



MEDIA & ENTERTAINMENT

How legal are the football broadcasts in pubs?

In the case of *Karen Murphy v Media Protection Services Limited* [2007] EWHC 3091 (Admin), the English High Court upheld the finding of the Portsmouth Crown Court that the Appellant had committed an offence under Section 297(1) of the Copyright Designs and Patents Act 1988 (CDPA).

The Football Association Premier League (Premier League) owns the intellectual property in the broadcast of live Premier League football matches. BSkyB is its exclusive licensee in the UK and Ireland. BSkyB provides a subscription service where, in lieu of a monthly charge, customers are allowed to receive football broadcasts through the use of a decoding card.

As a result of BSkyB's subscription cost, the Appellant, who is the licensee of a pub, bought a satellite dish, a decoder box and a Nova viewing card (from the Greek broadcaster, Nova), in order to screen live Premier League football matches originating from the Nova satellite.

This case was part of a series of multiple prosecutions undertaken across the United Kingdom by the Respondent, an agent of the Premier League, to prevent the illegal broadcasting of matches during the UEFA-stipulated "closed period". Such broadcasts had become widespread due to subscriptions to foreign satellite channels through third party suppliers in the United Kingdom.

The Crown Court held that the Appellant had dishonestly received a programme included in a broadcasting service provided from a place in the United Kingdom with intent to avoid payment of any charge applicable to the reception of the programme. She was convicted under Section 297(1) of the CDPA.

The Court directed the following questions for the opinion of the High Court:

1. Whether, for the purposes of Section 297(1) CDPA, the broadcasting service or broadcaster in question had to be based in the UK?

2. Whether the Premier League or BSkyB were broadcasters; or were providing a broadcasting service within the meaning of Section 297(1) and Section 6 CDPA?
3. Whether the live feed of sounds and pictures provided to Nova was a broadcast, or a programme included in a broadcasting service, within the meaning of the CDPA?
4. If the answer to the previous question was in the affirmative, the Court queried whether the signal from BSkyB's cameras to the Premier League and from the Premier League to Nova and from Nova to the Appellant formed part of a continuous chain of communication?
5. Did the requisite intent to avoid any charge applicable to the reception of the programme within Section 297(1) of CDPA apply to circumstances where the Appellant had paid a charge to the Greek broadcaster, but had not paid a subscription fee to BSkyB who was the domestic broadcaster?

One of the main contentions by the Appellant was that there was no offence under Section 297(1) of the CDPA because, for the purposes of this section, the place at which the broadcast was made was (pursuant to Section 6(4) of the CDPA) the place at which the programme-carrying signals were introduced into an uninterrupted chain of communication. In Nova's case, that place was its premises in Greece and, accordingly, the transmissions received by the Appellant had not been made from a place in the United Kingdom.

Handing down his decision, Lord Justice Pumfrey gave his opinion in relation to the questions as following:

- This first question was ambiguous. The preliminary step in every case is to identify the programme included in the broadcasting service and then determine the first point of origin of the broadcasting service. The service originated from the point at which the initial transmission of the programme for ultimate reception by the public took place. In this case, the matches were initially filmed in the UK and then broadcasted. The addition of a Greek commentary and logo did not change the identity of the programme as received by the Appellant. Thus, the broadcasting service originated in the United Kingdom.

- The High Court affirmed that both the Premier League and BSkyB were broadcasters as they had the editorial responsibility for the composition of schedules of the programme transmissions.
- The live feed of sounds and pictures provided to Nova were a succession of electronic transmissions of visual images, sounds or other information and thus were covered by Section 297(1).
- This question was irrelevant as the definition of “broadcast” under Section 6 remained unaffected by the manner of transmission between its origin and the public, as long as the identity of the programme was not affected.
- The requisite intent to avoid a charge would be satisfied if, in spite of the knowledge that the broadcaster had an exclusive right to broadcast programmes in the UK in lieu of a subscription fee, the Appellant was in receipt of the broadcast without the payment of the accompanying charge. In this case, it was proved that the Appellant knew: that BSkyB had such an exclusive broadcasting right within the United Kingdom; that the broadcaster charged a subscription fee for its service; and that Nova’s right was limited to Greece. Regardless of this knowledge, she chose to receive the broadcasts without paying the requisite charge. Also, the Appellant’s choosing not to appeal against the finding of dishonesty implied that she intended to avoid a payment lawfully due to BSkyB.

Accordingly, the offence under Section 297(1) was confirmed. The case did not address any competition law aspects.

This case is significant as, even though it relates to matches played in the UEFA-stipulated “closed period”, the generic principles formulated may apply to all live satellite broadcasts of Premier League matches.

However, the Court did not clarify the position regarding the legitimacy of foreign satellite systems in the United Kingdom. In other words, it did not clarify whether or not the activities of the suppliers who provide decoders to pubs in United Kingdom are legal. In broader terms, how can a rights holder protect its exclusive interest if the supplier’s conduct in the United Kingdom is deemed to be legal? This is a question which is yet to be tested, but which is of the utmost importance because a ruling in favour of the pubs would hamper BSkyB’s exclusive rights to broadcast live matches exclusively in the United Kingdom as alternative subscriptions could be purchased from external sources. Lastly, as a comment on the Respondent’s strategy of prosecuting the end user rather than the suppliers of the decoders and cards, it could be argued that *Media Protection Services* needs to consider this approach carefully. Its present policy attempts only to contain the situation rather than attack its root cause. By going after the pubs rather than the UK suppliers, the technology remains available. Such a

strategy will further the damaged relationship between the end user and broadcaster, hampering the broadcaster’s market.

SIAE labels against counterfeit CDs: is Italy facing the end of an era?

Italian copyright law (Article 181 bis) prescribes that any medium put on sale or exchanged for profit, which contains computer programmes, multimedia works, sounds, voice, moving images, and generally protected works must bear a distinctive sign. This measure is aimed at reducing the number of counterfeit goods being exchanged in the marketplace. Società Italiana degli Autori ed Editori (SIAE), the Italian authors’ collecting society, is responsible for issuing the sign to the party requesting it and charges a small fee for each copy of the sign that it provides.

In the case in question, Mr Schwibbert was found to hold a certain number of CDs containing reproductions of artistic works by Giorgio De Chirico and Mario Schifano. The CDs were authorised reproductions imported from Germany with a view to being sold at cultural events in Italy. However, the SIAE distinctive sign was not displayed on the CDs. Before the Italian Court, SIAE claimed that Mr Schwibbert was guilty under Article 171ter (1) (c) of the Italian copyright law, but his lawyer sought to refer the question to the European Court of Justice (ECJ) for preliminary ruling.

In particular, the lawyer was not convinced that Italian national law and procedures were in full compliance with the provision of the Directive 98/34/EC on Technical Standards and Regulations. In fact, if the SIAE distinctive sign regime qualified as a technical regulation within the meaning of Article 1 of the Directive, then the rules imposing the compulsory application of such a distinctive sign should have been notified to the Commission in accordance with Article 8 of the same Directive.

The Court, in accordance with the opinion delivered by Advocate General Trstenjak, rejected the view that the relevant distinctive sign only applied to the intellectual work (the *corpus mysticum*) and therefore fell outside the scope of Article 1 of the Directive. The Court underlined that the sign is affixed to the actual medium containing the work, thus to the product itself, and, as such, Article 1 applied. However, a doubt remained in relation to whether notification to the Commission was required, given that a general obligation to apply the SIAE distinctive sign came into existence with promulgation of Italian copyright law (1941), which was well before the introduction of the Directive. On this point, the Court was firm in recognising that the requirement for the product in question came into existence with the amendments to the Italian copyright law introduced in 1994. The draft technical regulation should have been communicated to the Commission

by the Italian Republic because the specific obligation actually arose after the introduction of the Directive.

In conclusion, the Court affirmed that the obligation to affix an SIAE distinctive sign to compact discs of works of figurative art for the purposes of marketing them in the Member State concerned constitutes a technical regulation which, if not notified to the Commission, cannot be invoked against an individual.

The judgement in favour of Mr Schwibbert appears to redefine and possibly weaken the power and responsibilities of SIAE in relation to its supervision of the CD, DVD and similar media market. Despite Mr Schwibbert's case reflecting the very specific circumstances referred to the ECJ for preliminary ruling, it is clear that the step taken by the Court could, on one hand, drastically reduce the enforceability of the obligation laid down in Article 181 bis of the Italian copyright law and, on the other hand, have a negative impact on the income that SIAE derives from issuing its distinctive sign.

TRADE MARKS

No infringement arises from the use of a trade mark within a computer system

Rx Works Limited v Hunter [2007] EWHC 3061 (Ch) concerned a dispute of the use of the term "vet.local". "Vet.local" is a trade mark registered by Hunter in classes 9, 16, 41 and 42, for, amongst other things, computer software, hardware and firmware. Hunter claimed that the uses made of the term vet.local in computer systems sold by Rx Works amounted to trade mark infringement. RX Works denied this, noting that the use of vet.local in its software was not trade mark use as the term was hidden in the depths of the system and was not easily accessed by end users, nor was it used in a trade mark sense as it did not denote origin.

Having received cease and desist letters from Hunter, Rx Works issued proceedings against Hunter for unjustified threats of trade mark infringement and sought summary judgment in the case.

Having reviewed the relevant statutory provisions, Daniel Alexander QC, sitting as a deputy judge of the Chancery Division, allowed the application for summary judgment following the formulation of the test for determining infringement, as contained in *Céline SARL v Céline SA* (C-17/06), in cases under Article 5(1) of the Directive.

The judge summarised that the test requires four conditions to be fulfilled, namely that the use of the sign:

- Must be in the course of trade
- Must be without the consent of the proprietor of the mark

- Must be in relation to goods or services that are identical to those for which the mark is registered; and
- Must affect or be liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumer the origin of the goods or services.

In analysing the uses made of the term vet.local in goods commercialised by Rx Works, the judge found that the first three conditions of the test were fulfilled, and focused his decision on whether the uses affected, or were liable to affect, the functions of the trade mark. On this point, the judge highlighted that vet.local was a term likely to arise in the context of the software provided by Rx Works to veterinary practices only when specific actions by a computer user or system administrator were undertaken. In particular, the term could have been seen when searching for a particular computer file, or, occasionally, when saving files. It could also have appeared as the name for a local domain used to identify the computer or when running a diagnostic programme.

Thus, it emerged that vet.local was in fact "buried in the workings of the system". Accordingly, users would have come across it only by chance, while knowledgeable system administrators, if they were to see it, would have known to what it referred and would have not been confused. In addition, the sign was not inherently likely to denote trade origin. On the contrary, it would have been taken as the name of an internal domain and associated folders.

In summary, vet.local was a sign intended to act as an internal name for an aspect of the complex computer system commercialised by Rx Works and, while a credible explanation was put forward that vet.local was intended to mean only that, there was not a credible explanation for why it should have been regarded by likely users as denoting anything else. According to this assessment, the judge was satisfied that the uses in question were not affecting any of the functions of the trade mark. This meant that the forth condition of *Céline* was not satisfied. In the light of these findings, the judge held that threats were unjustified.

Distinctiveness of wind turbines

The Court of First Instance recently handed down its decision in *Enercon GmbH v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* (Court of First Instance (Fifth Chamber), 15 November 2007, T-61/06), in respect of whether the three-dimensional shape of a wind turbine could be registered as a trade mark.

The background to the case was as follows. On 11 December 2001, Enercon applied for a Community trade mark on a three-dimensional mark representing the casing of a wind turbine generator shaped like an American football. The application was filed for Class 7 of the Nice Agreement. The Office for

Harmonisation in the Internal Market (OHIM) examiner concluded that the sign lacked distinctiveness and denied the application on the basis of Article 7(1)(b) of Regulation 40/94. Enercon initiated an appeals procedure, which proved unsuccessful. According to the Board of Appeals, the relevant public does not perceive a three-dimensional mark that merely consists of the shape of the product *per se* in the same way as it perceives a word or figurative mark whose appearance is independent of the product it seeks to distinguish. In the case of a wind turbine, the relevant public consists of highly specialised professionals who do not identify and acquire turbines based on their appearance. Given the high investment required, they rely on trade names and trade marks that provide them with accurate and verifiable information on the product's origin. As far as Enercon relied on distinctiveness acquired through use, the Board of Appeals concluded that this was not sufficiently proven, as Enercon only proved use in Germany and Austria, thereby ignoring important markets like Denmark and Spain. Moreover, the Board of Appeals held that Enercon only proved use after the trade mark application of 11 December 2001.

In its action at the Court of First Instance (CFI), Enercon stated that the Board of Appeals did not act in accordance with Article 7(1)(b) of Regulation 40/94, which excludes from trade mark protection marks that lack a distinctive character. According to Enercon, the unique shape of its transmission allowed them to build the football-shaped generators, whereas their competitors' generators were necessarily more square-shaped as a result of their transmission's design. In a way, the special shape of their product was meant to demonstrate the company's innovativeness and thereby distinguish the product from the existing ones. Citing a variety of its prior judgements, the Court ruled that distinctiveness can be harder to prove for shapes lacking figurative or word elements. Furthermore, when proving distinctiveness, it is insufficient to demonstrate that a shape is a variant of the usual product shape. For distinctiveness in the sense of Article 7(1)(b), it is required that the average user of the product is able to distinguish it without inquiry or particular cautiousness. In this case, a skilled professional would be able to tell from the shape of the generator that the designer used a technique that is innovative and different from the one usually used for wind turbines. However, considering the lack of special characteristics, such a person would not be able to construe the origin of the product from its shape.

As far as distinctiveness through use was concerned, the CFI denied Enercon's claim that the principles of the protection of legitimate expectations and fair cooperation obliged the Board of Appeals to order the submission of evidence of use in Denmark and Spain prior to the application date, instead of rejecting the application.

Disguised drugs guilty of trade mark infringement

On 23 November 2007, the English High Court continued an interim injunction in *Eli Lilly & Company and Lilly ICOS LLC v 8PM Chemists Ltd*, [2007] EWHC 2829 (Ch) holding that Eli Lilly had a good, arguable case that certain trans-shipments of products through the United Kingdom amounted to importation. Eli Lilly, which is a well-known manufacturer of pharmaceutical products, complained that 8PM had imported relevant goods under Eli Lilly registered trade marks, contrary to section 10(4)(c) of the UK Trade Marks Act.

8PM operated a website on which US customers could place orders for pharmaceutical products. The (genuine) goods were sourced in Turkey where each order was individually boxed and labelled in anonymous packaging. Orders were then sent in batches to the United Kingdom where they were separated into individual orders and sent on by mail to the United States. Whilst in the United Kingdom, the goods were held under the European "inward processing relief" system for customs purposes, where goods do not attract duty provided they are ultimately exported.

Eli Lilly initially obtained an *ex-parte* interim injunction preventing the release of a consignment which was, at first, thought to be counterfeit. 8PM sought a discharge from the interim injunction on the grounds that no act of importation had occurred such that the goods were "Community Goods" or otherwise put into free circulation in the European Union (relying on *Class International BV v Colgate-Palmolive Co and Others* [2006] 1 CMLR 14). They also argued that the goods were not imported "under the sign" as at no point were Eli Lilly's trade marks visible in the United Kingdom.

Kitchin J dismissed 8PM's application. Their activities taken as a whole were capable of giving the impression to the end consumer that the goods emanated from the United Kingdom. Notwithstanding the guidance in *Class International*, those acts were arguably capable of amounting to importation for the purposes of 10(4)(c).

The judge also rejected the second argument, since the qualifier of being "under the sign" for the purposes of infringement referred to the goods, rather than the act of importation. In the present case, the goods were almost certainly under the sign as they were associated with the mark, notwithstanding that the mark was not visible. An alternative interpretation would mean that virtually all acts of bulk importation would be incapable of infringement, which was surely not what was intended by the legislature.

Similar cases involving questions of importation and/or trans-shipment for trade mark purposes are likely to be decided on the particular facts. However, this case demonstrates that the English High Court is prepared to grant interim injunctions in

respect of branded goods from outside the European Union even if those goods do not enter free circulation.

PATENTS

Final battle over 3G handsets?

On 21 December 2007 the English High Court handed down a decision in *Nokia Corporation v Interdigital Technology Corporation* in which Nokia sought to establish that some of Interdigital's patents were not essential to the third generation (3G) mobile communications standard in Europe.

Out of the 29 patents that Interdigital informed the European Telecommunications Standards Institute (ETSI) were essential to the standard, just four patents remained in contention by the time the matter came to trial.

The relief sought by Nokia was a declaration that the importation, disposal of, offer to dispose of, keeping or use of (i) mobile telephones and (ii) system infrastructure equipment compliant with the standards but without an Interdigital licence does not infringe on the patents. In addition, Nokia sought a declaration that the patents are not essential for the employment of the 3G mobile standard.

The 3G standard was established by the Third Generation Partnership Project (3GPP). The patents at stake concern the method by which data is transmitted between the mobile and the base station by using wideband code division multiple access (WCDMA).

The first patents examined by the Court were EP (UK) 0515610 (610) and EP (UK) 0855807 (807), both are concerned with power control. Their specifications are identical but the claims differ. At the time of the priority date of 610, no working CDMA was publicly available. The invention concerned an apparatus and the relevant method for adaptive-power control of a spread spectrum transmitter of a mobile station operating in a cellular communication network and an apparatus and method for automatically controlling the power level of a plurality of mobile stations. The relevant features of the 3GPP standard are those concerning the way the protocol is employed during the random access procedure that states how a mobile makes itself known to a particular base station at the physical level: the mobile sends a "preamble" signal at a certain power level over the physical random access channel (PRACH) and if the "preamble" is not recognised by the base station, the mobile increases the power and repeats the process.

After a deeply technical examination and comparison between the standard rules and the claims, the Court held that, while the relevant apparatus claim would not be infringed by an apparatus carrying out the process set out in the standard, the

last feature of the relevant method claim, "adjusting a transmitter-power level of a transmitter spread-spectrum signal for a respective transmitter responsive to said comparison signal", would have covered the process specified in the standard of effecting open loop power control in the physical random access procedure, therefore, to this extent, the invention was essential to the 3GPP standard.

The Court also considered EP (UK) 1210777 ('777), entitled "Transmission using an antenna array in CDMA communication systems" which is concerned with transmitting a signal from more than one antenna sufficiently spaced apart. The invention refers to a base station using an antenna array to transmit signals to mobiles. Each antenna sends a version of a pilot signal and every mobile weighs and combines those versions providing a signal with an improved quality. All the discussions related to '777 were focussed on claim 1 concerning the method in a spread communication system having several antennae. The Court examined the features of the claimed invention and ultimately the Court did not consider them essential features. A similar decision was reached in relation to all other the patents, *i.e.*, the features were not considered essential to the 3GPP standard.

Thus only one patent, namely the '610 patent, was accepted by the Court as being essential to the 3GPP standard. Nevertheless, this will remain a problematic area as all future licensing terms will have to take this decision into account when parties claim the free usage of the 3GPP standard by all handsets.

LITIGATION & PROCEDURE

Monsanto v Cargill: Who picks up the final bill?

In the case of *Monsanto v Cargill* [2007] EWHC 3113 (Pat), the English High Court had to apportion costs in light of its earlier judgement in a patent infringement action brought by Monsanto against Cargill. In that action, Monsanto had won on all issues, except on a relatively small construction issue involving the word "isolated", and on the validity of claim 6 of the patent under dispute. It is to be noted that both Monsanto and Cargill had spent significant amounts on the case: Monsanto incurred costs £2.2 million, while faced costs of up to £1.9 million.

Before embarking on apportioning the costs, the Court held the following principles:

1. Prior to Civil Procedure Rules (CPR), the Court exercised a general control on costs through a process of certification. Once the CPR was enacted, the requirement of certification was abolished and the Court was obliged to identify the overall winner of the proceedings.

2. Where the costs incurred by the overall winner could not be allocated to a particular issue, as a general principle, the overall winner is likely to be entitled to recover them, unless there are exceptional reasons to make a contrary decision.
3. In relation to costs that could properly be identified with issues on which the overall winner had nevertheless lost, two questions had to be asked: (1) should the winner recover his costs of that issue?; and (2) should he pay the otherwise unsuccessful party's costs incurred in respect of that issue?
4. The first question can simply be answered by the old process of certification. However, in answering the second question, not only does one have to give regard to the reasonableness in raising the issue by the party, but also to the fact as to whether there was something more than the mere conduct of the action that would justify his being deprived of the costs of the issue.
5. There should be very strong justifications before one can depart from the general rule that the unsuccessful party should pay the costs of the successful party. In cases where such justifications do exist, it would be convenient to treat both parties' costs on that issue as being equal to and double the deduction. Thus, where a party failed to recover the costs of an issue amounting to 15 per cent of his total costs, he would be deducted 30 per cent of his costs if the court concluded that he should also pay the costs of that issue to the other side.

After applying these principles to the case, the Court ordered Cargill, which had won the infringement issue only on construction, to pay half of Monsanto's costs on that issue. Cargill was not entitled for its own costs on the issue as per the decision of the Court. On the issue of validity, Monsanto was found to be entitled to its costs, subject to a deduction for the single claim 6 on which it failed.

Making patent decisions quick, cheap and reliable

On 16 November 2007, in the case of *DLP Ltd, Re UK Intellectual Property Office Decision*, [2007] EWHC 2669 (Pat), the English High Court dismissed an appeal arising from a decision of the UK Intellectual Property Office (UKIPO) on the question of an infringement under the new patent rules.

DLP holds patents relating to shower trays designed to hold waste water in the shower and permit wheelchair or disabled access without loss of water to the surrounding floor.

The Patents Act 2004 introduced a new scheme allowing patent holders or interested parties to seek "opinions" from a UKIPO examiner on questions of validity and infringement. The rules allow for an inexpensive (£200) application to be made) but the

examiner has only documentary evidence to hand and will not take oral evidence from the applying party although "interested parties" may make submissions. The examiner is therefore unlikely to have all the relevant information to hand.

The purpose of such a scheme is to get parties to negotiate settlements based on an independent, guiding opinion in order to prevent expensive litigation while, at the same time, permitting it to go ahead should the parties be unsatisfied with the result. For this reason, the opinion is non-binding on any future tribunal.

DLP sought an opinion as to whether a shower tray made and sold by a third party, Scrabo Bathing Care, infringed its UK patent. The examiner subsequently issued an opinion that Scrabo's shower tray did not infringe the patent. DLP then requested a review of the opinion which was issued by the Hearing Officer and resulted in a finding of no fault. DLP then appealed to the High Court against that decision.

The Court had to walk a tightrope between the competing purposes of the new system and the consequence of a decision of the High Court for a patent holder. The Court considered two questions:

1. Was there a decision against which there was a right to appeal?
2. Was the Court capable of making a decision where Parliament had stated quite categorically that any result was non-binding?

The first question was answered by an analysis of the rules and their purpose. The opinion can be challenged on review by a Hearing Officer for a £50 fee, the route followed by DLP as outlined above. However, this is available only to the patent holder as he cannot apply to a Court for a "declaration of validity" and cannot sue for infringement on a hypothetical act. Other interested parties do have further avenues to explore through the Court. Kitchin J decided that an appeal of the review did lie within the Court's remit but only on issues where the review had not changed the examiner's decision. As a result, only the parts of the examiner's opinion that were left alone were challengeable.

The second question was raised as a result of case law from the House of Lords (*Sun Life [1944] AC 111*) which had decided that, where the Appellant and Respondent's positions would not be affected by considering what was merely an academic question, the matter could not be heard. Kitchin J decided that, although any decision he would make would be non-binding, the outcome of the appeal would be of value to the patent holder. The Court nonetheless restricted DLP's appeal to a review only where a manifestly incorrect decision or error of principle had occurred. The appeal was therefore summarily

dismissed as no such error had occurred, although Kitchin J acknowledged that different examiners might come to different conclusions.

Statistics show that the new system is heavily used. There have been 57 applications so far, with 45 opinions issued. There have been 13 subsequent reviews with eight review decisions, two of which had been appealed to the Court.

By the Court accepting these appeals, however, the patent holder (in this case DLP) is put in a worse position as the High Court has effectively made a finding of non-infringement but on incomplete and shaky evidence and the skills of a junior patent examiner. Rather than having a very inexpensive or very expensive system to choose from, some commentators have argued that a more useful and reliable approach would be to have appeals lying only within the remit of the UKIPO. Although they would be heard summarily, they would be heard by experienced hearing officers.

Late Submission of Evidence to the OHIM

In the recent decision of the Court of First Instance (CFI) in the *Société anonyme des eaux minérales d'Évian (Saeme) v Office for Harmonisation in the Internal Market (OHIM) – A. Racke GmbH & Co. OHG (Intervener)* Case T-407/05, 6 Nov 2007, the issue was the late submission of evidence in opposition proceedings.

An opposition was filed by Saeme against the Community Trade Mark application “Revian’s” for “wine and sparkling wine”. Saeme relied upon its earlier German trade mark, “Évian”, its French and International trade mark registration and the fact that it is a well-known trade mark. The language of the proceedings was German but the French and the International trade mark registration details were in French. Saeme had the opportunity to provide the necessary translations within a four month period specifically granted to allow the submission of any additional evidence to substantiate its opposition. This was not filed and was highlighted in Racke’s defence which claimed that, as a result, there was no evidence of the validity of the French and International trade mark.

In response, Saeme submitted the full translation of the registration certificates. The Opposition Division held that Saeme’s translations were filed after the deadline and the existence and legal validity of the French and International marks had not been established. The opposition was rejected on these grounds. In addition, based on the disparity between Saeme’s mineral water and Racke’s sparkling wine, the Opposition Division also refused the claim of likelihood of confusion based on the German registration.

The Office for Harmonisation in the Internal Market (OHIM) Decision was appealed against at the Board of Appeal (BOA)

and failed. The BOA stated that the Opposition Division was correct in relation to the consequences of the late submission of the translation and the disparity between the goods.

An appeal followed in the CFI. The CFI then held that Article 74(2) is clear in stating that OHIM may disregard facts or evidence that is not submitted in time. It also follows that, as a general rule, it is permissible to submit facts and evidence after the expiry of the time limits and that OHIM is in no way prohibited from taking account of facts and evidence that are submitted late. The CFI stressed that it is equally apparent from the wording of Art 74(2) that a party has no unconditional right to have late evidence taken into consideration by OHIM. Therefore Article 74(2) allows OHIM a wide discretion in relation to whether it will take late evidence into account, while requiring it to give reasons for its decision.

In this case, it seems that the BOA restricted itself to concluding that the Opposition Division was right not to consider the late submissions of the translations. However it is not clear whether the BOA exercised the discretion granted by Article 74(2) to determine whether it should take into account the late submissions, nor does it appear to have given reasons for its decision on that point. The BOA therefore infringed Article 74(2) by failing to exercise, or at least failing to explain, how it exercised the discretion granted to it.

Such procedural irregularity does not automatically annul a decision. Examination of the inferences of that infringement is necessary to establish if, in the absence of such an irregularity, whether the contested decision might have been substantively different. In this case, the evidence that was not taken into consideration might be capable of altering the substance of the decision. The decision of the BOA must therefore be annulled but it is not for the CFI to assess the evidence of the case.

This decision clarifies that the OHIM has the discretion to refuse or accept late evidence, but this discretion must be exercised with clear and transparent reasoning.

COMMERCIAL & CONFIDENTIAL TRANSACTIONS

Confidential information: a tool in competition

In the case of *Sectrack NV v Satamatics Ltd. & Anr.* [2007] EWHC 3003 (Comm), the English High Court addressed the issue of the misuse of confidential information. Sectrack, claimed that Satamatics Ltd. colluded with an ex-employee of Sectrack, to poach some of their customers by misusing confidential information in breach of the distribution agreement between Sectrack and Satamatics.

Sectrack is an international wholesaler of electronic satellite navigation and tracking equipment while Satamatics manufactures and supplies satellite communication products and provides airtime services for those products. Sectrack obtained an injunction, without notifying Satamatics, restraining them from using confidential information for approaching Sectrack's customers, which, Sectrack claimed, was in breach of Satamatics' obligations under the distribution agreement. Satamatics sought to set aside the injunction.

The Court decided to continue the injunction until trial. The Court considered the cases of *FSSTravel and Leisure Systems v Johnson* [1998] IRLR 382 and *Cross J in Printers & Finishers Ltd -v- Holloway* [1965] 1 WLR 1 and found that the "customer list" to which the ex-employee had access during his employment was confidential information as the list included substantial business information in respect of Sectrack's customers. This was neither public nor readily available information and was later used by the ex-employee, as an agent of Satamatics, with the intention, as established by evidence, to gain an unfair competitive advantage. This was found to be arguably in breach of the distribution agreement between Sectrack and Satamatics. It also amounted to a breach of confidence by the ex-employee, of which Satamatics was aware and from which it had derived a commercial benefit.

The continuation of the injunction without notice was held to be justified given the insufficient disclosure by the ex-employee which made it impossible to assess the amount of unfair commercial advantage that had been obtained by Satamatics using the confidential information in question. Damages, as an alternative remedy against Satamatics, were held to be inadequate, as they would lead to loss of business for Sectrack.

The decision is interesting in that it clarifies the definition of confidential information which, in this case, involved customer lists and other business information to which employees generally have access. Such information was distinguished from the general skills and knowledge of an employee that are gained in the course of his employment. The case also highlighted the extent to which such information can be protected even if it is misused by an employee after termination of his employment. It also illustrates that confidential information can be used as an effective tool against unfair competition in certain circumstances.

E-COMMERCE

UK House of Lords rules that credit card issuers are jointly liable with foreign suppliers

In *Office of Fair Trading v Lloyds TSB Bank plc and others* [2007] UKHL 48, the House of Lords held that UK credit card issuers are jointly liable with foreign suppliers in breaches of

contract and misrepresentation under Section 75 (1) of the Consumer Credit Act 1974. This liability is in relation to UK consumers who enter into transactions with foreign suppliers.

It is noteworthy that the House of Lords held that the joint liability provision applies to *all* foreign transactions, without any territorial restriction, as long as the debtor is a UK debtor using a credit card issued by a UK issuer. For this reason, section 75 (1) applies even if the debtor travels abroad, the goods or services are supplied abroad and the contract between the debtor and the supplier is governed by foreign law. This means, in effect, that UK credit card issuers are guaranteeing the performance of foreign merchants in the relevant international network, even though they may have little control over them or their actions.

Furthermore, it should be noted that this joint liability is unlimited—damages may exceed the amount of the purchase price and may, for example, cover damages for personal injury. On the other hand, this joint liability is particularly important for e-commerce transactions as the consumer may find it difficult to obtain redress against foreign suppliers. The joint liability provisions will enable the consumer to obtain redress from the domestic credit card issuer. The provision is therefore a powerful tool for consumer protection in e-commerce and this interpretation by the House of Lords is likely to encourage trust in e-commerce.

The House of Lords held that the same policy provisions as those underlying the Crowther Report leading to the adoption of the Consumer Credit Act 1974 still apply. The issuer is better placed than the consumer to seek (restitutionary) redress against a foreign supplier.

The credit card issuers in this test case had argued that, in the case of foreign suppliers, there were no pre-existing "arrangements" between the creditor and the supplier as required under section 12 (b) of the Consumer Credit Act 1974 for debtor-creditor-supplier agreements, since modern international credit card transactions operate between four parties (issuer, merchant acquirer, merchant and debtor) usually without a direct contractual relationship between the issuer and the merchant. This is relevant for the two major international networks of Visa and Mastercard. The credit card issuers also argued that to hold them jointly liable would amount to an extra-territorial application of the Consumer Credit Act 1974. These arguments were rejected by the House of Lords. Lord Mance expressly stated: "to impose on United Kingdom card issuers a liability to United Kingdom card holders is not axiomatically to legislate extraterritorially." Lord Hoffmann also stated that such a link is not obvious.

This ruling is detrimental for UK credit card issuers, who may now pass the additional costs resulting from this ruling on to consumers. For consumers this probably means that the use of

credit cards for foreign transactions will become more expensive, but also safer.

LEGISLATION

Final changes to Patents Act 2004

The Patents Act 2004 (Commencement No. 4 and Transitional Provisions) Order 2007 ([SI 2007 No. 3396](#)) finally brought Sections 1-5 of the Patents Act, 2004 into force on 13 December 2007, the same day on which the revised European Patent Convention also entered into force. Two of the most important changes dealt with are the patentability of substances for the use in treatment or diagnosis and the post-grant amendment of patents.

Companies Act 2006

The Companies Act 2006 (Commencement No.5, Transitional Provisions and Savings) Order 2007 (SI 2007/3495) is set to bring into force many provisions of the Companies Act 2006, some of which are related to intellectual property rights. These provisions are set to take effect on 1 October 2008. For example, Section 69 of the Act deals with grounds for objections to company names on the ground that the objector has goodwill in the name sought to be registered. Sections 82 to 85 of the Act deal with trading disclosures.

European Media Law—Audiovisual Media Services Directive has come into force

The new Audiovisual Media Services Directive 2007/65/EC, which amends the Television Without Frontiers Directive (OJ L332), came into force on 19 December 2007. Member States will have to transpose it into their national laws by 19 December 2009. Some of the changes introduced by the new Directive relate to product placement in made-for-TV productions, the frequency of advertising in TV broadcasts, codes of conduct for children's advertising and the obligation of ensuring TV access for disabled people.

NEWS

European Commission—Communication on Creative Content Online in the Single Market

On 3 January 2008, The European Commission adopted a Communication on Creative Content Online in the Single Market (COM (2007) 836 final). With this document, the Commission “intends to launch further initiatives to support the development of innovative business models and the deployment of cross-border delivery of diverse online creative content services.” The communication indicates that the Commission remains focused on issues such as multi-territorial licensing, digital rights management systems and anti-piracy

initiatives that are at the heart of the legislative programme of the European authorities.

Technology to avoid disputes between search engines and newspapers—the ACAP project

ACAP (Automated Content Access Protocol) is a technology that was launched on 29 November 2007 “as a workable, non-proprietary global permissions tool to facilitate the relationship between content owners and search engines”. The protocol should help the relevant parties to avoid litigation like the *Google v Copiepresse* case in Belgium. ACAP was welcomed by the European authorities and, in particular, by the Information Society Commissioner who publicly encouraged search engines to adopt it.

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