



## DATA PROTECTION

### Social Networking Sites Challenged Over Privacy Standards

The Article 29 Working Party, the EU advisory body on data protection and privacy, has sent letters to 20 social networking service (SNS) providers that signed up to the Safer Social Networking Principles for the European Union, raising issues concerning privacy standards on social networking platforms.

The Principles represent the European Commission's attempt to harmonise safety policies and procedures across the European Union for SNS providers that have a cross-border dimension. As well as raising awareness, the agreement set down default procedures and policies such as the provision of a report abuse button and default privacy settings. The main aim of the Principles is to minimise the risks to individuals who subscribe to such sites. They include enabling and encouraging users to employ a safe approach to personal information and privacy.

The letters from the Working Party are a follow up to its Opinion on online social networking (5/2009) adopted in June 2009 and a subsequent hearing with three major SNS operators at the Working Party's plenary meeting in November last year. In its June 2009 Opinion, the Working Party reminded SNS providers 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 looked in more detail at the issue surrounding uploading of information about third parties and also considered the particular problems associated with third party application providers. The Working Party suggested that SNS providers should have the means to ensure that third party applications comply with EU data protection law, for example by ensuring that they provide clear and specific information to users about the processing of personal data and that they only have access to necessary personal data.

More recently, the European Commission released an evaluation report on the implementation of the Principles. The report concluded that "more needs to be done" by operators to reduce to an acceptable level the risk of harmful content and activities affecting children who use such services. In particular, the report found that less than half of the

participating SNS companies currently make profiles of under 18 users visible only to their friends by default.

The Working Party singled out Facebook for particular criticism stating that changes made in December 2009, which meant many of its users' privacy settings were set to public by default, were unacceptable and to the detriment of the user. It is of note that on 26 May 2010 Facebook unveiled a simplified privacy regime, acknowledging that the previous regime was too complicated.

The pressure is therefore clearly on social networking sites to improve privacy controls to the standards set down by the European Commission. The alternative must surely be formal regulation of some kind to fill any gaps left by EU data protection rules or at least ensure their effective enforcement.

## E-COMMERCE, IT AND BANKING TECHNOLOGY

### Vertical Restraints Block Exemption (330/2010/EC) and Guidelines: Online Sales, Exclusive and Selective Distribution

The Vertical Restraints Block Exemption Regulation (2970/1999/EC) expired on 31 May 2010 and, following a consultation on its replacement, the European Commission has adopted a new Vertical Restraints Block Exemption Regulation (330/2010/EC) which came into force on 1 June 2010.

#### BACKGROUND

Regulation 2970/1999 came into force on 1 January 2000. It disapplied Article 81 of the EC Treaty to certain categories of vertical restraints and concerted practices.

The aim of the Commission in granting the new Block Exemption was to reduce the regulatory burden on companies with a low market share, leading to improved economic efficiency within the chain of distribution by facilitating better coordination between businesses. It was anticipated that this would lead to a reduction in the transaction costs to the businesses involved and enable them to optimise their sales and investment levels.

## THE NEW BLOCK EXEMPTION REGULATION

### *Vertical agreements between competitors*

The new Block Exemption excludes explicitly vertical agreements between competitors. A competing undertaking is defined as "an actual or potential competitor". The guidelines to the Block Exemption state that two companies are deemed to be actual competitors if they are active in the same market. A potential competitor is one that, in the face of a small but permanent increase in relative prices would be likely to undertake the investment needed to enter the market, usually within a year.

### *Hardcore and excluded restrictions*

Article 4 sets out the "hardcore" restrictions that result in the exclusion of the whole agreement from the scope of the new Block Exemption. Including a hardcore restriction in an agreement gives rise to the presumption that the agreement will fall foul of Article 101(1). It also raises a presumption that the agreement is unlikely to benefit from the saving conditions of Article 101(3). This, however, is a rebuttable presumption that leaves open the possibility for undertakings to plead an "efficiency defence" under Article 101(3) on case-by-case basis.

### *Online Sales*

The guidelines make clear that, for the purposes of the second hardcore restriction, online sales will nearly always be considered passive sales and that, as a result, any agreement that seeks to prevent a distributor from fulfilling orders to its website from customers within the exclusive territory of another distributor will automatically take the agreement outside the new Block Exemption.

### *Exclusive distribution agreements*

The guidelines explain that an exclusive distribution agreement is one in which the supplier agrees to sell his products only to one distributor for resale in a particular territory. The risks to competition are seen as market-partitioning and a reduction in intra-brand competition, facilitating price discrimination. Exclusive distribution is exempted by the new Block Exemption, provided that both the supplier's and the buyer's market share is 30 per cent or less and the agreement does not contain any hardcore or excluded restrictions.

### *Selective distribution agreements*

Selective distribution agreements differ from exclusive distribution agreements in that the number of dealers does not depend on the number of territories, but on selection criteria linked to the nature of the product. Selective distribution agreements fall within the new Block Exemption as long as neither the buyer's nor the seller's market share exceeds the 30 per cent threshold and the agreement does not include any hardcore or excluded restrictions. In addition, in the case of

selective distribution networks, agreements must not restrict sales by authorised distributors to each other or to consumers. Franchise agreements

The guidelines apply explicitly the guidance given in relation to exclusive and selective distribution agreements to franchise agreements but note that the more important the transfer of know-how, the more likely it is that restraints are needed to create efficiencies, or to protect the know-how and therefore the more likely it is that the agreement will fulfil the conditions of Article 101(3).

The guidelines also clarify the fact that an obligation on the buyer not to sell competing goods or services does not contravene Article 101(1), where such an obligation is necessary to maintain the common identity and reputation of the franchise network

### *Withdrawal or disapplication of the new Block Exemption*

The Commission may withdraw the benefit of the new Block Exemption if it considers that a vertical agreement (taken alone or in conjunction with similar agreements between competing suppliers and their buyers) falls within the scope of Article 101(1) and does not fulfil the conditions of Article 101(3).

Where an agreement or agreements has an anti-competitive effect solely within one Member State, that Member State may withdraw the benefit of the new Block Exemption.

Under Article 6 of the new Block Exemption, the Commission may make regulations to disapply the Exemption to parallel networks of agreements where these cover more than 50 per cent of the relevant market.

### *Transitional period*

The new Block Exemption provides for a transitional period between 1 June 2010 and 31 May 2011. This applies to agreements already in force, which qualified for exemption under Regulation 2790/1999, but do not meet the standard required by the new Regulation.

## COMMENT

The inclusion of a 30 per cent threshold for buyers as well as sellers is the subject of most of the comments on this Block Exemption, with commentators fearing that this will lead to greater uncertainty for businesses with agreements that fall outside the new Block Exemption and which will, therefore, need to apply for individual exemption.

The 10 years since the last Block Exemption came into force have seen a massive shift in commercial activity onto the internet and categorising all internet sales as passive sales will knock a significant hole in any attempt to set up separate channels of distribution in different Member States. The clarification in the Commission's guidance that suppliers will

be permitted to police the quality of distributors' websites should mollify brand owners seeking to maintain brand caché, as will the concession that suppliers may insist upon a bricks and mortar establishment; a move that has been criticised by some consumer groups.

## COMMERCIAL

### ***The Trademark Licensing Company Ltd and Lonsdale Sports Ltd v Leofelis SA: Anatomy of an International Licensing Deal Gone Bad***

On an application for summary judgment in *The Trademark Licensing Company Ltd and Lonsdale Sports Ltd v Leofelis SA* [2010] EWHC 969 (Ch), the High Court of England and Wales held that where a defence to a claim might succeed, but probably would not, it was appropriate to make a conditional order requiring that the defendant make a payment into court.

#### **BACKGROUND AND FACTS**

The Lonsdale group granted a license allowing Leofelis to use its trade marks in certain European jurisdictions. Leofelis (with consent) sub-licensed this grant to a subsidiary, Leaside Srl, with respect to Italy, but then purported to extend the sub-licence to cover all of the territories in the head licence (without consent). Leaside began to use Lonsdale's trade marks in Germany so Lonsdale obtained an injunction from the Berlin District Court.

Following the injunction, Leofelis and Leaside sued Lonsdale for damages for breach of the licence agreement and misrepresentation and sought a declaration that the sub-licence granted to Leaside was valid. Leofelis/Leaside succeeded at first instance but Lonsdale refused to withdraw the German injunction and so Leofelis purported to terminate for repudiatory breach. When Leofelis didn't pay their quarterly royalties, Lonsdale also purported to terminate.

On appeal, the Court held that the sub-licence had only been valid for Italy and that Lonsdale's procurement of the German injunction was legitimate. Lonsdale had not, therefore, been in breach of the licence agreement as relied on by Leofelis as grounds for termination. Once established that Leofelis' grounds for termination were unsustainable, Lonsdale sought payment of outstanding royalties and damages; failing payment of these, Lonsdale sought payment in these most recent proceedings.

In regards to Lonsdale's application for summary judgment, Leofelis contended that, as a result of "further breaches" by Lonsdale, it had a real prospect of defending the claim successfully and that its termination of the licence agreement had been made lawfully because of these. These putative breaches included derogations of the exclusivity granted to Leofelis by reason of Lonsdale's alleged sale of garments in

Belgium, France, Holland and Sweden and the grant of a license agreement by Lonsdale to a third party in respect of different European jurisdictions. Leofelis also argued that this new license was not a genuine commercial agreement, but a device by which Lonsdale goods could be sold in Leofelis's territories.

#### **DECISION**

Mr. Justice Kitchin refused to grant summary judgment to Lonsdale. He found instead that Leofelis might succeed in establishing at trial that certain (although not all) of the alleged breaches had occurred. However, because of the serious nature of certain allegations, Mr. Justice Kitchin considered it appropriate to make a conditional order and to require Leofelis to pay the total amount of royalties owing into court. Leofelis resisted this, saying that it would stifle its defence by depriving it of funds. Therefore Mr. Justice Kitchin ordered conditionally that Leofelis pay EUROS 1,675,000 into Court, but that, if after seeing the draft judgment, Leofelis considered the order to be one that would stifle its defence, the Court would consider an application with supporting evidence and the order would not be perfected until such application had been heard.

#### **COMMENT**

It would seem, therefore, that this matter will proceed to full trial and that there will be a new chapter in the struggle between these parties. The decision reinforces that, when considering an application for summary judgment, a court must hesitate in deciding not to proceed to a full trial where reasonable grounds exist for believing that a fuller investigation of the facts would add to or alter the evidence available to a trial judge and so affect the outcome of the case.

## COPYRIGHT

### ***Football Dataco Ltd v Britten's Pools Ltd: Database Copyright in Football Fixture Lists.***

In *Football Dataco Ltd v Britten's Pools Ltd* [2010] EWHC 841 (Ch), Mr Justice Floyd has determined that the Claimants' football fixture lists are protected by the harmonised form of copyright provided for by Article 3 of the Database Directive, but has confirmed that the *sui generis* database right under Article 7 of the Directive does not apply to databases if the investment involved in their creation is limited to time and resources dedicated to the creation of the data themselves as opposed to their collection into a database. This is the most significant database decision since *BHB v William Hill* [2005] EWCA Civ 863.

#### **BACKGROUND**

The three Defendants used the Claimants' fixture lists without a licence. The dispute resulted in the present trial of a preliminary issue as to whether there was database copyright or *sui generis* database right in Dataco's football fixtures lists.

## SUMMARY OF THE LAW

The Database Directive (96/9/EC) harmonises the laws of EU Member States with regard to the protection of compilations in two ways: by requiring harmonisation of the existing copyright laws and by introducing a *sui generis* database right.

Article 3 of the Database Directive provides that

*databases which, by reason of the selection or arrangement of their contents, constituted the author's own intellectual creation shall be protected as such by copyright. No other criteria shall be applied to determine their eligibility for protection.*

The separate *sui generis* right is set out in Article 7 of the Directive which provides

*for a right for the maker of a database which shows that there has been qualitatively or quantitatively a substantial investment in either the obtaining, verification or presentation of the contents to prevent extraction and/or re-utilization of the whole or a substantial part, evaluated qualitatively and/or quantitatively, of the contents of that database.*

*BHB* involved a reference to the European Court of Justice (ECJ) on whether *sui generis* database right subsisted in lists of runners and riders for horse races. The ECJ ruled that the right did not subsist in the lists because the investment in the database was in the creation of the data themselves and not in the verification of the contents of the database.

Similarly, in *Fixtures Marketing Ltd v Oy Veikus AB* C-46/02; *Fixtures Marketing Ltd v Svenska Spel AB* C-338/02 and *Fixtures Marketing Ltd v Organismos Prognostikon Agonon Podosfairou* C-444/02 the ECJ held that the investment in fixture lists was not in "obtaining, verification or presentation" of the contents, but in creating the contents in the first place and, as such, *sui generis* right did not subsist.

## DECISION

Floyd J held that there was no *sui generis* right in Dataco's fixture lists. Following the *Organismos* decision, Dataco was involved primarily with creating the data and the extra effort in obtaining, verifying or presenting it was trivial and not sufficient to attract the *sui generis* right. Floyd J however, concluded that the lists were protected under Article 3, as the process of preparing the fixture lists involved significant labour and skill and was more than a mere "sweat of the brow" exercise.

## COMMENT

In clarifying the requirements for Article 3 protection, this case goes some way towards redressing the perceived injustice of the *BHB* decision for organisations, such as Dataco, the livelihood of which rests on a great deal of work in creating

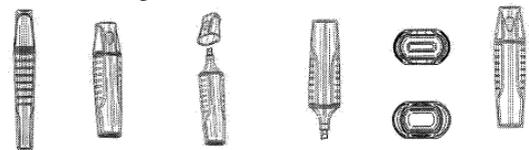
and organising data, which would not qualify for protection at any underlying level.

## DESIGNS

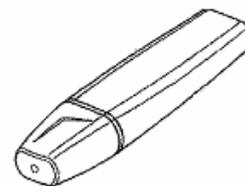
### *Beifa Group Co Ltd v The Office of Harmonization for the Internal Market: Opposing Trade Mark Rights and Genuine Use*

#### BACKGROUND

On 27 May 2005, Beifa filed an application to register as a Community design the following design in relation to "instruments of writing":



The design was subsequently registered and, in 2006, Schwan-Stabilo Schwanhäü GmbH & Co KG applied to The Office of Harmonization for the Internal Market (OHIM) to have the registration declared invalid on the basis of its earlier German trade mark registration:



The Cancellation Division upheld Stabilo's application and the design was declared invalid under Article 25(1)(e) of the 2001 Regulation, on the basis that a sign similar to the earlier mark had been used and there was a likelihood of confusion on the part of the relevant public.

Beifa appealed unsuccessfully to the Board of Appeal which found that for Article 25(1)(e) of the 2001 Regulation to apply, it was enough that the earlier sign be incorporated into a design, rather than be reproduced identically.

Beifa then appealed to the General Court of the European Union arguing that: 1) the Board had erred in its findings in relation to Article 25(1)(e); 2) it should have considered Beifa's request that Stabilo prove genuine use of its mark; and 3) it had applied incorrectly Article 25(1)(e) as it had not undertaken an assessment as to the existence of a likelihood of confusion.

#### DECISION

Beifa's first plea was rejected. The Court said that for Article 25(1)(e) of the 2001 Regulation to apply, it was not necessary for all the features of an earlier sign to be incorporated into the

subsequent design, especially where the features not included were of secondary importance.

The Court rejected Befia's second plea on the facts. The Court said that a request for proof of use should be made expressly and in due time and that such request cannot be made for the first time to the Board of Appeal.

As to Beifa's third plea, the Court found that it was correct that an assessment of the likelihood of confusion should have been undertaken by OHIM in the same way as indicated by case law in respect of Community trade mark proceedings.

Beifa's third plea was therefore allowed and the Board's decision annulled.

## TRADE MARKS

### Transport for London: Domain Name Use and Genuine Use

In BL O-126-10 Transport for London (tfl and TFL) (Appeal to the Appointed Person) 23 April 2010, Edward Smith, sitting as the Appointed Person, rejected Transport for London's opposition to an application by Jason Wright to register "tfl" (in lower case) as a trade mark for search engine and domain name management services in Classes 42 and 45. Transport for London relied on its earlier registration for "TFL" (upper case) and produced evidence of the mark in use, but in the forms "tfl" as part of a domain name and "TfL". The hearing officer found that use of "tfl" in the domain name form (tfl.gov.uk) and in the web address form (www.tfl.gov.uk) were not acceptable variants of the TFL mark as the domain name context altered the mark's distinctive character. However, Transport for London's use of "TfL" was an acceptable variant of the mark as registered: the fact that the "f" was in lower case did not alter the mark's distinctive character.

### DECISION

#### *Proof of use and the Section 5(2)(a) ground of opposition*

Under the Trade Marks (Proof of Use, etc.) Regulations 2004, the Registrar shall not refuse to register a mark under Section 5(2)(a) of the 1994 Act by reason of the earlier mark unless the earlier mark has been put to genuine use during the five years ending with the date of publication of the application. For these purposes, use of a trade mark includes use in a form differing in elements that do not alter the distinctive character of the mark in the form in which it was registered.

The hearing officer examined whether "tfl" in the domain name context and "TfL" were "acceptable variants" of the TFL registration. Guided by European case law, in which it had been established that use of a domain name does not equal genuine use of a trade mark that forms part of that domain

name (see *Telefonica Moviles SA v Orbseal LLC* R-710/2002-2), the hearing officer decided that the fact that the mark was in lower case and contained other elements, i.e., "www." and ".gov.uk", meant that the distinctive character of the mark as registered had been altered.

As to whether "TfL" was an "acceptable variant" of the TFL registration, the hearing officer concluded that it was. He decided that the average consumer would be likely to assume that the three random letters were an acronym or abbreviation of something else. Further, the letter "f" in lower case did not alter the distinctive character of the mark as the letters were the same and in the same order. Moreover, using a lower case "f" reinforced the acronym or abbreviation theory as the average consumer might assume that the "f" is short for a secondary or linking word between whatever the "T" and "L" stand for.

As for whether Transport for London had proved that its use of "TfL" was genuine use (i.e., for the purpose of real commercial exploitation in the relevant markets), the hearing officer found that Transport for London had used the mark in some of its dealings with consumers in connection with its public transport operation, but the evidence did not support the claim to genuine use in relation to the specific goods and services in question, namely search engine software and computer services.

Accordingly, the opposition under Section 5(2)(a) failed.

#### *Sections 5(3) and 5(4)(a) opposition grounds*

Both these grounds of opposition also failed. In terms of Section 5(3), given the hearing officer's findings in respect of the Section 5(2) claim, Transport for London did not have an earlier right on which to rely.

To succeed under Section 5(4)(a), Transport for London would have had to have shown that it had goodwill in "TfL" and in TFL at the material time and that the Applicant's use of the mark "tfl" constituted a misrepresentation such that passing off would result. Given his findings on the Section 5(2) claim, the hearing officer did not accept that Transport for London had the requisite goodwill, let alone that any misrepresentation would occur.

### COMMENT

The case is a good reminder of the potential weakness of domain name use as a way of using a registered trade mark. The hearing officer did not state whether use of "tfl" in lower case without the added domain name elements was an acceptable variant of the registered mark TFL. However, based on his finding that use of a lower case "f" in the acceptable variant "TfL" did not alter the distinctive character of the mark it is likely that he would have found "tfl" to be an acceptable variant also.

**L'Oréal SA v Bellure NV: Comparative Advertising, Unfair Advantage and Imitations**

In *L'Oréal SA v Bellure NV* [2010] EWCA Civ 535, Jacob LJ applied the findings of the European Court of Justice (ECJ) in the “smell-alike” case to the Court of Appeal

**BACKGROUND**

L'Oréal is the proprietor of various Community and national trade marks in respect of the words TRÉSOR, MIRACLE, ANAÏS-ANAÏS and NOA NOA for perfumes. L'Oréal sued for trade mark infringement of the word marks under Section 10(1) and infringement of the bottle and box marks under Section 10(3) of the Trade Marks Act 1994. The case reached the Court of Appeal of England and Wales, which referred questions to the ECJ concerning the inter-relationship of the Trade Marks Directive (89/104/EEC) and the Comparative Advertising Directive (97/55/EC) (CAD), where the use was made in a manner that did not cause confusion and did not jeopardise the function of the trade mark as a guarantee of origin, but played a significant role in the promotion of the trader's product. In particular, Lord Justice Jacob sought guidance on the meaning and scope of the concept of “unfair advantage” under Article 5(2) and Article 3a(1)(g) of the Directives respectively.

The ECJ, in answering the questions, held that unfair advantage under Article 5(2) of the Trade Marks Directive was not reliant on a likelihood of confusion or detriment to the registered trade mark. The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an advantage taken unfairly by “riding on the coat-tails” of the mark with a reputation in order to benefit from its reputation and prestige and to exploit the marketing efforts of its proprietor. Even though the use did not jeopardise the essential function of the mark to indicate the origin of the goods, provided that its use affected, or was liable to affect, one of the other functions of the mark, such as its ability to guarantee the quality of the goods and its advertising function, the advantage taken was sufficient.

Finally, the ECJ held that an advertiser who states either explicitly or implicitly in comparative advertising that the product marketed by him is an imitation of a product bearing a well-known trade mark presents “goods or services as imitations or replicas” within the meaning of Article 3a(1)(h) CAD.

Following the ECJ's ruling, the Defendants accepted that the packaging infringed L'Oréal's trade marks, but disputed that the comparison lists fell within Article 5(1)(a) or 5(2) of the Trade Marks Directive and argued in the alternative, that this use complied with the CAD.

**DECISION**

Jacob LJ felt that he had no choice but to hold that the comparison list fell within Article 5(1)(a), holding that, according to the ECJ, the use went beyond “purely descriptive” use because it was used for advertising. He concluded that a line was to be drawn between something like a discussion between a would-be seller and his potential customer (“I can supply a diamond cut in the same shape as Spirit sun”)—which was apparently not “advertising”—and an “out and out general purpose advertising aid” such as the comparison list.

Jacob LJ found that the comparison lists did not fall within the defence provided by the CAD. He concluded that even saying, truthfully, that the Defendant's product had an essential characteristic of the trade mark owner's product amounted to saying that the product was an “imitation or replica” and so fell outside the protection of the CAD.

Jacob LJ said that he understood this ruling to mean that the provision should be read as though the word “unfair” was simply not there. He concluded that there was no line between “permissible free riding” and “impermissible free riding”. Jacob LJ stated that he did not agree with or welcome this conclusion, which amounted, in his view, to a pointless monopoly. But it was, he noted, his duty to apply it, as there was, by use of the comparison lists, clearly free-riding of the sort condemned by the ECJ.

The EU Commission has asked the Max Planck Institute to review the ECJ Decision.

**PATENTS**

**Fabio Perini SPA v LPC Group plc: Invalidity for Disclosure to Customer**

In *Fabio Perini SPA v LPC Group plc* [2010] EWCA Civ 525, the Court of Appeal of England and Wales, in a judgment by Lords Justice Neuberger, Hughes and Jackson, has upheld a decision of Mr Justice Floyd that a patent (the 929 Patent) owned by Perini for sealing the tail ends of paper rolls was valid and infringed by their competitor PCMC. The Court rejected PCMC's preferred construction of the patent claims as being artificially narrow. The Court also dismissed an objection on the ground of obviousness that was raised for the first time on appeal, stating that if it was that obvious it should have been raised at first instance.

A cross-appeal by Perini sought to find PCMC Italia liable primarily for infringement and PCMC UK, a UK-based sister company, liable for infringement. PCMC Italia was found to be a joint tortfeasor along with LPC Group, which bought the machines from PCMC Italia. PCMC UK was not found liable

as Perini was unable to come up with evidence establishing liability.

In relation to a second patent owned by Perini (the 168 Patent), which related to an improvement of the method of the 929 Patent, the Court of Appeal upheld Floyd J's finding in relation to prior disclosure and held that the patent was invalid. The facts in relation to that issue were as follows: an employee of PCMC had visited a French paper manufacturer which was operating using Perini machines and recorded his observations in a memorandum on his return. The memorandum was clear evidence that the invention in the 168 Patent was obvious in the light of the operation of the machines installed by Perini at the French site. Neuberger LJ stated that an appellate court should be very slow to overturn a finding of obviousness. He concluded that Floyd J had been right to accept witness evidence that it would have been obvious to apply the disclosure in the memorandum to the Perini machines on the market at that time. As this disclosure was enabling and not made on a confidential basis, it rendered the patent obvious.

## SPORT

### **UEFA v Euroview Sport Ltd: Extra Time for Football Broadcasts?**

In *UEFA v Euroview Sport Ltd* [2010] EWHC 1066 (Ch), Mr Justice Kitchin has made another reference to the European Court of Justice (ECJ) in a dispute over the sale in the United Kingdom of foreign decoder cards to access foreign transmissions of football matches, this time UEFA Champions League and Europa League. As in *FAPL v QC Leisure and Murphy v MPS* (Joined Cases C-403/08 and 429/08), Kitchin J asked if parallel imported decoder cards are "illicit devices" as defined by the Conditional Access Directive (98/84/EC). As in *FAPL* and *Murphy*, the judge also sought guidance on a number of copyright issues, including whether there is substantial copying of certain copyright works as the broadcast matches stream through the decoder box and also whether or not the Defendants can rely on the defence of "transient copying". Compliance with EU competition law of the export restrictions in UEFA's licences, like the FAPL's, is also a matter upon which guidance has been sought.

What sets this latest reference apart, however, is that guidance is also sought on whether encryption amounts to a "technological measure" for the purposes of Article 6 of the Copyright Directive (2001/29/EC) and whether the use without consent of decoder cards issued pursuant to a subscription agreement in a foreign country amounts to "circumvention" of these measures. In other words, does UEFA have a claim under Section 296ZD of the Copyright, Designs and Patents Act 1988 (CDPA)?

### **BACKGROUND**

In February 2010, UEFA issued proceedings against Euroview seeking an injunction preventing it from selling, advertising, hiring out or otherwise engaging in commercial activities concerning decoder cards imported into the United Kingdom, which provide access to televised coverage of UEFA Champions League and Europa League matches by broadcasters that do not have the right to broadcast such matches in the United Kingdom.

It is UEFA's case that Euroview's customers include commercial undertakings, such as pubs, which allow their customers, without authorisation, to watch UEFA matches on their commercial premises. According to UEFA, one of its agents purchased from Euroview a non-UK decoder card and decoder box which had been supplied and activated for domestic use in Germany and provided access in the United Kingdom to sports content broadcast by Sky Deutschland, including Champions League and Europa League matches.

Euroview accepts that it carries on the business of importing and supplying non-UK decoder cards and that the equipment it sells can be used for accessing a wide range of programmes including UEFA matches. It also accepts that it advertises the suitability of its equipment for use in pubs and bars. It apparently instructs its customers to turn the volume down if viewing sports matches.

Against this background, UEFA claims that Euroview has infringed its rights under Section 298 CDPA and the Conditional Access Directive. It also claims that its copyrights have been infringed under Sections 17-20 CDPA. Notably, it also claims that encryption constitutes an effective technological measure that has been applied to all of its copyright works and that Euroview has distributed decoder cards, decoder boxes and other equipment for the purposes of circumventing those measures contrary to Section 296ZD CDPA, implementing Article 6 of the Copyright Directive. Finally, UEFA claims the common law tort of interfering unlawfully with its business.

### **CURRENT REFERENCE**

Kitchin J has decided to accede to UEFA's request to refer the case to the ECJ for a preliminary ruling. The case raises many of the issues already raised in *FAPL* and for that reason the intention is that this latest case should be joined to that case. The claimants in *FAPL* did not, however, claim infringement under Section 296ZD (nor unlawful interference with business). In this respect, Kitchin J poses a new question for the ECJ relating to the proper interpretation of Article 6 of the Copyright Directive, specifically whether encryption of a satellite broadcast falls within the meaning of "technological measures" and whether use without consent of the decoder card issued pursuant to a subscription of another in a foreign country amounts to a circumvention of those measures.

## COMMENT

For a more detailed account of many of the issues, and the judge's preliminary thoughts on them, the judge refers to his own judgment in *FAPL v QC Leisure*.

Until now, the focus of these cases has been on the meaning of "illicit device" and the Conditional Access Directive. That focus has now extended to cover the meaning of "technological measures" and if the meaning of "illicit device" does not go in the rights holders' favour then the outcome could hinge on the "inter-relationship" between the Copyright Directive and the Conditional Access Directive, a relationship which, until this point, has not been entirely clear.

## DOMAIN NAMES

### ***LOCOG v H&S Media Ltd: London Olympics Association Right and mylondon2012.com***

*The London Organising Committee of the Olympic Games and Paralympic Games Ltd v H&S Media Ltd* World Intellectual Property Organization Case No. D2010-0415 (29 April 2010), is a cyber-squatting case grounded in trade mark rights as well as in the London Olympics Association Right (LOAR) created by the London Olympic Games and Paralympic Games Act 2006 (the Act).

### **BACKGROUND**

The complaint concerned the registration by H&S Media Ltd of the domain name "mylondon2012.com" on 6 July 2005, the day of the host city announcement for the London 2012 Olympics. Shortly after registering the domain name, H&S parked it with Sedo and then another parking site, in order to generate pay-per-click revenue from advertising. The London Organising Committee of the Olympic Games and Paralympic Games Ltd (LOCOG) is licensed to use the International Olympic Committee's "LONDON 2012" Community and United Kingdom trade marks and the LOAR, a *sui generis* statutory right under the Act to prevent the use of any representation that is likely to suggest an association between the London Olympics and goods or services.

LOCOG sent a letter of demand to H&S Media, requesting that the domain name be transferred to LOCOG free of charge. H&S Media responded through Hossain Setareh, who stated that he was a director of H&S Media. He contended that the domain name was registered for personal use and intended for use it in a daily blog and as a "citizen journalist" during the London Olympics.

LOCOG lodged a domain name complaint with the World Intellectual Property Organization (WIPO) under the Uniform Dispute Resolution Procedure (UDRP). H&S Media did not respond.

## DECISION

The panel ordered that the domain name should be transferred to LOCOG.

### *Identical or confusingly similar*

It held that the addition of the word "my" did not detract from the overall significance of LONDON 2012 and that the domain name was therefore confusingly similar to LONDON 2012.

### *Rights or legitimate interests*

The panel accepted LOCOG's evidence that H&S Media was not commonly known by the domain name or using the domain name for a bona fide offering of goods or services, nor had it made any preparations to do so. Since it found no evidence of any nexus between the Respondent and the Olympics, the panel held that H&S Media had no rights or legitimate interest in the domain name.

### *Registration and use in bad faith*

Taken collectively, the panel found the following facts to be evidence that the domain name was registered and used in bad faith:

- H&S Media registered the domain name on the same day as the announcement that London was to host the 2012 Olympics, making it incredible that the registration was made without LOCOG's rights "at the forefront of its mind".
- H&S Media had no right to use the domain name to sell tickets or merchandise related to the London Olympics and this led to the inference that the domain name was acquired with a view to selling it, for more than mere out-of-pocket expenses, to LOCOG.
- On the balance of probabilities, the fact that H&S Media had directed the domain name to a pay-per-click site was the basis for an inference that it had registered and used the domain name in an intentional attempt to attract, for commercial gain, internet users by creating a likelihood of confusion within Paragraph 4(b)(iv) of the UDRP.

Accordingly, LOCOG had satisfied all three requirements of the UDRP and H&S Media, in choosing not to respond, had made no attempt to rebut LOCOG's evidence.

## COMMENT

Under the terms of the UDRP, if H&S Media had carried through its stated intention to use the domain name to host a blog about the 2012 Games, it would arguably have been entitled to keep the domain name as this would be "a legitimate non-commercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue" under paragraph 4(c)(iii).

## ACKNOWLEDGEMENTS

The European IP Bulletin is produced in association with

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