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Direct effect in Ukraine of IPR provisions from the EU/Ukraine free trade agreement: a principled approach to the Zentiva case

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Anastasiia Kyrylenko is a Doctoral Researcher at the University of Alicante, Spain, in the framework of EIPIN Innovation Society Programme. Her thesis concerns the intellectual property provisions, contained in the three free trade agreements that the European Union concluded with Eastern Neighbourhood countries, and more particularly how these provisions fit within the EU Trade and External IPR policies and within the legal order of recipient countries.

The abstract:

In 2018, the Supreme Court of Ukraine rendered its first ruling concerning the direct effect of the EU/Ukraine Association Agreement: it confirmed the primacy of Art. 198 of the Agreement, referred to cancellation of trademarks for non-use, over similar provisions of Ukrainian legislation. This article approaches the reasoning of the Supreme Court in light of the Ukrainian legal order and previously rendered case law. Considering the absence, in the SCU ruling, of clear-cut criteria to discern directly effective norms, a comparative stance is taken to the available case law from the Court of Justice of the European Union and that of national courts of Central and Eastern European countries before their accession to the Union. It is observed that other factors, beyond the domestic legal order and the content of the agreement at scrutiny, influence a pro-monist interpretation by the judiciary, namely a voluntary approximation of non-EU judiciaries to the *acquis*. It is argued that, in order to preserve legal certainty and in light of Ukraine's pro-European aspirations, a more teleological interpretation of the Association Agreement should be adopted by the judiciary. In the case of intellectual property provisions, this would help avoiding word-for-word transplantations of foreign norms and preserving 'FTA-flexibilities', contained in the Association Agreement.

Keywords: direct effect, Association Agreement, free trade agreement, intellectual property, norm conflict, TRIPS flexibilities.

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DIRECT EFFECT IN UKRAINE OF IPR PROVISIONS FROM THE EU/UKRAINE FREE TRADE AGREEMENT: A PRINCIPLED APPROACH TO THE ZENTIVA CASE

I. INTRODUCTION[1]

On July 17, 2018 the Supreme Court of Ukraine (hereinafter also 'SCU'), in a lawsuit of a Czech-based pharmaceutical company 'Zentiva' against a Ukrainian company 'Alliance of Beauty'[2] concerning the non-use of a latter's trademark, recognized Article 198 of the EU/Ukraine Association Agreement (hereinafter, 'EU/Ukraine AA') as having direct effect in Ukraine and as taking precedence over the corresponding provisions of the Ukrainian Trademark Law. This landmark case, which took only 10 months from the first instance lawsuit, through the Kyiv Appeal Court and up until the Supreme Court, and the resulting judgment were highly awaited by the Ukrainian professional IP-circles. Nevertheless, the precedent it sets[3] concerning a possible direct effect of the remaining provisions in the one hundred articles long IPR Chapter of the AA confirms its relevance beyond just Ukrainian borders.

In the following pages, I will approach the criteria applied by the Supreme Court, when considering the applicability of Art. 198 of the Association Agreement to the *Zentiva* case. Previously available Ukrainian case law concerning the direct effect of international treaties, including cases that involve the Partnership and Cooperation Agreement between the European Communities and Ukraine, will allow me to discern the doctrinal approach adopted by the Ukrainian judiciary. Case law of the Court of Justice of the European Union concerning the direct effect of Association Agreements within the European legal order, as well as the stance taken by Central and Eastern European countries before their accession will serve me as a comparative reference point in illustrating the role

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[2] *Ukraine:* Case No 910/14972/17 *Zentiva k.s. v MEDT and Alliance of Beauty* [2018] Supreme Court
[3] Under the Ukrainian legal system, precedents are not considered as sources of law, but the SCU judgments have a role of interpretative tool for lower instances court. See Section VI.

of judiciary for voluntary legal approximation. Finally, the latest Ukrainian case law that once again questions the role of Art. 198 in trademark lawsuits will be used as a conclusive example to emphasize potential issues, which arise from the approach taken by the Supreme Court in the *Zentiva* case.

II. EXPOSITION OF THE ZENTIVA CASE

In essence, the *Zentiva* case resulted from the plaintiff's previous intent to register 'Crystal', in both English and Ukrainian spelling, as a trademark for goods from Class 5, and the subsequent Trademarks' Office refusal based on an earlier trademark right to a 'bio CRYSTAL' sign, registered for the same goods by a Ukrainian company 'Alliance of Beauty'[4]. Having allegedly noted that the earlier trademark right was not being used by its owner, Zentiva turned itself to the Kyiv Commercial Court, asking for its revocation due to non-use. This claim was based on the corresponding provision of the Ukrainian Trademark Law, whose Article 18(4) provides for a three years' non-use grace period.

It is interesting to observe in the materials of the first instance case, how the arguments of both parties originally revolved around the actual fact of use or non-use of the trademark in question, until the proceedings were joined by the Ministry of Economic Development and Trade (hereinafter also 'Ministry of Economy', 'MEDT'), acting as co-defendant[5]. In its first submission, the MEDT sustained that, as the EU/Ukraine AA had entered into force on September 1, 2017, its provisions, and namely Article 198, establishing a five years non-use period, shall be directly applicable to the case[6]. The trademark under scrutiny having been registered on 25.03.2013, the MEDT sustained the lawsuit as premature. Accordingly, the main defendant changed his strategy, and throughout the remaining proceedings based the defence on the application of the five years' period to the case. In turn, the

[4] *Ukraine:* Case No 910/14972/17 *Zentiva k.s. v MEDT and Alliance of Beauty* [2018] Commercial Court of Kyiv

[5] Although somehow usual, the practice of summoning the Ministry of Economic Development and Trade, as the executive body responsible for the State Registry of Industrial Property Rights, is common under Ukrainian case law. This enables the competent court to impose a legal obligation on the Ministry as the result of the case (e.g. to cancel the registration of an industrial property right).

[6] *Zentiva* lawsuit was filed in first instance on 08.09.2017.

plaintiff sustained that the AA foresees 'a **gradual and consistent** approximation of the Parties' legislation […] and not an approximation, which would have happened on 01.09.2017, immediately after the Agreement's entry into force [emphasis added]'.

The Kyiv Commercial Court finally dismissed Zentiva's lawsuit, basing its reasoning on Art. 9 of the Ukrainian Constitution, according to which the international agreements, consent to the binding nature of which had been given by the Ukrainian Parliament, are part of the Ukrainian legislation. Furthermore, Articles 26 and 27 of the Vienna Convention on Law of Treaties are recalled, as well as Art. 19 of the Ukrainian Law on International treaties and Art. 10 of the Civil Code, according to which, in case of discrepancies, an international agreement shall prevail over a Ukrainian legal act. As to the plaintiff's argument concerning the gradual approximation of the legislation, the Court confirmed it, but further established that Art. 198 of the Agreement may be applied directly, as it 'creates new standards of intellectual property rights' protection'. Indeed, unlike Arts. 114, 124 and 133 of the Agreement, no mention of transposition into national Ukrainian legislation is done in Art. 198 or in general clauses preceding it. As a further argument for such a direct effect, the judge recalls that no deadlines for implementation are foreseen in the corresponding IPR Chapter of the Agreement. It is true that, unlike the IPR Chapter included in the EU/Cariforum Economic and Partnership Agreement[7], no general deadline is given for the commitments contained in the IPR Chapter of the Ukrainian Agreement. Nevertheless, Arts. 249 and 250(6) of the Agreement do establish an 18 months' transitional period for digital enforcement and a 3 years' transitional period for customs enforcement obligations. Finally, no guiding criteria were included by the Court to sustain the differentiation between norms which could be directly applied and those, which could not.

[7] Art. 139(4)

The subsequent appeal judgment, initiated by the Czech company, gives no further material for its analysis, as it basically copy-pastes the already cited conclusions of the first instance court[8] and confirms its decision on the applicability of a five years' non-use period to the case.

It is when considering the cassation appeal, based on the allegedly erroneous application of substantive law, that the Supreme Court evaluates the plaintiff's arguments against the direct effect of Art. 198 of the DCFTA. At times sarcastic, the SCU rejects the plaintiff's reasoning that, according to the Ukrainian legislation, 'only **rules**, and not standards' shall be directly effective, stating, that no such distinction may be found in the Law of Ukraine on International Treaties. Furthermore, the Court states that the Kyiv Commercial Court and the Kyiv Appeal Commercial Court shall not be bound by the requirement to directly apply only those norms of international treaties, which are 'formulated as directly effective norms', as sustained in the Order of the Highest Specialized Court of Ukraine for Civil and Criminal cases[9].

Neither did the plaintiff's arguments concerning the meaning of the introductory sentence 'the Parties shall […]', used throughout the Agreement in its English version, and concerning the 'vague' meaning of Art. 198 convinced the Supreme Court. The Court also reminds the plaintiff, that no 'negative precedential consequences' might be caused by the judgment, as the Ukrainian legislation does not recognize precedents as a source of law.

The SCU further rejects the mere existence of governmental implementation plans for the AA as an argument against its direct effect. The Court cites Art. 1 of the Association Agreement, whereby 'gradual rapprochement' between the Parties is stated as one of the Agreement's objectives. It then states that no mention of 'gradual and consequent approximation of the Parties' legislation in the field of intellectual property through [the norms'] implementation [into domestic legislation]' is done in the

[8] *Ukraine:* Case No 910/14972/17 *Zentiva k.s. v MEDT and Alliance of Beauty* [2018] Appeal Commercial Court of Kyiv

[9] *Ukraine:* Order No 13 *On the application of international treaties by courts when administering justice* [2014] Highest Specialized Court for Civil and Criminal Cases
After the 2014 judicial reform in Ukraine, the four judicial system was reduced to three levels; Highest specialised courts were supressed.

Agreement. Indeed, unlike the Association Agreements with Georgia and Moldova[10], the Ukrainian Agreement avoids any references to a need for domestic implementation of IPR-related obligations.

Finally, following the longstanding tradition of literary interpretation, common for post-Soviet countries[11], the Supreme Court dismissed the appeal and confirmed the decision of the Kyiv Appeal Commercial Court.

III. A CALL FOR A PRINCIPLED APPROACH

Although, to the best of my knowledge, the *Zentiva* case has been the first one to reach the Supreme Court of Ukraine concerning the direct effect of the Association Agreement, not only in matters of intellectual property, several theoretical considerations of the issue were already made available prior to the entry into force of the Agreement[12]. Researchers had observed the potential discrepancies between the national legislation and provisions on financial services[13], movement of capital and intellectual property rights[14].

What is more, the status of similar international agreements and of their direct effect within the Ukrainian constitutional framework had been questioned by scholars prior to the signature of the AA itself[15]. The review of the case law concerning the direct effect of other international agreements ratified by Ukraine, including the European Convention of Human Rights and the Partnership and Cooperation Agreement with the European Communities, also contributes to the analysis.

[10] Art. 272 of the EU/Georgia AA and Art. 408 of the EU/Moldova AA establish that a "domestic law" inconsistent with Union law, that is the object of approximation provisions under the DCFTA, shall be repealed.
[11] P Van Esluwege, R Petrov, 'Concluding remarks' in P Van Esluwege and R Petrov (eds), *Legislative Approximation of EU Law in the Eastern Neighbourhood of the European Union. Towards a Common Regulatory Space?* (1st edn, Routledge 2014) 263
[12] V Tchaikosvka, 'On the direct effect of EU/Ukraine Association Agreement in the Ukrainian legal order' (2015) 3 Jurnalul Juridic Național: Teorie și Practică
N Haletska 'National Implementation of the EU/Ukraine Association Agreement: some theoretical aspects' (2014) 66 State and Law: compilation of academic works
Y Krainiak, ´From 3 to 5: non-use period for TM as a reason to get a closer look to the Association Agreement´ (20 June 2018). <http://yur-gazeta.com/publications/practice/inshe/vid-3-do-5-stroki-nevikoristannya-tm-yak-privid-rozibratisya-z-dieyu-ugodi-pro-asociaciyu.html> accessed January 21, 2019.
[13] See Tchaikosvka, above, No 12, at 110
[14] See Krainiak, above, No 12
[15] R Petrov, 'Legislative approximation and application of EU law in Ukraine' in P Van Esluwege and R Petrov (eds), *Legislative Approximation of EU Law in the Eastern Neighbourhood of the European Union. Towards a Common Regulatory Space?* (1st edn, Routledge 2014) 139

Nevertheless, before proceeding with such analysis, a line shall be drawn between the case-law resulting from the application of an Agreement's provision in the domestic legal system (be such provision in form of a static or a dynamic commitment) and the application, by third countries' judiciaries, of the case law from the Court of Justice of the European Union, to interpret the lawsuits such judiciaries are facing (the so-called 'indirect effect' of the Union's law). The second case scenario, where the judiciary goes beyond mere international public law principles, is becoming more and more common in the European Union's Neighbourhood[16], but does not directly concern the issue of direct applicability of an Association or a Partnership and Cooperation Agreement.

The aforementioned Partnership and Cooperation Agreement (hereinafter also 'PCA') was concluded between Ukraine and the European Communities in mid-90s and is a predecessor of the current Association Agreement. This agreement, together with nine more PCAs concluded in the Eastern Europe, the Southern Caucasus and Central Asia, came to regulate the relations between the European Communities and the newly independent states, which emerged after the dissolution of the Soviet Union. The objectives of various PCAs were similarly phrased and, apart from broadening the political dialogue and fostering cooperation between the Parties, were aimed at accompanying the post-Soviet countries' transition from centrally planned to market economies. In trade-related matters, such 'transformative engagement'[17] of the European Communities was two-fold: first, certain elements of the WTO system were introduced in the PCA; second, an export of the *acquis communautaire* was initiated. Consequently, a best endeavour clause on the approximation of Ukrainian legislation to the *acquis* was included in the PCA[18], with an open list of fields to be approximated. Moreover, in what intellectual property is concerned, a dynamic obligation was

[16] For intellectual property cases, see *Moldova:* Case No 2c-613/17 *Konsortsium-PIK v JSC "NIZHPHARM", AGEPI* [2017] Civil Court of Chisinau, citing *CJEU:* Judgment in Verein Radetzky-Orden v Bundesvereingigung Kameradschaft "Feldmarschall Radetzky", C-442/07, ECLI:EU:C:2008:696, to interpret the notion of effective use of a trade mark; also see Resolution of the Plenum of the Supreme Court of Moldova no 1 from April 25, 2016 "On the Application of Certain Laws on Copyright and Related Rights", where the CJEU case-law is directly referenced to for interpretation of the 'communication to the public' notion.
[17] A Magen, 'Transformative Engagement Through Law: the Acquis Communautaire as an instrument of EU External Influence' (2007) 9 EJLR
[18] Art. 51 of PCA

included, whereby Ukraine committed itself to achieve 'a level of protection similar to that existing in the Community, including effective means of enforcing such rights' by 2003[19].

The PCA with Ukraine entered into force on March 1, 1998, almost two years after the adoption of the Constitution of Ukraine, already establishing the primacy of international law over domestic law in its first redaction. Unlike its counterparts in the region with similarly worded provisions, the application of this Agreement did not become an important issue within the Ukrainian judiciary. Only few cases can be reported from the analysis of the available case law[20]. The Apostille Convention[2122] and the TRIPS Agreement[2324] are one of the few other international conventions, whose direct effect under Art. 9 of the Ukrainian Constitution was recognized by the judiciary of the highest instance, and could be reported within the present research.

The European Convention on Human Rights, ratified by Ukraine in 1997, is by far the most cited international agreement in the relevant case law. It can partially be attributed to the existence, since 2006, of a specific law 'On execution of judgments and application of the case law of the European Court of Human Rights'[25]. Arts. 17 and 18 of this Law stipulate that Ukrainian courts, when considering the cases brought to them, shall apply both the Convention and the ECtHR case law as sources of law. Even in light of these clauses, sustains Petrov, the judgments of the ECtHR are applied sporadically 'to suit the needs of argumentation in a particular case'[26].

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[19] Art. 50 of PCA

[20] *Ukraine:* Case No 2610/10705/2012 *Premier Palace* [2012] District Shevchenkisvkyy Civil Court of Kyiv Also see Petrov, above, No 15, at 150

[21] The Hague Convention Abolishing the Requirement of Legalisation for Foreign Public Documents, 5 October 1961 (hereafter Apostille Convention)

[22] *Ukraine:* Case No 803/491/13-a [2015] Highest Administrative Court

[23] Agreement on Trade-Related Aspects of Intellectual Property Rights, 15 April 1994, in the Marrakesh Agreement Establishing the World Trade Organization, Annex 1C (1994) (hereinafter also 'TRIPS')

[24] *Ukraine:* Case No 6-7384св09 *Gianni Versace v Person 1 and Southern Customs Office* [2009] Supreme Court

Ukraine: Case No 6-7377св09 *Guccio Gucci SPA, Zino Davidoff SA, LACOSTE, Parfum Nina Ricci, Paco Rabanne Parfums, Kenzo Parfums, Chanel CARL, Parfums Givenchy, Calvin Klein Trademark Trust, Parfums Christian Dior v Person 1 and Southern Customs Office* [2009] Supreme Court

[25] *Ukraine:* Law No 3477-IV *On the implementation and application of the European Court of Human Rights case law* [2006]

[26] See Petrov, above, No 15, at 141

These provisions were further reinforced by the Constitutional Court of Ukraine, which applied[27] the principle of 'friendly attitude towards the international law' in two cases that concerned the application of the ECHR and of the ECtHR case law. This constitutional principle underlines the willingness of Ukrainian judiciary to contribute to the approximation. At the same time, an important nuance can be found in the text of the case No 1-1/2016, from which the principle originates in Ukrainian practice: the Constitutional Court reminds that 'interpretation and application practice of the international treaties [ratified by the Parliament of Ukraine]', done by international judicial bodies, shall only be taken into account in cases, where Ukraine had recognized the jurisdiction of these bodies in its domestic system. This clarification is an important reminder against the reference to the CJEU case law, which can also be observed in the Ukrainian judiciary practice[28].

The abovementioned Order of the Highest Specialized Court of Ukraine for Civil and Criminal cases 'On the application of international treaties by courts when administering justice', which was applicable to civil and criminal cases until the judicial reform became effective end of 2017, was further limiting the direct effect of international treaties' norms to those norms which 'are drafted in the international treaty as having direct effect'[29]. No further criteria were given as to the definition of what 'drafted as having direct effect' might stand for, but norms establishing human and fundamental rights, and more particularly the ECHR provisions are cited as having such direct effect.

Nevertheless, the fact that the Commercial Chamber of the newly created Supreme Court did not consider this order as relevant to a commercial lawsuit illustrates the lack of homogeneity in the case law.

[27] *Ukraine:* Case No 1-1/2016 *On the constitutionality of Art. 13(1.1.3) of the Law of Ukraine "On psychiatric assistance"* [2016] Constitutional Court
Ukraine: Case No 1-13/2016 *On the constitutionality of Art. 21(5) of the Law of Ukraine "On freedom of conscience and religious organisations"* [2016] Constitutional Court
[28] *Ukraine:* Case No 554/3215/17 [2018] Supreme Court (Administrative Chamber)
In this case, the Supreme Court of Ukraine refers to the CJEU caselaw on the basis of the Law of Ukraine 'On the implementation and application of the European Court of Human Rights case law'.
[29] Para. 14

Tchaikovska also raises, *in abstracto*, the issue of norms addressed to different subjects (those directed to States vs. those directed to natural and legal persons).[30] Here, a comparison may be done between the wording of Art. 198 of the AA, addressed to the Parties to the Agreements, and that of Art. 10 of the ECHR, stipulating the right to freedom of expression for everyone, and cited by Ukrainian judiciary in its decisions[31]. According to the materials of the *Zentiva* case, this defence was not, unfortunately, raised by the plaintiff.

Drawing parallels between the ECHR and the future application of the Association Agreement, Petrov, back in 2014, asserts the need for a similar law, which would lay down the conditions of the Agreement's application[32]. At the same time, Tchaikovska raises the need for unified criteria to establish norms of international treaties having direct effect.[33] Considering the interpretative effect of the Supreme Court's judgments, such criteria might also find their place in further rulings concerning the direct effect of the Association Agreement or in an Order similar to that prepared by the Highest specialized court of Ukraine for civil and criminal cases prior to the judicial reform.

IV. EUROPEAN UNION: TELEOLOGICAL APPROACH

The CJEU's long-standing tradition of teleological interpretation justifies our interest to criteria developed by the Court's to this same problematics, direct effect within the Union's legal order of Association or of Partnership and Cooperation Agreements. It shall nevertheless be noted that, unlike what is sustained by Posykalyuk[34] concerning the relevance of the CJEU case law when deciding on direct effect of AA in the Ukrainian jurisdiction, such analysis is included in this article not because the CJEU case law as itself place a role inside the Ukrainian legal order, but to be able to draw an analogy on similar cases.

[30] See Tchaikovska, above, No 12, at 111
[31] Ukraine: Case No 450/292/16-ц [2016] Highest Specialised Court for Civil and Criminal Cases
[32] See Petrov, above, No 15, at 141
[33] See Tchaikovska, above, No 12, at 111
[34] O Posykalyuk, 'Importance of Acquis Communautaire in judicial practice: intellectual property rights' case law' (2017) Theory and Practice of Ukrainian legislation's adaptation to the Union law 64 – 67

Meryem Demirel v. Stadt Schwäbisch Gmünd[35] is usually cited as the landmark case concerning the direct effect, in this case of the Association Agreement between the then European Economic Community and Turkey. Related to the freedom of movement for workers, and not to intellectual property clauses, this ruling nevertheless brings criteria to distinguish a 'directly effective' provisions from the one which is not. The Court, although denying the direct effect of the concrete provision of the Association Agreement between the EEC and Turkey, sustained that for such direct effect to have place 'wording and the purpose and nature of the agreement' shall be taken into consideration, while 'the provision [shall] contain a **clear** and **precise** obligation which is not subject, in its implementation or effects, to the adoption of any subsequent measure [emphasis added]'[36]. The criteria of clearness and preciseness echo these same criteria, as applied since Case C-63/93 *Duff*[37] to the principle of the legal certainty, a fundamental principle of the EU law.

The *Demirel* doctrine was further extrapolated to Europe Agreements in *Gloszczuk*[38], *Pokrzeptowicz-Meyer*[39] and *Deutscher Handballbund eV* cases[40]. The Europe Agreements were Association Agreements, signed by the European Communities between 1994 and 1996 with Central and Easter European countries[41], correspondingly, as a pre-condition for their subsequent accession to the European Communities. Starting with the *Gloszczuk* case, the Court confirms that the criteria from *Demirel* are also applicable to Europe Agreements, and enters into analysing the Agreement's objectives and the wording of the provision, which was subject to preliminary ruling.

[35] *CJEU:* Judgment in Meryem Demirel v. Stadt Schwäbisch Gmünd, C-12/86, ECLI:EU:C:1987:400
[36] *Meryem Demirel v. Stadt Schwäbisch Gmünd*, ibid, para. 14
[37] *CJEU:* Judgment in Duff and Others v Minister for Agriculture and Food, Ireland, and the Attorney General, C-63/93, ECLI:EU:C:1996:51, para 20.
[38] *CJEU:* Judgment in The Queen and Secretary of State for the Home Department v Wieslaw Gloszczuk et Elzbieta Gloszczuk, C-63/99, ECLI:EU:C:2001:488.
[39] *CJEU:* Judgment in Land Nordrhein-Westfalen v Beata Pokrzeptowicz-Meyer, C-162/00, ECLI:EU:C:2002:57
[40] *CJEU:* Judgment in Deutscher Handballbund eV v Maros Kolpak, C-438/00, ECLI:EU:C:2003:255
[41] Czech Republic, Slovakia, Hungary, Poland, Latvia, Lithuania, Estonia, Slovenia, Romania and Bulgaria. All the ten countries, formerly known as Communist or Socialist states or having formed part of the USSR, finally became Member States of the European Union between 2004 and 2007.

One of the already mentioned Partnership and Cooperation Agreements also gave rise to a judgment on their direct effect in the European Union, albeit not concerning the IPR provisions, in what is known as the *Simutenkov* case[42]. Here, the Court of Justice was asked to determine whether Art. 23 (1) of the PCA with the Russian Federation had direct effect in Spain, so that a Russian football player could invoke the non-discrimination principle contained therein against the Spanish Football Association. Basing itself on the *Demirel* doctrine and further case law, the Court reminded that four criteria shall be considered when deciding on direct effect of a bilateral agreement's provision: (a) its wording; (b) purpose and nature of the agreements itself; (c) the provision to contain clear and precise obligation; (d) which is not subject, in its implementation or effects, to the adoption of any subsequent measure[43]. It then goes into analysing, criteria by criteria, Art. 23 (1) and the remaining relevant content of the PCA, namely Arts. 27 and 48. Inter alia, the Court sustained that, in what the possible direct effect is concerned, no distinction should be made between an agreement, whose objective is a prospective accession to the EU, and those merely establishing a form of cooperation[44]. This conclusion is further sustained by a reference to *Deutscher Handballbund* case, where the direct effect of a similarly worded provision from a Europe Agreement was established. Unfortunately, the Court failed to address the issue of linguistic differences between various language versions of the PCA. Such analysis had been done by the Advocate General[45]. As we have seen earlier, the issue of linguistic differences was also advanced by the plaintiff in the *Zentiva* case, but was rejected by the Supreme Court of Ukraine. Finally, the Court concluded on the direct effect of Article 23(1) of the PCA with the Russian Federation.

In what seems an intent to contravene the approach taken by the Court of Justice in the last 30 years, the direct effect of the provisions is now explicitly regulated in the 'new generation' free trade agreements, negotiated by the European Commission. For instance, such regulation may be found in

[42] *CJEU:* Judgment in Igor Simutenkov v Ministerio de Educacion y Cultura, Real Federacion Espanola de Futbol, C-265/03, ECLI:EU:C:2005:213
[43] *Simutenkov*, ibid, para. 21 and case law cited therein
[44] *Simutenkov*, ibid, para. 28
[45] For an overview, see C Hillion, 'Case-265/03' (2008) 45 CMLR 817-819

the Trade Agreement between the European Union and Colombia and Peru[46], in the European Union Central American Association Agreement[47], and in the latest version of the Economic Partnership Agreement between the European Union and the Southern African Development Community[48]. In the agreement with Vietnam, which is currently in the final stage of the negotiation, the issue is framed as a self-explanatory "No Direct Effect" clause[49]. Such clauses are further restated in the Council Decisions authorizing signature of the respective free trade agreement[50].

At the same time, unlike the already existing agreements with Latin American and certain African countries, the Deep and Comprehensive Free Trade Agreements, concluded by the European Union with its Eastern European Partners, only explicitly preclude the agreements' direct effect in the European Union itself, through a correspondent Council Decision[51]. Van der Loo[52] sustains that a unilateral Council Decision may not be interpreted as precluding the direct effect of provisions of a bilateral agreement, as a consent to such preclusion was not given by both Parties.

[46] Art. 336
[47] Art. 356
[48] Art. 122
[49] Art. 17.20 of the draft Trade Agreement between the European Union and Vietnam, < http://trade.ec.europa.eu/doclib/docs/2018/september/tradoc_157380.pdf >, accessed January 23, 2019.
[50] See, for instance:
Art. 7 of the Council Decision (EU) 2015/2169 of 1 October 2015 on the conclusion of the Free Trade Agreement between the European Union and its Member States, of the one part, and the Republic of Korea, of the other part OJ L 307, 25.11.2015, p. 2–4;
Art. 6 of 2014/492/EU: Council Decision of 16 June 2014 on the signing, on behalf of the European Union, and provisional application of the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part, OJ L 260, 30.8.2014, p. 1–3
Art. 5 of the 2014/295/EU: Council Decision of 17 March 2014 on the signing, on behalf of the European Union, and provisional application of the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Ukraine, of the other part, as regards the Preamble, Article 1, and Titles I, II and VII thereof, OJ L 161, 29.5.2014, p. 1–2
Art. 6 of 2014/494/EU: Council Decision of 16 June 2014 on the signing, on behalf of the European Union, and provisional application of the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part, OJ L 261, 30.8.2014, p. 1–3
[51] See Art. 6 of the Association Agreement between the European Union and Georgia; Art. 6 of the Association Agreement between the European Union and Moldova; Art. 5 of the Association Agreement between the European Union and Ukraine.
[52] G Van der Loo, The EU-Ukraine Association Agreement and Deep and Comprehensive Free Trade Area: a new legal instrument for EU integration without membership? (1st edn Brill Nijhoff 2016) 196-197

Two main approaches of the CJEU stand out from the above case law: firstly, that of teleological interpretation, not uncommon when interpreting EU Directives or Regulations, but being of outmost importance in case of international treaties; secondly, the protective approach towards its internal legal order. Casolari[53] states that this protective approach on the side of the European Union might be justified by the need to prevent a jeopardization of the European Union's principles and to protect EU law. Such protective stance is reflected in the criteria of clearness, preciseness, and needlessness of any subsequent implementation measures, advanced by the CJEU.

Another important reflection may be brought up: when analysing the *Simutenkov* case, Kalinichenko[54] advances a reasoning, whereby the recognition of a direct effect of a bilateral agreement relies to a certain extent on reciprocity among tribunals. Kalinichenko sustains that, apart from being welcomed by academic scholars on both sides, the *Simutenkov* case, and its corresponding recognition of equal treatment of Russian nationals in the European Union, encouraged the Russian judiciary to adopt similar rulings, albeit on other provisions of the EU/Russia PCA[55].

The issue of reciprocity, advanced by Kalinichenko, reminds us of the fact that the judiciaries of third countries might be guided by factors other than what is purely their domestic legal orders, when deciding on the direct effect of their bilateral agreements with the European Union. This statement becomes even more interesting if we consider an interpretative 'Information Letter'[56] sent by the Highest Administrative Court of Ukraine (hereinafter also 'HACU'), back in 2014, to the lowest instances of administrative justice. In this Letter, the HACU first warns of erroneous references to the CJEU case law as to a source of law, that had been reported in the lower instances' decisions. The HACU proceeds with explaining the difference in treatment of ECHR and CJEU cases,

[53] F Casolari, 'The Acknowledgement of the Direct Effect of EU International Agreements: Does Legal Equality still matter' in LS Rossi and F Casolari (eds.), *The Principle of Equality in EU Law* (1st edn, Springer 2018) 83-96

[54] P Kalinichenko, 'Legislative approximation and application of EU law in Russia' in P Van Esluwege and R Petrov (eds), *Legislative Approximation of EU Law in the Eastern Neighbourhood of the European Union. Towards a Common Regulatory Space?* (1st edn, Routledge 2014) 259

[55] Kalinichenko, above, No 54, at 259 reports *Russian Federation:* Case No BAC–6474/12 *Topol v Rospatent* [2012] Supreme Commercial Court as an illustration.

[56] See the Information Letter of the Ukrainian High Administrative Court No 1601/11/10/14-14 from November 18, 2014

when considering domestic lawsuits. But it is in the conclusion to this short Letter that we see the most important part: the Highest administrative instance cites the European vector of foreign policy, together with the Law of Ukraine on approximation of Ukrainian legislation to that of the Union, and, finally, the entry into force of the Association Agreement as three factors that shall encourage the administrative judiciary to use the CJEU case law as a persuasive source of law, when interpreting Ukrainian domestic legislation.

One more good illustration of such external factors, namely that of the accession aspiration by the-then non-members of the European Union, is the case law of the Central and East European countries prior to their adhesion to the Union, which will be considered in the following Section.

V. CENTRAL AND EASTER EUROPEAN COUNTRIES: FROM THE SOVIET TO THE EUROPEAN UNION

Central and East European Countries (hereinafter also 'CEECs') faced issues similar to that of Ukraine, in relation to the corresponding Europe Agreements between such countries and the then called European Communities.

Inheritors of the Soviet –or socialist– legal traditions, countries of the region came from the Soviet theory of international law, based on the principles of sovereignty and supremacy of the Soviet law. Art. 129 of the Principles of the Civil Law of the Soviet Union[57] stipulated a theoretical prevalence of international treaties, ratified by the Soviet Union, over the internal civil law norms. Similar norms were later in 1964 introduced into the Customs Code of the Soviet Union[58], in 1968 into the Principles of the Marriage and Family Law of the Soviet Union[59]. Nevertheless, in practice

[57] Adopted in 1961 by the Soviet Union Parliament. Served as the basis for Civil Codes of each of the Soviet Union Republics.
[58] Art. 20
[59] Art. 39

judges of the Soviet courts were quite reluctant to apply international law norms and were driven by political considerations and will of the executive branch, rather than by internal legal norms[60].

After gaining independence or formally withdrawing themselves from the Warsaw Pact, most of the emerging democracies, with the notable exception of Hungary and Slovak Republic[61], included an umbrella clause on the direct effect of international treaties into their national constitutions[62], thereby adopting a monist approach to the issue. Although not formally allied with the Soviet Union, Balkan countries, as part of back then Socialist Federal Republic of Yugoslavia, had also adopted a dualist approach to international law in order to avoid any international interference into internal affairs[63]. After the Soviet Union dissolution, most of the aforementioned countries quickly changed their practice to a monist system, which, for those of them with a membership perspective confirmed in their bilateral agreements with the European Communities, gave rise to a number of case law.

Negotiated in early 90s, the Europe Agreements contained a 'best endeavour' obligation, on the part of the beneficiary country, to undertake the approximation of laws to that of the Community in an open-list of trade-related matters, expressly including intellectual property[64]. Moreover, a five years' deadline since the entry into force of the corresponding Agreement was established for the country to provide, in matters of intellectual property rights, 'a level of protection similar to that existing in the Community, including comparable means of enforcing such rights'. Unlike the Partnership and Cooperation Agreements, the European Communities signed with Georgia, Moldova

[60] S Voskanov, ´The Soviet legal scholars' approach to the interrelation between international and national law. Legislation of foreign jurisdictions and international legal system´ (2003) 4 Law: Theory and Practice
[61] Art. 7 of the Hungarian Constitution; Art. 11 of the Slovakian Constitution prior to the 2001 reform.
[62] See, for instance, Art. 140 of the Constitution of Croatia; Arts. 3 and 123 of the Constitution of Estonia; Art. 6 of the Constitution of Georgia; Art. 138 of the Constitution of Lithuania; Arts. 9, 87 and 91 of the Constitution of the Republic of Poland; Art. 15 of the Constitution of the Russian Federation; Art. 9 of the Constitution of Ukraine.
[63] A Petricusic, E Erkan, 'Constitutional Challenges Ahead of the EU Accession: Analysis of the Croatian and Turkish Constitutional Provisions that Require Harmonization with the Acquis Communautaire' (2010) 22 UHP 153
T Capeta, D Mihelin, S Rodin, 'Croatia' in AE Kellerman et al (eds), *The Impact of EU Accession on the Legal Orders of New EU Member States and (Pre-) Candidate Countries – Hopes and Fears* (1st edn Springer 2006) 69-71
[64] See, for example, Arts. 66 and 68-69 of the EC/Poland Europe Agreement; Arts. 65 and 67-68 of the EC/Hungary Europe Agreement; Arts. 67 and 69-70 of the EC/Slovakia Europe Agreement; Art. 68 of the EC/Slovenia Europe Agreement.

and Ukraine during the same time period, the Europe Agreements also explicitly recognized the accession to the EC as the final objective of the signatory countries[65].

Such membership perspective largely contributed to a pro-European interpretation of law by national judges of the CEECs[66]. Considering the dynamic obligations of the CEECs countries, judicial harmonization became a soft tool for legal approximation at the pre-accession stage[67], with an extensive collection of relevant case law. Nevertheless, for the purposes of this article, and similarly to a disclaimer introduced as to the Ukrainian case law, it is important to draw the line between the cases, where the *acquis* provisions were applied as based on the Europe Agreement, from those, where the *acquis* was applied at the pre-accession stage, with no legal foundation, but in view of the further State's accession to the European Communities[68].

In the first category of cases, based on a similarly worded dynamic obligation to approximate national legislation to that of the EC in an open list of fields[69], national courts actively applied the *acquis,* including the corresponding case law of the then European Court of Justice.

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[65] See, inter alia, recitals to the Europe Agreement between the European Communities and Poland; and Hungary; and Estonia; and Latvia; and Lithuania.

[66] For Lithuania, see Y Goldammer, E Matulionyte, 'Towards an improved application of European Union Law in Lithuania: the examples of competition law and intellectual property law' (2007) 3 CYELP 307-330
For Poland, see A Lazowski, 'Adaptacja polskiego prawa do wymogów prawa Unii Europejskiej. Wybrane aspekty (Adaptation of the Polish legal system to European Union law: Selected aspects)' (2001) 45 SEI Working Paper 21

[67] For judicial harmonisation as a tool to legislative harmonization in Central and Eastern Europe, see, generally, A Albi, *EU Enlargement and the Constitutions of Central and Eastern Europe* (1st edn CUP Cambridge 2005) 52-60

[68] Considering linguistic limitations, the analysis of case law in CEECs is mostly based on English publications from academics of a corresponding country.
For Lithuania, see Goldammer and Matulionuté, above, No 66; for Baltic countries, the Czech Republic, Poland, and Slovakia, see C Varga, 'The Changing Judicial Patterns in Central Europe Pre- and Post-Accession' (2014) 55 Acta Jur Hung 87-106; for the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, see Albi, above, No 67; for Hungary see JO Milanese, 'The Road to EU Membership. Enforcing competition policy in Hungary: double protection and domestic developments' 25(1) Liverp Law Rev 79-106; for Slovenia, see M Škrk, 'The Role of the Constitutional Court of the Republic of Slovenia Following Integration into the European Union'. < https://www.us-rs.si/o-sodiscu/katalog-inf-javnega-znacaja/contributions/presentation-by-dr-mirjam-skrk-judge-of-the-constitutional-court-of-slovenia/> accessed January 21, 2019
Where an English translation of the judgment is available and was used, a corresponding source is indicated in footnotes.

[69] For a matter of reference, see Art. 69 of the Europe Agreement with Poland: 'The approximation of laws *shall extend to the following areas in particular*: customs law, company law, banking law, company accounts and taxes, intellectual property, protection of workers at the workplace, financial services, rules on competition,

The Constitutional Tribunal of Poland and the Supreme Court of Poland both relied on such 'best endeavour' provisions of the Europe Agreement, which explicitly covered the protection of workers at the workplace and competition law, when considering two cases on the different retirement for male and female employees and one on the regulation for individual barristers. The Constitutional Tribunal thus applied Art. 5 of the Directive 207/76/EEC on equal treatment for men and women as regards access to employment and the CJEU case law, including the *Marshall* case[70]; the Supreme Court applied Council Directive 77/249/EEC to the *Polish Bar* case[71]. At the same time, the Constitutional Tribunal of Poland, in the aforementioned case K. 15/97, timely reminded that the European Communities' law in itself had no binding force in Poland prior to its accession. In K. 11/03 the Constitutional Tribunal, relied on the constitutional principle of favourable disposition towards the process of European integration to support an EU-friendly interpretation of domestic law[72].

Likewise, the Czech Republic's Olomouc high court and later the Constitutional court[73], in the *Skoda* case on abuse of dominant position, applied Art. 64 of the Europe Agreement, which included by reference Arts. 85, 86 and 92 of the Treaty establishing the EEC. Nevertheless, when considering the issue of validity of the contract in question, the Constitutional Court sustained the application of the contractual law valid in the Czech Republic, as the obligation to approximate contractual law prior to the accession could not be deduced from the Europe Agreement.

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protection of health and life of humans, animals and plants, consumer protection, indirect taxation, technical rules and standards, transport and the environment [emphasis added].'

[70] *Poland:* Case K. 15/97 *Gender Equality in the Civil Service* [1997] Constitutional Court
Poland: Case K.27/99 [2000] Constitutional Court
both reported in Albi, above, No 67, at 53; and in Varga, above, No 68, at 96.

[71] *Poland:* Case SN N I CKN 1217/98 *Polish Bar* [2001] Supreme Court,
reported in Albi, above, No 67, at 53.

[72] S Biernat, 'Poland' in AE Kellerman et al (eds), *The Impact of EU Accession on the Legal Orders of New EU Member States and (Pre-) Candidate Countries – Hopes and Fears* (1st edn Springer 2006) 427
Poland: Case K 11/03 *Constitutionality of Referendum on Polish Accession to the EU* [2003] Constitutional Court
Biernat also has an extended case law overview at 425-427.

[73] Czech Republic: Case 2A6/96 *Skoda* [1996] Olomouc High Court
Czech Republic: Case III.US 31/97-35 *Skoda* [1997] Constitutional Court
both reported in Albi, above, No 67, at 54; and in Varga, above, No 68, at 98.

The Constitutional Court of Hungary, in turn, denied direct effect of Arts. 85, 86 and 92 of the Treaty establishing the EEC, as referenced in Art. 62 of the Europe Agreement[74]. This was done in view of Art. 7 of the Hungarian Constitution, which requires the country's domestic law to be harmonized with obligations assumed under international law. Consequently, the Constitutional Court held as unconstitutional the practice of including by reference the Community competition law criteria[75] that are not contained neither in the national Hungarian law, nor in the text of the Europe Agreement itself[76]. When doing so, the Court reminded that direct applicability of the Community law is a particular feature, attributable only to Member States, while it was not the case for Hungary at the moment of the decision[77]. The Court also reminded that competition law, together with other domains, such as criminal law, are directly linked to the sovereignty of the state and fall within its exclusive jurisdiction and may not be subject to a dynamic obligation of approximation[78]. This dualistic approach, adopted by the Constitutional Court, discouraged Hungarian courts from any pre-accession referral to the Europe Agreement's provisions[79]. Nevertheless, the Constitutional Court opened the door to an indirect effect of the Europe Agreement, sustaining the need for an interpretation in line with the Community competition law criteria, while still applying the national substantive legislation in force[80].

Following with the second category of cases, that is the indirect effect of the *acquis* as a source of public international law even before the countries' accession to the European Union, Constitutional Courts of the Member States-to be took a diverging stance.

Unlike the Constitutional Courts of the states, mentioned in the previous paragraphs, the Lithuanian judiciary was quite eager to generally apply the EC law at the pre-accession stage, with no

[74] *Hungary:* Case No 30/1998 [1998] Constitutional Court <https://hunconcourt.hu/uploads/sites/3/2017/11/en_0030_1998.pdf> accessed 18 January 2019
[75] Cf. criteria from Arts. 85, 86 and 92
[76] *Case No 30/1998,* ibid, Part III, para. 3
[77] *Case No 30/1998,* ibid, Part III, para 4
[78] *Case No 30/1998,* ibid, Part V, para. 2
[79] J Czuczai, 'Hungary' in AE Kellerman et al (eds), *The Impact of EU Accession on the Legal Orders of New EU Member States and (Pre-) Candidate Countries – Hopes and Fears* (1st edn Springer 2006) 349
[80] *Case No 30/1998,* ibid, Part III, para. 4

legal foundation for doing so[81]. Goldammer and Matulionyté analyse[82] a repeated practice of the Lithuanian Supreme Court[83] to indistinctively apply the EC law and the relevant case law of the CJEU as yet another source of international public law before the country's accession in 2004. The Lithuanian's goal of EC accession was reported as the rationale behind such direct effect of the then foreign legal order[84]. It is also interesting to observe that out of 18 cases where the Lithuanian Supreme Court referred to the EC law prior to the accession, 15 dealt with intellectual property rights, which, in the opinion of Goldammer and Matulionyté,[85] was caused by a need for considerable reforms in the field of IPR legislation. At the same time, when analysing the direct effect of the Europe Agreement, Jarukaitis could not report any case law, where the Agreement itself would be referred to by Lithuanian judiciary[86].

The Czech Constitutional Court, whose jurisprudence when facing the provisions of Europe Agreement has been discussed above, applied the *acquis* as a persuasive source of law in the *Milk Quota* case[87], which opposed a group of local deputies with the Czech government concerning the introduction of quotas for milk production. Following the Pro-European approach, also defended by the Czech government, the Constitutional Court sustained that general legal principles, found in the primary Community law, are not foreign to the Constitutional Court, even where they are not expressly contained in Czech national regulations.

In turn, the Constitutional Court of Slovenia, when considering a ruling of the national court, which was resolved prior to the country's accession to the European Union, sustained that the EC

[81] The Europe Agreements with Estonia, Latvia and Lithuania did not contain a 'best endeavour' approximation clause.
[82] Goldammer and Matulionyté, above, No 66, at 311-316
[83] *Lithuania:* Case No 3K-53/98 *Sirowa* [1998] Supreme Court;
Lithuania: Case No 3K-3-25/2000 *Birstono mineraliniai vandenys* [2000] Supreme Court;
Lithuania: Case No 3K-3-554/2000 *Anheuser-Busch Inc. v. Budejovicky Budvar n.p.* [2000] Supreme Court.
The three cases are reported in Goldammer and Matulionyté, above, No 66, at 311-316.
[84] Goldammer and Matulionyté, above, No 66, at 311-316
[85] Goldammer and Matulionyté, above, No 66, at 315
[86] I Jarukaitis, 'Lithuania' in AE Kellerman et al (eds), *The Impact of EU Accession on the Legal Orders of New EU Member States and (Pre-) Candidate Countries – Hopes and Fears* (1st edn Springer 2006) 398-399
[87] *Czech Republic*: Case Pl. ÚS 5/01 *Milk Quota Regulation* [2001] Constitutional Court <https://www.usoud.cz/en/decisions/20011016-pl-us-501-milk-quota-regulation/> accessed 18 January 2019

Regulation on insolvency proceedings was not applicable to the case and national bankruptcy legislation should be applied prior to 2004[88].

Whether the Constitutional Courts of CEEC states took into consideration the accession perspective, included in their respective Europe Agreements, or not, it has to be noted that Ukraine, in fact, was bounded, throughout late 90s and 2000s, to a similarly worded dynamic obligation to provide a level of IPR protection and enforcement similar to that of the EC[89]; together with a *lex generalis* clause on legal approximation formulated as a 'best endeavour' provision[90], which covered a list of approximation fields paraphrasing that included in Europe Agreements.

Also, as previously explained, the national Constitutions of CEEC states, whose case law has been analysed, sustain a similar, if not word for word, monist approach to international treaties, as the Ukrainian Constitution does. Nevertheless, until the Ukraine's recent change of political vector, which was mostly conditioned by the signature of the Association Agreement, very few cases of a pro-European interpretation of legislation by the Ukrainian judiciary came to light, as shown in Section III. Such pro-European interpretation might be further reinforced, similarly to the approach encountered in certain CEECs above, by the potential Constitutional reform in Ukraine, whereby the adhesion to the European Union is planned to be introduced as one of the country's objectives.

VI. AN AFTERWORD

At the moment of writing only one judgment of the Supreme Court of Ukraine concerning the DCFTA's direct effect could be reported. This judgment is already widely cited, and its reasoning is applied, in further decisions concerning the duration of non-use[91]. One of them, the so-called *TVI.ua*

[88] See Škrk, above, No 68
Slovenia: Case No. Up-328/04/U-I-186/04 *Bankruptcy Procedure* [2004] Constitutional Court
[89] Art. 50 of the EC/Ukraine PCA
[90] Art. 51 of the EC/Ukraine PCA
[91] *Ukraine:* Case No 910/4947/18 *Kanzhut v TVI.ua, MEDT* [2018] Commercial Court of Kyiv
Ukraine: Case No 910/812/18 *Absolute S.P.A. v Kastle GmbH, MEDT* [2018] Commercial Court of Kyiv
Ukraine: Case No 910/146/18 *International Masis Tabak. v Loreleid Licensing Company, MEDT* [2018] Commercial Court of Kyiv

case, can be used as an illustration for potential issues of Art. 198's direct effect, brought up in previous sections of this article.

The *TVI.ua* case[92], which has been decided in first instance in late November 2018, has once again confronted Art. 18(4) of the Ukrainian Trade Mark Law with Art. 198 of the EU/Ukraine DCFTA. The plaintiff, a company called Kanzhut, filed a lawsuit against a now extinct Ukrainian TV-channel TVI and against the Ministry of Economy, requesting the cancellation of several defendant's trade marks due to their non-use since 2015, when the TV-channel was closed.

Aware of *Zentiva* developments, the plaintiff acted proactively and immediately requested to appoint a legal expert witness. Under Art. 108(1) of the Commercial Procedure Code, such expert conclusion may be invoked concerning either the application of law by analogy, or the content of foreign law norms according to their official or generally accepted interpretation, practice of application, the doctrine in the corresponding foreign state. The plaintiff grounded its request by the need to analyze 'the application of foreign law norms – [that] of the European Union – in order to clarify the possibility of direct effect of Art. 198 of the Association Agreement'. The Court granted this request and reminded other parties to the case of their right to also adduce legal experts' statements.

Here, a parenthesis shall be done concerning the drafting and legal approximation techniques used in the IPR Chapter of the EU/Ukraine DCFTA. Indeed, the provisions of this Chapter bear close textual resemblance with the existing IPR *acquis*. Nevertheless, unlike the Customs[93] or the Electronic Commerce[94] Chapters, the IPR Chapter does not include relevant *acquis* acts by reference, nor do its objectives cite approximation to the European Union's law. Moreover, for this same reason, the provisions contained therein are not subject to the special procedure for dispute settlement relating to regulatory approximation[95], whereby, in case of disputes concerning the interpretation of an

[92] *Ukraine:* Case No 910/4947/18 *Kanzhut v TVI.ua, MEDT* [2018] Commercial Court of Kyiv
[93] Art. 84 and Annex XV
[94] Art. 124 and Annex XVII
[95] Art. 322

obligation, defined by reference by a provision of EU law, the arbitration panel shall resort to a procedure similar to that of preliminary ruling and request the CJEU to issue a binding interpretation of such law. All of the above allows me to conclude that the norms, contained in the IPR Chapter of the DCFTA shall be regarded autonomously from the corresponding *acquis* acts.

Unfortunately, the witness expert's conclusion, produced by the plaintiff and denying the Art. 198's direct effect, is not available in the open-access materials of the case and we cannot foresee, whether the Court considered some of its statements.

Another legal witness opinion was produced by the Ministry of Economy, acting in quality of the defendant. This document, although only briefly quoted by the judge, presents some worrisome conclusions: according to the second witness expert, Art. 198 of the EU/Ukraine DCFTA is not applicable to the case, as both Parties are Ukrainian legal persons. Here, a question arises on whether such approach would infringe Art. 3 of the TRIPS Agreement concerning the national treatment principle. The answer would largely depend on whether having a five years' non-use period for cases involving foreign nationals, including plaintiffs seeking to cancel a trade mark, might be considered as a treatment less favourable, than according a three years' period for Ukrainian nationals. Luckily, the Court did not follow this slippery road and did not take into account this opinion in its final judgment.

Finally, after quoting all relevant legal provisions, the Court cites the *Zentiva* judgement and rejects the lawsuit in question as premature. Consequently, although the Supreme Court had denied 'the precedential effect' of its judgments, it is now widely used as a reasoning basis in similar cases, where Art. 198 of the EU/Ukraine DCFTA is invoked.

VII. CONCLUSION

With the *Zentiva* judgment, Ukrainian judiciary has embarked on voluntary approximation to the EU/Ukraine free trade agreement requirements, well ahead of the legislative and executive powers.

By recognizing Art. 198 of the agreement as directly effective, the Supreme Court has opened a way for numerous lawsuits on trademark cancellation, based on the similar reasoning.

Nevertheless, as no criteria to distinguish a directly effective provision from a one that cannot be directly invoked were introduced by the Supreme Court, the way has also been opened for lawsuits, based on other provisions from the IPR chapter. A wording close to that of Art. 198 is used, for instance, in Arts. 213 and 214 of the agreement, providing for the existence of an unregistered design, a figure yet unknown to the Ukrainian system. Most importantly, conflicting rules may be found for those rights that are already regulated by the domestic legislation. This is the case of supplementary protection certificates: under Art. 6(4) of the Ukrainian Patent Law, the patent duration for medicinal, animal and plant protection products may be extended for a period that equals the time elapsed between the patent application date and the application for marketing authorization application, but for not more than five years. This calculation contradicts the principle set by Art. 220(2) of the EU/Ukraine Association Agreement, as it allows for a supplementary protection even longer than the period, established by the agreement. On the enforcement level, considerable differences potentially directly invokable in courts, exist, including the provisions modelled upon the 2004/48/EC Directive.

Also, the need to protect its domestic legal system from jeopardization shall not be disregarded by the Ukrainian judiciary. A long discussion in the European academic circles[96] warns of an unthoughtful transposition of the most requiring parts of the IP *acquis* into legal systems of third countries. Giving direct effect to such provisions of a free trade agreement with the European Union,

[96] H Grosse Ruse-Khan, 'Introducing the Principles for Intellectual Property Provisions in Bilateral and Regional Agreements' (2013) 44 IIC
H Grosse Ruse-Khan, 'From TRIPS to FTAs and Back: Re-Conceptualising the Role of a Multilateral IP Framework in a TRIPS-Plus World'
T Jaegar, 'The EU Approach to IP Protection in Partnership Agreements' in C Antons, RM Hilty (eds.), *Intellectual Property and Free Trade Agreements in the Asia-Pacific Region* (Springer 2015) 171-211
A Moerland, 'Do Developing Countries Have a Say? Bilateral and Regional Intellectual Property Negotiations with the EU' (2017) 48 IIC
P Roffe, 'Intellectual Property Chapters in Free Trade Agreements: Their Significance and Systemic Implications' in J Drexl, H Grosse Ruse-Khan, S Nadde (eds.), *EU Bilateral Trade Agreements and Intellectual Property: For Better or For Worse?* (Springer 2014) 17-41

without previously aligning its domestic legislation, might result in an even more chaotic compliance with the agreement's commitments.

In light of the above, Ukrainian legal order will require either to introduce, promptly, legislative changes, aimed at aligning, inter alia, its intellectual property laws, or to establish clear interpretation rules for the Association Agreement. To this end, Petrov recommends adopting a special law, similar to that in force for the ECHR and the ECtHR judgments, to confirm the AA's provisions prevalence over national law[97]. Nevertheless, this 'one size fits all' approach might be difficult to implement in practice, especially in the case of 'may' provisions of the IPR Chapter[98].

Another option, more flexible in its nature, could be a gradual change in judicial culture of Ukrainian courts, towards a more context and purpose-oriented judgments, which would also fit into Ukraine's general objective of *rapprochement* to the European Union. In this regard, the CJEU´s *Demirel* doctrine is a good illustration of how generic, yet concrete, criteria for direct effect of bilateral agreements can be applied to varying cases at scrutiny.

Finally, a literal transposition of the FTA's norms, including by giving them direct effect, should be avoided, in order to safeguard the policy space remaining after stringent TRIPS-plus provisions of the Agreement. A smart use should be given to the FTA's flexibilities instead.

[97] See Petrov, above, No 15, at 141
[98] Notably, arts. 172, 178, 179, 190, 196, 231, 239, 240.

Enforcement of intellectual property rights and trade

Anastasiia Kyrylenko
Project: ESR10

Research Question

What are the European Union's external trade and/or neighborhood objectives and guiding principles in the field of IPR Enforcement? To what extent such objectives and corresponding actions were modified with the European Commission's IPR Enforcement in Third Countries Strategies from 2004 and 2014?

Are these changes reflected in the IPR Enforcement chapters of free trade agreements, negotiated by the European Union (case study: Georgia, Moldova and Ukraine)? To what extent did the IPR Enforcement system exported by the EU through free trade agreements signed with these countries correspond to their internal legal systems? Shall discrepancies be detected, in which way can the EU External actions be reshaped to take into account such discrepancies?

Methodology

Doctrinal research through literature review; comparative and diachronic legal analysis, qualitative research through semi-structured interviews with stakeholders from third countries.

Societal impact

This research aims at corroborating, based on three case studies, the critics voiced towards the European Union's approach to introduce strong IPR Enforcement standards in third countries, without allegedly adopting a tailor-made approach or considering broader societal interests. Using the free trade agreements, negotiated correspondingly with Georgia, Moldova and Ukraine, the researcher will undertake an analysis of the countries' legal systems after the entry into force of these agreements.

Unlike the existing researches based exclusively on the content of the agreements themselves, such analysis will also take into consideration the internal legal order of the countries in question, which would allow to draw conclusions on the resulting system of checks and balances and its fitness for beneficiary countries. The results of research might be used for countries, which enter into trade negotiations with the European Union, as well as for a further generation of the European Union's IPR Enforcement Strategy.

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