

CONCEPT

EU enlargement and the Community Trade Mark

Welcome

Welcome to the Summer 2003 issue of **Concept**, the news bulletin from Burges Salmon's Intellectual Property and Technology Team.

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From 1 May 2004, the EU has been extended by 10 New Member States (Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia). Bulgaria and Romania may also join in 2007.

All CTMs filed (or with a priority date) before 1 May 2004 will automatically be extended to the 10 New Member States. But the effective date of the CTM in the New Member States will be 1 May 2004, rather than the earlier date of the CTM.

So, what happens if a third party in a New Member State has an earlier trade mark which conflicts with your extended CTM? Such a third party:

- a. cannot invalidate your CTM;
- b. can only oppose your CTM if the filing (or any earlier priority) date of your CTM was after 1 November 2003 - and only then if the third party's right was not acquired in "bad faith"; and
- c. can, however, use national laws to exclude use of your CTM in the relevant New Member State.

For example, if a firm of lawyers in Poland has a trade mark "Burgess Salmon" - and we have a CTM for "BURGES SALMON" which is extended to Poland: the Polish firm will not be able to invalidate or oppose our CTM, but they might be able to exclude the use of



our CTM in Poland, on the basis of their earlier right to it (i.e. before 1 May 2004).

Summary

1. Use the period before 1 November 2003 to file new CTM applications. Later CTM applications risk opposition from New Member States - and a successful opposition would prevent registration of your CTM - and you would have to convert it into a series of national applications in the other EU countries, which is a more expensive option.
2. Make sure your trade mark watch services cover the New Member States.
3. File trade mark protection in New Member States as soon as possible - if you have marks which you will want to be able to use there. This will pre-empt a third party registering a conflicting mark between now and the effective date.

New Registered Community Design

On 1 April 2003 the Office for Harmonisation in the Internal Market, Trade Marks and Designs (OHIM) opened its doors to the new registered Community Design. The new Community Design means that, through a single application, it is possible to obtain a registration that provides unitary and uniform protection throughout the EU for a period of up to 25 years.

A registered Community design will give an exclusive right to use that design within the EU. "Designs" that will be registrable include the outward appearance of products or a parts of a product which results from the lines, contours, colours, shape, texture, materials or its ornamentation. OHIM has indicated that this

means applicants will be able to secure protection for both product designs and also designs which traditionally have been difficult to protect such as trade dress and branding. As for other forms of registration of IP rights in Europe, protection will be granted on a "first to file" basis and a successful application will grant a monopoly right to incorporate the design in products for 5 years, with the option to renew up to a 25 year maximum. All of this is for the very reasonable official fees of €230 for registration and €120 for publication.

In addition to the relatively low fees, the registered Community Design is also attractive as the application process is simple.

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What's in a name? A mark in any other form would smell as sweet.

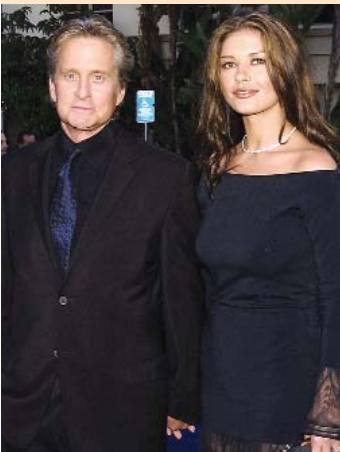
The key to the registration of smells as trade marks is whether they can be represented graphically. This might seem a bit odd given that any goodwill attaching to sensory marks is likely to attach to their non-graphic use. At the root of the requirement is the need for a form of representation which can be easily reproduced, distributed and interpreted. A recent European Court of Justice decision has thrown the validity of smell trade marks into doubt.

Initially the Trade Marks Registry adopted a relaxed approach to applications for smells, allowing “the strong smell of bitter beer applied to flights for darts” (*Unicorn Products Ltd*) and “a floral fragrance/smell reminiscent of roses as applied to tyres” (*Dunlop Tyres Ltd*). However, its approach is now much stricter, refusing “smell, aroma or essence

of cinnamon” in relation to furniture and fittings (*John Lewis*) because the representation placed too much reliance on assumed public familiarity and was therefore too ambiguous and imprecise. Indeed, following the ECJ’s recent decision in the *Sieckmann* case (stating that neither chemical formulae, written descriptions or samples or combinations of the same will be sufficiently clear) it is difficult to envisage a rosy future for olfactory marks.

Brand indicator

Even if the representation hurdle is overcome, a smell mark will still be refused registration if it is descriptive of characteristics of the goods/services. It must be shown that the smell is used by the applicant and is recognised by the public as a brand indicator rather than a characteristic of the goods.



PA Photos

“The judge decided a right of privacy under English law was best left to Parliament...”

Rights in Personality (Part 2)

Douglas v Hello!

As well as rights surrounding brand names, discussed in the previous edition of **Concept**, the law of confidence can be used to protect rights in personality to some extent.

The recent case of *Douglas v Hello!* was all about the publication in *Hello!* of paparazzi photographs of the wedding of Michael Douglas and Catherine Zeta Jones, taken during the wedding and reception by a camera man with a hidden camera. The Douglases had gone to great lengths to make their wedding as private as possible, holding it in a hotel with access only for invited guests, spending \$66,000 on security and making it clear in invitations and notices that no photographs were allowed. In fact, the guests were even checked for cameras. The reason for these measures was twofold: the Douglases wished to control use of their images by using an official photographer and approving release of individual photographs; and because they had signed an exclusive deal

with *Hello!*'s rival, *OK*, for publication rights in the photographs.

In these circumstances, the judge held that photographs of the bride and groom were a trade secret and that the paparazzi photographs were therefore a breach of confidence, entitling the Douglases and *OK* magazine to damages. One of the earliest examples of this is the case of *Prince Albert v Strange* in 1849 where the law of confidence prevented the publication of copies of private etchings featuring Queen Victoria and Prince Albert.

The judge also had the opportunity to decide whether, since the implementation of the Human Rights Act, the Douglases were also protected by a right of privacy under English law. The judge declined to do so on the basis that he felt the existence of this right was best left to Parliament and also because he had already found that there had been breach of commercial confidence and so it was unnecessary for him to decide this point.

Budweiser battle rumbles on

The latest round in the long running dispute between US brewery Anheuser-Busch Inc (“Busch”) and the Czech brewers Budejovický Budvar Nardoni Podnik (“Budvar”), recently came to a close. The beers of both companies are sold in this country under the trademark “Budweiser”.

Budvar is the proprietor of the UK trade marks “Budweiser Budbrau” and “Bud” registered in stylised fonts. In July 1998 Busch applied for revocation of “Budweiser Budbrau” on the ground it had not been used in the UK for a consecutive period of 5 years. Budvar accepted that there had been no use of the

stylised form of the mark, but argued that it had been using the words “Budweiser Budbrau” including in plain capital letters on the neck of beer bottles. Budvar maintained that although its use of the mark was different from the registered trade mark, the differences were immaterial. This argument was accepted by the Court of Appeal.

This decision marks a definite departure from the strict interpretation of “use” which is usually applied by the UK Trade Marks Office and means that use of a mark in ordinary block capitals could support a stylised mark.

Patent reforms - cheaper, faster, better

Court Procedure

The new Civil Procedure Rules were published on 1 April 2003. They include reforms to Patents Court practice, now giving the parties the option to run the case through a streamlined procedure. This would normally be adopted with the parties' agreement, however it is also possible for the court to impose the streamlined procedure where it considers it is appropriate to do so. The streamlined procedure does away with disclosure, experiments and cross examination thereby eliminating some of the most expensive elements of patent litigation.

Consultation on the Patents Act 1977

The Patent Office has been consulting on reform of the Patents Act 1977. The aim is to bring the Act in line with the Patent Law Treaty 2000, revisions to the European Patent Convention and to allow electronic communication with the Patent Office. The reforms are intended to produce a more flexible patent

system with the possibility of cheaper and simpler enforcement.

Key changes proposed for filing are making the administrative requirements less burdensome, allowing time extensions, clarification of the early entry into the national phase of Patent Co-operation Treaty applications and relaxing the national security provisions so that UK inventors will in most cases have the option to file first outside the UK without requiring permission from the Patent Office.

Proposed changes to the post-grant phase are relaxing the threats provisions to promote settlement discussions before infringement proceedings are started, greater jurisdiction for the Patent Office to hear infringement proceedings, the possibility of post grant re-examination rather than having to go through full blown revocation proceedings and reform of the employee compensation provisions giving employees greater scope to make claims where their invention is of outstanding benefit to their employer.

SLA workshop

Andrew Dunlop and Guy Jervis will be presenting a day-long workshop on "How to Write a Successful Service Level Agreement" as part of a 3-day conference on establishing and managing SLAs being run by conference organiser IIR in London on 24/25/26 September. If you would like more details on either the workshop or the conference please contact either Andrew or Guy.

Damage limitation

One of the most contentious areas of any computer supply contract is the exclusion of liability. Suppliers and customers want to make sure that they are not unduly exposed to risk in the event that things go wrong.

The Unfair Contract Terms Act 1977 ("UCTA") requires suppliers' terms to be reasonable to be enforceable. The Courts take the following into account: (i) the resources of the party relying on the terms; (ii) the extent to which insurance is available to cover the loss; (iii) the bargaining power of each party; (iv) any inducements given to accept the relevant terms; (v) a party's knowledge of the terms in question; (vi) whether the relevant services or goods were specially adapted; and (vii) the reasonableness of any dependant conditions.

Recently a series of cases which tested the reasonableness of commonly used IT suppliers' terms under UCTA seemed to tip the scales in favour of customers (*South West Water v ICL*,

Horace Holman v Sherwood International and Peggler v Wang). However, in a number of recent cases, the courts appear to be taking a broader view.

In *SAM v Hedley* the supplier sought to exclude implied warranties of merchantability and fitness for purpose, liability for direct and indirect damages and limited the unexcluded liability to the licence fee paid by its customer. When applying the UCTA tests, the court considered the overall transaction. An acceptance testing regime under which a full refund was available in the event of rejection. This was crucial in helping the judge decide that exclusions of liability set out in the contract were reasonable in the circumstances.

Courts will apply the principles of reasonableness laid down by UCTA to contractual clauses, but it is the deal as a whole which will be the key to determining whether specific exclusions or limitations are reasonable.



INTA Conference Amsterdam

Helen Scott-Lawler and Brioney Thomas jetted off to the International Trade Mark Association Conference in Amsterdam at the beginning of May, the first time it has ever been held outside North America. The Conference is an opportunity for more than 6,000 IP practitioners and their clients to meet.

A game of two halves Arsenal FC v Reed

In the last two issues of Concept, we have reported on the progress of the case of *Arsenal FC v Reed*, in which Arsenal FC are alleging trade mark infringement by a street trader selling unofficial merchandise.

The Court of Appeal has recently overturned a High Court decision finding that Mr Reed's activities did constitute trade mark infringement and that there had been use of the emblem as "an indication of origin" even if there had also been use as a badge of allegiance.

Bootlegged CDs

The following day, the House of Lords ruled on the case of *R v Johnstone* finding that the name of the artist on bootlegged CDs was not trade mark use and that therefore Mr Johnstone was not guilty of criminal trade mark infringement. The case turned on a point of subtlety: the artist's name in each case was used to describe what was recorded on the CD, not the trade origin of the CD.

But I don't like Spam!

On 4 March 2003 a new British Code of Advertising, Sales Promotion and Direct Marketing came into force, replacing all previous editions (the "Code"). The new Code applies to "marketing communications" - a broader than previously used term comprising advertisements, promotions and direct marketing communications. Revisions place greater emphasis on compliance with the Data Protection Act 1998 and the Consumer Protection (Distance Selling) Regulations 2000, including appropriate measures to safeguard individuals' personal details and consumer rights to cancel orders.

The **explicit consent** of consumers is now required before marketing by **fax, email or SMS text** messages unless the email or text is marketing similar products to existing customers and those customers are given an opportunity to opt out.

The Code also requires explicit consent to be obtained for the processing of sensitive personal data, overlapping with the Data Protection legislation - an area that marketers should be very familiar with by now.

The Code is enforced by the Committee of Advertising Practices. Failure to comply could result in adverse publicity, affected trade relationships, and potentially a referral to the Office of Fair Trading.

Although the Code is not law, the Electronic

Commerce (EC Directive) Regulations 2002 have been in force since 21 August 2002 and require that unsolicited commercial communications by e-mail are clearly and unambiguously identifiable as such as soon as they are received. Guidance on these Regulations, given by the DTI, is available at: www.dti.gov.uk/cii/docs/e-commerce/smallbusinessguidance/doc.

In addition, the EC Directive on Privacy and Electronic Communications (the "**Directive**") is due to be implemented by 31 October 2003. Once implemented it will, subject to only few exceptions, be a statutory requirement to obtain the prior consent of the subscriber before using automatic calling machines, faxes or emails for direct marketing purposes.

Customer's consent

So, whilst the requirement to obtain your customer's consent to spam is not currently a legal requirement (but is now a requirement of the Code), once the UK has implemented the Directive, it will be and giving your customers the "opt-out" option will not be sufficient - they will have to "opt-in" unless you are promoting similar products to existing customers.

Full details of the new Code and the recent changes are available at www.cap.org.uk.

Domain name ownership

With companies becoming increasingly dependent on the internet as a shop window, legal title to your domain name is almost as important as legal title to your premises. Domain names should always be registered in the name of the company owning them, with a trusted employee or director given as the administrative contact. It is a very common

mistake for an employee to be registered as a domain name owner on behalf of a company. This creates a difficulty when the employee moves jobs. Registries usually refer companies in this position to their dispute resolution policy, which can take time and is expensive.

Dow Jones - caught in the net...

As use of the internet grows so does frustration over how national laws are to be applied to this global phenomenon. On 10 December 2002, the Australian Supreme Court held that the American publisher Dow Jones was subject to Australian libel laws for publication of an article on its web-site "Barron's Online".

Dow Jones publishes the Wall Street Journal and Barron's magazine, both of which are available to subscribers via the internet. In the year 2000 Dow Jones published an article about the Australian entrepreneur Joseph Gutnick which suggested that he had been involved in money laundering. This, he claimed, caused his business reputation to be damaged in the Australian state of Victoria.

Australian libel law, in a similar way to UK law, centres around the publication of the article, so the

court had to decide where the article was published. Dow Jones argued that the article was published when it was uploaded onto its servers in New Jersey USA and that, therefore, US jurisdiction and law should apply. The Australian Court disagreed and found that publication was a two stage process which involved both the uploading in the US and the downloading in Australia by the reader. The logical basis for this was that no damage could occur until the article was actually read. By this analysis, the damage also occurred in Australia which confirmed the Australian courts as the appropriate forum.

The effect of this decision is far reaching as it leaves publishers of internet material at risk of being found liable for defamation (and potentially other torts) in countries with laws far more restrictive than their own.

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