



# THE EUROPEAN IP BULLETIN

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## HOT TOPICS

### 1. PRIVACY AND PERSONALITY, POLITICIANS AND STARS

*An article by Rohan Massey and Kathrin Tauber*

One could be forgiven for thinking that the sanctity of marriage is one of the few things chancellor Gerhard Schröder of Germany and the Hollywood A-list couple Michael Douglas and Catherine Zeta-Jones have in common, however, the recent cases that they have brought in Germany and the UK, respectively, highlight the approaches being taken in Europe towards the individual's right to protect their privacy from unwanted media attention.

Germany and the UK have historically taken different paths on the development legal rights to protect individuals. Germany has followed the US approach of adopting a statutory personality right. The UK, on the other hand, has not legislated on privacy or personality instead it has seen the judicial development of the laws of confidence and data protection.

The current legal dilemma surrounding the issue of privacy in Europe has arisen because actions being brought in the courts of EU member states must be considered in light of the European Convention on Human Rights. In actions regarding an individual's privacy there is often a need to balance Article 8 of the European Convention on Human Rights, which grants the right to respect for private and family life, and Article 10, which grants the right to freedom of expression.

#### **Personality Right?**

In Germany the personality right is a statutory right granted in section 1 para. 1 and section 2 para. 1 of the German Constitution (Grundgesetz). The German right is a broad one, granting the individual the right to control the development and exploitation of his own personality, with different levels of protection being given to the individual, private and intimate aspects of a person's life. Any illegal interference with the personality right entitles the individual to seek compensation and, where necessary, an injunction according to sections 823 and 1004 of the German Civil Code (*Bürgerliches Gesetzbuch*).

For a claim of infringement of the personality right to be successful there has to be comprehensive consideration of the parties' affected interests. This is achieved by comparing the constitutionally guaranteed freedom of speech and the personality right of the offended. This balance is weighed on the facts of the case. It should be noted that the balance is subjective with the German courts generally lowering the threshold of protection from media intrusion granted to individuals in the public eye. This subjective determination of protection does not signify a wholesale removal of public figure's right to privacy, merely a limitation of it.

Chancellor Gerhard Schröder recently took advantage of the personality right by bringing an action in the Lower Regional Court of Düsseldorf against a newspaper that had published an article reporting rumors

relating to the state of the Chancellor's marriage. The newspaper made clear that it was not reporting a factual story on the state of the Chancellor's marriage, but merely that rumours were circulating in Germany that the Schröders had apparently been involved in a public fight and that the Chancellor had spent several nights away from his home in Hannover.

The court balanced the arguments of the information being of public interest, as argued by the newspaper, against the personal interests of the Chancellor. Based on the facts of the case, and as the newspaper was not holding the story out as fact but reporting rumour, it was held that the Chancellor's private life was of public interest. In particular the court recognized the fact that media reporting prior to this case did not include specific private details about the Chancellor's marriage disputes. Such information would have been important in this case, as Chancellor Schröder campaigned by promoting his family life during the 2002 election. The court held that the press was allowed to report on the Chancellor's family life to the extent that it was made public, i.e., that he was married, though the press did not have the right to report on intimate details or specific details of his marriage that Chancellor Schröder had not previously made public.

### **Confidence in the UK?**

As there is no statutory protection of privacy in the UK the recent case brought by Catherine Zeta-Jones and Michael Douglas has been seen as something of a watershed between the current system of trying to protect privacy using a combination of the common law of confidence and a combination of other legislation, such as the Data Protection Act, and the introduction of a statutory right to privacy similar to that in Germany.

The November 2000 wedding of Catherine Zeta-Jones and Michael Douglas, which was a closely guarded and nominally private affair, was billed as the event of the year and the couple arranged a £1 million deal with OK! magazine for exclusive rights to publish pictures of the wedding. Hello! magazine, a rival of OK!'s, managed to obtain and publish unauthorised photographs of the couple's wedding prior to the publication of Hello!'s exclusive.

The Douglases were both furious and upset feeling that their privacy had been breached. The action they brought against Hello! was based on the fact that despite commercialising the wedding by selling their photos they had taken extreme and expensive measures to ensure that the wedding itself and the photographs of it were private.

Initially the case appeared to favour the pro-privacy law lobby as the Douglases were granted an injunction against Hello! to prevent it publishing the unauthorised photographs. Then, the court of appeal overturned the injunction. Sedley L J alluded to the point that as Parliament had not introduced a law of privacy in light of the coming into force of the Human Rights Act, and need to do so. Almost three years on from the injunction being overturned Parliament has failed to act upon the Sedly L J's comments and it fell to Mr Justice Lindsay in the High Court to rule on the matter.

At trial, the High Court found in favour of the Douglases. However, the judgment was not based on a law of privacy but, based on the specific facts of the case, by relying on long established principles of the law of confidence. In being able to grant rights to publish pictures, the Douglases had a commodity, the value of which depended upon it being kept secret and then made public in a controlled way. Any unauthorised publication would be a breach of commercial confidence. Put simply, all photographs of the wedding were deemed to be confidential information. The unauthorised photographs of the wedding were a disclosure of information that was protected by confidence and the publication by Hello! of the unauthorised photographs was a breach of confidence.

Unfortunately for the pro-privacy law lobby the judgment avoided creating a law of privacy, as the judge felt that the arguments for the existence of a free-standing right of privacy had not been made. The justification for such a right depends, arguably, on English law being so inadequate that individual rights to private and family life are not properly protected. In this case such an inadequacy could not be demonstrated, and the common law breach of confidence was sufficient to both protect the Douglases and to provide them with adequate remedy.

However, the judiciary again commented on the need for Parliament to determine the ramifications of recognising a wide right of privacy and legislate accordingly, adding that if Parliament could not, or would not, act on the issue of a law of privacy then in future cases where the facts do not allow for determination under the laws of confidence, or other ill-suited legislation, then the judiciary may be forced to so.

*Despite Germany having a statutory law of privacy and the UK relying on the common law the results of the recent cases detailed above mirror each other. The issue now in the UK is whether Parliament will follow Germany's lead and legislate on privacy before an individual brings a successful claim for breach of privacy which does not fall within the current definitions of breach of confidence thereby forcing the judiciary to create a new law of privacy.*

## **2. DATA PROTECTION – CALIFORNIA'S LONG ARM OF THE LAW GETS LONGER**

*An article by Rohan Massey*

Early this year Derek Bond really did have a holiday from hell. In February 2003 the 72 year old British tourist was arrested, and held in a South African police cell, on the orders of the FBI who believed him to be a fraudster operating out of Las Vegas. In fact the alleged fraudster in Las Vegas was Derek Sykes. The two men's names are not similar, nor are their faces, so how did the FBI make such an obvious mistake? Electronic identity theft.

In 2000 the Los Angeles County Sheriff's Department handled 1,932 cases of identity theft. This represented a 108 %increase over the



previous year's caseload. The reason for this increase can be attributed to the fact that personal data identifying individuals is now, more of than not, given and stored electronically. From surfing the web or using the cash point to borrowing library books and paying taxes individuals are continually providing their personal information to third parties. This information is then processed and stored electronically.

The electronic storage of personal information is a boon for criminals who steal personal information such as social security numbers and use the information to open credit card accounts, write fraudulent cheques, buy consumer goods, and commit other financial crimes using other peoples' identities.

In order to limit the potential for identity theft and to alert individual's to security breaches that may affect them the State of California has passed an amendment to its Civil Code that comes into effect on 1 July 2003. Under the new law, SB 1836, state agencies, businesses and individuals that own or license electronic personal data regarding any resident of California have a duty, in certain circumstances to disclose in a breach of the security of the data.

The reach of the amendment is global affecting any company whether or not it is based in California. However, there are certain criteria that must be met before the obligation to notify arises. The criteria are that the security breach must involve the personal information of a resident of California, i.e., their first name or initial and surname, and one or more of the following pieces of data:

- social security number;
- driver's license number or California Identification Card number;
- an account number, credit or debit card number, *in combination with any required security code, access code, or password that would permit access to an individual's financial account.*

If the above criteria are met the notification requirements will only be triggered in situations in which either the name or the additional data elements are not encrypted.

Where necessary notification to the affected customers must be made in as soon as possible and without unreasonable delay. Notification must be made to the individual and may be made either in writing or electronically, subject to the individual being given the information required under the federal Electronic Signatures in Global and National Commerce Act of 2000 and expressly consenting to the use of electronic notices.

There is a derogation from the requirement to notify each individual where either the cost of providing the requisite notice would exceed \$250,000, or the number of people to be notified exceeds 500,000. In instances where the notifying party does not have sufficient contact information for the individual it may provide substitute notice. Substitute notice requires all of the following:



- an e-mail notice to be sent, (if e-mail addresses are available);
- a notice to be posted on the notifying party's web site; and
- notification to major statewide Californian media.

*Failure by any party to comply with SB 1836 gives the affected individuals grounds for civil actions to recover damages.*

### **3. THE eEUROPE 2002 FINAL REPORT**

This is a Communication from the Commission to the Council, the European Parliament, the Economic And Social Committee and the Committee of the Regions (COM(2003) 66 final).

The eEurope 2002 Action Plan (endorsed as part of the Lisbon strategy) was a programme intended to lay a solid foundation for a competitive knowledge - based economy within the EU. It incorporated regular monitoring and benchmarking practice and, according to the report, has been a great success. Three key areas were identified:

- growth of internet connectivity to provide infrastructure
- a suitable legislative framework
- enhancing the effective use of the internet by adopting new technologies, in particular broadband connection

As Internet connectivity is the basis of the rapid growth of the information society, the Plan adopted various strategies to increase infrastructure such as financial priority, ICT skills training and support for alternative networks to improve competition and lower access costs. GEANT, a new network connecting over 300 research institutions across 32 countries is one example. The different level of connection across the EU and within sectors, especially within households and SMEs, is the gap necessary to be closed in the future while upgrading national networks.

A regulatory framework was deemed to be the tool necessary to improve internet penetration by reinforcing and strengthening competition, lowering price, stimulating innovation and ensuring consumer's benefit. Six Directives and one commission decision<sup>1</sup> were proposed to be

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<sup>1</sup> i) Directive 2002/21/EC of the European Parliament and of the Council on a common regulatory framework for electronic communications networks and services.  
 ii) Directive 2002/20/EC of the European Parliament and of the Council on the authorization for electronic communications networks and services.  
 iii) Directive 2002/19/EC of the European Parliament and of the Council on access to and interconnection of electronic communications networks and services.  
 iv) Directive 2002/22/EC of the European Parliament and of the Council on universal service and users' rights relating to electronic communications networks and services.  
 v) Directive 2002/58/EC of the European Parliament and of the Council concerning the processing of personal data and the protection of privacy in the electronic communications sector.  
 vi) Directive 2002/77/EC on competition in the markets for electronic communications networks and services.  
 vii) Radio Spectrum Decision 676/2002/EC.

transposed by 25 of July 2003 in relation to the electronic communication network. These regulations adopted a technologically-neutral approach which applied homogeneously to all transmission infrastructures, regardless of their content service. Thus, the regulations take the role of fixing access obligations, promoting transparency, ensuring non-discrimination and generating balance between market adaptation and legal certainty.

With regard to E-commerce, the Directives on electronic commerce, electronic signatures and Copyright and Related Rights in the Information Society assist in promoting certainty in transactions and consumer protection. In addition, there is encouragement for non-legislative self-regulatory initiatives such as standard for “trustmarks” and “GBDe” that promote good online practice and consumer confidence.

With respect to increasing effective use of the internet, ensuring participation of the whole of society to bring benefit to social life and work, the Plan is engaged in meeting relevant targets such as skills, training, public internet access and flexibility in the workplace. This will enable the carrying out of E-government, use of the internet in schools, health online, E-commerce in particular Business-to-Consumer electronic-trade and the creation of a more secure internet.

Continuous progress is needed, because the goals of the plan are still some way away. A focus on modernising public services, further promotion for E-business and secured broadband information structure in a new Action Plan 2005 is aimed to create an inclusive information society for all of Europe’s citizens.

#### **4. AMENDMENTS TO THE PROPOSED EUROPEAN DIRECTIVE ON RE-USE & COMMERCIAL EXPLOITATION OF PUBLIC SECTOR INFORMATION**

The draft directive on re-use and commercial exploitation of public sector information (2002/0123(COD)) has re-emerged with a number of amendments that have been suggested by the European Parliament. A number of proposed amendments have been accepted and a number accepted in part or in principle.

Public sector information is information produced by national governments in the exercise of a variety of duties. Examples of public sector information include traffic information, geographical information, business indicators and metrological information. The information produced by public sector bodies operating in such areas is an important economic asset and is used as raw material in a variety of industries.

National rules regarding the use of public sector information vary widely throughout the European Union. In line with the principle of harmonisation, the European Commission last year proposed a Directive (2002/0123(COD)) with the aim of establishing a cross-border European framework to add certainty to activities involving the use and exploitation of public sector information.

The draft directive has re-emerged with a number of amendments suggested by the European Parliament. A number of these have been accepted and a number accepted in part or in principle.

Those amendments of substantive importance accepted completely by the Commission include Amendment 14, whereby trade or business secrets are to be outside the scope of the directive, and Amendment 24 suggesting that a right be made available to applicants requesting use of public sector information so that they can request a review of charges, where charges are felt to exceed those allowed under the directive.

The Commission has accepted other substantive amendments only in part or in principle. Amendment 31 establishes an obligation on Member States to make available main content assets by public sector bodies; the Commission in addition felt that such lists should be made available at no charge. Amendment 21 establishes an obligation on public sector bodies to provide information on third party right-holders, where it has such information; the Commission did not, however, accept a recommendation from the Parliament that liability be placed on public sector bodies where wrong references are given in cases involving bad faith.

Other amendments accepted in part or in principle include Amendment 20, establishing a requirement on public sector bodies to consider the purpose of re-use when establishing a timeframe for replying to requests for information, and Amendment 18, regarding the making available of information in formats not dependant on specific software.

## **5. THE CIVIL PROCEDURE (AMENDMENT NO. 2) RULES 2002 (SI 2002/3219 (L.18))**

An Amendment to the Civil Procedure Rules 1998 has come into force on the 1 April 2003 providing a new Part 63 to the Civil Procedure Rules 2002 that will govern procedures related to intellectual property rights.

The new rules will affect mainly registered intellectual property rights: patents, registered designs and registered trademarks.

Regarding patents and registered designs, the rules govern (*inter alia*):

- The specialist list;
- The start of the claim;
- The defence and reply;
- Case Management;
- disclosure and inspection;
- challenges to validity; and
- applications to amend a patent specification.

Concerning registered trade marks and other intellectual property rights, the new rules affect (*inter alia*):

- allocation;
- claims under the Trade Marks Act 1994; and
- claims for infringement of a registered trade mark.

Part 52 will continue to apply to all appeals.

Finally, on 3 March 2003, Jacob J (the Senior Patents Court Judge) issued a Patents Court Guide. It applies to all patent proceedings and is in line with the new Civil Procedure Rules and Practice Direction. It will be effective in both the Patents Court and the Patents County Court from 1 April 2003.

## **6. *CREAM HOLDINGS LTD V BANERJEE & THE LIVERPOOL DAILY POST & ECHO* [2003] EWCA Civ 103**

This case centres on Section 12(3) of the Human Rights Act 1998, which provides that no relief is to be granted to restrain publication before trial unless the court is satisfied that the applicant is likely to establish that publication should not be allowed. The question was whether the word ‘likely’ here means ‘more likely than not’ or something less. The claimant comprised a group of companies referred to as Cream. The first appellant Ms B was an ex-employee of Cream who, after unfair dismissal, breached confidentiality and supplied a newspaper, Echo, with evidence to suggest corruption by one of her former employers. Echo firstly informed the police and then published this information. However in a letter to Cream, Echo made further allegations based on documents given to them by Ms B. Cream was granted injunctive relief by the High Court to prevent publication of the further confidential information. The injunction was appealed.

The appellants argued that the test applied by the judge should have been the more stringent requirement on the balance of probability, rather than the test of ‘a real prospect of success’ which is little more than the American Cyanamid test [1975] AC 396. They emphasised the intention of parliament to strengthen the law against prior restraint and the European Courts in the ‘Spycatcher’ case: *Observer & Guardian v UK* [1991] 14 EHRR 153 at 191.

The appeal (heard by Lords Justices Simon Brown and Sedley and Lady Justice Arden) was dismissed on the grounds that the appropriate test of ‘a real prospect of success’ used by the Courts was justified by the admittance of a breach of confidence. Section 12(3) should always be applied compatibly with competing human rights (*Douglas v Hello!* [2001] QB 967 at para 149). It was pointed out that in contrast to the American Cyanamid approach, where the courts do not have to address difficult issues of law to gauge the merits of the case, Section 12(3) requires the merits of the case to be considered in order to judge the prospects of their eventual success.

### 7. IFPI TURNS IT EYES TO ACADEMIA

The International Federation of the Phonographic Industry has released a Copyright Use and Security Guide for Academic Institutions as part of a two pronged copyright education campaign which saw business and government targeted last month.

In a move similar to last month's advocacy of copyright best practice for government and business, IFPI has this month targeted copyright infringement in academic institutions.

*A Copyright Use and Security Guide* for Academic Institutions has been issued and sent out in eight languages to academic institutions in 20 countries. The document contains similar suggestions as those put forward to government and business including,

- The establishment of clear internal policies for employees using computer and network technology for company or government business.
- The establishment of internal inventories of all types of copyright material held on internal computing systems, in the same manner as an internal audit.
- The regular deletion of unauthorised copies of copyright material.
- The increased use of internal technological exclusionary and management measures and security measures
- The creation of internal copyright compliance officers.

The specific focus on academic institutions by IFPI can be seen as a response to the popularity of peer-to-peer file sharing amongst university students, an activity that IFPI is keen, perhaps understandably, to stamp out.

### 8. REPRESENTATIVE ACTIONS - COMMON INTERESTS AND GRIEVANCES

*Independiente Ltd & Ors v Music Trading On-Line (Hk) Ltd*, [2003] EWHC 470 (Ch) (13 March: The Vice-Chancellor)

The defendants operated a web site 'cd-wow' advertising CDs of popular music. They met orders for CDs by supplying genuine product from outside the EEA. The claimants were owners or exclusive licensees of UK copyright in various sound recordings appearing on the CDs. They alleged primary and secondary infringement of copyright by the defendants' issue of the CDs to the public in the UK and the import and distribution of infringing copies. An import is regarded as an infringing copy under section 27 of the Copyright Designs and Patents Act 1988 if its manufacture in the UK would have infringed copyright or involved a breach of exclusive licence.

The claimants asserted that they were suing “for and as representing all other members of the British Phonographic Industry Ltd ["BPI"] and Phonographic Performance Ltd ["PPL”]”. Correspondence showed that proceeds of such actions were pooled by the organisations. The defendants objected to the representative claim and applied to strike it out. They argued that the claimants were not authorised by other members to make a representative claims and did not share a common interest with other members, as required by CPR r 19.6. They pointed out that there was no evidence that the BPI or PPL had consulted their members about the cd-wow site. In *Duke of Bedford v Ellis* [1901] AC 1 the requirements for a representative action were identified as a common interest and a common grievance. In *John v Rees* [1970] 1 Ch.345, 370, the representative action had been described as “a flexible tool of convenience in the administration of justice”. While the Defendants accepted the interest of copyright owners in suppressing counterfeit goods (*EMI v Riley* [1981] 1 WLR 923), they denied such an interest in relation to parallel imports. The claimants applied inter alia to amend to show mandate from the other members of their organisations.

The Vice-Chancellor allowed the claimants’ amendments and refused to strike out the representative claims. He expressed the view that the common interest of BPI and PPL members lay in preventing the web site from operating and, at least, threatening or intending to infringe other relevant members’ copyrights. The claimants were entitled to presumptions of ownership under s 105 of the 1988 Act, based on information carried by the labels and marks on the CDs. The defendants had notice and could not complain of the generality of the injunction sought (*Columbia Picture Industries v Robinson* [1986] FSR 367, 430 ). Nor should the courts’ discretion under CPR r.19.6(2) to restrain representative claims be exercised.

## PATENTS

### **9. AMENDMENT: THE PATENTS ACT 1977 (ELECTRONIC COMMUNICATIONS) ORDER, 2003**

The UK has amended the Patents Act, 1977 (“the Act”) by SI 2003/512 made under the Electronic Communications Act, 2000 and Tribunals and Inquiries Act, 1992 with effect from 1st April, 2003.

S. 124A has been inserted after S. 124(3) of the Act, which gives the power to the Comptroller to make directions as to the form and manner in which documents may be delivered to her or the Patent Office in electronic form or using electronic communications. S. 130(1) of the Act has been amended to add the definition of ‘electronic communication’, being given the same meaning as that in Electronic Communications Act, 2000. The Comptroller or the Patents Office may treat a document as not having been delivered if the form and manner of its delivery does not comply with the directions. S. 124A (6) and (7), respectively, state that the Comptroller may make directions that the delivery of the document in electronic form or using electronic communications to her or the Patent Office would not be treated as delivered unless its delivery has been acknowledged. The Comptroller,

under S. 124A (11), may vary or revoke any of her directions by a subsequent direction. Also, under S. 124A (13), when any document has been delivered by the Comptroller or the Patent office using electronic communication, the delivery shall be deemed to be effected by them properly addressing and transmitting the electronic communication. The UK Register of Patents has been kept in electronic form for some time and this is now complemented by the amendments, which should lead to cost reductions both for patent applicants and the UK Patent Office. More importantly, electronic communication would be a faster mode of communication, as compared to applications made by post or otherwise, when establishing priority is time critical.

## **10. SIGNIFICANCE OF DATE OF WITHDRAWAL OF PATENT APPLICATIONS**

*Haberman v Comptroller General of the Patent Office*, [2003] EWHC 430 (Pat)

The Claimant, in *Mandy Haberman v. The Comptroller General of the Patent Office* and another, appealed against the refusal by the British Patent Office to furnish information concerning the date of withdrawal of her previous patent application under S. 118 of the Act.

The European Patent Office had revoked the corresponding patent in Europe (except the UK) in opposition proceedings because the claimed priority date could not be accorded under Article 4 of the Paris Convention, which allows a subsequent (new) application to be treated as the first application in a Paris Convention State provided the earlier application was withdrawn or abandoned without being published or leaving any rights outstanding before the date of filing of the subsequent application. It appeared from Patent Office records that in this case the Claimant had failed to withdraw her first application for patent protection (8th April, 1991) before filing the second patent application (7th April, 1992), thus losing the date of priority to subsequent inventors.

In her case the Claimant had asserted that Sub-Section (5) of Section 118 Patents Act placed an obligation on the Patent Office to provide information concerning the earlier application, and allow her to inspect relevant documents which would prove the earlier application was withdrawn in time. The Patents Court (Peter Prescott Q.C., sitting as a Deputy High Court Judge) dismissed the appeal. The Court held that the Comptroller General was to provide the information which was available from the Patent Office's official record, and not any information which they did not possess. Thus, under S. 118 of the Act, the Comptroller General could only give information and not ascertain information through witnesses or otherwise. Furthermore, the Court went on to hold that S.118 (5) does not entitle any person to information relating to the unpublished application as this could potentially lead to access to confidential information of business rivals. Instead Section 118 (5) was intended to deal with divisionals and other split applications which need to be accessible to third parties after publication. Although, since June



2001, the British Patent Office has recorded the dates of withdrawal of patent applications, it would be prudent for an applicant also to keep a proper detailed record, when an application is withdrawn.

### **11. *COFLEXIP SA AND COFLEXIP STENA OFFSHORE LTD V STOLT OFFSHORE MS LTD.*, [2003] EWCA CIV 296**

The Court of Appeal (Chancery Division) (Aldous, L.J., Kay, L.J. and Jonathan Parker, L.J.) held that Coflexip was required to re-plead its claim for damages for economic loss that were associated with a previous successful patent infringement litigation.

Background:

In a previous action, Coflexip sued Stolt for infringement of its European Patent (UK) No. 0478742, which protects a device and process for unrolling of flexible tubular conduits essentially vertically. Laddie J. had held that there was infringement and that the patent was valid. This judgement was appealed and upheld in the Court of Appeal. A petition for an appeal to the House of Lords was refused. In the enquiry as to damages, Coflexip filed Points of Claim that were amended, and which were answered by Stolt. Stolt then sought to strike out the amended Points of Claim seeking damages for loss of profits. On the 30 July 2002, following a first application by Stolt, Jacob J held that the pleading of Coflexip was insufficient and that they should re-plead the claims to loss of profits. It was also held, after a second application by Stolt, that Coflexip should also re-plead their claims relating to reduction of prices.

Coflexip appealed.

Judgement:

The Court of Appeal held that for both heads of damage, loss of profit and reduction of price, the same issue of law arose. Coflexip argued that it only needed to prove that the acts of the defendant caused the plaintiff to lose profits and to reduce their prices because of the Defendant's wrongful acts. Conversely, in the view of Stolt, the plaintiff had to go further and prove a causal link between the infringement of the patent itself and the economic losses alleged to have been suffered.

The Court of Appeal, held that the claims for damages for economic loss should be re-pleaded by Coflexip. The pleading did not contain sufficient precision to establish a causal link between the infringement and the economic loss.

## **TRADE MARKS**

### **12. *GOULBOURN V OHMI - REDCATS (SILK COCOON)*, T-174/01, ECJ**

The CFI annulled the decision of the Board of Appeal overturning the Opposition Division's decision regarding the application to have 'Silk

Cocoon' registered as a Community Trade Mark.

The applicant, Ms Goulbourn, filed an application to OHIM ("the Office") to register the sign "Silk Cocoon" in Class 25 as a CTM on 28 May 1997. The application was then published in the CTM Bulletin on 20 July 1998 and an opposition was raised on 20 October 1998 by the intervener, acting under its former name "La Redoute SA" under Article 42(1) of Regulation No. 40/94 ("the Regulation"). The opposition was based on the existence of a mark registered in France in 1989 and an international mark registered in 1984 and protected in the Benelux countries, Italy, Monaco and Switzerland, which consisted of the sign "COCOON" also designating goods in Class 25.

In accordance with Article 43(2) and (3) of the Regulation, the applicant requested that the intervener provide proof that the earlier marks had been put to genuine use during the preceding five years. The intervener then provided documents which included extracts from its mail-order catalogues which the applicant rejected as being insufficient to satisfy the requirements of Article 43(2) of the Regulation and of Rule 22(2) of Commission Regulation (EC) No. 2868/95, since they provided no indication as to the place, time or extent of use of the earlier marks. The intervener later informed the Office that its name had changed to "Redcats SA" and in a later letter to the Office declared that it was a well-known European mail-order company with several million copies of its catalogue distributed in various European countries and that purchases made by the recipients amounted to several hundred thousands of French francs.

By decision of 14 April 2000, the Opposition Division rejected the opposition pursuant to Article 43(2) and (3) of the Regulation on the ground that the intervener had not proved that the earlier mark had been put to genuine use. The intervener then filed notice of appeal at the Office, pursuant to Article 59 of the Regulation, and provided proof of sales. The Third Board of Appeal (BOA) of the Office annulled the decision of the Opposition Division on the grounds that genuine use within the meaning of Article 43(2) of the Regulation "is to be understood as real use of the mark on the market, so as to draw attention of potential consumers to the goods or services effectively offered under the mark". The BOA took the view that, with respect to the extent of use of the earlier mark, the intervener had provided sufficient evidence to prove genuine use. The BOA also took the view that it was not necessary to take into consideration the new evidence submitted by the intervener since it had stated in earlier correspondence that it was well known in the field of mail-order sales.

The applicant then lodged an action against the BOA and the intervener. The first plea alleged breach of Article 43(2) and (3) of the Regulation in respect of the notion of "genuine use". The second plea alleged breach of the right to be heard. The third plea alleged that the BOA was wrong in basing its decision on the fact that the intervener's sales catalogue was widely distributed in the French-speaking Member States ("the disputed fact"), although that fact was not validly raised during the proceedings.

In order to interpret the notion of "genuine use" under Article 43(2) of the Regulation the Court did a comparative analysis of the different

language versions (German, French, Italian, Portuguese, Spanish, Dutch and English) of those provisions and found that the BOA based its assessment on a correct interpretation. The Court found that, contrary to the applicant's claim, it is not possible to contrast "genuine use" with "real use". Accordingly, the first plea was rejected. On the second plea, the Court noted that under the second sentence of Article 73 of the Regulation, a decision of the Office could be based only on facts on which the parties concerned have had an opportunity to present their comments. The Court found that since the Opposition Division did not take account of the disputed fact and the BOA based its decision on that fact, procedural equity and the general principles of the protection of legitimate expectations required the BOA to indicate at the outset of the proceedings to the party concerned that it intended to take into account the fact in question. Since the BOA did not indicate at the outset to the applicant that it intended to take the disputed fact into account, the Court upheld the second plea.

In those circumstances, the Court found it unnecessary to adjudicate on the applicant's third plea and annulled the contested decision.

### **13. *ANSUL BV V AJAX BRANDBEVEILIGING BV, C-40/01, ECJ***

The ECJ held that "put to genuine use" within the meaning of Art.12(1) of the Trade Marks Directive (89/104/EEC) meant "actual use" of the mark and did not include "token use" of a mark merely to maintain the right to the mark.

This case relates to the use of the trademark "Minimax" which was registered in the Benelux trade mark office in 1971 by the proprietor, Ansul. In 1988, the authorisation for fire extinguishers sold by Ansul under the trade mark expired and Ansul stopped selling fire extinguishers under that mark from 1989. From 1989 to 1994, Ansul continued to sell component parts and extinguishing substances for fire extinguishers bearing the mark to undertakings with responsibility for maintaining them. Ansul applied a sticker showing the trade mark on maintained and repaired equipment bearing the mark and mentioning the fact that the product was once again ready for use. Ansul also used the mark on invoices relating to those services. It also sold the stickers to undertakings that maintained fire extinguishers.

In 1994, Ajax Brandbeveiliging BV ("Ajax"), a subsidiary of the German company Minimax GmbH (which had been the proprietor of the Minimax trade mark in Germany for over 50 years) started using the trade mark in the Benelux countries for various goods, in particular fire extinguishers and extinguishing substances, and for certain services, including the installation, repair, maintenance and refilling of fire extinguishers. Ansul objected to this use by letter and then itself obtained from the Benelux trade mark office in 1994 a trade mark for the word mark for certain services, including the maintenance and repair of fire extinguishers. Ajax then brought an action before the Rotterdam District Court for an order to revoke Ansul's rights in the Minimax trade mark for non-use between 1989 and 1994, and the annulment of its 1994 trade mark on the ground that it had been filed in bad faith. Ansul

counterclaimed for an injunction barring Ajax from using the trade mark in the Benelux countries. The Court dismissed Ajax's claim and upheld Ansul's counterclaim. Ajax then appealed that judgement to the Regional Court of Appeal in The Hague, and the decision was overturned. Ansul then appealed to the Hoge Raad der Nederlanden, which decided that the outcome of the main proceedings depended on the interpretation of the concept of "genuine use".

There is jurisprudence on the issue of genuine use under Benelux trade mark law, as it was prior to harmonisation. The Hoge Raad der Nederlanden ruled that when assessing genuine use:

- 1) all facts and circumstances should be taken into consideration,
- 2) the facts and circumstances are decisive when taken into consideration together with
  - a) what is common in the relative field,
  - b) what is usual in trade in general,
  - c) what is commercially justified, and
  - d) whether the use gives the impression that its aim is that goods and/or services find their way to consumers under the trade mark, and that
- 3) account must be taken of the kind, extent, regularity, frequency and duration of the use in connection with the nature of goods or services, and finally the size of the enterprise should be taken into consideration.

The Hoge Raad der Nederlanden further found that the interpretation given to Article 5(3) of the Uniform Benelux Law of Trade Marks which refers to "normal use" must be compatible with the interpretation of the corresponding concept of "genuine use" in Article 12(1) of the Trade Mark Directive 89/104/EEC. Accordingly, it decided to stay proceedings and to ask the ECJ whether or not this is still a relevant criterion under the EC Trade Marks Directive 89/104, and if not, which criterion should be applied. Furthermore the The Hoge Raad der Nederlanden asked whether there can be genuine use in a case where new goods are not sold under the mark, but the mark is used in connection with maintaining those goods.

The ECJ ruled that Article 12(1) of the Trade Mark Directive 89/104/EEC must be interpreted as meaning that there is "genuine use" of a trade mark where the mark is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services. Also, genuine use does not include token use for the sole purpose of preserving the rights conferred by the mark. The ECJ agreed with the ruling of The Hoge Raad der Nederlanden. The ECJ also ruled that the fact that a mark that is not used for goods newly available on the market but for goods that were sold in the past does not mean that its use is not genuine, if the proprietor makes actual use of the same mark for component parts that are integral to the make-up or structure of such goods, or for goods or services directly connected with the goods previously sold and intended to meet the needs of customers for those goods.

## 14. CFI APPLIES GENERICITY TEST

In *Alcon Inc. v OHIM*, Dr Robert Winzer Pharma GmbH (BSS), T-237/01, ECJ (5 March 2003), the CFI applied the genericity test formulated by the ECJ in *Merz & Krell* [2001] C-517/99. Additionally, in considering whether the mark in question had acquired distinctiveness, the CFI looked for real evidence that the mark was now perceived as an indication of origin, rather than depending upon the efforts of the mark proprietor to achieve that aim.

Alcon held the registration for the acronym BSS (standing for “Balanced Salt Solution”) for preparations for ophthalmic surgery and ophthalmic pharmaceuticals. The intervener filed a successful application for a declaration of the mark’s invalidity under *Article 51(1)(a)* of the Community Trade Mark Regulation, on the grounds that it had become customary in the current language or in the bona fide practices of the trade under *Article 7(1)(d)* of the CTM Regulation.

The CFI began by confirming that, although there was no direct case-law on the genericity provision of the CTM Regulation, the reasoning of the ECJ in *Merz & Krell* on the parallel provision of the Directive approximating the Member States’ trade mark laws applied. Therefore, *Article 7(1)(d)* had to be read as prohibiting registration only when mark has become customary in the trade for designating the goods or services for which it is to be registered. This can only be assessed by reference to the goods or services for which registration is sought and on the basis of the target public’s perception of the sign. The target public is considered to be the average consumer who is reasonably well informed, observant and circumspect and is likely to pay for the type of goods in question. Generic signs cannot function as a trade mark by distinguishing the goods of one undertaking from those of other undertakings unless they have acquired distinctiveness through the use made of them.

Here, the relevant public were medical specialists, particularly ophthalmologists and ophthalmic surgeons, in the whole European Union, because such specialists are familiar with scientific terms in English as it is the technical language in this area of science. The evidence of chemical, medical and pharmaceutical dictionaries, as well as scientific articles, showed that the relevant scientific community viewed BSS as a generic term for balanced salt solution, so it was unregistrable under *Article 7(1)(d)*. The fact that Alcon had been the first company to adopt the acronym as a trade mark in 1959 was irrelevant because a sign that was once capable of acting as a trade mark can lose the capacity to act as a trade mark and become generic over time.

Despite the finding of genericity, under *Articles 7(3) and 51(2)* of the Community Trade Mark Regulation, Alcon could retain the mark if it showed that it had acquired distinctiveness in the mark through use in a substantial part of the EU with respect to the goods for which it had been registered. However, it failed to do so. The CFI recalled the indicia of acquired distinctiveness set out by the ECJ in *Windsurfing Chiemsee* [1999] *ECR I-2779*: the market share held by the mark; the intensity,

duration, and geographical scope of the use of the mark; the investment by the proprietor in promoting the mark; the proportion of the relevant public who identify the goods as coming from a particular undertaking because of the mark and statements of professional associations. Acquired distinctiveness is present if, because of these indicia, a significant proportion of the relevant public identify the goods as coming from a particular undertaking because of the trade mark. Alcon relied on documents showing that it had taken steps to prevent third parties from using the mark, including a “Policing BSS” Schedule and agreements entered into with third parties, as well as data on turnover and advertising spend. However, these factors were only relevant in so far as they had objective results leading to the public perceiving the sign as a trade mark. Alcon had failed to show any evidence that this was the case.

The fact that Alcon tended to use BSS together with other signs (*e.g.* ALCON BSS) did not help its case as this suggested that Alcon did not think that BSS was distinctive enough to be used without any additional element to identify the product.

The importance of this case lies in the guidance that it provides on how to apply the tests previously adumbrated by the ECJ, in particular its treatment of the Windsurfing Chiemsee test for acquired distinctiveness. Money and effort invested by a would-be trade mark proprietor in developing his sign as a trade mark is irrelevant unless his efforts are successful.

## 15. ECJ DEFINES IDENTICAL MARKS

In *LTJ Diffusion SA v Sadas Vertbaudet SA*, C-291/00 (20 March 2003), the ECJ responded to a French Article 234 reference calling for clarification of what is meant by an identical trade mark in *Directive 89/104*, which approximates the trade mark laws of the EU Member States. The restrictive definition given is relevant to registrability, infringement and invalidity under both *Directive 89/104* and the Community Trade Mark Regulation.

The claimant, who held a registration for the sign ARTHUR in the form of a hand-written signature with a dot in the letter A, brought an action for infringement and invalidity based on the defendant’s registration and use of the mark ARTHUR ET FÉLICE in upright capital letters. French case-law and legislation deemed the reproduction of just the distinctive elements of compound marks (*contrefaçon partielle*/partial infringement) and the reproduction of a whole mark, together with elements that would not affect the identity of the mark (*adjunction inopéranté*/ineffective addition) to be the use of an identical mark. Whether this approach was legitimate under *Directive 89/104* formed the basis of the Tribunal de grande instance de Paris’ reference to the ECJ.

The ECJ began by confirming that its judgment applied to registration, infringement and invalidity under Articles 4(1)(a) and 5(1)(a) of *Directive 89/104*, as well as to the parallel articles of the Community Trade Mark Regulation. However, for convenience, its comments were addressed to Article 5. The Court recalled that the function of a



trademark is to guarantee the origin of trade marked goods, enabling consumers to distinguish the goods of one undertaking from the goods of other undertakings without the risk of confusion. Article 5 safeguards this guarantee by protecting trade mark proprietors against competitors trying to take advantage of the mark by selling products illegally bearing it. Unlike Article 5(1)(b), Article 5(1)(a) provides absolute protection, without the need to show confusion where the signs and the goods or service are identical. The concept of identity between signs must be interpreted strictly and Article 5(1)(a) must not be allowed to encroach on situations that more properly fall under Article 5(1)(b). Therefore, there is identity between a sign and an earlier mark when “the former reproduces, without any modification or addition, all the elements constituting the latter.”

However, the concept of identity is rooted in the average consumer’s perception of the sign and the earlier mark. There will be identity if the differences between the two are so insignificant that they “may go unnoticed by the average consumer.” To assess whether this is the case, a global appreciation of how the average, reasonably well informed, reasonably observant and reasonably circumspect will perceive the two marks is required. A mark produces an overall impression on consumers and they seldom have a chance to make a direct comparison between two marks, leaving them reliant on imperfect recollection. The consumer’s level of attention will also vary depending on the type of goods or services that he is considering.

Understandably, the ECJ has taken a restrictive approach to the circumstances in which the absolute protection of Articles 4(1)(a) and 5(1)(a) can be employed. Trade mark proprietors who cannot prove this standard of identity can always rely on Articles 4(1)(b) and 5(1)(b), where only similarity between the earlier mark and the later sign need be shown, although the likelihood of confusion must also be proven. Additionally, there may be some room for manoeuvre in the ECJ’s much-used global appreciation standard. It will be for national courts to determine which different elements of a later sign may go unnoticed by the average consumer.

## **16. THIRD PARTY LIABILITY UNDER INJUNCTIONS**

*World Wide Fund for Nature (Formerly World Wildlife Fund) v World Wrestling Federation Entertainment Inc and THQ/Jakks Pacific LLC* [2003] EWCA Civ 401 (27 March) concerns the interpretation of the injunction granted in *World Wildlife Fund for Nature & Another v World Wrestling Federation Entertainment Inc*. [2002] EWCA Civ 196. In that case, the Court of Appeal upheld an injunction enforcing a contract preventing the World Wrestling Federation (“the Federation”, which is now known as World Wrestling Entertainments) from using the initials “WWF” except in a certain form. THQ was a licensee of the Federation and was not a party to the agreement or the injunction. Before the injunction came into effect THQ produced video games containing a prohibited form of the WWF logo. Eliminating reference to WWF from the programming would have been very expensive and difficult, so THQ successfully brought this action seeking 1) a declaration that if it marketed the video games, it would not be in breach of the order or in



contempt of court, 2) an order that if it was in contempt, any injunction would be stayed. Was continued marketing of the games by THQ a contempt of court?

Ordinarily, third parties cannot be held in contempt for failing to respect injunctions they are not subject to. However, it was argued that THQ was aiding and abetting a breach by the Federation. This could only be the case if the Federation had actually committed a breach by failing to prevent its licensees' use of the logo.

The Federation was not absolutely liable for all uses by licensees that would have been breaches if carried out by itself. The clause in the injunction restraining the use of the initials by the Federation "whether by its officers, servants, agents, subsidiaries, licensees..." could not be interpreted as imposing absolute liability for the acts of independent third parties such as THQ, as opposed to officers, servants and agents. Instead of imposing absolute liability for licensees' actions under existing agreements, it prohibited the Federation from authorising or causing licensees to do prohibited acts in the future.

Nevertheless, the Federation would be in breach if it failed to take all reasonable steps within its power to prevent THQ from committing acts that would violate the injunction. Under the licensing agreement, the Federation had the power to instruct its licensees to stop using a trademark that conflicted with the IP rights of a third party. However, it did not unreasonably fail to exercise that power. It instructed its licensees to discontinue use of the offending logo and they complied. THQ's failure to comply was caused by practical problems, rather than any failure on the Federation's part.

There was no breach by the Federation for THQ to aid and abet. However, the result would have been the same if there had been a breach. There was no concerted action between THQ the parties and any breach would have been the result of THQ's independent commercial interests. THQ did not deliberately frustrate the injunction. Its acts were motivated by its commercial interests, rather than a wilful attempt to interfere with the administration of justice.

Although in the absence of a breach, this issue did not arise, their Lordships considered how they would rule if it had. Carnwarth LJ, who delivered the main judgment on the first point, differed from the majority. He would have refused a stay because the parties' rights were contractual, so they should have looked to the contracts to resolve any difficulties. The Federation's failure to inform THQ of the injunction was irrelevant, as was any contractual cap on the Federation's liability to THQ.

Blackburne J and Peter Gibson LJ would have granted a stay. Removing the embedded logos would have caused THQ considerable losses, whereas the World Wildlife Fund would have at most suffered dilution and tarnishment and even that was not convincingly proven. It was unclear whether THQ would have recovered the full extent of its losses from the Federation. The royalty payments that would accrue to the Federation through sales of the games were irrelevant.

The public interest in the availability of video games was not such that it encouraged their Lordships to take a more favourable view towards THQ than they otherwise might have.

### **17. DAIMLERCHRYSLER CORPORATION V OFFICE FOR HARMONISATION IN THE INTERNAL MARKET (TRADE MARKS AND DESIGNS) (OHIM), T-128/01, CFI**

The CFI annulled a decision of OHIM's Second Board of Appeal refusing the registration of a figurative mark representing a vehicle grille as a Community trade mark on the grounds that the mark had sufficient distinctive character.

The case centred around whether a sign representing a grille, normally placed on the front of a car, fulfilled Article 7(1) (b) of regulation 40/94 of having distinctive character and 7(1) (3) of acquiring a distinctive character. The applicants filed to register this sign for a community trade mark at OHIM under class 12-vehicles; apparatus for locomotion by land, air or water. The application was refused by the examiner and then the Board of Appeal on grounds of lacking distinctive character and failure to demonstrate that the sign had acquired distinctive character through use.

DaimlerChrysler Corporation (DC) filed a case at the Court of first Instance asking the court to annul OHIM's decision and to order OHIM to pay costs.

The courts held in favour of the applicant on the main issue of the sign having a distinctive character, agreeing that the target public (as defined in *Lloyd Shuhfabrick Meyer [1999] ECR I-3819*) was indeed the general public as the goods were intended for general consumption in the EU. It was pointed out that any sign with distinctive character, either by nature or use, could act as an indicator of origin. Furthermore, the fact that the sign was of a grille did not immediately exclude it from being distinctive *Henkel v OHIM (Image of a detergent product) [2001] ECR II-2663*.

The courts took note of the evidence by the expert witness that grilles do not have a purely technical function and can be used by the public as a means of distinguishing between different models and between different manufactures of cars. Furthermore a sign can serve several purposes at once *Glaverbel v OHIM (Designs applied to a sheet of glass) [2002] ECR II-0000* and a technical function may be outweighed by its distinguishing function. It was also found that the sign in question was not commonplace at the time when the applicant filed for the mark and it could therefore leave an impression on the public.

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## MORE ABOUT THIS ISSUE

Two of the articles in this issue were written by Rohan Massey, one of our IP lawyers, currently on secondment to our LA office. If you would like to know more about any of the issues raised in his pieces on privacy and personality and data protection, please do not hesitate to contact him directly on [rmassey@europe.mwe.com](mailto:rmassey@europe.mwe.com).

Kathrin Tauber is an associate in our Munich office, and co-authored the article on European privacy and personality rights with Rohan. Again if you would like further clarification on any of the issues raised, please feel free to contact her directly on [ktauber@europe.mwe.com](mailto:ktauber@europe.mwe.com).

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