



## Hot Topics

### Weighing up the Gowers Review

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On 2 December 2005, the Chancellor, Gordon Brown, announced as part of his pre-Budget Review package that he would be asking Andrew Gowers, former editor of the *Financial Times*, to head a review of the UK's intellectual property ("IP") framework. The backdrop to the Gowers Review was the UK Government's recognition of the increasing importance of knowledge-based industries in the global economy, especially in manufacturing, science and the creative industries.

Following his appointment, Gowers issued a Call for Evidence on 23 February 2006 in which he made clear that the Review would be broad in scope and that no aspect of the IP system was sacrosanct. The Review subsequently received over 500 submissions, from individuals, large multinationals, representative associations, law firms and many others. In the nine month period between the Call for Evidence and the publication of the Review's findings, Gowers' small team at the Treasury impressed with their many appearances at IP lectures and events, listening, learning and debating the issues with stakeholders.

Gowers eventually published his Report on 6 December 2006 (it is available on the internet at [http://www.hm-treasury.gov.uk/media/583/91/pbr06\\_gowers\\_report\\_755.pdf](http://www.hm-treasury.gov.uk/media/583/91/pbr06_gowers_report_755.pdf)). Introducing the Gowers Review in a press release issued on the same day, Gowers said: "*The ideal IP system creates incentives for innovation, without unduly limiting access for consumers and follow-on innovators. It must strike the right balance in a rapidly changing world...*".

The Report opens with an acknowledgment of the fact that knowledge-based industries have become central to the UK economy, but notes that while global and technological changes have brought opportunities for businesses and consumers, they have also brought challenges, such as the ease with which it is possible to distribute copyrighted material across the internet

and the difficulties brought about by idiosyncratic, national IP rights in today's global economy.

Yet the overall message from the Gowers Review is that the current IP system is performing satisfactorily. Little is in fact said on some of the main registrable IP rights, such as trade marks and designs. More is said about patents and much more about the function of copyright in the internet era, although Gowers is pragmatic about the extent to which the UK Government – spurred on by the findings in the Report – may act to change the UK IP system, given that IP rights are now mostly creatures of EU law and thus subject to reform only at the European level. Nevertheless, Gowers has pointed out current weaknesses in the IP system, irrespective of whether they are European or UK level issues. He has left the UK Government to take forward his recommendations for change, at whatever the appropriate level.

The List of Recommendations made by Gowers is extensive: 54 in total, ranging from a simple change in the name of the UK Patent Office to the UK Intellectual Property Office (to reflect better the breadth of functions carried out by the Office), to more complicated measures to encourage the use of third party observations in the patent granting process.

There are three main themes to the recommendations in the Gowers Review:

- strengthening the enforcement of IP rights, whether through clamping down on piracy or trade in counterfeit goods;
- reducing the cost of registering and litigating IP rights for businesses, both large and small;
- improving the balance and flexibility of IP rights to allow individuals, businesses and institutions to use content in ways consistent with the digital age.

Under the rubric of strengthening the UK's enforcement regime, Gowers recommends that Trading Standards departments within local authorities should be given new powers against copyright infringers. In addition, Gowers would like to see concrete measures to ensure that damages are substantial enough to act as an effective deterrent to infringers in IP cases.

Some of the recommendations on litigating IP rights at the pan-European level are however lacking in vision. It is suggested with vain optimism that the Government should continue to support and expedite the establishment of the Community Patent through negotiations in Europe and that the London Agreement should be supported as an interim step towards the Community Patent. One feels that the courageous thing for Gowers to have said was that, looking back on a decade of debate, proposals and counter-proposals, no more taxpayers' money should be wasted on the Community Patent, a proposal that now seems stale and past its sell-by date.

Developing IP policy is another area where Gowers is less than convincing. One of his recommendations is for a "clear split" of responsibility between the delivery and policy directorates at the Patent Office, which falls somewhat short of removing innovation policy from the IP-focussed Patent Office altogether and placing it within a department with a broader overall remit, including perhaps venture capital and other forms of seed funding. Gowers recommends the creation of yet another Government quango – a Strategic Advisory Board on IP Policy – to advise the Government on IP issues on an ongoing basis, although many practitioners will remember its forerunner, set up by the present Government in 2001 (the Intellectual Property Advisory Committee, or IPAC) that was eventually disbanded through lack of funds and clear direction.

On a more positive note, Gowers' best proposals relate to the modernisation of copyright in the digital era. Given that the original Government remit to the Review was to have been confined to copyright (it was widened by the Chancellor when it was announced in December 2005), it is perhaps not surprising that this area is where the Gowers' team seem to have focussed their energies in coming up with sensible, practical ideas. The introduction of a limited private copying exception for format shifting copyright works would legalise many acts that are now carried out by members of the public and against whom copyright laws are not enforced. The extension of the private copying exemption to cover all forms of content (other than just printed matter) is again a practical suggestion. Permitting libraries to copy the master copy of all classes of work in their permanent collections for archival purposes and to allow further copies to be made from the archived copy to mitigate against subsequent wear and tear are good proposals that will hopefully assist in the preservation of our cultural heritage. More controversially, Gowers rejected the extension of the 50 year term of copyright protection for sound recordings and related performers' rights, finding that that the evidence for change was not compelling.

In conclusion, the sheer volume of work that would need to be done if all of Gowers' recommendations were taken on board by the Government have led some to suspect that many would get shelved, especially in a year of Prime Ministerial transition. However, Gowers himself announced on 30 January 2007 that

the Government intends to act on *all* of the Recommendations in his Review. To this end, a Gowers Implementation Team has been appointed within the Patent Office to ensure that the Recommendations are implemented, or to consult on reform, where Gowers has not made specific proposals but rather broad recommendations for change.

### **'Horses for courses': Should competition law shape IP rights?**

The British Horseracing Board (BHB) is the monopolist seller of pre-race data, which consists of information concerning the name and the time of races, the course where a race will run, the race distance, the criteria for entry in the race, the names of the horses entered and declared runners, their saddlecloth and stall numbers, their ages, weights, official ratings, jockeys', trainers' and owners' names. This information is essential for stakeholders of the betting industry such as Attheraces Limited (ATR), which is a broadcaster providing services relating to British horseracing to both UK and overseas audiences. The BHB has recently been the protagonist of certain disputes, at the national and European level, over the nature of the intellectual property protection that its database attracts. Whilst it had been accepted that the database in itself does not attract protection under the *sui generis* right doctrine (Article 7(1) of the Database Directive 96/9/EC), this does not mean that BHB is deemed to lose contractual control over the said information.

The issue to be established is whether the conditions laid down in the contract could be an abuse of its dominant position in the market for the sale of pre-race data, and therefore a breach of Article 82 of the EC Treaty and, correspondingly, of section 18 of the UK Competition Act 1998. This interconnection between intellectual property rights and information goods has raised problems that require the intervention of economists as well as legal experts.

ATR is a business involved in the exploitation of the commercial opportunities arising from British and overseas racing. Its main activity is the broadcast of information related to horseracing, and its revenue comes from contractual relationships with bookmakers and the income generated by punters. From this description, it becomes clear that the information provided by BHB to ATR assumes the character of an essential facility, and the conditions of the licence of such information can influence the capability of ATR to play an active role in the downstream marketing of horserace broadcasting and betting. At first instance, the judge found that the licence conditions laid down by BHB were anti-competitive to the extent that it was engaging in excessive, unfair and discriminatory pricing, in addition to an unreasonable refusal to supply in relation to an essential facility. BHB challenged the judge's findings on the ground that the test for determining the key issue of alleged excessive and unfair pricing was incorrectly applied. It did not however challenge the definition

of the relevant market, which had been narrowly defined as "the market for the supply of pre-race data to those in the horse racing industry", nor that it was dominant in it.

The Court of Appeal did not hesitate to consider this issue thoroughly and provided some guidance on the way that test is to be appropriately applied. In accordance with the *United Brands* case ([1978] ECR 207), the Court held that the relevant test to determine whether a price is excessive is to consider whether it has any reasonable relation to the economic value of the product supplied. But while the trial judge limited the consideration of the economic value to a comparison between the costs of production and the revenue produced by the commercialisation of these products, the Court of Appeal was not ready to accept such a narrow approach. The Court decided that, in order to judge whether an abuse had been committed, it was not enough to only consider the difference between revenue and specific cost of producing the information, as that would lead to an account of profit that was narrow and unfairly balanced. What needed to be considered was the nature of the product and its economic value, including the cost externalities that could be produced by other aspects of the business (i.e. pre-race data could and should reflect the expenditure which BHB incurred in making British racing attractive and in maintaining its quality and integrity).

The Court of Appeal was firm in its decision to recognise the role externalities play in the evaluation of price policies and took a more pragmatic approach than the trial judge. In this sense, it was important that the Court recognised that BHB's effort in making horseracing an attractive and flourishing business in the UK constituted a significant benefit for ATR through the income acquired as a result of the use of BHB information. Thus, when considering whether a price was unfair, the test should not be narrowed to "cost plus a reasonable return", but should also consider the advantages that the information generates to the benefit of the user.

Other issues that should be considered include the elasticity of demand, which reflects the level of acceptance of the variation in prices by the user of the relevant information (ATR in this case). In addition, whether or not competition was actually distorted by the conditions laid down by the holder of the information is significant. Ultimately, the goal to be achieved is to ensure that the purpose of Article 82 of the Treaty is satisfied, with specific reference to the protection of the interests of consumers that, according to the jurisprudence, should be taken into particular account when implementing competition law provisions.

It is therefore apparent that information may be protected not only through the grant of traditional intellectual property rights; contractual protection may also be sought within the guidelines suggested by this judgment. Thus, it was helpful that the Court suggested that the effect of high pricing must be shown to have

a negative impact on competition, as in most cases this will be difficult unless the pricing forms part of a discriminatory or exclusionary strategy. The Court also made the useful point that the application of a "cost plus" test should include cost externalities, which could include costs to run and promote the relevant market. In terms of discriminatory pricing, the Court reinforced the preferred view that differential pricing is not by definition abusive. Rather, it becomes abusive where such pricing has a negative effect on competition, for example, by restricting the free movement of goods or partitioning national markets.

### **Prince, privacy, press and public interest**

The case of *Associated Newspapers Ltd v HRH Prince of Wales* [2006] EWCA Civ. 1776 pertains to the hand written journals kept by Prince Charles which were provided to Associated Newspapers Ltd. by an employee of his, in breach of her employment contract, to be published by The Sunday Mail. The claim was two-fold: (i) breach of confidence, and (ii) infringement of copyright. The prime issue before the court was the conflict between the right of privacy of the Prince under Article 8 of the European Convention on Human Rights, and the right of freedom of expression of the press under Article 10 of the same Convention.

The Court first sought to clarify whether the contents of the written journal were private and confidential under Article 8. Following from two previously (in)famous decisions, *Michael Douglas v Hello!* [2005] EWCA Civ 595, and *Naomi Campbell v MGN Ltd* [2004] UKHL 22, the Court of Appeal held that the contents of the journals were 'obviously private'. Although seen by the Prince's staff and circulated by him to selected people, the diaries were still confidential and the Prince had a 'reasonable expectation' for the same to remain private. The staff were under contractual duty of confidentiality and so were other recipients of the journals who were not expected to publish the same without the consent of the Prince.

Following the decision of the European Court of Human Rights in *Von Hannover v Germany* (2005) 40 EHRR, a distinction has to be made between information this is of 'public interest' and that which is of 'interest to the public'. The crucial test is whether the information is merely about the private life of a public figure or whether it 'contributes to a debate in a democratic society where the press acts as watchdog'. Here, the question was whether the information (being political comments made by the Prince) should lose its privacy for the sake of freedom of expression under Article 10 on the grounds of public interest, taking into consideration the fact that the maker of the information had a reasonable expectation that this information would remain confidential. Having analysed the content of the journals, the court applied a proportionality test to determine what, if any, of the information would support a breach of confidence on the grounds of public interest.

In the final analysis, the Court held that the content of the journals were confidential in nature and it was not the case that the disclosure was in the public interest, even if the relevant content concerned a public figure. Moreover, it was held, that there was a public interest that required employees to respect obligations of contractual confidentiality bestowed upon them and preserving the confidentiality of private journals in private offices.

The claim for copyright in the materials was admitted but was defended on the grounds of fair dealing under s.30(2) of the Copyright, Designs and Patents Act, 1988. The Court upheld the decision at first instance that although the article reported current events, the quotations from the journal were not current and amounted to infringement of copyright. The second contention under s.30(1) that the publications were criticisms of a work and hence allowed under fair dealing was denied because the publication itself could not stand the scrutiny of being a public event entitled to publication.

The case signifies the balance that is required to be struck between the rights of privacy and rights of freedom of expression and the limits on the commodification of information on the private life of public figures based on the nature of the information itself. Intriguingly, from a practical and commercial perspective, the court's emphasis on employee confidentiality in such cases, irrespective of the public persona of the diarist or letter writer, may become an increasingly important issue in the future.

## Copyright & Technology

### **A 40 year old organ solo: Who owns this golden oldie?**

In the case of *Matthew Fisher v Gary Brooker and Onward Music Ltd* [2006] EWHC 3239 (Ch), the High Court ruled that Mr. Matthew Fisher was entitled to the copyright royalties as co-author and a joint owner of the musical work known as 'A Whiter Shade of Pale', one of the most successful popular songs of the late 1960s.

Mr. Fisher was a member of the band Procol Harum of which Mr. Gary Brooker and Mr. Reid were also members. The song in question was released on 12 May 1967 and has, to date, sold over 6 million copies. Prior to the release of the recorded version, which featured Mr. Fisher on the organ, Mr. Fisher and Mr. Reid had assigned their copyright to the lyrics and the music of the song to Essex Music Ltd. The latter subsequently assigned these rights to Onward Music Ltd. Mr. Fisher's claim was that his contribution to the arrangement released in 1967 entitled him to the copyright of 'A Whiter Shade of Pale' both as co author and a joint owner. This, he contended, was due to

the fact that his contribution was significant and made this work distinct from the original version.

The Court had to address the following key issues;

- Who could claim ownership of musical copyright in the organ solo?
- To what extent could Mr. Fisher lay claim to the work?
- Was the contribution by Mr. Fisher capable of vesting copyright ownership in him?
- Whether the copyright interest could be extinguished by the existence of a copyright interest of other parties in an earlier version, by the terms of the recording contract with Onward Music Ltd and by defences based upon estoppel, acquiescence and laches?

The Court ruled that Mr. Fisher was both a joint owner and a co-author of 'A Whiter Shade of Pale' as his contribution to the work was significant. It further noted that although the claimant had brought the claim after 38 years, this did not bar him from claiming the royalties that were due to him as a co-author; with Mr. Fisher being entitled to 40% of the royalties and the rest belonging to Mr. Brooker. The claimant could not, however, claim the royalties that had already been paid to the defendants by the two collecting societies in the United Kingdom prior to the institution of the case.

This case clearly sets out the boundaries on when one can claim co-authorship and joint ownership in arrangements of musical works. The contribution has to be significant in order to give the arrangement an original character. Moreover, the duration of copyright in all original literary, artistic, musical and dramatic works is for life and 70 years thereafter. Thus, it does appear that some oldies do lead to gold, and it can pay to pursue claims, albeit many years after the event.

## Patents

### **Inconsistent interpretations of patents between different European jurisdictions: Angiotech v Conor Medsystem**

The present appeal was launched by the Patentees, *Angiotech and the University of British Columbia*, against the decision of Pumfrey J [2006] EWHC 260 (Pat), which held patent EP (UK) 0706376 invalid for obviousness. The patent provided monopoly for a vascular stent coated with a composition of an anti-angiogenic factor and a polymeric carrier. The dispute was centred on a much more limited claim focussing on taxol coated stents, as it was accepted by the parties that if this limited claim fell, the wider claims would fall too.

Leading through Jacob LJ, the Court of Appeal upheld the first instance judgment that, at the time of the priority date of the patent, i.e. 19 July 1993, it was common general knowledge that drug eluting stents constituted a way forward to treat the gradual closure of blood vessels. The prior art mentions the use of ‘anti-proliferative’ or anti-angiogenic (inhibiting the growth of blood vessels) agents on such stents. The patentees mentioned the use of few of these agents along with taxol in their patent. The main issue was whether or not the inclusion of taxol (an inventive concept) would entitle the patentee to claim a monopoly for the stent.

The response of the Court of Appeal was a categorical “no”. The Court of Appeal held that the first instance judge had not made an error of principle and would not overturn his finding based on the evidence (and thus rejected the appeal). In any event, Jacob J did not believe the patent disclosed a surprising effect arising from the use of taxol. This contrasts with a ruling in the District Court of the Hague between Angiotech and Sahajanand Medical Technologies in which the Dutch court held that the patent did teach a surprising effect. This is therefore another example of different interpretations of the same judgment being arrived at in different jurisdictions, although it should be noted that the argument that taxol provided a surprising effect was not run at first instance in the UK, and so no evidence in support of this was submitted. Nevertheless, this highlights the need to make a careful and informed decision as to the forum in which to bring proceedings when patent infringement is occurring in multiple European jurisdictions.

### **UK Patent Office’s Consultation Report: has it re-invented the “inventive step”?**

Inventive step is considered to be the most difficult patentability criteria to apply when it comes to assessment of patent applications. This is because the patent examiner has to don the role of a hypothetical skilled man in the art and, without any inventive ingenuity, decide whether or not the step taken from the prior art to the invention claimed constitutes an inventive step. Too lax or too strict application of the “inventive step” criteria can act as a barrier to further innovation and generally leads to the criticism of the Patent Office.

Keeping in mind these considerations, the UK Patent Office launched a formal consultation on the inventive step requirement in United Kingdom patent law and practice in February last year. The main issue to be ascertained was whether improvements could be made in this important area. After thoroughly reviewing the responses it had received, the UK Patent Office has just released its consultation report.

The report points out that as of now, there is no need to amend or bring any changes in the basic law relating to inventive step.

However, it highlights the need to ensure consistency in the patent office practice in applying the inventive step criteria in high technology fields. Another key recommendation relates to the third party observations on patentability under s. 21 of the Patents Act 1977. According to the Patent Office, this provision allows the general public to submit arguments and evidence on the patentability of an invention. The report hopes that if this provision is used constructively, the evidence supplied could benefit the Patent Office by greatly enhancing the identification of prior art, and thereby improving the quality of granted patents. The report concludes by noting that the Patent Office will endeavour to work towards the professional development of its examining staff and will keep its general technological knowledge up to date.

The last two recommendations are in tune with the Gower’s report which came out last year and focussed on the broader review of the intellectual property framework.

## **Trade marks & Domain Names**

### **Dyson’s transparent trade mark muddied by the ECJ**

This article by Cheng Tan, a European trade mark attorney in the London Office of McDermott Will and Emery, was first published in World Trademark Law Report.

The much awaited decision from the European Court of Justice (ECJ) on the registrability of Dyson’s transparent bin for vacuum cleaners provided no real answer to the questions referred and yet gave a definitive view on how the case should be decided.

Dyson Ltd applied to register a UK trade mark, which was described as “a transparent bin or collection chamber forming part of the external surface of a vacuum cleaner”. At this point, its bagless vacuum cleaners had been for sale for about three years. The application was refused by the registry and the case was appealed to the High Court. The court took the view that the mark was devoid of any distinctive character and also descriptive of the characteristics of the goods in the application.

However, under Section 3 of the UK Trade Marks Act 1994 and Article 3(3) of the First Trade Mark Directive, such marks may still be accepted for registration if “it has in fact acquired distinctive character as a result of the use made of it”. The court found that consumers recognized the transparent bin to indicate a bagless vacuum cleaner and knew that the bagless vacuum cleaner originated from Dyson as Dyson at that time had a de facto monopoly in that type of product. It was nonetheless observed that the proposed mark, the transparent bin, had not been actively promoted as a trade mark by Dyson.

Two questions were referred to the ECJ for a preliminary ruling:

- Where there is a *de facto* monopoly in a product and a sign is recognized as part of that product, is it sufficient that the relevant public associates the product which bears the sign with the applicant?
- If it is not sufficient, what else is needed and is it necessary for the sign to have been promoted as a trade mark?

It was clear that Dyson was not seeking to protect a particular shape of transparent bin, but the transparency of the bin itself, which may be in any conceivable shape.

The ECJ decided to provide the national court with all relevant assistance in interpreting EU law and therefore while it did not determine the subject matter of the questions, it considered the meaning of Article 2 of the directive as a preliminary matter. In essence, Article 2 states that a trade mark must be a sign, which is capable of (i) being represented graphically, and (ii) distinguishing the goods and services of one undertaking from those of another.

Thus, the first condition to be satisfied was whether the subject matter, namely a transparent collecting bin irrespective of shape, constituted a sign in the present case. The transparency allows the application of various colours and the subject matter can take on different appearances and is thus not specific. To provide this non-specific subject matter with trade mark protection would allow the proprietor to have an unfair competitive advantage. The concept of transparency is a mere property of the product and thus cannot constitute a 'sign' within the meaning of Article 2.

Therefore as the subject matter cannot be considered a sign, the ECJ stated that it was unnecessary to decide on matters raised under Article 3(3) of the directive.

This can be seen as a policy decision to prevent non specific subject matter from gaining an unfair competitive advantage. It does not make it less disappointing that the clarity that was sought has been dodged. Yet the underlying feel of the case suggests that the court is reluctant to allow trade mark protection when it may have the effect of perpetuating a monopoly right in a technological advancement properly protected under patents or design rights.

### High Court approved Yarns for ELLE

On 24 January 2007, the Chancery Division of the High Court in *Hachette Filipacchi Presse S.A. v Saprotex International (Proprietary) Limited* [2007] EWHC 63 (Ch), dismissed an appeal by the publisher of ELLE magazine against the registration of the trade mark ELLE in relation to knitting wools and yarns. The case affirms that if there is no similarity

between the products, the "likelihood of confusion" between the marks is unlikely.

Hachette Filipacchi Presse S.A. (HFP) is the publisher and distributor of ELLE magazine, a well-known fashion and lifestyle magazine for women, and the registered proprietor of the mark ELLE in respect of the magazine and women's clothing. The ELLE mark is registered in respect of periodicals relating to women and women's clothing and is also used for selling fashion, and other, goods. Knitting patterns have been published in both the UK and French editions of Elle Magazine as recently as 2001. Saprotex International (Proprietary) Limited (SIP) is a manufacturer of hand knitting yarns which are widely distributed to South Africa, Australia, New Zealand, the US and the UK. SIP sought to register the mark ELLE for knitting wool and yarn but its application was opposed by HFP; the opposition was dismissed by the hearing officer and HFP appealed.

On appeal, the Court found that the hearing officer had not made any mistake in his assessment of the distinctive character of HFP's mark and the degree of likely association between the marks. It held that the average consumer for knitting wool and yarn is "*a mother or grandmother 50-60 years old knitting for her children or grandchildren*"; while the magazine is for "*independent and working woman having disposable income*". Therefore, the target audience of the magazine differed from those of knitting wool and yarn, with the average purchaser of knitting wool being unlikely to purchase ELLE magazine. If there was any association or confusion in the minds of customers, it would be only marginal. Since the association between two marks was not strong enough, it was hard to find any conclusion of unfair advantage that SIP might take from HFP's mark. Secondly, there was no recognisable degree of similarity between the goods; they had different uses, well separated trade channels and distribution processes, and neither was complementary to or in competition with the other. HFP's appeal was dismissed.

The mark ELLE has been used for more than fifty years in relation to fashion and lifestyle magazines. Undeniably, it has reputation created through time and across a particular section of society. However, the publication of knitting patterns in past editions of ELLE magazine was not sufficient evidence to establish a ground for refusal of registration of the ELLE mark in relation to knitting wools and yarns.

### CFI prevents free-riding on the coat-tails of famous trade marks

On the 6 February 2007, the Court of First Instance upheld the decision of the First Board of Appeal of the Office of Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM), concerning opposition proceedings between

TDK Kabushiki Kaisha and Aktieselskabet Af (21 November 2001).

In this case, the applicant submitted an application for a Community trade mark, 'TDK', for clothing, footwear and headgear, in the OHIM, pursuant to Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark. The application was opposed by TDK Kabushiki Kaisha ("the Opponent") under Article 8(5) of the regulation, on the basis of the existence of a Community trade mark and 35 earlier national trade marks, registered for 'apparatus for recording transmission or reproduction of sound or images'. The earlier marks were either the word mark TDK, or the word and figurative mark reproduced below:



The Opposition Division upheld the opposition and refused the application. Thereafter the appeal by the applicant was dismissed by the First Board of Appeal of OHIM. The applicant challenged the decision before the Court of First Instance. The applicant argued that the opponent failed to prove distinctive character and reputation of earlier mark, and even in the case of assumption of reputation and distinctive character, the elements of detriment or unfair advantage were not proved. The evidence submitted by the opponent showed that its reputation was recognised by a sizeable proportion of the public, particularly in its role as a manufacturer of certain goods and also as a sponsor of sporting events and concerts featuring pop stars.

The court held that from the material filed, and the investment made by the opponent in promoting its mark by way of sponsorship, it was clear that the mark enjoyed a reputation of significant value founded upon the fact that it is known by a significant part of the public concerned in the European Community. Since activities such as athletics, basketball, football and musical events attract the devotion and loyalty of "fans", the connection of the opponent's mark with those activities will have attracted a substantial amount of goodwill and reputation. Accordingly, the opponent was entitled to claim broader protection for its mark for the purposes of Article 8(5). The court concluded that the possibility of the applicant using the letters TDK on sports clothing (or footwear or headgear used for sporting activities) manufactured by it could not be overlooked. This in itself was sufficient to amount to an act of taking unfair advantage of the reputation and distinctive character acquired by the opponent, leading to a conclusion by the public that the goods of the applicant were either manufactured by or under license from the opponent. The Court pointed out that it is not necessary to establish actual and present harm to an earlier mark. Rather, *prima facie* evidence

of a future risk of an unfair advantage being taken of the mark, and which is not a hypothetical risk, must be available. Thus the court held that the reputation and the distinctive character of the earlier trade mark was proven with the likelihood of unfair advantage being taken by the applicant. The court dismissed the appeal and ordered the costs to be paid by the applicant.

## Legislative News

### **New European Patent Convention is available now at EPO website**

The European Patent Office has made available the European Patent Convention (EPC) 2000 and the corresponding regulations on their website. The new EPC 2000 and its regulations will come into force on 13 December 2007 and will replace the EPC 1977. The revised convention incorporates one major revision (relating to post-grant amendment) and several minor amendments to reflect on the developments in international law, especially in relation to the WTO-TRIPS Agreement and the Patent Law Treaty.

### **New Codified Misleading and Comparative Advertising Directive adopted**

On 12 December 2006, Directive 2006/114 concerning Misleading and Comparative Advertising was adopted by the European Parliament. The directive is set to come into operation on 12 December 2007. It codifies the Council Directive 84/450 and its various amendments. Annex II of the new Directive includes a Correlation table listing the old articles and the corresponding new ones making it easier to use than the uncodified predecessors.

### **New Codified legislation on copyright protection**

In order to codify the disparate set of rights that relate to copyright law, the European Commission issued two EC directives, both of which came into force on 16 January 2007. Directive 2006/115 on the rental right and lending right collates the numerous amendments made to Directive 92/100, and insists on its definitions of rental and lending rights being followed as well as adherence to the unwaivable right to equitable remuneration for authors and performers. Directive 2006/116 focuses on the harmonisation of the term of copyright and certain related rights. It consolidates the changes made to the Directive 93/98 and seeks consistency between the Member States in the way any provisions concerning the term of copyright are effectively applied.

### **The UK impose Regulations on the Advertising of Foreign Gambling**

The Department for Culture Media and Sport has issued 'White Listing' Criteria to detail the conditions in which gambling operators who are based outside the European Economic Area

will be able to advertise their gambling activities in the United Kingdom after the Gambling Act 2005 comes into force in September 2007. The guidance is to assist regulatory bodies in non-EEA jurisdictions, which have been granted until 2 April 2007 to make representations to the Secretary of State seeking permission for companies that they regulate to be licensed to advertise in the UK. The core elements of the criteria are that the relevant jurisdiction's regulatory regime must prevent gambling from being a source of crime or disorder, ensure gambling is fair and open, and protect the young and other vulnerable persons from being harmed or exploited.

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