



COMMERCIAL

Consumer Remedies for Faulty Goods: Overwhelming Support for the Right to a Refund

In November 2008, the English Law Commission and the Scottish Law Commission published a joint consultation paper on consumer remedies for faulty goods. Responses to the consultation, published on 13 May 2009, have revealed widespread support among both consumer and business groups for retaining the right to a refund. This right contrasts with the position under the EU Consumer Sales Directive (in which consumers' first recourse is to repair or replacement) which has come under threat recently from the European Commission's proposals for a new Consumer Rights Directive designed to harmonise consumer rights across EU Member States.

The general consensus is that the right to a refund is vital for consumer confidence in that it is a simple, well understood remedy that prevents consumers from becoming locked into a cycle of failed repairs. The majority of respondents nevertheless acknowledged that uncertainty over how long the remedy lasts is a problem and agreed with the Commission's proposal that there should be a standard period of 30 days in which to receive a refund, with a limited amount of flexibility to extend or reduce this period in some circumstances.

COMMENT

There is little doubt that consumer remedies for faulty goods are an area in need of reform. Not only does UK law suffer from uncertainty, but the lack of synergy between traditional UK remedies and the Consumer Sales Directive has exacerbated the problem. Consumers and businesses alike have difficulty understanding and identifying appropriate remedies, giving rise to unnecessary disputes. The problem is acute particularly in relation to high value and technical goods. Within that debate, the right to a refund stands out as an element of certainty, to which the strength of support for its retention testifies.

The Law Commissions must now consider the consultation responses and provide a report and recommendations to the UK Government. Before that, the Department for Business Enterprise and Regulatory Reform (BERR) may, potentially, elicit similar sentiments in its consultation on the proposed Consumer Rights Directive, which may shape the United

Kingdom's side of negotiations on the Directive. However, allowing the United Kingdom to retain an automatic right to a refund is difficult to reconcile with the objective of maximum harmonisation at the heart of the proposed Directive as it is intended to address the problems caused by inconsistent national implementation of the current directives in the consumer *acquis*.

DATA PROTECTION

Data Transfer: EU Guidance

The European Commission has published a series of flowcharts and FAQ's (the Guidelines) on the transfer of personal data outside the European Economic Area (EEA) in accordance with the Data Protection Directive (95/46/EC).

GUIDELINES' ROUND-UP OF THE EU PERSONAL DATA TRANSFER REGIME

The Guidelines show that transfer of personal information from within the EEA to a country outside the EEA will only be acceptable if

- The country is a "recognised third country", *i.e.*, the Commission recognises that the country has adequate data protection laws.
- The company to which the data are being transferred is a U.S. company that is a member of Safe Harbor. Safe Harbor is a scheme set up by the US Federal Trade Commission and the European Commission whereby member companies promise to observe data protection principles broadly equivalent to those in the Directive.
- A permitted method is used by the EEA-based entity transferring the data. These include using appropriate contractual clauses, whereby the companies transferring and receiving the data undertake to ensure that the Directive is not infringed.
- A permitted derogation applies. This includes, for example, where the individual gives his clear, free and specific consent.

COMPLEXITIES NOT ADDRESSED BY THE GUIDELINES

The Guidelines are not a complete account of the legislative regime and companies should consider the following points:

- The Guidelines state on the front page that “they do not have any legal value and do not necessarily represent the position that the Commission may adopt in a particular case”.
- The Guidelines do not address the problem of “what personal data consists of”.
- The Guidelines do not resolve the problem inherent in all directives: there is no harmonised method to incorporate directives into Member States’ legislation. Accordingly, implementation will differ between Member States. Spain, for example, requires companies to notify their use of Model Contract Clauses, while the United Kingdom does not; France’s sanctions for infringement of the Directive are heavier than the United Kingdom’s. All of this tends to devalue the usefulness of any EU overview.
- The Guidelines’ round-up of corporate rules for use between companies in the same group does not convey properly the complexity, time and cost that are entailed in securing the appropriate approvals before a company can use permitted methods to transfer personal data to a group company based in a third country.

COMMENT

The EU data protection and transfer regime is not a simple one and the Guidelines tend to gloss over the more complex areas. Furthermore, because there is no harmonised method to incorporate directives into each Member State’s legislation, the Guidelines are clearly of limited use to a company that has a business model incorporating multiple EU entities and multiple data transfer processes to third countries.

ENTERTAINMENT & MEDIA

Monitoring the Boundary Between House Competitions and Lotteries

“To avoid any misunderstandings”, the Gambling Commission has published an advice note on prize competitions and free draws: house competitions. The point of the note appears to be to impress upon anyone thinking of running a competition to win their house that the Commission “does not, in any circumstances, approve house competitions” and that, more often than not, organisers of such competitions will “attract regulatory intervention from the Commission”.

BACKGROUND

In October 2008, the Commission issued a press release headed “Homeowners urged to be aware of rules on house competitions”. This explained that growing numbers of homeowners were resorting to running prize competitions as a method of realising the value of their homes. The press release warned homeowners that attempts to sell homes using prize competition schemes could potentially fall foul of the Gambling Act 2005.

Prize competitions are exempt from statutory control under the Act provided they require sufficient skill, judgment or knowledge to either deter a significant proportion of potential entrants from participating or eliminate a significant proportion that do enter. Schemes that do not meet the test of skill, judgment or knowledge set out in Section 14(5) of the Act would be classed as lotteries. Lotteries can only be run in support of good causes, not for private or commercial gain and it is an offence to run a lottery without an operating licence.

ADVICE NOTE

The advice note warns organisers of house competitions that they could face prosecution. The Commission nevertheless states that, in principle, an individual disposing of a property through a house competition can use a genuine prize competition to do so. The Commission’s message is that the circumstances in every case will be different and one scheme being allowed to progress does not mean that others will not result in prosecution.

The Commission explains that its role is to monitor the boundary between prize competitions, free draws and lotteries in order to ensure that those operating lotteries are properly licensed. It says that, despite claims to the contrary, the Commission does not, in any circumstances, give prior clearance to house competitions. As the Commission explained in its October press release, anyone considering such a competition should take account of the Commission’s guidance on prize competitions and free draws, which outlines the requirements of the Gambling Act 2005 and take independent legal advice before proceeding.

Where the Commission has concerns that a house competition may be an illegal lottery, it will normally write to the organisers to alert them. This letter requests information from the organisers in order to assess whether the scheme does amount to a genuine prize competition. Organisers will also be advised to seek legal advice before commencing or continuing and where they cannot assure themselves of the legality of what they are doing, to cease activity and return monies already taken.

The advice note also states that where the Commission considers that a scheme is an illegal lottery, a criminal investigation is “likely” to be commenced.

COMMENT

The language in the Commission’s advice note is, as one would expect, that of admonishment not encouragement. The note therefore inevitably shrouds the area in uncertainty. In its earlier general guidance on prize competitions, the Commission warned against competitions that ask just one simple question, the answer to which is widely and commonly known or is obvious from the material accompanying the question. These would fail to meet the test in the Act and would be classed as lotteries because the simple question fails to eliminate a

significant proportion of actual or potential entrants. The Commission also said, however, that it did not think a particular question or clue failed to qualify as involving skill or knowledge just because the answer could be discovered by basic research on the internet.

COMMUNICATIONS & NEW MEDIA

Promoting Phone-Paid Services Through Social Networking and Other Websites

In the Compliance Corner of its April 2009 *Newsplus* newsletter, PhonepayPlus, the regulator for premium rate (also known as “phone-paid”) services, raises a number of compliance issues in relation to the promotion of phone-paid services through social networking and other websites.

SOCIAL NETWORKING SITES

PhonepayPlus has noticed that social networking sites such as Facebook are being used increasingly as a channel to promote phone-paid services. The regulator warns anyone promoting phone-paid services through these channels that they should not manipulate the personal data available on the social networking site to make a statement that is untrue, as it is likely to view the service as misleading.

MARKETING BY AFFILIATES

PhonepayPlus says that as more and more mobile phone-paid services are promoted on the web, it is increasingly likely that some of these promotions will be undertaken by an affiliate partner of an information provider. It therefore reminds information providers that all aspects of service promotion remain their responsibility. PhonepayPlus expects any affiliate to be informed fully of the requirements within the PhonepayPlus Code and for the service and information providers to check that the affiliate is complying with the regulations. Additionally, PhonepayPlus warns that affiliates must not be incentivised to promote phone-paid services in ways that could breach the Code.

SCROLLING ISSUE

Next, PhonepayPlus suggests that recent adjudications have highlighted that the Code Compliance Panel is likely to uphold breaches where consumers have to scroll to view the key terms and conditions of a service, on the grounds that the information is not sufficiently prominent.

WEB OPT-IN

Finally, PhonepayPlus refers to the fact that it continues to receive a significant number of complaints regarding unsolicited messages. Given the risks associated with web opt-in and the difficulty in proving that a consumer has validly opted into a service, PhonepayPlus recommends that where users enter their mobile phone number online, risks can be reduced by structuring the page to include the following:

- A brief statement that confirms where the service content will be displayed.
- A mobile phone number field.
- A brief paragraph summarising the key terms and conditions.
- An unchecked mandatory tick box stating “I agree to the terms and conditions”.
- A next/submit button.

Keywords, Sponsored Links and Trade Mark Infringement: eBay off the Hook In the United Kingdom... For Now

In the latest instalment of L’Oréal’s pan-European campaign of litigation, the English High Court has ruled that eBay is not jointly liable for trade mark infringements committed by users listing fake goods and authentic goods imported from outside the European Union for sale on eBay’s UK website.

Whilst the judge in *L’Oréal SA v eBay International Ag* [2009] EWHC 1094 concluded that eBay was not liable in respect of its users’ trade mark infringements, he declined to rule on four potentially important points, preferring instead to refer them to the European Court of Justice (ECJ).

The first of these is whether the sale of testers, so-called “dramming products” (unbranded bottles of perfumes and cosmetics used by retailers to top-up testers) and unboxed products amounts to trade mark infringement. Although this point was academic in the present case, as the judge held that the users in question were liable for other trade mark infringements, the question is potentially relevant to the scope of the relief to which L’Oréal might be entitled.

Second, and more importantly to eBay, the judge did not rule on whether eBay’s use of sponsored links in relation to goods found to infringe L’Oréal’s trade marks amounted to infringement of those trade marks. Third, the judge found himself unable to rule on whether eBay has a defence under Article 14 of the E-Commerce Directive. This provides that a service provider is not liable for illegal acts carried out by its users where the service provider is not aware of those acts and where the provider acts promptly to prevent any such acts once it is made aware of them.

Fourth, the judge was also of the view that the relevant provision of the Enforcement Directive is unclear. Article 11 of the Directive provides that Member States shall ensure that injunctions may be granted against intermediaries whose services are used by a third party to infringe an intellectual property right. The judge found that, although as a matter of domestic law he had the power to grant an injunction against eBay in respect of its users’ trade mark infringements, the precise scope of Article 11 was again a matter for the ECJ.

This decision follows decisions in eBay's favour in similar cases brought by L'Oréal in France and Belgium. The litigation in Spain is still ongoing.

On the same day as the UK judgment, the same judge handed down a decision in a case brought by Interflora against Marks & Spencer for an interim injunction to prevent the use of "Interflora" as a sponsored Google Adword search term, on the basis that such use amounted to trade mark infringement. The judge declined to grant the injunction and referred the matter to the ECJ, citing the ongoing referrals from other national courts on the same point and also on his own referral in *L'Oréal*.

E-COMMERCE, IT & BANKING TECHNOLOGY

RFID Systems and Privacy

The European Commission has produced a number of recommendations designed to address concerns over the effect of radio frequency identification (RFID) tags on privacy and personal data protection.

RFID TECHNOLOGY

A basic RFID system consists of a tag that identifies itself to a reader when within the reader's range. Billions of RFID tags are sold annually worldwide for use in fields including manufacturing, transport, security, retail and e-payment.

THE PRIVACY ISSUES

RFID tags can be used to collect personal data, for example by tying a customer's credit card details to a product, or an RFID-based transport ticket system that allows customer itineraries to be stored and read. Data can be processed without physical contact or visible interaction between the tag and reader and without the individual concerned being aware of it.

RFID technology is used increasingly in the retail sector and concerns focus in particular on the risk of theft or misuse of personal data held on RFID tags and accessed by RFID readers.

EU DIRECTIVES

The Data Protection Directive (95/46/EC) provides that a person must give freely his or her specific and informed consent before any personal information is processed. The e-Privacy Directive (2002/58/EC) prohibits interception and surveillance of personal information unless the users concerned have given their consent. The Commission has clarified expressly that the e-Privacy Directive covers RFID networks in its proposals for reform of the EU telecoms package.

The Commission's recommendations provide guidance on how to implement RFID applications in a manner that complies with these Directives.

THE RECOMMENDATIONS

EU Member States are asked to provide a framework for privacy and data protection impact assessments (PIAs). RFID operators would be required to conduct PIAs in order to understand and act on the possible privacy and data protection threats that the presence of the RFID tag creates. The level of detail of the assessment should be appropriate to the privacy risks possibly associated with the RFID application. The PIA must be sent to the national data protection authority in advance of deployment of the application.

Operators will also be asked to ensure that consumers understand clearly the type of personal data collected and the purpose it will be used for. Operators should also provide clear labelling to identify RFID readers.

A common European sign, developed by European standards organisations, should be applied to any retail product containing a smart chip. Furthermore, RFID retailers should deactivate or remove tags at the point of sale unless consumers give their informed consent ("opt-in") to keep tags operational. Deactivation or removal of tags by the retailer should be immediate, free of charge and verifiable by the consumer.

The retail opt-in requirement does not apply, however, if the PIA concludes that tags remaining operational after the point of sale do not represent a likely threat to privacy or the protection of personal data. Nevertheless, retailers should make available and free of charge an easy means to deactivate or remove these tags.

TRADE MARKS

Complementarity: Glassware and Wine

In *Waterford Wedgwood plc v OHIM* 398/07, the European Court of Justice (ECJ) upheld a decision of the Court of First Instance (CFI) that the complementarity between glassware and wine is insufficient to establish similarity of goods for the purposes of an opposition based on Article 8(1)(b) of the Community Trade Mark Regulation (40/94/EC).

BACKGROUND

Assembled Investments (Proprietary) Ltd applied to register the figurative mark reproduced below in respect of "wines" produced in Stellenbosch. Waterford opposed the application on the basis of its earlier registration of the word WATERFORD in respect of "glassware, earthenware, chinaware and porcelain" relying on Articles 8(1)(a) and (b) and 8(5) of the Regulation.



The Opposition Division rejected the opposition. The First Board of Appeal annulled the decision holding that the marks were highly similar and that wine and glassware were similar on the basis of complementarity. Accordingly, the Board found a likelihood of confusion under Article 8(1)(b) of the Regulation. It did not consider the position under Article 8(5).

The CFI allowed Assembled Investment's appeal, assessing the similarity of wine and glassware and concluding that they were distinct in their nature and use, neither in competition with one another nor substitutable and not produced in the same areas. Waterford appealed to the ECJ.

DECISION

The ECJ noted that the more distinctive the mark, the greater the likelihood of confusion and that a likelihood of confusion may still exist, notwithstanding a low degree of similarity between two marks where goods are very similar and the earlier mark is highly distinctive.

However, the ECJ held that the interdependence of those different factors did not mean that the complete lack of similarity could be offset fully by the strong distinctive character of the earlier mark. For the purposes of applying Article 8(1)(b), even where one mark is identical to another with a particularly high distinctive character, it was still necessary to adduce evidence of similarity between goods and services.

The ECJ found that the CFI had carried out a detailed assessment of the similarity of goods, taking into account the distinctiveness of the earlier mark. Since it had found that the goods were not similar, one of the conditions necessary in order to establish a likelihood of confusion was lacking and therefore the CFI had been correct in finding no likelihood of confusion. The ECJ held that any distortion of the facts must be obvious from the documents of the Court's file without carrying out a new assessment of the facts and evidence. It was clear that CFI had carried out an assessment of the facts. This could not be challenged during an appeal as Waterford had not demonstrated that the Court distorted the facts submitted, but had merely claimed that the Court had not established the facts on which it based its assessment.

Waterford had cited lack of reasoning of the judgment, claiming that the CFI did not substantiate that there was no

similarity between the goods. The ECJ held that the CFI could not be required to give express reasons for its assessment of the importance of each piece of evidence, particularly where it considered that evidence to be unimportant, but that it must give sufficient reasons to enable the ECJ to exercise its judicial review.

The ECJ held that the CFI's comparative assessment of the goods in question had been detailed and had taken into account the evidence submitted to it regarding the practice of marketing wine glasses and wine together. The CFI had found that the commercial importance of this practice had not been demonstrated by Waterford.

Despite the existence of a certain degree of complementarity between some glassware and wine, the CFI had regarded that complementarity as insufficient to find the perception by consumers of a similarity of the goods in question within the meaning of Article 8(1)(b) of the Regulation. It followed from this that there was nothing in the CFI's reasoning to suggest that the facts had been distorted. The ECJ therefore dismissed the appeal.

COMMENT

The judgment draws the distinction between Article 8(5) of the Regulation, which refers expressly to the situation in which the goods or services are not similar and Article 8(1)(b), which provides that the likelihood of confusion presupposes that the goods or services covered are identical or similar. However, the ECJ did not provide any guidance on when goods that are different may be regarded similar on the basis that they are complementary to each other.

PARALLEL IMPORTS & EXHAUSTION

Selective Distribution: Consent to Further Commercialisation

In *Copad SA v Christian Dior couture SA, Société industrielle lingerie and Vincent Gladel* (liquidator) [2008] C-59/08 (unreported), the European Court of Justice (ECJ) ruled that Article 8(2) of the Trade Marks Directive (89/104/EEC) can be invoked to prevent sales through discount outlets, provided that such sales damage the allure and prestige of the brand. These sales are deemed to be made without the consent of the proprietor whose rights, as a consequence, are not exhausted. Even where goods are marketed within the European Economic Area (EEA) with the proprietor's consent, that consent is deemed to be withdrawn where it can be established on the facts of the case that a resale damages the reputation of the mark.

BACKGROUND

Société industrielle lingerie (SIL) was Dior's licensee for the manufacture and distribution of luxury corsetry bearing the Christian Dior trade mark. The trade mark licence prohibited SIL from selling the products to wholesalers, discount stores and the like, stating that these prohibitions were "in order to maintain the repute and prestige of the trade mark".

Article 8(2) of the Directive states that:

The proprietor of a trade mark may invoke the rights conferred by that trade mark against a licensee who contravenes any provision in his licensing contract with regard to its duration, the form covered by the registration in which the trade mark may be used, the scope of the goods or services for which the licence is granted, the territory in which the trade mark may be affixed, or the quality of the goods manufactured or of the services provided by the licensee.

Despite a letter of refusal from Dior, SIL sold goods bearing the trade mark to Copad, a discount store. Dior commenced proceedings in France for trade mark infringement, resulting in the Court of Cassation referring the following questions to the ECJ for a preliminary ruling:

1. *Must Article 8(2) be interpreted as meaning that the proprietor of a trade mark can invoke the rights conferred by that trade mark against a licensee who contravenes a provision in the licence agreement prohibiting, on grounds of the trade mark's prestige, sale to discount stores?*
2. *Must Article 7(1) be interpreted as meaning that a licensee who puts goods bearing a trade mark on the market in the EEA in disregard of a provision of the licence agreement prohibiting, on grounds of the trade mark's prestige, sale to discount stores, does so without the consent of the trade mark proprietor?*
3. *If not, can the proprietor invoke such a provision to oppose further commercialisation of the goods, on the basis of Article 7(2)?*

DECISION

In answering the first question, the ECJ considered whether the list of provisions in Article 8(2) was exhaustive. It noted that the provision contained no wording such as "especially" or "in particular", which would allow a finding that the list was purely by way of example. The decision for the ECJ was, therefore, whether SIL's breach of the licence fell within one of the Article 8(2) prohibitions.

The ECJ found that the rights in Article 8(2) were intended specifically to enable the trade mark proprietor to prevent the licensee from contravening the terms of his licence in such a way that the quality of the goods was called into question. The Court noted that the Advocate General had stated in her

Opinion that the quality of luxury goods was not just the result of their material characteristics, but also of the allure and prestigious image that bestowed on them an aura of luxury. This aura of luxury was, according to the ECJ, essential in enabling consumers to distinguish them from similar goods.

Article 8(2) of the Directive was to be interpreted as meaning that the proprietor of a trade mark could invoke the rights conferred by that trade mark against a licensee who contravened a provision in a licence agreement prohibiting sales to discount stores, provided it had been established that this damaged the allure and prestigious image that bestowed an aura of luxury.

Turning to the second question, the ECJ agreed with the Advocate General that Article 7(1) was to be interpreted as meaning that a licensee who put goods bearing a trade mark on the market in disregard of a provision in a licence agreement did so without the consent of the proprietor where it was established that the provision in question is included in those listed in Article 8(2).

In considering the third question, the Court held that the rights of the proprietor to be protected against a discount store must be balanced against the legitimate interests of the discount store in reselling the goods. Where a licensee put luxury goods on the market in contravention of a provision in a licence agreement but must nevertheless be considered to have done so with the consent of the proprietor of the trade mark, the proprietor could rely on such a provision to oppose a resale of those goods on the basis of Article 7(2), only if it could be established that such resale damaged the reputation of the trade mark.

COMMENT

It is interesting, but not surprising, to note the submissions from those other than the parties in this case. The French Government, ever mindful of the importance of the luxury goods industry to its economy, made submissions favouring the rights of the trade mark proprietor; the Commission, on the other hand, in championing the forces of competition, lent support to Copad. The matter will now be returned to the Court of Cassation for it to decide whether, on the facts, the sale of Christian Dior corsetry to Copad damaged the allure and prestige of the goods, but this case can only be good news for owners of top-end brands.

PATENTS

Application for Non-Infringement: Requirement to File Full Particulars

In an unusual case (*Portasilo Ltd v Manchester Cabins Ltd* [2009] BL O/119/09) examining the relationship between Sections 71 and 74 of the Patents Act 1977 on a Section 71

application for non-infringement, the United Kingdom Intellectual Property Office (IPO) has ruled that Section 71 cannot be used to launch a general attack on the validity of a patent. Full particulars of the applicant's potentially infringing act must be submitted such that the court or comptroller may assess the application for a declaration of non-infringement if it finds that the patent in issue is, in fact, valid.

BACKGROUND

Portasilo brought an action for a declaration of non-infringement under Section 71 of the Patents Act 1977 (the Patents Act) in relation to Manchester Cabins' patent. Section 71 requires applicants to contact the owner of the patent in question, supplying full particulars of the potentially infringing act and requesting a declaration of non-infringement from the owner in respect of that act. If the patentee does not respond, the applicant may apply to the courts, or to the comptroller of patents, for such a declaration.

Manchester Cabins did not respond to Portasilo's request. When Portasilo applied to the comptroller for its declaration, Manchester Cabins responded by stating that Portasilo had not furnished full particulars of its potentially infringing act and had not, therefore, complied with the requirements of Section 71. Portasilo's approach had been to assert the invalidity of all of the claims of the patent and to state that since, in their opinion, the claims were invalid, they were not capable of being infringed. Section 74 of the Patents Act permits an attack on validity in the context of an application under Section 71, but Manchester Cabins argued that, in the absence of full particulars of the allegedly infringing act, this amounted to a general attack on validity, which was not permitted under Section 74(2) of the Patents Act.

DECISION

Mr Marchant, sitting as the hearing officer in the IPO, found that where validity was at issue under Section 71, full particulars of the potentially infringing act must be submitted. Failure to do so would mean that, if the patent was found to be valid (whether partially or in its entirety) the court or comptroller would be unable to proceed to determine whether or not the applicant was entitled to a declaration of non-infringement. This is because the court or comptroller would not be able to make a comparison of the patented technology and the potentially infringing act.

Mr Marchant ordered that Portasilo file full particulars of its potentially infringing act in compliance with the requirements of Section 71. To do otherwise would not be in accordance with the overriding objective of the Civil Procedure Rules as it would remain open to Portasilo to launch a fresh application under Section 71. Mr Marchant held that this would have the same end result as allowing full particulars to be submitted in respect of the present application, but with the undesirable effect of increasing the delay and cost to both parties.

COMMENT

The pragmatic stance of the IPO in allowing Portasilo to file full particulars and to rectify the defects in its application is to be welcomed as a victory for common sense. The hearing officer's approach to costs, which saw Portasilo contributing to Manchester Cabins' costs despite a ruling in its favour, recognised the fact that Portasilo's failure to comply with the formalities of the Act had inflated the cost to Manchester Cabins and had resulted in delay. This case is a useful reminder that the IPO, in addition to the courts, is also bound by the Civil Procedure Rules.

UK Intellectual Property Office Tows Line on Software

In *Nokia Corporation* [2009] BL O/107/09, following the guidance in *Symbian* [2009] RPC 1, a hearing officer from the UK Intellectual Property Office (IPO) has overturned the decision of one of its examiners, who rejected a patent application for a software application for the networking functions enabling software development on a mobile phone. The hearing officer concluded that the application was not excluded matter as it made a technical contribution by solving a technical problem and neither could it be characterised as a method of performing a mental act.

BACKGROUND

The patent application related to the development of the networking functionality of a mobile telephone by the storing of a number of modular software elements on the telephone, which could be used as building blocks from which a developer could develop software applications for the telephone. The invention enabled a developer to work on a computer such that individual software modules on the telephone could be activated wirelessly from that computer. The invention sought to overcome the problems caused when programming a mobile telephone using its own keypad, with development hampered by the inadequacies of the screen, keypad and processing power of the handset. It also avoided the need for a PC to emulate the phone as was required in alternative solutions.

DECISION

Mr Bartlett, sitting as the hearing officer, held that following *Symbian*, he should apply the four-step test from *Aerotel/Macrossan* [2007] RPC 7 and, at either the third or the fourth step (it did not matter which), he should also ask himself whether the contribution of the invention was technical. The four *Aerotel/Macrossan* steps are

1. Properly construe the claim.
2. Identify the actual contribution.
3. Ask whether it falls solely within the excluded subject matter.
4. Check whether the actual or alleged contribution is actually technical in nature.

The decision related to three claims of the patent application, but it was accepted by the Applicant that all three would stand or fall together and that, for the purposes of the decision, the hearing officer need analyse only Claim 1. The Claim read

A method of software application development for a wireless mobile device, the application being a networked application, in which the wireless mobile device is capable of communicating with a server over one or more types of network connection; the method comprising the steps of:

- a) *a developer using an interface on a computer remote from the wireless mobile device to call, over one of the network connections, modular software elements resident on the wireless mobile device, the modular elements each (i) encapsulating functionality required by the wireless mobile device and (ii) capable of executing on the wireless mobile device under the control of an interpreter running on the device; and*
- b) *the developer causing modular software elements on the wireless mobile device to be combined using scripts composed on the computer and transferred to the device.*

Mr Bartlett concluded that, in this case, there was no issue relating to the construction of the claim, which was simple. He noted that the second step of the test, that of identifying the contribution was frequently more problematic. He concluded that the contribution was as follows:

...a software implemented method for developing networked applications for a wireless mobile device, the software enabling a developer to use a computer remote from a wireless mobile device to call, over a network connection, modular software elements resident on the wireless mobile device and to combine and execute modular software elements resident on the device by using a script composed on the computer and transferred to the wireless mobile device.

Mr Bartlett noted that the court had confirmed, in *Symbian*, that when dealing with a patent application for an invention that is a computer program, the mere fact that an invention is implemented in software is not determinative of whether or not it is excluded. Instead, the issue must be resolved by determining whether the computer program reveals a “technical” contribution. He further noted that *Symbian* had confirmed that the Aerotel/Macrossan test was a reformulation of the technical contribution approach and that it must be applied in a manner consistent with the case law.

Mr Bartlett concluded that the present Applicants had contributed a way of controlling the interaction between a mobile telephone and a remote computer in such a way that the functionality of the mobile could be changed, whilst avoiding the technical problems inherent in the prior art ways of doing that. This was, he concluded, a technical contribution such that

it was more than a program for a computer *per se*. For the sake of completeness, he confirmed that in addressing step four of the Aerotel/Macrossan test, in his view the contribution made by the invention of Claim 1 was indeed technical in nature.

Mr Bartlett held that the uncertainty as to the scope of the “mental act” exclusion, caused by inconsistent obiter dicta in *Aerotel/Macrossan* and *Fujitsu* [1997] RPC 608, had no bearing on this case. He concluded that the claims of the present application specified the interaction between the remote computer and the mobile telephone which was at the heart of the invention and he did not see how, on any reasonable interpretation, it could be said to be a method of performing a mental act.

COMMENT

It is interesting to note the effect *Symbian* has had on IPO practice. *Symbian* did not change the Aerotel/Macrossan test but it certainly clarified how the IPO and its hearing officers should be applying it. The result is that we can expect more patent applications directed to computer implemented inventions, including those implemented purely in code, to be granted by the IPO, provided the requisite technical contribution can be established.

INTELLECTUAL PROPERTY

Preliminary Indications in Trade Mark Oppositions: Registrar’s Discretion

On 11 May 2009, the UK Intellectual Property Office (IPO) issued a Tribunal Practice Notice (TPN 2/2009) on opposition proceedings. The Notice alerts parties to a new practice concerning the issuing of preliminary indications in opposition proceedings under Rule 19 of the Trade Marks Rules 2008.

Under current practice, where the grounds of opposition include Section 5(1) (identical mark, identical goods and services) or 5(2) (identical mark or similar mark, similar goods and services plus likelihood of confusion) of the Trade Marks Act 1994, the Registrar has the power to issue a preliminary indication. The purpose of this is to give the parties a likely indication of the result of the opposition and to encourage settlement of the dispute.

As of 11 May, preliminary indications are no longer issued as a matter of course. Instead, new forms TM7 (notice of opposition and statement of grounds) and TM8 (notice of defence and counterstatement) have been issued, which allow the parties to request that a preliminary indication be issued and the Registrar will take the parties’ wishes into account when deciding whether or not to do so. Where the Registrar considers the matter too finely balanced to issue any helpful indication, he has the discretion to decline to issue one, even where the parties have requested that he do so. In addition, he

will continue to have the power to issue an indication of his own volition.

Patent Applications: Green Channel

On 12 May 2009, the UK Intellectual Property Office (IPO) announced a new “Green Channel” for patents, whereby applicants can request accelerated processing for inventions relating to environmentally-friendly technologies.

The new practice applies to new and existing applications. Applicants wishing to take advantage of it should send a written request to the IPO stating that their application relates to “green” technology and indicating which actions (Search, Combined Search and Examination, Publication and/or Examination) they would like expedited. According to the IPO guidelines on accelerated processing, if all three stages of prosecution are expedited, the patent could be granted in less than a year.

Accelerated processing is available outside the “Green Channel”. However, for non-green technologies, a request for early processing must be accompanied by reasons why it should be fast-tracked. The Intellectual Property Office aims to issue 90 per cent of all search reports within four months of a request and the applicant’s reasons will be reviewed to determine whether the application should jump the queue.

Combined Search and Examination is available to all applicants, without the need for any reasons. If this is requested, the examination of the application begins much earlier and could lead to an early grant. In addition, it is open to any applicant to request early publication of the application instead of waiting the usual 18 months from filing.

The IPO warns applicants to give careful thought to whether accelerated processing is in their best interests, as many inventors use the prosecution time to carry out development, plan the marketing of their invention and determine its commercial viability before committing to the full financial cost of patenting.

DOMAIN NAMES

Consolidated UDRP Complaint Involving Multiple Complainants

Fulham Football Club (1987) Ltd, Tottenham Hotspur Public Ltd, West Ham United Football Club plc, Manchester United Ltd, The Liverpool Football Club And Athletic Grounds Ltd v Domains by Proxy Inc/Official Tickets Ltd WIPO D2009-0331 saw the first successful consolidated complaint under the Uniform Domain-Name Dispute-Resolution Policy (UDRP) involving multiple complainants and multiple domain names against a single domain name registrant, an unofficial ticket seller.

Although the UDRP Policy and Rules make express provision permitting the consolidation of multiple domain names in a complaint, they do not expressly provide for the consolidation of multiple complainants in a single complaint. The question therefore was, as a matter of principle, whether a complainant must be a single legal person or entity, or instead could it consist of multiple legal persons or entities. If so, under what conditions could this happen?

In adopting the analysis of the .au Dispute Resolution Policy (auDRP) panel in *National Dial A Word Registry Pty Ltd v 1300 Directory Pty Ltd* WIPO DAU2008-0021, UDRP panellist Alistair Payne laid down a two step test for consolidation of UDRP complainants based on first, a common grievance against the respondent and second, whether it would be equitable and procedurally efficient to permit consolidation.

With regard to the first limb of the test, to establish a common grievance against the respondent, the panel in *National Dial A Word* held that multiple complainants must have: a common legal interest in the trade mark rights on which the complaint is based (*i.e.*, licensor and a licensee); or be the target of common conduct by the respondent that has clearly affected their individual legal interests in a similar fashion, including a shared interest in a trade mark, (*i.e.*, the individual companies within a corporate group, or members of an established association or league).

If the multiple complainants establish that a common grievance exists against the respondent then the second limb of the test should be addressed: would it be equitable and procedurally efficient to permit consolidation of the complainants? This is determined by a number of factors including: whether it would be equitable to permit consolidation of the complainants, the extent to which the complainants’ substantive arguments appear to be common to the disputed domain names, whether all complainants are represented by a single authorised representative, whether the case involves a small number of domain names, whether relevant filings do not appear unreasonably voluminous.

In Mr Payne’s view, the test outlined above was appropriate and balanced and was consistent with the aim of the UDRP to combat cybersquatting and that this was a case that warranted consolidation.

As for the substantive complaint, the panellist considered that these domain names were confusingly similar to the respective parties’ registered or unregistered marks, not least because of the unusually high degree of renown attached to each of the marks and the likelihood that use of the respective domain names would lead people to believe mistakenly that those names were authorised by or associated with the respective Complainants. This is despite the fact that three of the disputed domain names - official-fulham-tickets.com, official-

manchester-tickets.com and official-liverpool-tickets.com - featured geographic terms and did not include the whole of the Complainants' respective registered trade marks.

The panellist was also satisfied that the Respondent had no rights or legitimate interests in the names. Additionally, there was evidence that the Respondent registered a series of domain names that wholly incorporate the registered trade marks of well known European football clubs and major sporting events, each of which incorporated the words "official" and "tickets". This use was both confusing from a trade mark perspective and indicated a pattern of registration of domain names for the purposes of misleading internet users, which was not consistent with the bona fide offering of goods or services under paragraph 4(c)(i) of the Policy and was indicative of the Respondent's "bad faith".

COMMENT

The panellist in this latest UDRP case is careful not to suggest that the *National Dial A Word* principles, although comprehensive, are a complete scheme for determining consolidation. The scheme allows for "adaptation", where appropriate, at the panel's discretion. In the absence of a "common legal interest" the "common conduct" criterion also provides sufficient flexibility so that complainants who are not legally connected may otherwise bring a consolidated complaint.

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