside en particulier dans sa contribution opportune à un sujet important et dans la diversité des points de vue qu'il présente. Pour tous ceux qui s'intéressent à la durabilité et à la propriété intellectuelle, il est un point de départ stimulant pour la réflexion. La présente revue de cet ouvrage examine de manière critique les idées proposées, les initiatives présentées et les limites du droit de la PI qui sont discutées. Elle propose des réflexions supplémentaires sur les circonstances qui justifient la protection de la PI des produits de luxe, sur la manière dont les offices des marques pourraient mieux évaluer si les produits enregistrés tiennent leurs promesses, sur les conditions qui influencent le succès du transfert des technologies vertes et sur la mesure dans laquelle les flexibilités de l'ADPIC pour les mesures d'application se reflètent également au niveau national.

L'étape suivante consiste à adopter une approche holistique de la durabilité et de la propriété intellectuelle. Cela pourrait être réalisé en mettant en relation les différentes propositions discutées ici et en donnant un aperçu des possibilités existantes qui sont déjà (dans certains cas) utilisées, des voies possibles qui n'ont pas encore été explorées et des modifications qu'il faudrait apporter à la législation pour favoriser des produits, des processus de production et des services plus durables. Une telle analyse permettrait également de replacer la propriété intellectuelle dans le contexte plus large de l'économie circulaire en établissant un lien entre les solutions du droit de la propriété intellectuelle et d'autres réglementations visant le même objectif.