

## The European IP Bulletin

*The Intellectual Property,  
Media & Technology Department*

*Issue 32, June 2006*

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## Hot Topics

### 1. PIRATE BAY SHUT DOWN

In what has to be one of the biggest deathblows to online sharing via BitTorrent, the Swedish police on Wednesday closed the lid on The Pirate Bay. More than 1 million registered users pirated copyright materials via The Pirate Bay. The site's operators who had become online legends for the way they have "taunted law enforcement for years," and had enjoyed immunity from copyright law in Sweden suddenly found themselves coming to a screeching halt as more than 50 Swedish police executed search warrants and made raids at 10 locations, arresting three people. The entertainment industry welcomed the action against the site which it says is a major source of music and film piracy.

The Pirate Bay is an internet site that bills itself as the world's 'largest BitTorrent tracker', and also acts as an index for .torrent files that it tracks. A BitTorrent tracker is a server which assists in the communication between peers using the BitTorrent protocol. It is also, in the absence of extensions to the original protocol, the only major critical point, as clients are required to communicate with the tracker to initiate downloads. Clients that have already begun downloading also communicate with the tracker periodically to negotiate with newer peers and provide statistics. However, after the initial reception of peer data, peer communication can continue without a tracker. A tracker should be differentiated from a BitTorrent index by the fact that it does not necessarily list files that are being tracked. A BitTorrent index is a list of .torrent files (usually including descriptions and other information). Trackers merely coordinate communication between peers attempting to download the payload of the torrents.

Torrent trackers have been the target of cease and desist lawsuits from copyright bodies despite the fact that they do not actually host any of the copyrighted data themselves. The Pirate Bay maintains that the site's function is to direct users towards the files that they search for and manage the uploads and downloads. They emphasise that the website itself does not hold any copyright files, and therefore, they are not contravening any copyright laws. Further, they point out that their site serves as a distribution point for freely licensed material such as some Linux distributions and independent music and film.

Ironically, The Pirate Bay's reputation within the online file sharing community indicates it is one of the more prominent websites distributing torrents that point to unlicensed copies of copyrighted material.

In some countries like the United States, offering such torrents could be considered as contributory infringement, but in Sweden this was not always the case. Only since July 2005 was this changed when new anti-piracy legislation was enacted to implement the EU Copyright Directive of 2002 which made the distribution of software for the purposes of copyright violation illegal. It also bans technology and software such as P2P file-sharing programmes, including Kazaa and e-Donkey.

P2P technology is facing an interesting dilemma. Technology entrepreneurs and business partners are often geographically dispersed, and business structures may be split to leverage advantages provided by national legal systems. As such, the digital content which can be shared using these products and services ranges back and forth across international borders. This, in turn, leads to parallel litigation instigated in most major jurisdictions. In the digital environment, there may be an irreconcilable tension between the territoriality of intellectual property rights and *de jure* and *de facto* exporting of one nation's copyright policies. Legal actors will

increasingly need to engage with how to reconcile respect for territorial sovereignty with the inevitability that domestic copyright policies increasingly have extraterritorial effects.

The *Washington Post* captured the importance of this dilemma by suggesting that the U.S. Supreme Court's decision in *MGM Studios, Inc. v. Grokster, Ltd.* 125 S. Ct. 2764 (2005) forced all P2P services to 'face the choice: Go legitimate, as the music industry insists, shut down, or move outside the U.S. jurisdiction.' A similar decision was reached at the same time by the Federal Court of Australia in *Universal Music Australia Pty Ltd. V. Shaman License Holdings Ltd. ('Kazaa')*, [2005] FCA 1242 (Aust).

Although Grokster has been shut down, the issues relating to extraterritorial reach of liability theories remain alive not just for domestic P2P services but also for networks established in one or more foreign jurisdictions that have international effects. Copyright owners embraced the new 'inducement' theory promulgated by the *Grokster* decision. However, litigants may soon have to determine how the theory can be applied to conduct that occurs abroad, assuming that simple pressure is not enough. Determining when *Grokster* might apply to foreign conduct implicates the principle of territoriality of domestic copyright law. (*Quality King Distrib., Inc. v. L'Anza Research Int'l, Inc.*, 523 U.S. 135, 154 (1998)). Yet copyright industries may seek to export *Grokster*, and attempt to add it to extant liability theories that enable U.S. courts to apply U.S. intellectual property legislation and interpretive doctrine to activities in foreign jurisdictions. This strategy will likely be in addition to, rather than a substitute for, suing local defendants in their home jurisdictions.

On the other side of the world, the *Kazaa* decision is having an extraterritorial impact too. The Australian Parliament enacted legislation implementing the 1996 WIPO Copyright Treaty which allows its courts to apply Australian law to copyright material that reaches audiences outside its borders. This is the 'right to communicate the work to the public' which includes communications both to and from Australia. The statute makes clear that the act constituting the primary infringement must occur in Australia; however, it does not specify where the authorisation needs to occur. Yet another fine example of a domestic legislature attempting to localise legal liability for conduct that has significant potential for cross-border effects.

The foregoing discussion briefly indicates that the localisation of foreign infringements in domestic copyright statutes offers copyright owners some potentially powerful liability principles that might reach conduct in foreign territories. While some of these liability theories, particularly those that reach communications from one nation that are to be received in other nations, may seem an affront to the traditional territoriality principle, so too is massive unlicensed distribution of copyright protected material by parties who are themselves indifferent to territorial boundaries. As *Grokster* and *Kazaa* demonstrate, those attempting to stop the flow of massive amounts of unlicensed distribution of copyright protected material may prove to be more important than the niceties of copyright's territoriality principle. The difficulty with this approach is that it has the potential to impose on every other nation a 'balance' struck with U.S. economic and technological conditions in mind. This policy would seem to lead to greater freedom on the part of the developers of dual-use technologies to act in ways that facilitate greater circulation of copyright protected works. Unless there is full implementation of geographical filtering, such works are likely to reach nations that see the balance between technological freedom and copyright protection differently.

## 2. THE LEGACY OF BOB MARLEY AND THE WAILERS

On 15 May 2006 the High Court of Justice in the United Kingdom gave its verdict in the case of *Aston Barrett v Universal-Island Records Ltd And 12 Others* [2006] EWHC 1009 (Ch). Lewison J dismissed the claims by Mr. Aston Barrett for a share of royalties under a 1974 contract with Island Records, for song writing royalties in respect of songs which he claimed to have co-written with Bob Marley and for infringement of his rights in his performances.

Aston Barrett and Carlton Barrett were both members of the band Bob Marley and the Wailers. In 1974, Bob Marley signed an exclusive artist agreement with the first defendant, which had initially been addressed to him and the Barrett brothers. He subsequently signed two recording agreements whereby he was the solo artist. During this period until his demise from cancer in 1981, Bob Marley was paid by the record label and he in turn paid the members of his band. He retained 50% of the proceeds and distributed the remaining amount to the various band members. There were no contracts and the money was paid on trust.

On the strength of the 1974 Agreement, Aston Barrett and other members of the Wailers made a claim for a percentage of royalties, profits and assets accruing from Bob Marley's estate as partners with Bob Marley prior to his demise. During the trial, Rita Marley (Marley's widow) and Island Records diminished the brothers' contributions and claimed that the claimant had surrendered his right to further royalties in a 1994 settlement agreement that paid him a share of a settlement figure of \$500,000 awarded to the Wailers and agreed not to raise any further claims against the estate of Bob Marley or its beneficiaries. In addition to this they agreed to take part in the Legend II tour which was filmed and later released on video and DVD. The estate of Mr. Carlton Barrett (who was murdered in 1987) was not party to this agreement.

The claimant objected to the release of his fixed performances and said the actions of the second defendant to release the music to the public without his authorisation amounted to the infringement of his rights in the performances. The claimant further claimed that he had authorship rights in 7 of the tracks by the band and the credits on the album attributed authorship of the said tracks to the brothers.

Lewison J saw no reason not to enforce the settlement agreement against the claimant. The court held firstly that the settlement agreement compromised any claims by the claimant and there was no evidence brought to the court which would have necessitated the waiver of the terms of the settlement. Secondly, the claimant could not use the present action to claim authorship of the songs which had been subject to previous proceedings. Finally, the defendants did not require separate authority to affix the performances on other carriers such as the DVD. Although it was held that there was nothing in the 1994 settlement that prevented the claimant from bringing the claim on behalf of Carlton Barrett's estate, Carlton Barrett had not been party to the agreements nor had Bob Marley entered into them on his behalf. Thus, the claim on behalf of Carlton Barrett's estate failed. Furthermore, the authorship of the songs was attributed to Bob Marley and the claimant failed to establish the absence of consent in relation to the performances in question.

The judgment includes an examination of performers' rights, with particular regard to sections 182A and 182B of the Copyright, Designs and Patents Act 1988 implemented by regulation 20 of the Copyright and Related Rights Regulations 1996, effective 1 December 1996 which itself implemented Council Directive

92/100/EEC of 19 November 1992. Section 182A concerns the consent required for copying a recording, and section 182B concerns the consent required to issue copies to the public. Both were found to be sufficiently different rights to those conferred by section 182 of the Act in its original form to amount to “new rights”. As a result, Regulation 27 of the Directive, which provides that “...nothing in these Regulations affects an agreement made before 19th November 1992”, affords a defence to a performers’ right claim.

Lewison J also held that the facts of the case were such that consent to the issuing of copies of a recording to the public could possibly be inferred from consent to record the performance. *Bassey v Icon Entertainment plc* [1995] EMLR 59 was distinguished, as in that case Bassey had expressly consented to the recording but retained a veto over subsequent releases. It was held that it was up to Barrett to demonstrate that he had not consented. Lewison J found that Barrett had either consented (as recordings were made pursuant to agreements) or had not demonstrated that he had not consented, being aware of various recordings. Lewison J held that if the question had arisen, he would have held that the claimant had failed to establish the absence of consent to the relevant performances. Lewison J further held that separate consent is not required to issue to the public the same performance merely because the method of fixing the performance had improved technologically (i.e. from video to DVD) where the target audience was the same and the storage medium gives the same aural and visual information.

The main copyright issues addressed by the court were authorship of music and consent in relation to fixation and publication of performances. Although the Barrett brothers contributed in the arrangement of the 7 tracks in question, the composition of the underlying melody and the lyrics were attributed to Bob Marley as the author. The licensing of the performances was not an issue as by participating in the recording knowing that it would include the distribution of the album to the public, the Barretts were taken to have consented to the reproduction of the album for that purpose. The issue of infringement of their rights in the performance would thus not arise.

## Patents

### 3. IVAX PHARMACEUTICALS UK LTD V AKZO NOBEL UK

*Ivax Pharmaceuticals UK Ltd v Akzo* [2006] EWHC 1089 (Ch) was a patent action to revoke Akzo’s patent for a steroid used in the hormone replacement therapy for women, Tibolone.

Akzo was the proprietor of an earlier, now expired, patent on Tibolone, filed in 1964 which was marketed under the name ‘Livial’, and another, ‘035, published in 1990 which separately claimed the two crystalline forms of Tibolone. The patent in suit, ‘278, was a third generation patent on polymorphous Tibolone and claimed priority from 2003. The allegedly inventive concept embodied in ‘278 was the use of the polymorphous steroid in an immediate-release pharmaceutical dosage. Because the particles were less than a specified size, the polymorphous Tibolone had the same bioequivalence as the pure crystalline Tibolone in the earlier patents.

Ivax claimed that the ‘278 patent was obvious based on the prior art in light of the common ground knowledge. Both parties relied on the earlier ‘035 Tibolone patent. Akzo argued that the ‘035 patent taught that a pure crystalline form of Tibolone should be used, prejudicing the man skilled in the art from considering the use of a polymorphous form. In contrast, Ivax argued that because this claimed a monopoly on substantially pure crystalline forms of Tibolone, the person skilled in the art

would be likely to try polymorphous Tibolone for the commercial reason of avoiding the earlier '035 patent, hence making the patent in suit, '278 more obvious. Akzo argued that this was not the correct approach, and that such a factor could not be taken into account. However, the judge disagreed, stating that commercial reasons could be a valid motivation for the man skilled in the art to consider other methods and products.

When discussing the common general knowledge of the skilled addressee the evidence was that the average skilled man would have no knowledge of Tibolone. Ivax argued that the general knowledge of steroids could nevertheless be applied to prior art comprising information on Tibolone, as in reality a skilled man would be provided with information on a specific drug, Tibolone for example, and then be asked to apply his general skills and knowledge. The defendants argued that patent law forbade this approach, regardless of what might happen in a real situation. The judge disagreed citing a prior decision in *SmithKline Beecham plc and ors v Apotex Europe and ors* [2005] FSR 23. The judge stated that if, in the real world, a formulator would apply ordinary principles of drug formulation to information he would acquire about Tibolone, there was no reason this should not happen under the law of patents.

The patent was found to be obvious to a person skilled in the art and was revoked. In finding the patent to be obvious, the court stated that producing polymorphous Tibolone of a specified size which was bioequivalent to the pure crystalline Tibolone claimed in earlier patents would require only routine tests. The particle sizes would be obvious to the skilled, but unimaginative, person in the art as he would have known to formulate particles of polymorphous Tibolone of that size.

## Trade marks

### 4. SHIFTING TEST OF LIKELIHOOD OF CONFUSION

In *Ruiz-Picasso & Ors v Office for the Harmonization in the Internal Market* (C361/04 P), the European Court of Justice (ECJ) rejected the opposition filed by the Picasso estate against the application for the mark PICARO by Daimler Chrysler. In this case, the ECJ was asked to annul a Court of First Instance (CFI) and to explain the concept of confusion as defined in the case of *Arsenal v Reed* (C-206/01).

In *Arsenal v Reed*, the seller of scarves displaying the Arsenal club logo, the contested trade mark, sold the goods under a sign indicating that the seller was not the proprietor of the trade mark nor connected with that proprietor. The ECJ overcame this problem by concluding that post-sale confusion could be taken into account, presumably as this might affect repeat purchases. The decision clearly ignored the strictly factual scenario that telling consumers that the goods did not originate from the trade mark proprietor would negate confusion. This replaced a factual test of confusion at the point of purchase with an extended legal test for finding confusion. The trade mark right was turned into a continuing right rather than a protection at the point of purchase. Economically, the court replaced consumers' searching costs into increases in the cost of branded goods.

In *Picasso*, the proprietor argued that the CFI did not have regard to the rule formulated in *Arsenal v Reed* and thus had failed to assess confusion in the post-sale situation especially where the trade mark was of such a highly distinctive character. From an economic point of view, the Court was asked to reduce the search costs of the purchasers of cars and to transfer the fame of the PICASSO name onto motor vehicles. The ECJ rejected this submission. It concluded that

where the goods in question might demand a high degree of consumer attention in their purchase that the post-sale situation need not be considered as tribunals “cannot reasonably be required to establish...the consumer’s average amount of attention...in different situations”. The Court held that the extended legal test of confusion already established in *Arsenal v Reed* did not express a general rule from which it could be inferred that there was no need to refer to the high level of attention consumers show when purchasing a certain category of goods when assessing the likelihood of confusion. The ECJ thus appears on the one hand, to allow tribunals to apply a factual test for confusion at the point of purchase, whilst on the other hand it re-emphasises the law protecting brands consisting of famous trade marks.

The ECJ further held that the CFI had not erred in law by deciding that in the present case part of the process in making an assessment of the likelihood of confusion between the two marks was whether the meaning of at least one of the marks was clear and specific so that it could be grasped immediately by the relevant public so that the conceptual differences between the signs could counteract the visual and phonetic similarities between them. Furthermore, the CFI had not erred in considering that the fame of the painter Picasso would clearly be the overriding concept to consumers and be devoid of distinctiveness for motor vehicles. The result being that for identical marks, such as in *Arsenal v Reed*, football fame alone must be protected post-sale, whilst in the case of similar marks, the fame of a painter will be protected only at the point of sale.

## 5. DONCASTER PHARMACEUTICAL V BOLTON PHARMACEUTICAL

*Doncaster Pharmaceutical v Bolton Pharmaceutical* [2006] EWCA Civ 661 was an appeal against summary judgment granted to Bolton for an injunction restraining trade mark infringement in connection with the re-packaging and re-labelling of pharmaceutical products imported by Doncaster into the UK. On 26 May 2006, Lord Justice Mummery of the Court of Appeal allowed the appeal

AstraZeneca was the proprietor of the mark “KALTEN” throughout Europe before it assigned the mark in Spain to Teofarma in 2001 and in the UK to Bolton in 2004. In 2001, parallel imports of KALTEN constituted up to around 70% of the UK market and therefore AZ may well have been unable to assert their rights against parallel importers by virtue of the doctrine of exhaustion of rights under Article 30 of the EC Treaty. Bolton had relied on *IHT Internationale Heiztechnik v Ideal Standard* [1994] ECR 1-2789 (the *Ideal Standard Case*) in which the compatibility with Article 30 of the EC Treaty was considered when different parties own the same trade mark in different member states. That case confirmed that in such cases, provided there is no economic link and no possibility of control, exhaustion of rights principles are not breached and the essential function of the trade mark is protected.

The issue in the appeal therefore became whether AZ retained an economic link and/or the possibility of control over the trade mark following the assignment of the UK and Spanish marks. The Court of Appeal found that the factual circumstances of the assignments warranted further examination and full proof at trial, as there was a possibility that an economic link and/or control remained. This may be through quality controls, use of technical information or further information may come to light in relation to an economic link or artificial partitioning of markets. The Court of Appeal also noted the fact that AZ itself could not object to parallel imports in 2001 and therefore if the judge at first instance were correct, the act of assignment of the mark to separate entities would have given rise to additional

rights not exercisable by the assignor. This developing area of law may be an issue that requires a reference to the European Court of Justice following trial.

This case follows the decision by the Court of Appeal in *Sportswear v Stonestyle* [2006] EWCA Civ 380 in which an Article 81 defence to a trade mark infringement action was re-instated after having been struck out at first instance. The two cases when taken together may mark a renewed acceptance of euro-defences to trade mark infringement actions, at least to the extent that such defences are considered to have a real prospect of success and are unsuitable for summary determination.

## 6. ARE SAUSAGES ALL THE SAME?

On 13 February 2003 Wim De Waele filed an application with the Office for the Harmonization in the Internal Market (OHIM) for a Community trademark pursuant to EC Regulation 40/94. The registration sought concerned a three-dimensional sign in the shape of a sausage with "diamond-shaped" grooves for different classes of products including gut for making sausages, meat, fish and milk products (including cheese).

On 15 July 2004, the examiner rejected the application in part according to Article 7(1)(b) of EC Regulation 40/94 holding that the mark applied for was devoid of any distinctive character as regards most of the designated products. On 14 September 2004, the applicant brought an appeal. The decision of 16 November 2004 varied in part the examiner's decision stating that the mark had distinctive character for some other products, that is, milk products including cheese. For the outstanding claimed products the Board of Appeal held that the shape of the mark sought was not sufficiently specific to enable consumers to perceive it as an indication of origin of the goods in question.

Wim De Waele then brought an action (T-15805) before the EU Court of first instance seeking to vary and annul in part the decision of the First Board of Appeal of OHIM alleging the breach of Article 7(1)(b) of EC Regulation 40/94 in so far as it concerned "gut for making sausages" or, at least, "gut for making sausages intended for professional buyers", since:

- the relevant public were those in the business (as these were the purchasers of gut for making sausages) and this should be considered when assessing the distinctiveness of the mark sought as they are usually more knowledgeable and attentive than the general public;
- the relevant public, which in this case is made up of manufacturers of sausages, pays a lot of attention to the packaging;
- the shape of the gut for making sausages is unique and therefore easily identifiable and distinguishable;
- alternatively, even if the relevant public were made up of average consumers, the shape in question has distinctive character as consumers are capable of perceiving the shape of the packaging of certain goods when there are some characteristics able to attract their attention. Actually, 99 per cent. of the existing sausages are sold in cylindrical form or in coils and the shape in question departs significantly from those currently existing; and
- OHIM and the Benelux Trademarks Office have allowed the registration of three-dimensional marks in the food sector.

OHIM contended that the assessment as to the distinctiveness of the mark has to refer to end consumers since manufacturers buy the packaging of their goods

taking into account the end consumer, and that the shape in question is only a variation of the usual one and requires a close examination to distinguish the charcuterie packaged in the shape claimed from that of other undertakings.

The Court, after having considered the arguments of the parties, held that:

- the distinctiveness of the mark sought, should be assessed by reference to the goods or services claimed and to the perception of the relevant public;
- there is no need to make a distinction between “gut for making sausages” or “gut for making sausages intended for professional buyers”, since the buyer of this kind of product has some knowledge of the sector;
- the relevant public has to be made up of both those in the charcuterie business and end consumers in general since the applicant could decide to package on his own or decide to sell the packaging only to one undertaking, and, in that case, the mark could serve as an indication of origin both of the packaged product and of the packaging;
- the shape could be eligible for trademark protection only if it was perceived right away as an indication of the origin of the products concerned;
- the registrability of a sign as a community trademark must be assessed solely on the basis of the relevant Regulation as interpreted by the Community Courts, and the Community trade mark regime is an autonomous system independent from any national system; and
- to assess whether the shape in question could be perceived as an indication of origin, the overall impression produced by the appearance of the gut has to be analysed. In this case the oblong twisted shape of the gut differed very slightly from the usual ones and therefore was a mere variant of the basic shape for charcuterie.

For all the foregoing reasons, the Court found that there was no infringement of Article 7(1)(b) of the EC Regulation 40/94 and the appeal was dismissed.

## 7. COMPARE WITH CARE

On 23 February 2006, European Court of Justice (ECJ) made its judgment in *Siemens AG v VIPA Gesellschaft für Visualisierung und Prozeßautomatisierung mbH* (C-59/05), a reference for a preliminary ruling brought by the German Federal Court of Justice concerning the interpretation of Article 3a(1)(g) of the Directive on Misleading Comparative Advertising (84/450/EC). This is one of the 8 conditions under which comparative advertising will be permitted, stating that it must not take unfair advantage of the reputation of a trade mark, trade name or other distinguishing mark of a competitor, or of the designation of origin of the competing products.

The facts of this case were that in 1983, Siemens had introduced an identification system of order numbers for one of its products and that product's parts, which consisted of a combination of several capital letters and numbers. Since 1988, VIPA, a manufacturer of compatible add-on parts, used an identification system identical to that of Siemens. The first group of characters of Siemen's order numbers was replaced by the acronym 'VIPA', followed by the core elements of the order number of the original Siemens product add-on component. Further, the VIPA products and catalogue also stated, "The order numbers correspond to those of Siemens programme modules".

Siemens alleged that VIPA was taking unfair advantage of the reputation of its products and its distinguishing mark, i.e. the system of order numbers for its products. The first instance court in Germany ruled in favour of Siemens but on appeal that was overturned. Siemens then appealed to the German Federal Court of Justice, which referred to the ECJ the question as to whether a competing supplier takes unfair advantage of the reputation of a distinguishing mark under Art 3a(1)(g), if it uses the core elements of a manufacturer's distinguishing mark, namely a system of order numbers for its products in its own advertising. In addition, the Court asked whether the benefit to the comparative advertiser and consumer was a relevant fact.

The ECJ previously ruled that when assessing whether unfair advantage had been taken, it must be remembered that the use of another's trade mark, name or other distinguishing mark is permitted if that use complies with the 8 conditions of the Directive, and if the sole intention of the use is to distinguish between the products and services of the advertiser and those of its competitor in order to highlight differences objectively. (*Toshiba Europe*, C-112/99).

The ECJ applied the same considerations, and held that VIPA's use was permitted. By adopting the core element of the Siemens order number system, VIPA was informing the public that the two products in question have equivalent technical features' which was a permitted comparison of the material, relevant, verifiable and representative features of the goods' under Art 3a(1)(c) of the Directive.

The ECJ also ruled out the possibility of association between the products of Siemens with those of VIPA on three grounds. First, the target consumers were a 'specialist public' and hence less likely to make such association. Second, VIPA distinguished between its own and Siemens products by using its own acronym and clarifying in its catalogue that those numbers correspond to those of the Siemens modules, thereby taking care not to give a false impression as to the origin of VIPA products or of any association between those two companies. Third, because the numbers had to be programmed into the products for the system as a whole to work, those numbers were indispensable. In addition, if use of the numbers was not permitted, then the users would need to research the relevant corresponding number, which would be disadvantageous and contradict the stated aim of comparative advertising, i.e. that consumers can make the best possible use of the internal market.

The Court pointed out that consumer's advantage arising from increased competition between suppliers as a result of comparative advertising also needs to be taken into consideration. Hence if VIPA used a different core element for the order numbers of goods distributed by it for use with Simatic as add-ons it would have been disadvantageous for consumers to look in comparative listings for the order numbers corresponding with the goods sold by Siemens which was likely to cause a restrictive effect on the competition in the market for add-on components to the Simatic.

In this judgment, the ECJ has helpfully confirmed that comparative advertising can include the use of third party distinguishing marks, such as order numbers. This will further help to stimulate competition in the internal market to the benefit of consumers.

**Technology**

**8. RESEARCH IN MOTION UK LTD V INPRO LICENSING SARL**

Inpro held a patent for an invention involving a computing system comprising a portable field computer and a proxy server. The invention sought to increase the processing power of the field computer by making it quicker and easier to access the internet and emails through the proxy server. This was achieved by pre-treating the web pages or internet content at the proxy-server, based on the information received from the device, such as its display characteristics, before it was communicated to the device. The resulting benefit of this system was that it enabled real-time delivery of the data and significantly increased the battery life of the portable computer/device.

Research in Motion (RIM), the manufacturer of Blackberry devices, filed an application for revocation of Inpro's patent on the grounds of lack of novelty, obviousness and excluded subject matter. Inpro not only resisted the claimant's alleged invalidity plea, but made a counterclaim of infringement against RIM and T-Mobile, which distribute the devices in the UK. Specifically, the counterclaim was based on the ground that the Blackberry device infringed its patent. Inpro argued that the way the Blackberry device communicates with the proxy server and the way the proxy server deals with the data prior to sending it to these devices, infringe the patent since their activities fall within its claims. Therefore, the main issue before the Court was to interpret the width and scope of the claims relating to the communication channel between the device and the server, and the pre-treatment that web pages received at the proxy server's end based on the communication of certain parameters by the field computer.

The Court held that the correct approach to interpretation is laid down in the Protocol to the interpretation of Article 69 of the European Patent Convention which has already been defined by the case (1) *Kirin Amgen Inc* (2) *Ortho Biotech Inc* (3) *Ortho Biotech Products LP v* (1) *Hoechst Marion Roussel Ltd* (2) *Hoescht Marion Roussel Inc* (3) *Transkaryotic Therapieds Inc* [2004] UKHL 46. The proper question to be asked is: what the person skilled in the art would have understood the patentee to have meant by the language used in the claim? In order to complete such an assessment, according to the Court, one needs to look at the description of the invention and the prior art, apart from the claims themselves. The claims should be examined in this context before their scope could be determined once and for all. Therefore, after perusing the description of the invention and the prior art quoted within the patent, the Court held that the skilled man in the art would not limit the scope of the words used in the claim to its literal meaning. Hence it was held that the Blackberry device infringed the patent. The slight differences between the way the Blackberry device communicates and the way web pages are treated by the proxy server was held to be immaterial.

Although the claims were found to be infringed, the Court decided in favour of RIM since all the infringed claims were either invalid for lack of obviousness and/or novelty.

**Media**

**9. CHAMPIONS LEAGUE ON THE INTERNET IS OFF-SIDE, SAYS UEFA**

*Union des Associations Europeennes de Football (Union of Football Associations) & Ors v Briscomb & Ors* [2006] EWITC 1268 (Ch) concerned the broadcasting of the Champions League Football tournament over the internet. The claimants, included *Union des Associations Europeenees de Football*, commonly known as UEFA, the organiser of the European Champions League and the legitimate right

owner of the broadcasts. By showing live Champions League games over their website [www.sportingstreams.com](http://www.sportingstreams.com) for subscribers to view, the defendants infringed the copyright in those live broadcasts and ancillary works owned by the claimants.

UEFA, together with broadcasters that hold the right to broadcast the matches live on television, moved for summary judgment in an action for infringement of copyright subsisting in the matches and in other ancillary works related to the tournament, such as the theme tunes created for use with the Champions League television programmes, uniform branding and the UEFA logo.

The claimants provided evidence that live matches were copied and subsequently included in a programme that was transmitted over the internet. This was recognised to be against s. 20, Copyright, Designs and Patents Act (CPDA) which concerns infringement by broadcasting or inclusion in a cable programme service, and s. 17 of the CDPA concerning infringement by creating unauthorised copies.

Justice Lindsay accepted that defendants had no real prospect of successfully defending the claims brought before the court. A permanent injunction was issued, restraining the broadcasting of UEFA Champions League matches over the internet. The judgment also included an order for the confiscation of all equipment used in the pirating process as well as damages relating to the substantial costs of the claim.

The decision does not leave room for doubt over the illegality of unauthorised copying and streaming over the internet. However, it remains to be proven whether the approach taken by UEFA in this case will be a deterrent against future infringements, and whether it will help develop a common understanding that reproduction and retransmission of a broadcast through the internet does constitute an unlawful action.

## **10. PHONES4U WINS PASSING OFF APPEAL AGAINST ONLINE SELLER PHONE4U**

*(1) Phones 4U Ltd (2) Caudwell Holdings Ltd v (1) Phone4U.co.il Internet Ltd (2) Abdul Heykali (3) New World Communications (Southern Divisions) Ltd (2006)* involved the domain name [phone4u.co.uk](http://phone4u.co.uk), registered by one of the defendants, Mr Abdul Heykali in August 1999. His website initially promoted the services available at his shop in London and only later in 2001 started selling mobile phones online. He says that at the time he registered the domain name he did not know of Phones4U. The name Phones4U had been used since 1995 and the domain name [phones4u.co.uk](http://phones4u.co.uk) was registered in 1997. The claimants failed to show in the High Court last year that they had acquired the goodwill in expression 'phones 4u' at the time when the domain name was registered. Although there was confusion, there was not the required deception for the claim for passing off to succeed. The trade mark infringement claimed also failed because the registered mark was limited to the combination of red, white and blue colours.

The Court of Appeal held that the trial judge had erred in applying the test of distinctiveness to passing off which is required for registration of trade marks. It was enough that very large numbers of people knew the name. The threshold for establishing goodwill in August 1999, at the time of the defendants' domain name registration, was easily achieved. Following that conclusion the Court continued that although the defendants' mark was created innocently, there could not be any realistic use of the domain name without causing deception. One of the defendants, Mr Heykali had actually commenced using it for trade about the same time or even

after he knew about the Phones4U High Street shops. Although the defendants' website included a disclaimer, that was not enough to 'undeceive' the potential customers. From email correspondence of the defendant Mr Heykali it was clear that he had sought to take advantage of the initial deception. Moreover, he had later tried to sell the domain name, which was further evidence of the deception. In respect of trade mark infringement, the Court of Appeal held that Phones4U had accepted the limitation to its mark. It had sought and was granted a mark only in colour.

This case offers a clear example of the different approach applied to trade mark infringement and on the other hand passing off. While the protection of a registered mark might be very formally limited, in passing off the wrongful appropriation of someone else's goodwill may be protected when deceitful intention is established along with actual confusion of customers.

## Acknowledgements



McDermott Will & Emery would like to acknowledge the invaluable contribution to the Bulletin made by Dr. Uma Suthersanen, Angel Adrian, Jerry Hsiao, Maria Mercedes Frabboni, James Mitchiner, Marisella Ouma, Rajesh Sagar, Pekka Valo, Ramneek Jutla, Luca Escoffier, Ayan Roy Chowdhury from the Queen Mary Intellectual Property Research Institute, University of London.

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