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COPYRIGHT

Robin Meakin v BBC: Television Programme Proposals, Format Rights and Conspiracy Theories

In a UK copyright case concerning TV game-show formats *Robin Meakin v British Broadcasting Corporation and others* [2010] EWHC 2065 (Ch), Arnold J granted the Defendants summary judgment and provided an overview of the approach the court will take in relation to the protection of TV formats. Essentially, the question was whether there was derivation—assessed on the basis of any similarities with and access to Mr Meakin's proposals—and whether there was reproduction of a substantial part. The court concluded that there was neither.

BACKGROUND

Robin Meakin alleged that the Defendants infringed his copyright in three short proposals for television game show formats that he submitted on separate occasions to the BBC, Celador and Zeal Television Ltd in November 2002, April 2003 and September 2003. Mr Meakin's claim related in particular to a programme broadcast by the BBC between 4 April 2004 and June 2005 entitled *Come and Have a Go … If You Think You Are Smart Enough* (CHG).

Mr Meakin's case was based essentially on claims that his proposals, in which subsisted literary and dramatic copyright, were the first to suggest that contestants at home and in the studio might use their telephones and/or other interactivity to build cumulative scores to win a prize in a live television quiz and that CHG, co-produced and transmitted by the BBC, was, in the words of the co-executive producer

…a fully interactive live quiz event which responds to the viewers' frustrations at being unable to take part. It allows them for the first time the chance to play the same game at the same time for the same big cash prize.

The Defendants applied for summary judgment dismissing all of Mr Meakin's claims.

DECISION

Arnold J stated that in order to have a prospect of success in his copyright claim, Mr Meakin must have a real prospect of success on each of two issues: derivation and reproduction of a substantial part. The judge was prepared, for the purposes of this hearing, to proceed on the assumption that copyright subsisted in the three proposal documents as a literary work and/or as a dramatic work (although the latter was disputed by the Defendants) and that Mr Meakin owned these copyrights.

The judge noted that Mr Meakin had *"*a number of goes at identifying similarities between his three proposals and CHG and the website*"* such as that the majority of questions were "general knowledge questions based on logic and questions based on stills, films and music footage" and that "in the final the contestants were able to confer with family and friends." Arnold J dismissed these alleged similarities and others like them as "very general similarities at a high level of abstraction".

The judge acknowledged that it is no answer to a claim for copyright infringement to say that what has been copied is not unique to the claimant. Nevertheless, in considering whether there are similarities that support the inference of copying, the fact that the similarities only exist at a high level of generality and are shared by works that preceded the copyright works relied upon, was material. The judge also considered that, even taken cumulatively, the similarities were insufficient to give rise to an inference of copying.

On the question of access, the judge concurred with the Defendants that Mr Meakin's case "amounts to a series of conspiracy theories". For example, Mr Meakin argued that the fact that one of the individual Defendants was employed first by Celador and then by the BBC was too much of a coincidence. However, there was no evidence to suggest that this employee ever saw Mr Meakin's proposals. The lack of evidence of access to the proposals by those who developed CHG at the relevant times reinforced the conclusion that Mr Meakin had no real prospect of establishing that CHG was derived from any of his proposals.

Arnold J accepted that it was not necessary for text to be copied in order for a claim for infringement of literary copyright to succeed. Even so, in his view, the similarities between his three proposals and CHG on which Mr Meakin relied, amounted to no more than general ideas at a fairly high level of abstraction and, moreover, commonplace ideas in the field of television game show formats. For these reasons and on the basis that there was no other compelling reason for trial, Arnold

J granted summary judgment in favour of the Defendants on the claims of copyright infringement.

Mr Meakin also brought a breach of confidence claim in relation to two unrelated games and a television programme said to be developed by Celador. However, the judge said that it was difficult to follow what Mr Meakin was complaining about. Accordingly, the allegations had no real prospect of success and the Defendants were also entitled to summary judgment.

COMMENT

Without the case proceeding to full trial, we still await a reasoned UK court decision concerning the protection of dramatic copyright in TV formats. However, the case is instructive for broadcasters and production companies in demonstrating the importance of maintaining strict internal procedures for the acknowledgment and return of original or other non-digital materials submitted, to ensure as far as reasonably possible the appropriate confidentiality under which any proposal was submitted.

TRADE MARKS

Companhia Muller de Bebidas v The Office of Harmonization for the Internal Market: Numerical Elements and Likelihood of Confusion

In *Companhia Muller de Bebidas v The Office of Harmonization for the Internal Market (OHIM)* T-472/08 3 September 2010 (unreported), following a detailed analysis of the distinctive and dominant elements of the Applicant's figurative mark "61 *a nossa alegria*" and a number of the Opponent's earlier trade marks incorporating the words "*cachaça* 51", the General Court overruled a decision of OHIM's Board of Appeal in finding some visual, conceptual and phonetic similarities between the numbers "51" and "61". Despite rather different figurative elements, taking into account the identity of the goods to which the marks related, the Court held that there was a real likelihood of confusion between the marks.

BACKGROUND

In December 2003, Missiato Industria e Comercio Ltda, a Brazilian company, applied to register the mark below as a Community trade mark (CTM) in Class 33 covering "alcoholic beverages (except beers)"

Companhia Muller de Bebidas, a Brazilian drinks company, opposed the application on the basis that there was a likelihood of confusion with a number of its earlier Portuguese, Danish, UK, Spanish and Austrian figurative marks incorporating the words "*cachaça* 51" for identical goods, including the following series of UK figurative marks in respect of "alcoholic beverages made of sugar cane".

The Opposition Division rejected the opposition. The First Board of Appeal dismissed Companhia Muller's appeal finding that the differences between the marks precluded any likelihood of confusion under Article 8(1)(b) of the CTM Regulation (40/94/EC, now 207/2009/EC). Companhia Muller appealed to the General Court arguing that the Board had misinterpreted Article 8(1)(b) and related case law and had not carried out the global assessment of the marks concerned in light of their distinctive and dominant elements.

DECISION

The General Court observed that, to assess the distinctive character of any element of a trade mark, it had to determine each element's capacity to identify the origin of the goods to which the mark related and whether the element was descriptive of such goods. The assessment had to be undertaken by examining each of the marks as a whole. However, the overall impression conveyed by the mark concerned could be dominated by one or more of its components.

Only if all other components of the mark were negligible could the assessment of similarity be carried out solely on the basis of a particular dominant element. However, if any particular element was considered not negligible, that did not automatically make it dominant. Similarly, if any particular element was considered not dominant, that did not automatically make it negligible.

Although the marks differed visually in their word elements and in their ornamental figurative elements, in the Court's view the marks coincided visually in the representation of a number comprising two digits, the second of which was identical. Further, in the figurative marks, the "51" and "61" were both represented in large characters, positioned centrally, in white against a dark background. This was sufficient to conclude that the Board had erred in finding that there was no visual similarity.

The Court found, that even though the marks differed phonetically in their word elements, on an analysis of the different ways in which each language pronounced the numbers "51" and "61", there was a certain similarity between the way the earlier marks and the application mark would be referred to orally. Accordingly, the Board had been wrong to find that there was no phonetic similarity between the marks.

The Court overturned the Board's finding that there was no conceptual similarity between the marks, holding that the numbers "51" and "61" were the most distinctive elements of the marks on account of their arbitrary nature in relation to the goods concerned, as they were not numbers that would be used commonly in relation to alcoholic beverages. The other elements were distinctive conceptually only to a low degree since they were highly suggestive of the goods. Even if the word "*cachaça*" in the Spanish, Danish, Austrian and UK figurative marks, was "fanciful" to consumers in these territories and therefore more distinctive, the conceptual similarity was still there, just slightly less strong in the case of those marks.

In undertaking its global assessment, the Court said that only secondary importance could be placed on the phonetic similarity between the marks, as the goods in question were often consumed in bars or restaurants as an ingredient in a cocktail and were not, therefore, always referred to by their own name, but by the name of the cocktail.

The Court decided overall that the figurative elements in the earlier marks did not have a specific conceptual value and that, as with the word elements "*cachaça*", "*pirassununga*" and "*a nossa alegria*" (for Portuguese consumers anyway), they had been designed to reinforce the impact of the numerical elements of the marks. These figurative elements were not, therefore, sufficient to rule out any likelihood of confusion. Even if the relevant public perceived certain dissimilarities between the marks, there was a real likelihood that they, or at the very least, the average Portuguese consumer, would establish a link between them in view of the similarities between the dominant numerical elements and the identity of the goods. Accordingly, the Court upheld Companhia Muller's appeal.

COMMENT

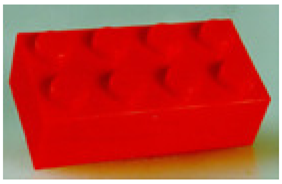
This case is a good example of how the global assessment test, taking all surrounding circumstances into account, is applied. However, the lack of importance placed by the Court on the varying figurative elements of the marks, which clients are often advised is the way to ensure that one mark is differentiated from another, is interesting and shows that a detailed consideration of the distinctive and dominant elements of a trade mark is crucial when assessing similarity and the likelihood of confusion.

Lego Juris A/S v The Office of Harmonization for the Internal Market: Three-Dimensional Mark and "Essential Characteristics Which Perform a Technical Result"

Confirming that a shape cannot be registered as a trade mark if all of its essential characteristics merely perform a technical function, the European Court of Justice (ECJ) in *Lego Juris A/S v The Office of Harmonization for the Internal Market (OHIM)* C-48/09 P 14 September 2010 (unreported), held that Lego's iconic three-dimensional trade mark for a red Lego brick was invalid under Article 7(1)(e)(ii) of Community Trade Mark (CTM) Regulation 40/94 EEC (now 207/2009/EC) because its shape is necessary to obtain a technical result.

BACKGROUND

Lego applied to register a red version of its four-by-two toy brick as a three-dimensional CTM in respect of "games and playthings", in Class 28



On the basis that it had acquired distinctive character, the mark was accepted for registration on 19 October 1999. Mega Brands applied for a declaration of invalidity, arguing that the registration was invalid, *inter alia,* because it was a sign that consisted exclusively of a shape that was necessary to obtain a technical result, contrary to Article 7(1)(e)(ii) of the CTM Regulation. In 2004, the Cancellation Division of OHIM declared the mark invalid. OHIM's Grand Board of Appeal and the EU General Court dismissed Lego's appeals. Lego took the case to the ECJ.

ECJ DECISION

Upholding the decisions of OHIM's Cancellation Board, the Grand Board of Appeal and the EU General Court, the ECJ emphasised that the purpose of Section 7(1)(e)(ii) of the CTM Regulation was to prevent granting to an undertaking a perpetual monopoly that would impair permanently the opportunity for competitors to market goods in a shape that incorporated the same technical solution. The ECJ held that a shape could not be registered as a trade mark if all its essential characteristics performed a technical function. While recognising that all shapes of goods were, to a certain extent functional, the ECJ found that the bar to registration only applied to signs that consisted "exclusively" of the shape of goods that were "necessary" to obtain a technical result. Therefore, the shape of goods would not be denied registration solely on the ground that it had functional characteristics. However, the mere presence of minor arbitrary elements in a three-dimensional design, the essential characteristics of which were dictated by the technical solution to which the sign gave effect, did not prevent a shape from being refused registration.

The existence of alternative shapes that could achieve the same technical result was not relevant in determining a shape's functionality. Once the essential characteristics of the goods were identified, it was only necessary to assess whether those characteristics performed a technical function. This could be assessed by taking into account documents relating to prior patents describing the functional elements of the shape concerned. OHIM's Grand Board of Appeal considered prior patents owned by Lego's predecessor in title, finding that the most important element of the Lego brick consisted of two rows of studs on the upper surface of the brick and that all other elements apart from its colour were functional. This assessment could not be reviewed by the Courts as Lego had not challenged the evidence.

COMMENT

The ECJ provided no guidance on the meaning of "essential" and "non-essential" characteristics or "minor arbitrary elements", which will make it difficult to assess whether a particular product shape will be granted trade mark protection. In practice, obtaining registration for a shape will remain difficult, leaving companies to explore possible alternative protection for a limited period through patents or designs. The basis of the decision lies, essentially, in the premise that if the mark were allowed to remain on the register, Lego would have succeeded in retaining a monopoly over the functionality of attaching one toy brick to another *via* the two rows of round studs on the upper surface of the brick which click into and interlock with the indentations on the underside of the brick above. Although Lego has reached the end of the road as far as trade mark law is concerned, the ECJ did leave Lego with some hope suggesting that the protection of Lego's brick lay not in trade mark law, but in national laws of unfair competition where applicable.

PARALLEL IMPORTS

Oracle America Inc (formerly Sun Microsystems Inc) v M-Tech Data Ltd: "Euro-Defences" at Least Arguable

In *Oracle America Inc (formerly Sun Microsystems Inc) v M-Tech Data Ltd* [2010] EWCA Civ 997, the Court of Appeal of England and Wales has overturned Mr Justice Kitchin's decision to grant summary judgment to Oracle America Inc in respect of its claim for registered trade mark infringement in relation to certain parallel imports made by M-Tech Data Ltd.

BACKGROUND

M-Tech imported into the United Kingdom from the United States 64 computer hardware disk drives that had Oracle's registered trade mark affixed to them. Oracle sued for registered trade mark infringement and sought summary judgment (the application being heard by Kitchin J), putting forward evidence showing that the drives had not been placed on the market in the European Economic Area (EEA) by Oracle, or with its consent.

M-Tech sought to rely upon defences based upon Articles 28, 30 and 81 EC (now Articles 34, 36 and 101 of the Treaty of the Functioning of the European Union). M-Tech alleged that an independent trader in secondary Oracle goods (*i.e.,* one that was not a dealer authorised by Oracle) could not tell whether a particular secondary Oracle product had or had not been previously placed on the EEA market by Oracle, or with its consent. However, Oracle and its authorised dealers could. This was said to be due to the way in which Oracle had marked the goods. M-Tech also said that Oracle had a policy of vigorously enforcing its rights against any independent trader discovered to be selling Oracle hardware that was not put on the EEA market by Oracle, or with its consent. These factors were said by M-Tech to have the effect of shutting down the independent sector of the secondary market and were contrary to both Articles 28 and 30 EC.

The second Euro Defence was based upon Article 81 EC. M-Tech contended that agreements made between Oracle and its distributors contained a term that prevented those distributors from buying Oracle hardware from independent distributors, unless such hardware could not be supplied within the authorised Network. This, said M-Tech, had the effect of restricting or distorting competition in the secondary market and that Oracle's policy on enforcement of its trade mark rights only had the effect of re-enforcing such agreements.

For the purposes of the summary judgment application, Kitchin J assumed the factual basis upon which M-Tech's submissions were founded.

DECISION AT FIRST INSTANCE

Kitchin J found that M-Tech's defence would have involved reading a further exception to Article 5 of the Trade Mark Directive (The Directive) (Directive 2008/95/EC). The further restriction would have been to the right to prohibit the use of the mark in circumstances where the exercise of the right may affect the free movement of goods between Member States. However Kitchin J found that this was exactly what the Community legislators had chosen not to do and that the legislators had expressly given trade mark proprietors the right to control the first marketing of good bearing their registered marks within the EEA.

On Article 81, Kitchin J found that, even if the agreements entered into with distributors did restrict or distort trade, the disappearance of the independent secondary market was not attributable to the network of agreements, but to the inability of independent traders to ascertain the provenance of the Oracle hardware.

COURT OF APPEAL DECISION

Articles 28 and 30 EC

The Court was referred to European Court of Justice (ECJ) case law concerning repackaging, where the earlier equivalents of Articles 28 and 30 were found to apply to a restriction imposed by a trade mark owner on the repackaging of its goods which were subsequently marketed with its consent, in the European Union. The Court found that these cases did not state that freedom of movement rules only applied to such cases. The Court also found that other authorities it was referred to (such as Zino Davidoff SA v A&G Imports [2002] cases C-414 to 416/99 Ch 109) could not be used to exclude the applicability of Articles 28 and 30 EC, as the point did not arise in these cases. It was therefore arguable that Article 5 of the Directive did not exclude defences based upon Article 28 and 30 EC.

The Court of Appeal also noted that there was no case directly on the question of whether trade mark proprietors not supplying information on the provenance of its goods and/or vigorously pursuing litigation against parallel importers would constitute measures "having equivalent effect" and, if so, whether such measures would qualify the trade mark rights conferred by Articles 5 and 7 of the Directive. The Court of Appeal therefore decided that it was at least arguable that Articles 28 and 30 could apply in such circumstances.

Article 81 EC

M-Tech argued that, for the purposes of using Article 81 as a defence to trade mark infringement proceedings, it was sufficient to rely on the fact that the aim of the terms agreed by Oracle with its authorised distributors and re-sellers was to eliminate unauthorised secondary trade. Again, the Court relied upon the same assumed facts as Kitchin J. In contrast to Kitchin J's finding, the Court of Appeal decided that a connection was at least arguable. It also said that there was no authority from the ECJ stating that Article 81 cannot be used as a defence in trade mark cases.

COMMENT

This is a case to watch for the future, particularly for rights holders and traders involved in the secondary goods market. As the Court of Appeal noted, the outcome of this case clearly has important financial and economic implications, not just for the parties but also for others involved the secondary market in other goods.

COMMUNICATIONS AND NEW MEDIA

BIS Consultation on Implementing the Revised EU Electronic Communications Framework

The UK Department for Business Innovation and Skills (BIS) has launched a consultation on its proposals for implementing the revised EU Electronic Communications Framework.

BACKGROUND

In 2002, EU Member States reached agreement on a regulatory Framework for electronic communication networks and services, which would apply to all Member States. The Framework was amended subsequently in November 2009, following two years of negotiations.

The revised Framework seeks to enhance competition in the communications sector. The regulatory powers of Member States, national regulators, and the Commission itself are being extended, particularly with regard to consumer protection, e-privacy, and security. The Commission has also been granted new powers of scrutiny over regulators' decisions on how they regulate their national markets; in addition to new powers to issue harmonising recommendations and, in some cases, binding decisions.

The enforcement powers of national regulatory authorities (NRAs) are also to be enhanced. In addition, the Framework strengthens consumer rights, through new provisions intended to ensure that consumers are better informed about supply conditions and tariffs and allow them to switch providers more easily.

The amendments to the E-Privacy Directive (2002/58/EC) include

- Changing the requirement for storing and accessing cookies on a user's computer from a "right to refuse" to obtaining informed consent, although consent is not required when the cookie is "strictly necessary" to deliver a service that has been requested explicitly by the user.

- The introduction of a duty on providers of electronic communications services to notify personal data breaches to the relevant NRA, the Information Commissioner's Office (ICO) in the United Kingdom, and in certain circumstances to notify the data subject.

- A requirement to have an effective and dissuasive enforcement and penalties regime, including criminal penalties where appropriate, for breaches of the Directive.

COMMENT

The BIS acknowledges the efforts of industry to educate consumers about cookies and encouragingly states that it supports efforts towards self-regulation. However, the copy out approach to implementation, an approach adopted for the whole Directive, takes us little farther forward and all eyes remain fixed on the ICO and any guidance it may issue.

Online Infringement of Copyright Cost Sharing: UK Government Decision

The Digital Economy Act (DEA) created an anti-piracy notification scheme allowing copyright holders to report suspected infringers to their Internet Service Providers (ISPs). The UK Government has decided that ISPs are to share 25 per cent of the costs of running this scheme, including Ofcom's costs, with copyright holders bearing the remaining 75 per cent.

BACKGROUND

The DEA introduces new sections into the Communications Act 2003, imposing obligations on ISPs, known as "initial obligations". The first of these is to notify subscribers if the IP addresses associated with them are reported by copyright owners as being used to infringe copyright. The second is to monitor the number of reports about each subscriber and, on request by a copyright owner, compile on an anonymous basis a list of those subscribers who are reported on by the copyright owner above a threshold set in an initial obligations code. After obtaining a court order to obtain personal details, copyright owners will be able to take action against those included in the list.

GOVERNMENT DECISION ON COSTS

The notification costs of ISPs and Ofcom as regulator are to be split 75:25 between copyright owners and ISPs. The regulator costs also include the costs related to the appeals system. There will be no fee for subscribers to appeal against a notification letter. However, the Government retains the power to introduce one at a later date, should it become clear that a large number of vexatious appeals result.

COMMENT

The Government's decision has met with resistance from both right holders and ISPs. Right holders wanted the costs of detection included in the cost sharing arrangement and ISPs have complained that they are required to pay for a system that only benefits right holders.

The decision on costs will now be notified to the European Commission before being introduced in Parliament as a Statutory Order. Ofcom's Initial Obligations Code will implement the notifications process and will also reflect the decision on costs. This will come into force in the first half of 2011, somewhat later than envisaged originally.

E-COMMERCE, IT AND BANKING TECHNOLOGY

European Commission Consultation on the Future of Electronic Commerce

Electronic commerce amounts to less than 2 per cent of total retail service sales in the European Union. Because of this, the European Commission launched a public consultation on the future of electronic commerce in the internal market and the implementation of the Directive on electronic commerce (2000/31/EC), aimed at identifying obstacles to the development of e-commerce and evaluating the impact of the E-commerce Directive. Taking into account the responses received, the Commission intends to issue a Communication on E-commerce in the first half of 2011.

The aim of the E-commerce Directive was to assist in establishing providers of information society services (any service normally provided for remuneration, at a distance, by electronic means and at the individual request of a recipient of services) and the cross-border provision of online services in the internal market. The Commission aims to study the reasons for limited take-up of electronic commerce, seeking views on

- The level of development of information society services.
- Issues concerning derogations from the internal market clause.
- Contractual restrictions on cross-border online sales.
- Cross-border online commercial communications, in particular for the regulated professions.
- The development of online press services.
- The interpretation of the provisions concerning the liability of intermediary information society service providers.
- The development of online pharmacy services.
- The resolution of online disputes.

THE DEROGATION PROVISION

The country of origin principle provides that each Member State must ensure that the information society services provided by a service provider established on its territory complies with the national provisions applicable in the Member State in question, even if the services are provided in another Member State. Under Article 3(4) Member States may, under certain conditions, derogate from this principle to protect interests—such as public policy, health and safety—or consumers. The Commission seeks views on whether derogation has led to discrimination or restricted the supply of professional services and whether the exemption covering contractual obligations relating to contracts concluded by consumers is still useful, in light of the Community and national law protecting consumers that now exists. The Commission also asks whether the purchase and sale of copyright-protected works subject to territorial rights and the territorial distribution of goods protected by industrial property rights, encourages or impedes cross-border trade in information society services.

ONLINE PRESS SERVICES

The Commission asks whether regulation of advertising contracts requires an adaptation in the virtual world and whether it is necessary to ensure more transparency on the origin of the contents presented by news aggregators.

INTERMEDIARY LIABILITY

The Commission also aims to assess the inconsistencies in interpretation and application of the provisions on intermediary liability in Articles 12 to 14. In particular, the consultation seeks feedback on the efficacy of notice-and-take-down, and the application of the liability regimes to hyperlinks and search engines, as well as to Web 2.0 and cloud computing.

COMMENT

After the Communication, the Commission will assess possible changes to the Directive. These may include dropping the business-to-consumer contractual obligations exception to the country of origin principle and clarification of the circumstances in which search engines will be entitled to safe harbour protection. There is also likely to be debate over the need to prescribe a notice-and-take-down procedure.

ENTERTAINMENT AND MEDIA

Experience Hendrix Llc v Times Newspapers Ltd: Damages and The IP Enforcement Directive.

In September 2006, *The Sunday Times* issued a free CD (covermount) containing recordings of songs performed at the Royal Albert Hall (RAH) in 1969 by the Jimi Hendrix Experience. Experience Hendrix Llc, which asserted copyright in the recordings, became aware of the proposed covermount some days before it was due to be distributed with *The Sunday Times* and sought an undertaking that it would not be issued. Times Newspapers Ltd claimed to have a valid licence, acquired *via* Charly Acquisitions, to make and distribute the covermount and refused to give the undertaking.

Distribution of the covermount led to a delay, estimated to be 27 months, of the launch by Experience Hendrix of a film project. Experience Hendrix sought compensation for damage suffered on a worldwide basis as a result of the delay: *Experience Hendrix Llc v Times Newspapers Ltd* [2010] EWHC 1986 (Ch).

The judge held that “if there had been no infringing covermount, the earliest likely date for the release to the public of the film and accompanying CDs and DVDs would have been September 2007”. The judge stated that if the Claimants had proceeded with reasonable diligence to complete the film and sign up to a distributorship agreement to bring the project to its public launch, in the discharge of their duty to mitigate their losses, launch could have been achieved by September 2008, a delay of 12 months from the date on which the launch would have taken place, but for the dissemination of the covermount.

The judge rejected Times’ contention that if the suspension of the project was justified because of the distribution of the covermount, then that suspension should have been confined to the United Kingdom, finding that Experience Hendrix was not in any way to be considered the author of its own loss because it suspended the project worldwide and not just in the United Kingdom and that its damages were not to be reduced on that account. He held that there may not exist in some jurisdictions covered by the claims any rights equivalent to the UK rights on which Experience Hendrix based its claims in the United Kingdom. However, whether or not such overseas rights existed was immaterial to the recoverability in principle of the losses which Experience Hendrix said were caused by Times’ infringement of its UK protected assets.

LEGAL PROFESSIONAL PRIVILEGE

Akzo Nobel Chemicals Ltd v European Commission: Exchanges Between In-House Lawyers and Their Employers

In *P Akzo Nobel Chemicals Ltd and Akcros Chemicals Ltd v European Commission* C-550/07, the European Court of Justice (ECJ) has dismissed an appeal by Akzo Nobel Chemicals Ltd and Akcros Chemicals Ltd against the decision of the General Court in 2007 that advice given by an in-house lawyer is not protected by legal privilege in EU competition cases.

BACKGROUND

In 2003, the Commission ordered Akzo and Akcros to submit to an investigation of possible anti-competitive practices. The Commission attended their offices and seized various documents, including two e-mails between the Director General of Akcros and a Dutch lawyer—a member of the Netherlands Bar—employed in the legal department in the United Kingdom.

In 2007, the Court of First Instance, as it then was, found these emails did not attract legal privilege because the lawyer in question was in-house. Akzo and Akcros appealed this finding to the ECJ.

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DECISION

Akzo and Akcros made a substantial number of arguments before the ECJ on the question of legal privilege. In summary, the ECJ considered that, despite an in-house lawyer's membership of the Bar or Law Society and the professional ethics codes to which he/she is bound, an in-house lawyer does not enjoy the same degree of independence from his/her employer client as a lawyer working in an external firm does in relation to the client. In particular, the ECJ said, an in-house lawyer, because of his/her position as an employee of the client, could not ignore the commercial strategies pursued by the employer and this necessarily affected his/her ability to exercise professional independence.

Further, as the original Court had found, there was still a large number of Member States that excluded correspondence with in-house lawyers from protection. Some Member States did not even permit in-house lawyers to be admitted to a Bar or Law Society and, accordingly, did not recognise them as having the same status as lawyers working in private practice. Accordingly, the appeal failed.

COMMENT

Although this decision only applies to the status of documents available to the Commission when carrying out investigations in cases of alleged infringement of competition law, the decision has wide implications, as the categories of documents relating to potential breaches of competition law are several and varied. Companies will now always have to consider whether the advice they are seeking could be seen as relevant to a competition point of law if they wish to keep any such advice privileged.

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