



COPYRIGHT & ENTERTAINMENT

Decryption of Premier League matches with imported decoder cards: is there a competition defence?

The matter in dispute in *Football Association v QC Leisure & Others* [2008] EWHC 44 (Ch) was the possible anti-competitive effect of contracts between the Football Association (FA) and foreign broadcasters for the broadcasting of Premier League football matches.

On behalf of the FA, each Premier League football match is filmed and modified (for example, by the inclusion of commentaries) to create “the World Feed”. The FA enters into agreements with foreign broadcasters to give them the right to show the live broadcast of the World Feed. Specifically, the broadcast consists of the satellite transmission of an encrypted signal that users can decode via decoder cards supplied by the licensed broadcasters in their specific territories. The agreements between the FA and each national broadcaster impose an obligation on the broadcaster who undertakes “to procure that no device is knowingly authorised or enabled by or with their authority or that of their sub-licensees, distributors, agents, employees etc so as to permit anyone to view in an intelligible form any such transmission outside their particular licensed territory”. The Defendants imported non-UK decoder cards and supplied them to public houses. The cards were allegedly sourced through subterfuge from Greece and other EU and non-EU countries. The FA sued the Defendants for importation of copyright circumvention devices contrary to Sections 298 and 299 of the Copyright Designs & Patents Act 1988.

The main defence offered was that the contract between the FA and foreign broadcasters contravened Article 81 of the EC Treaty, which prohibits agreements between undertakings that may affect trade between Member States and which have as their object or effect the prevention, restriction or distortion of competition within the Common Market. The FA relied on *Coditel SA, Compagnie Générale pour la Diffusion de la Télévision v Ciné-Vog Films SA* [1982] (C-262/81 ECR 3381) to affirm that the grant of exclusive licences limited to a particular territory does not, *per se*, infringe Article 81, “even if they confer absolute territorial protection and might prevent transmission into a neighbouring state”.

The FA sought to strike out the Article 81 defence or, alternatively, to stay the competition aspects of the case. In dismissing the FA’s argument, the judge accepted the Defendants’ submission that the interpretation by the FA of *Coditel* had not been rigorous. The judge specified that the dispute was not merely about the grant of an exclusive right, but concerned the imposition of detailed obligations onto the Defendants who, ultimately, were required to prevent use of the decoder cards outside their licensed territory. Reliance on *Coditel*, which had been decided prior to various legislative enactments in the industry, was therefore insufficient to prove that the Defendants’ argument had no real prospect of success. As a result, the judge confirmed that this will be a matter to be decided at trial.

This case will be of interest to rights holders and broadcasters as it demonstrates the willingness of the English courts to entertain defences that call into question the enforceability of over-arching broadcasting agreements. Whether or not such defences are ultimately successful will depend on an extensive analysis of the legal and economic impact of the clauses. The practical impact may be to dissuade rights holders and broadcasters from asserting rights against importers.

Privacy v Copyright—the dispute continues

The case of *Productores de Música de España (Promusicae) v Telefónica de España SAU* was a reference for a preliminary ruling by the Juzgado de lo Mercantil N^o 5 de Madrid (Commercial Court No.5). Promusicae is a not-for-profit organisation that represents producers and publishers of musical and audiovisual recordings. Telefónica is a Spanish internet service provider (ISP). Promusicae’s application sought the disclosure of the identities and physical addresses of certain individuals who had allegedly infringed Promusicae’s copyrights by providing access through KaZaA to computer files containing the copyrighted works. Telefónica was being pursued as it was the ISP that was in possession of the dates and times of the infringing access and the addresses of the alleged infringers. Promusicae claimed that the users of the peer-to-peer network were engaging in unfair competition and infringing intellectual property rights. It therefore sought disclosure of the information in order to be able to bring civil proceedings against the persons concerned.

At first instance, the Commercial Court ordered the preliminary measures requested by Promusicae. On appeal, the Court stayed the proceedings and made a reference to the European Court of Justice (ECJ), asking whether Community law, specifically Articles 15(2) and 18 of Directive 2000/31 (E-Commerce Directive), Articles 8(1), (2) of Directive 2001/29 (Directive on the Harmonisation of certain aspects of copyright and related rights in the information society), Article 8 of Directive 2004/48 (Enforcement of the Enforcement of Intellectual Property Rights) and Articles 17(2) and 47 of the Charter of Fundamental Rights of the European Union permit Member States to limit the duty of the relevant parties to retain and make available connection and traffic data generated by communications established during the supply of an information society service, to cases of criminal (not civil) investigation. The “relevant parties” under debate were: i) operators of electronic communications networks and services; ii) providers of access to telecommunications networks; and iii) providers of data storage services.

The ECJ reformulated the question as follows: whether Community law, in particular Directives 2000/31, 2001/29 and 2004/48, read in the light of Articles 17 and 47 of the Charter, must be interpreted as requiring Member States to lay down an obligation to communicate personal data in the context of civil proceedings in order to ensure effective protection of copyright.

By way of preliminary observations, the ECJ noted that, in spite of the fact that the question raised by the Commercial Court was limited to the interpretation of the specified Directives and the Charter, the ECJ could provide this national court with all the elements of interpretation of Community law that might be useful in deciding the case.

The ECJ further examined Article 12 of the Spanish Law 34/2002 on information society services and electronic commerce. This provision formed the premise for the Commercial Court’s argument that Community law obligations requiring the effective protection of industrial property, in particular copyrights, may be restricted by Article 12. The ECJ observed that, by transposing the provisions of Directive 2000/31 into domestic law, it was common ground that Article 12 was intended to implement the rules for the protection of private life, which was also required by Community law under Directive 95/46 (Directive on the protection of personal data) and Directive 2002/58 (Directive on privacy and electronic communications). Directive 2002/58 concerned the processing of personal data and the protection of privacy in the electronic communications sector, which was the issue under debate in the main proceedings. Reading the provisions of these two Directives, the ECJ found that the communication of information sought by Promusicae constituted the processing of personal data that fell within the scope of Directive 2002/58. Such an interpretation gave rise to the following issues:

1. Whether Directive 2002/58 prevented Member States from enacting an obligation to communicate personal data, which would enable the copyright holder to bring civil proceedings based on the existence of that right;
2. If that was not the case, whether it could be directly construed from Directives 2000/31, 2001/29 and 2004/48 that Member States were required to lay down such an obligation;
3. If that was not the case either, do other Community laws require a different reading of the three Directives.

To answer the first question, the ECJ looked at Articles 5(1) and 15(1) of Directive 2002/58. Article 5(1) requires Member States to ensure the confidentiality of communications and related traffic data in an electronic environment. It also prohibits the storage of that data by persons other than users, without the consent of the users. The only exception was found in Article 15(1) of Directive 2002/58, which allows Member States to restrict the scope of Article 5(1). This restriction is permitted when it constitutes a necessary, appropriate and proportionate measure to safeguard national security, defence, public security, and the prevention, investigation, detection and prosecution of criminal offences or of unauthorised use of the electronic communications system. The ECJ concluded that none of the exceptions were related to situations that called for the bringing of civil proceedings so the Directive did not preclude the possibility of Member States enacting an obligation to disclose personal data in the context of civil proceedings.

As Article 15(1) did not compel Member States to enact such an obligation, it was necessary to answer the second question. According to the ECJ, the relevant provisions of Directive 2000/31, Directive 2001/29 and Directive 2004/48 did not oblige Member States to communicate personal data in civil proceedings. Moreover, neither did the enforcement provisions under the Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement create a similar obligation. Articles 17 and 47 of the Charter provide for the protection of the right to property (including intellectual property) and the right to an effective remedy, respectively. In addition, the extant case involved safeguarding the right to protection of personal data and, consequently, of private life. Thus, the case pitted fundamental rights to privacy against rights to the protection of property and to effective remedies. All these fundamental rights needed to be reconciled. In considering these provisions, the ECJ answered the second question in the negative.

The ECJ’s final ruling was that Directives 2000/31, 2001/29, 2004/48 and 2002/58 did not oblige Member States to communicate personal data to ensure effective copyright protection in civil proceedings. However, Community law mandates that the interpretation of the transposition of the Directives into national law should strike a fair balance

between the various fundamental rights protected by the Community legal order. Further, when implementing the measures in those Directives, Member States were not only required to interpret their national law in a manner consistent with those Directives, but also had to rely on such interpretations that would not conflict with those fundamental rights or with the other general principles of Community law, for example, the principle of proportionality.

This decision deals with the opposing rights of privacy and intellectual property and highlights the divergence in position between the United States and the European Union in relation to ISP liability. This ruling is pro-ISPs as it reaffirms the principle established by the e-commerce, copyright and data protection Directives that ISPs are intermediaries that cannot be obliged to take responsibility for online infringement. By doing so, it furthers the cause of ISP self-regulation rather than legislation to combat such online infringement. It also strengthens the case for privacy rights in Europe as it suggests that, in the short term, the content industry in Europe may, unlike in the United States, be less inclined to pursue individual copyright infringement lawsuits.

For the copyright holders, on one hand the decision is detrimental as it clarifies that there is a lack of harmonisation in Community law in relation to the interplay between the right to privacy and intellectual property rights. On the other hand, it leaves open the possibility that individual nations could pass laws that compel ISPs to reveal personal data in civil cases, but the decision as to whether such laws are necessary is left to the discretion of national governments.

A likely consequence of the decision may be the tightening of technological protection measures and accelerating efforts to increase the liability of ISPs by the content industry. Taking a cue from the recently adopted French Olivennes proposal of November 2007, instead of focusing on individual internet users, major copyright owners are likely to put greater pressure on ISPs to filter and monitor their networks for copyright infringing materials and block protocols and terminate subscribers' internet connections in cases of repeated infringement through file sharing networks. It may also increase pressure on the European Union to adopt a scheme to impose criminal sanctions to ensure that intellectual property right infringement is treated as a criminal offence for the purposes of effective copyright enforcement.

MEDIA

Defamation in the media: *Reynolds Privilege*

The recent defamation case of *Malik v Newspost Ltd & Others* [2007] EWHC 3063 considered various aspects of the defence of *Reynolds* privilege (*Reynolds v Times Newspapers Ltd* (2001) 2 AC 127 HL). Shahid Malik, the claimant, is a

Member of Parliament and a government minister. Mr Malik sued Newspost Ltd (publisher of the *Dewsbury Press*), Danny Lockwood, (the newspaper's editor) and Jonathan Scott, (a conservative councillor standing for re-election in Dewsbury South in the May 2006 local elections. Mr Scott was not re-elected and raised certain concerns regarding the Labour Party campaign relating to the election. Mr Scott wrote to the *Dewsbury Press* raising these issues and his letter was published on 12 May 2006. He was also interviewed by the paper, discussing issues substantially similar to those raised in his letter. The paper published the resulting article on 19 May 2006.

Mr Malik argued that the letter and article accused him of using gangs of local Asian thugs to disrupt the voting in the 2006 Dewsbury South council elections and to threaten and intimidate voters, suggesting that he was guilty of serious criminal offences. He also argued that the article and letter in the *Dewsbury Press* suggested that he exhorted and improperly pressurised voters to vote according to ethnic or religious affiliations rather than according to their own political views or other legitimate considerations, thereby knowingly fuelling unrest and causing tension and racial divisions within the community. Because of this, Mr Malik argued the publications suggested that he is a racist and dangerous extremist unfit to hold public office as an MP.

The Defendants raised the public interest defence of the *Reynolds* privilege. The judge noted that the facts of this case differed notably from previous cases where *Reynolds* had been considered. First, it was held that neither of the relevant editions of the *Dewsbury Press* could be deemed to be investigative journalism, which, it has been previously held, the defence is intended to protect. Second, the judge observed that the issue of how far (if at all) *Reynolds* could be relied on by a contributor to a publication (e.g. Mr Scott), who is neither a journalist, nor performing the functions of a journalist, had not previously been considered.

The judge considered the broader public policy issues on which *Reynolds* was based. He observed that, sometimes it may be in the public interest for allegations to be generally disseminated thorough the media in ways other than investigative journalism (or journalism at all). It may be the information itself and the public interest in receiving it that is important, not the way it is conveyed. In these cases, the public policy considerations identified in *Reynolds* may well be engaged and privilege must not be ruled out completely simply because the circumstances are not exactly the same as those in earlier *Reynolds* cases.

In this case, the serious subject matter was held to be of public interest. However, that alone did not mean it was in the public interest to publish such allegations regardless of whether or not they were true. The judge held that, to rely on a public interest defence, defendants must fulfil certain criteria. The public

interest requires that allegations, which may damage the reputations of those attacked and breach their rights under Article 8 of the European Convention on Human Rights, are filtered. The judge also noted that it is in the public interest to protect the reputations of public figures in some cases.

The judge held that it should be assumed that, if a publication can be shown to be in the public interest (regardless of its truth), then a social or moral duty to share the information can be assumed. However, to be fair and to protect reputations, certain safeguards must also exist. In *Reynolds*, the House of Lords identified 10 safeguards to be applied when considering this defence. They include asking what steps a newspaper has taken to verify a story and considering the seriousness of the relevant allegations.

It was held there was no authority allowing Mr Scott to make defamatory allegations directly to the public, (as opposed to merely reporting them) without having to prove they were substantially true. No defence of privilege was available to him for making such serious allegations directly to the general public. Regarding the newspaper, the judge decided that privilege would have applied to the allegations if certain steps had been taken, for example, obtaining a response from Mr Malik prior to publication and making other corroborative checks. Also, had both sides of the argument been fairly and neutrally reported, a *reportage* defence might have existed. The judge held that the facts of this case did not fit into either of these forms of privilege.

The judge accepted that the journalist who wrote the article had tried to contact Mr Malik on his mobile telephone. However, the attempts were unsuccessful and no further attempts to contact Mr Malik were made. The judge observed that, because of the seriousness of the allegations, more exhaustive efforts should have been made to give Mr Malik the chance to tell his side of the story. This was fatal to the newspaper's defence of privilege.

Defamation v Freedom of Expression

In *Edward Seaga v Leslie Harper* [2008] UKPC 9, Mr Seaga appealed to the Privy Council against the decision of the Court of Appeal of Jamaica upholding a decision to deny him the defence of qualified privilege in a case of slander brought by Mr Harper.

Mr Seaga had made statements, which were held to be defamatory against Mr Harper, in a public meeting and in the presence of the media. Mr Seaga was denied the defence of qualified privilege of the type particularly laid down by the House of Lords in *Reynolds v Times Newspapers Ltd* (2001) 2 AC 127 HL as the Court of Appeal in Jamaica held that the principles apply only to publications by the media and not to statements made by an individual. In addition, there was no

evidence that he had taken care to check the truth of the statements. Mr Seaga argued that the case was not to be decided on the basis of *Reynolds* principles, but under the rules of traditional qualified privilege.

The Privy Council disagreed with the Court of Appeal of Jamaica in holding that the principles laid down by Lord Nicholls in the *Reynolds* applied only to media reports. It was held that, if the conditions of "responsible journalism" as laid down by Lord Nicholls in *Reynolds* are met, any statement in the public interest, made by anyone, in any medium, would be covered by qualified privilege, even if defamatory.

Mr Seaga's argument, that the *Reynolds* principle did not apply to his statements which, therefore, would be protected under traditional rules of qualified privilege was dismissed by the Privy Council. It was held that there was a "liberalising intention" in *Reynolds* that widened the ambit of qualified privilege to include communications to the public in general that would have been allowed under the traditional rules. Moreover, the quality of information conveyed in the statement was not such that Mr Seaga was required to report it to the public. It therefore lacked the traditional qualified privilege element of interest and duty. The *Reynolds* principles require, *inter alia*, that to claim the defence of qualified privilege, while making defamatory statements, it is necessary that the information on which the statement is made is a matter of public interest, that care has to be taken to verify the information, there must be an urgency to it and it can not be subject to any investigation. It was held that Mr Seaga's statements in this case failed to meet these conditions as the information was nothing more than rumour and it was not based on verifiable sources. Mr Seaga himself had no first hand knowledge of the information and had not taken care to verify it. In addition, there was no urgency to publish it as a matter of public interest.

The case is noteworthy as it has extended the protection of qualified privilege to everyone making statements in the public interest, in any medium. It thereby extends the freedom of expression principle to individuals outside the media. It has also reinforced the principles laid down in *Reynolds* for the defence of qualified privilege in the public interest, particularly the requirement of diligence in checking the reliability of information before disseminating it.

TRADE MARKS

No confusion over IKEA and IDEA

On 16 January 2008, the Court of First Instance (CFI) (Third Chamber) dismissed an application for annulment trade mark registration in *Inter-Ikea Systems BV (IKEA Systems) v the Office for Harmonisation in the Internal Market (OHIM)*.

Since 1996, Inter-Ikea Systems (IIS) has had a registered community and national trade mark in several Member States of the European Union) for the mark IKEA in relation to goods and services in classes 16, 20 and 42 for, *inter alia*, cardboard and furniture. In June 2002, IIS filed an application to annul the community trade mark registration for the sign and device, IDEA, in relation to identical goods. IIS claimed that IDEA created a likelihood of confusion with IKEA within the meaning of Article 8(1)(b). Although the Cancellation Division of OHIM declared that IDEA was invalid, it failed to state any reasons. IIS appealed. OHIM's First Board of Appeal upheld the appeal and set aside the decision of the Cancellation Division because the Board found that both marks were visually and conceptually dissimilar and there was no likelihood of confusion. IKEA brought the case to the CFI to annul the Board's decision. The CFI dismissed IIS's claim and ruled that:

1. Average consumers make their choices based on a number of functional and aesthetic considerations of each product. They are observant, particularly as furniture is not purchased often, and the price is usually high.
2. The Court used the global assessment to find similarity and likelihood of confusion between two marks in the case. It held:
 - a. There was no visual similarity between the marks. Both IKEA and IDEA had verbal and figurative elements. Although the verbal element of the marks was similar, the verbal similarity was not important as the figurative element of IDEA was distinctive and highly different from that of IKEA.
 - b. Although both marks were phonetically similar, the consonants D and K in IDEA and IKEA respectively causes the overall marks to be entirely different. Consequently, the Court concluded that there was only a low degree of aural similarity between the marks.
 - c. There could be no conceptual similarity between the marks because IKEA conveyed no clear meaning in any of the official languages of the European Union whereas the relevant public perceived IDEA to be a basic English expression.
3. Because the average consumers are observant, visual and conceptual differences between the marks are more important than the aural similarity. As there are no visual and conceptual similarities, the low degree of similarity in aural comparison could not make the average consumer confused by the use of IDEA. Therefore, there was no likelihood of confusion between the marks.

The Court of Appeal overturns Eli Lilly's interim injunction

In *Eli Lilly & Company and Lilly Icos LLC v 8PM Chemists Ltd*, [2008] EWCA Civ 24, the Court of Appeal discharged an

interim injunction, previously granted by the High Court, on the basis that the Claimants did not have an arguable case of trade mark infringement.

The Claimants (Lilly), a large world-wide pharmaceutical company and owners of the registered trade marks in suit, complained that 8PM had imported relevant goods under these marks, contrary to Section 10(4)(c) of the UK Trade Marks Act 1994.

US consumers could buy genuine Lilly pharmaceutical products at a price cheaper than could be found in the United States by placing their orders on a Canadian company's website. The goods were sourced in Turkey where each order was individually boxed and labelled in anonymous packaging. Orders were then sent in batches to 8PM in the United Kingdom where they were separated into individual orders and sent on by mail to the United States. The individual boxes were, therefore, never opened in the United Kingdom. 8PM's activities were carried out under the "inward processing relief" system for customs purposes, which enables products to be processed in the United Kingdom without duty becoming payable.

The heart of Lilly's complaint was that, by using labels from a pretend UK pharmacy and UK postage stamps, 8PM were representing to US consumers that the product had come from a UK pharmacy, rather than a Turkish one.

Jacob LJ, giving the leading judgment, first considered whether 8PM's activities jeopardised the essential function of Lilly's European trade marks, namely guaranteeing to consumers the origin of the goods. He concluded that, as no-one in Europe even saw the trade marks in question, it was very unlikely that this would be the case.

He went on to examine whether there was a use of the marks "in the course of trade" and, more specifically, if there was an "import" or "export" that might constitute such use. Citing the ECJ decision in *Class International v Colgate Palmolive* [2005] C-405/03 ECR I-8735, he found that "using the mark in the course of trade" required introduction of the goods into the European Community for the purposes of putting them on the EC market. Consequently, as long as the requirements of customs were satisfied, the mere physical introduction of those goods into the Community, as opposed to free circulation, was not "importing".

Lilly argued that *Class* was distinguishable from the case at issue because it was concerned with goods under actual customs control, while 8PM simply used "inward processing". However, the use of different customs procedures was not enough to convince the Court. Just as in *Class*, the goods were not "released for circulation" and had not become "Community goods".

This case adopts the ECJ's approach in *Class*. It confirms that the decisive criterion for establishing trade mark infringement in cases involving importation and/or transshipment is whether or not there is an interference with the right of first marketing within the European Union. Thus, genuine goods, which never become Community goods, do not interfere with the trade mark owner's right.

PATENTS

Improved Search Interface is a computer programme "as such"

In the recent case of *Autonomy Corporation Limited v The Comptroller General of Patents, Trade Marks and Designs* [2008] EWHC 146 (Pat), the Comptroller successfully appealed against an application for a UK patent on the ground that it consisted of a computer program "as such" and a presentation of information.

On 11 February 2005, Autonomy Corporation Limited (Autonomy) filed an application for a UK patent relating to a method for improving the interface between a user and a computer. This improved interface was established by analysing the text in an active window, executing a search on the user's computer, the internet, or other sources based on the content of that text and displaying an icon that leads to a list of the generated links.

The Patent Examiner rejected the application on the ground that it related to a program for a computer and the presentation of information, both of which are excluded from patentability under Section 1(2) of the UK Patents Act 1977. Because the Examiner maintained the objections after a revision of the claims, Autonomy requested a hearing. The Hearing Officer upheld the objection, as far as the computer program was concerned, and set aside the objections against the presentation of information. Autonomy and the Comptroller appealed to the Patents Court against the rejection of the application and the Comptroller appealed against the fact that the Hearing Officer set aside the objection relating to the presentation of information.

Referring to the Court of Appeal's judgment in *Aerotel*, [2007] RPC 7, Lewison J. paid no further attention to the UK Patents Act and decided the matter based on Article 52 of the European Patent Convention.

Although Article 52(2)(c) excludes computer programs from patentability, a myriad of UK cases provide the possibility of patenting a computer program, if, among other requirements, it is not a computer program "as such". To determine whether Autonomy's method comprised a computer program "as such", or patentable subject matter, Lewison J. followed the four steps as set out in the *Aerotel* judgment.

The only difficulty that arose in the first step, construing the claim, was brought up by Autonomy, which stated that the claim extended beyond computers to, for example, televisions. Taking the patent's specification into account, Lewison J. concluded that, although not explicitly stated, the claim was entirely concerned with the use of computers. In the next step, the actual contribution of the claim was identified as being an automatic analysis of the text in an active window and the generating of a list of related links that can be accessed by means of an icon for each category of links. In the third step, Lewison J. held that both the means of generating the links and the icon to access these links do not exist independently of the computer, do not require new hardware or a new combination thereof and do not lead to a better computer. Therefore, they are computer programs "as such", which are excluded by Article 52(2) EPC. Furthermore, Lewison J. held that the convenient positioning of the icon did consist of anything more or other than the presentation of information. Given the outcome of the third question, the fourth question, whether the contribution is technical, did not need to be answered and the appeal was dismissed accordingly.

M-Systems v Trek: Issue estoppel in patent litigation and the future of post-grant amendments

Kitchin J. in his recent decision in *M-Systems Flash Disk Pioneers Ltd v Trek 2000 International Ltd & Anor* [2008] EWHC 102 (Pat) has found that a foreign judgment between the same parties, involving the same patent, will not operate as an issue estoppel between those parties in UK proceedings.

The original action was brought by MSystems before the United Kingdom Comptroller, seeking revocation of Trek's UK patent relating to data storage devices, including high capacity USB memory sticks. The parties had previously litigated the same patent before the courts in Singapore. In those proceedings, Trek had prevailed and the patent was held to be valid despite the invalidity objections raised by M-Systems.

M-Systems sought revocation of the patent in the United Kingdom based on various prior art disclosures, arguing that the patent lacked novelty and inventive step. In addition, it argued that Trek's patent was insufficient and incorporated added subject-matter over the application as filed.

In response, Trek sought to amend its claims to incorporate further limitations relating to the smaller size and higher storage capacity of the claimed devices, as well as the fact these devices are connected directly to the computer's USB port rather than through a USB cable. The Hearing Officer rejected the amendments on the ground that, if allowed, they would add subject matter over the application as filed. The Hearing Officer further held that, even if the amendments were accepted, he would not have exercised his discretion to amend the claims, as he was not provided with sufficient information

as to when Trek had become aware of the prior art. Under the UK law relating to post-grant amendment that was applicable at the time of this decision, such conduct on the part of the patentee is a relevant factor in deciding whether discretion should be exercised in favour of the patentee.

Trek appealed against the Hearing Officer's decision before Kitchin J. primarily on two grounds. Firstly, it argued that the judgment given by the Court of Appeal of Singapore should operate as an issue estoppel against M-Systems. Secondly, it argued that the Comptroller was wrong in holding that the amendments, if allowed, would add subject matter over and above the application as filed, as well as in refusing to exercise his discretion to allow the amendments.

The first point of Trek's argument was rejected by Kitchin J. on both procedural and substantive grounds. Kitchin J. held that, since this issue was raised for the first time in the appeal, it should not be allowed to be argued by Trek. As regards the substantive issue, the Court held that there are considerable differences in the way the courts of Singapore apply Singaporean patent law, and the way UK courts apply UK patent law. For example, Singapore courts allow some matters, which are not admissible before the UK courts, to be taken into consideration in interpreting a patent. Hence, a judgment by the Court of Appeal of Singapore would not operate as an issue estoppel between the parties.

As regards the second point raised by Trek, the Court concurred with the Hearing Officer and held that the proposed amendments would result in added subject matter. Furthermore, on the question of exercise of discretion by the Hearing Officer, the Court held that the Hearing Officer had rightly declined to exercise his discretion to allow the amendments. The Court noted that the new Section 75(5) of the Patents Act 1977 introduced by the Patents Act 2004, would radically alter the approach that has been followed by the UK courts and the Comptroller in exercising discretion to allow proposed amendments. The new section 75(5) requires the Court and the Comptroller to have regard to the European Patent Office (EPO) practice in allowing the amendments proposed by the patentee. The current EPO practice does not take into account patentee's conduct in allowing amendments to patents. However, Kitchin J. did not provide any guidance as to the extent to which the old UK practice of taking into account the patentee's conduct and covetousness will be affected by the newly introduced amendment.

COMMERCIAL & CONFIDENTIAL TRANSACTIONS

**Database right and duties of fidelity can be useful
alternatives to an action in breach of confidence**

In *Crowson Fabrics Ltd v Paul Rider, Warren Stimson and Concept Textiles Limited* [2007] EWHC 2942 (Ch), Crowson Fabrics claimed that their former employees had illegitimately taken information from the company to use for a competing business.

The case originally came before the judge as an interim application by Crowson to restrain the Defendants from using the information. The judge ordered that this should be resolved by a speedy trial, so speedy in fact that the trial commenced just five days later.

At the trial, Crowson contended that the Defendants' actions were in breach of confidence, their fiduciary duty and duty of fidelity, and infringed Crowson's database right. The relevant employment contracts did not, however, expressly cover these issues. The Defendants disputed the confidentiality of the information, challenged the database right and denied copying the database. However, the Defendants' position was somewhat undermined by being found to have attempted to deceive the court.

The judge held that the information in question was not confidential as the information was either in the public domain, was easily discoverable by the Defendants, or was in their heads. Further, in the absence of restrictive covenants in their contracts of employment, former employees are entitled to do business in competition with their former employers using the expertise and information acquired during the course of their employment. Ex-employees cannot be barred from using their own accumulated skills and knowledge.

The Court, has to be satisfied, however, that ex-employees do not go beyond using their own accumulated personal skills by helping themselves illegitimately to the ex-employer's material as a short cut. The judge explained that deliberate copying, or even memorizing, of information by former employees for use after their employment has ceased amounts to illegitimate use of the employer's information, even when the information is not confidential. The first and second Defendants were therefore in breach of their duty of fidelity. Only the first Defendant, being a former director of Crowson, was found to have a fiduciary duty towards the Claimant, a duty which was also breached by these actions.

It was further held that the Defendants had infringed Crowson's database rights by substantially extracting information from its database and transferring it onto their own computer system without Crowson's consent. The Defendants had argued that no database right existed, as Crowson had not shown that they had made the substantial investment required for a database right to exist. However, as the Defendant didn't challenge any of Crowson's evidence on this point, the judge found in favour of Crowson. The Defendants' contention of minimal

subsequent use of the information was immaterial, as only extraction is required to infringe a database right.

This case shows how employers can seek to take action against former employees for copying their information, even if that information is not confidential. However, it also highlights the importance of employers expressly incorporating *enforceable* restrictive covenants and intellectual property rights clauses into employment contracts.

LEGISLATION & NEWS

Pharmaceutical sector under European Commission scanner

The European Commission has begun an investigation into the European pharmaceutical industry. The Commission is looking at possible anti-competitive behaviour by pharmaceutical companies that might be having a significant impact on the introduction of new drugs and cheaper generics into the European markets. The investigation is specifically focusing on the dispute settlement practices between the R&D pharmaceutical companies and the generic companies that often result in delay in the introduction of generic medicines and/or increase in prices charged by the R&D based pharmaceutical companies for their products.

Copyright exceptions—consultation on the recommendations of the Gowers Review

A consultation was launched on 8 January 2008 to consider how the recommendations contained in the Gowers Review concerning copyright exceptions could be implemented into copyright law. The consultation focuses on educational exceptions, format shifting, research and private study, libraries and archives, and parody. The deadline for the submission of responses to the consultation is 8 April 2008.

Google-DoubleClick merger will not involve the merger of the two companies' databases

In response to the privacy concerns raised by the merger between Google and Doubleclick, a hearing was convened by the European Commission on 19 January 2008. At the hearing, Google's representatives said that Google is interested in acquiring Doubleclick as the purchase "reflects its desire to enter the third-party ad-serving market" and the deal will not involve the merger of the databases of the two companies. A decision on the merger is scheduled for 2 April 2008. However, it must be noted that the authority of the European Commission is limited to matters that affect competition and does not extend to privacy matters.

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MCDERMOTT CONTACT DETAILS

LONDON

Justin Hill, Director of IP Prosecution
Direct Line: +44 20 7577 6943
Email: juhill@europe.mwe.com

Hiroshi Sheraton, Partner
Direct Line: +44 20 7575 0324
Email: sheraton@europe.mwe.com

Rohan Massey, Partner
Direct Line: +44 20 7575 0329
Email: rmassey@europe.mwe.com

MUNICH

Boris Uphoff, Partner
Direct Line: +49 89 12712 170
Email: buphoff@europe.mwe.com

DÜSSELDORF

Thomas Hauss, Partner
Direct Line: +49 211 3003 210
Email: thauss@europe.mwe.com

ROME

Francesco Mattina, Partner
Direct Line: +39 06 462024 60
Email: fmattina@europe.mwe.com

For more information about McDermott Will & Emery visit www.mwe.com.

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