

The European IP Bulletin

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This case illustrates the problems that arise when a trade mark proprietor assigns the mark separately from the business that underpins it. Insolvent Agfa Photo was unable to sell its manufacturing plant separately from the trade mark, which was in the hands of a private investor.

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Copyright

1. CHANGE OF ARTIST NAME DOES NOT ALLOW RIGHTS HOLDER OF EXISTING RECORDINGS TO USE NEW NAME

The Supreme Court in Finland recently held that assignment of copyright in an artist's work will only grant rights in the work created under the name the artist was using at the time of assignment. Therefore, though an artist may have previously assigned copyright in certain works, the Court held that if the artist subsequently changes his or her name, the earlier assignee is not entitled to apply the new name to the earlier works.

The facts of the case were as follows: a performing artist and a recording company signed a contract whereby the artist assigned all the rights to her performances recorded during the term of the contract. The contract gave the recording company the right to use the artist's real name or her defined artist name in connection with those recordings

For the duration of the contract, the Artist, Eija Riitta-Kantola, recorded performances under name 'Eijariitta'. Upon termination of the contract, she changed her artist name to 'Eija Kantola', and subsequently became successful upon winning a singing contest. As the previous recordings were of quite poor quality, she did not want to be connected to her old artist name. The contract with the first company was assigned to another recording company, which re-published the old recordings using her new artist name and referred to her as the winner of the singing contest.

The Supreme Court stated that generally an assignment of copyright has to be interpreted narrowly. However, if an author chooses to use a pseudonym in connection with his works, this must be respected. The Court found that an artist has the right to decide which artist name may be used in connection to her performances and in which form this name is to be used. As the earlier contract had not specifically permitted the use of the new name, and the name was changed on the work without her consent, the re-publishing of the works infringed her moral rights.

2. BELGIUM AND THE NETHERLANDS SCRAP THEIR RESTRICTIONS ON LICENSING MUSIC TO ONLINE USERS

On 17 August 2005, Belgium and the Netherlands announced plans to scrap their restrictions on licensing music to online users.

In accordance with the Statement of Objections issued by the European Commission on 29 April 2004, SABAM and BUMA, the Belgian and Dutch collecting societies that manage music copyrights for authors, proposed ending restrictions in the cross-licensing arrangements for online music that they have with other collecting societies.

The Commission Statement followed growing concerns that such restrictions transpose into the internet world the national monopolies that the societies have traditionally held in the offline world. The Commission considers that the restrictions created by the 'economic residency clause', which provides that users can only obtain European Economic Area-wide licences for the online use of music from their national collecting society, may infringe Article 81 of the EC Treaty. This is because the territorial exclusivity afforded to each of the participating collecting societies is not justified by technical reasons and is irreconcilable with the reach of the internet.

SABAM and BUMA have now committed not to be party to any agreement containing an 'economic residency clause', similar to that contained in the Santiago Agreement and identified as restrictive in the Statement of Objectives. The Santiago Agreement is designed to tackle the problems that traditional copyright licensing schemes face in light of the growth of new technologies and internet use.

The aims of the SABAM/BUMA commitments are to create a single system governing music rights and to help European online music services compete with those in the United States. The US currently spends around €207m on downloads compared with Europe's €27.2m.

The EU Commission has now opened a public consultation on this subject. It views the modernisation of the licensing of music for online services as highly important and is hoping that an agreement can be reached with other Member States' national music copyright agencies by the end of October 2005.

3. LIABILITY FOR LINKING TO INFRINGING MATERIAL

On 15 July 2005, the District Court in Hamburg granted a temporary injunction in favour of the Motion Picture Association of America against the operator of the website "the-realworld.de" and the Internet service provider ShareProvider.

The case relates to the use of hyperlinks which are electronic elements which create a connection between the content of two different files, or between different portions of a single file. Through the use of direct hyperlinks to files offered via eDonkey's peer-to-peer network, the operator of "the-realworld.de" provides users with an easy way of finding and downloading the contents of certain files from that network. The contents of the website itself did not include any copyrighted works, however there were many copyrighted works supplied without the consent of the respective right holders among the linked files.

In response to the proliferation of pirated works on peer-to-peer computer networks, websites that contain direct links into these networks have become increasingly popular to confirm the authenticity of files. The music and film industry is now starting to respond to this new threat with cease-and-desist letters and, where necessary, legal action.

In this case, the Motion Picture Association of America, as copyright owner of several of the works contained in the linked files, sought compensation for damages for copyright infringement, and injunctions to remove the links from the website. ShareProvider, the Internet service provider which hosted the website, was also accused of being liable as it did not remove or block the access to the website after a request to do so.

In its decision, the court considered both the website operator and the Internet service provider liable for disseminating infringing material. According to the court, the website operator edited the hyperlinks to allow users to research and download copyright infringing material, thus violating the German Copyright Act (UrhG), while ShareProvider was liable in failing to remove or block access to the website.

Over the last few years, there have been a considerable number of cases addressing linking, framing and search engine issues. One of the main issues discussed in these cases is liability for third parties' illegal contents. In particular, liability for copyright infringement through the use of direct hyperlinks to music or image files has already been considered by courts in the US, Belgium, Sweden and China.

This case is just one more example of the ongoing international programme against copyright infringement and, more recently, against peer-to-peer networks. In the present case, ShareProvider is now appealing for donations and “the-realworld.de” was forced offline for a period of time. As a result of the legal actions against peer-to-peer networks, the eDonkey operator also announced last September that due to legal pressure he was giving up and preparing to convert eDonkey into an online content retailer operating in a closed peer-to-peer environment.

4. LEXISNEXIS COPYGUARD: TRUST IN TECHNOLOGY TO FIGHT COPYRIGHT THEFT

At the end of this summer, LexisNexis, the market leader in the supply of comprehensive and authoritative legal and business information, announced the launch of a new product intended to provide a solution to counter the problem of intellectual property misappropriation through plagiarism. The development of this solution, called LexisNexis Copyguard, has been realised through the joint efforts of LexisNexis and iParadigms, a leading company in the provision of specialist Web-based products to protect the originality of documents used for either commercial or academic purposes.

With LexisNexis CopyGuard users can compare a document with the content belonging to LexisNexis and delivered through its databases. This amounts to 6.1 billion searchable documents, including deep archives. Copyguard also covers 4 to 5 years of Web pages stored by iParadigms. The technology developed by LexisNexis and iParadigms works on the identification of specific suspect passages. An originality report would be able to show the documents concerned side-by-side for comparison, underlining the matching texts and codifying them with different colours. In this way, the user would know the exact percentage of text originating from elsewhere and on this basis could evaluate the possible presence of copyright infringement.

Whether it is a valuable tool depends on how it copes with substantial reproduction; copying with changes. Further even the alleged base document may not be original. It is a useful tool but does not provide a complete answer in relation to the whole issue of IP misappropriation through plagiarism.

5. SONY LOSES PLAYSTATION COPYRIGHT CASE IN AUSTRALIA

The High Court in Australia has ruled that the modifying of Sony PlayStation chips enabling the console to play imported games does not breach copyright law. The ruling ends four years of legal wrangling between Sony and a Sydney-based supplier of modified chips whom Sony sued claiming the chips violated its copyright.

The modified chip retailer, Eddy Stevens, supplied and installed modified chips into PlayStation consoles. These chips allow people to play games purchased legitimately in other countries, as well as running backup copies or bootleg discs. Sony has fought hard in a number of countries to clamp down on modified chips, which can be used to bypass the regional coding system, and are apparently a feature of the company’s ability to pursue differential pricing in different markets. In 2004, the selling of modified chips was ruled illegal in the UK.

Sony had argued that the modified chips were a breach of copyright under Australian laws but its case was rejected at first instance. Sony won on appeal, but the chip retailer appealed the decision and the case went to the High Court. The High Court ruled that while pirating is one thing, playing an otherwise legitimate game using a modified chip is another. Since the chips do not enable the copying of

games by players, the modified chips do not breach copyright. This ruling clears the way for Australians to buy games from cheaper markets to play on their Australia machines. The Court also found that Sony's regional coding did not qualify as a technological protection measure, and said that regional coding restricted competition and consumer rights.

While the decision will cheer up Australian games console players, the effects it will have in other countries is less clear. The selling of modified chips is banned in other countries and both Sony and Microsoft have used the EU Copyright Directive 2001/29/EC, whereby it is illegal to circumvent copy protection systems, to clamp down on modified chips. Although, Sony could decide to abandon regional pricing, it is more likely that it will make a more concerted effort to embed regional coding in the console's copyright protection mechanism.

PATENTS

6. NSA "GEO-LOCATING PATENT" RAISES PRIVACY CONCERNS

The United States Patent and Trademark Office has granted Patent no. 6,947,978, to National Security Agency (NSA) for a technology that can locate the physical where-about of any web surfer. The patent describes a process based on latency, or time lag between computers exchanging data, of "numerous" known locations on the Internet to build a "network latency topology map" for all users. The final identification of an individual web surfer is accomplished by measuring the time that is taken to connect to an unidentified computer from that of the known machines, and using the latency response to display the exact location on a map.

The accurate physical identification of a web surfer has great potential uses for commercial organisations. The technology can be used for identifying geographic effectiveness of net advertising, and for making online transactions more secured as the password or other security information can only be accepted by a website if coming from a particular physical location. Apart from these commercial uses, it can be a potent tool in the hands of intelligence agencies for carrying out searches on the net and to identify physical location of individuals for counter-terrorism or other security-related operations.

However, the accuracy of the present patented technology to locate an individual web-surfer, and the fact that the patent is held by a top security organisation of US whose past track record is not so clean regarding surveillance operations, has raised unprecedented fears that the technology can adversely affect the privacy of web users unless its use for security purposes is properly regulated.

Trade Marks

7. SCANDINAVIAN TYPO SQUATTING CASES SUCCESSFUL

On 29 July 2005, the World Intellectual Property Organisation (WIPO) handed down its decisions in three cases brought against Unasi Inc, a Panamanian company (the "Respondent") by well-known brand owners, Bang & Olufsen, Scania and Volvo against

Amongst other names, the Respondent registered three domain names based on misspellings of the brand owners marks, namely: bag-olufsen.com, wwwscania.com and vlovo.com. Evidence was brought that the Respondent re-directed web users to portal sites using these domains. These portal sites advertised goods that competed with the goods sold by the brand owners, though the goods advertised were not exclusively in competition. Further evidence was brought that the Respondent was undertaking "warehousing" of domain names incorporating others' brand names, all used to re-direct web users to portal sites.

In order to succeed under the domain name dispute resolution procedure, a complainant must demonstrate that:

- the domain name registered is identical to, or confusingly similar to, a trade or service mark in which the complainant has rights;
- the registrant has no rights or legitimate interests in the domain name; and
- the domain name was both registered and used in bad faith.

The concern arose that for action to be taken against this Respondent, the claimants would need to prove the brands had a reputation in Panama. This is because there is no automatic right to prevent others from registering domain names that would infringe the trade mark rights of brand owners. If registrants can show that they are using the domain names in good faith, for example to sell products that are different to those sold by the brand owner, the registration is legitimate. The complainant must show that the domain name is being used to sell products that might compete with or otherwise damage the brand owners' business.

In these cases, the WIPO panel recognised the "typo-squatting" that was taking place. The Respondent was deliberately using these domain names to capture web users entering incorrectly spelt brand names to re-direct those users to their own site, which offered sources of alternative goods. Despite this, the brand owners were required to demonstrate use of their brand names in Panama in order to show the Respondent's registrations and use were in bad faith. The Claimants were able to do so: for example, use of the Bang & Olufsen brand name in Panama over a 25-year period could be demonstrated.

These decisions will encourage brand owners to enter new markets where the registered trade mark protection scheme is not as extensive or friendly to brand owners, safe in the knowledge that there is a reasonable prospect of successfully controlling use and misuse of their brands.

In particular, WIPO has shown itself ready to recognise typo squatting and warehousing of domain names where it occurs across continents. These decisions will therefore be welcomed by brand owners.

8. AGFA PHOTO FACES TRADE MARK DISPUTES

The planned sale of insolvent Agfa Photo GmbH's manufacturing plants in Germany is now subject to a dispute between different parties over the ownership of Agfa Photo's trade mark.

Agfa Photo is insolvent and is attempting to sell its manufacturing plants. However, the interested buyer will only buy the plants if they can obtain the Agfa Photo trade mark.

The right to the trade mark is now on the hands of a private investor, Hartmut Emans. In November 2004, the Agfa Photo trade mark was assigned to Emans, free of charge, from Agfa Photo's parent company Agfa-Gevaert. Further to the agreement, Emans was entitled to exploit the trade mark as he pleased. Once Agfa-Gevaert had assigned the trade mark to Emans, it no longer had any interest or responsibility to maintain the trade mark. Also, because Agfa Photo is a Community trade mark, the transfer of the ownership had to be dealt with in its entirety and for the whole area of the Community (Article 16(1) of the Council Regulation No. 40/94). The idea behind the deal was to secure at least 500 jobs at Agfa Photo. Currently, Emans is trying to sell the trade mark for around €10 -20 million. Agfa-Gevaert is displeased about this, fearing that jobs will be endangered

and that Emans is seeking to enrich himself from the sale.

This situation has highlighted the kind of problem that can arise where trade marks are sold independently of a business and the assignee subsequently acts contrary to the will of the assignor.

9. NOTHING IMMORAL ABOUT INTERTOPS

In *Sportwetten v Office for Harmonisation of the Internal Market (OHIM) (Case T-140/02)*, Sportwetten GmbH, a German company, appealed a decision of OHIM in respect of the trade mark Intertops for bookmaker and betting services of all kinds. Sportwetten submitted that the trade mark was contrary to public policy and against accepted principles of morality.

Sportwetten argued that Intertops was not licensed to offer betting services in Germany and as such was not authorised to advertise them. Accordingly, since, in basic trade mark law, in order to retain rights in a trade mark it must be used, “if its use is precluded at the outset in respect of the services for which it is registered, it is incapable of economic exploitation and no right to registration exists”.

Sportwetten further claimed that if it was against German morals, then it was against the morals of the rest of the Europe too. However, the Court held that no concrete or precise evidence was provided to support this submission; and dismissed this argument as irrelevant.

The Court continued by noting that the applicant did not argue that the sign covered by the Community trade mark in question was contrary to public policy or accepted principles of morality. The applicant merely argued that the services covered by that trade mark were so contrary. Both sides agreed that the Intervener did not hold a license to offer the betting services nor the right to advertise them.

The issue remained whether the Community trade mark itself was contrary to public policy or accepted principles of morality. It is the trade mark alone which is to be assessed.

Referring to its judgment in *Case T-224/01 Durferrit v OHIM – Kolene (Nu-Tide) [2003] ECR II-1589*, the Court reminded the applicant that “the intrinsic qualities of the mark applied for and not the circumstances relating to the conduct of the person applying for the mark” are to be considered, and “the fact that the intervener is prohibited, in Germany, from offering the services in question and from advertising them cannot in any way be considered as relating to the intrinsic qualities of that trade mark within the meaning of the above interpretation.” As a result, the trade mark itself cannot be rendered contrary to public policy or accepted principles of morality. The mark is valid and acceptable, and not declared void.

The Court went on to dismiss any further arguments as unnecessary as the Community trade mark was upheld.

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