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COPYRIGHT

Copyright Designs and Patents Act 1988 (Amendment): PPL Licence Exemptions Abolished

The Copyright Designs and Patents Act (CDPA) 1988 (Amendment) Regulations 2010/2694 has abolished, as of 1 January 2011, exemptions in the CDPA that allowed charitable and not-for-profit organisations to play recorded or broadcast music in public without obtaining a PPL licence.

BACKGROUND

Under the CDPA, two licences are required for the playing or performance of music in public. One covers the rights of composers and lyricists, administered by the Performing Rights Society (PRS) for music and the second covers the rights of performers and record producers and is administered by Phonographic Performance Ltd (PPL). Sections 67 and 72 of the CDPA provided for two exemptions in relation to the PPL licence, which enabled charities and not-for-profit organisations to play copyright protected sound recordings in public without paying a licence fee if certain conditions were met. There were equivalent exemptions for performers' rights in paragraphs 15 and 18 of Schedule 2 CDPA.

The Intellectual Property Office ran a consultation in 2008 in response to concerns over the ambit of the exceptions. In particular, PPL argued that its members were entitled to equitable remuneration from organisations that are currently exempted by Sections 67 and 72 and the provisions in Schedule 2 CDPA and that these exemptions were in breach of Article 8(2) of the Rental and Lending Directive (2006/115/EC) which provides for a minimum requirement of right to equitable remuneration for copyright owners. The IPO's preferred option on consultation was to remove the exemptions.

THE NEW REGULATIONS

The new Regulations remove the current exemptions entirely, giving rights holders represented by PPL the exclusive right to license use of their members' music across the areas that are exempt currently.

The Regulations implement the Directive insofar as the repeals of Sections 67 and 72(1B)(a) give copyright owners an exclusive right over use of their works, rather than a right to equitable remuneration. In the Explanatory Memorandum to the Regulations, the IPO states that this implementation is consistent with previous implementation of Article 8(2) in the United Kingdom for copyright sound recordings and as such provides the same treatment as for other copyright works.

COMMENT

The IPO is confident that the introduction of an exclusive right will not mean higher royalty charges by rights holders. In this respect, PPL has agreed to match the voluntary exemptions that PRS offers (including patient areas of hospitals, divine worship and civil registration services) and to fund an independent complaints reviewer. PPL will also operate a joint licensing system with PRS so that both licences will be obtained through a single application.

The Newspaper Licensing Agency Ltd v Meltwater Holding BV: Online Commercial Media Monitoring Services and The End User Licence Debate

This ruling from Mrs Justice Proudman confirms that businesses using an online commercial media monitoring service require a licence from the Newspaper Licensing Agency Ltd. This is because, when they receive email alerts containing headlines and extracts from newspaper articles, they effectively make copies of such headlines and extracts on their computers.

THE MELTWATER SERVICE

Meltwater monitors a wide range of websites, including those of newspaper publishers. Users can search for a particular term and are provided with the results in the form of a report, which is either emailed to the user or accessible *via* Meltwater's website. The report includes a hyperlink to each relevant article, comprising a citation of the article's headline, and an extract showing the context of the search term reported.

The Newspaper Licensing Agency Ltd (NLA) claimed that provision and use of the Meltwater service were subject to an NLA licence. Meltwater referred the dispute to the Copyright Tribunal to determine licence terms that were reasonable. As the Tribunal decision is still pending, the current proceedings were stayed against Meltwater, but were continued in respect of the third Defendant, Public Relations Consultants Association Ltd (PRCA), which represents the interests of its UK public relations members, who are, effectively, the end users of Meltwater's service.

NLA argued that, in the absence of an end user licence, Meltwater's customers were infringing copyright in the newspaper publishers' headlines, and/or articles, and/or databases.

DECISION

Whether the headlines constituted copyright works was both a question of whether they were independent works or protected as a substantial part of the article. Proudman J noted that recent European Court of Justice (ECJ) case law makes this distinction irrelevant and found accordingly that headlines were capable of being literary works, "whether independently or as part of the articles to which they relate".

In relation to whether the extracts provided in the report were a "substantial part" of the original articles, in Proudman J's view, the effect of ECJ case law was that "even a very small part of the original may be protected by copyright if it demonstrates the stamp of individuality reflective of the creation of the author or authors of the article".

On this analysis, Proudman J concluded that because end users effectively copied headlines and extracts onto their computers whenever they received the Meltwater email report, there was *prima facie* infringement. Neither the temporary copying or fair dealing defences would apply.

COMMENT

The judgment has left a number of questions unanswered The judge did not give a definitive ruling as regards end users of the Meltwater service accessing articles on the publishers' websites *via* the Meltwater hyperlinks. It is also not clear whether the accessing by commercial users of articles on a newspaper publisher's website directly (without going *via* a media monitoring service) is copyright infringement.

ITV Broadcasting Ltd v TV Catch Up Ltd: Communication to The Public of a Broadcast

Refusing the Defendant's application for summary judgment in *ITV Broadcasting Ltd v TV Catch Up Ltd* [2010] EWHC 3063 (Ch), Mr Justice Kitchin has held that, as regards broadcasts, the meaning of communication to the public within Section 20 of the Copyright Designs and Patents Act 1988 is not limited to broadcasts but extends to all communications by electronic means, whether one-to-one or one-to-many. As such, ITV, Channel 4 and Channel 5 had a real prospect of proving at trial that the Defendant's "catch-up TV" service infringed the copyrights in broadcasts of television programmes by converting them to a flash stream accessible to members signed up to receive the stream through the Defendant's website.

BACKGROUND

TV Catch Up Ltd operates a website that allows members of the public to watch live UK television, including the Claimants' channels, on their computers, iPhones and games consoles. Users must first become members of this service and thereafter can select from over 50 channels by clicking the appropriate icon. They are then taken to a new screen on which the Defendant provides a stream of the programme being broadcast on that channel. The Defendant makes its money from advertisement shown before the selected programme.

For the purposes of the application before Mr Justice Kitchin, there was no dispute that the Defendant's service operated in the following way:

- Ordinary domestic aerials are set up to receive UK free-to-air broadcasts.
- These aerials are connected to a cluster of servers, each containing a television tuner card which acts as a decoder; this converts the broadcast signal into an audiovisual data stream which is then sent to second cluster of servers.
- The second cluster of servers convert the data stream into a format (called a flash stream) suitable for delivery by the internet; the flash stream is sent to a third set of servers called the streaming servers.
- When a member clicks on a channel on the Defendant's website, his computer or other device connects to one of the streaming servers and receives a flash stream of all the programming on the channel he has selected.

ISSUES

The Claimants alleged that the Defendant had infringed the copyrights in their broadcasts by communicating those broadcasts to the public by electronic transmission within the meaning of Section 20 of the Copyright Designs and Patents Act (the Act), but, admitted that the Defendant's transmissions were not in themselves broadcasts (within the meaning of Section 6 of the Act) and that the Defendant had not made the Claimant's broadcasts available to the public in such a way that members of the public may access them from a place and at a time chosen individually by them. The Claimants however maintained that the Defendant's service still involved a communication of the Claimant's broadcasts to the public by electronic transmission and as such fell within the scope of Section 20 of the Act

The Defendant submitted that this contention had no real prospect of success, and applied for summary judgment that the claim against it be struck out.

THE DECISION

Mr Justice Kitchin began his consideration of the application with an interpretation of Article 3 of Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 (The Information Society Directive). The judge found that the right of communication of a work to the public must be interpreted broadly so as to cover all communication to the public not present where the communication originates. He

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also found that such communication includes (but is not limited to) broadcasting and access on demand.

While the judge noted that the Act specified only two ways in which communication may take place (broadcasting the work and making the work available by electronic transmission on demand), he did not see this as being limited to these two particular acts. In his judgment he found that it covered all other acts that would constitute communication to the public of the work by electronic transmission.

The Defendant nevertheless argued that one cannot communicate a broadcast other than by means of a mode of delivery that has the characteristics of a broadcast. These characteristics include transmission for simultaneous reception by members of the public, that is to say "one-to-many". By contrast, the Defendant's transmission was "one-to-one". So, the Defendant argued, whatever might be the scope of Section 20 in relation to other categories of work, in the case of a broadcast it was limited to the single restricted act of broadcasting.

Kitchin J did not agree. He felt that the Defendant's argument confused (a) the protected work with (b) the restricted act. These were different. There was no requirement that the copy itself must be broadcast. Indeed, it might be no more than a photograph (Section 17(4)). Thus, the Claimants' case could not be defeated by the fact that the Defendant's transmissions were not broadcasts. The Defendant's application for summary judgment was therefore dismissed.

COMMENT

The key to Kitchin J's decision is a separation of the protected work from the restricted act, and a broad interpretation of the restricted act where the strict wording of Section 20 of the Act only includes two methods by which communication may be effected.

Recital 23 to the Copyright Directive states that the right of communication to the public "should be understood in a broad sense covering all communication to the public not present at the place where the communication originates". With *SGAE v Rafael Hoteles SA* endorsing the proposition that the right of communication to the public must be interpreted broadly affording a "higher level of protection" to rights holders, the right was interpreted to cover any transmission or retransmission of a work to the public by wire or wireless means, which of course included (but was not limited to) broadcasting.

TRADE MARKS

La Chemise Lacoste SA and Baker Street Clothing Ltd (ALLIGATOR): Word and Device Marks, Conceptual Similarity and Likelihood of Confusion

In *La Chemise Lacoste SA and Baker Street Clothing Ltd (ALLIGATOR)* BL 0-333-10 16 September 2010, Geoffrey Hobbs QC allowed an appeal by Baker Street Clothing Ltd in respect of its opposed applications to register the word ALLIGATOR as a UK trade mark.

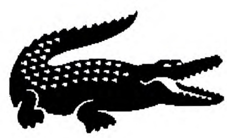
The application for ALLIGATOR was opposed by Lacoste SA on the basis of its earlier Community and UK registered device marks featuring the well-known Lacoste crocodilian image. The opposition succeeded on the ground of likelihood of confusion arising between the earlier device marks and the ALLIGATOR word mark. Mr Landau considered that "the average relevant consumer will believe that goods and services sold under the respective trade marks emanate from the same or an economically linked undertaking".

On appeal, Mr Hobbs QC overturned that decision, finding that the marks were not linkable by any conceptual similarity and accordingly, there was no likelihood of confusion between them.

BACKGROUND

Baker Street submitted two applications to register the word ALLIGATOR as UK trade marks in Class 25 (covering, amongst others, "articles of sports clothing; headgear; sweatshirts, rugby tops etc") and Class 35 (covering, amongst others, "the bringing together for the benefit of others, of goods, namely articles of sports clothing, headgear, caps and hats etc").

Lacoste opposed the applications under Sections 5(2)(b), 5(3), 5(4)(a) and 56 of the Trade Marks Act 1994. In support of its oppositions, it relied on its UK and Community Trade Marks for a crocodilian device (one of which is depicted below) in various Classes, including Class 25 for "clothing, footwear, headgear".



HEARING OFFICER'S DECISION

The oppositions succeeded under Section 5(2)(b) of the Act on the basis of likelihood of confusion. The hearing officer did not separately assess Lacoste's oppositions under Sections 5(3) and 5(4)(a) of the Act, deciding that the outcome of the oppositions would be the same under Sections 5(3) and 5(4)(a) as under Section 5(2)(b). The evidence had shown the crocodilian device to be linked inextricably to the Lacoste name. There was no visual or aural similarity between the marks, but the conceptual link between them was such as to give rise to a likelihood of confusion. This was based on his finding that, on seeing the crocodilian device, the average consumer would convert it into a word and store it in the memory as a word as well as an image.

APPEAL DECISION

In the opinion of Mr Hobbs QC, the question of whether there were similarities between two marks was not the same as whether the similarities between them were sufficient to justify a refusal of registration under each of the pleaded sections of the Act: each provision imposed different, specific criteria. Accordingly, each ground of opposition should have been dealt with separately on its own merits. As for the appeal, there was no application to reopen the oppositions on the grounds of Sections 5(3) or 5(4)(a) and the appeal was therefore confined to assessing the decision based on Section 5(2)(b) only.

Undertaking a global assessment of the marks in question, Mr Hobbs QC noted that he had to give as much or as little significance to each of the visual, phonetic and conceptual similarities between the marks as an average consumer of the relevant goods would have attached to them at the date of the application. Further, depending on the strength of each of them, each could diminish the significance of the others.

There was obviously no visual or phonetic similarity between the marks. As for conceptual similarity, he noted that a concept was not a sign capable of being protected as a registered trade mark: regard must be had to the distinctive character of the mark in question. If the average consumer were to perceive and remember the marks on the basis that Lacoste's crocodilian device represented a reptile of the type to which Baker Street's word mark referred, it would be correct to say that the visual dissimilarity between the marks was moderated by a degree of conceptual similarity.

However, he did not think that a finding of conceptual similarity could be based realistically on a thought process that would not occur naturally to the relevant average consumer. In that connection it had to be remembered that people do not normally engage in extended thought processes about trade marks, nor do they pair them together or match them. The evidence on the file did not actually establish any significant likelihood of consumers reacting any differently.

Mr Hobbs QC agreed that the crocodilian image was linked inextricably with the "Lacoste" name. In fact, he said, this was so much the case that the word most likely to be applied to the image was the "Lacoste" name, rather than the word for a particular reptile.

Further, use of the word mark ALLIGATOR would naturally be perceived and remembered as an allusion to alligators in general, not to the particular Lacoste device. Pairing and matching the word mark with the particular Lacoste image was, therefore, "… a process of analysis and approximation that the relevant average consumer would not naturally be concerned to engage in".

Therefore, Mr Hobbs QC decided, the marks were not linkable by any conceptual similarity of which the relevant average consumer was likely to take cognisance.

Mr Hobbs QC went on to examine the position on the basis of the visual dissimilarity and decided that the evidence on file did not establish that the word mark ALLIGATOR had the power to trigger perceptions and recollections of the distinctive crocodilian image with any degree of spontaneity or specificity. In any event, he noted, Lacoste had not adduced any evidence in support of this important point. On that basis, he could not see any ground for regarding the marks as sufficiently similar to result in anything more than "a loose, general and non-confusing association between them" and he allowed the appeal.

National Guild of Removers & Storers Ltd v Christopher Silveria: Damages Assessed on Tthe "User" Principle

In *National Guild of Removers & Storers Ltd v Christopher Silveria* [2010] EWPCC 15, His Honour Judge Birss QC, sitting in the Patents County Court, has found that damages assessed on the "user" principle are available in cases of trade mark infringement and passing off in the same way as in patent infringement cases. In other words, there is no need for any lost sales to have occurred; damages can be assessed by reference to the amount the infringer would have had to pay in fees to the trade mark proprietor had the infringer acquired the rights to use the name or trade mark in question lawfully (*i.e.,* a reasonable royalty basis).

BACKGROUND

The National Guild of Removers and Storers, the regulatory trade association body for members of the removals and storage industry, issued proceedings in the Patents County Court against four separate traders in the removals industry for trade mark infringement and passing off arising from their use of the Guild's name and/or registered trade marks in their advertising literature and/or websites, when either their membership of the Guild had expired, or, as in the case of Mr Silveria, they had never been a member of the Guild in the first place.

The benefits of membership of the Guild included a licence of the Guild's trade marks so that the member could use the marks in their advertising to boost their image and reputation. The rules also included provisions dealing with termination and for a licence fee to be payable for continued use of the marks post-termination, for example where an annual publication such as a commercial directory remained current during a year in which membership had terminated.

Judgment in default of acknowledgment of service and/or defence was given in each of the four cases and, in each case, an inquiry as to damages was ordered with directions for disclosure and service of evidence. None of the Defendants complied with the directions, nor did they play any part in the inquiry as to damages. Further, none of them appeared or were represented at the hearing before HHJ Birss QC.

The question before HHJ Birss QC was whether damages on the "user" principle were recoverable in cases of passing off and trade mark infringement and, in the event that they were, what such damages should amount to for each Defendant.

DECISION

After clarifying the Patents County Court's jurisdiction in matters of trade mark and passing off, the judge noted that the damage suffered by the Guild was not as a result of sales lost to the Guild in consequence of the Defendants' actions, but was, in financial terms, the loss of the royalty the Guild should have been paid in return for use of its name and/or trade marks by the Defendants.

HHJ Birss QC decided such damages were recoverable for passing off and trade mark infringement, but because "the matter is not free from doubt", he set out his reasoning for that conclusion.

He noted first that, in patent cases, there was no doubt that such damages, assessed on a "user" principle, *i.e.,* as a reasonable royalty for the unlawful use of a claimant's property, were recoverable. However, there were trade mark cases where the court had decided that damages calculated on that basis were not available (see *Dormeuil Freres v Feraglow* [1990] RPC 449, which is cited in *Kerly's Law of Trade Marks and Trade Names* (14th Ed), in support of the proposition that it has been doubted that the "user" principle is applicable to trade marks).

However, HHJ Birss QC said, in *Blayney v Clogau St Davis Gold Mines* [2002] EWCA Civ 1007, the Court had rejected the submission that damages on the "user" principle could not extend from patents to other forms of intellectual property.

Finally, in *Irvine v Talksport* [2003] EWCA Civ 423, the Court of Appeal of England and Wales had held that the "user" principle was also applicable in passing off cases and awarded damages that represented a reasonable fee, assessed by asking what was the fee the Defendant would have had to pay in order to obtain lawfully that which it had obtained unlawfully. In HHJ Birss QC's view, this should, logically, be extended to registered trade mark infringement cases.

In HHJ Birss QC's words:

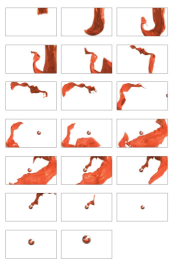
In my judgment, as a matter of principle, where a defendant uses a mark without permission and thereby infringes a registered trade mark or commits an act of passing off, that act is capable of damaging the claimant's property in the mark … or property in the goodwill attaching to his business. That is so whether or not a lost sale has taken place. It is the same kind of damage as the damage to a patent monopoly caused by an infringing sale which is not a lost sale to the patentee and for which a reasonable royalty is payable … Thus there is no reason in principle why damages should not be available, calculated on a "user" basis for trade mark infringement and for passing off.

COMMENT

Put simply, the decision is a useful and reasoned clarification of this point.

Sony Ericsson Mobile Communications AB v OHIM: Movement Mark and Graphic Representation

Sony sought to register the mark illustrated below as a Community Trade Mark (CTM), filing during prosecution a written description of the mark's movement.



The application was refused by the examiner for the Office for Harmonization in the Internal Market (OHIM) for non-compliance with Article 7(1)(a) of the CTM Regulation, since she considered that it was impossible to grasp the movement of the mark from the images shown. Further, she held that the images did not show a clear and unambiguous sequence of movement, but instead isolated fragments. In this sense, she determined that it was not clear how the movement progressed and how one image led to the next.

In spite of Sony filing a further, more detailed written description of the mark and the movement involved, the examiner rejected the application. In addition to her previous objections, she referred to the criteria for assessing a mark's capacity to distinguish set out in *Dyson Ltd v OHIM* C-321/03 [2007] ECR I-693. She noted that no mention was made of certain stills in the amended description and that the description did not assist greatly in comprehending the movement. Instead, she held that the Applicant had provided a collection of stills that were not capable of conveying a tangible movement.

DECISION

OHIM's Second Board of Appeal held that where a sign was defined by both the graphic representation and the textual description, in order for the representation to be clear, precise, intelligible and objective, the description must coincide with what could be seen in the representation.

The Board noted the objections of the examiner, but taking into account the flip book submitted by Sony in evidence (which it noted the examiner could have constructed herself), any possible gaps in the progression of the movement between the stills disappeared and the movement became clear.

In any event, the Board held that, leaving aside the flip book and concentrating on the stills, in conjunction with the description, the movement was, in fact, quite clear and the counter clockwise sequence of the motion was not that difficult to follow based on the description given. Accordingly, it held that the representation and the description were compatible and complementary.

The Board annulled OHIM's decision for inconsistency with its general practice and an incorrect application of Articles 4 and 7(1)(a) of the Regulation, and remitted the case back to the examiner for further prosecution.

Codorniu Napa Inc v OHIM: Figurative Marks, Wine and Likelihood of Confusion

In *Codorniu Napa Inc v the Office for Harmonization in the Internal Market (OHIM)* T-35/08 23 November 2010 (unreported). The EU General Court has found a likelihood of confusion between two figurative marks on the basis of the strong phonetic similarity of the word components ARTESA and ARTESO and the fact that the marks related to identical goods, namely wine, which would commonly be referred to by the average consumer verbally.

BACKGROUND

Codorniu Napa Inc applied to register the following mark as a Community Trade Mark (CTM) in Class 33, covering "wines produced and bottled in Napa Valley (California, USA)".

Bodegas Ontañón SA opposed the application under Article 8(1)(b) of the CTM Regulation (40/94/EC), relying on its earlier figurative CTM depicted below, covering "alcoholic beverages (except beers)" and on its earlier Spanish word mark for LA ARTESA covering "wines, spirits and liqueurs", both in Class 33.

OHIM's Opposition Division upheld the opposition on the sole basis of a comparison between the figurative marks. Following an unsuccessful appeal to the Fourth Board of Appeal, Codorniu Napa appealed to the General Court.

DECISION

It was common ground that the goods concerned were identical and the relevant public was the average European consumer.

The General Court emphasised that, in the case of composite marks, undertaking a global assessment had to be made by examining each of the marks as a whole. An assessment could be carried out solely on the basis of the dominant element only in circumstances where all other components were negligible.

Visual Similarity

The Court noted that it was not always the word element that should be considered dominant in a composite mark finding that

The figurative elements, in particular the shape, size and colour, placed above the word elements, clearly have a part in determining the image of each of the marks at issue which the relevant public retains, such that they cannot be ignored when those marks are perceived.

The visual comparison should therefore be carried out on the basis of all of the components of the marks. The Court found that the signs were significantly different in the shape, size and colour of their graphical elements. Despite those differences, there was a strong similarity between the word elements ARTESO and ARTESA. Both words were written in similar capital letters and placed in a similar position below the graphical elements. The only differences were their colour and their final vowel. Further, the words, "Napa valley", given their position and the size of the letters (which were smaller than those used for ARTESA) stood out only slightly from the mark as a whole and were only a secondary element that could not play decisive role in the visual differentiation of the marks. Accordingly, the Court found a "slight degree of visual similarity between the marks".

Phonetic Similarity

The Court found that there was a strong phonetic similarity between the word elements ARTESO and ARTESA which differed only in their final vowel. Further, the Court said that the relevant public would most likely perceive the "Napa valley" element of the mark as a simple indication of geographical origin and not as a distinctive part of the mark.

Conceptual Similarity
The Court noted that conceptual differences could counteract any visual and phonetic similarities if at least one of the marks at issue had a clear and specific meaning such that the public would be capable of grasping immediately.

Although the word ARTESA had a specific meaning in Spanish, meaning a vessel of a specific shape for kneading bread, it was used rarely and was limited to a specialised public, not the average consumer. Further, it had no meaning to the non-Spanish speaking public in the European Union. Accordingly, no conceptual content could be attributed to either the word ARTESA or ARTESO.

The words "Napa valley" were not sufficient to prevent the public from believing that the goods in question might emanate from the same undertaking or from economically linked undertakings. It was only an indicator of geographical origin and would be perceived as such by the relevant public, but "without that public attributing a particular conceptual content to the sign". The Court did not find that the figurative elements of the signs evoked different concepts.

Likelihood of Confusion
The Court noted that, in the global assessment of the likelihood of confusion, the visual, phonetic or conceptual aspects of the signs at issue did not always carry the same weight and that, in those circumstances, it was appropriate to examine the objective conditions under which the marks might be present on the market. The Court held that, in the wine sector, consumers usually described and recognised wine by reference to the verbal element that identified it, particularly in bars and restaurants, in which wines were ordered verbally after their names had been identified on the wine list. Accordingly, it was appropriate to attach a particular importance to the phonetic similarity between the marks.

Given the strength and importance of the phonetic similarity, the slight visual similarity and the fact that the goods were identical, the Court found a likelihood of confusion between the two figurative marks.

COMMENT
The Court emphasised the importance of the phonetic similarity between the marks in light of the fact that consumers would refer to the mark verbally in bars and restaurants but did not give much consideration to the argument put forward by Codorniu Napa that wine is also sold in supermarkets, wine and food shops, where consumers are more likely to perceive the marks visually, rather than phonetically. Given that brand owners are often advised that the addition of a figurative element assists in distinguishing one mark from another, it is interesting that the highly stylised centaur element of the ARTESO mark, which was very different from the triangle design of the ARTESA mark, was not enough to differentiate the marks.

Specsavers International Healthcare Ltd v Asda Stores Ltd: Asda "Rides on The Coat-Tails" of Specsavers' Reputation

BACKGROUND
In October 2009, Asda re-launched its optician services through a marketing campaign featuring the following logo

and the straplines "be a real spec saver at Asda" and "spec savings at Asda".

Specsavers issued proceedings against Asda for infringement of its SPECSAVERS trade marks (word and device) under Articles 9(1)(b) and 9(1)(c) of the Community Trade Mark (CTM) Regulation, as well as for passing off. The device marks Specsavers relied on were as follows:

THE "LIVING DANGEROUSLY" EVIDENCE
A substantial amount of evidence was presented by Specsavers in respect of the development of Asda's campaign to show that Asda had deliberately tried to get as close as possible to the SPECSAVERS trade marks.

Specsavers argued that Asda had been "living dangerously". It had clearly wished to make its optical department look and feel like Specsavers and this evidence bolstered its case on there being a likelihood of confusion. Asda denied this, saying that its intention had not been to confuse its services with Specsavers, but to compare them and to say that it was better than Specsavers, particularly on price.

INFRINGEMENT CLAIM UNDER ARTICLE 9(1)(B)
In support of its case on confusion, Specsavers relied on the results of a survey it had carried out and witness evidence alleging actual confusion.

Mann J was not convinced by the witness evidence and did not find the survey evidence to be useful. The survey did not answer the question whether confusion was actually caused by the Asda campaign and, if so, which part of the campaign.

Following the judgment in *United Biscuits v Asda* [1997] RPC 513, Specsavers argued that the "living dangerously" evidence was justification for possible evidence of confusion. Mann J noted this, but said that in a trade mark case such as this,

…one must keep one's eye firmly on the real question, which is whether, objectively speaking, confusion is sufficiently likely. The subjective intentions of the alleged infringer are prima facie *irrelevant, particularly if there was no intention to infringe. If there is a likelihood of confusion, then it exists irrespective of what the infringer intended.*

If the evidence was clear that a potential infringer had adopted a certain mark because he thought it was likely to lead to some beneficial confusion with another mark, then that evidence would be admissible, but not conclusive.

The Asda Logo

As for the colourway used in the Asda logo, Mann J noted that the Specsavers logos were not limited in colour in terms of their registrations, although, in practice, they had always been used in the same green colour. The question was, therefore, how to compare the Asda marks in terms of their colour with the Specsavers' registered marks? Mann J found that as the registered marks were unlimited by colour they could, in fact, be used in all colours. The colour of the offending sign was therefore actually irrelevant. It would not, for example, be possible to say that its colour prevented it from being an infringement. Therefore, to carry out a comparison, it did not matter whether one visualised the registered mark in the offending mark's colour or drained the offending mark of any colour. Indeed, it would be possible to imagine both marks in an entirely different, third colour. However, what one must *not* do, Mann J said, is to visualise the registered mark in whatever colour it is actually used in by the proprietor: this would contravene the principles in *L'Oreal SA v Bellure NV* [2008] RPC 9, which made it clear that the test for infringement must be founded on the mark as registered, without looking at any extraneous material that the proprietor might actually use with the mark.

Decision

In conclusion, Mann J found that there was no likelihood of confusion or of association. The judge's key findings in this respect were that

- The degree of similarity between the logos was reduced significantly by the fact that the Asda ovals did not overlap.
- The ovals were an important part of the Specsavers mark, but they did not dominate so as to subordinate the wording as a matter of overall appearance.
- The different form of wording used by Asda introduced a very significant difference, giving a different overall impression.
- Asda is a well-known name and, therefore, the express reference to it within the ovals in its logo meant that a reasonably circumspect consumer could not be confused.
- The context of the actual use of the Asda logo would not lead to confusion.
- The opposite colourway further distanced the Asda logo from the Specsavers marks.

Mann J did not consider that the "living dangerously" evidence changed anything, as it did not amount to evidence of an intention to confuse, even though it was evidence of an intention to be close, but not so close as to infringe. The real question was whether the design that Asda ended up with was likely to confuse. As for a likelihood of association, Mann J said that he did not see how the use of the logo with Asda written in it would give the consumer the idea that there was some sort of link between the two concerns. Further, there was no intention of creating an association: "There was probably some intention to have some resonance, but that is not the same as association in this context".

The Strapline "Be a Real Spec Saver at Asda"

Here, Mann J first had to decide what the actual infringing sign was. Specsavers argued that it was just the words "spec saver", whereas Asda argued that it must be the whole strapline. Following *SA Société LTJ Diffusion v SA Sadas* [2003] FSR 1 (ARTHUR ET FÉLICIE), Mann J noted that it is what is perceived by the average, reasonably well-informed observant and circumspect consumer as the relevant mark that one must consider. In his view, therefore, the relevant sign was the words "spec saver" only, not the whole strapline.

Mann J found first that Asda had only intended to parody the SPECSAVERS marks and had made a play on words in order to create a comparison, not confusion. In any event, although the strapline was clearly similar to the SPECSAVERS marks, there was, in fact, no likelihood of confusion or association.

The Strapline "Spec Savings at Asda"

Again, the relevant sign was spec savings, not the whole strapline. The similarity with the SPECSAVERS marks was found to be weak, which made it impossible to say that any notional consumer would be confused into thinking that the goods were those of Specsavers. Nor was there any hint of any association.

INFRINGEMENT CLAIM UNFER ARTICLE 9(1)(C)

The first aspect to consider was whether a link existed between the offending logo and straplines and the registered marks in the sense of the offending signs calling the registered marks to mind (see *Intel Corp v CPM United Kingdom Ltd* C-252-07 [2008]). Mann J found that there clearly was a link, as the whole purpose of the play on words was to call to mind Specsavers and its brand.

The next aspect to consider was whether Asda had taken unfair advantage. Mann J had to decide whether Asda had attempted, through use of the strapline, to "ride on the coat-tails" of the SPECSAVERS marks in order to benefit from their power of attraction, their reputation and their prestige. If that was found to be the case, then the advantage resulting from such use must be considered to be unfair. Further, if the offending signs had been created deliberately to create a link in the mind of the public, this would reinforce the notion that the advantage taken had been unfair.

The Strapline "Be a Real Spec Saver at Asda"

Mann J decided that the use of "spec saver" did indeed give Asda an advantage. It was, at the very least, a reference point for its intended message, namely that customers would get a better deal at Asda than at Specsavers. This had, in fact, been Asda's intention.

Mann J accepted that the intention had been to make a comparison, not an association, as he had found earlier in relation to Article 9(1)(b), but found that did not mean that Asda was not still trying to build on the reputation of the SPECSAVERS marks in an unfair way, which was the same as taking unfair advantage.

The Strapline "Spec Savings at Asda"

The link with the SPECSAVERS marks in this instance was much weaker. Therefore, it was harder for Specsavers to prove unfair advantage. Putting the strapline in its context, Mann J decided that it did not infringe under Article 9(1)(c).

The Asda logo

The resonance that the Asda design team had wanted to create was of a weak variety as it depended on the shapes of the ovals, and no more. Further, it was heavily countered by the "Asda" wording. Therefore, if there was any advantage being taken, it was, in Mann J's view, too slight to be considered unfair.

Passing off

Since none of Asda's signs gave rise to any confusion, Mann J found that "by the same token, they do not give rise to a relevant misrepresentation". In fact, taking into account the cumulative effect of the signs (including colour) and the in-store and online surroundings, there was still no misrepresentation. Nobody would, looking at the Asda in-store optical department, think that they were in a Specsavers concession as there was too much Asda branding. Further, the "living dangerously" evidence did not show that Asda had been trying to mislead anyone into thinking that Asda's offering was Specsavers' offering.

CONCLUSION

Asda had not infringed the registered device marks belonging to Specsavers under Article 9(1)(b) of the CTM Regulation (40/94/EC) by using a similar logo featuring two oval shapes positioned next to each other with the words "Asda Opticians" written in them, as there was no likelihood of confusion or association. Mann J also found that Asda's use of the straplines, "be a real spec saver at Asda" and "spec savings at Asda" had not infringed Specsavers' word marks for SPECSAVERS under that provision. He did, however, find that Asda's use of "be a real spec saver at Asda" had taken unfair advantage of the reputation of the SPECSAVERS word marks and therefore constituted infringement under Article 9(1)(c). The passing off claim also failed.

PATENTS

Long v Comptroller General of Patents: Insufficiency and Ambiguity

Ms Long filed a patent application for an invention that provided car parks with an indicator for showing whether a space was occupied. The indicator comprised a light source configured to illuminate an indicium in the absence of a vehicle in a parking space and to cast a shadow on the indicium in the presence of a vehicle. The examiner at the Patent Office concluded that the claimed invention was not novel and did not involve an inventive step. Even after Ms Long amended the claims following this decision, the examiner did not change his views. Ms Long referred the matter to the hearing officer. Both parties made submissions as to the application of the decision in *No-Fume Ltd v Frank Pitchford & Co Ltd* 52 RPC 231, in which the description of an invention by reference to the result to be achieved was considered permissible.

Significantly, Section 14(3) of the Patents Act 1977 provides that "The specification of an application shall disclose the invention in a manner which is clear enough and complete enough for the invention to be performed by a person skilled in the art." Section 14(5)(b) provides that the claim or claims shall be clear and concise.

On appeal in the High Court of England and Wales, *Long v Comptroller General of Patents* [2010] EWHC 2810 (Ch), Morgan J held that the skilled reader of the patent would

…confidently conclude that the reference to a "shadow" or to "casting a shadow" was not used in the sense of casting a clearly defined shadow on the ceiling but was instead referring to the indicia at ceiling level not being illuminated or being in darkness and in that sense being in shadow.

Morgan J upheld the decision of the hearing officer in his construction of the claims and found that the claimed invention was not novel over the cited prior art. Specifically, it was anticipated by a German patent describing an invention involving a lamp in the floor emitting a light beam in the direction of a mark on a wall or ceiling.

Further, the judge distinguished *No-Fume* on the basis that, whereas in *No-Fume* the description was regarded as sufficient and unambiguous, the specification in the present case did not contain a description of the invention in a manner which was clear enough and complete enough for the invention to be performed by the skilled person.

Unilever plc v Ian Alexander Shanks: Calculating Employee Compensation

Professor Shanks made an invention patented by his employer, Unilever UK Central Resources Ltd (CRL). The patent was then transferred to Unilever plc. Ten years later it was then licensed to a number of licensees, achieving around £23 million in royalties for Unilever. Professor Shanks brought an action against Unilever, *Unilever plc v Ian Alexander Shanks* [2010] EWCA Civ 1283, to claim compensation under Section 40 of the Patents Act 1977, which entitles an employee to compensation where that employee has invented something of outstanding benefit to his employer.

The mechanism by which compensation is calculated is set out in Section 41, which provides that

1) *An award of compensation to an employee under Section 40(1) or (2) above in relation to a patent or an invention shall be such as will secure for the employee a fair share (having regard to all the circumstances) of the benefit which the employer has derived, or may reasonably be expected to derive, from the patent or from the assignment, assignation or grant to a person connected with the employer of the property or any right in the invention or the property in, or any right in or under, an application for that patent.*

2) *For the purposes of subsection (1) above the amount of any benefit derived or expected to be derived by an employer from the assignment, assignation or grant of*

    a. *the property in, or any right in or under, a patent for the invention or an application for such a patent, or*

    b. *the property or any right in the invention*

to a person connected with him shall be taken to be the amount which could reasonably be expected to be so derived by the employer if that person had not been connected with him.

Unilever argued that the notional counterparty to the hypothetical transaction in Section 41(2) should be the same person, with the same characteristics, as the actual counterparty to the transaction, minus the connection. Professor Shanks argued that the section referred to a "generic assignee", without all the characteristics of the actual assignee.

On appeal, Jacob LJ held that one had to be guided by the evident purpose of Section 41(2) (ascertainable from the paradigm case set out in Section 41(1)) in order to ascertain its meaning.

Jacob LJ therefore held that "that person" in Section 41(2) meant the actual assignee with its actual attributes.

DOMAIN NAMES

Nominet Opens Registration of Short .uk Domains: Registered Rights Sunrise

The initial sunrise period for registration of "short" domain names in the United Kingdom was opened by Nominet, the registry for .uk domain names, on 1 December 2010 and closed on 17 January 2011. "Short" domain names include two letter domain names and those which consist of a current second level domain, such as gov.co.uk.

Nominet stated its intention to commence the release of the new domains with a two stage sunrise period to enable those with registered and unregistered rights to reflect those rights in a .uk domain, prior to releasing the domain names for general registration. The restrictions on the registration of specific second level domains of the .uk registry (namely ac, co, gov, ltd, me, mil, mod, net, nhs, org, plc, police and sch) are maintained, as is the prohibition on domain names consisting of uk and com.

The initial sunrise period was open only to those who hold registered UK rights and who wish to reflect them in a matching domain name. Applicants had to provide evidence of use of the trade mark in the United Kingdom prior to 1 January 2008. Applications are evaluated by an independent law firm on behalf of Nominet.

If there is more than one application in respect of a domain name, then it will be auctioned to the highest bidder, with proceeds going to the Nominet Trust, a charitable organisation which works towards education, relief of financial hardship and protection of children in the area of the internet and information technology.

During the sunrise period, Nominet made available a "sunrise WHOIS" tool that enabled applicants to monitor the status of their applications and the public to check on the status of available domains. Nominet has pledged to publish all applications together with their supporting evidence in the interests of transparency.

The cost of a single application for trade mark verification in the initial sunrise period was £37 plus VAT.

Any domain names not allocated during the initial sunrise period will go forward to a second sunrise period for owners of unregistered rights. At the end of the second sunrise period, the "landrush" will commence, *i.e.,* remaining domains will be available on a first come first served basis. Nominet has not yet announced the dates for these subsequent stages

COMMERCIAL

OFT REPORT ON PRICE FRAMING: COMMON PRICING PRACTICES AND THE CPRS

On 3 December 2010, the Office of Fair Trading (OFT) published a much anticipated Report on Price Framing (the Report) in which it sets out its findings on how the Consumer Protection from Unfair Trading Regulations 2008 (CPRs) impact on specific pricing practices identified by psychological and economic studies as being potentially detrimental to consumers.

Rather than indicating when the OFT is *most* likely to take enforcement action, the Report instead sets out the circumstances in which it is *less* likely to take action. It would now appear that traders who comply with the Pricing Practices Guide published by the Department for Business Innovation and Skills and the Department for Business, Enterprise and Regulatory Reform and the Committee of Advertising Practice Code are unlikely to find themselves on the wrong side of the OFT. In addition, where another regulator, such as Ofcom or the Financial Services Authority, is well-placed to take action, the OFT will agree with that regulator who should act.

In its final report, the OFT has ranked the forms of price framing that it considered, placing them in the order of its perception of their potential to harm consumers as follows: drip pricing, time limited offers, baiting sales and complex offers (ranked equally), reference pricing, and volume offers. However, the OFT is at pains to clarify that this does not mean that all drip pricing offers are worse than all volume offers, as a volume offer in respect of an expensive product might lead to greater harm than a drip priced offer in respect of a cheap product.

The Report states that the OFT is only concerned with price promotions that are misleading to consumers. It identifies particular implementations that it considers most likely to mislead and which are therefore likely to be high priorities for enforcement.

The OFT makes clear that whether a given offer is misleading depends on the circumstances and it will take these into account when deciding whether to take enforcement action. These factors include the frequency of purchase (the more frequent the purchase, the more "savvy" the consumer is taken to be), the ease of making like-for-like market comparisons, the ease with which a consumer can verify quality so as to have a factor other than price on which to base any decision, the cost of the item and the size of the market.

The OFT's approach is influenced throughout by the average consumer's reasonable expectations of a price promotion. In considering whether a practice is reasonable, the OFT will take into consideration the factual context, including whether other traders engage in the practice, how consumers respond to it and whether it offered benefits to the consumer compared to the benefits it offered to the trader. The changes that have been made to the report since the OFT published its Working Paper back in August are welcome evidence that the OFT did listen to industry and take its concerns into account.

Eminence Property Developments Ltd v Kevin Heaney: "… A Mere Honest Misapprehension… Will Not Justify a Charge of Repudiation"

A mistake in calculating the number of days (counting "days" rather than "working" days) in a contract's completion timing led to a dispute (*Eminence Property Developments Ltd v Kevin Heaney* [2010] EWCA Civ 1168) as to whether it had been repudiated properly and thus terminated validly.

BACKGROUND

Mr Heaney, in a series of identical contracts, agreed to buy flats from a vendor, Eminence, with a completion day of 4 December 2008. The contracts provided for service of a "notice to complete", allowing a party, at any time on or after the completion date, to give the other notice obliging them to complete the contract within ten "working days" of service of the notice, excluding the day notice was given. Further, if Mr Heaney failed to comply with a notice, Eminence could rescind the contracts and claim certain remedies.

With a difficult property market, Heaney did not complete. On 5 December 2008, Eminence's solicitors served him with a "notice to complete". Eminence's solicitors had calculated the final date for completion pursuant to the notice as 15 December 2008. That was incorrect: the solicitors had counted "days", not "working days". The actual completion date following service of the notice was 19 December 2008. Neither Eminence, nor its solicitors, realised the mistake and, on 17 December, having heard nothing, Eminence's solicitors sent notices of rescission.

On receipt of the rescission notices, Mr Heaney's solicitors replied, more or less immediately, pointing out the mistake in the dates and asserting that, because Eminence had rescinded the contracts before the proper expiry of the notice period under the "notice to complete", it was in repudiatory breach of contract, which entitled Heaney to terminate and be discharged from further obligation. Eminence commenced proceedings against Heaney for damages for breach of contract on the basis that Heaney had failed to complete on or before 19 December 2008, or at all.

The Court ordered a trial of the preliminary issue as to whether Heaney had rescinded the contract in respect of Eminence's repudiatory breach. Mr Blohm QC found that Eminence had repudiated the contract and Heaney was therefore entitled to terminate it. Eminence appealed.

DECISION

Etherton LJ found for Eminence. He concluded that the legal test for repudiatory conduct is "whether, looking at all the circumstances objectively, that is, from the perspective of a reasonable person in the position of the innocent party, the contract breaker has clearly shown an intention to abandon and altogether refuse to perform the contract." He also concluded that the question of whether there has been a repudiatory breach is highly fact-sensitive and comparison with other cases is of little value. Finally, he noted that all the circumstances must be taken into account in establishing the objective intention of the contract breaker.

Here, Eminence had served "notices to complete" in accordance with the contracts so could not be said to have abandoned them; they had just made a mistake in the terms' application. Heaney's solicitors did not point out the clear error to Eminence's: "there was a simple error of calculation by Eminence's solicitors, analogous to a clerical error, which, once pointed out, would have been (as it was) conceded immediately". The fact was that the contracts had become onerous to Heaney who was, as he conceded, relieved to have found a way out.

The Court had to take all surrounding circumstances into account, and Eminence's conduct did not show a clear intention to abandon the contracts. In fact, what they showed was an intention to implement the contractual procedure for bringing the contracts to an end and to seek the remedies specified in the contracts, simply applied in a way inconsistent with the terms of the contracts.

EDI Central Ltd v National Car Parks Ltd: All Reasonable Endeavours and Utmost Good Faith

In *EDI Central Ltd v National Car Parks Ltd* [2010] CSOH 141, Lord Glennie found that EDI Central Ltd had not breached a contractual obligation to pursue, "with all reasonable endeavours and as would be expected of a normal prudent commercial developer experienced in developments of that nature", the development of an NCP car park. In so finding, Lord Glennie, discussed the differences between "all reasonable endeavours", "reasonable endeavours" and "best endeavours".

BACKGROUND

EDI Central and its parent EDI Group (EDI), the board of which is composed of City of Edinburgh Councillors, agreed with National Car Parks (NCP) to develop a car park that NCP leased from the Council. NCP's lease did not give them the right to redevelop the site. As such, EDI and NCP agreed that NCP would assign the lease to EDI, which would then grant a sub-lease back to NCP. EDI would then negotiate with the Council, which it was in a good position to do. EDI was obliged by contract to ensure the project was "pursued with all reasonable endeavours and as would be expected of a normal prudent commercial developer experienced in developments of that nature and in accordance with the Main Objectives".

The agreement also required EDI and NCP to use all reasonable endeavours to achieve the "Main Objectives" and to act in good faith in this respect. The Main Objectives, in summary, were to carry out the project in a manner commensurate with a prudent commercial developer. A dispute arose as to whether EDI had in fact used "all reasonable endeavours and as would be expected of a normal prudent commercial developer experienced in developments of that nature".

DECISION

Lord Glennie drew on *Rhodia International Holdings Ltd v Huntsman International LLC* [2007] EWHC 292 and held that "all reasonable endeavours" was more onerous than "reasonable endeavours". He did not have to consider whether this was the same as "best endeavours", but suggested that any difference was likely "metaphysical rather than practical". When assessing whether "all reasonable endeavours" have been used, the court must ask whether there were reasonable steps that could have been taken but were not. The obliged party must explore all avenues reasonably open to it, to the extent reasonable. However, applying *Yewbelle Limited v London Green Developments* [2007] EWCA Civ 475, he held that unless the contract stipulated otherwise, the party was not required to act against its own commercial interests.

To assess this, the court must make the assessment "in the round, having regard to the totality of the evidence." Here, this was clear from the contract's reference to standards of "a normal prudent commercial developer experienced in developments of that nature". The word "prudent" pointed to a legitimate consideration of its own financial and commercial interests. The reference to the developer being "experienced in developments of that nature" showed that it was entitled to rely upon its experienced judgment as to what was likely to succeed: it could not be expected to continue wasting time and expense on fruitless avenues.

Lord Glennie also observed that a party could not sit back and say that it could not reasonably have done more when, if it had asked the other party, it might have discovered that there were other steps that could reasonably have been taken. Further, Lord Glennie discussed the burden of proof. This lay first on NCP. But, in Lord Glennie's "tentative" view, if NCP could point to steps that could have been taken, the evidential burden might shift to EDI to rebut these (however this did not need to be considered in this case).

Finally, as to the "good faith" obligation, Lord Glennie referred to *Berkeley Community Villages Ltd v Pullen* [2007] EWHC 1330, which held an "utmost good faith" obligation

…as imposing upon the defendants a contractual observation to observe reasonable commercial standards of fair dealing in accordance with their actions that related to the agreement and also requiring faithfulness to the agreed common purpose and consistence with the justified expectations of the first claimant.

Lord Glennie interpreted this here as emphasising a requirement on EDI generally to do their best to achieve the desired result and not merely to go through the motions. He held that EDI

…used all reasonable endeavours in pursuing the route which they viewed, and in my opinion other normal prudent developers would have viewed, as offering the only realistic prospect of success.

Rooney v CSE Bournemouth Ltd: Terms and Conditions Available Upon Request

In *Rooney v CSE Bournemouth Ltd* [2010] EWCA Civ 1364, the Court of Appeal of England and Wales held that "terms and conditions available upon request" could be interpreted as incorporating a contractor's standard terms.

BACKGROUND

The claim arose from damage to a Cessna Citation aircraft owned by the Claimants. At the time of the accident, the aircraft was being operated by EBJ Operations Ltd under a management agreement between EBJ and Mr Rooney.

Under a maintenance agreement and a continuing airworthiness managing support contract, the Defendant performed maintenance works on various aircraft operated by EBJ. It was CSE's practice to require a work order to be signed by, or on behalf of, EBJ before work was commenced on an aircraft. Most of the work orders included at the foot of the page, just below the signature box, the words "terms and conditions available upon request".

In June 2008, CSE carried out maintenance work on the aircraft. The work described in the work order was done negligently, resulting in damage to the aircraft. EBJ assigned any causes of action it had against CSE to Mr Rooney and the Claimants issued proceedings for damages against CSE.

ISSUE

CSE pleaded that it undertook the work on its standard conditions of trading and it relied on a number of those conditions. The Claimants applied for summary judgment in relation to those parts of the defence. At first instance Simon J ordered that the paragraphs be struck out. The judge accepted that the work order was arguably a contractual document, but concluded that CSE had no real prospect of establishing that its standard conditions of trading were incorporated into the contract.

The judge said that the work order did not use express language of incorporation such as "this order is subject to terms and conditions". It referred to terms and conditions but did not state that they were terms of the contract. Further, it did not refer explicitly to CSE's standard terms of trading, but merely to terms and conditions without further identification.

DECISION

On appeal by CSE, Lord Justice Toulson considered that the question was whether reasonable people, in the position of the parties, would understand the words used as referring to contractual terms upon which CSE agreed to do the work.

In Toulson LJ's view, Simon LJ's construction would not be expected to occur to a businessman in the position of the parties. The work order was intended to be sent to the customer for signature as a contractually binding order rather than a form of pre-contractual negotiations. It would be commercially odd to have a contract for the performance of services where, instead of it containing any detailed commercial terms, the contractor devised such terms but left them for inclusion only at the customer's request.

The issue on appeal was only whether CSE's construction was reasonably arguable. Allowing the appeal, Toulson LJ held that it was the more likely construction on the present material, although he conceded that there might be more detailed evidence about the underlying contractual framework and background.

Mr Justice Hedley, concurring, noted that the work order was a contractual document which took its place within the contractual framework of an aircraft maintenance agreement. The prevailing regulatory regime prescribed the technical contents of the contract, but left the parties free to negotiate such commercial terms as they wished. The work order, a signed document, was that which activated work being done under the contract. Given the nature of the contract and an expectation there would be commercial terms, it appeared that the words "terms and conditions available on request" must bear some meaning. It was not enough simply to say they were insufficient to amount to incorporation.

McDermott Will & Emery

COMMENT

Although it appears that the courts will consider the overall factual matrix when deciding whether terms have been incorporated, businesses should ensure that their work orders and similar documentation include their terms of trading or express words of incorporation.

Mediaprint Zeitungs- und Zeitschriftenverlag GmbH & Co KG v Österreich-Zeitungsverlag GmbH: Prize Promotions and Unfair Commercial Practices

The European Court of Justice (ECJ) in *Mediaprint Zeitungs- und Zeitschriftenverlag GmbH & Co KG v Österreich-Zeitungsverlag GmbH* C-540/08 has held that the possibility of participating in a prize competition, linked to the purchase of a newspaper, does not constitute an unfair commercial practice within the meaning of Article 5(2) of the Unfair Commercial Practices Directive (2005/29/EC), simply on the ground that that is what induced some of the consumers concerned to buy the newspaper in the first place.

The ECJ also held that the Directive precludes a prohibition, such as provided by the relevant national legislation in this case, of sales with bonuses without specific assessment of unfairness in each case.

In its decision, the ECJ began by stressing that as the Directive is a full harmonisation measure, Member States may not adopt stricter rules than those provided for in the Directive, even in order to achieve a higher level of consumer protection.

As regards the Austrian legislation in this case, it was undisputed that practices consisting of offering consumers bonuses associated with the purchase of products or services did not appear in the Annex 1 blacklist to the Directive. Therefore, they could not be prohibited in all circumstances, but could only be prohibited following a specific assessment of unfairness. The ECJ rejected the Austrian Government's representations that the Austrian law at issue did not fall within the scope of the Directive in that it essentially pursued the maintenance of pluralism of the press in Austria, on the basis that that was not a derogation allowed under the Directive. Instead, the ECJ held that the Directive does preclude a prohibition on sales with bonuses without a case-by-case analysis, even where the national legislation is not only designed to protect consumers but also pursues other objectives.

As regards the attraction effect, the ECJ again observed that where a commercial practice falling within the scope of the Directive does not appear in the blacklist, that practice can only be regarded as unfair and thus prohibited, after a specific assessment of fairness has taken place. The possibility of participating in a competition may represent a factor that a national court may take into consideration when assessing fairness in as much as it is relevant to the question of whether a commercial practice materially distorts or is likely materially to distort the economic behaviour of the consumer, within the meaning of Article 5(2)(b) of the Directive. However, that fact could not in any way lead in itself to the conclusion that a sale with a bonus constitutes an unfair commercial practice, seeing as it must also be verified whether the practice in question is contrary to the requirements of professional diligence within the meaning of Article 5(2)(a).

For these reasons, the Court concluded that the possibility of participating in the prize competition, linked to the purchase of a newspaper, does not constitute an unfair commercial practice within the meaning of Article 5(2), simply on the ground that, for at least some of the consumers concerned, that possibility of participating in a competition represents a factor that determines them to buy that newspaper.

ADVERTISING AND MARKETING

Lidl SNC v Vierzon Distribution SA: Comparative Advertising and Products Sold in Supermarkets

The fact that there are differences in the extent to which you might like to eat certain food products depending on their place of production, the ingredients and who produced them, does not, the European Court of Justice (ECJ) has said in *Lidl SNC v Vierzon Distribution SA* C-159/09, preclude the possibility that an advertisement comparing such products (by reference to price alone, as opposed by reference to any of their other attributes) will fall within the boundaries of permitted comparative advertising, provided the advertisement is not misleading.

On a reference from the Tribunal de Commerce de Bourges (France) regarding the interpretation of Article 3a of the Comparative Advertising Directive (97/55/EC) (the Directive), the ECJ was asked to examine whether food products (which might be completely different in terms of the way they are experienced by consumers as a result of their provenance), ingredients or other factors, were sufficiently interchangeable as to qualify for legitimate comparison in an advertisement.

The ECJ noted that Article 3a of the Directive, to which the question referred, listed, in sub-paragraphs (1)(a) to (h), various cumulative conditions that comparative advertising must satisfy in order to be permitted. In particular, Article 3a(1)(a) to (c) stated that the advertisement must not be misleading; that it must compare goods meeting the same needs or intended for the same purpose; and that it must objectively compare one or more material, relevant, verifiable and representative feature of the goods, which may include price.

In the ECJ's view, the main question was really whether, because of the inevitable differences between food products, given that they might use slightly different ingredients or be produced in different places and by different producers (which necessarily affected the extent to which consumers enjoyed them), comparative advertising specifically in respect of food products was confined to identical products only.

It also noted that, according to Recital 8 of the Directive, a comparison based solely on price should be possible provided it respected certain conditions, in particular, that it is not misleading. In fact, comparison by price was found to be inherent in comparative advertising in *Etablissementen Franz Colruyt NV v Lidl Belgium* C-356/04 [2006] ECR I-8501.

Before anything could be decided definitively, however, it was necessary, the ECJ said, to undertake a specific assessment of the products in question. This was a job for the national court, not for the ECJ.

It would appear, therefore, that the ECJ is saying that what the French Court should concentrate on is whether the advertisement is misleading and/or whether the products in question can be identified sufficiently from the receipts so as to be verifiable. The fact that a certain food product may have a different provenance, or have slightly different ingredients from the food product it is being compared to, resulting in different consumer experiences, does not prevent it from "meeting the same needs" or being "intended for the same purpose".

ENTERTAINMENT AND MEDIA

SPILLER V JOSEPH: DEFAMATION AND "HONEST COMMENT

The Supreme Court of England and Wales in *Spiller v Joseph* [2010] UKSC 53 has declined to alter radically the defence of "fair comment" in libel claims. However, Lord Phillips renamed the defence "honest comment" and amended it to reduce slightly the burden on claimants when identifying on which facts the comment is based.

BACKGROUND

The Claimants were members of the bands, The Gillettes and Saturday Night at the Movies. They completed a promotion agreement with the Defendants. The Defendants arranged several performances, including a booking at the Landmarc Hotel, which the Claimants later cancelled (the Landmark Breach).

Another booking was agreed at a restaurant in Leeds. The booking was subject to a re-engagement clause providing that any further bookings at that particular venue in the next 12 months had to be made through the Defendants. The Claimants arranged a further booking directly with the venue (the Leeds Breach).

On discovering this, the Defendants sent the Claimants an email saying that they would cease representing them. The Claimants' email response prompted the Defendants to publish a posting on their website, which posting formed the subject of the claim. Only a small part of the Claimants' said email was set out in the posting and it was partially misquoted.

The relevant part of the posting said that:

The Gillettes c/o Craig Joseph are not professional enough to feature in our portfolio …it may follow that the artists' obligations for your booking may also not be met. In essence, Craig Joseph who performs with/arranges bookings for The Gillettes and Saturday Night at the Movies may sign a contract for your booking but will not necessarily adhere to it.

The Claimants sued the Defendants for libel. The Defendants pleaded justification and fair comment in their defence.

FIRST INSTANCE AND COURT OF APPEAL

The Claimants applied for summary judgment, alternatively for an order striking out the defences. Mr Justice Eady declined to grant summary judgment or to strike out the justification defence. He struck out the fair comment defence as it was not a public interest matter and the words were "factual in character" and not "the expression of opinions".

The Court of Appeal found that the words concerned were comment rather than allegations of fact. As the Claimants were in the business of entertaining the public, such comment was arguably in the public interest. However, the defence of fair comment was bad because the comment was founded on the statement allegedly made by the Claimants in their email, which had been misquoted.

The Landmarc Breach, which had taken place 14 months before the posting was published, was too distant to be understood to be to what the comment related. The Leeds Breach did not specifically identify that particular contract as having been breached so that the reader could evaluate for himself whether it justified the comment. Therefore, the Court of Appeal upheld the judge's decision to strike out the defence.

The issues raised before the Supreme Court were whether: (a) the Defendants could rely in support of their plea of fair comment on matters to which they made no reference in their comment; and (b) there were matters to which the Defendants referred in their comment capable of sustaining a defence of fair comment.

SUPREME COURT'S DECISION

Lord Phillips examined the history of the fair comment defence and noted that it required the facts upon which the comment had been made to be stated or identified in or from the comment itself. However, he said that there was no case in which a defence of fair comment had failed because it did not identify the subject matter with sufficient particularity to enable the reader to form a view as to its validity.

Lord Phillips noted that it will often be impossible for readers to evaluate derogatory comments made on the internet without detailed information about the facts that gave rise to them. Accordingly, the defence of fair comment would be "robbed of much of its efficacy" if it remained a requirement that readers should be in a position to evaluate the comments themselves. He concluded that the subject-matter still needed to be identified "at least in general terms what it is that has led the commentator to make the comment." The defence had to be based on true facts and this was better enforced if the comment had to identify the matters of concern. The same was true of the requirement that the Defendants' comment should be founded honestly.

Lord Phillips agreed that the Defendants could not rely on the Landmarc Hotel breach as being the fact to which the comment related; it was not referred to in the posting and it did not form part of a generic allegation of misconduct. However, he disagreed with the Court of Appeal's finding that the Defendants could not rely on the Claimants' original email because it had been misquoted. Lord Phillips found that the email had, arguably, evidenced a "contemptuous and cavalier" approach to contractual obligations and a jury might not see any significant difference between the email as sent and the email as quoted.

With respect to the Leeds restaurant breach, Lord Phillips found that there was enough information in the posting to identify the breach as part of the subject matter of the comment, even though it was not particularised. Therefore the defence of fair comment should be reinstated. Lord Phillips renamed the defence "honest comment".

COMMENT

Lord Phillips made various suggestions for reforming the libel laws of England and Wales. These included abolishing trial by jury, shifting the burden of proof to defendants as far as proving that the comments were justified by the facts, and removing the public interest requirement. He recognised that some of the difficult questions might have to be resolved judicially but indicated that "the whole area merits consideration by the Law Commission, or an expert committee".

JIH v News Group Newspapers Ltd: Privacy, Interim Injunction, Open Justice and Refusal to Grant Anonymity

In *JIH v News Group Newspapers Ltd* [2010] EWHC 2818 (QB),the High Court of England and Wales refused to continue an anonymity order, despite the parties having agreed thereto, but agreed to continue an order to withhold all information concerning the subject-matter of the case.

BACKGROUND

News Group Newspapers (NGN), publishers of *News of the World* and *The Sun*, published articles concerning the Claimant. The first publication was without notice to the Claimant. Subsequently journalists approached the Claimant about other possible publications they might make concerning him.

On 13 August 2010 the Claimant applied to Nicol J for an interim order restraining the publication of private information about him. In a supporting statement he set out the facts and reasons for his fear that, unless an injunction was granted, he and other individuals would suffer distress and humiliation. Notice was given to NGN.

Balancing the Claimant's privacy rights against NGN's right to free speech, Nicol J was satisfied that the Claimant was likely to establish that publication should not be allowed and made an order that the respondent must not publish information described in the schedule to the order or anything which might identify the claimant as the person who had obtained the order. Nicol J granted anonymity on the basis that if this was not included in the order it would undermine the purpose of the order itself.

The order was served on six media organisations and on 20 August 2010, by agreement between the parties, Nicol J continued the order until the return date of 20 September. By that date, however, the parties reached an agreement that the order should be continued "until final judgment or further order in the meantime".

DECISION

Tugendhat J accepted that in the present case it would not be possible to make an order or give a judgment that disclosed any information about the subject matter of the action which did not thereby make it likely that the Claimant would be identified. To identify both the subject matter and the Claimant would defeat the purpose of the proceedings. The only practical question was whether to withhold the Claimant's identity in addition to withholding all information about the subject matter of the action.

The judge considered that the Claimant had to satisfy a test of strict necessity both under Article 6 of the European Convention on Human Rights and at common law. The Claimant had not shown to that high standard that the object of achieving justice would be rendered doubtful if the anonymity order were not made. An order would be effective to achieve justice and give all necessary protection to the private lives of the Claimant and any others concerned, if it identified the Claimant but gave information about the subject matter only in the Confidential Schedule. The judge considered that the general principle of open justice provided sufficient general, public interest in publishing a report of proceedings that identified the Claimant to justify any resulting curtailment of the rights of the Claimant and his family to respect for their private and family life.

Accordingly, subject to any appeal, Tugendhat J refused an anonymity order as to the identity of the Claimant. He nevertheless agreed that a new provision should be added to the order that the Defendant must not disclose (or cause anyone else to disclose) any information which identified, or any information which was liable to lend to the identification of, the subject matter of the action, save for that contained in any public judgment and order of the court.

COMMENT

Tugendhat J declined to attach any weight to NGN's agreement to the form of consent order in the absence of any evidence as to why it had been agreed in that form. The judge stressed that where a court is required to decide whether to grant or continue derogations from open justice, it must always be provided with, usually in the form of a witness statement addressing the derogations, sufficient material to decide the matter. There should be a short skeleton argument directing the judge's attention to the applicable law, to the relevant parts of the evidence, and to the grounds of the application. It could not be assumed that all judges would have at the forefront of their minds the applicable law, particularly when asked to make such orders in urgent applications out of hours.

DATA PROTECTION

ICO Imposes First Financial Penalties for Serious Data Protection Breaches

The Information Commissioner's Office (ICO) has imposed its first financial penalties for serious data protection breaches under Section 55A of the Data Protection Act 1998 (DPA). Stopping well short of the maximum that the ICO can impose, the penalties—£100,000 on Hertfordshire County Council for two separate incidents involving highly sensitive information faxed to the wrong recipients and £60,000 on employment services company A4e Ltd after it lost an unencrypted laptop containing sensitive personal data—are nevertheless substantial and a clear warning to data controllers in all sectors against insufficient data security controls and internal procedures.

BACKGROUND

Recognising the need for a stronger deterrent against serious breaches of the data protection principles after a string of high profile data security breaches, the UK Government introduced, through Section 144 of the Criminal Justice and Immigration Act 2008, a power for the ICO to impose a monetary penalty under new Section 55A of the DPA on organisations found to be deliberately or recklessly breaching the data protection principles. The ICO's power to impose a monetary penalty, up to a maximum of £500,000, came into force on 6 April 2010.

COMMENT

Both Hertfordshire County Council and A4e notified the breaches to the ICO promptly on becoming aware of them, and one can assume that the ICO set significant value by this element of the data controllers' cooperative behaviour. Failure to notify would undoubtedly have resulted in higher penalties. Information Commissioner Christopher Graham said

These first monetary penalties send out a strong message to all organisations handling personal information. Get it wrong and you do substantial harm to individuals and the reputation of your business. You could also be fined up to half a million pounds.

In its guidance on the new power under Section 55A, the ICO indicated that a monetary penalty notice would only be appropriate in the most serious situations, taking into account the sector, the size, financial and other resources of the data controller before determining the exact amount. The guidance did not, however, provide clarity on determining best practice and, in the case of breach, what is expected in terms of damage limitation. With these first notices, data controllers have a little more to go on, including a clearly indicated need for strong, immediate and effective remedial action, full cooperation with the ICO, and prompt notification. The best advice of course is to avoid any breach in the first place which involves maintaining proportionate security controls including the encryption of laptops and sensitive personal data, whilst keeping human error to a minimum through effective staff training and implementing secure automated, as opposed to manual, procedures.

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