

UPLOAD-IT - 1 FEBRUARY 2009

COMPETITION LAW

- ***Microsoft receives further statement of objections from the European Commission...***

Microsoft has been issued with another statement of objections by the European Commission for alleged abuse of its dominant position – this time relating to the bundling of Microsoft’s web browser, Internet Explorer, with its Windows operating system. The Commission’s investigation was prompted by a complaint from a small Norwegian web browser, Opera. Opera complained that Microsoft was acting anti-competitively in the web browser market by bundling its products. The Commission agreed and objected to the tying of Internet Explorer with Windows, which means that Internet Explorer is available for free on 90% of the world’s PCs, giving Internet Explorer an artificial distribution advantage that other web browsers are unable to match.

Opera also argued that Microsoft should be forced to make its browser comply with the same technical standards as other browsers so that web developers would not have to write code particular to Internet Explorer.

Microsoft must now respond to the statement of objections and can request an oral hearing. Ultimately, if the Commission does not like what it hears from Microsoft, it may issue a fine and other remedies.

This is not the first time Microsoft’s selling practices have been scrutinised by the Commission. In 2004, the Commission fined Microsoft €497m and imposed sanctions for its bundling of media player software with Windows and withholding vital information about Windows from makers of server software. Microsoft then received a further fine in 2007 for failing to comply with those sanctions. For more on this case, please click here: <http://www.upload-it.com/editArticle.aspx?ID=2486>.

CONTRACTS

- ***‘No waiver’ clause cannot prevent an election to affirm the contract -***

- ***Tele2 International v Post Office, Court of Appeal...***

The Court of Appeal has ruled that a ‘no waiver’ clause in a contract cannot prevent an election to abandon the right to terminate and continue the contract. A ‘no-waiver’ clause is a provision often inserted into a contract which states that a party’s right to terminate is not affected by delays in taking termination action. Tele2 International (‘T2’) had entered into a contract with the Post Office to provide prepaid phonecards and telecommunications services. The Post Office gave written notice to terminate the agreement on the ground that T2 had failed to provide, by a specified date, parent company guarantee letters as required by the contract and that entitled the Post Office to terminate. The date by which the guarantee letters should have been provided was 24 December 2003 but the Post Office didn’t give notice to terminate until December 2004. In defence of its delay the Post Office sought to rely on the ‘no-waiver’ clause in the contract, which provided that a delay in enforcing a term of the agreement should not be deemed to be a waiver of that provision or in any way prejudice the right of that party under the contract.

The Court of Appeal found that the continued performance of the contract by the Post Office without any complaint in relation to the failure to provide the parent company guarantee letters was only consistent with an election to abandon the right to terminate the contract for that breach. The fact that there was a no-waiver clause could not, it said, prevent the fact of an election to abandon the right to terminate from existing: either it did or it did not. The general law required a party with a contractual right to terminate a contract to decide whether to terminate or affirm the contract. The Court of Appeal found that the Post Office's behaviour indicated a clear and unequivocal communication of its election to affirm the contract and concluded that it had unfairly terminated the contract early.

Samantha Lloyd, assistant editor of Upload-IT, comments: 'This case highlights the dangers of inaction following a breach of contract which entitles a party to terminate it. Some people are lulled into a false sense of security by non-waiver clauses. However, a non-waiver clause is only useful for a limited period to give the innocent party time to make an informed decision as to whether they are legally entitled to terminate the contract and, if so, whether it wishes to terminate. As soon as people act in a way that demonstrates they are willing to continue the contract, regardless of the breach they may be seen to be affirming the contract. It is therefore important to take legal advice at the earliest opportunity to avoid losing any legal rights.'

COPYRIGHT AND DATABASE RIGHTS

- ***More than 40 billion music files shared illegally in 2008...***

The International Federation of the Phonographic Industry ('IFPI') has estimated that more than 40 billion music files were shared illegally in 2008. The IFPI, which represents 1,400 record labels in 72 countries, has reported that 95% of music downloaded online is illegal. The digital music industry has been growing steadily over the last six years, with a 25% rise in 2008 alone, and is now worth £2.5bn. However, compared to the estimated 40 billion shared files, a mere 1.4 billion singles tracks were downloaded in 2008. The IFPI's report also claims that worldwide music revenues shrank by 7% last year. Tackling file-sharing is a huge challenge for the IFPI but the chairman and chief executive of IFPI, John Kennedy, said: 'Governments are beginning to accept that, in the debate over 'free content' and engaging ISPs in protecting intellectual property rights, doing nothing is not an option if there is to be a future for commercial digital content.'

- ***Unlimited legal downloads from P2P sites proposed in the Isle of Man...***

An island-wide blanket licence to allow unlimited legal downloads from peer-to-peer ('P2P') networks has been proposed by the government of the Isle of Man. The plans include charging Internet subscribers an extra monthly fee of as little as one Euro per month. The fee would be payable to their Internet service providers ('ISPs') for the freedom to download music from rogue P2P networks without any repercussions. Internet users could opt-out of the licence fee if they do not intend to download any material. Major record labels have yet to signify their backing for the plan and opposition may also come from the ISPs who tend to resist any legal requirement to increase their Internet prices.

Paul Gershlick, editor of Upload-IT, was critical of the plans recently when he told *Copyright World* magazine: 'The figures do not add up. If the UK tried a similar scheme, and all 16 million households opted in then that would make just £200m a year. That's a small percentage of the value of current UK record industry revenues. Proponents of the scheme argue that the music industry would make up the rest of

the money from value added revenue-generating devices such as advertising. If it was that easy, then why have they not done so already?

'It's all very well thinking of novel business models, but the current idea proposed by the Isle of Man needs a lot of refining for it to work. It may be that draconian measures against P2P file-sharers, even though not popular, may still be the best way to deter the vast majority of illegal file-sharers who don't pay for music because it's so easy on the Internet from the secrecy of their own homes.'

- ***Government sets out its proposals to regulate P2P file sharing in its Digital Britain interim report...***

The Department for Culture, Media and Sport ('DCMS') and the Department for Business Enterprise and Regulatory Reform ('BERR') have set out their proposals for regulating peer-to-peer ('P2P') file-sharing in their 'Digital Britain' interim report ('Report'). The report, published as part of the Digital Britain action plan being co-ordinated by DCMS and BERR, includes a 22-point action plan for Britain's digital industries and sets out specific proposals covering digital networks, universal connectivity, digital content, education, media literacy and online safety. However, the proposals to tackle unlawful P2P file-sharing are contentious and have received a significant amount of comment in the media.

The Report sets out a proposal to consult on legislation that would require Internet service providers ('ISPs') to:

- notify alleged infringers that their conduct is unlawful;
- collect anonymised information on serious repeat infringers; and
- disclose that information to rights-holders on receipt of a court order.

For rights-holders and their representatives, however, the proposals do not go far enough because they fall short of implementing the so-called 'three-strikes-and-out' policy. The British Phonographic Industry, which represents the UK music industry, had hoped that the government would legislate to require ISPs to eventually disconnect users who continued to engage in illegal file sharing after receiving notification of their unlawful conduct.

CYBERCRIME/SECURITY

- ***New law banning possession of extreme pornography comes into force...***

A new law which makes it a criminal offence to possess 'extreme pornography' came into force on 26th January. It was already an offence to publish, distribute and possess for gain extreme pornographic material under the Obscene Publications Act 1959, but the Criminal Justice and Immigration Act 2008 goes further. It makes mere possession an offence that could lead to three years imprisonment, an unlimited fine and the individual being placed on the sex offenders register. The law makes it illegal to possess images where there is, or appears to be, sexual activity with animals or corpses, or extreme sexual violence that appears to be life threatening or likely to result in serious injury. Guidance produced by the Ministry of Justice states that there are defences for people who did not know, nor had reason to suspect, that they possessed an extreme pornographic image, or who removed it soon after receiving it as an unsolicited message.

DATA PROTECTION/PRIVACY/CONFIDENTIALITY

- ***Information Commissioner launches the Personal Information Promise...***

Richard Thomas, the current Information Commissioner, has launched the Personal Information Promise to try to improve respect for personal data and ensure that its safekeeping is embedded in the organisational culture of businesses. Those that sign up to the promise will pledge to go beyond the legal requirements imposed on them by data protection laws. They will need to consider privacy risks when creating new information systems which draw on data contained on databases of personal data. They will also need to put in place safeguards to ensure that data is securely stored and does not fall into the hands of identity thieves. BT, Vodafone, Royal Mail, British Gas, Experian and T-Mobile all signed up to the Personal Information Promise on the day it was launched.

- ***Home Office promises to process personal data securely...***

The Home Office has signed a formal undertaking with the Information Commissioner promising that it will process personal information securely in future. A number of security measures will be introduced by the Home Office to protect personal data more effectively including the encryption of all its and its contractors' mobile and portable machines carrying personal information. The undertaking commits the Home Office to ensuring that anyone who processes personal data for it will comply with the same standards applicable to the Home Office and that the Home Office will perform regular audits to ensure that this is the case.

The Home Office agreed to the undertaking on the condition that the Information Commissioner's Office ('ICO') did not issue it with an enforcement notice for its breach the Data Protection Act last year. The breach occurred when a memory stick containing the unencrypted names and dates of birth of every prisoner in England and Wales - a total of 84,000 individuals - was lost by PA Consulting, one of the Home Office's contractors. Mick Gorrill, Assistant Information Commissioner at the ICO, said: 'This breach illustrates that even though a contractor lost the data, it is the data controller (the Home Office) which is responsible for the security of the information.'

A copy of the undertaking can be found at: http://www.ico.gov.uk/upload/documents/library/data_protection/notices/home_office_undertaking.pdf.

- ***Personal data of US soldiers found on second-hand MP3 player in Oklahoma...***

Mobile phone numbers and other personal data of a number of US soldiers who have fought in Afghanistan and Iraq have been discovered by a New Zealand man on an MP3 player he bought second-hand in Oklahoma. The MP3 player also contained details of equipment deployed to the bases. According to a New Zealand television news report, the majority of files found date back to 2005 but some are still active and could have put individual soldiers at risk.

- ***Proposed amendments to Data Protection Act set to increase Information Commissioner's enforcement powers and permit increased information-sharing across government departments...***

Proposed amendments to the Data Protection Act 1998 included in the Coroner and Justice Bill are set to increase the Information Commissioner's enforcement powers and permit increased information-sharing across government departments. The Bill

introduces a new right for the Information Commissioner to serve a government department or a designated public authority with an assessment notice to enable him to establish whether the department or authority has complied or is complying with data protection laws. The Information Commissioner's powers would also be strengthened by introducing broader powers in relation to warrants for entry and inspection. Under the provisions contained in the Bill, data controllers would also be subjected to a new tiered fee scheme.

Provisions for information-sharing are to be inserted into the Act. The government would be permitted to make an information-sharing order allowing personal data to be shared. The information may only be shared if this is necessary to secure a relevant policy objective; the effect of the sharing is proportionate to that policy objective; and the sharing strikes a fair balance between the public interest and any person affected by it. Although the relevant authority must issue a general invitation for representations to be made by persons likely to be affected by the proposed order, consent from the individual to the data sharing is not required and there is no right for an individual to stop their personal data from being shared.

The proposed amendments to the Act follow the Ministry of Justice's recent proposals, which are described here: <http://www.upload-it.com/editArticle.aspx?ID=2987>.

- ***Ministry of Justice chooses new Information Commissioner...***

The Ministry of Justice has chosen Christopher Graham as its preferred candidate to take over the role of Information Commissioner when Richard Thomas retires in June. Graham has been the director-general of the Advertising Standards Authority since 2000 and is a non-executive lay representative on the Bar Standards Board which regulates barristers. He is keen to take on the role of ensuring that the Data Protection Act and the Freedom of Information Act are complied with. Parliament's Justice Select Committee will have the final say on Graham's proposed appointment.
- ***Despite no publication, mere taking of baby's photograph without parents' consent breaches right to privacy says ECHR...***

The European Court of Human Rights ('ECHR') has said that the mere taking of a new-born baby's photograph without his parents' prior consent was in breach of Article 8 of the European Convention on Human Rights (the 'Convention') despite the fact that the photographs were not actually published. As part of a photography service offered to clients of a private clinic, a professional photographer had taken the photos of a new-born baby in a sterile unit within the clinic without the consent of the baby's parents. The parents objected to the photographs and requested that the clinic hand over the negatives, but the clinic refused.

The ECHR found that the concept of the right to private life under Article 8 of the Convention was a broad one. A person's image constituted one of the chief attributes of his or her personality. Since the baby was a minor, the ECHR said that the baby's right to protect his image was in the hands of his parents. Their consent had not been sought at any time. The ECHR ruled that an individual's consent to the taking of a picture itself was required to effectively protect the right of an individual to control his or her image and not just required upon possible publication. The ECHR did, however, note that if the baby had been a public figure or someone in the news, this fact may have justified his photograph being taken without his parents' consent.

DEFAMATION

- ***High Court throws out blogger's defamation claim because he didn't delete the comment – Carrie v Tolkien, High Court...***

The High Court has thrown out a blogger's defamation claim after he left the comment on his blog for the world to see. Christopher Carrie set up a blog in February 2007 and published a post under a pseudonym promoting his website, from which his self-published book - in which he claims he was sexually abused by the son of writer JJR Tolkien, Father John Tolkien - could be downloaded for free. JJR Tolkien's great-grandson had posted a comment on the site claiming that Carrie was a fraudster who had tried to defraud the Catholic Church and the Tolkien family and had admitted to lying about the alleged sexual abuse to extract money from the Church. Carrie saw the remarks on his blog four-and-a-half hours after they had been posted. However, rather than remove the remarks, Carrie denied the claims via his pseudonym and sued Tolkien on the ground that the marks were defamatory.

The High Court ruled that by failing to remove the allegedly defamatory remarks, Carrie had consented to the publication of the comments. The judge said Carrie's conduct was not compatible with his claim that he had suffered 'substantial upset and distress' or that he was concerned about the welfare and safety of his family. The High Court found that a jury was likely to conclude that Carrie consented to the remarks when he failed to delete the comments and responded to them on the site. However, this still left Carrie with a potential defamation claim for the four-and-a-half hours during which the comments were on the site before it was clear that he knew about them. In line with previous Internet defamation cases, the judge ruled that an article must actually be read for it to harm someone's reputation. However, a bare assertion that the posting had been accessed 'by a large but unquantifiable number of readers' was not sufficient to make out a defamation claim - it was necessary to prove that the material had been accessed and read.

E-COMMERCE REGULATIONS

- ***New Bill will require providers of age-restricted goods and services via the Internet to take steps to establish ages of customers...***

The Online Purchasing of Goods and Services (Age Verification) Bill has been introduced to Parliament. If passed, it would make it a requirement for the providers of age-restricted goods and services and the providers of specified facilities enabling the purchase of age-restricted goods and services to take reasonable steps to establish the ages of customers who make those purchases remotely. The Government would publish guidance as to how businesses could discharge their obligations under the new law. Businesses breaching the new law would commit a criminal offence and could be fined.

FREEDOM OF INFORMATION

- ***Information Commissioner rules council employee is entitled to details of other job candidates under Freedom of Information Act...***

The Information Commissioner has ruled that, provided the identities of the candidates are kept secret, a council employee is entitled under the Freedom of Information Act to obtain details relating to other job candidates who had competed

for internal vacancies. The Act gives people the right to see information held by more than 100,000 UK public bodies about the way decisions are made. Leicester City Council had refused the request for information about the recruitment process and other candidates from the disgruntled employee because it believed that the information was exempt from disclosure under the Act. However, the Information Commissioner found that the exemption relied upon by the Council applied to some, but not all, of the details in the job applications. The Council was ordered to provide the information requested in either an edited or summary form.

Rebecca Fox, an employment solicitor at Matthew Arnold & Baldwin, said that this judgment should be viewed with importance by employing public bodies. Rebecca told *Personnel Today*: 'This decision states that the information from interviews and the interview selection process should be readily available to applicants, save for any identifying personal details. This means that employers need to be careful not to put anything in their notes about applicants that could give rise to a claim in the employment tribunal.'

IT AND INTERNET USE

- ***Facebook is used to catch criminals in New Zealand...***

Police in New Zealand have used Facebook to catch a 21-year-old Queenstown man who attempted to break into a pub safe containing around NZD 20,000. The would-be thief, who failed to break into the safe, had been captured on CCTV removing his balaclava before noticing he had been caught on camera. The local police used their page on the popular social networking site last month to secure his capture in what they are describing as the 'first Facebook arrest'. The Facebook account had been set up by the local New Zealand police only a month previously to enable them to spread vital crime-fighting information to the community.

- ***Microsoft fights back as rival Internet browsers move in on Internet Explorer's market share...***

Microsoft is fighting back against rival Internet browsers with the latest release of its Internet Explorer browser – IE 8. Microsoft says its IE 8 is faster, easier to use and more secure than its competitors. IE 8 includes 'InPrivate Filtering' which allows users to see and block a third party content provider who may be tracking their Internet activities in order to provide targeted advertising. It also allows users to start a session in which they can browse the Internet without the history of the sites viewed being recorded – nicknamed by bloggers as the 'porn mode'.

Rival Internet browsers, Firefox, Safari and Chrome, have all recently been eating into the very dominant market share of Internet Explorer, which slipped from 75% to 68.15% during 2008 according to web analytics company Net Applications. Mozilla's Firefox browser, on the other hand, broke the 20% barrier for the first time picking up 21% of the market. As reported in this month's edition of Upload-IT (under 'Competition Law'), Microsoft is also coming under fire from the European Commission for bundling its browser with its Windows operating system. The Commission has said that this practice is anti-competitive and issued Microsoft with a statement of objections.

- ***Latest figures reveal over one billion people online worldwide...***

Latest figures from web measurement firm, comScore, has revealed that over one billion people worldwide Internet are now online. The figures cover anyone aged 15 and older viewing the Internet from home and work computers but does not include traffic from public computers such as Internet cafes. China, with its 180 million

Internet users, now represents the largest online audience in the world, followed by the US, Japan, Germany and the UK.

MISLEADING ADVERTISING

- ***ISPs must be more open when advertising broadband speed says Ofcom...***

Ofcom has told Internet service providers ('ISPs') that they must be more open with their customers when it comes to advertising broadband connection speeds. In a survey of broadband services in the UK, Ofcom found that broadband lines advertised as providing speed of up to eight megabits per second obtained, on average, connection speeds of just 3.6 megabits. The Code of Practice for ISPs, published by Ofcom last year, requires ISPs to explain to new customers what speeds they are likely to obtain in practice and the steps customers may take to improve their broadband performance. Ofcom reported that, although many factors that reduce broadband speed are out of ISPs control, ISPs could do more to connect users at closer to the advertised speed as well as informing customers of the maximum likely speed for their particular connection.

MISLEADING SELLING

- ***European Parliament demands that consumers be given rights to take direct action under laws against unfair commercial practices...***

The European Parliament has told the European Commission and EU countries demanding a change in the countries' laws if they have implemented the Unfair Commercial Practices Directive in such a way so as to deny consumers the right to take direct action against businesses. The Directive was implemented in the UK last year by the Consumer Protection from Unfair Trading Regulations 2008. Under the Regulations, criminal prosecutions against businesses flouting the unfair trading laws can only be brought in England by the Office of Fair Trading and local authority Trading Standards Services. The lack of the direct right of action means that consumers are unable to bring claims for damages resulting from unfair practices.

The European Parliament has also asked that the European Commission and EU countries do more to increase consumers' awareness of their rights in respect of unfair commercial practices and misleading comparative advertising.

- ***A US Belkin employee offers payment for fake five-star reviews on Amazon.com...***

Belkin has admitted that one of its US employees offered to pay people in exchange for posting positive reviews of a Belkin wireless router. The offer was posted online on Amazon's Mechanical Turk – a website offering people tasks and pieces of work – inviting people to write good reviews with 100% ratings and to undermine the credibility of other negative reviews posted by genuine users in exchange for 65 cents per review. Belkin has since apologised for the incident and has said that it is trying to remove any posts which resulted from the cash offer. In a statement, Mark Raynoso, president of Belkin, said: 'We know that people look to online user reviews for unbiased opinions from fellow users and instances like this challenge the implicit trust that is placed in this interaction. We regard our responsibility to our user community as sacred, and we are extremely sorry that this happened.'

Belkin is not the only business to come under fire for manipulating fake reviews. The *New York Times* reported two reviews of online backup service Carbonite which were found to have been made by Carbonite employees without disclosing their employment affiliation. The Consumer Protection from Unfair Trading Regulations would make it illegal in the UK for a company to pay for positive reviews for its own products if the reviews create the false impression that they were written by consumers. Directors of companies found to be engaging in this type of conduct could face up to two years in jail.

PATENTS

- ***Air Canada passengers can sleep easily after High Court rules that its flat-bed seats do not infringe Virgin Atlantic's patent - Virgin Atlantic Airways v Premium Aircraft Interiors, High Court...***

The High Court has ruled that flat-bed seats supplied to Air Canada by Premium Aircraft Interiors (known as 'Contour') do not infringe a patent held by Virgin Atlantic Airways for its flat bed airline seat. Virgin appointed Contour to design, engineer and manufacture a new flat-bed seat in 2002. The new 'Upper Class Suite' was put into full service in 2003 and won numerous design awards. In November 2005, Contour supplied a new flat-bed seat, known as the 'Solar Eclipse' to Air Canada. Virgin claimed that Contour's manufacture of those seats infringed its patent and that in working up the detailed designs of those seats it have infringed Virgin's unregistered design rights in parts of the Upper Class Suite. On the facts of the case, the High Court found that, although Virgin's patent for the Upper Class Suite was valid, it was not infringed by the Solar Eclipse. The High Court also rejected Virgin's claim for unregistered design right infringement. Despite some turbulence, Air Canada's journey may now proceed smoothly.

TRADE MARKS AND PASSING OFF

- ***EU Trade Marks Registry Board of Appeal rejects Caterpillar's wide-ranging colour-combination trade mark application - Caterpillar Inc v OHIM, OHIM Board of Appeal...***

The Office of Harmonization for the Internal Market's ('OHIM') Board of Appeal has rejected an application by Caterpillar to register the colours yellow, black and white as a European Community trade mark for a range of goods and services. Caterpillar's application included a representation of the mark but claimed that the mark was defined as a 'colour mark per se' and carried the following description:

'Protection is claimed for the colours black, yellow and white in the specific colour shade shown in the e-file of the application; the figurative elements are exclusively used to show the systematic arrangement of the colours concerned in a predetermined and uniform way; the ratio of the colours is approximately 55% (black), 30% (white), 15% (yellow).'

The OHIM Board of Appeal dismissed Caterpillar's appeal from the examiner's decision to reject the application. The Board of Appeal ruled that the graphical representation of the trade mark was fatally undermined by the accompanying verbal and colour description. The description made what initially appeared to be a precise and objective device mark a representation of a single example out of a potentially infinite series of marks. There were any number of forms which would fit the description and there was nothing to prevent Caterpillar from asserting rights over

forms that might be significantly different to the mark filed. The Board of Appeal confirmed that the representation of a mark had to be complete, clear, precise and objective. Where a mark's representation allowed different combinations consumers may not recall a particular combination which would prevent them from repeating the experience of a purchase with certainty and other businesses would be unable to ascertain the scope of the protection of the trade mark.

- ***Court considers lack of similarity between a trade mark for computer-related goods and services and a trade mark for services merely offered over the Internet - Commercy AG v OHIM, European Court of First Instance...***

The European Court of First Instance ('CFI') has considered the similarity between: a trade mark for computer-related goods and services for an e-commerce business offering particular services; and a trade mark for those services which are offered to the public over the Internet. Commercy had applied to the Office for Harmonisation in the Internal Market ('OHIM') for a declaration of invalidity against the registration of easyGroup's European Community trade mark 'easyHotel'. Commercy's application was based on a likelihood of confusion with its earlier registration in Germany of the word mark 'EASYHOTEL' for computer software and software development for Internet businesses, especially for the reservation, booking and payment of accommodation. In contrast, easyGroup's Community trade mark was registered for information services and travel and hotel booking services.

The CFI agreed with the decision of the OHIM Board of Appeal and found that the goods and services covered by the earlier mark were computer-related and intended for businesses in the hotel and travel sector, whereas the services covered by easyGroup's mark were intended for the public and used computer technology only to support the transmission of information or to make it possible to reserve accommodation or travel. The fact that the easyGroup's information and reservation services were provided by the Internet did not take away the fundamental differences between the goods and services in terms of their nature, intended purpose or method of use. The CFI ruled that the goods and services were not in competition with each other nor were they complementary as they were not intended for the same public. The CFI found that there was no likelihood of confusion, as the commercial origin of the software and computer services used to enable easyGroup's website to function was not of the slightest interest to its customers.

- ***Use of trade mark on free promotional goods does not constitute genuine use of that mark, rules ECJ - Silberquelle v Maselli, European Court of Justice...***

The European Court of Justice has ruled that the concept of genuine use was not satisfied where promotional items were handed out free of charge as a reward for, and to encourage, the purchase of other goods. Silberquelle successfully applied to the Austrian Patent Office for the cancellation of Maselli's 'WELLNESS' trade mark for non-alcoholic drinks on the basis that there had been no genuine use of the mark for a continuous period of five years. When Maselli appealed, the Austrian tribunal asked the ECJ to decide whether Maselli's 'WELLNESS' trade mark was being put to genuine use in accordance with the EU Trade Marks Directive where the drinks were given free to purchasers of Maselli's clothing and were not sold separately.

The ECJ considered that, for use to be genuine within the meaning contained in the Directive, it had to denote the origin of the goods and the protection of the mark could not continue if the mark lost its commercial justification which was to create or preserve an outlet for the goods or services sold under the mark. Given the number of marks registered, it was found to be important that only marks used on the

market for goods or services belonging to that class should be maintained. The ECJ ruled that because the items labelled with the mark were distributed free and not with the aim of creating or maintaining the market for goods in the same class, it did not constitute a genuine use of the mark. Essential to the concept of genuine use is some commercial use of the mark. The ECJ was careful to distinguish the type of use featured in this case from the situation where the owner of a mark sells promotional items in the form of souvenirs or other derivative products - which would amount to genuine use.

- ***ECJ to rule on the right to use another's trade marks as an Internet search keyword...***

The European Court of Justice ('ECJ') is to rule on the right of businesses to use another's trade mark as an Internet search keyword. Keyword advertising is an important advertising medium for businesses and a major source of revenue for search engines. Businesses bid for the right for their advertisements to be displayed in connection with particular search terms - these are then shown as 'sponsored links' when a user is shown search results. The German Federal Supreme Court has asked the ECJ to consider whether the use of another's trade mark as a trigger for search engine advertising constitutes use of the term as a trade mark in breach of EU trade mark law.

As reported in last months Upload-IT, the Google's AdWords scheme is also currently being challenged for trade mark infringement in the European Court of Justice after the French courts referred a similar issue relating to the use of keywords. The French case came about after Louis Vuitton, the luxury fashion retailer, sued Google in the French courts following the auction of terms such as 'Louis Vuitton fakes'.

Google previously assisted brand owners in preventing their trade marks being used as keywords outside of North America but it controversially changed this policy in the UK and Ireland in May 2008. There is still a great deal of uncertainty in this whole area as to what is permitted or not permitted when using or allowing use of another's trade mark for sponsored ads. It is to be hoped that some definitive rulings from the ECJ will create more legal certainty across the EU. For more on how UK trade mark laws apply to keyword advertising please click here: <http://www.upload-it.com/editArticle.aspx?ID=3043>.