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Hot Topics

1. THE ECJ INTERPRETS THE DATABASE SUI GENERIS RIGHT

On the 9 November 2004, the ECJ handed down its decisions in four cases dealing with the database sui generis right ([*Fixtures Marketing v Veikkaus*](#), [*Fixtures Marketing v OPAP*](#), [*Fixtures Marketing v Svenska Spel*](#) and [*The British Horseracing Board v William Hill*](#)).

Fixtures is a company retained by the English and Scottish football leagues to handle the exploitation of fixtures lists outside the UK. Fixtures has the right to represent the holders of intellectual property rights in the lists. The defendants organise betting games, and took all information from Fixtures' lists. Fixtures brought actions in the Greek, Swedish and Finnish Courts alleging that the defendants had infringed the sui generis right in the lists under article 7 of the Database Directive.

A factually similar situation arose in the *British Horseracing Board* ('BHB') case. BHB organises horse races and maintains a database which comprises a lot of information including the names of the horses, the date, place and time of each race. William Hill ('WH'), a UK bookmaker, took information from BHB's database for use on its betting web site. BHB brought an action in the English Courts for infringement of its sui generis right in its database and the Court of Appeal referred questions to the ECJ.

The ECJ held that the definition of a database should be construed widely. A database's materials will be independent when the materials are separable from each other without their informative, literary, artistic, musical or any other value being affected. The Court found that a football fixtures list was a database under article 1 of the Directive.

The Court also held that the substantial investment, which is the requirement that must be fulfilled in order to be protected by the database right, must be in the obtaining, verification or presentation of the contents of a database and not in the creation of the data. This substantial investment can be evaluated quantitatively or qualitatively. The quantitative assessment refers to quantifiable resources. The qualitative assessment means the efforts which cannot be quantified, such as intellectual effort or energy. The Court found that neither a football fixture list nor a list of competitors, dates, places and times of races require a substantial investment because the investment was in the creation of the data. There was no subsequent substantial investment in obtaining, verifying or presenting the data either.

However, in relation to infringement, the ECJ construed the rights of the sui generis right holder of extraction and re-utilisation (article 7(2) of the Directive) widely to include an indirect act. Extraction and re-utilisation will not cover mere consultation of the database, rather the test of infringement is whether the defendant has extracted or re-utilised a substantial part of the contents of the database. The Court held that the substantial part evaluated quantitatively refers to the volume of the data extracted or re-utilised from the database and it must be assessed in relation to the volume of the contents of the whole of the database. The expression 'a qualitatively substantial part' refers to the scale of investment in the obtaining, verification or presentation of the contents of the act of extraction and/or re-utilisation, regardless of whether that subject (or part) represents a quantitatively substantial part of the contents. The Court found that the data taken by WH was too small to be a quantitatively substantial part and was not a qualitatively substantial part either.

In other words, the meaning of article 7(5) is that extractions and re-utilisations which, because of their repeated and systematic character, would reconstitute the database as a whole or at least a substantial part of the database are prohibited.

Whereas the ECJ construed the subject-matter and rights rather widely, it construed the scope of the right and the test of infringement restrictively. The consequence is that BHB's and Fixtures' databases are not protected by the sui generis right and therefore the betting companies do not need to pay licences to extract or re-utilise the data. The Court appears to have exceeded its jurisdiction by applying its ruling to the facts of the case. The Court has clarified a lot of the vague terms used in the Directive but some aspects remain unclear such as the scope of the exceptions and what exactly in a database is protected when there is a renewal of the term.

Copyright

2. IIPA RECOMMENDS THAT POLAND REMAINS ON SPECIAL 301 "WATCH LIST"

On 4 November, the International Intellectual Property Alliance (IIPA) announced its recommendation that Poland remain on the Special 301 "[Watch List](#)". IIPA's announcement follows the [2004 Special 301 Report](#) of the US Trade Representative (USTR), on 3 May 2004, placing Poland on the Special 301 "Watch List".

IIPA acknowledges that progress has been made by the Polish government in the areas of copyright law reform and heightened enforcement, but stresses that an intense level of continued effort and vigilance is needed to properly implement the new optical disc decree and improve enforcement against both hard goods piracy and internet piracy. For 2003, the total estimated trade losses due to copyright piracy in Poland amounted to \$240 million.

IIPA's comments focus on the four copyright and enforcement-related elements identified by US TR in its May 2004 announcement:

1. Strengthening anti-piracy and anti-counterfeiting measures at the Warsaw Stadium and continuing effective raids and prosecutions against piracy and counterfeiting activities across the country.

DAMIS, the administrator of the Warsaw Stadium, working with local police have started to play a significant role in banning trading in optical discs in the Stadium while Polish police continue their activities, disclosing storage places for pirated products. The reports of concerned industries about the Stadium were mixed. For example, the entertainment software industry reported that there had been little change in its industry's situation at the Stadium, while the recording industry reported that pirate disc distribution at the Stadium had been largely limited. It was concluded that there is room for improvement at the Stadium.

2. Strengthening border enforcement.

The copyright industries reported mixed results with the Polish government's efforts to strengthen border enforcement practices. The Motion Picture Association (MPA) reported that border enforcement had been strengthened by the creation of special mobile groups in the Regional Customs Houses to conduct raids inside the country and by reinforcing the manpower at the eastern borders. On the other hand, the recording, business software and film industries all reported that the eastern border remains a problem, despite recent legislative customs reforms made by Poland in order to accede to the European Union.

3. Signing into law and implementing the new copyright law amendments and optical disc regulations.

The Copyright Law Amendment 2004 contains several improvements but there remained a number of issues which had not been addressed including the need for broader exclusive rights for producers of phonograms and performers, and the narrowing of an overly broad exhaustion rule. The Optical Disc Decree appeared to have the potential to control the production of optical discs; however the lack of criminal sanctions remained an important concern. Enforcement of the regulations has yet to take place and their usefulness in combating piracy has yet to be assessed.

4. Taking concrete, effective steps to strengthen domestic enforcement of IPR.

While the industries reported generally favourable cooperation from Polish police officials, they reported varying degrees of results in practice. The recording industry felt that the activity of enforcement agencies with regards to the instigation of criminal proceedings was at a similar level as in the former period, albeit the quantities of seized pirated sound recordings were much smaller. The film industry shared the recording industry's concern about internet piracy enforcement. On the other hand, the Business Software Alliance (BSA) had recently seen positive and effective action taken by the national police and local police units against internet piracy. There is a continued need to improve judicial actions/deterrent results since many elements of Poland's enforcement regime remain incompatible with its TRIPS enforcement obligations, including the failure to impose deterrent criminal penalties in commercial piracy cases and the lengthy delays in bringing and completing copyright infringement cases. Both the film and recording industries report examples of long, unresolved cases and excessive delays.

3. BELGIUM, FINLAND AND SWEDEN FAIL TO IMPLEMENT COPYRIGHT DIRECTIVE

The ECJ handed down its decisions on Belgium (18 November 2004, [C-143/04](#)) Finland (9 December 2004, [C-56/04](#)) and Sweden (18 November 2004, [C-91/04](#)).

The 2001 Copyright Directive (2001/29/EC) on the harmonisation of certain aspects of copyright and related rights in the information society was due to be implemented by the Member States by 22 December 2002. Only Greece and Denmark met the implementation deadline. By July 2003 eleven Member States had still failed. When Member States have completely missed the deadline and continue to fail after the Commission has sent them "reasoned opinions" with new shorter deadlines, the legal procedure in these cases is quite straightforward. Finland did not give the Court any explanations. Belgium claimed the delay was due to legislative procedure caused by Federal elections and Sweden argued their legislative procedure was complicated since complete review of copyright law was needed. These excuses did not attract the sympathy of the Court. The result was identical in all three cases. The Court declared that the Member States had failed to communicate measures transposing into their national law the provisions of the Directive. The Member States were ordered to pay the costs.

The next step for the Commission is to ask the Court to impose daily fines on the relevant Member States until they comply. Cases against France, Luxembourg, Netherlands, Portugal, Spain and the United Kingdom are still pending. Although the UK has implemented the Directive it does not satisfy the Commission, as the UK law does not apply to the territory of Gibraltar.

The 2001 Copyright Directive includes many controversial provisions relating to modern problems of digital environment. New digital rights management measures and responsibilities of the service providers have not been easily presented to national parliaments. Though the issues are difficult and the Member States were only given a short time of 18 months, another two years have now passed. It is perhaps time that the Commission step up its enforcement programme against the Member States.

Patents

4. EU SOFTWARE PATENTS DIRECTIVE HANGS IN BALANCE AFTER POLAND WITHDRAWS SUPPORT

On 16 November 2004, Poland withdrew its support for the EU draft Directive on the Patentability of Computer-Implemented Inventions. The Directive seeks to codify and harmonise different EU national laws for computer programs including the treatment of software patents. The Polish cabinet decided that it would not support the directive as it is too vague and, in its present form, does not rule out the possibility of patenting software or business methods.

The [original text](#) proposed by the Commission was approved by Parliament on 24 September 2003 after a [series of amendments](#) which placed significant limits on the patentability of software. Parliament's amendments were a major defeat for the directive's original proponents. Rather than being a confirmation of the global practice of granting software patents, the Parliament's version placed substantial limits on patentability. Under the co-decision procedure, the Council on 18 May 2004 submitted a compromise version of the proposal which overturned most of Parliament's amendments.

The compromise version of Directive was scheduled to be formally adopted without debate before being sent back to the EU Parliament for a second reading. However, the recent revision on the number of votes each state can wield gave Poland enough influence to tip the balance of the Council in favour of the anti-software patent camp. Without Poland's support, the directive's approval falls short of a majority. Nevertheless, the Council's Committee of Permanent Representatives in its [December meeting](#) determined that the Council's version of the directive would be scheduled for formal adoption without debate. However due to statements of reservation by Belgium, France, Netherlands, Hungary, Latvia and Poland being attached to the Common Position; as well as the opposition from Poland, the Council's vote has been postponed indefinitely. It is uncertain when the issue will return to the agenda.

The postponement of the adoption process means that the highly controversial software patents directive has an uncertain future. The wording of the [European Patent Convention](#), suggests that computer-implemented inventions are excluded from patentability within Europe and national laws in EU member countries are far from clear. The task of clarifying what can and cannot be patented is left to the courts. It is generally agreed that clarification and harmonisation of this area would be beneficial. However, now that the political process has stalled, the current uncertain position will remain until the draft directive is renegotiated to produce a version more acceptable to all sides.

5. A PROPOSAL ON LEAVE TO PERFORM CERTAIN EXPERIMENTS IN PATENT LITIGATION

A decision was given by Aldous LJ in the appeal by Smithkline Beecham against the decision of the Patents Court rejecting a claim of infringement of UK patent

2297550 against Apotex.

The case concerned the production of paroxetine hydrochloride anhydrate for the treatment of depression. The manufacture of the anhydrate results in impurities binding to the anhydrate crystals that include organic solvents used in the manufacture. The patent claimed a process for the removal of this bound solvent using a displacing agent, which causes the impurity to leave the substance but does not itself become irretrievably bound to the substance. Water can be used as such an agent and be removed by conventional drying techniques.

The prior art included an example that purported to show the production of the anhydrate including the use of “more” organic solvent to dissolve the substance and a subsequent final washing step using water. Later experiments showed that interpreting “more” as a small amount would produce the hydrated form (SmithKline Beecham’s argument).

On the other hand, Apotex argued that the skilled man would use several litres of organic solvent. The submission that this prior art destroyed novelty was rejected since the directions were not “clear and unambiguous”. However, Apotex also argued alterations, by the skilled man, of a known experiment leading to the substance being produced made the claim obvious.

Apotex performed experiments with large quantities of organic solvent but introduced other conditions including carrying out the experiment under nitrogen to prevent the introduction of water. At first instance the judge accepted these alternatives to the experiment as detailed in the prior art. However, the Court said that this was an error of principle as there was no evidence a skilled man would use such dry conditions.

Aldous LJ was of the view that such experiments should be performed by a skilled man without the direction of lawyers to avoid inevitable hints being given to the scientist. What the Court required was performance of the unembellished disclosure. He suggested that in the future a court-appointed expert should be used and consulted when leave to adduce experimental evidence was requested.

Court-appointed experts are not widely used in the UK but were provided for in particular to reduce costs to individual parties. However, this proposal would result in difficult case management as the Court would need to hear submissions on the precise nature of the science in dispute and make a decision itself that inevitably would be open to appeal.

6. HUMAN RIGHTS AND PATENTS: ITP V COFLEXIP STENA OFFSHORE

On 19 November 2004, the First Division of Inner House delivered its judgment in *ITP SA v Coflexip Stena Offshore Limited* [\[2004\] CS A3606/00](#).

ITP had sued Coflexip in Scottish Courts for infringement of its patent for a heat insulated pipe-in-pipe assembly for use in pipelines to be laid on the seabed for the purpose of transporting oil products. ITP’s patent was held valid both before the Opposition Division of the European Patent Office and before the Lord Ordinary in Scottish proceedings. In the latter proceedings, Coflexip was also held liable for infringement of the patent. Coflexip appealed against both decisions and during the pendency of appeal before the Scottish Court, the Board of Appeal of the European Patent Office annulled the decision of the Opposition Division and found the patent to be invalid. This led to a situation where the patent was invalid against the whole

world, but was valid against Coflexip due to the judgment of the Scottish Court which had not been overturned by the Court of Session on appeal.

The matter was further complicated when ITP made an application to the European Court of Human Rights (ECtHR) claiming that the proceedings before the Board of Appeal had infringed its human right to a fair trial enshrined under the European Convention of Human Rights (ECHR). This was based on the fact that the Board took into consideration certain documents which were never put before the Examining Division of the EPO, and that the Board failed to remit the matter back to the Examining Division leading to the deprivation of a property right due to procedural irregularity. On the basis of this application, ITP asked the Scottish Court to delay the decision of the appeal at least until the ECtHR had considered whether the application was admissible, as contrary action would again amount to infringement by the Scottish Court of ITP's human rights. Coflexip on the other hand contended that the appeal be allowed on the ground that the patent had been held invalid by the Board of Appeal.

After hearing both submissions, the Court held that the European Patent Convention supersedes the ECHR. There is nothing in the ECHR that can prevent the UK courts from implementing a decision of the Board of Appeal under section 77 (4A) of the Patents Act. Since the patent was a property right created by the European Patent Convention, after being revoked under the Convention there is no property right in favour of ITP. The national courts are bound to give effect to a decision of the Board of Appeal and cannot inquire into whether the proceedings before the Board of Appeal were Convention-compliant. In reaching this conclusion it also held that there existed a fundamental distinction between a decision of an international tribunal such as the Board of Appeal and that of a foreign court, as only in the latter case may a domestic court decline to give effect to the decision due to non-observance of principles of natural justice.

On broader perspective, this decision is another example where the parties have sought to re-read the legislation in light of human rights. The Court, though amenable to such an approach, emphasized that the European Patent Convention and the UK Patent Act can not be interpreted in light of ECHR in such a way so as to make the resulting interpretation inconsistent with the fundamental features of the legislation. Another issue settled in this case is that a decision of the Board of Appeal will not be open for further review even if there is a substantial miscarriage of justice due to non-observance of principles of justice. In the opinion of the Court, if ITP is successful in its application to the ECtHR, it will not affect the revocation of the patent because the ECtHR does not have any power to order European Patent Office to reinstate the patent. At best it could make an order for monetary compensation in ITP's favour. However, it is hoped that in future such a situation will be rectified by addressing this anomaly.

Trade Marks

7. PEAK HOLDING AB V AXOLIN-ELINOR AB

On 30 November 2004, the European Court of Justice (ECJ) made a preliminary ruling under Article 234 EC in the case of *Peak Holding AB v Axolin-Elinor AB* [C-16/03](#).

In late 2000, Axolin-Elinor (Factory Outlet) marketed a particular consignment of goods with the trade mark Peak Performance contending that Peak Holding had already offered the goods for sale and thus the trade mark rights were exhausted. Peak Holding brought an action for infringement against Axolin-Elinor. The Lunds tingsrätt (Lund District Court) dismissed the application. Peak Holding appealed to

the ECJ against the judgment of the Lunds tingsrätt. Two important questions were referred to the ECJ for preliminary ruling

- a) Whether Article 7(1) of the First Council Directive 89/104 of 21 December 1988 must be interpreted to mean that goods with the Peak Performance trade mark can be said to have been placed on the market where the proprietor of the trade mark has imported them into the EEA with a view to selling them or offering them for sale in his own shops within the EEA without actually selling them;
- b) Whether the goods are to be regarded as having been placed on the market by virtue of the fact that they have been sold by the trade mark proprietor by another company in the EEA, if, upon the sale, the trade mark proprietor imposed a restriction on the buyer under which he was entitled to resell the goods in the Common Market?

The Court ruled that Article 7(1) must be interpreted to mean that the actual sale of the goods determines whether or not the goods shall be regarded as having been put on the market in the EEA where the proprietor of the trade mark has imported them into the EEA with a view to selling them or where his own shops or those of an affiliated company have offered them for sale. Exhaustion occurs solely by the proprietor placing goods on the market in the EEA and cannot preclude exhaustion provided by the Directive.

It is not able that in a contract of sale between the proprietor of the trade mark and an operator established within the EEA, the prohibition on reselling in the EEA does not preclude the exhaustion of the proprietors' exclusive rights in the event of resale in the EEA in breach of the prohibition. The ruling states that under Article 5(3)(b) and (c) of the Directive, the importing of goods or offering them for sale to consumers within the EEA is not tantamount to putting them in the market within the EEA. Article 7(1) is interpreted to mean that goods bearing a trade mark cannot be regarded as been put on the market by the proprietor without the proprietor actually selling them.

8. LOWDEN V LOWDEN GUITAR CO LTD

On 17 November 2004, the Chancery Division of the English High Court delivered its judgment in *Lowden v Lowden Guitar Company Limited* [\[2004\] EWHC 2531 \(Ch\)](#).

In this case, the Claimant, Mr Lowden, was the registered proprietor of a mark in respect of 'Guitars; acoustic guitars; parts and fittings for all the aforesaid goods'. On 31 December 2003, the Defendant company, a manufacturer of guitars, filed an application in the UK Trade Mark Registry alleging non-use under s46(1)(a) and s46(1)(b) of the Trade Marks Act 1994.

In a letter of 9 January 2004, the Registry informed the Claimant of the application for revocation, the burden on the registered proprietor to show what use has been made of the mark and the three month deadline to do so. The Appellant failed to comply with the 9 April deadline and sent his counter-statement to the Registry on 15 April. The Registry responded to the receipt of the counter-statement by a letter stating that the counter-statement was received outside the period allowed and therefore the opposition to the application for revocation was deemed withdrawn.

On 7 May 2004, the Claimant was informed of the decision made by the Hearing

Officer to revoke the registration with effect from 20 October 1999, as requested in the Defendant's application. However, the Defendant was not entitled under s46(1) to seek revocation of the mark from a date earlier than 20 October 2000, since registration of the trade mark was not completed before 20 October 1995.

As a consequence, the Claimant filed a notice of appeal on the following three main grounds: (i) the Registrar's order to revoke the mark from a date earlier than any date which was permissible under s46(1)(a) should be set aside since he had no jurisdiction to make it; (ii) the Registrar had not exercised the required discretion under TMR rule 31(3); and (iii) the decision to revoke was taken without giving the Claimant an opportunity to be heard, contrary to TMR rule 54.

It was held that once the time for filing the counter-statement had expired, the Registrar had no discretion under TMR rule 31(3) to consider the proprietor's evidence of use. However, it was open to the Registrar to consider material submitted out of time to determine whether there were other reasons which might enable a proprietor to continue to oppose an application for revocation, such as a defect in the statement of grounds which the Claimant could have raised, had he been given the opportunity to be heard according to TMR rule 54.

In addition, it was held that the incorrect date of revocation of 20 October 1999 instead of 20 October 2000 was not a clerical mistake, but a misunderstanding of the law. As a consequence, the error was one of substantive law, which could only be corrected on appeal. The amended statement of grounds would have the effect of causing time to run again and the Claimant would be entitled to file a counter statement which raised the factual issues.

9. DENIAL OF DOMAIN NAME TRANSFER: BAA LOSES REQUEST FOR GATWICKCOM

On 11 November 2004 the WIPO Arbitration and Mediation Center produced its decision on *BAA plc v. Bob Larkin* ([case D2004-0555](#)).

BAA claimed that *gatwick.com* was confusingly similar to two registered trade marks (BAA GATWICK and BAA LONDON GATWICK), and identical to the common law mark established as a consequence of the activities taking place at Gatwick airport.

BAA stated that the respondent was not known by the name Gatwick and could have used a different domain name to run its commercial activities. Moreover, the [domain name](#) was used to host links to a number of services in the Gatwick area. Therefore it could have gained commercial advantage from diverted traffic. It was also argued that these facts, together with the respondent's willingness to sell or rent the website for valuable consideration, represented evidence of bad faith.

The respondent claimed that he started *gatwick.com* in 1996, even if not explicitly under his name, and this was before the registration of the UK trade marks by BAA. Larkin also submitted a list of third parties using "Gatwick" as a part of their commercial names. Moreover, he argued that his website never pretended to officially represent the airport. Finally, in relation to the allegation of cybersquatting, the respondent counterclaimed he was the victim of deception and conspiracy orchestrated by intermediaries possibly linked to BAA.

The panel acknowledged the registration of <gatwick.com> from 2000 rather than 1996 in agreement with the registrar. It found that lack of visual or phonetic similarity excluded the domain name from being declared confusingly similar to

registered trade marks (see *BAA plc & Aberdeen Airport Limited v Hashimi* [case 2004-0717](#)). However, the word “Gatwick” was widely known, due of its association with the airport, and was sufficiently distinctive to be recognised as a common law mark. The panel therefore determined there was a risk of confusion. On the other hand, the panel stated that the respondent was operating a legitimate business, offering links related to the airport, without displaying BAA marks or otherwise misleading the diverted traffic. The decision did not comment on the issue of bad faith, since legitimate interest had been proven and the claim was dismissed.

This case resolved three key issues;

- Gatwick is a geographical area, but has acquired universal recognition. For this reason a common law mark was documented and the consequent risk of confusion caused the claim of “reverse domain name hijacking” to be unsuccessful.
- The panel did not consider all the correspondence between the complainant, intermediaries and respondent, in which the former tried to get an offer to buy or to rent from Larkin. The respondent stressed that such deceiving behaviour could constitute evidence of the claimant's bad faith. The panel did not start an investigation and suggested the matter to be processed by a court or a tribunal.
- In relation to the claimant's allegations of passing off, the decision lacked a deeper understanding of this kind of tort, and simply stated that the respective rights of the parties are better dealt with in a court than through the procedures under the policy.

10. ANHEUSER-BUSCH V BUDEJOVICKÝ BUDVAR

On 16 November 2004, the European Court of Justice (ECJ) gave its judgment in *Anheuser-Busch v Budejovický Budvar*, [case C-245/02](#).

Anheuser-Busch is the proprietor in Finland of the trade mark Budweiser, which it first applied for in 1980. Budvar registered its trade name in the Czechoslovakian commercial register in 1967. It was registered in Czech ('Budejovický Budvar, národní podnik'), English ('Budweiser Budvar, National Corporation') and French ('Budweiser Budvar, Entreprise nationale').

Anheuser-Busch brought an action before the Finnish Court to prohibit Budvar from use in Finland of the trade marks Budejovický Budvar, Budweiser Budvar, Budweiser, Budweis, Budvar, Bud and Budweiser Budbrau as signs for the marketing and sale of beer produced by Budvar. Anheuser-Busch argued that the trade name and signs used by Budvar could be confused with its trade marks since those signs and trade marks designate identical or similar types of goods.

Budvar denied trade mark infringement and contended that the signs it used in Finland could not be confused with Anheuser-Busch's trade marks. It also submitted that, with respect to the sign 'Budweiser Budvar', the registration of its trade name in Czech, English and French conferred on it, pursuant to Article 8 of the [Paris Convention](#) (which provides that a trade name shall be protected without the obligation of filing or registration, whether or not it forms part of a trade mark), a right in Finland earlier than that conferred by Anheuser-Busch's trade marks and that their earlier right was therefore protected under that article.

After several hearings, the case reached the Finnish Supreme Court which referred

several questions to the ECJ.

The first question was whether the World Trade Organization's Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) applies to a conflict between a trade mark and a sign where the conflict arose before the date of application of TRIPS but continued beyond that date. The ECJ's answer was that since the conflict had continued after the application date of TRIPS, that agreement applied to the conflict.

Secondly, the Finnish Supreme Court asked whether, and if so under what conditions, a trade name could be regarded as a sign for the purposes of the first sentence of Article 16(1) of [TRIPS](#) with the result that, the proprietor of a trade mark has an exclusive right to prevent all third parties from using that trade mark without his consent. The ECJ found that a trade name may constitute a sign within the meaning of the first sentence of Article 16(1) TRIPS. According to the ECJ case law, that provision enables a trade mark owner to exercise its exclusive right in cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark, in particular its essential function of guaranteeing the origin of the goods to consumers. It is up to the national court to establish whether that condition is fulfilled.

The Finnish Supreme Court's third question was whether, and under what conditions, a trade name which is not registered or established by use in the State in which the trade mark is registered may be regarded as an existing prior right within the meaning of the third sentence of Article 16(1) of TRIPS ("The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use"), having regard in particular to that Member State's obligations to protect the trade name under Article 8 of the Paris Convention and Article 2(1) of TRIPS. The ECJ held that an unregistered trade name may be regarded as a prior right if its proprietor has a right falling within the substantive and temporal scope of TRIPS which arose prior to the trade mark, and which entitles him to use a sign identical or similar to that mark.

Both Anheuser-Busch and Budvar are claiming victory with this ECJ decision. The final decision of the Finnish Supreme Court, will determine the true outcome.

11. DISTINCTIVENESS IN REGISTERING 3D CTM: FRISCHPACK V OHIM

On 23 November 2004, the Court of First Instance (CFI) gave its judgment in Frischpack v OHIM (Forme d'une boîte de fromage) [Case T-360/03](#).

The applicant sought to alter and then annul the contested decision made by the Board of Appeal in so far as it refers to cheese slices in large packs, not intended for the final consumer, after being denied registration of a 3D shape packaging for cheese ([Class 29 of the Nice Agreement](#)). The applicant argued that the Board of Appeal had not complied with Article 7(1)(b) of Regulation No 40/94 in failing to have regard to the distinctive character of the mark applied for.

The applicant noted that the distinctive character of a mark depends on the goods for which registration is sought (in this case, foodstuffs in sliced form, in particular slices of cheese) and the relevant public. It argued that the Board of Appeal erred in defining the relevant public as the general public where it was in fact the wholesale trade, who are able to identify the distinctive character of the shape for the packaging.

OHIM defended itself on the grounds that:

- The applicant should not be allowed to change the subject matter in the proceeding, and that the limitation to the wholesale trade, was not apparent from the list of goods which accompanied the application for registration.
- The applicant had not proved the difference between the distinctiveness of the mark to the trade as opposed to the general public.

The CFI dismissed the applicant's appeal in holding that the definition of the public does not change the subject matter of trade mark for Class 29 of the Nice Agreement. The trade mark sought was lacking in distinctiveness. Further, since cheese is a staple product aimed at the average consumer, the distinctiveness of the mark should be based on the perspective of the consumer.

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