



# THE EUROPEAN IP BULLETIN

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A UK trade mark registration may be opposed or challenged by an earlier user who enjoys passing off rights over the mark. An attack may also be based upon a third party's passing off rights. However, credible *prima facie* evidence of the rights must be adduced. In this case the applicant for revocation had not reached the evidential threshold. On the contrary, the judge described the evidence as a "shambles", "voluminous", "much of it irrelevant...", a lot of it inadequate and all in a disorganised state".

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## COPYRIGHT

### 1. BELGIAN WATCHDOG SUES MAJOR RECORD LABELS OVER ANTI-COPY CDS

The Belgian consumer watchdog, [Test-Achats](#), is suing some of the world's largest record labels, including EMI, Universal Music, Sony and BMG Music, for selling copy protected CDs that, Test-Achats argues, consumers say are faulty. The case, which is the first of its kind to challenge the music industry over anti-piracy protection.

The Belgian watchdog stated that it had received more than 200 complaints from consumers who objected to the new copy-protection technology on more than a dozen top-selling releases, including records by Shakira, Bjork, Radiohead and Faithless are equipped with anti-piracy systems. The systems protect CDs against piracy but also prevents legitimate users playing the CDs on PCs or car stereos. Further more the system also means that users cannot make legitimate back-up copies of the CDs onto blank discs. Test-Achats wants the record labels to stop releasing copy-protected CDs and to reimburse consumers.

The music industry considers that the copy-protection technology, which consists of a layer of data embedded on the rings of a compact disc, is a response to the practice of copying CDs and the creation of black markets of online song-swapping.

This case seeks to set a legal precedent with regard to lawful copyright protection and piracy prevention in light of the Copyright Directive 2001/29/EC. It is assumed that consumer organisations are following this case and, depending on the outcome, may follow its lead.

The [International Federation of the Phonographic Industry](#), has declared that the suit was baseless. In a statement, it said "European law is clear that record companies and other copyright holders have the right to protect their work through technical means".

### 2. DVD 'PIRATE' CLEARED BY NORWEGIAN COURT OF APPEAL

Jon Johansen, the Norwegian man sued by the [Motion Picture Association of America](#) on charges of piracy, has successfully defended his case. Mr Johansen is one of the creators of a program called DeCSS, which allows DVDs to be played on PCs running the Linux operating system. The program unwraps the copy protection found on DVDs, known as Content Scramble System (CSS), was distributed online by various web sites.

Mr Johansen, dubbed "DVD Jon", was just 15 years old at the time he co-authored a program, the DeCSS program, to enable him to watch the DVDs he already owned on his computer. However, DeCSS can also be used in order to illegally copy DVDs. For this reason the Motion Picture Association of America sued him for copyright infringement.

Upholding a verdict by a lower court, the Oslo Court of Appeal ruled that Mr Johansen did not violate Norway's laws when he broke protections on the disc in order to use a Linux computer to play a DVD

he had purchased. Furthermore, it said that prosecutors had failed to prove that Mr Johansen's program had been used for illegal copying by others. The court also pointed out that lettering on DVD labels telling consumers that copying was forbidden was too small and often not in the language of the country where the DVDs were sold.

In response to the ruling, the Motion Picture Association of America released a statement that claimed "the actions of serial hackers such as Mr Johansen are damaging to honest consumers everywhere. While the ruling does not affect laws outside of Norway, we believe this decision encourages circumvention of copyright that threatens consumer choice and employment in the film and television industries".

Even though the ruling only applies to Norway, many see this case as an indicator of the global attitude about copyright in the digital age. While the Hollywood film industry argues that allowing the use of programs such as DeCSS would cost billions a year in lost sales, others see the case as a free speech issue.

### **3. KAZAA: NOTHING ILLEGAL ABOUT IT!**

In 20 December 2003 the Supreme Court of Netherlands handed down judgment whereby [Sharman](#), the owner of [Kazaa](#), was held not guilty of copyright infringement action brought by Dutch music rights body [Buma/Stemra](#) for the use of its peer-to-peer software.

Kazaa, a peer-to-peer software, allows its users to share and swap among themselves computer files including music, films, software or video games, which are stored in the hard drives of other users, through downloading from the worldwide web, with no possibility of control over activities of its 17.5 million users. It works differently to Napster, which required a central server to support the file sharing. This difference possibly saved it from being destroyed by a legal battle launched by recording industry, claiming that such software results in copyright violation and aids piracy.

This legal battle began back to 2002, when Buma/Stemra brought an action for copyright infringement against Fast Track, the makers of Kazaa. A Dutch district court ordered Fast Track to prevent people using its product from engaging in copyright infringement. On an appeal, the Amsterdam Appeals Court overturned that decision and later on the Dutch Supreme Court concurred and held that the Dutch-founded file-swapping network is legitimate because it was not responsible for possible illegal activities by its users. The court relied upon a 1984 U.S. Supreme Court ruling in [Sony v Universal](#), also known as the 'Betamax case', where the U.S. Supreme Court held that device makers - in this case, VCR maker Sony - are not liable when users infringe copyright using such equipment. Prior to this ruling, Fast Track had already sold Kazaa to Sharman Networks of Australia. Significantly, the Dutch Supreme Court did not answer the question of whether users of Kazaa are liable for copyright infringement if they use the service to download copyrighted materials.

The judgment has severely impeded efforts of the media industry, already suffering from declining sales and profits in their online businesses, to control and legally prevent such file sharing networks.

The ruling is hailed by many as setting an international precedent for legality of file-sharing software and described as a victory for internet users. It is touted as having far reaching consequences beyond the geographical borders of the Netherlands due to the desire for uniformity in copyright law across different countries, especially the EU & US.

However, judging from the reaction of Buma/Stemra, the battle is anything but over. Taking its cue from the judgment on its silence over the issue of individual user liability, Buma/Stemra is considering the prospect of pursuing individual actions against users in its effort to control the issue of piracy and infringement. It is now widely anticipated that the users of such file-sharing software will be the next target in a similar way to the targeting of users by the US record labelling industry when faced with a similar situation.

#### **4. UNREGISTERED DESIGN RIGHTS**

Two cases on the ownership of unregistered design rights were decided by the English courts in December. Judgment in *InterCase v Time Computers* [2003] EWHC 2988 (Ch) was handed down on 16 December 2003 by Patten J. In ruling on ownership of design right, Patten J adopted tests formulated by Laddie J in *Ultraframe v Fielding*, [2002] EWHC 1964. In the meantime, on 12 December 2003 the Court of Appeal handed down their ruling in *Ultraframe v Fielding* [2003] EWCA Civ 1805.

Original designs for the shape of articles attract UK unregistered design right if they are created or first marketed in the UK, EEA or certain other countries. The right comes into being without formality. For designs which qualify by the circumstances of their creation, initial ownership is governed by [s 215\(1\)-\(3\)](#) of the Copyright Designs and Patents Act 1988. Thus, a commissioner for value has the highest claim to design right, in precedence to the designer's employer and the designer.

*InterCase* concerned design right in the 'I-desk', an integrated computer and desk. The designer, Mr Brooks, was an employed director and majority shareholder of a furniture-making company 'Millenium' when he and a client came up with the idea for the I-desk. Later, Mr Brooks purported to assign rights in the desk design to another company, *InterCase*. Patten J held that the rights had passed to Millenium by virtue of s251(3): the design had been created in the course of Mr Brooks' employment. The judge noted that work was done during working hours, and that Mr Brooks made no distinction between Millenium's time and his own. These factors were evidential pointers, to be used in cases of doubt whether a design was brought into existence as part of employment. Mr Brooks' intention that rights should vest in *InterCase* did not override the statutory provision. Thus, when proceedings were issued, *InterCase* did not have a cause of action for infringement of design right.

*Ultraframe* concerned designs for a ‘Quickfit’ system of components for conservatory roofs. The designs were created by Mr Davies, who developed the Quickfit business through various companies of which he was director and 100% shareholder. The companies having failed, Mr Davis was disqualified from acting as a company director. He resumed business through other companies, in which he held shares through nominees and to which he purported to assign design rights. He continued to act as if a director.

In *Ultraframe v Fielding*, [2002] EWHC 1964, Laddie J held that design rights subsisted but that Mr Davies had created the designs in the course of employment, so had never owned the rights himself. Consequently he could not assign the rights to other companies, nor could they become vested in Ultraframe. Ultraframe challenged the decision that Mr Davies was an employee within the meaning of s215.

The Court of Appeal reviewed and applied case-law to the effect that a director and 100% shareholder could not be employed by ‘his’ company; the test of employee status in s215 was the same as in other areas of the law and did not depend upon the context of s215. Mr Davies was not an employee. Nor were the designs ‘commissioned’ within the meaning of s215(2) as there was no relevant contract with mutual obligations relating the design. Mr Davies was legal owner of the design rights. However, a *de facto* director and fiduciary agent of a company, having used confidential information and other assets of a company to create a design, would hold the rights on trust for the company. Mr Davies was in that position in relation to ‘his’ companies when he created the various designs. He could not use his position as 100% shareholder to affect a transfer of beneficial interest to himself or another; such a bad faith distribution of the companies’ assets would be *ultra vires*.

Both *Intercase* and *Ultraframe* involved some degree of cavalier dealing between individuals and the companies they owned or controlled. In both judgments, one can discern the same general conclusion, that companies through which the risks and costs of business are channelled are likely to own unregistered UK rights over designs created and used in the course of the business. However, Laddie’s purposive construction of s215 was rejected by the Court of Appeal in favour of more technical tests. This ensures a universal standard for the status of a company director as employee.

Both cases suggest that ownership issues should be carefully investigated, and clients be frank with their lawyers, before proceedings are commenced for infringement of unregistered design right.

## **5. NEW ONLINE SYSTEM FOR DIGITAL SIGNATURES**

JADE (Journal Article Delivery Engine) is a ground-breaking online system of digital signatures for the process of copyright assignation. The system, developed by Emerald, will provide an online submission system, peer-review service and editorial content management system for authors and editors.

JADE will provide Emerald with high quality management information

on the recording, data extraction and storage of the legal status of article. It will also create a homepage for each author via individual registration and log-on, allowing them to track the progress of their article.

By allowing authors to assign copyright online using JADE it is hoped that the submission process will be made more efficient and quality in the peer review process will be easy to monitor and assure.

## 6. GRIGGS V EVANS

In December 2003, the EWHC delivered its judgment in *Griggs v Evans* [\[2003\] EWHC 2914 \(Ch\)](#)

‘Dr Martens’ were originally orthopaedic shoes designed by two German doctors. Griggs’s firm made some changes in the design of the shoes and, with the permission of the German doctors, started to sell successfully the shoes to the general public. ‘Dr Martens’ is a registered trade mark belonging to the heirs of the German doctors. Griggs feared that the license with the German owners may not last forever and so added the trade mark ‘AirWair’ and until 1988 the boots carried both trade marks, ‘Dr Martens’ and ‘AirWair’. In August 1988 Griggs sought to link the two trade marks in one single logo in order to avoid any future risk of losing the license of ‘Dr Martens’. The design of the logo was commissioned by the Claimant to a local advertisement agency. Mr. Rose Evans designed and drew the logo; he was not an employee of the agency and worked as free-lance.

On 13 May 2002 Mr. Evans assigned the logo’s copyright to an Australian Company, Raben Footwear Pty Limited. The Claimant tried to be acknowledged as the owner of the copyright over the logo and so to block the possibility of Raben using or assigning the copyright to others.

As the relationship between Mr. Evans and Griggs was not a contractual one, section 11 of the Copyright, Design and Patent Act 1988, giving the right of copyright ownership to the employer in a contractual relationship, does not apply. However, in the Court’s view, when a client pays for a logo, he will have the expectation to acquire the full rights related to the logo and not only a license of use. The Court also recalled that the combination of two logos already in use was not a singular idea of the designer, rather an original idea of the client (Griggs).

Concerning the ownership of the copyright, the Court held that the legal owner was Mr. Evans. Yet the Court noted that the equitable title belongs to the Claimant. Mr. Evans was paid for his job, and the right to use the logo (and to exclude others) must go to the client, Griggs. As the logo was intended to be used for a worldwide commercial operation and Mr. Evans failed properly to stipulate his fees, the court recognised his right to be paid the difference, since he mistook the purpose for which he was working. The Claimant had to pay for that shortfall. Finally, the court dismissed the possibility of the copyright belonging to Raben.

A logo can be protected by a trade mark or by copyright. The function of the trade mark is to identify the product while the function of the copyright is to protect the expression of the ideas. The court recognised that, acknowledged the ownership of the copyright was held by the designer of the logo, while taking into account the trade mark value of the logo, but it made important findings regarding the equity aspect of the case.

## PATENTS

### 7. APOTEX EUROPE V SMITHKLINE BEECHAM

On 5 December 2003, Pumfrey J delivered his judgment in *Apotex Europe v SmithKline Beecham* [2003] EWHC 2935 (Ch), holding SmithKline's patent invalid.

The UK patent at the heart of litigation was a process patent related to the preparation of the therapeutic agent paroxetine hydrochloride anhydrate (PHA), a form of paroxetine hydrochloride that, by displacing the solvent using a displacing agent, is manufactured to be substantially free of organic solvent. SmithKline sells the hemihydrate form of paroxetine hydrochloride under the trade mark *Seroxat*, an anti-depressant drug generating 10% of its total pharmaceutical sales.

On being sued for infringement, Apotex claimed that their process is a substantial variant to the claimed process and hence outside the scope of the patent. Apotex also applied for revocation of SmithKline's patent for lack of novelty and inventiveness and argued insufficiency in disclosure claiming that the patent is obscure.

At initial stages of hearing, the court had granted an interlocutory injunction preventing Apotex from selling its drug in competition with SmithKline's *Seroxat*. This injunction was upheld on appeal.

The judge proceeded with caution in interpreting what the description in SmithKline's patent communicated to the skilled man, a necessity for determining the exact scope of monopoly conferred by the patent. A careful interpretation was necessary for two reasons: first because the patent in question, though with different claims, had already been challenged and interpreted as to its scope in an appeal (See *Smithkline Beecham v BASF* [2003] EWCA Civ 872); and secondly because new amendments to the claims and fresh evidence have been brought before the court, as compared to an earlier case involving the same patent but different parties. (See *BASF v Smithkline Beecham* [2002] EWHC 1373 (Pat))

On consideration of expert evidence, the court found that the patent deals with the problem of how to produce PHA substantially free of organic solvent. It formulated the test of infringement as 'whether the displacement step is being used to remove solvent below the level that can be normally achieved using conventional equipment'. The court construed the word 'displace' literally to mean 'displacing the unwanted solvent from the material without replacing the solvent' and held that the process of Apotex did not infringe the claim, as its material steps are in the nature of 'replacement and drying steps' rather than a displacement step. Apotex process did not satisfy the third limb of the *Improver* test

and thus there was no infringement.

On the questions of anticipation and obviousness, the court held that an earlier Erythromycin patent makes the invention obvious, and thus the patent is invalid and shall be revoked. However, in interpreting these questions the court departed from the Court of Appeal in *Smithkline Beecham v BASF*, on the basis of peculiar evidence and facts brought in this case.

The following principles were stated by the court:

- It is the duty of the court to give legal construction of the specification and documents independently. Once this duty is discharged, the disclosure and comparison of the specification and external document relied upon as prior art, are question of facts and a matter of evidence.
- The patent specification is to be construed and approached by the court in the same way as its notional addressee, who is the person skilled in the art and is likely to have a practical interest in the subject matter of a specification.
- The court must give regard to the evidence adduced to decide as to what the description actually conveys to the skilled man.

## **8. OSTEOPOROSIS MEDICINAL PATENTS**

On 6 November 2003, the Supreme Court of Judicature delivered its appeal judgment in *Instituto Gentili v Teva Pharmaceutical* [\[2003\] EWCA Civ 1545](#). This was followed by the High Court of Justice judgment in *Merck v Generics* [\[2003\] EWHC 282](#) on 27 November 2003.

These cases are both in relation to the same type of Osteoporosis medicine. Osteoporosis is a condition of decreased bone mass that renders bones fragile with an increased risk of fracture. An imbalance of the natural phenomenon governing the removal and replacement of bone could be responsible, against which medicine such as the patented medicinal product from Merck called *Alendronate* aims to treat.

In *Instituto Gentili*, the requirement of novelty for an invention was addressed, especially the issue of anticipation by prior art. Novelty is one of the main requirements for an invention to be patentable. Prior art is destructive of novelty either by disclosing clearly the concept of the invention or by anticipating the invention. The test for a patent to be anticipated is whether the prior art contains a direction, while being carried out, capable to infringe the patentee's claims. In addressing what is a direction, the skilled man's thought on reading the prior art is the same as what the prior art teaches.

In the *Instituto Gentili* case, appeal and possibility to amend were rejected. Also, concerns were expressed over the role of a court of appeal, which should only interfere with a judgment where a matter of principle is at stake; which arguments related to the assessment of technical evidence and their bearing on the issues that have to be decided are unlikely to address.

In *Merck*, the meaning of article 69 of the Protocol on Interpretation over the “fairness” that should be allocated to the patentee was discussed. The court considered that the proper approach for defining infringement is to construe the patent and its claims in the absence of the infringement, therefore allowing an appreciation of the full breadth of the monopoly before considering the infringement. Also, the court found that the “fairness” of article 69 of the protocol can only be referring to protection which the patentee intended to obtain. Such intention should be concluded with reasonable confidence by the notional skilled reader. The case for infringement failed.

The practice points arising from these cases are:

- Clearness of a direction from prior art may be defined as what a man skilled on the art will think after reading the prior art.
- Appeals based on the assessment of technical evidence and related judgments are unlikely to be successful.
- Fairness will not extend the scope of the patent over what is explicitly set out in the claims.

## TRADE MARKS

### 9. GEROLSTEINER BRUNNEN V PUTSCH

On 7 January 2004, the ECJ gave its judgement in *Gerolsteiner Brunnen v Putsch*, Case [C-100/02](#).

The case at issue refers to the interpretation of ‘honest practices’ where use of a trade mark poses a likelihood of confusion to an earlier registered mark. This is used as a defence under Art 6(1)b of Directive [89/104/EC](#), the Trade Mark Directive. Under the provision, a trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, indications concerning the geographical origin of goods provided the third party uses it in accordance with honest practices in industrial or commercial matters.

The questions that arose were whether Art 6(1)b was also applicable if a third party uses the indications referred to therein as a trade mark and, if so, must that use be taken into account when considering whether use has been in accordance with honest practices in industrial or commercial matters. The mark at issue was the German trade mark GERRI, which was registered for various non-alcoholic beverages. KERRY Spring, which was manufactured in Ireland by a company called Kerry Spring Water and contained water from a spring called Kerry, was then marketed in Germany by the defendant. The *Bundesgerichtshof* (German Federal Court of Justice) had already found that there was a likelihood of aural confusion between the two indicia for the purposes of Art 5(1)b of the Trade Mark Directive.

After stating the purpose of Art 6 of the Directive, the ECJ ruled that Art 6(1)b draws no distinction between the possible uses of the indications referred to in Art 6(1)b. Therefore, the Directive is also applicable if a third party uses the indications referred to therein as a trade mark as long as the use is in accordance with honest practices in industrial or commercial matters. As to the issue of honest practices it is up to the national court to carry out an overall assessment of the circumstances of any particular case to establish whether the use is honest.

The implication of this judgement is that the mere fact that there is a likelihood of aural confusion between an earlier registered mark and one of the indications enumerated in Art 6(1)b (in this case geographical origin) from another Member State does not mean that a third party's use of the indication in the course of trade is not in accordance with honest practices. It is up to the national court to determine whether the use under scrutiny has been in accordance with honest practices in industrial and commercial matters.

### **10. MICROSOFT "WINDOWS": A GENERIC TERM OR VALID TRADE MARK?**

In December 2003 both Swedish and Finnish Courts granted an [injunction](#) in favour of [Microsoft](#) against its trade rivals [Lindows.com](#) in a trade mark dispute, arising from the use of term 'Lindows' by the latter for its operating systems.

Michael Robertson was the first to use the word 'Lindows' when he established Lindows.com. He developed Lindows OS, a version of Linux that runs both with Linux and Windows programs, and hence justify the website name as being derived from the combination of 'Linux' and 'Windows'. However the use of word Lindows offended Microsoft which developed and has marketed its Windows Operating System since 1985 under the registered trade mark 'Windows'.

Microsoft, clearly piqued by the partial adoption of its famous trade mark, sued Lindows in the United States in December 2001, seeking a court order prohibiting Lindows sales and use of its name, contending that the same is causing consumer deception and dilutes the Windows its own trade mark. However US District Judge John Coughenour denied Microsoft's request stating there is a possibility that the word "windows" is generic, a defence raised by Lindows.com. A full trial is slated for 1 March 2004, after a second attempt of Microsoft for obtaining injunction was also dismissed by the court.

The injunction having been denied to Microsoft in the US, it initiated a series of actions for preliminary injunctions against Lindows and its distributors in Sweden, Finland and Netherlands, a stronghold market of Lindows.com. So far the strategy seems successful, with two courts, in Sweden and Finland, issuing preliminary rulings in favour of Microsoft, holding that "It may reasonably be expected that Lindows will continue the infringement and diminish the value of the sole right to the marks. A delay would imply a risk for damage" and issuing interim injunctions.

Preliminary rulings, while not relief, are an effective tool to clamp down on the opponent's business, forcing withdrawal of products or sale prohibition. But in this case the strategy of Microsoft has opened new danger, with its "Windows" trade mark facing a threat of being declared generic and hence invalid.

A cardinal principle of trade mark law is that a mark can only be registered when it is inherently capable of being distinctive of a particular source of goods. However, normal words, though not initially distinctive, can gain a secondary meaning through use, and can then be

registered as valid trade marks associated to a particular supplier. But if a term having acquired a secondary meaning, which is or may be distinctive of a given supplier, becomes generic to a type of product, it loses its status as a trade mark for registration purposes. This arises when a trade mark's primary significance is to describe the type of product rather than the producer or source.

Thus, if during the trial the court holds that the term 'Windows' is indeed a generic term for describing commercial operating systems, then neither Microsoft nor anyone else can claim exclusive rights to "Windows".

## 11. DIXY FRIED CHICKENS

On 3 December 2003, Laddie J handed down his judgment on Dixy Fried Chickens (Euro) Ltd's appeal from invalidation of their trade mark in *Dixy Fried Chickens (Euro) v Dixy Fried Chickens (Stratford)* [2003] EWHC 2902 (Ch).

Dixy (Euro) had registered the device of a smiling chicken together with the words DIXY FRIED CHICKENS in the UK for "chicken and chicken products". Dixy Fried Chickens (Stratford) Ltd, operator of an unrelated 'Dixy Fried Chickens' fast food outlet, applied to the UK Trade Marks Registry to invalidate the mark. Their attack under s5(4)(a) of the Trade Marks Act 1994 succeeded; s5(4)(a) provides that a mark shall not be registered if its use is liable to be prevented by any rule of law protecting unregistered signs.

The basis of the challenge was the use of the mark by Dixy Stratford's predecessors in title; one of these, Mr Akhtar, represented the company in the Registry. Mr Akhtar, allegedly, had bought the goodwill of two outlets, in West Ham and Chingford, East London. Dixy Euro admitted that the Chingford outlet had carried on business under the mark, but pursuant to a franchise agreement whereby goodwill vested in the franchisor, Dixy Euro's predecessor in title.

Dixy Stratford alleged that the franchise agreement was a forgery and that Dixy Euro had intimidated the previous operator at Chingford. These serious allegations required a high level of proof: *Hornal v Neuberger Products* [1957] QB 247. Although Dixy Euro's evidence of the franchise agreement was not perfect, the burden of proving passing off lay on Dixy Stratford, who supplied no evidence of goodwill built up at Chingford after purchase from the ex-franchisee. Likewise, there was no evidence of trade at West Ham, nor details of how the goodwill generated by a previous operating company had allegedly migrated to Mr Akhtar and Dixy Stratford. Consequently the appeal was allowed.

This decision demonstrates that

- care in the preparation of evidence is vital
- although the UK Trade Mark Registry was said to adopt a "fairly relaxed attitude to evidence", with a view to "cheap and straightforward" procedures, the basic rules of evidence there are no different from the court's
- allegations of forgery or other dishonestly must be supported by

particularly cogent evidence

Laddie J confirmed that

- for s 5(4)(a), the relevant date on which passing off rights must be established is the date of application to register. There was no priority claim in this case; if there were, s 6 of the Trade Marks Act 1994 suggests that the priority date would be the relevant date.

Note: UK passing off rights may be used to attack a Community Trade Mark registration under EC Regulation [40/94](#), Art 8(4); OHIM officials may be expected to consider UK practice in this area.

## 12. AUDI AG v OHIM

On 3 December 2003, the Court of First Instance (CFI) delivered its appeal judgment in *Audi v OHIM*, Case [T-16/02](#).

The issue in this case is the review by the CFI over the refusal by OHIM to register 'TDI' as a trade mark, on the ground that the mark was considered to be devoid of any distinctive character under Article 7(1)(b) and descriptive under Article 7(1)(c) of Regulation [No 40/94](#).

In 1996 Audi filed an application before OHIM to register the word mark 'TDI'. 'TDI' is a common abbreviation used in the automobile industry; its common meanings are 'Turbo Diesel Injection' or 'Turbo Direct Injection'. Examiners from OHIM estimated the word mark was devoid of any distinctive character and consequently refused the application.

In a decision on the 8 November 2000, the appeal made by Audi was dismissed on the ground that the mark was descriptive and then in May 2002 Audi brought an action before the CFI to revert the decision.

The Court held that signs and denominations used to mention characteristics of goods and services must remain within the public domain. The Court noted that there was a direct link between the word mark 'TDI' and the categories of goods and services for the protection which were intended to be used. The Court also considered irrelevant the argument that 'TDI' may have two different meanings to revert the decision, remarking that the use of the combination of letters as 'TDI' is an extended practice in the automobile industry. The Court also dismissed the assertion that the mark has become distinctive through its use as a Community trade mark, since the evidence of Audi only related to one single member, Germany.

In relation to the new evidence brought by AUDI about distinctiveness, the Court recalled the purpose of this procedure of appeal was to evaluate the legality of the decision of the Board of Appeal and not to re-open the case, and refused the evidence.

Finally the Court noted that, although the Board of Appeal had failed to provide the reason for its decision and recalled that it was a duty of the body, pursuant to Regulation (EC) No 40/94 reasons must be given for decision adopted by OHIM. However, this failure was not enough of a

reason to annul the decision of the OHIM.

The Court remarked that the purpose of the case was to assess the legality of the procedure undertaken before OHIM and not to reopen the case as such. There is also the finding that to assess if a trade mark becomes distinctive through use, the evidence must be related to the whole Community area and not only to a single Member State. Finally, all evidence needs to be brought before the first hearing as subsequent appeals act as a re-hearing and not a new hearing with fresh evidence.

### **13. SHIELD MARK V KIST**

On 27 November 2003, the ECJ delivered its answers to the questions referred by the Hoge Raad der Nederlands in *Shield Mark v Kist*, ECJ Case [C-283/01](#).

In this case, the ECJ considered whether sound marks are eligible for registration as trade marks and if so, how they can be graphically represented in a way that meets the requirements of [Article 2](#) of Directive [89/104](#). That article states that “A trade mark may consist of any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings”.

Shield Mark was the proprietor of Benelux registrations for the first nine notes of Beethoven’s Für Elise and the sound of a cock’s crow for various goods and services related to its business. Kist started using the specified sounds for his business in the same field. Shield Mark sued Kist for trade mark infringement and unfair competition. However, the Dutch Court of Appeal dismissed the trade mark infringement action, holding that sounds were precluded from registration as trade marks. Shield Mark appealed to the Hoge Raad, which referred various questions on the subject to the ECJ.

The ECJ answered that, as long as sounds are capable of distinguishing the goods or services from one undertaking from those of other undertakings and of being graphically represented, they can be registered as trade marks. They are not by their nature incapable of distinguishing between the goods of different undertakings and, because they are not precluded from registration under Article 2, Member States cannot preclude them from registration as a matter of principle. Furthermore, a trade mark can consist of a sign that is incapable of being perceived visually (such as a sound or an olfactory mark) if the sign can be represented graphically, particularly by means of images, lines or characters and if the representation is clear, precise, self-contained, easily accessible, intelligible, durable and objective. National courts must decide whether these criteria have been met by the signs before them.

Nonetheless, the ECJ provided guidance on the signs held by Shield Mark. Musical notes represented on a staff did mean the graphic representation requirements. However, a description in written language

such as an indication that the sign is made up of the melody of a particular musical work (e.g. “the first nine notes of Für Elise”), an indication that it is the cry of an animal (e.g. “a cockcrow”), a simple onomatopoeia (e.g. “kukelekuuuuu”) or a sequence of musical notes (e.g. “E, D#, E, D#, E, B, D, C, A”) without more did not.

The practice issues are:

- Certain types of sound marks can now be registered, although the graphical representation requirements are quite exacting. In fact, it is hard to see what forms of representation other than musical notation will be acceptable. This would limit sound marks to music. However, before *Shield Mark* was decided, the OHIM decided that sounds can be registered when represented by a sonogram (Case [R0781/1999-4](#)).
- It seems that no types of mark can in principle be excluded from registration, as long as they meet the requirements of: (i) being capable of distinguishing the goods of one undertaking from those of other undertakings and (ii) being capable of being graphically represented. The types of marks that can meet the latter requirement may change over time as means of recording sensory stimuli become more sophisticated.

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