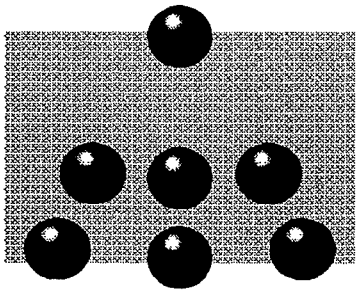
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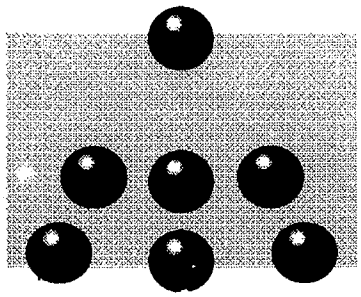
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ASEAN REGIONAL SYMPOSIUM ON TEACHING AND TRAINING OF INTELLECTUAL PROPERTY



KUALA LUMPUR, JULY 6 - 8, 1995

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FACT FINDING AS A METHOD OF RESEARCH IN INTELLECTUAL PROPERTY : TRAINING OF TRAINERS IN THE FIELD OF INTELLECTUAL PROPERTY.

by

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Fact Finding as a Method of Research in Intellectual Property

and

Training of Trainers in the Field of Intellectual Property

presented by

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I. Introduction

Kindly allow me to first introduce, albeit very briefly, the Max Planck Institute for Foreign and International Patent, Copyright, and Competition Law in Munich, since an understanding of how the Institute works provides a basis for the two topics I have been asked to give a presentation. The first topic deals with a certain way of **research** conducted by members of the Institute, the second concerns **education** and **training** that goes hand in glove with the Institute's research work.

The Max Planck Institute rose from humble beginnings as a two-room location in the German Patent Office just after the Second World War. At that time, it was not yet a Max Planck Institute, nor was its purpose the same as today's. Rather, it was founded as a think-tank to the German Patent Office that wanted to obtain knowledge on the patent systems of other countries in order to be well-prepared for eventual international conferences on intellectual property matters. In this respect, it was clearly meant to serve German interests, and more particularly, the interests of the German Patent Office. This changed after the untimely death of the first President of the German Patent Office, Professor Eduard Reimer. A more academic approach was taken, when the research facilities and the hitherto employed researchers were integrated into the Institute for Copyright and Intellectual Property Rights at the University of Munich headed by Professor Eugen Ulmer. In 1967, this Institute was transformed into a Max Planck Institute, while the relationship with the University of Munich was kept. As a part of the Max Planck Society for the promotion of science, the Max Planck Institute is funded almost exclusively by government money, 50 percent being provided by Federal Government, 50 percent by the Länder-Governments. The University Institute, being integrated into the Max Planck Institute, provides for about 1/10 of the total funding. Despite such dependence on government money, it is worthy to note that the Institute is completely free in its

research work and in chosing its research topics. Neither Federal nor Länder Governments have any right to interfere with the way research is conducted and the results thereof. More often than not, the Institute's research findings do not correspond to ideas of the Ministry of Justice, that in Germany is responsible for legislation in the field of intellectual property rights.

II. Fact Finding as a Method of Research in Intellectual Property Rights

The Institute is free in chosing its research topics, and equally free in chosing the ways it wants to conduct research. Annually, members of the Institute publish about thirty books apart from numerous articles. In addition, the Institute edits two law journals, one in English and one in German. While this is certainly an impressive result of the research work conducted at the Institute, it is a well-known problem in all countries that academic research is almost always in danger of becoming too academic. As a result, practitioners and courts do not take academics seriously, let alone enter into a fruitful discussion with them. The fact is highlighted by an English saying that academics are "not read till dead" in other words, only taken seriously by judges once they have passed away. In Japan, matters may even be worse than in England. For Japan, one could almost say: "Not read till dead, and never quoted", as Japanese discussions, although at times relying on academic writing, would not go as far as quoting those sources. A former Commissioner of the Japanese Fair Trade Commission, whom I once asked if he had ever relied on commentaries on the Japanese Antimonopoly Act before making up his mind concerning certain decisions, just remarked that in fact, he had never even looked into one of those commentaries. On the other hand, German court decisions fairly frequently, if not always, rely on academic writings in their legal reasoning. How could such difference in approach be explained?

One of the reasons could be that in German academic research, empirical studies and fact-finding research have played an important role. Fact-finding research is important insofar as it is complimentary to the average way research is conducted. Instead of asking "How should it be?", fact-finding research tries to find out what actually happens. This, by definition, essentially involves the study of court work and court decisions. More recently, fact-finding research has been used by the Max Planck Institute also with the ambitious goal of helping to harmonize the laws of intellectual property rights within the European Union. Different from a study of the written rules and regulations, fact-finding research can point out the actual differences that exist between various countries. This, in the end of the day, is also what the user of a legal system is interested in: What is actually the outcome or the likely outcome of a dispute once the legal system is used. In the latter sense, fact-finding research could also be an important tool in harmonizing laws within Asia, although only as a step II. While the first step is the harmonization of rules and regulations that within the European Union has been achieved on a fairly advanced level at least for patent and trademark law, this picture may completely change when looking at the actual results of patent/trademark applications, nullification suits or infringement suits in different countries.

To summarize the above, fact-finding research in general acts as a complimentary tool in regard of normal academic research: It gives a feedback for both legislation and academic writing on what impact legal instruments do actually have on the outcome of law suits. It can, incidentially, also be extremely helpful to jurisdiction as a reflection of what is actually happening in court. In the field of law comparison, it is the only means of spotting actual differences between legal systems, where the statute books would lead to the conclusion that there are none. Or, vice versa, it may show that differences between legal systems are actually much smaller than legal instruments may suggest.

After this brief introduction into the purposes of fact-finding research, please allow me to give some examples of research projects conducted by the Max Planck Institute in the course of the last twenty years.

On a purely national level, three fact-finding research works have focused on German Unfair Competition Law. German Unfair Competion Law is an especially rich field for fact-finding research, as about 20.000 decisions are rendered annually under the general clause of Art. 1 Unfair Competition Act alone. But not only does Germany boost a general clause for the Unfair Competition Act, it also entitles consumer associations to sue. The standing of consumer associations and the possibility of their recovering the costs for legal proceedings from the losing party have immensely boosted the number of law suits in this field. This certainly gives rise to the question in how far the purpose of the Unfair Competition Act, namely the protection of competitors and consumers is served by such intensive legal activity. Three fact-finding studies have focused on this problem.

(1) "Suppression of Unfair Business Practices by Consumer Associations" by von Falckenstein (1977);

(2) "Damages to Consumers by Unfair Competition" by von Falckenstein (1979); and

(3) "Legal Costs in Proceedings Under Unfair Competition Law" by Kur (1980).

All three studies combine basically two methods of fact-finding research: Interviews with parties to the law suit, their legal representatives, and judges on the one-hand-side, and seaving through more than 3.000 files of law suits on the other.

The first two studies basically revealed that although consumer association suits are an indispensable tool for consumer

protection, it is not always efficient. In several cases, it could be traced that not only consumer associations, but also individual consumers should be endowed with the possibility of suing. The more so, since the interests of consumer associations and individual consumers do not always converge.

The last work focused on a different angle of law suits in the field of unfair competition law, namely the problem of the risk to be burdened with costs of such a law suit. It revealed that in many cases, consumer associations that were seriously interested in protecting consumer interests more often than not had to face a considerable risk to be burdened with costs due to a very high value of the cases involved. But a very important cost-cutting tool was the interim injunction that not only reduced the value of the case, but also helped to terminate cases at a very early stage. These results that were extremely important for detecting how the fairly complex structure of the Unfair Competition Act actually worked, have helped a great deal in focusing on problems that could not be found in the letter of the law.

Two further studies have been ground-breaking in terms of comparative law. Both research studies deal with infringement procedures of intellectual property rights in various countries of the European Union, namely Germany, France, Italy, and the United Kingdom. One of the studies deals with patent, the other with trademark infringement suits:

(1) "Infringement Suits in Patents and Utility Models in Germany, the UK, France, and Italy" by Stauder (1989);

(2) "Trademark Infringement Suits in Selected Countries of the European Community" by Bastian/Götting/Knaak/Stauder (1994).

In the first study, a total of roughly 1.000 infringement suits in four countries between 1981 and 1983 were covered. While the study was particularly meant to promote a community patent system and a community patent court, it nevertheless contained valuable information on the different legal structures in the four countries covered. The most important recommendations that were made on the basis of such fact-finding research were the concentration of patent infringement suits to few specialized national courts and the amalgamation of infringement suit and nullity counterclaim in the same procedure. The most significant differences in national procedure concerned the duration of infringement suits and interim measures, such as interim injunctions and the seizure of infringing goods.

The second study concerned trademark law, an area that has been most thoroughly harmonized within the European Union in the last years. The fact-finding study provides information on how the enforcement of trademark rights functions in practice in the individual Member States of the EU, namely in the Benelux-countries, in France, in the U.K., in Italy, and Germany. The purpose of the study was to reveal where upon these countries there was common ground and where there were differences, obstacles and problems concerning trademark infringement procedures, and where particularly effective instruments for the enforcement of trademark rights had been created. The empirical foundation of the above study was case material contained in court records of trademark infringement proceedings filed between 1983 and 1984, a total of roughly 1.000 cases. The results of the study have revealed that despite the across-the-board harmonization, significant differences in the application of the trademark laws remain. To give some details:

(1) Opposition procedures against the registration of trademarks seems to be preferable, especially time and cost-saving, to procedures that can challenge registered marks only in court actions.

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(2) Proof and assessment of damages vary a great deal in the countries covered by the above study.

(3) Factors of time and expense compel parties in different countries to a varying degree to reach settlements before a decision is pronounced. Proceedings seem to be swiftest in Germany and slowest in Italy, while litigation is most expensive in the U.K.

Both the above studies reveals that national procedural law differs to a far greater extent in the countries surveyed than does substantive law. These differences have at least as far reaching an influence on the protection of intellectual property rights as do differences in substantive law. For this reason, both studies view it as mandatory to include procedural law in the harmonization process within Europe.

It stands to reason that fact-finding researches, such as the one outlined above, are not only useful in the German or European context. Rather, they could serve any country to make its system of intellectual property protection more user-friendly and cost-effective, maxims that have been added weight by the obligations under the TRIPs-Agreement to provide for *effective* protection of such rights. In addition, such research would greatly facilitate the envisaged harmonization of intellectual property rights between different Asian countries.

Certainly, while the fact-finding research is extremely beneficial in some respects, it also commands a much higher input than average research. It requires a ready access to court files and a basic filing system that allows to find out about pending procedures and decisions in matters of intellectual property rights. This is certainly much easier in countries that have specialized chambers or courts for such matters than in others. In the above-mentioned studies, it was especially difficult to obtain access to material in Italy, as Italy has no specialized

courts dealing with matters of patent and trademark infringement suits.

III. The Teaching of Teachers

The above explanations concerned a certain way research is conducted at the Max Planck Institute. But certainly, qualified research needs qualified researchers. Where, in other words, do they all come from?

Let me start at the university level. Legal education in Germany takes an average of four to five years until the first bar exam. After the exam, successful candidates would then go through a trainee period of two years at different law courts, the local administration and a law office. This two-year training period is followed by the second bar exam that qualifies to work as a career judge, a public prosecutor or an attorney-at-law. Legal education, therefore, is supposed to be general and to include all branches of law. While education in civil law makes up for about one-half of the total legal education at both stages, intellectual property rights unfortunately have not been part of the curriculum until a revision of the legal education two years ago. Until two years ago, intellectual property rights could not even be taken as an optional subject that would count for the bar exam. Now, students in their third year have to choose from various optional subjects, one of which is "competition, anti-trust, intellectual property rights, and related subjects". In choosing this branch of law, students are then required to write one of their papers (normally examinations of four hours each) in said subject. Although this possibility of specialization on a university level has been introduced, as yet no academic chair is exclusively reserved for intellectual property rights. More or less, all German professors that *inter alia* teach intellectual property rights, copyright, competition or antitrust law are also required to teach civil law in general. This certainly helps to maintain the vital link between civil law in general and

intellectual property rights in special, but it might not be particularly helpful in fostering in-depth research on intellectual property rights alone. In addition to legal education, courses on intellectual property rights, especially patent law, are also offered for students studying natural sciences or engineering. I will come back to the reasons for this in a minute.

The courses on intellectual property rights at universities are mostly taught by professors that are not exclusively, but also specialized in this field. Especially at the University of Munich, members of the Max Planck Institute also teach courses in said subject, although this is not mandatory. Different from the general perception, the Max Planck Institute is a mere research institute. It does not oblige its research staff to teaching activities. Yet most of them do, as specialists in the field of intellectual property rights are scarce. I, myself, lecture at a German university on Japanese intellectual property rights, something even more specialized than normal courses on intellectual property rights. The interest of students in intellectual property rights, copyright, and competition law is hardly overwhelming. Courses with 20 people can count as a success. Nevertheless, interest is increasing.

After the first bar exam, many qualified students before entering their two-year trainee period, take up to writing a doctorate thesis. Here, the Institute annually offers 20 to 30 grants to German students wanting to write a doctorate thesis specialized in matters of intellectual property right, copyright or competition law. Most of the Institute's monographies, up to now numbering more than 100, have been written as doctorate theses. As an average, a doctorate thesis in matters of intellectual property rights would take an average of two to three years to complete. Most of the students would choose the topic by themselves. The same applies to foreign researchers coming to the Institute. Their purpose of research can vary: Some may want to obtain a Masters Degree from the University of Munich, writing

in intellectual property rights, thereby specializing in these areas.

The teaching the Max Planck Institute offers is certainly not a teaching in the classical sense of "teacher/student". A lot depends on own initiative and on research work, and teaching is very often replaced by guidance and advice.

Finally, a word about **funding**: As I have mentioned above, annually 20 to 30 grants are offered by the Max Planck Institute to German students writing a doctorate thesis. Foreign researchers can apply for grants by the Max Planck Institute as long as they are or will become academics in the field of intellectual property rights. Others, such as personnel from foreign patent offices, patent attorneys or attorneys-at-law are accepted as guest researchers on condition that they propose a worthwhile research topic. In general, they are not eligible for grants.

With these remarks, I would like to conclude my talk and hope to have given you a better understanding of the way teaching and research in matters of intellectual property rights is performed in Germany, and particularly, at the Max Planck Institute in Munich.

Thank you very much.