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COMMUNICATIONS & NEW MEDIA

Britain's Digital Future?

The Government's vision for Britain's digital future is mapped out in the much-anticipated Digital Britain: Final Report, published on 16 June 2009. That vision includes a universal service commitment for 2Mbs broadband by 2012, the roll-out of next generation access broadband to the "final third" by 2017 and the release of spectrum to smooth the transition to next generation high-speed mobile broadband. It also includes the intention for a new legal and regulatory framework to combat digital piracy alongside copyright reforms aimed in theory at enhancing protection for copyright works and incentivising creativity in interactive digital media. All national radio will be digital by 2015. Channel 4 will be given a new direction and the role of the BBC reappraised within a general review of public service content. Among other things, the report echoes concerns expressed by European Consumer Affairs Commissioner, Meglena Kuneva, for whom personal data is the "new oil of the Internet and the new currency of the digital world". The Government also takes forward proposals adopted by Professor Tanya Byron in her *Safer Children in a Digital World* report, published in March 2008, including a new system of classification for video games based, solely on the European system PEGI.

BROADBAND

Universal Service Commitment

The Report confirms the Government's intention to deliver the universal service broadband commitment at 2Mbs by 2012. This will be delivered through up grades to the existing copper and wireless networks, paid for with a combination of public and private-sector funding.

Next Generation Broadband

The Government also aims to deliver a more rapid and extensive roll-out of next generation broadband. Whilst it anticipates that around 50 per cent of the UK population should be able to receive next generation access by the end of 2012, it believes that, left to its own devices, the market is unlikely to deliver next generation access to the final third of the population since the incentives for investment are, in its view, not fully understood. The Government therefore proposes to create an independent Next Generation Fund, based on a supplement of 50 pence per month on all fixed lines from 2010.

WIRELESS SPECTRUM

The Report also sets out the Government's plans for a rapid transition to next generation high-speed mobile broadband. To address issues relating to spectrum allocation, the Government appointed an Independent Spectrum Broker, who made a number of recommendations in a report published in May 2009. The Government also intends to make existing operators' 3G licences indefinite in order to encourage long-term investment and a commitment to universality.

COPYRIGHT

Unlawful File-Sharing

To combat digital piracy, the Government is proposing to bring in legislation which makes it easier for rights holders to bring civil actions against suspected illegal file-sharers. To this end, the Department for Business, Innovation & Skills is running a separate consultation. The Government also intends to impose upon Ofcom a "duty" to take steps to reduce online copyright infringement, by the application of various technical measures, including site-blocking, protocol blocking and bandwidth capping.

Modernisation of User Rights

The Government is still considering the question of "modernisation of user rights", which it reiterates is "heavily constrained within the EU copyright framework". Nonetheless, the Government is keen to create a more effective framework to deal with orphan works, based on legislation enabling commercial schemes for dealing with orphan works to be set up on a regulated basis.

Penalties for Copyright Infringement

Other initiatives in a copyright context include taking forward the Gowers Review recommendation for matching penalties for both online and physical copyright infringement.

PUBLIC SERVICE BROADCASTING

Channel 4

The Government has refined its plans for Channel 4, which it sees as having a key role to play in providing a balanced mix of

public service content alongside the BBC. The report sets out intended audiovisual content for Channel 4 as well as an indication that certain joint ventures might be approved to achieve this.

BBC

A strong, confident and independent BBC, meanwhile, is seen as "more essential than ever", although it also believes that the BBC should not be the sole provider of essential public content. The Report suggests that the commercial arm of the BBC has the potential to become a significant global rights business for Britain and that restricting it to a narrow supporting role to the BBC would be a missed opportunity.

Top Slicing the Licence Fee

Separately, the Government says that it will consult on the idea of a Contained Contestable Element of the Licence Fee, primarily for news. This would mean that, from 2013, an element, broadly equivalent to the 3.5 per cent currently ring-fenced for the Digital Switchover Help Scheme and communications, could be maintained for the clearly-defined purpose of funding news.

RADIO GOING DIGITAL

The Government is proposing a Digital Upgrade Programme for digital radio to be completed by 2015. This will include a new licensing regime for national radio multiplexes and a revised regulatory framework for commercial radio. The vacated FM spectrum will be used only by local services. The BBC will be expected to extend its DAB coverage to a level comparable to FM.

DIGITAL SECURITY AND SAFETY

Standards

The Report endorses initiatives that have emerged from the Byron Review, particularly those relating to the adoption of minimum standards by online service providers, and takes forward the proposals for the adoption of a new classification system for video games.

The Report also refers to the Broadband Stakeholder Group *Good Practice Principles for Audiovisual Content Information*, the *Home Office Task Force Guidance on Social Networking* is feted as providing the basis of the *EU Safer Social Networking Principles* and the Report also confirms the Government's support for the Information Commissioner's plans to develop a new code of practice on *Personal Information Online*.

Consumer Protection

Additionally, the Report refers to the proposed Consumer White Paper, to be published later this summer, which will outline how UK enforcers, including the OFT, Trading Standards and the police, as well as business, can work together on national issues regarding online fraud and other consumer protection crime in order to gather intelligence and tackle them effectively. The Government also intends to consult on the penalties Ofcom will be able to impose for contraventions of the Communications Act 2003 and, in particular, the level of fine it can impose in relation to persistent misuse cases involving, for example, extremely high numbers of silent calls.

COMMENT

The Government's Digital Britain Report runs to 238 pages and is not short on rhetoric. It gains in substance, however, if not read in isolation, but alongside, for example, the Department for Business Innovation and Skills (BIS) consultation on formal legislation to address illicit peer-to-peer (P2P) file-sharing and the Department for Culture Media and Sport (DCMS) paper on video games classification. Further consultations on next generation access are anticipated at the end of the summer, along with a formal consultation on legislative reform in respect of orphan works. The DCMS hopes to be in meaningful talks with Channel 4 by the end of July 2009. The ICO also plans to issue its consultation on the Personal Information Online code of practice by the end of the year.

In the coming months, therefore, the viability of many of the Report's proposals will come into focus. In the meantime there has been a degree of criticism from some quarters, including whether a post election Government (whoever that might be) will follow through on many of its proposals.

The 2Mbs universal service broadband commitment has been dismissed in some quarters as risible as other major economies, most notably the US and Japan, aspire to 100Mbs as standard.

The Report presents no immediate solution to shortfalls in Channel 4's budget, and hints at problems associated with tie-ups with BBC Worldwide. The Government's promise to facilitate the relationship has elicited a predictable reaction from rival channel, Five who say: "The transparency, accountability, competition and state aid issues that it raises will be closely monitored by the industry". Meanwhile, the BBC seems likely to resist plans to ring-fence part of the licence fee.

With regard to P2P file-sharing some suggest that Digital Britain proposes a complicated set of obligations that place a significant administrative burden on Internet service providers (ISPs) whilst promising little disincentive for individuals to change their ways. Others complain that the Government offers virtually nothing to those who believe that copyright laws are out of kilter with user habits and the general expectations of an information sharing society.

It may therefore be some time before the individual significance of each of the various proposals in the Report is truly understood.

SNS – Data Protection and E Privacy Compliance

The Article 29 Working Party has given social networking service (SNS) providers quite a bit to think about with its Opinion 5/2009 on online social networking adopted on 12 June 2009. SNS providers are reminded of their duty to tell their users of all the different purposes for which they process personal data and to take particular care with regard to the processing of personal data of minors. The Opinion also refers to SNS providers' "duty" to advise users regarding the privacy rights of others and in particular that users should only upload pictures or information about other individuals with that individual's consent.

OBJECTIVE AND SCOPE

The Working Party's Opinion sets out to provide guidance to SNS providers on the measures that need to be in place to ensure compliance with EU data protection and e-privacy laws. It reminds SNS providers that the Data Protection Directive (95/46/EC) applies to SNS in most cases, even if the provider's headquarters are located outside of the European Economic Area. SNS providers are broadly defined in the Opinion as online communication platforms that enable individuals to join or create networks of like-minded users. Key characteristics include inviting users to provide personal data for the purpose of generating a description of themselves or "profile"; tools that allow users to post their own material; and tools that provide a list of contacts for each user, and with which users can interact.

THE MAIN OBLIGATIONS OF SNS PROVIDERS

At the end of its Opinion the Working Party lists the main obligations of SNS providers. These are as follows:

- Inform users of their identity, and provide comprehensive and clear information about the purposes and different ways in which they intend to process personal data
- Offer privacy-friendly default settings
- Provide information and adequate warning to users about privacy risks when they upload data onto the SNS
- SNS providers advise users that pictures or information about other individuals should only be uploaded with the individual's consent
- At a minimum, the homepage of the SNS providers should contain a link to a complaint facility, covering data protection issues, for both members and non-members
- Marketing activity must comply with the rules laid down in the Data Protection and e-Privacy Directives
- Set maximum periods to retain data on inactive users. Abandoned accounts must be deleted
- With regard to minors, take appropriate action to limit the risks

DATA CONTROLLERS

The Opinion draws attention to the fact that SNS providers are data controllers for the purposes of the Data Protection Directive and in most cases users are data subjects too. However, SNS users whose activities extend beyond a purely personal or household activity may be regarded as data controllers for the purposes of the Directive. Therefore, if the user acts on behalf of a company or association or uses the SNS mainly as a platform to advance commercial, political or charitable goals, the exception does not apply, and the user assumes the full responsibilities of a data controller.

COMMENT

SNS providers have been working hard to maintain standards that ensure that they do not attract the unwelcome attention of national and European regulators and earlier this year the major SNS providers signed up to the *EU Safer Social Networking Principles*. It seems unlikely that SNS providers will be entirely happy with the Working Party's Opinion in that some of the recommendations with regard to data protection have the potential to make life unnecessarily complicated both for the provider and user.

COMMERCIAL

Clarifying the Law in Implied Terms: Is It Necessary to Make the Contract Work?

Mediterranean Salvage & Towage Ltd v Seamar Trading & Commerce Inc [2009] EWCA Civ 531 (10 June 2009). In considering whether a term should be implied into a charterparty that the charterers must nominate a safe berth, the Court of Appeal revisited the recent analysis of implied terms in Attorney General of Belize v Belize Telcom Ltd in [2009] UKPC 11. In that Privy Council case Lord Hoffmann distilled various formulations of the test for implied terms down to one question: "*Is that what the instrument, read as a whole against the relevant background, would reasonably be understood to mean?*" In applying that test, Sir Anthony Clarke MR in this latest case suggests that whilst Lord Hoffmann was emphasising that implication is part of the process of construction, he did not resile from the proposition that it must be *necessary* to imply the proposed term.

As noted by Sir Anthony Clarke, Lord Hoffmann also stated that how the actual parties would have reacted to the proposed amendment was irrelevant and it was necessary for the implied term to be obvious in the sense of being immediately apparent. Nonetheless, Lord Hoffmann stressed that the following conditions must be satisfied: (1) it must be reasonable and equitable; (2) it must be necessary to give business efficacy to the contract, so that no term will be implied if the contract is

effective without it; (3) "it must be so obvious that it goes without saying"; (4) it must be capable of clear expression; (5) it must not contradict any express term of the contract.

Lord Hoffmann also said that this list should not be regarded as a series of independent tests "but rather as a collection of different ways in which judges have tried to express the central idea that the proposed implied term must spell out what the contract actually means, or in which they have explained why they did not think that it did so".

The question in Sir Anthony Clarke's view was therefore whether the proposed implied term was necessary. In his view, it was not. The fact that the charterers were under a duty to nominate the berth did not mean that they warranted that the berth was safe. If there was an implied warranty, it was not a warranty of any width. Moreover, an implied term would be inconsistent with express terms in the contract.

TRADE MARKS

Single Letters and Distinctive Character

In BORCO-Marken-Import Matthiesen GmbH & Co KG v OHIM (Case T-23/07), the Court of First Instance (CFI) annulled a decision of the Office of Harmonization for the Internal Markets (OHIM's) Fourth Board of Appeal holding that a single letter could never be capable of distinguishing the goods and services of one undertaking from those of another, finding that such a ruling was contrary to Article 4 of the Community Trade Mark Regulation (40/94/EC).

BORCO-Market-Import Matthiesen applied to register a representation of the Greek letter alpha α, as a Community trade mark in respect of wine.

The examiner rejected the application under Article 7(1)(b) of the Regulation for lack of distinctive character, finding that Greek-speaking purchasers would not detect in the sign an indication of the commercial origin of the goods. The examiner found that the letter alpha was used to denote superior quality.

BORCO appealed to OHIM's Fourth Board of Appeal, which upheld the examiner's decision, concluding that single letters had no distinctive character without the addition of a graphical element that was "*something perceptible, which is capable of being remembered and recognised*". Following *Libertel* [2003] ECR I-3793 (Case C-104/01), the Board found that single letters, like colours and numbers presented singly, must remain available as a "general reserve" for purposes of identification, description or other uses. BORCO appealed to the CFI.

The CFI annulled the Board of Appeal's decision, finding that a ruling that single letters could never be capable of distinguishing the goods and services of one undertaking from those of another was contrary to Article 4 of the Regulation, which expressly lists letters amongst those signs which can function as a trade mark. Furthermore, registration of a trade mark was not conditional on a level of creativity or artistic imagination on the part of the applicant.

The CFI noted that in *Libertel* the court held that a single colour was registrable, albeit in the context of a decision that distinctiveness without any prior use is inconceivable save in exceptional circumstances.

The CFI returned the case to OHIM, ruling that it must decide upon the facts whether in this case a single letter was capable of distinguishing the goods and services of one undertaking from those of another.

COMMENT

Although OHIM may again refuse the mark for lack of distinctive character, this case ensures that OHIM must reach such decisions on a case by case basis rather than by categorically finding that certain signs can never be distinctive.

Registration in Bad Faith

Case C-529/07 Chocoladefabriken Lindt & Sprüngli v Franz Hauswirth GmbH (unreported). In a reference from the Austrian Supreme Court in which the good standing of the Lindt gold Easter bunny was at stake, the European Court of Justice (ECJ) was asked to rule on whether a Community trade mark (CTM) application was made in bad faith where the applicant knew that a third party was using an identical or similar sign. The ECJ held that, depending on the intention of the applicant, and the degree of recognition of the third party rights at the time of filing, such activity could constitute bad faith.

BACKGROUND

Lindt & Sprüngli, a Swiss company, has manufactured and sold its gold foil-wrapped chocolate Easter bunnies since the 1950s. In 1994, Lindt began to market the chocolate bunnies in Austria. In 2000, it obtained a CTM in class 30, in respect of a three-dimensional bunny bearing the words "Lindt GOLDHASE", a representation of which is set out below left.

Various other manufacturers also market foil-wrapped Easter bunnies. The defendant, an Austrian company called Franz Hauswirth, had done so since 1962. A representation of the Hauswirth bunny is set out above right.

Lindt brought infringement proceedings against Hauswirth, seeking an injunction to prevent Hauswirth marketing its bunny within the European Union. Hauswirth counterclaimed for a declaration of invalidity under Article 51(1)(b) of the Community Trade Mark Regulation (40/94/EC), stating that Lindt acted in bad faith when it applied for its trade mark, as it knew that others were marketing similar gold bunnies in the European Union at the time of its application.

The Austrian Supreme Court held that there was a likelihood of confusion but referred the following questions to the ECJ for guidance on whether an applicant for a CTM acted in bad faith:

1. where he knows, at the time of application, that a competitor in at least one Member State is using a sign which is the same, or similar, and the applicant applies for the CTM in order to be able to prevent the competitor from using that sign;

2. where all the circumstances in question 1 apply and, in addition, the applicant "knows or must know" that the competitor had already acquired a "valuable right" in his sign; and

3. if the answer to either of the earlier questions is yes, is that bad faith overcome where the applicant's sign has, at the time of filing, already acquired a reputation among the public?

DECISION

The ECJ held that the national court must take into consideration all the relevant factors which pertained at the time of filing the application, in particular:

- the fact that the applicant knew or must know that a third party is using, in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought;

- the applicant's intention to prevent that third party from continuing to use such a sign; and

- the degree of legal protection enjoyed by the third party's sign and by the sign for which registration is sought.

The court noted that the fact that an applicant "must know" that a third party was using an identical or similar mark within the European Union was not sufficient to establish bad faith. The applicant's intention must also be taken into consideration. An applicant would be acting in bad faith if it was not intending to use the mark itself, but applied for registration in order to prevent a third party from doing so. Equally, if the applicant knew that the third party's sign enjoyed some degree of legal protection, then an attempt to compete unfairly by taking advantage of CTM rights to prevent the third party from using its mark would constitute bad faith. That was not to say, however, that in such circumstances, and in particular when several producers were using, on the market, identical or similar signs for identical or similar products capable of being confused with the sign for which registration is sought the applicant's registration of the sign might not be in pursuit of a legitimate objective. Further and significantly, the court went on to find that the extent of the reputation of the sign at the time of filing was a relevant factor and that, on the facts of a particular case, this might justify the applicant seeking wider protection for its mark.

COMMENT

Lindt is clearly not at risk of a finding that it applied for a mark which it did not intend to use, as its gold bunny had already been widely used within the European Union before the date on which it filed for CTM protection. The dispute will now be remitted back to the Austrian court to determine whether, on the facts, Hausfirth had a right in its Easter bunny which enjoyed legal protection under the European doctrine of unfair competition or otherwise at the date of filing of Lindt's mark. If the court finds that it did have such a right, then Lindt risks losing its registration if it cannot establish that, in 2000, its reputation in the gold bunny mark was sufficient to overcome a charge of bad faith.

The European Court of Justice Delivers Judgment on the Meaning of "Unfair Advantage" in L'Oréal v Bellure

The European Court of Justice (ECJ) handed down a landmark judgment in L'Oréal v Bellure (Case C-487/07), concerning the importation and distribution in the UK of perfumes which looked and smelled similar to L'Oréal's fragrances. The English Court of Appeal referred five questions to the ECJ relating to the interpretation of Directive 89/104 ("Trade Marks Directive") and Directive 89/104 ("Comparative Advertising Directive") which addressed the meaning of "unfair advantage" and whether "free riding" amounts to infringement even where there is no blurring, tarnishment or other negative impact on a registered mark.

The ECJ confirmed that unfair advantage does not require a likelihood of confusion or detriment to the mark and covers cases where, "*by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation*".

To determine whether the use of a sign took unfair advantage of the distinctive character or repute of the mark, it was necessary to undertake a global assessment, taking into account all relevant factors, including the strength of the mark's

reputation, the degree of distinctive character of the mark, the degree of similarity between the marks, the nature and degree of proximity of the goods or services and whether there was a likelihood of dilution or tarnishment of the mark.

Specifically, the ECJ stated that unfair advantage was taken *"where that party sought by that use to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image."*

Further, the stricter trade mark protection provided for identical goods/services and for well known marks does not require damage to the essential function of a trade mark (of guaranteeing the origin of goods/services), provided that one of the other functions of the mark were affected. Those other functions included *"in particular that of guaranteeing the quality of the goods or services in question and those of communication, investment or advertising."*

Finally, the ECJ considered the extent to which the Comparative Advertising Directive provides a defence to trade mark infringement. It pointed out that the Comparative Advertising Directive provided *cumulative* conditions which advertisements have to meet to be permissible under the Directive, each of which must be met to qualify.

The court also indicated that an advertisement need not *explicitly* state that the product is an imitation and that the statement of imitation can relate only to *"an essential characteristic"* of that product (such as the smell of the goods in question).

The decision will be warmly welcomed by owners of well known brands as it strengthens and clarifies the requirements for "unfair advantage" infringement of marks with a reputation. Whereas dilution and tarnishment have recently been held to require a "change in economic behaviour" of consumers, no such requirement is mentioned in cases of unfair advantage. Indeed, it is now explicit that no confusion or other detriment to the mark or its owner is required and that transfer of the image of the mark can suffice. However, the judgment may also restrict the extent to which comparative advertisements can refer to individual elements of the characteristics of a competitor's goods.

PATENTS

Lapsed Patents – Very Good Reasons Needed to Justify Restoration

BL O/090/09 Pro Challenge Ltd 2 April 2009 (unreported). The UK Intellectual Property Office (IPO) has refused an application to restore four patents in respect of which the final opportunity for payment of renewal fees had passed, finding that there was a distinction between an unintended omission and an undesired consequence of that omission.

BACKGROUND

Multidrive the original proprietors of the patents went into administration in January 2006. The renewal fees of the four patents fell due between June and September of 2006.

Multidrive's patent attorneys had outsourced the renewal formalities in respect of the patents to a renewals management firm. Multidrive's patent attorneys notified the administrator of the renewal deadlines. The administrator notified the renewals management firm that it should amend its records to send future renewal notices to him at Multidrive's offices.

The renewals company did so, but only one of six renewals notices sent to the administrator actually reached him. From that notice, the administrator understood that the fee could be paid after June 2006, during the six month grace period following the date for renewal, with an additional fee.

The administrator sought a purchaser for the patents, with the intention that he would pay the renewal fees for the four patents if a purchaser was found. A purchaser, Pro Challenge, was found but only after the renewal date and all possible extensions had expired.

Pro Challenge submitted, via its patent attorneys, an application to the UK IPO for the restoration of four patents, together with an application for the recordal of an assignment of those same patents from Multidrive Ltd to Pro Challenge.

Pro Challenge argued that the intention of the administrator had always been to renew the patents, but that he had been prevented from doing so by a lack of immediate funds.

Under Section 28 of the Patents Act 1977, the comptroller shall restore a patent on payment of the renewal fee and any prescribed additional fee, if he is satisfied that the proprietor of the patent intended to pay the renewal fee within the prescribed period.

DECISION

The IPO hearing officer held that, despite an attempt to establish the final date for renewal of the patents, the administrator, who was not a patent expert, was aware only that the fees would finally become due sometime after June 2006. Whilst he accepted that the administrator had a general underlying intention to renew the patents in suit, following Anning's Application [2007] EWHC 2770, an underlying intention will not necessarily be followed by a finding that the failure to comply was unintentional.

The hearing officer held that the knowledge that deadlines existed for the renewals meant that the administrator was conscious that the eventual lapse of the patents was inevitable. As such, the failure to pay the renewal fees within the prescribed period could not have been unintentional.

The hearing officer held that what was unintentional was the consequence of the administrator's failure to pay the renewal fees, *i.e.* the lapse of the patents but that, following Anning, it was clear that there was a distinction between the unintentional failure to do something and an unintended consequence of that failure. Accordingly, he could only take into account the lack of intent to do the thing itself and as such, the administrator's intent in respect of the consequences of that failure was irrelevant.

COMMENT

The courts and the IPO have been consistent in finding, time after time, that very good reasons are needed to justify an application to restore lapsed patents to the register. Whilst this may seem unfair to the patentee which has lost a valuable right, it is less unfair when considered from the point of view of its competitors, which may have noted the lapse of the patent and commenced preparations to exploit the technology themselves.

Novelty – The Non-Skilled Observer

Folding Attic Stairs Ltd v The Loft Stairs Company Ltd [2009] EWHC 1221 (Pat) 9 June 2009. In upholding the validity of a patent for folding attic stairs, Mr Peter Prescott QC considered whether disclosure of a prototype to a non-skilled observer, who did not know what he was looking at, would destroy the novelty of the invention.

BACKGROUND

The patent in suit related to the construction of attic stairs intended for occasional use, which was pivotally mounted on the sides of the loft ope, and folded for storage behind the loft hatch. ("Ope", meaning an aperture or opening in the structure of a building".) The structural frame to which the ladder is mounted must be attached to the ceiling joists either side of the loft ope.

A problem arises out of the fact that ceiling joists are not a fixed width apart. Traditionally, this problem was solved by means of metal arms, which formed the pivotal mounting for the attic stairs, and which were attached to angle-brackets to form the appropriate angle to fit the requisite size of ope. However, the metal arms were prone to failure and it is this problem that Mr Burke, who was running a business, Folding Attic Stairs Ltd, decided to address. He managed this by pivoting the ends of the metal support arms to the long sides of an inner frame, instead of angled brackets attached to the sides of the ladder.

Some time later, Mr Burke realised that the inner frame could then be manufactured to fit the relevant ceiling ope and applied for a patent for the manufacturing process of his folding staircase.

Prior to the application for a patent, Mr Burke wished to publicise the fact that he had achieved his ISO accreditation, so he invited the Irish Minister for Trade and Tourism and a photographer from the Irish Times to attend his factory. The prototype for the new staircase was set up in the factory and the photographer, without knowing what it was, decided that the prototype made an artistic backdrop for a photograph of Mr Burke, and this picture was published in the Irish Times.

DISPUTE

The Loft Stairs Company began to market a competing product and Folding Attic Stairs sued for infringement of its patent. Loft Stairs challenged the validity of the patent, on the basis that the visit by the Minister and the photographer and the publication of the photograph of the prototype destroyed the novelty in the invention.

DECISION

Mr Prescott held that the novelty in the invention was not destroyed by the publication in the *Irish Times* of the photograph of Mr Burke in front of the test staircase, because the relevant parts of the staircase were not visible in the photograph. He found no evidence that the Minister and the photographer inspected the prototype and that it seemed unlikely on the balance of probabilities that they would have had any interest or motivation to do so.

Having found that the patent was valid, Mr Prescott went on to consider whether or not Loft Stairs had infringed its claims. Finding that it was infringed did not cause him much difficulty.

COMMENT

Mr Prescott said, in his judgment, that he had not found it easy to answer the question of whether novelty was destroyed by the visit to the factory of the Minister and the photographer, not least because he was aware that it cut both ways.

The decision came down to the fact that the visitors to the factory had no particular interest in folding staircases although if they had such an interest, Mr Prescott stated that he would have taken a very different view.

Principles of Claim Construction

Ancon Ltd v ACS Stainless Steel Fixings Ltd [2009] EWCA Civ 498 16 June 2009. In overturning the first instance finding of non-infringement, this decision provides valuable guidance on the principles of claim construction.

BACKGROUND

The patent in suit concerned a channel assembly and bolt for use in construction in which the channel walls inclined inwardly and the head of the bolt was an "elliptical cone" shape such that the bolt could be rotated through 90˚, but camming action between the bolt head and channel prevented further rotation.

The ACS assembly had all the features of the Ancon claim, except that the top of the head was filed down so that there was no ellipse on this top as compared to an embodiment of the patent in suit. Ancon appealed against a finding of non-infringement.

DECISION

The case turned on the question: "what would a person skilled in the art have understood the patentee to have used the language of the claim to mean?"(*Kirin-Amgen v Hoechst Marrion Roussel* [2005] RPC 169).

Article 69 of the European Patent Convention states that the extent of protection is to be determined by the claims, but that the description and drawings should be used to interpret the claims. It follows that the claims are to be construed purposively (as distinct from application of a "doctrine of equivalents") — the inventor's purpose being ascertained from the description and drawings. It also follows that where a patentee has used a word or phrase which, acontextually, might have a particular meaning (narrow or wide) it does not necessarily have that meaning in context.

Jacob LJ found that "elliptical cone shape" was, geometrically, "something of a nonsense" as an ellipse is 2-dimensional and a cone 3-dimensional. However, the patent was not directed at a geometer but at designers and manufacturers of fixings for buildings, and it was wrong to suppose that the patentee was taking anything like a strictly geometrical approach.

The purpose of the bolt shape was to achieve a camming action into the corners of the channel. The shape of the top of the bolt, which does not come into contact with the channel is immaterial to this.

Jacob LJ agreed with the conclusion of the Opposition Division in relation to an opposition against the patent: "…the expression "generally elliptical" the cross-section of the cone should include any rounded non-circular form. The restriction to "an elliptical cone shape" would be an undue restriction of the scope of protection, having regard to the disclosure of the patent in suit"

Based on this purposive construction of the patent, the ACS bolt fell within the scope of the claims and the patent was infringed.

ADVERTISING & MARKETING

Comparative Claims – Clarity and Substantiation

The Advertising Standards Authority (ASA) in its Adjudication against British Sky Broadcasting Ltd t/a Sky (10 June 2009) cleared Sky of any breaches of advertising rules relating to substantiation, truthfulness and comparisons with identified competitors, despite Sky omitting, in error, costs relevant to the savings it was promoting.

THE ADVERTISEMENT

Sky's advertisement stated *"Unbeatable broadband for Sky TV customers ... Unbelievable savings. Add our free evening and weekend calls to UK* landlines package and you could save up to £200 a year compared to BT and Virgin Media^."*

The advertisement linked to a footnote that stated *"^Savings claims calculated over a 12 month period and apply to standard prices for existing Sky TV customers taking Sky Broadband Max (£10 a month) and Sky Talk Freetime (£0 a month) compared to: ... Virgin Media Size XL Broadband (£20 a month) and Size L phone (£3.45 a month). Virgin Media XL Broadband includes PC Guard Total, up to 15 email addresses & other free extras. Virgin Media offers may apply. See virginmedia.com for details. Savings claims assume Sky customers have an active BT compatible line ..." Text at the bottom of the advertisement stated "Sky TV customers visit sky.com/broadband or call 08442... Further text below stated "Interested in joining Sky? Go online or call now..."*

THE COMPLAINT

Virgin Media challenged whether the claim "*... you could save up to £200 a year compared to ... Virgin Media*" was misleading and could be substantiated. It considered the comparison was unfair as Sky had not included the costs of subscribing to Sky TV in the savings calculations. Virgin Media added that, even if these costs were excluded, the maximum saving against Virgin Media was £161 and not up to £200 as claimed.

SKY'S RESPONSE

Sky stated that the purpose of the advertisement was not to acquire Sky TV customers but rather to acquire broadband customers, and argued that the layout and text in the advertisement made that clear. Sky said that the generic reference "*Interested in joining Sky?*" was much less prominent than the headline claim "*Unbeatable broadband for Sky TV customers*" and also less prominent and direct than the call to action for existing Sky TV customers: "*Sky TV customers visit ...*".

Sky said that the footnote made clear that the savings claim applied only to existing Sky TV customers.

Finally, Sky stated that, according to a comparative table showing the cost to Sky and Virgin Media customers for monthly broadband, the price of the calls package, line rental and any installation costs, Sky customers could enjoy a saving of £203.40.

With regard to the missing costs in the savings calculations, Sky said the cost for line rental and Virgin Media's set-up costs were ordinarily included in the footnote in advertisements of this type but had been mistakenly omitted on this occasion, which had contributed to Virgin's understanding that the maximum saving could only ever have been £161.

ASA'S DECISION

The ASA investigated the advertisement under CAP Code clauses 3.1 (Substantiation), 7.1 (Truthfulness) and 18.1, 18.2 and 18.3 (Comparisons with identified competitors) but did not find it in breach. The ASA believed that the footnote made clear that the claim referred to savings that existing Sky TV customers could make if they subscribed to the advertised Sky broadband package.

It also said that the smaller text towards the bottom of the page was clearly addressed to Sky TV customers and stated "*Sky TV customers visit ...*". The ASA said that most readers would regard the call to join Sky which featured at the very bottom of the advertisement and in even smaller text as a secondary message and understand that the advertisement targeted existing Sky TV subscribers.

COMMENT

The ASA could not argue with the figures provided by Sky nor did it believe could the general public. The adjudication not only demonstrates the importance of robust evidence in comparative campaigns but also the usefulness of applying the "primary" and "secondary message" approach to advertising. As long as the secondary message is subservient in text size and position to the primary and as long as the target of the advertisement is clearly addressed and the claims honest, an advertiser can rightly look to acquire more customers than the central purpose of the selling message suggests.

DATA PROTECTION

Privacy Notices – A Clear & Simple Route To Compliance

"It is unfair and misleading to have a privacy notice that isn't accurate or up to date. It is therefore good practice to keep your privacy notice under regular review." – UK Information Commissioner's Office Code Of Practice On Privacy Notices – June 2009

The Data Protection Act 1998, which implements the Data Protection Directive 95/46/EU, requires personal information to be processed fairly. To do this the individual whose personal information is to be processed must be provided with a minimum of three pieces of information: the identity of the organisation in control of the processing; the purpose or purposes for which the information will be processed; and any further information necessary, in the specific circumstances, to enable the processing in respect of the individual to be fair. This information is usually provided in a privacy notice.

Many businesses reacted to the Data Protection Act coming into force on 1 March 2000 by creating a privacy notice that covered their then business needs and addressed the legal obligations of the Act. Since then they may not have revised the notice or reviewed its use. Whilst it may be argued that a complex privacy notice incorporated into an organisation's terms and conditions meets the obligations of the Data Protection Act, the ICO's position is that if the privacy notice is not easily accessible, simple and understandable then it will not be effective. If a privacy notice is not effective an organisation relying on it is likely to be in breach of its obligations as a data controller under the Data Protection Act. This could lead to prosecution and a fine.

Research by the UK Information Commissioner's Office (ICO) shows widespread consumer cynicism in relation to privacy notices. Consumers believe that privacy notices are drafted to confuse them and simply serve as licence for companies to sell individuals' personal information. As a result, almost three quarters of the UK population admits to not reading or understanding privacy notices. The ICO seeks to address these issues by publishing a new Code of Practice on privacy notices, which aims to help organisations comply with their obligations under the Data Protection Act 1998, and to urge individuals to take the time to read and understand privacy notices in order to understand how their personal data will be used.

WHAT IS A PRIVACY NOTICE?

The primary purpose of a privacy notice is to inform individuals about the uses of their personal information in a clear and transparent manner. As a starting point organisations processing such information must consider the type of personal information that they are collecting and processing, the means of collection and the likely individuals from whom they will be collecting information.

COMMUNICATING PRIVACY NOTICES EFFECTIVELY

To be effective a privacy notice should be drafted in plain English and avoid legalistic or technical language. The Code supports the use of large fonts, summary headings and concisely drafted paragraphs which do not cross-refer to each other. The notice should be written in a manner that is understandable to the target recipient i.e., special consideration should be given to simplicity where the notice is aimed at children or the use of local languages where the intended audience is predominately non-English speaking.

It is also important that the privacy notice is communicated effectively. Privacy notices can be communicated in a number of ways, including verbally, in writing, through signage (e.g. information posters in a public area), and electronically (text messages, emails and on websites). It is recommended that the medium through which personal information is collected is also used for communicating the privacy notice.

LAYERING

As many individuals are unlikely to read a detailed privacy notice the Code supports the use of a layered approach of communication. This approach consists of individuals being provided with a short privacy notice containing basic information, such as the identity of the organisation and the way in which the information is to be used, as well as including a link or reference to a more detailed notice that can be accessed if required. This approach is particularly suited to online situations but can also work offline.

OBLIGATIONS TO THE RECIPIENT

Where an organisation only processes personal information in an obvious manner there is no requirement to draw individual's attention actively to the privacy notice. Where, however, an individual is unlikely to expect that their information is processed in a certain manner, or where the data is sensitive, then there is an active duty on the organisation to communicate details of the processing. This is especially true where organisations collect personal information expressly with the intention of selling it on to unspecified third parties, or where data from different sources is combined to create a detailed picture of an individual's affairs. Where personal information is collected for one purpose and is subsequently used for a different purpose, consent from the individual should be sought. Usually, this will involve contacting the individual concerned.

BENEFITS FOR THE ORGANISATION

Privacy notices, if used correctly, can provide an evidential record of what individuals were originally told when they initially provided their personal information. This record could be useful for the company in a number of circumstances including a dispute regarding data processing or use, and for due diligence purposes in relation to a change of use of the data, the transfer of data or sale of the business assets.

STATUS OF THE CODE

Whilst the Code is not legally binding, the Data Commissioner describes it as "guidance on good practice." It is therefore clearly advisable to comply with its provisions.

SUMMARY

Much has changed in the way personal information is processed in business over the last decade. There is now a clear regulatory focus on the importance of data protection compliance. The Criminal Justice and Immigration Act 2008 gives the ICO the power to impose substantial fines on organisations that deliberately or recklessly commit serious breaches of the Data Protection Act and, from 1 October 2009, the annual notification fee for some data controllers will rise from £35.00 to £500.00. The increase in authority and revenue will enable the ICO to resource more fully its regulatory role. In light of this, and given the requirement for transparency in the new Code, it is time for organisations to review their privacy notices and their data handling regimes and to adopt the Code's good practice.

The Information Commissioner's Office Approves Binding Corporate Rules for Accenture and Atmel – A Watershed?

The Information Commissioner's Office (ICO) has approved Binding Corporate Rules (BCRs) applications by both Accenture and Atmel. BCRs are a method of complying with the European Union (EU) rules on transferring personal data outside the European Economic Area (EEA). Now that Accenture and Atmel have both secured ICO approval other businesses may be tempted to follow their lead.

BINDING CORPORATE RULES

BCRs are a set of inter-company group rules governing the transfer and processing of personal data between affiliates of the same group. Once approved, the members of the group can transfer personal data amongst themselves without considering national boundaries.

Company group members cannot transfer the personal data on to third parties based outside the EEA – BCRs only work inside the group; BCRs are legally binding and data subjects have the right to commence an action within either the jurisdiction of the Member State of the group member sending the data or the Member State of the EU head quarters of the group – and as each EU Member State has differing levels of sanctions there can be a material difference whether an action is commenced in say France or the United Kingdom.

BCR APPLICATIONS – MORE DISADVANTAGES

The applications procedure is not streamlined. Companies wishing to use BCRs must file an application with the data protection authority in the EU Member State where the company's EU head quarters is located (also known as the "lead DPA"). The lead DPA must approve the application however, the approval only applies to data transfer outside the EEA from that particular EU territory. The company must subsequently secure approval from the DPAs in all the EU countries in which group members are located if all such members are to transfer directly personal data outside the EEA.

RECENT ACTION TO STREAMLINE THE BCRS APPLICATION PROCESS

In June 2008 the Working Party issued a toolkit on BCRs –

including a table setting out the elements and principles that BCRs should include, a framework for the structure of BCRs and frequently asked questions related to BCRs. Additionally, as of February 2009, 13 EU DPAs (France, Germany, Ireland, Italy, the UK, the Netherlands, Spain, Latvia, Luxembourg, Norway, Iceland, Liechtenstein and Cyprus) have agreed to mutually recognise (effectively automatically approve) BCRs applications which have already secured lead DPA approval.

COMMENT

Accenture and Atmel are the third and fourth organisations to get ICO approval for BCRs. Given the difficulties that companies have generally experienced with the BCRs application and approval process and the consequent slow pick-up by companies of BCRs it is good news that the ICO has approved in quick succession BCRs applications by Accenture and Atmel; hopefully, this should encourage other companies to engage with BCRs.

Anyone for PIMS?

On 2 June 2009 the British Standards Institution (BSI) published the first British Standard on the management of personal data. BSI 10012:2009 Data Protection Specification for a Personal Information Management System was developed by experts from industry, government, academia and consumer groups with the aim of establishing best practice and aiding compliance with data protection legislation. The Standard provides a framework designed to help businesses establish effective personal data management systems. It is designed for use by organisations of any size and in any sector to establish tailored procedures in areas such as training and awareness, risk assessment, data sharing, retention and disposal of data and disclosure to third parties.

THE NEW STANDARD

Organisations can use the new Standard to develop a personal information management system (PIMS) as a data protection compliance and good practice framework. This will involve allocating responsibility to a senior management team for issuing and maintaining the compliance policy and commitment to managing compliance. The Standard lists 15 policy commitments. These include commitments to process personal data only where "strictly necessary for legitimate organisational purposes" and providing "clear information to individuals about how their personal information will be used and by whom". The Standard also requires organisations to ensure that the member of senior management is accountable for managing personal information. Additionally one or more people should be designated as responsible for compliance with the policy on a day to day basis. Their duties will include maintaining an inventory for all categories of personal information processed, demonstrating competence in understanding data protection legislation and good practice and reviewing the PIMS in light of changes to the organisation's requirements and/or technology. The Standard calls for an ongoing education and awareness programme for all workers within an organisation along with a process for evaluating its effectiveness.

Other elements that should be covered by an organisation's PIMS include:

- Procedures for maintaining records of privacy notices and online privacy statements
- Provision of any privacy notice or online privacy statement required to be given to the individual to be made available to the individual prior to any personal information being collected
- An audit programme which monitors and reviews data handling
- Complaints procedures and an appeal process

Larger organisations and those processing high-risk personal data will also be expected to implement regular audits by external parties.

COMMENT

To promote the new Standard the BSI on the same day published the results of a survey of over 500 small and medium sized businesses which revealed that almost 20 per cent had unwittingly breached the Data Protection Act 1998 (DPA). The survey also found that 65 per cent of businesses provide no data protection training for their staff and nearly half of those surveyed had no-one in their business with specific responsibility for data protection.

As the Information Commissioner's Office (ICO) looks forward to greater enforcement powers, in particular the power to fine organisations directly under new section 55A of the DPA, organisations would do well to implement a best practice framework of a kind described in the new Standard. The ICO has already suggested that an organisation's implementation of best practice procedures, and particularly those derived from ICO guidance, will be taken into account when it exercises its powers under section 55A. Businesses should therefore take note of how the ICO responds to initiatives such as the new Standard and the *Personal Data Guardianship Code* recently published by the Information Security Awareness Forum and the British Computer Society which also reviews and promotes best practice and provides guidance on the handling of personal data.

UK Data Controller Notification Fees to Rise

The Data Protection Act 1988 requires all data controllers to be included on a public register, subject to limited exceptions. Failure to notify is a criminal offence. As of 1 October 2009

the fees charged to data controllers to be notified on the register of data controllers will be split into two tiers.

Tier 1 includes charities, small occupational pension schemes, organisations with a turnover below £25.9 million and those with a higher turnover but fewer than 250 staff, who will continue to pay £35 annually.

Tier 2 includes organisations with 250+ staff and an annual turnover of £25.9 million or more. For public authorities only 250 or more staff is taken account, will be required to pay a £500 annual fee.

The introduction of the tiered system is to raise revenue for the Information Commissioner's Office to support its regulatory and advisory roles. Although the Information Commissioner's Office own research indicates that less than 4 per cent of data controllers will fall within the scope of tier two, the tier criteria were set to reflect the amount of resources invested by the Information Commissioner's Office in regulating large data controllers.

DOMAIN NAMES

Famous Names and Parking Sites

In WIPO Case No. D2009-0563 Jim Carrey v BWI Domains (16 June 2009) single panellist Alistair Payne had little trouble deciding that the registration and resolution of the domain name jimcarrey.com to a parking site from which the registrant derived pay-per-click revenue constituted bad faith.

BACKGROUND

BWI Domains registered the domain name jimcarrey.com on 25 March 2007 and directed it to a parking site described in the WIPO proceedings as a "pay-per-click linking portal". Jim Carrey complained to WIPO about the registration and use of the domain name on various grounds including that his name was so well known that there could be no legitimate use of it by BWI and that BWI's use of the domain name was in bad faith because it was identical to his mark and BWI was using it to direct people to a pay-per-click site from which it derived a financial benefit. BWI did not respond to the complaint.

DECISION

Mr Payne found that Jim Carrey had common law rights in his name which could be protected under the UDRP, and that he had succeeded in establishing a prima facie case that the disputed domain name was identical to the name in which he had common law rights. The domain resolved to a site from which BWI derived financial benefit and that there was no evidence that BWI operated a bona fide business through the website to which the domain resolved. Since BWI did not defend the complaint, this was sufficient to establish that it had no legitimate interest in the domain name, and the fact that it derived profit from it was sufficient to constitute bad faith within the terms of paragraph 4(b)(iv) of the UDRP. Accordingly, he ordered transfer of the domain.

COMMENT

As the panellist noted, what legitimate interest could anybody other than Jim Carrey possibly have in registering the domain name jimcarrey.com for gain? Based on the fact that BWI must be imputed to have known that Jim Carrey had rights in his name, even if BWI had responded with evidence demonstrating an intention to set up, for example, a Jim Carrey fan site under the domain name without view to commercial gain, the panellist would doubtless still have ordered a transfer. Parking such a domain name to derive click-through revenue presumably always constitutes bad faith where the only use without licence that legitimately can be made of a famous name is for a non-commercial fan or criticism site (leaving aside arguments over whether the respondent in any event should have used a distinguishing term in the domain name itself).

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