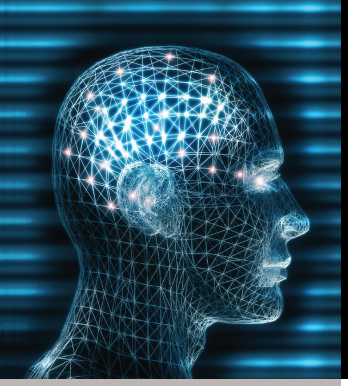

Newsletter

BURGES SALMON

Concept

Winter 2014

Welcome

Welcome to the Winter 2014 edition of **Concept**, the news bulletin from Burges Salmon's Intellectual Property and Technology Team.

For further information on our Intellectual Property and Technology Team and the services we offer, please use the contact details on the back page.

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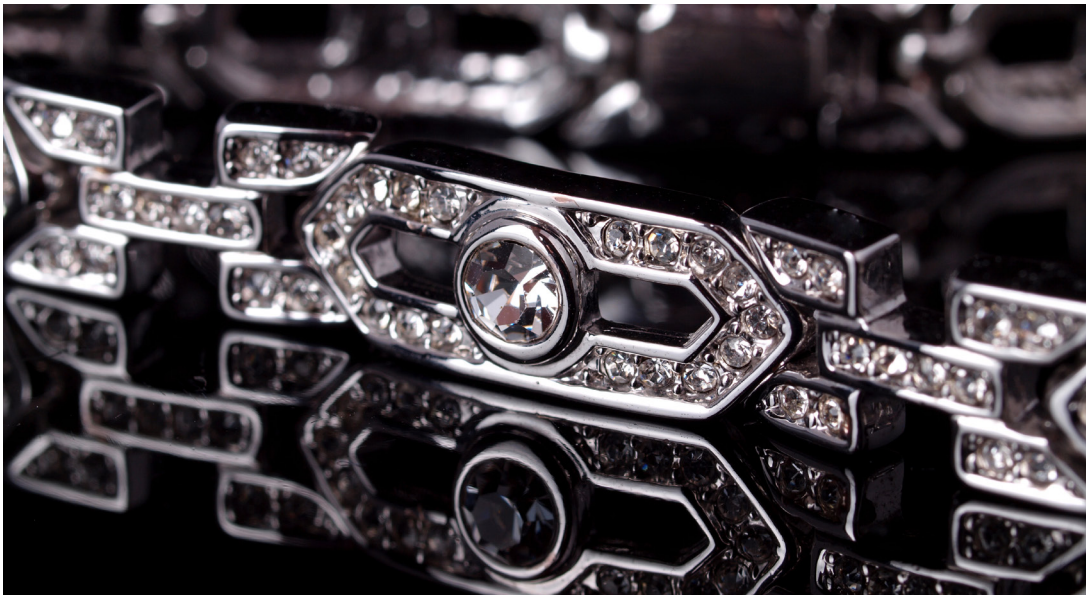
High Court opens up blocking injunction remedial avenue for trade mark owners



In *Cartier v BskyB* ([2014] EWHC 3354 (Ch)) the Richemont Group ("Richemont", comprising well-known luxury brands such as Cartier) applied for orders requiring various internet service providers ("ISPs") to block access to six websites which advertised and sold counterfeit goods that infringed Richemont's trade marks (the "Target Websites").

The Court has jurisdiction to grant blocking injunctions where **copyright** has been breached. However, Arnold J held that it also had jurisdiction to grant an injunction where **trade marks** had been infringed. S.37 of the Supreme Court Act 1981 gave the court such a power, as suggested by the Government in its consultation on Article 11 of the Enforcement Directive, which provides for **all rightholders** to be able to apply for an injunction against intermediaries.

Arnold J said that the threshold conditions to be met and that had been met, were the same as those imposed for a copyright claim:

- ISPs must be intermediaries;
- operators of the Target Websites must be infringing the trade marks;
- operators must use the ISP's services to infringe; and
- ISPs must have actual knowledge of this.

If the above conditions are satisfied, Arnold J suggested that the relief must also:

- be necessary, effective and dissausive;
- not be unnecessarily complicated or costly;
- avoid barriers to legitimate trade;
- strike a "fair balance" between applicable fundamental rights;
- be proportionate; and
- safeguard against abuse.

In a decision that is good news for brand owners, Arnold J found the principles had been satisfied and there was a substantial public interest in protecting trade marks against counterfeit goods. Therefore, orders for blocking injunctions were made, but limited to two years (rather than open-ended).

Consultation over more fines for spam calls and texts

A Government consultation which could lead to more companies being fined for making nuisance calls and texts is closing on 6 December. The Department for Culture Media and Sport ("DCMS") has invited responses on a proposal to lower the legal threshold to enable the Information Commissioners' Office ("ICO") to issue fines more easily for unsolicited marketing calls.

The Privacy and Electronic Communications Regulations 2003 regulate when direct marketing calls can be made. In order to issue a penalty (of up to £500,000) the ICO must be able to show:

- there has been a serious contravention of the regulations;
- the contravention was deliberate or the person ought to have known there was a risk the contravention would occur and failed to take steps to prevent it; and
- the contravention was likely to cause substantial damage or substantial distress.

The ICO has issued fines totalling £675,000 to six organisations between January 2012 and December 2013. However, a penalty of £300,000 was overturned after a tribunal ruled that the volume of text messages did not amount to "substantial distress", and the ICO believes the current threshold is preventing effective regulation. The proposals suggest either removing this threshold entirely or lowering it to causing "annoyance, inconvenience or anxiety".

With the volume of nuisance calls and texts increasing, the ICO has made it clear that it feels the current threshold should be removed entirely. The DCMS has stated that it also favours this approach rather than simply lowering the threshold.

The DCMS is aiming to have an initial response published before Christmas.

Specsavers v Asda: use of Shaded logo is genuine use of Wordless logo

In the final instalment of the long running litigation between Specsavers and Asda, the Court of Appeal ruled that the use of the Shaded logo mark amounted to genuine use of the Wordless logo mark (depicted below) and overturned the earlier non-use cancellation of Specsavers' Wordless logo mark for non-use.

Specsavers had argued that use of the Shaded logo mark constituted use of the Wordless logo mark.

In applying the guidance provided earlier by the Court of Justice of the European Union, the Court of Appeal found the evidence put forward by Specsavers was *"unusually, powerful evidence"*:

- there was substantial use of the Shaded logo mark;
- no competitors used a similar logo;
- when developing a competing logo, Asda had kept away from the Wordless logo mark design; and
- there was evidence that the average consumer recognised the overlapping green ellipses as denoting Specsavers.

The Court made it clear that each case would be determined on its own facts. In his judgment, Lord Justice Kitchin pointed out that *"it is unlikely that the background of a mark will be perceived by the average consumer as an indication of origin. This is, however, an unusual case and Specsavers are supported in their appeal by what I consider to be the convincing evidence that I have described"*. Therefore, although this decision may have limited application in practice it provides helpful guidance on the type of evidence that may be used to demonstrate genuine use.

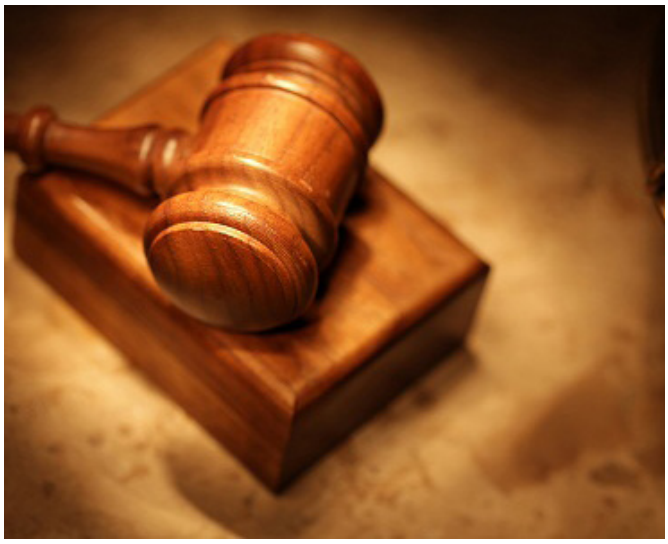
Licensing scheme for orphan works

Orphan works are creative works, such as a diary or letters or photographs, for which one or more of the copyright owners is not known or cannot be found. The Copyright and Rights in Performances (Licensing of Orphan Works) Regulations 2014 and the Copyright and Rights in Performances (Certain Permitted Uses of Orphan Works) Regulations 2014 came into force on 29 October. The first set of Regulations launches a UK licensing scheme for reproducing orphan works, the second implements EU Directive 2012/28/EU which provides a copyright exception for orphan works to allow cultural institutions such as museums to digitise written, cinematic or audio-visual works and sound recordings and display them on their websites, for non-commercial use only.

The UK licensing scheme only applies within the UK but is wider than the Directive in that anyone can apply, not just bodies set up in the public interest, and it will allow the use of an orphan work for commercial purposes. An applicant will need to make an application online, pay an application fee and undertake a "diligent search" to try to find the missing rights holders. A "diligent search" requires a reasonable search of the relevant sources which, as a minimum, includes the register maintained by the IPO and the databases held by OHIM. The IPO may issue further guidance on what sources may be relevant for particular works. The IPO will be the body granting licenses of orphan works. Licensees will be required to pay a reasonable licence fee which will be held for the rights holders should they come forward. The licence will be granted for a maximum of seven years in the first place and non-exclusive.

It is not clear yet how significant this will be for business but the Government estimates that it will enable wider access in the UK to over 90 million culturally valuable creative works.

Recovery from multiple defendants in IPEC claims



A recent decision from the Intellectual Property Enterprise Court (IPEC) highlights the risk in suing multiple defendants under a single action. In *Abbott v Design & Display Ltd*, Abbott claimed that products being sold by two companies (Design & Display and Eureka Display) infringed a UK patent held by Abbott. Abbott was successful in its claim against both defendants and sought an account of profits. The issue then arose as to quantum.

The Civil Procedure Rules place a limit of £500,000 on the level of damages the IPEC may award, unless the parties elect to waive that cap. An award of £488,173 had been agreed between Abbott and Design & Display. The parties had not waived the cap, so if the cap applied to the proceedings as a whole, this would limit the remedy available to Abbott for Eureka Display's infringement.

The judge ruled that the cap applied to the proceedings as a whole. Abbott could have brought the claim in the Chancery Division (where there is no cap) or under separate proceedings in the IPEC (so that the cap would apply to each individual defendant). Abbott had chosen to bring its claim against both defendants in a single action in the IPEC. It might be that Abbott did so to reduce its potential exposure to costs – liability to pay a successful party's costs is limited to £50,000 in the IPEC.

This decision serves as a reminder that a claimant cannot have it both ways. If a claimant wishes to reduce its potential liability to costs by bringing an action against multiple parties in the IPEC, it will also be limited in the amount it can recover as damages in those proceedings.

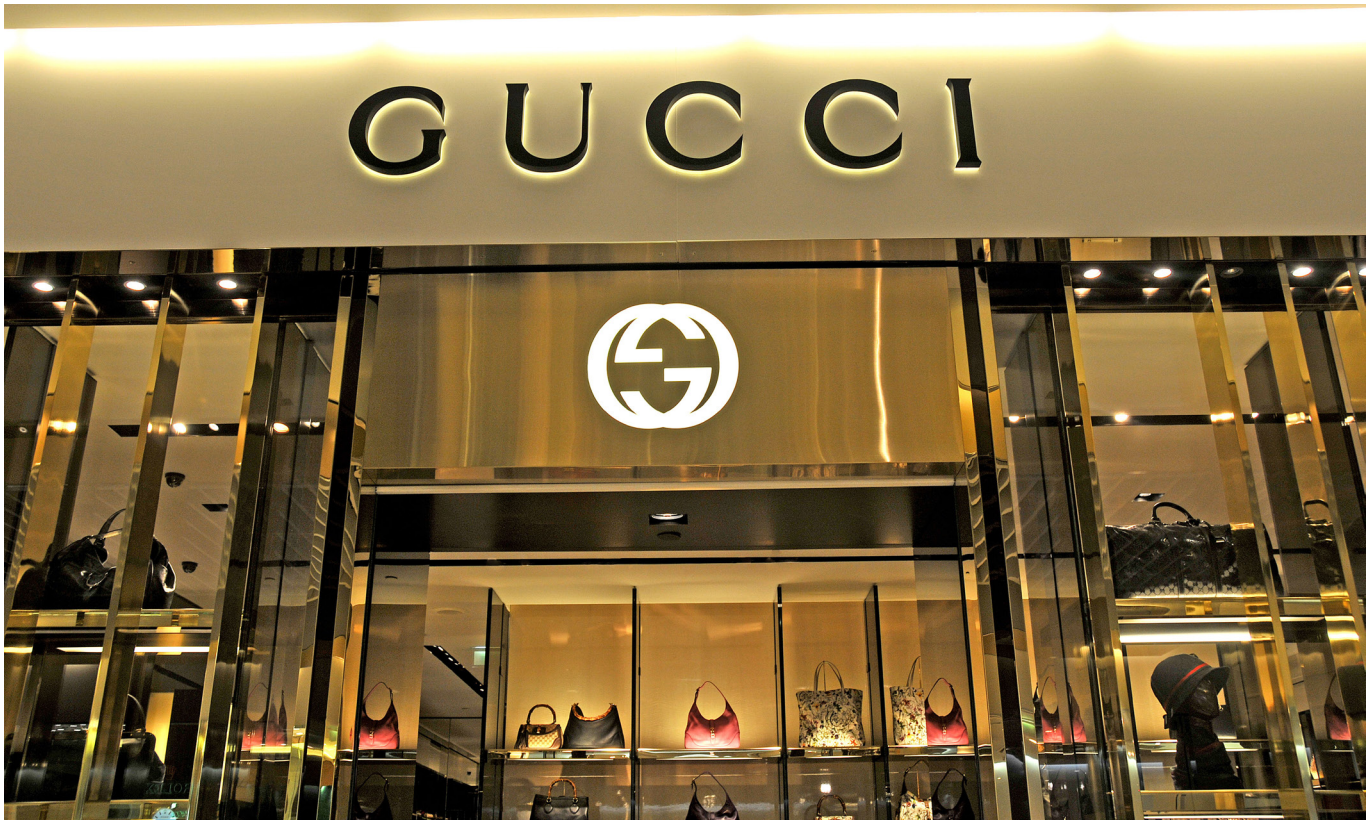
Guidance on “own device” working practices

There is a growing trend for employers to allow employees to work using their personal devices, encouraging flexible working practices while reducing overheads. It does however, carry various risks and business should balance these against the reward of Bring Your Own Device (“BYOD”). The main concern is the risk to security, of both the businesses’ secure documents and the employees’ personal data.

With that in mind, the government has issued guidance advising organisations on best practice.

The guidance notes are aimed both at businesses who are considering deploying BYOD and those which already have. It sets out various recommendations which include:

- **understand legal needs**; such needs include the protection of employees’ personal data, and current commercial agreements such as the number of software licences the business uses and whether a licence restricts use on personal devices.
- **create an effective BYOD policy**; the network architecture can prevent unauthorised devices from accessing sensitive business or personal information and ensure that authorised devices are only able to access the data and services businesses are willing to share. An overly restrictive policy can undermine the approach.
- **limit the information shared**; being permanently connected is a clear benefit but businesses need to understand how users share information on their devices. The use of applications including social media sites could impact an organisation’s network services. Users may inadvertently send data from a corporate rather than personal account. Automatic back-ups on a device could store corporate data to a storage site.
- **encourage staff agreement**; ensure staff understand their responsibilities along with the benefits through training and education. Regular audits of data and removal of data at the end of employment can reduce security risks.
- **consider technical controls**; applications and mobile device management can help businesses secure, manage and support personally owned devices but can affect usability. Ease of use is key to avoid workarounds which can breach security.
- **anticipate increased device support**; a successful BYOD approach could lead to use on different types of device. Sufficient IT support and expertise will be needed.
- **plan for security incidents**; should a device be lost, stolen or compromised, it is important for the business to be confident that the data is protected. A remote wipe feature could be considered for such instances.
- **consider alternative ownership models**; some control over personal devices will have to be surrendered by the employee for security reasons. To avoid this, alternative models such as ‘choose your own device’ or ‘corporately owned, personally enabled’ could be used.



Use it or lose it? Importance of strong evidence of use affirmed

Guccio Gucci SpA v Gerry Weber International AG considered the issue of late filing of evidence of use.

Gerry Weber had obtained a decision from the UK Intellectual Property Office to partially revoke Gucci's trade mark registration for two interlocking Gs on the grounds of non-use. Gucci appealed to the Appointed Person ("AP") and made an application to submit further evidence.

Gucci had previously sought permission to file evidence late, but the request was refused. Considering the evidence as filed, the hearing officer in the original decision identified numerous flaws and concluded there was insufficient evidence to corroborate Gucci's claimed use.

In hearing this fresh application, the AP was satisfied that the hearing officer had grounds to reach the decision she did on the original evidence filed. Turning to new application, the AP was required to assess whether the new evidence made good the defects in the earlier evidence and whether it should be admitted having regard to the principles set out in the earlier case of *Ladd v Marshall*.

The three requirements are whether the evidence:

- could not have been obtained with reasonable diligence for use at the original trial;
- would probably have an important influence on the result of the case, although it need not be decisive; and
- is credible, although not incontrovertible.

Since Gucci is a large and well-resourced company, it was not disputed that it could have obtained the evidence for use at the original trial: the first requirement was not satisfied.

Fortunately for Gucci, the AP decided that the principles under *Ladd v Marshall* were not to be regarded as a straightjacket and that it was necessary to look at the position more broadly. On that basis, he decided to admit the requested further evidence explaining that:

- It is not in dispute that the reason that the evidence was so poor was as a result of the advice from previous solicitors;
- The evidence is highly material;
- There is the potential real prejudice to Gucci in losing the mark as well as the prospect of further litigation; and
- There is no suggestion of any prejudice to the applicant that could not be compensated by a costs award.

In this case, Gucci was directed to pay 80% of the applicant's actual costs of these proceedings to date (including those of the fresh hearing to adduce evidence).

Gucci was fortunate in this case and, as the AP pointed out, *"The rule is not just "use it or lose it" but (the less catchy, if more reliable) "use it - and file the best evidence first time round - or lose it"".*

Fast Track route for Community trade marks

The Community trade marks Office has introduced a fast track facility, to speed up the examination of CTM applications.

The process aims to increase efficiencies and is free of any additional charge. In order to use the Fast Track facility it will necessary to meet the following two main conditions:

- Pay the application fee upfront; and
- Select goods and services from within OHIM's database of accepted terms.

The Fast Track facility will only speed up the examination of a trade mark and will not affect the publication period, which will remain at three months. It is also worth noting that, to use the fast track, applicants must file all necessary documentation for priority and seniority claims at the time of filing. Claiming specific colours (pantone) or disclaiming elements of mark is not permitted and there is no national search facility.

The fast track system may somewhat speed up the examination process for the most straightforward applications, but overall time savings will be limited, with the three month publication period remaining in place. As such, its relevance is likely to be limited for the majority of applicants.

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