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McDermott Will & Emery UK LLP
7 Bishopsgate
London
EC2N 3AR

Tel: +44 20 7577 6900
Fax: +44 20 7577 6950

www.mwe.com
www.mwe.com/london

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Hot Topics

1. WORLD TRADE ORGANISATION MEMBERS AGREE TO AMEND THE TRIPS AGREEMENT ON PATENTS AND PUBLIC HEALTH

On 6 December 2005, WTO members approved changes to the Trade Related Aspects of Intellectual Property (TRIPS) Agreement.

The amendment of the TRIPS Agreement with regard to pharmaceutical patents and public health concludes the process which began with the Doha Declaration on TRIPS and Public health of 2001(The Doha Declaration). On 30 August 2003, the General Council agreed to implement paragraph 6 of the Doha Declaration. This paragraph provided for WTO members to obtain affordable generic pharmaceutical products through a 'waiver' on pharmaceutical patents with regard to public health. The waiver made it possible for WTO members to set aside some of the provisions of Article 31(f) of the TRIPS Agreement. The poorer WTO members are, under the waiver, allowed to import affordable generic versions of the patented drugs. Compulsory licenses can be acquired to manufacture the patented drugs and these can be exported to those countries that cannot afford the patented drugs. However, this waiver was not previously enshrined in the TRIPS Agreement. Therefore, General Council decision of 2005 makes this 'waiver' permanent through an amendment of the TRIPS Agreement. The amendment will come into force once two thirds of the members have ratified the change. The decision of the General Council was affirmed by the Ministerial Declaration on 18 December 2005 in Hong Kong.

The amendment has been drafted so as o reflect as closely as possible the 'waiver' language. There are three main parts. The first is the introduction of five paragraphs under Article 31 bis, an additional article. The TRIPS Agreement had made it impossible for countries without the capacity to produce the pharmaceutical products under the compulsory licence to make use of the said provision. This was because Article 31(f) of the TRIPS Agreement only allowed the domestic use of medicines produced under the compulsory licence. New Article 31 bis allows the export of pharmaceutical products made under compulsory licence to countries that lack production capacity. This in effect allows the poorer WTO members to obtain affordable drugs that are essential to public health. One notable feature is that in principle at least the patent holder has to be adequately remunerated.

The second amendment comes in the form of a new annex to the TRIPS Agreement. This annex contains seven new paragraphs that set out terms for using the new system. The amendment also seeks to ensure that the generic drugs manufactured under the compulsory licence are not diverted to the wrong markets.

The third amendment is an "appendix" to the new annex, which deals with the assessment of the lack of manufacturing capacity within the importing member country. The least developed countries are presumed to have no manufacturing capacity while the other WTO member states have to demonstrate that there is no capacity, or insufficient capacity by provision of evidence. The deadline set by the WTO Members is 1 December 2007. In the meantime, the 'waiver' remains in force.

Several countries such as Canada, Norway and India have already changed their laws while others, such as the EU and Norway, are in the process of amending their laws to incorporate the changes. Some developed countries have announced that they will not be using the new system to import, while others have stated that they will only use the system to import in cases of emergency. These include Hong Kong China, Israel, Korea, Kuwait, Macao China, Mexico, Qatar, Singapore, Taipei, Turkey and United Arab Emirates.

Since 2003, several countries such as Brazil, India and South Africa have made use of the waiver to export and import drugs that are essential to public health. Other countries and least developed countries can comfortably make use of the waiver to obtain affordable drugs without the risk of violating the terms of the TRIPS Agreement and having trade sanctions imposed on them. Members emphasised that the system should be used in good faith and in the interest of public health matters, and not for commercial purposes.

The amendment covers patented products or products made using patented pharmaceutical processes that include active ingredients and diagnostic kits. It is meant to address the public health problems that were recognised by the Doha Declaration on TRIPS and Public Health such as the treatment of HIV/AIDS, malaria, tuberculosis and other epidemics especially within the developing countries. The system aims to ensure that the patent owners are not unduly exploited and at the same time, the drugs can be obtained at an affordable price by the least developed countries.

This is the first time in the history of WTO that a core Agreement has been amended in this way. It opens up the way for future negotiations and amendments to the TRIPS Agreement especially where there are contentious issues that need to be addressed in light of the interests of the WTO members. The changes will only be significant if the WTO members ratify the amendment and change their laws accordingly.

2. UK CHANCELLOR ANNOUNCES INTELLECTUAL PROPERTY REVIEW

On 2 December 2005, the Chancellor of the Exchequer, Gordon Brown, announced the launch of a new independent review into the United Kingdom's intellectual property framework, to be headed by Andrew Gowers, former editor of the *Financial Times*.

The Gowers Review will run for 12 months. Part of its aim is to ensure that the intellectual property system in the UK is configured in a way that enables the UK to compete optimally in the knowledge-based economy, particularly in the manufacturing, science-based sectors and the creative industries. To this end, the Review will examine whether the system strikes the optimal balance between the interests of IPR holders and the needs of consumers. Although the Treasury expects that Gowers will find that the balance struck in the UK is broadly correct, it has identified a number of potential areas for concern:

- the administration of the system for granting intellectual property rights;
- the ability of businesses to overcome the complexities of the patent and copyright systems;
- whether the realities of the digital environment are sufficiently acknowledged in the IP system; and
- whether the "fair use" exceptions are adequate.

The Review has also taken over the previous Government's commitment to investigate the sufficiency of the current term of copyright protection on sound recordings and performers' rights.

Mr Gowers will report to the Chancellor, the Secretary of State for Trade and Industry and the Secretary of State for Culture, Media and Sport. He is expected to seek the views of stakeholders in the IP system as he carries out his investigation. The Chancellor's announcement coincides with the publication of the Cox Review

of Creativity in Business, in which Sir George Cox, the Chairman of the Design Council, made a number of suggestions as to how the competitiveness of the UK's creative industries can be enhanced.

It appears that any recommendations for change that come out of the Gowers Review are likely to focus on very precise areas of the law, rather than suggesting a rethink of the entire structure of the intellectual property system. Any changes that the Review does recommend will, of necessity, be constrained by the UK's European and international commitments in the intellectual property field. Although it has not been stated expressly, from the remit of the Review announced by the Treasury, it seems that Andrew Gowers' focus will be on patent and copyright law and not on trade mark law.

Copyright

3. SONY BMG'S ANTI-PIRACY SOFTWARE IN BIG TROUBLE

Under widespread pressure, Sony BMG announced in November 2005 that it would cease the production of music CDs with anti-piracy software and exchange CDs purchased with the non-content protected discs. Also, Sony said it would provide software to make it easy to remove the controversial software from Windows computers.

The software, called Extended Copy Protection or XCP, was developed by UK firm First4Internet, and was designed to prevent unlimited copying of the music on the disc. It only allows three copies of an album to be made and only allows the CD to be listened to on a computer via a proprietary media player. The XCP software is included on 52 commercial CD titles issued by Sony BMG and sold in the US.

In addition to the sensitive issue of copyright expansion, a more severe security concern about XCP was raised in late October 2005 by Windows programming expert Mark Russinovich, who discovered that it used a "root kit" technique more often seen in computer viruses to hide itself deep inside the operating system to evade detection. It alters registry settings to cause the Windows CD driver to become unusable if the user attempts to remove the software on their own.

Soon after Mr Russinovich disclosed how XCP worked, there was news that virus writers were starting to use XCP to hide their own malicious programs, exposing users to follow-on harm from viruses and trojans. The row has snowballed and now the States of California, New York, and Texas, as well as Italy have taken class action lawsuits against both Sony BMG and First4Internet.

There is much speculation as to the extent that the actions taken by this software are a violation of various laws against unauthorized tampering with computers, or laws regarding invasion of privacy by "spyware", and how they subject Sony and First4Internet to legal liability. However, the mere act of attempting to view or remove this software in order to determine or prevent its alteration of Windows would hypothetically constitute a civil or criminal offense under certain anti-circumvention legislation such as the controversial Digital Millennium Copyright Act in the USA.

There is also a claim that there is evidence that the XCP software infringes the copyright of the LAME media encoding library. This evidence includes direct similarities between functions in XCP and functions in LAME, as well as in another LGPL library that handles ID3 tags. If this claim is correct, then First4Internet and Sony are also both distributing copyrighted material in violation of the author's rights.

4. EVALUATION OF EU RULES ON DATABASES

The European Commission has published its Evaluation of the protection EU law gives to databases. The findings are disappointing. Therefore, it is now proposed that the whole Database Directive be repealed and Member States be allowed to revert to their former legislation.

When the Database Directive was passed in 1996, the intention was to protect the investment involved in making a database. Databases which are sufficiently creative and original will be protected by copyright law. However, many other databases, such as telephone directories, music charts or football match listings, which are more like compilations of information or commonplace data, do not qualify for copyright protection. The Directive was targeted to protect these databases by creating the *sui generis* form of protection. However, the Commission's Evaluation makes it clear that although the Directive has now been implemented in Member State's legislation, it has not stimulated any increase in the number of relevant databases. The intention was to provide good protection to investment in databases and licensing of their use, but there is no evidence of growth. Although publishing and database industries in Europe find the *sui generis* protection important for the success of their business, the evaluation shows that the problem may be that the scope of right is unclear because the terms of protection do not seem to have precise legal meaning.

Another obvious reason for dissatisfaction is the European Court of Justice ruling in respect of *William Hill v the British Horse Racing Board* where the Court refused to count any investment before or at the time of creating data as constituting a substantial investment in the database. A clear distinction was made between creation of data and obtaining it, with the creation of data not being protected by the *sui generis* right.

The Commission does not present any view on what is exactly wrong with the Directive and what should be done. It presents four options and invites interested parties to give comments. The options are:

- to repeal the whole Directive;
- withdraw the *sui generis* right isolation but keep the harmonised level of copyright protection for original databases;
- to clarify the *sui generis* right and to clarify the scope of protection;
- to leave the Directive untouched.

If the overall goal of the EU is to harmonise intellectual property legislation across the Member States, the Evaluation does not convey a promising picture for the Database Right and if the Directive is subsequently repeled this will represent a major setback in the creation of pan-EU intellectual property protection.

5. ONLINE MANAGEMENT OF MUSIC RIGHTS: THE EU COMMISSION'S IMPACT ASSESSMENT

The European Commission's Impact Assessment, which reforms cross-border collective management of copyright and related rights for legitimate online music services, was released on 11 October 2005 and complemented what was expressed in the Commission's recent Recommendation on the same topic. Both documents draw attention to the Commission's proposals for enhancement of collective management of rights in relation to the trans-national nature of the

internet.

The starting point of the Impact Assessment is the comment that Europe seems to have failed to provide the necessary legal framework for cross-border collective management. According to the Commission, this has negatively affected the provision of legitimate online music services and is the result of the perpetuation of traditional business models based on reciprocal representation agreements, largely used to acquire remuneration for rights holders when their work is exploited outside national boundaries.

The Commission claimed that, in order to fulfil the potential of music distribution on the internet, it would be best to proceed with a radical change of those agreements, entailing the elimination of all territorial restrictions and customer allocation provisions. More specifically, right holders would be given the power to appoint a collective rights manager of their choice for the online use of their musical works across the entire EU. Such a model would facilitate the needs of commercial users by providing a wider accessibility of content. Users would be able to acquire licences valid not only at the national level but also throughout all countries concerned. The Impact Assessment suggested that these changes would lead to the implementation of a flexible model, apt for use in the current technological context.

Flexibility would become possible if further transparency and accountability were achieved. However, the consequences of departing from reciprocal representation agreements would not necessarily lead to a stable level of legal certainty or transparency. On the contrary, they might lead to a certain amount of confusion. The Impact Assessment itself recognised how the new model could suit large right holders but also how it could be ineffective if not problematic for small rights holders who would remain with their national collecting society. Moreover, commentators have suggested that the option of direct licensing could actually increase the market power of certain players. This could produce advantages in terms of efficiency but, in principle, it would go against the major goal of eliminating collecting societies' national monopolies.

As specified in the Impact Assessment, the Commission will keep studying the extent to which the territorial restrictions in the reciprocal representation agreements have been lifted, whether commercial users can freely choose a collective rights manager across the Community, whether domestic and non-domestic rights holders as well as different categories of rights holders enjoy the same rights and service levels in relation to membership and all elements of the management service provided and whether there has been an increase in the number of multi-territorial licences granted to commercial users. This list of points suggests that an appropriate balanced solution may still be some way off.

Patents

6. SUPPLEMENTARY PROTECTION CERTIFICATES FOR COMBINATION MEDICINAL PRODUCTS

On 24 November 2005, Advocate General Léger delivered his opinion in Case C-431/04 referred by the Bundesgerichtshof (German Federal Court of Appeal) in respect of the construction of Article 1(b) of Council Regulation 1768/92/EEC concerning the creation of a supplementary protection certificate ("SPC") for medicinal products.

The Massachusetts Institute of Technology (MIT) is the holder of a European patent whose application was filed in 1987. The patent covers a product which is a combination of an active substance, carmustine, and a polymeric excipient,

polifeprosan. The product was initially put on the market in Germany after marketing authorisation was granted in 1999 under the name Gliadel.

MIT applied to the German Patent and Trademark Office for an SPC for the product as a "combination product" and an alternative application for carmustine only. The application for an SPC for the combination product was rejected on the ground that polifeprosan could not be considered an "active ingredient" within the meaning of Article 1(b) and Article 3 of the said Regulation. The patent office also ruled that no certificate could be granted for the active ingredient alone since carmustine has been an authorised active substance for many years. MIT then lodged a complaint before the Bundespatentgericht (German Federal Patent Court) which handed down a decision in 2002 holding that Gliadel is not a "combination product" for the purposes of Article 1(b) since the "combination of active ingredients of a medicinal product" necessarily requires the presence of two active ingredients, each with its own therapeutic effects.

Therefore, MIT lodged an appeal with the Bundesgerichtshof against the decision. The Court noted that polifeprosan is neither an excipient nor a mere auxiliary component since it contributes to the efficacy of the medicinal product by favouring a controlled release of carmustine, which would have lethal effects were it released in a single dose due to its high toxicity.

In light of these considerations, the Bundesgerichtshof referred the question to the European Court of Justice whether there is a "combination of active ingredients" for the purposes of Article 1(b) when the substance comprises two components one of which is a known active substance with pharmacological properties, and the other increases significantly the therapeutic effects of the first one.

Advocate General Leger stated that the purely literal interpretation of the provision at stake does not disqualify a product made of an active substance and an excipient from classification as a combination medicinal product within the meaning of Article 1(b) where the excipient is necessary for the therapeutic efficacy of the active ingredient. Moreover, in his opinion, within the objectives of Regulation 1768/92/EEC, it is advisable to encourage the research and the development of existing ingredients by developing auxiliary substances enabling their use or their properties for a therapeutic indication and by trying to seek new ways to ensure greater safety of use by reducing undesirable effects. The case at issue, in his view, concerns a combination that is the result of costly and long research and therefore deserves the protection conferred by the Regulation at stake.

On these grounds, the Advocate General stated that Article 1(b) of Council Regulation 1768/92/EEC must be interpreted as meaning that it does not preclude the grant of an SPC when there is a combination of a known active substance used for a specific therapeutic indication and another substance "necessary for the therapeutic efficacy" of the first substance, for this indication.

The interpretation given by the advocate general recognised the possibility that "inactive" substances can, in certain circumstances, be considered to be active when considering whether the product is a combination product. Although the ECJ has not yet issued its judgment in this case, it is likely to have a significant practical importance for the period and scope of protection afforded to medicinal products.

7. ROCHE MAKES U-TURN ON TAMIFLU PATENT

Roche, the Swiss drugs manufacturing company, has bowed to international pressure and agreed to meet with generic manufacturers with a view to sub-licensing its patent for the antiviral drug, Tamiflu, in the wake of possible bird flu pandemic reports MSNBC.

Tamiflu is seen as the first line of defence against the deadly bird flu virus. Although it is not a cure for the flu, it can lessen the symptoms if taken shortly after they first appear. Roche, which acquired rights to the drug from Gilead Sciences Inc. in 1996, had initially said it did not intend to let other drug companies manufacture the drugs but has now agreed to meet four generic manufacturers willing to increase production of the drug in preparation for a possible bird flu pandemic.

As nations began building stockpiles of Tamiflu, there were calls for countries to sidestep patents on the drug and to make their own generic versions. Last year, forty nations began stockpiling Tamiflu after being urged to do so by the World Health Organization (WHO). According to a spokesperson for the WHO, although Roche has increased production eight-fold in the past two years, it is estimated that it will take ten years to make enough of the drug to cover 20% of the world's population. This made it necessary for sub-licensing to be considered. Roche initially resisted these calls which led to critics questioning their intentions with claims that they were benefiting from a global health crisis.

Roche later agreed to meet Teva Pharmaceutical Industries, Barr Pharmaceuticals, Mylan Laboratories and Ranbaxy Laboratories as soon as possible to discuss possible sub-licensing. Though some experts have cautioned that it would be difficult for generic companies to manufacture Tamiflu, the four generic makers, however, believe they could be producing the drug within a month with Roche's cooperation. The decision on which companies get the licenses will be made in consultation with the US government.

Roche has subsequently donated 3 million courses of the drug to the WHO and a small amount to Romania, one of the countries where the bird flu virus has been detected.

It is worth noting that under Article 31 of the TRIPS Agreement, countries can issue compulsory licenses to disregard patent rights but only after negotiating with the patent owners and paying them adequate compensation. If they declare a public health emergency, governments can skip the negotiating step.

Roche has also recently settled their dispute with Gilead over production and royalties. Gilead had sought to regain the rights to Tamiflu, as it had sold the exclusive worldwide rights to Roche 10 years ago, saying the Swiss company had failed to promote the drug adequately. Under the settlement, Gilead will get a greater say in plans to increase production of the drug by farming out parts of the process to third-party producers such as generic drug makers.

8. EUROPEAN TELECOMMUNICATIONS STANDARDS INSTITUTE REVIEWS ITS IPR POLICY TO PREVENT PATENT AMBUSHES

The European Telecommunications Standards Institute (ETSI) is an independent standardisation body responsible for setting standards for information and communication technologies. It has around 700 members, including manufacturers, network operators, administrations, service providers and research bodies. ETSI has created a set of rules to govern the adoption of new technical standards that

also includes a policy on intellectual property rights (IPR). The IPR policy contains provisions concerning the disclosure of IPR by ETSI's members.

The European Commission launched an investigation into ETSI as it was concerned that the ETSI's IPR policy did not adequately prevent "patent ambushes", whereby technology companies participate in the standard-setting process or propose a particular standard without disclosing that their present or potential IPR covers the standard. Thus, once the standard is set, they disclose their rights and demand license fees from manufacturers that manufacture their products in compliance with the standards based on the patented technology. Such an ambush has two negative effects on competition: firstly, it unfairly eliminates the possibility of considering an alternative to the patented technology during the standard-setting discussions; and secondly, it seriously impairs the effort to reduce costs in the industry.

These concerns were not unfounded as ETSI members, including T-Mobile, Telecom Italia and Vodafone, had raised the issue of licensing fees during the November 2005 General Assembly. Even in October, the European Commission received formal complaints from Nokia, Ericsson, NEC and other mobile phone makers against US chipmaker Qualcomm that it was charging too much for licensing its technology used in third-generation standards. Thus, the resolution of the issue was of critical importance for the industry due to its effect on future standard-setting and licensing deals for technologies used in telecoms standards.

In response to these concerns and the European Commission's investigation, ETSI has reviewed its IPR policy. Its new policy, proposed in November 2005, enjoins its members to make reasonable endeavours to disclose such IPR on timely basis. However, ETSI has clarified that this obligation does not require its members to conduct IPR searches before making disclosures. In response, the European Commission has found the review satisfactory and has closed its investigation.

However, ETSI rejected the opportunity to address the issue of soaring licence fees, another major concern of the industry. It failed to provide any guidelines for calculating such fees on "fair, reasonable and non-discriminatory" basis.

Trade marks

9. WHEN IS A DESCRIPTIVE MARK NOT A DESCRIPTIVE MARK?

The Advocate-General (AG) has handed down some valuable guidance in respect of the examination of potentially descriptive foreign language trade marks by national trade mark authorities. If the AG's Opinion is adopted by the full Court, then national examiners will not be allowed to take into account the possible restrictions on inter-state trade.

The Opinion dated 24 November 2005 is in the case Matratzen Concord v Hukla SA Case C-421/04. It came from a reference from the Spanish court of trade mark appeal Audiencia Provincial, Barcelona in cancellation proceedings. A related appeal from an Opposition to Matratzen's Community trade mark applications was heard by the Courts in Case T-6/01 *Matratzen Concord* v *OHIM* [2002] ECR II-4335 and Case T-105/02 and referred to by the Advocate-General. It refers to principles of law governed by Council Directive 89/104/EEC approximating EC laws relating to trade marks (the "Trade Marks Directive").

MATRATZEN is the German word for mattress. In Spain, Hukla SA had obtained registration of the mark for various goods including mattresses and similar types of furniture. Matratzen Concord sought cancellation of the Spanish registration on the basis that the mark was generic. It appealed a decision against it on the basis that

the mark constituted a restriction on the free movement of goods between Member States since the mark would restrict the import of such goods from German-speaking countries or regions.

The AG considered the validity of the registration under Article 3(1)(c) of the Trade Mark Directive, prohibiting the protection of descriptive marks, separately from the issue of whether there was a disguised restriction on trade.

On descriptiveness, the AG's analysis followed well-trodden case law of the Court on the relevant class of persons to be considered for the purposes of judging descriptiveness. Accordingly, the assessment of whether a mark is descriptive must take into account only the perception of those relevant consumers in the territory within which protection is sought and not the perception of consumers in the Member State or region where the language is spoken. Nonetheless, where the meaning of a foreign language word is understood in the territory where protection is sought, this factor must be taken into account. Thus if a Spanish court was to find that the German word Matratzen was understood by Spanish consumers to mean mattresses then protection should not be given.

The AG says that this would be the case where "a significant proportion of relevant traders in and consumers of that product" would understand the meaning of the word. In support of this, the AG cites "similar" case law both in other European countries such as Belgium, the Netherlands and Germany, and, outside Europe, in Australia, Canada and the United States.

On whether such a registration would restrict imports, the Advocate-General noted that under the Trade Marks Directive a registered trade mark cannot be used to prevent use of a word when used in a purely descriptive manner and not as an indicator of the origin of goods. Secondly, third parties can use registered marks of others provided such use is "in accordance with honest practices in industrial or commercial matters". Thus, the answer is not to strike down the valid registration but to apply properly the terms of the Trade Marks Directive.

This guidance will be very useful for trade marks owners where brandings in an increasingly sophisticated consumer markets uses cultural signs taken from other markets. The approach is consistent with that of previous decisions on the Trade Marks Directive in that the rules on protection are assessed as far as possible as a self-contained code, unaffected by other public policy considerations beyond those presented in the code itself (see for example *Windsurfing Chimesee v Boots* Case C-108,109/97) providing certainty for users of the code.

It is regrettable that the Opinion provides limited guidance on the test to be applied by national courts. It will be difficult to establish what should be meant by "significant" and so the application of this test may well come down to a matter of practice and therefore liable variation between Member States.

10. STARBUCKS REGAINS THE RIGHT TO USE ITS BRAND IN RUSSIA

On 17 November 2005, Russia's intellectual property agency, Rospatent, announced that Starbucks Corporation had regained the right to use its brand for coffee houses in Russia. The decision followed a legal battle with a trade mark squatter who was asking $600,000 for the logo.

Starbucks registered its trade mark in Russia in 1997, but did not open any coffee shops then. In 2002, Mr Sergei Zuykov filed to cancel the chain's trade mark arguing that it had not been used in commerce. After the trade mark was cancelled

for non-use, he registered it in the name of a Moscow company and asked for $600,000 to sell the Starbucks name back to Starbucks. He claimed the sum came from the potential benefit he could get five years after opening the café under that name. On 30 August 2005, Starbucks sued and won a lower-court ruling in Moscow, but Zuykov asked and received a temporary injunction pending appeal However, the court has now decided in favour of Starbucks and Zuykov is considering appealing the decision, despite the fact that the Commission on Corporate Ethics under the Union of Russian Industrialists and Entrepreneurs has openly disapproved of his actions.
In addition to Starbucks, Zuykov claims he owns roughly 300 brand names. In many cases, he acquired the trade marks to different brand names of companies, rather than the company names themselves. Examples include Kodak, Forbes and Audi. Zuykov says he usually asks for $30,000 to $60,000 to sell a brand name. He claims that in 2001, he sold five brand names to Audi for $25,000. A dozen or so other individuals and companies like him are also active in the business of appropriating brand names in Russia and selling them to large Western companies that have failed to register their trade marks quickly enough.

While Zuykov admits that this kind of attitude is not fair, he refers to the Russian civil code and argues that it is legal. However, although it is necessary that a trade mark be "used" in order to retain registration, abuse of this requirement can allow third parties to take advantage of unused famous marks and register them in bad faith, without having a real intention to use them.

At a time when Russia is on the threshold of entering the World Trade Organisation, the problems of trade mark piracy and intellectual property enforcement are still a barrier to the approval of its membership. Although Starbucks is only one of many Western companies being held back by Russian brand squatters, it is hoped that this decision will pave the way for better control of brand squatting in Russia.

11. FEDERAL REPUBLIC OF GERMANY AND KINGDOM OF DENMARK V COMMISSION OF THE EUROPEAN COMMUNITIES

On 25 October 2005, the European Court of Justice (ECJ) delivered its judgment in the case of Federal Republic of Germany & Kingdom of Denmark v Commission of the European Communities (Joined Cases C-465/02 and C-466/02).

The case was brought by Germany and Denmark, who were supported by France and the United Kingdom, against the Commission, which in turn was supported by the Hellenic Republic. It sought the annulment of the Commission's decision to register "Feta" as a protectable designation of origin (PDO) for Greece, on the basis that Feta had become a generic name. However, the ECJ ruled that Feta is a PDO under the European Geographical Indication registration regime.

In 1994, Greece had applied to register the word Feta as a PDO whose use is restricted to a particular type of cheese produced in certain areas of Greece using traditional methods. Feta was listed as a PDO in 1996, but was removed in 1999 and then reinstated in 2002. In the present case, the ECJ has effectively upheld the 2002 decision to reinstate the protection of Feta as a PDO.

The Court held that Feta fulfilled the requirements of a designation of origin under European law because the name refers to an agricultural or food product from a defined geographical area in Greece and reflects characteristics specific to that area as well as the production, processing and preparation methods used there.

The Court relied on a number of factors in concluding that the term Feta is not generic in nature. It noted the Commission's acknowledgment that although the production of Feta in countries such as France, Germany and Denmark has been relatively large and of substantial duration (it was submitted that cheeses marketed as Feta have been produced in these countries since the 1930s), the production of Feta has remained concentrated in Greece. It noted the Commission's finding that the consumption of Feta is also concentrated in Greece, as more than 85% of consumption of Feta, per capita and per year, takes place in Greece. Furthermore, the Court accepted that evidence adduced to it showing that Feta not produced in Greece is commonly marketed with labels and connotations referring to Greek cultural traditions.

This case demonstrates how protection for geographical indications is expanding in Europe.

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Queen Mary Intellectual Property Research Institute
University of London

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McDermott Contact Details

LONDON

Larry Cohen
Partner
Direct Line: +44 20 7577 6909
Email: lcohen@europe.mwe.com

Duncan Curley
Partner
Direct Line: +44 20 7575 0316
Email: dcurley@europe.mwe.com

Fred Pearson
Head of IP Procurement Europe
Direct Line: +44 20 7577 3468
Email: fpearson@europe.mwe.com

Justin Hill
Director of IP Prosecution
Direct Line: +44 20 7577 6943
Email: juhill@europe.mwe.com

MUNICH

Boris Uphoff
Partner
Direct Line: +49 89 12712 170
Email: buphoff@europe.mwe.com

DÜSSELDORF

Thomas Hauss
Partner
Direct Line: +49 211 3003 210
Email: thauss@europe.mwe.com