



International IP update

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EU

Parallel imports

On 20 November 2001, the European Court of Justice (ECJ) gave its decision on two joined cases on parallel imports referred to it by the English High Court in 1999. Davidoff and Levi brought proceedings for trade mark infringement against suppliers importing branded goods into the EEA and selling them in the UK. Article 7(1) of the EU Trade Marks Directive states that a trade mark owner may not 'prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent'. The suppliers argued that the trade mark owners had impliedly consented to the import by not placing restrictions on it in their distribution agreements. The High Court referred to the ECJ several questions on the meaning of 'consent'.

The ECJ found there should be a uniform interpretation of consent across member states. It ruled that such consent must be demonstrated 'unequivocally'. It would normally arise from an express statement of consent, although in some cases it might be inferred from circumstances prior to, simultaneous with or subsequent to the placing of the goods on the market outside the EEA. Importantly, consent may *not* be inferred from the trade mark owner's silence or the fact that he has not placed contractual restrictions on the resale of his goods.

It remains to be seen in what circumstances national courts decide consent may be inferred. Brand owners would still be well-advised to include contractual restrictions in trade mark licences and distribution agreements outside Europe (subject to competition law

restraints) and restrictions on their products prohibiting resale in Europe.

(Zino Davidoff SA v A&G Imports; Levi Strauss & Co Ltd, Levi Strauss (UK) Ltd v Tesco Stores, Tesco plc and Costco Wholesale UK Ltd)

Registering smells as trade marks

The advocate general of the ECJ has delivered his opinion on whether smells can be registered as trade marks. On 6 November 2001, in response to a question by the German Federal Patent Court, he said that a smell may be a distinctive sign, but concluded it was not (currently) capable of being represented graphically (ie being drawn) and therefore could not be registered. He noted that:

- a chemical formula will describe the chemical but not the smell (which may vary according to factors such as concentration or temperature);
- a written description is subjective and not clear and precise enough; and
- a deposit can change or evaporate.

He considered that the registration by the Office of Harmonisation for the Internal Market of the smell of freshly-cut grass for tennis balls was an isolated decision.

(Ralf Sieckmann C-273/00)

'Bravo' as a trade mark

On 4 October 2001, the ECJ gave a preliminary ruling on a question referred by the German Federal Patent Court on the interpretation of article 3(1)(d) of the EU Trade Marks Directive. The question arose in considering whether BRAVO was registrable for writing implements,

given that it was a term of praise and used in advertising for various products, but not specifically for writing implements. Article 3(1)(d) provides that trade marks that consist exclusively of signs or indications that have become customary in the current language or in the bona fide and established practices of the trade shall not be registered. The ECJ noted that this was to prevent registration of signs incapable of distinguishing products from different undertakings and that whether a sign can distinguish cannot be assessed in the abstract but only in relation to the relevant goods/services. The ECJ held that article 3(1)(d) must be interpreted restrictively – that is *only* in relation to the goods or services in respect of which registration is sought. In this case, BRAVO was not used as a term of praise or in advertising specifically for writing implements.

(Merz & Krell GmbH & Co, C-517/49)

GERMANY

New decision on Benetton

On 6 December 2001, the Federal Supreme Court renewed its 1995 decision prohibiting Benetton's 'HIV positive' advertisement. As we reported in our winter 2000 issue, the Federal Constitutional Court had overruled that decision and directed the Federal Supreme Court to review its judgment, taking due account of the right to free expression of opinion. However, the Federal Supreme Court argued that it was cynical and thus anticompetitive to use human misery for egotistical advertising purposes. The court's full reasoning is expected to be published in summer 2002.

Trade mark infringement in online auctions

The Regional High Court of Cologne has decided that providers of online auctioning platforms cannot be held liable for trade mark infringements caused by an auctioneer's offer (2 November 2001). This contradicts a series of other regional court decisions. Swiss Rolex brought the case against German Ricardo.de for auctions on the Ricardo platform in which imitations of Rolex watches had been offered. The court argued that Ricardo did not wilfully participate in the infringement of rights caused by an offer, because the automated registration process used by Ricardo for auctioneers and their offers did not allow it to review an offer's contents.

Patentability of data processing inventions

On 17 October 2001, the Federal Supreme Court decided on the patentability of a method used to find and correct false strings of data in digital text. It overruled the Federal Patent Court's decision that the invention was a computer program and therefore not patentable. It argued that the legal regulations did not aim to exclude any invention incorporating data processing from patentability, but to prevent patents being assigned to programs regardless of whether or not they presented technical solutions to specific problems and thus qualified as inventions. Consequently, the court ruled that an invention using data processing was patentable if the integral parts of its subject matter solved a specific technical problem. The Patent Office will review the case.

FRANCE

New .fr domain name rules

Afnic, the French organisation responsible for the registration of domain names under the .fr country code extension, has liberalised its registration rules (published at www.nic.fr).

French trade marks can now be registered as domain names with the .fr extension, in addition to the existing .tm.fr extension. The domain name to be registered must have exactly the same spelling as the trade mark and there must not have been an identical prior registration by another trade mark holder with a .tm.fr extension.

Companies and organisations are now entitled to register an unlimited number of .fr domain names and are no longer limited to five. The application process has also been streamlined. Applicants no longer need to provide Afnic with proof of their rights (in France) to the name to be registered, as Afnic performs the necessary searches online (using trade mark or company name databases).

SPAIN

New Trade Mark Act

The Spanish Congress passed the new Spanish Trade Mark Act on 22 November 2001. The new Act:

- broadens the concept of a trade mark to include sounds;

- provides better protection for well-known (*marcas notorias*) and highly reputable (*marcas renombradas*) marks, including a definition for both types of mark;
- amends the registration procedure to include multiple class applications and an examination system in which the Trade Mark Office no longer considers relative grounds for refusal unless the owner of a conflicting trade mark opposes the application; and
- introduces a new principle of 'good faith registration' with a new cause of nullity of a trade mark registration for a 'bad faith' application.

ITALY

Employees' inventions

A new law has amended some employees' economic rights to inventions made at work. The Italian Law n383 of 18 October 2001 has partially amended the provisions of Italian Patents Law n1127 of 29 June 1939. Under this law economic rights in an invention produced by the employee during the course of his employment and in execution of his duties vested in the employer. The amendment narrows the application of this rule so that, where an invention is produced by an employee in the course of his employment with a university or a public administration whose institutional purpose is research, economic rights in the invention vest in the employee. However, the university or public administration has the right to set the maximum amount of fees due for the licensing of the economic exploitation of the invention to themselves, to private sponsors and to third parties. The new law applies to inventions produced after 8 November 2001, even if resulting from previous research activities.

CZECH REPUBLIC

The Electronic Signature Act

On 10 October 2001, the Decree of the Office of Personal Data Protection (366/2001) implemented the Electronic Signature Act (227/2000). Specific requirements for a 'warranted electronic signature' and a 'certification-service provider' have now been set up, making electronically signed documents a reality.

A warranted electronic signature should guarantee that the data message has been sent by no other person than the signatory and has not been changed subsequently.

This should be accepted by Czech public authorities as a sufficient identification of the data sender.

A person requiring a warranted electronic signature will visit a certification-service provider. This is a private entity that will certify the person's identity, create the signature and certify the signatory's identity whenever the signature is used.

HONG KONG

Review of Copyright Ordinance

In October 2001, the government published a consultation paper inviting submissions from the public (by 31 December 2001) on what the legislative position should be when the Copyright (Suspension of Amendments) Ordinance 2001 expires in July 2002. As reported in our summer 2001 issue, the Suspension Ordinance was a response to public outcry and it limited criminal provisions introduced by the amendments to the Copyright Ordinance in April 2001 (reported in our spring 2001 issue). The government is considering all options – from maintaining the original April 2001 amendments to repealing them all.

CHINA

New Trade Mark and Copyright Laws

The new Copyright and Trade Mark Laws came into force on 27 October and 1 December 2001 respectively. These laws, along with the new Patent Law covered in our summer and autumn 2001 issues, bring the PRC into closer compliance with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) after its entry into the World Trade Organisation on 11 December.

The new Copyright Law expands protection for compilation works (so that databases are protected) and adds the right to transmit via the internet to the list of copyrights. It also regulates assignment of copyright.

The long-awaited new Trade Mark Law allows protection of more marks, including collective and certification marks, three-dimensional symbols and colour combinations. Chinese individuals can now register trade marks. Judicial review of administrative decisions is now possible. Another important change is the specific recognition of the international principle that whether a

mark is 'well-known' is determined according to market factors such as the extent of public knowledge, the duration of use, and the publicising of the mark. This ends the need for registration in the official registry of well-known trade marks.

Both laws strengthen enforcement measures against infringement, introducing a preliminary injunction procedure to stop infringement and preserve evidence. There are detailed guidelines for the award of appropriate damages. These take into account any illegal profits made by the infringer or the claimant's actual loss. If these cannot be determined, statutory damages up to RMB500,000 may be awarded.

UK

Designs and Copyright Directives

The EU Designs Directive was implemented in the UK on 9 December 2001 by the Registered Designs Regulations 2001. These amend the Registered Designs Act 1949 and mean that more designs will now be registrable. The key provisions are:

- there is now no need for 'eye-appeal';
- a design by itself can now be registered, regardless of where applied;
- packaging, get-up, graphic symbols and typefaces can all be registered as designs;
- designs of parts of products and, if visible, individual component parts of complex products can now be registered (but use of component parts for repair purposes will not infringe);
- to be registrable, a design must be new and have 'individual character' (producing a different overall impression on an 'informed user'). The test for novelty is now worldwide rather than UK, with a 12-month grace period for disclosures made by the designer;
- a registered design is infringed by 'use' of any design that does not produce a different overall impression; and
- compulsory licences and orders for licences of right are no longer available.

The EU Directive on Copyright in the Information Society is due to be implemented by 22 December 2002. In the spring the UK Patent Office expects to publish a draft statutory instrument for consultation.

Competition Act draft guideline

The Office of Fair Trading has published, for consultation, a draft guideline on the application of the Competition Act 1998 to agreements and conduct that concern intellectual property rights. The consultation period runs until 28 February 2002.

The guideline notes that many agreements will benefit from the Verticals Exclusion Order 2000 and be excluded from the Chapter 1 prohibition of the Act. If not excluded or exempted (eg by compliance with an EU block exemption), agreements will generally have no appreciable effect on competition if the parties' combined share of the relevant market is not more than 25 per cent. Guidance is given on the likelihood of specific provisions (eg minimum resale price, market sharing and quality control) infringing the Chapter I prohibition. Guidance is also given on Chapter II (prohibition of abuse of a dominant position), including refusal to license, tying and excessive pricing.

www.of.gov.uk/html/comp-act/technical_guidelines/of418.html

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