EU

Consent in parallel import cases

The ECJ’s decision in Zino Davidoff and Levi Strauss [2001] ECR I-8691 was good news for brand owners. It placed the burden of proving the brand owner’s consent to the first marketing of goods in the EEA squarely upon parallel importers seeking to avoid liability for infringement. The recent Stussy case (Van Doren v Lifestyle Sports & Sportswear Case C-244/00 8April) takes the debate between brand owners and parallel importers an important step further. In Stussy, the ECJ was asked to consider whether the fact that the parallel importer bought the branded goods from an intermediary within the EEA entitled it to assume that the goods were placed on the market in the EEA by or with the brand owner’s consent and, thereby, to avoid infringement.

Stussy Inc. is the proprietor of the STUSSY word and device marks used worldwide on clothing. It operates an exclusive distribution system across the EEA and Van Doren is its distributor in Germany. Lifestyle sold STUSSY-branded clothing in Germany which it had acquired from a German supplier other than Van Doren. Van Doren brought infringement proceedings in Germany, alleging that the goods were originally put on the market in the US and their subsequent entry into the EEA, via Germany, had not been authorised by Stussy. Lifestyle contended that it was not guilty of infringement as it was entitled to assume that the intermediary from whom the goods were acquired in Germany had purchased them from an authorised EEA dealer.

At first instance, the court upheld most of Van Doren’s claims. On appeal, the court held that, contrary to the Davidoff principle, it was for Van Doren to plead that the goods were probably imports which had been put on the market in the EEA without the brand owner’s consent. Van Doren appealed to the Bundesgerichtshof.

The Bundesgerichtshof expressed concern that a literal application of the Davidoff principle placed Lifestyle in a “catch 22” position – either it would be forced to reveal the weak link in the exclusive distribution network in the EEA or it would be liable for infringement because it was not able to show that the
goods were first marketed in the EEA with Stussy’s consent. If revealed, the weak link might lose its source of future supply. This would give Stussy a *de facto* right to prevent goods moving freely within the EEA, even where they had been placed on the EEA market with its consent. The issue was referred to the ECJ.

In its judgment, the ECJ affirmed the rule of evidence upon which the Davidoff decision was founded, namely, that it is for the party who asserts a defence (such as exhaustion of intellectual property rights) to prove it. The ECJ said that this rule is consistent with Community law and, in particular, with Articles 5 and 7 of the Trade Marks Directive (89/104/EEC). The principle of free movement of goods within the common market enshrined in Articles 28 and 30 EC, however, may require modification of the general rule in circumstances where its application helps a trade mark proprietor to partition national markets and maintain price differences between member states.

Accordingly, the ECJ attached a caveat to the Davidoff principle - where an importer can show that there is a real risk of partitioning national markets if it has to prove the place of first marketing by or with the consent of the brand owner, particularly in circumstances where the brand owner operates an exclusive distribution system, the brand owner should instead bear the burden of showing that the products were first marketed outside the EEA.

Once this burden is discharged, the importer will have the burden of proving consent to the subsequent marketing of the products within the EEA if it is to avoid infringement.

Following this decision, parallel importers who wish to avoid the Davidoff burden of proof and maintain that goods were placed on the market in the EEA by or with the brand owner’s consent will need to show that:

– the brand owner employed an exclusive distribution system within the EEA; and

– the brand owner is likely to use that system to hinder free movement of goods and maintain price differentials between member states.

If the importer can establish these conditions, the brand owner will need to show that the goods in question were, in fact, put on the market outside the EEA. This should be relatively straightforward for brand owners who mark their products with serial numbers and barcodes and maintain full point-of-entry and distribution records.

The lesson for parallel importers is that they will need to demand clear evidence from their suppliers that goods are authorised for sale within the EEA in order to avoid the risk of infringement.

While the Stussy case did not consider the issue of de-coded goods, it is reasonable to assume that, where the measures employed by brand owners to track the movement of branded products have been deliberately tampered with so as to prevent verification of the source of the products, the burden of proof will remain with the importer in accordance with the Davidoff principle.
Colour marks

On 6 May, the ECJ gave its long-awaited judgment in the Libertel case about the registrability of colours as trade marks (Libertel Groep v Benelux-Merkenbureau Case C-104/01). That question has been highly controversial, raising issues both about the inherent distinctiveness of colour marks and about how they should be represented when applying for registration. This decision will go some way to resolving the uncertainties. It will apply equally to national trade mark applications filed under national laws implementing the EC Trade Marks Directive and to Community trade mark applications filed under the CTM Regulation.

Libertel is a Netherlands-based mobile telecommunications company. It applied to register the colour orange as a Benelux trade mark for telecommunications goods and services in classes 9 and 35 to 38. The application form contained an orange coloured rectangle and the description of the mark was the word “orange” without reference to any colour code. The Benelux Registry rejected the application on the ground that it was devoid of distinctive character unless Libertel could prove that it had acquired distinctiveness through use. Libertel appealed and eventually the Netherlands Supreme Court referred a number of questions to the ECJ.

Article 2 of the directive, defining “signs of which a trade mark may consist”, does not expressly refer to colours. The general definition is “any sign capable of being represented graphically . . . which is capable of distinguishing the goods and services of one undertaking from those of other undertakings”.

The ECJ referred to the joint declaration of the council and the commission on the interpretation of several provisions in the directive, recorded in minutes and published in OHIM’s official journal. The declaration stated that “Article 2 does not exclude the possibility . . . of registering as a trade mark a combination of colours or a single colour . . . .” The declaration also sets out opinions on other important and as yet unresolved issues, for example that the “use of own name” defence is limited to natural persons. The ECJ held that the declaration cannot be used to interpret the directive, since its preamble recited that it was not part of the legal text and was without prejudice to the interpretation of that text by the Court of Justice.

In the ECJ’s view:

- a block of colour on an application form is not a sufficient graphic representation because it is liable to fade. A verbal description might be acceptable if it is precise enough. The use of an internationally recognised identification code in addition to a verbal description is best;
- There is a public interest in not unduly restricting the availability of colours for other traders in goods or services of the same type. The scheme of the Directive requires a stringent and full examination prior to registration. It is not acceptable to allow marks to be improperly
registered and leave other traders to rely on defences such as descriptive use;

- the public is accustomed to perceiving word or figurative marks instantly as signs identifying the commercial origin of goods, but that is not necessarily true where the sign forms part of the look of the goods for which registration is sought. Thus a colour per se is not normally inherently distinctive; and

- a colour applied for in respect of a specific product (or service) can be registered if in all the circumstances (including any use which has been made of the mark), it is capable of identifying those products as originating from a particular undertaking and distinguishing them from the products of other undertakings. The examination should not be carried out in the abstract, but must refer to the actual circumstances of the case. Evidence that other traders do not use the colour applied for, and that the relevant public recognises that colour as indicating the origin of the applicant’s products, will normally be required since, as the Court commented, “distinctiveness without any prior use is inconceivable save in exceptional circumstances”.

**Shape marks**

On 8 April the ECJ ruled on two questions about three dimensional marks referred to it by the German Bundesgerichtshof. The questions arose in three appeals sought by Linde AG, Winward Industries, Inc. and Rado Uhren AG (Joined Cases C-53/01 to C-55/01). Linde had applied for registration for a fork-lift truck, Winward for a torch and Rado for a wristwatch. In each case the German Patent and Trade Mark Office had rejected the application for lack of distinctive character and (in the case of Rado) on the basis that there was a need to preserve availability.

On appeal, the Bundesgerichtshof held that all three marks had some distinctive character (required under the domestic legislation implementing Article 3(1)(b) of the Trade Marks Directive (89/104/EEC)). It then considered Article 3(1)(c) and Article 3(1)(e). Article 3(1)(c) prevents registration of marks consisting exclusively of signs which may serve, in trade, to designate the kind, intended purpose or other characteristics of the goods or services. Article 3(1)(e) prevents registration of signs which consist exclusively of the shape which results from the nature of the goods themselves, the shape necessary to obtain a technical result, or the shape which gives substantial value to the goods.

It held that Article 3(1)(e) of the directive did not prevent registration. The marks sought to be registered by Linde and Rado displayed a number of characteristics not exclusively attributable to the nature of the goods themselves, to technical considerations or to considerations pertaining to their value. The Winward application displayed characteristics going beyond the basic shape of a torch that result from technical requirements, which are
neither exclusively imposed by reason of the nature of the goods nor 
essential to obtain a particular technical result.

The Bundesgerichtshof referred two questions to the ECJ:

– whether, when assessing the distinctiveness of a three dimensional 
shape of goods mark for the purposes of Articles 3(1)(b), a more stringent 
test must be applied than that used for other types of trade mark; and

– whether, independently of Article 3(1)(e), Article 3(1)(c) also has 
significance for a three dimensional shape of goods mark.

The Court held that the test for distinctiveness of a three dimensional shape 
of goods trade mark under Article 3(1)(b) should not be any stricter than that 
used for other types of mark. However, the court considered that Article 
3(1)(c) did have significance independently of Article 3(1)(e). When 
examining the ground for refusing registration in Article 3(1)(c), regard must 
be had to the public interest underlying that provision. This is that all three 
dimensional shape of goods trade marks which consist exclusively of signs 
or indications which may serve to designate the characteristics of the goods, 
should be freely available to all. Unless they have obtained distinctiveness 
through use, they cannot be registered.

Sound marks

On 3 April, Advocate General Ruiz-Jarabo Colomer delivered his opinion on 
the Shield Mark v Joost Kist case. The Netherlands Hoge Raad asked the 
ECJ to examine whether sounds comply with Article 2 of the Trade Marks 
Directive (89/104/EEC) (and may therefore be valid trade marks) and, if so, 
to indicate the form in which registration of such trade marks should be 
made.

Shield Mark, the owner of various sound trade marks, had brought 
proceedings against Joost Kist, an individual who had allegedly infringed 
some of these trade marks by using them in an advertising campaign. The 
marks were a cockcrow “kukeluku” (which sounds at the start of some 
software for lawyers developed by Shield Mark) and the first musical notes of 
Beethoven’s “Fur Elise” melody for piano.

The Appeal Court allowed Shield Mark’s action based on unfair trade 
practices but dismissed the case insofar as it was based on trade mark law. 
On appeal, the Hoge Raad referred several questions to the ECJ.

The first question was whether Article 2 of the Trade Marks Directive must 
be interpreted as meaning that sounds or noises may not be registered as 
trade marks. The Advocate General said that, far from being opposed to the 
registration of such sounds and noises, the Trade Mark Directive prohibits 
member states from excluding their registration on principle.

The second question asked under what conditions sound trade marks are 
“capable of being represented graphically” in the sense of Article 2 of the 
Trade Marks Directive and in what form the registration of such trade marks 
should be made. The Hoge Raad asked whether a deposit of musical notes,
a written description of an onomatopoeia, another written description or a sound media annexed to the deposit form would meet the requirement. The Advocate General said that, in order for a sound to constitute a valid trade mark, it must be the subject of a clear, precise, complete in itself, easily accessible, understandable, long-lasting and objective graphical representation. According to the Advocate General, the national court must determine whether a graphical representation complies with these requirements taking into account the particular facts of the case. He opined that a musical score would not comply with these requirements but that written descriptions, including onomatopoeias and the nominative succession of musical notes would normally do so.

**Identical marks**

In its 20 March judgment in the *Arthur & Félicie* case the ECJ explained the meaning of the term “identical trade marks” (Case C-291/00, *LTJ Diffusion SA v Sadas*, 2003)

The decision is important because evidence of a likelihood of public confusion is required where the mark being opposed, or accused of infringement, is merely similar to the registered mark. In contrast, where the marks are identical, and cover identical goods or services, a likelihood of confusion is assumed and need not be proven: Article 5(1)(a) of the EC Trade Mark Directive.

LTJ Diffusion has a French trade mark registration for a signature mark consisting of the word ARTHUR, registered for clothing in class 25. Sadas has a later French trade mark for the words ARTHUR ET FÉLICIE, also for clothing in class 25. LTJ claimed that the use of Sadas’s later mark infringed its registration of ARTHUR, citing French case-law and opinion holding that, where a distinctive element of a compound mark is reproduced together with elements which do not affect the identity of the mark, it is characterised as *adjonction inopérante* (ineffective addition) and treated as an identical mark.

Sadas argued that reproduction of one of the elements of a compound trade mark or the addition of elements to those which make up a trade mark fall outside the scope of Article 5(1)(a) of the directive, since the latter covers only the use of an identical sign without any modification.

Adopting the opinion of Advocate-General Francis Jacobs, the ECJ held that a sign or mark is identical with a registered trade mark only if it reproduces, without any modification or addition, all the elements constituting the trade mark or if, viewed as a whole, it contains differences so insignificant that they may go unnoticed by an average consumer. Although the court did not rule on the specific facts of the case, it seems unlikely in view of its judgment that the French courts will be able to find that ARTHUR ET FÉLICIE is identical with ARTHUR.

The ECJ’s judgment also effectively overrules the line of English cases which hold that it is possible to disregard added matter as long as the mark allegedly infringed is clearly identifiable (as in *British Sugar v James*).
Robertson: TREAT would have been infringed by ROBERTSONS TOFFEE TREAT if the specifications were identical). However, that might still be arguable if the added matter is set out less prominently or is physically separated from the mark allegedly infringed.

Computer-implemented inventions

On 13 February, the Legal Affairs and Internal Market Committee of the European Parliament issued a draft report on the commission proposal for a directive on the patentability of computer-implemented inventions (Provisional 2002/0047(COD)). The report incorporates comments made by two other committees of the European Parliament: the Industry, External Trade, Research and Energy Committee and the Culture, Youth, Education, Media and Sport Committee.

The draft report is generally supportive of the commission’s proposal. It accepts the commission’s view that the proposal should be a restrictive restating of the current law as applied by the Boards of Appeal of the EPO. This position is seen as a workable compromise between the view of supporters of software patenting and the views of the open source community, which has been lobbying hard for no patent protection for software. The draft report also endorses the need to introduce legal certainty and to clarify the current state of the law. This is seen as necessary in order to prevent a slide towards unrestricted software patenting and even business method patenting, as has been seen in the US. The draft report proposes some amendments to improve clarity and legal certainty. In particular, it removes the requirement of “prima facie novelty” from the definition of those “computer-implemented inventions” falling within the scope of the directive. That requirement was seen as introducing an unhelpful extra stage into the examination procedure. In order to reinforce the exclusion of business methods from patentability, the draft report also proposes a new Recital 13 and Article 4a. These make it clear the requirement for an invention to make a “technical contribution” in order to be patentable cannot be satisfied merely because the invention involves the use of a computer (as has been suggested on several occasions).

The report makes two other interesting amendments. First, in Recital 12, it suggests that assessment of an inventive step in this area should normally be done using the EPO problem/solution approach. If no technical problem is present, there will be no technical contribution to the art. Not all national patent offices (for example the UK Patent Office) currently use the problem/solution approach in examination, so this could lead to a change of practice. Secondly, the draft report raises the idea of a one-year grace period. This would enable inventors to make a public disclosure of the invention and then wait up to one year to see whether the invention is commercially successful before making a patent application. The draft report does not suggest that this feature should be adopted immediately; rather, it
asks the commission to consider the feasibility of this feature when it reports three years after implementation on effects of the directive.

The draft report will now go forward to be considered by the entire Legal Affairs and Internal Market Committee and then by the European Parliament as a whole, before its first reading is complete. Further amendments can be made at either stage.

**Parallel imports**

In *Paranova Oy* (Case C-113/01 8 May), the European Court of Justice ruled on the implications for a parallel import authorisation of the withdrawal, at the holder’s request, of the original medicine authorisation. The case arose from two references to the ECJ by the Swedish and Finnish courts for preliminary rulings on the interpretation of Articles 28 and 30 EC. The facts were that a parallel import licence for the old version of a medicinal product had been issued by reference to a marketing authorisation which was subsequently withdrawn at the request of its holder when the holder obtained a marketing authorisation for a new variant of the product and the old version was still marketed in other member states under marketing authorisations which had not been revoked. The ECJ held that Articles 28 and 30 EC preclude national legislation under which the withdrawal, at the request of its holder, of the marketing authorisation of reference of itself entails the withdrawal of the parallel import licence granted for the medicinal product in question. However, those provisions do not preclude restrictions on parallel imports of the medicinal product in question, if there is a risk to the health of humans as a result of the continued existence of that medicinal product on the market of the importing member state. ()

**Belgium**

**Cyber-squatting bill**

On 27 February, the Belgian Chamber of Representatives adopted a bill tackling the issue of the abusive registration of domain names. It was subsequently sent to the senate and will probably be adopted without further modifications. The senate vote is, however, still pending.

“Domain name” is defined as an alphanumeric representation of an IP address that allows computers connected to the Internet to be identified. The definition includes first level generic top level domains (gTLD) and country-code top level domains (ccTLD) and it will thus be possible to oppose, not only “.be” domain names, but also domain names with “.com”, “.uk” or other gTLDs and ccTLDs.

A distinction has been made between the ccTLD “.be” and other gTLDs or ccTLDs: any “.be” domain name registration will be challengeable in Belgium regardless of the place of residence or place of establishment of the registrant whereas the bill will only apply with respect to gTLDs or other
ccTLDs to registrants having their residence or place of establishment in Belgium. The bill does not preclude the applicability of other legislation, such as that relating to trade marks or unfair trade practices, which is often relied upon in cyber squatting cases.

The bill defines “abusive registration” as registration with an officially recognised organisation without any right or legitimate interest therein and with the intention to harm a third party or to obtain unfair advantage of a name identical to a trade mark, a geographical indication or a designation of origin, a trade name, a company name or the name of an association, a patronymic name or the name of a geographical entity belonging to someone else, or of a name similar to any of the above, in such a way as to create a risk of confusion.

So anyone with a legitimate interest in an unlawfully registered domain name may initiate proceedings before the President of the Court of First Instance or the President of the Commercial Court for an injunction against registration, and/or the deletion or transfer of the domain name. Non-traders are equally liable to these sanctions, which is an improvement on the Trade Practices Act (14 July 1991) which only provides for injunctions against traders. The proceedings will be treated as summary proceedings, which implies a certain speed in comparison to standard proceedings.

The advantage of the bill is its extensive scope in tackling domain name registrations which are identical or similar to names which are not always protected by specific legislation and are often difficult to protect from cyber squatters.

DNS.be, the non-profit organisation registering domain names under ".be", did already offer the possibility of obtaining the deletion and the transfer of a domain name when ordered by classic jurisdictions or alternative dispute resolution entities. The amicable transfer of domain names (without a court order), previously forbidden for the avoidance of the marketing of domain names, has been allowed since 15 October 2002.

If adopted, the draft bill will provide victims of cyber squatting with a proper legal ground on which to base their claim.

France

IP rights and unfair competition

In two judgments rendered on 8 and 22 October 2002, the French Supreme Court confirmed that an action for unfair competition may be brought by a person holding no registered intellectual property rights.

The judgment of 22 October involved Decathlon, a well-known chain of stores specialising in the marketing of sports items. Decathlon accused Go Sport, its main competitor, of using a sign with the same colours as its own (white and blue) on the front of one of its stores. Despite the fact that
Decathlon had no registered rights in its sign, Go Sport has been prevented from using the sign on the grounds that use of such a sign would enable Go Sport to walk in Decathlon’s steps. The ruling is in line with previous case law which relies on unfair competition as a means of protecting someone who does not own any intellectual property rights, against unfair acts of slavish or nearly slavish imitation.

A related question concerns the outcome of an unfair competition action based on an intellectual property right which has fallen into the public domain. In theory, a trade mark, patent, or a design which has fallen into the public domain can be freely copied. However, on 8 October, the French Supreme Court held that copying a design which has fallen into the public domain might amount to an act of unfair competition.

This case involved Cartier, which accused Metro, a supermarket chain, of marketing a copy of its “tank” watch design. Although the design had fallen into the public domain, the French Supreme Court held that copying it was an act of unfair competition on the grounds that it was detrimental to Cartier’s reputation. The way in which the copy was marketed by Metro negatively affected the luxury character of the “tank” watch.

In both of these cases the claimants relied on the well-known character of the sign and the design as a determining criterion. What is regarded as unfair is the use of any element which is closely associated with the claimant in the consumer’s mind.

Italy

Copyright Directive

Legislative Decree no. 68 of 9 April (published in the Official Gazette, 14 April, Ordinary Supplement no. 87) implements Directive 2001/29/EC on the Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society. Implementation has been effected by the introduction of a number of new articles or amendments into the Italian Copyright Act (Law no. 633 of 22 April 1941).

The Italian legislature did not introduce into the Italian Copyright Act all the exemptions set out in Article 5 of the directive (most of which were optional) since some were already covered by other provisions and others it simply opted out of. It did not specifically include the exceptions and limitations set out in paragraphs g to m of Article 5.3 concerning: use during religious or official celebrations; use of works of architecture or sculpture located permanently in public places; incidental inclusion of a work in other material; use for the purpose of advertising the public exhibition or sale of artistic works; use for the purpose of caricature or parody; use in connection with the demonstration or repair of equipment; and use of a building or a drawing or plan of a building for the purposes of reconstructing the building. This does not mean that these exceptions may not be acknowledged through
interpretation by judges. This is already the case with parody, for instance, since Italian case law allows the exploitation of a work for parody under certain circumstances.

A user’s private copying right has been introduced through new Article 71-sexies, which allows the reproduction of phonograms and audiovisual works by a natural person for private use, on condition that it is not for profit and is for a purpose that is neither directly nor indirectly commercial. Rightholders, notwithstanding their use of technological measures to prevent unlawful copying of a work, must permit those persons who lawfully acquire possession of a work to make one private copy for personal use, provided that this is not contrary to the normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the rightholder (i.e. the so called three-step test).

A rather unpopular consequence of the decree, which has attracted a lot of lobbying by both sides in recent months, is the increase in the fees payable on recording devices and equipment in order to grant rightholders fair compensation from the fair use exception. (Article 39 of the decree).

Finally a peculiar aspect of the Italian implementation is the new Article 71-quinquies which confers a duty on rightholders to put in place suitable measures to allow the proper exercise of fair use exceptions. This could cause technical difficulties since it is hard to see, for instance, how users will be able to get technical measures removed from equipment. The Italian legislator envisages that public negotiations will take place between the various parties through their representative bodies and associations.

**Electronic Commerce Directive**

Legislative Decree no. 70 of 9 April, which was published in the Italian Official Gazette (14 April, Ordinary Supplement, no. 61) implements the Electronic Commerce Directive (2000/31/EC). Following the directive, the decree covers data protection, unsolicited commercial communication, contracts concluded by electronic means, liability of intermediary service providers, placing of orders and information to be provided by service providers. It does not substantially deviate from the directive, but there are some peculiarities.

As far as liability of intermediary services is concerned (mere conduit, caching and hosting), the Italian legislature exercised the option, offered by Articles 12, 13 and 14 of the directive, of granting to courts and administrative authorities the power to issue provisional measures compelling service providers to cease, or prevent, an infringement.

With reference to Article 15 of the directive, the corresponding Article 17 of the decree, although excluding a general duty on service providers to monitor information stored or transmitted or to search actively for indications of illicit activities, does impose an obligation on providers promptly to inform the competent authorities of suspected illegal activities concerning recipients.
of their service and, on request, to give them information enabling the identification of recipients with whom they have storage agreements.

In addition, Article 17 sets out that the service provider is civilly liable for the content of its services if, following a request by the competent authority, it does not act promptly to prevent access to the content or if, being aware of the illicit content of a service to which it is enabling access, it does not inform the competent authority.

As far as unsolicited communications are concerned, due to the opt-in policy already in place in Italy, Article 9 of the decree deviates from the proviso set out under article 7.2 of the directive, concerning the consultation of opt-out registers of persons not wishing to receive such communications. The decree provides that the burden of proof that a communication has been solicited by the recipient, lies on the service provider.

Spain

Hotel use of televisions and radios

The Spanish Supreme Court passed a judgment on 10 May stating that a hotel room is considered to be a private residence and that watching television or listening to the radio in a hotel room does not amount to a “public communication” as defined in the Intellectual Property Law. Therefore, the use of television or radio in a hotel room is deemed to be done strictly in private and does not require authorisation by the collecting entities or the authors of the copyright and does not give rise to any subsequent charges. This judgment ends the long running conflict in Spain between the hotel industry and the collecting entities regarding the payment of copyright fees for the possession of televisions and radios.

Sweden

Trade mark use on the Internet

In a ruling on 21 March (B 68-02) the Court of Appeal made clear that linking can be held to be trade mark use when a trade mark is displayed on a website to which a link refers.

In February 2001 the County Court of Stockholm ordered Sony Sweden, under the threat of a fine of SEK 1,000,000 (€109,000) to stop using the trade mark “i-link” owned by Romero’s Food Products Inc. The ruling was upheld by the Court of Appeal. Despite the ruling, Sony Sweden continued to use the “i-link” trade mark during 2001. Romero’s filed a claim before the County Court of Stockholm demanding that the court order execution of the fine. The claim alleged that Sony Sweden was using the “i-link” trade mark by making use of transferring links from its website, which referred the visitor to other websites, operated by Sony companies and also other companies,
where the “i-link” trade mark was displayed. From these websites the visitors were able to download document files displaying the “i-link” trade mark. The trade mark was being used in connection with a Vaio computer which could be found on the Sony Sweden website, although it was not being sold by Sony Sweden, but by other Sony companies.

The County Court found that Sony Sweden had been using the “i-link” trade mark in breach of the court’s earlier decision. The court referred to the Supreme Court’s MP3 ruling (NJA 2000 s. 292 where the Supreme Court ruled that a link to a copyright musical work was considered an unauthorised performance) and stated that Sony Sweden, as a website provider, should bear the same type of responsibility in this case as in the case of copyright work. The court held that, when a company provides transferring links from its own website to other companies’ websites, where a trade mark is exposed, the other websites should be considered to be part of that company’s marketing material. If not, intellectual property rights and rules concerning unfair marketing could be evaded too easily. The court also found that even though the linked websites were in English, they where nonetheless aimed at Swedish visitors as they contained a Swedish telephone number which enabled Swedish visitors to order the products.

The Court of Appeal held, on the same grounds as the County Court, that Sony Sweden, by using transferring links from its own website to other companies’ websites, where the trade mark was exposed, should bear the same responsibility as if the trade mark had been displayed on its own web site. Because of this the Court of Appeal found that Sony Sweden had used the “i-link” trade mark in its marketing. The fact that the visitors could not buy the product directly from the Sony Sweden website was irrelevant.

UK

Celebrity wedding has the quality of confidence

Film stars Michael Douglas and Catherine Zeta-Jones, together with Northern & Shell plc (publishers of OK! magazine) have won their high profile case against Hello! Limited and others (Douglas v Hello! 11 April).

The couple were married at the Plaza Hotel in New York in what was described as the celebrity event of the year. Extensive security arrangements ensured that access to the ceremony and reception would be limited to family, friends and staff, all of whom had agreed to keep the wedding confidential. The bride and groom hired their own photographers and it was made plain that other photography was not to be permitted. This was in accordance with the couple’s exclusive £1 million contract with OK! magazine.

A photographer eluded security and surreptitiously took photographs which were published in the rival Hello! magazine. The claimants failed in their
attempt to obtain an injunction to restrain publication of the unauthorised photographs.

The claims against Hello! included breach of privacy and confidence, breach of the Data Protection Act 1998, a claim under Spanish law, conspiracy and exemplary and aggravated damages.

Lindsay J, following the approach taken in the recent cases of AvB [2002] 3WLR 542 and Campbell v MGN [2002] EWCA Civ 1373, declined to recognise a separate law of privacy, concentrating instead on the fusion between the pre-existing law of confidence and rights and duties arising under the Human Rights Act 1998. Accordingly, he looked at the rights conferred by Articles 8 (privacy) and 10 (freedom of expression) of the European Convention on Human Rights as absorbed into the action for breach of confidence.

The High Court upheld the breach of confidence claim, holding that:

– accepting that the public representation of the Douglas’ appearances was an important part of their careers and business and given the lengths to which they had gone to ensure the privacy of their wedding, the photographs had the requisite quality of confidence

– as the event was private in character and given the elaborate steps taken to prevent unauthorised photography, to control authorised photography and to make their intentions in this regard so clear, the photographic images “radiated by the event … were imparted to those present…..in circumstances importing an obligation of confidence”

– the claimants had suffered detriment from the publication by the Hello! defendants.

The High Court then considered the countervailing rights of privacy and freedom of expression as required by s12 of the Human Rights Act 1998. Lindsay J held that the claimants’ rights under the law of confidence overcame the defendants’ rights to freedom of expression. He was in part influenced by the privacy code of the Press Complaints Commission (which the defendants had breached) and his finding that the defendants’ conscience was tainted by their behaviour.

In relation to the claim under the Data Protection Act 1998, the court upheld the construction provided in Campbell v MGN [2002] EWCA Civ 1373. Accordingly, the three defendants were data controllers; the unauthorised pictures represented personal data; and publication of them in England was treated as part of the operations covered by the requirements of the act. The defendants could not take the benefit of the media exception contained in s32 of the act. Although there had been a breach of the Data Processing Act, it did not give rise to a separate head of damages or distress beyond a nominal award.
The judge dismissed the other claims based on the torts of business interference and conspiracy to injure and the Spanish law claim. The next hearing should establish how much the Hello! defendants will have to pay.

**Scope of legal advice privilege**

The Court of Appeal has held that documents created by employees of an organisation are only subject to legal advice privilege when they are created specifically for the purpose of obtaining or receiving legal advice from solicitors (*Three Rivers District Council v The Bank of England* 3 April). The court overturned a decision of Mr Justice Tomlinson that documents created by employees of the Bank of England for use in the public inquiry into the collapse of the bank, BCCI, benefited from legal advice privilege, and therefore did not have to be disclosed in subsequent proceedings. They will now have to be disclosed to the other parties in the case.

It was common ground that the documents could not be subject to litigation privilege, as the inquiry did not constitute adversarial proceedings The Court of Appeal confined the scope legal advice privilege to communications between solicitor and client on matters within the ordinary business of the solicitor and referable to the relationship between the two. It would also cover documents prepared in order to instruct solicitors to provide advice, once they have been retained. The documents in this case had been created for the purpose of providing evidence at the inquiry, not for the purpose of the obtaining or receiving of legal advice. The “dominant purpose” test, which is crucial to establishing privilege, was not satisfied.

The decision will have important consequences for in-house lawyers and other corporate employees. Courts are likely to take a narrower and more robust attitude towards claims for legal advice privilege. Reports by employees to their employers will only be privileged if they are made for the purpose of obtaining a solicitor’s advice in connection with litigation. It will not be sufficient for a document to be passed to lawyers for comment or advice if the obtaining of advice was not the dominant purpose of the document. Where a document has been created for more than one purpose, for example, to brief the directors on a position and to obtain lawyers’ advice on how to proceed, the dominant purpose will need to be determined.

(A more detailed analysis of this case is available from the editors.)
New rules for patent amendments

From 1 April, anyone wishing to propose amendments under s 27 or 75 of the Patents Act 1977 should deliver the amendments (and the reasons for them) to the comptroller electronically, if reasonably possible. The change has been brought about by The Civil Procedure (Amendment No 2) Rules 2002 (SI No 2002/3219) and The Patents Act 1977 (Electronic Communications) Order 2003.

A note on the Patent Office website indicates that, although applicants are encouraged to use electronic delivery from 1 April, the comptroller will not assume that it is “reasonably possible” for any applicant to use electronic delivery until 1 July. Applicants are encouraged to use conventional word processing features such as mark-up, coloured text and strikethrough to set out the amendments on the original version of the text in a way that will make it easy to see the changes.

Designs

On 1 April, the Registered Designs Regulations 2003 (SI 2003 No 550) came into force amending the Registered Designs Act 1949 to implement Article 11 of the Designs Directive (98/71/EC insofar as it refers to the registration of a community design. The regulations include further grounds on which the registrar may refuse an application or a third party may request a declaration of invalidity. They also provide that the previous, unamended, Act will continue to apply to applications made before the coming into force of the regulations and their resulting registrations.