

UPLOAD-IT - 1 NOVEMBER 2007

COMPETITION LAW

- ***Microsoft (finally) retreats with its tail between its legs in the face of European ruling on its breach of competition law...***

Microsoft has announced that it will not appeal the recent European Court of First Instance (CFI) decision concerning the software giant's competition law breaches. Last month, the CFI upheld the 2004 European Commission decision and fine of €497m against Microsoft for abusing its dominant position, contrary to Article 82 of the EC Treaty. It upheld two different complaints – one was that Microsoft had withheld vital information about Windows from makers of server software, thereby gaining an unfair advantage over them for its own server software products; the other was that it had unfairly bundled (or tied) its Media Player software into Windows, which had the effect of excluding competitors from selling competing products.

Microsoft has agreed to disclose interoperability information to 'open source' developers. It will reduce the licence fees for this to a nominal one-off fee of €10,000 per licensee. It has also agreed to enter into agreements so that private parties can enforce the agreements in court.

The latest instalment in this saga comes after a nine year legal wrangle which saw Microsoft appeal against the competition law rulings and an imposition of further fines by the Commission in July 2006 after the software giant had previously failed to comply with the Commission's 2004 decision. In 2004, the Commission had ordered Microsoft to make a version of its Windows operating system available without its Media Player software, and to share information that would enable makers of server operating systems to interoperate with the Windows operating system (which Microsoft has not finally agreed to do).

- ***European Commission investigates Qualcomm for alleged abuse of chipmaker's dominant position...***

The European Commission, the body in charge of enforcing EU competition law, is commencing proceedings against Qualcomm for alleged abuse of dominant position, contrary to Article 82 of the EC Treaty. The US chip manufacturer giant is alleged to have imposed licensing terms and conditions for using its patents that were not fair, reasonable and non-discriminatory. Qualcomm owns intellectual property rights in various standards for third generation (3G) mobile phones. The Commission has taken action following complaints from Ericsson, Nokia and other giants who all need to use Qualcomm's technology. The investigation follows hot on the heels of another investigation by the Commission into Rambus (whom the Commission objected to charging unreasonable royalties for its essential patents that were needed for making dynamic random access memory chips) and Intel (whom the Commission believed was using unlawful conduct to exclude AMD, its main rival, from the market). For more on the Rambus and Intel cases, please click here:

<http://www.upload-it.com/editArticle.aspx?ID=2191>

<http://www.upload-it.com/editArticle.aspx?ID=2116>

Paul Gershlick, editor of Upload-IT, comments: 'The European Commission appears to be buoyed by its recent success when the European Court upheld the Commission's landmark decision to fine Microsoft €497m for breach of competition law. It seems that any IT supplier with a strong market share is currently open to

scrutiny. They need to ensure that their houses are in order - otherwise they could be fined up to 10% of their turnover.'

CONTRACTS

- ***Misrepresentation claim not permitted based on failing to speak up -***

Hamilton v Allied Domecq, House of Lords...

Hamilton owned a company selling mineral water. Allied Domecq bought shares in the company. Before the share purchase, the parties discussed marketing strategy for the company going forward. Hamilton thought the best strategy was to target hotels, restaurants and pubs, which would in turn lead to sales through retail outlets. There was some dispute as to whether Allied Domecq had said that was what it was going to do or not and whether it had agreed with Hamilton's suggestion. After the share sale, Allied Domecq decided to market the mineral water through supermarkets first. This alternative strategy did not work and the company went into liquidation. Hamilton sued and claimed it had been induced to enter into the share sale by Allied Domecq's misrepresentation.

The case reached the House of Lords, which had to decide whether Allied Domecq's failure to speak up when presented with Hamilton's strategy - when in fact it had aimed to go through an alternative strategy - amounted to a misrepresentation. The House of Lords decided that there was no general duty to disclose all material facts and speak up. However, silence MAY amount to a misrepresentation where there is tacit confirmation, where the party fails to correct its own earlier statement, or where it omits crucial information from its own statement. In addition, failure to inform the other party can also amount to negligence, but only where there is a voluntary assumption of responsibility and the other party relied on the assumption of responsibility. In this case, though, none of these scenarios arose and the House of Lords decided there was no evidence that Allied Domecq had assumed a responsibility to Hamilton. Accordingly, the House of Lords decided that the special circumstances did not apply here and there could be no misrepresentation by silence or negligence on the facts of the case.

The House of Lords commented that there was a difference between conduct that was morally questionable and conduct which would give rise to a claim. The House added that if the marketing strategy had been so important, then the commercial parties should have looked after themselves and included that requirement within the share agreement itself. This result promoted certainty and was in line with the effect of 'entire agreement' clauses, which seek to ensure that everything contained within the agreement is all that matters - although that is not always the case, as can be seen from another case reported in this month's edition of Upload-IT: Quest 4 Finance v Maxfield.

- ***Don't rely on a non-reliance clause to exclude misrepresentation -***

Quest 4 Finance Ltd v Maxfield, High Court...

The Hilmax directors met with Quest 4 Finance to ask Quest to provide Hilmax with finance. The directors said they would not give personal guarantees for the loan. Quest expressly agreed to this, and backed this up by statements in Quest's brochure. Quest said that the directors would instead need to give a 'warranty' against fraudulent acts committed by the directors. Quest and Hilmax later entered into a finance agreement, which contained representations that Hilmax was not subject to insolvency proceedings. At the same time, the Hilmax directors signed a document called a 'warranty' under which the directors agreed to indemnify Quest for

the representations contained within the finance agreement. The 'warranty' was not limited to fraudulent acts, contrary to what the directors had been led to believe.

Contracts often try to exclude anything that has been said previously from their ambit. As part of this, contracts state that neither party has relied on any representation that is not contained within the contract. The 'warranty' contained such a 'non-reliance' clause. Hilmax went into administration and Quest sued the directors under the 'warranty'. The directors claimed that they were not liable as they had not committed any fraudulent act and stated that the wide 'warranty' was of no effect because they had been induced to sign it by Quest's misrepresentation. Hilmax countered that the remedy of misrepresentation would not help the directors because they had signed up to a document that said that they had not relied on any prior representations.

The High Court ruled that Quest could not rely on the non-reliance clause. This was because Quest had to show that it reasonably believed that the directors were not relying on the prior representations. This was something that Quest had failed to do. Quest knew that it had said something both orally and through its brochures that was not reflected in the scope of the 'warranty'.

Paul Gershlick, editor of Upload-IT, comments: 'This case shows that a party to a contract should not assume that any statements in the contract which appear to remove the rights of the other party would necessarily be upheld.'

- ***Law Lords make landmark ruling by saying credit card companies are jointly liable with foreign suppliers for breach of contract/misrepresentation - OFT v Lloyds TSB, House of Lords...***

Credit card companies are jointly liable to consumers for purchases made where the value is between £100 and £30,000, under Section 75 of the Consumer Credit Act 1974. This had always clearly applied to purchases from UK suppliers, but until now there had been uncertainty as to whether it applied to anything purchased from overseas. The Office of Fair Trading, Lloyds TSB and Tesco Personal Finance took the test case to the House of Lords.

The House of Lords has now ruled that credit card companies are jointly liable along with the contract supplier if the supplier breaches the contract or makes a misrepresentation, irrespective of whether the supply is by a UK or foreign business. This means that consumers have a right of action against the credit card company as well as the supplier. The credit card companies have expressed concern over the ruling since it will mean that their liability to the consumer is extended, but all sides are now at least grateful for having some certainty.

COPYRIGHT AND DATABASE RIGHTS

- ***High Court refuses to imply copyright assignment into software contract – Meridian International Services v Richardson, High Court...***

GSK commissioned Meridian to develop software for it. Mr Richardson and Mr Aldersley worked for Meridian. Before the software could be written, however, Meridian got into financial difficulties and was not able to pay its employees. Mr Richardson and Mr Aldersley refused to carry out any further work for Meridian. The parties had a meeting and it was agreed that Mr Richardson and Mr Aldersley would develop the software for GSK and get paid for it via Mr Richardson's company (IPE).

Meridian would get a finder's fee. This was set out in an email but there was no mention of who would own intellectual property rights. Meridian signed a software development contract with GSK which purported to state that Meridian owned the IP rights in the software.

Meridian claimed that a term had to be implied into its agreement with Mr Richardson and Mr Aldersley that the software would be assigned to it. This was necessary in view of the provisions of the contract it had signed with GSK; it also needed to prevent GSK from using the software outside the healthcare sector and it needed to ensure that no one else except for Meridian could re-sell the software. Meridian also claimed that the software incorporated its confidential information.

The High Court found that Meridian did not own the intellectual property rights in the software. These were owned by Mr Richardson and Mr Aldersley. The contract between the parties did not have a term that the rights would be assigned to Meridian and the draft contract that Meridian signed with GSK was an insufficient basis for the implication of a term into the agreement. Meridian's argument that it could prevent GSK from using the software outside the healthcare sector presupposed that it owned the copyright. There was no reason to stop IPE from re-selling the software. Just because Meridian's confidential information was incorporated into the software did not mean that it would also own the copyright in the software. Previous case law involving the right for commissioners of copyright materials to use materials commissioned for them established that a court would only imply a term into the contract if it would make the arrangement between the parties commercially workable and no more.

Paul Gershlick, editor of Upload-IT, comments: 'As the software writers in this case had not properly documented their agreement, they ended up going to court to have a seven-day trial - spending a small fortune, wasting their time and having a lot of aggravation in the process. This could have been easily avoided if they had made a clear written agreement about ownership of the software in the first place.'

- ***US woman ordered to pay \$9,250 per song downloaded illegally...***

A US court has ordered a US woman, Jammie Thomas, to pay US\$222,000 in damages for illegally file-sharing 24 songs on the Internet. The damages award equates to US\$9,250 per song. The record industry has started a number of legal actions against people whom it says share music online without permission. Most people settle for a few thousand dollars, but Ms Thomas decided to fight it through to the courts. It is reported to be the first occasion in which someone has been willing to see the case through to the US courts. A lawyer for the music companies which had pursued her said that they had not yet decided how to collect the money from her. The record companies claimed that they were reluctant litigators and preferred to warn and educate and settle cases before court, but the ruling was important for sending out the message that downloading and distributing music unlawfully was not acceptable.

- ***US Court says StreamCast must do more to reduce infringing capabilities of Morpheus file-sharing software...***

A US court has found that StreamCast – the provider of Morpheus software allowing peer-to-peer (P2P) users to share music online – has to use the most effective means available to reduce the infringing capabilities of its software. This is quite a harsh finding - although it falls short of the permanent injunction MGM Studios had applied for, as the entertainment giant had wanted to ban the distribution of Morpheus altogether. MGM Studios has been pursuing StreamCast for facilitating copyright infringement by enabling people to share music files via its software for some time

now. In 2005, the US Supreme Court ruled that StreamCast could be sued by MGM Studios and the rest of the entertainment industry for copyright infringement, because it had intended its software to be used for that unlawful purpose.

Since the 2005 ruling, StreamCast has introduced copyright filters into its upgrades and it has sought to encourage users to obtain its latest upgrades. The nature of Morpheus is that only people who upgrade to the latest version of the software would be subject to its copyright filters. The rest of the users would not have this. Despite StreamCast sending emails urging all users of its software to upgrade, only one third of its users did so. The judge found that StreamCast had not done enough to put copyright filters in place for all its users.

The court found that StreamCast had to put in place the most effective measures that were available in the market in order to prevent its users from infringing copyright. If it did that, then it could still distribute its software. The judge did not care whether StreamCast was able to afford those measures or not. The court appointed a 'special master' to find the most effective means available to reduce the infringing capabilities of Morpheus while allowing Morpheus to be used for non-infringing purposes.

- ***It's game over for Bristol man selling technology that enabled games console users to play pirated video games...***

A Bristol man – Mr Neil Higgs – has been convicted of advertising, supplying and selling 'modchips' (or modification chips), which were designed to enable games console users to play pirate and counterfeit video games. The chips could be used in Xbox and Nintendo consoles to enable users to play counterfeit video games by circumventing the digital rights management software contained within those games. Mr Higgs' actions breached Section 296ZB(1) of the Copyright, Designs and Patents Act 1988, which states that it is an offence for anyone to sell, possess or advertise any device that is designed to circumvent effective technological measures which seek to prevent copyright infringement.

- ***Associated Press sues Verisign for news aggregation...***

Associated Press, the international news agency, is suing Verisign, the Internet giant, for damages and an injunction to stop Verisign from using AP's stories without its permission. Verisign is using AP's stories in its news aggregation website, Moreover. Moreover aggregates news from a number of sources and delivers stories, soon after they are first published, to users on free and subscription models. AP objects because it spends hundreds of millions of dollars each year in gathering and reporting stories and it actively licenses its content to thousands of organisations around the world. In its lawsuit filed in New York, AP accused Moreover of reproducing, publicly displaying, caching and archiving AP's articles without permission.

This case has echoes of similar recent action brought in Europe against Google News, another news aggregator. Earlier this year, Google News settled a case brought by the Agence France-Presse news agency by agreeing to pay licence fees to use AFP's materials on its websites.

CYBERCRIME/SECURITY

- ***Punters found to be unaware of malware threats by failing to use and update protection...***

93% of web users feel safe from virus attacks, despite the fact that many are at risk from attacks because of their outdated or unused security. That is according to a survey carried out by the National Cyber Security Alliance and McAfee. 98% of

consumers surveyed thought that keeping online security up-to-date was important. 87% used anti-virus software and 75% had a firewall. However, nearly half of all remotely scanned user computers in the survey had not been updated within the last month. Whilst more than four in five people had installed a firewall, only 64% had actually activated it. In addition, 70% claimed to have anti-spyware software but in actual fact only 55% had this. The survey also found that 54% of respondents had been hit by a virus and 44% thought they had been infected by spyware.

DEFAMATION

- ***Football club directors defeated as High Court refuses to disclose identities of message board bloggers in libel action – Sheffield Wednesday v Neil Hargreaves, High Court...***

Sheffield Wednesday Football Club, its chairman, chief executive and five other directors wanted to sue 11 people who had made comments about them on a football website message board, www.owlstalk.co.uk. They applied to the High Court to ask the owner of the website, a Mr Hargreaves, to disclose the identity of the persons who had made comments about them. The comments had been made by the individuals using pseudonyms.

The High Court refused to order disclosure in respect of nine of the 14 postings as they were too trivial. The court said it would be disproportionate and unjustifiably intrusive to make the order to identify those people as their comments had been nothing more than jokes and 'saloon-bar moaning'. It commented that individuals had a reasonable expectation of privacy given that they had used pseudonyms. Granting the order would have unjustifiably invaded their right to private lives.

The Court ruled that the remaining five messages were more serious, however, as they could reasonably be understood to allege greed, selfishness, untrustworthiness and dishonesty. In relation to those more serious comments, the High Court ordered disclosure of the comment makers' identities since the claimants' right to protect their reputations outweighed the writers' right to maintain their privacy and express themselves freely. In making the ruling in favour of disclosure, the High Court took into account the fact that the website terms stated that no one should post anything defamatory on the website and they did not state that they owed any confidentiality obligations to its users.

DESIGN RIGHTS

- ***Court of Appeal issues first ruling on EU registered design and says informed user likely to spot design differences – Procter & Gamble v Reckitt Benckiser, Court of Appeal...***

Procter & Gamble owned a European Community registered design for 'sprayers'. It claimed that the packaging for Reckitt's product infringed its registered design. Reckitt denied infringement. The High Court decided that the registered design had been infringed, but the Court of Appeal has reversed that decision on appeal. The interesting aspect of the case was the Court of Appeal's guidance on the important concept of the 'informed user'. The Community design protects designs against other products that do not produce a different overall impression on the 'informed user'.

The Court of Appeal said that the 'informed user' is more discriminating than the 'average consumer', which is the theoretical person referred to in trade mark law. The 'informed user' is to be taken to be aware of other similar designs. The overall

impression made on the informed user relates not to whether the design stuck in his mind after carefully viewing it, but whether he would buy the product or appreciate the design for its individuality. This involved looking at the article and not whether it was remembered.

As to whether one product left a different overall impression from another design was an imprecise test and left the courts with a margin for judgement. However, if a design was markedly different from what had gone on before and was strikingly novel, it was likely to have greater protection than something which was only incrementally different from the prior art. After considering the overall impression of the registered design and the alleged infringement, the court must consider whether the overall impression of each was different.

This was an important case, as it was the first decision in an appeal court anywhere in the EU on the European Community registered design since the EU registered design became law in 2001.

- ***EU businesses to get right to have registered design protection beyond EU with just one application...***

The European Commission has signed up to an agreement - called the Geneva Act - which would allow EU businesses to have registered design protection in many countries around the world with just one design application made with the World Intellectual Property Organisation (WIPO). This will make it simpler and cheaper for businesses to protect the way their products look. The EU already has the Community Design system, which protects designs with one application across the whole of the EU, but the WIPO system extends to further territories. It will be available for EU businesses from 1 January 2008.

FREEDOM OF INFORMATION

- ***UK Government backs down from trying to water down FOIA...***

The Government has dropped proposals aimed at increasing the charging regime to restrict journalists and campaign groups from using the Freedom of Information Act 2000 (FOIA) to carry out their information 'fishing' expeditions. The FOIA gives people anywhere around the world the right to see information held by more than 100,000 UK public bodies about the way decisions are made and public money spent. There was a lot of opposition to the proposed changes in charging structure, including three-quarters of respondents to the Government's consultation.

It is already the case that once the cost of a request reaches a certain ceiling (£450 for local authorities and £600 for central government) then they can be refused. The now-scraped proposals would have included more activity within the time spent on the request, meaning that the threshold would have been reached earlier. More controversially, the costs for a single organisation would have been bundled together, so that certain media organisations would have been limited to a single request every three months.

- ***PFI contracts at risk of exposure to the public as Scottish Information Commissioner orders disclosure of PFI contract...***

The Scottish Information Commissioner - Kevin Dunion - has ordered a health board in Scotland (NHS Lothian) to disclose the contents of a £1.2 billion private finance initiative contract for building and operating the Edinburgh Royal Infirmary, following a request submitted by a May Docherty under the Scottish version of the Freedom of Information Act. UK freedom of information laws give people the right to see information held by more than 100,000 UK public bodies about the way decisions are

made and public money spent. NHS Lothian and Consort (the service provider) claimed that the contract was commercially confidential and that its release would cause Consort to sue the health trust for breach of confidence. The Scottish Information Commissioner found that NHS Lothian could not claim confidentiality for the whole contract and also it had not justified why it was withholding the contract's disclosure. For these reasons, it ordered the disclosure of the contract. The Commissioner also said he wanted to hold to account service providers that provided public services.

- ***Government consults on whether to foist freedom of information laws on private companies...***

The Government has launched a consultation on extending the Freedom of Information Act 2000 (FOIA) to include private sector organisations that provide services to public bodies or services of a public nature. The FOIA gives people anywhere around the world the right to see information held by more than 100,000 UK public bodies about the way decisions are made and public money spent. The consultation gives five options:

- No change – only the public authorities are required under the FOIA to disclose information.
- Self-regulation - ie organisations can sign up to a code of practice and provide information about their public activities on a voluntary basis.
- Build information access obligations into contracts with organisations delivering public services. This would provide for some form of information access, in relation only to services provided under contract.
- Bring a specified set of organisations within the scope of the FOIA through a single Order under section 5 of the FOIA. Section 5 allows the Government to pass Orders to extend the FOIA to organisations that appear to 'exercise functions of a public nature' or provide public services under contract.
- Introduce a series of section 5 Orders to widen FOIA's coverage over time.

If the reforms go through, affected organisations would be faced with extra administrative burdens and costs and the possible requirement to disclose information that they consider to be commercially confidential. The consultation runs until 1 February 2008. If you want to comment, please go to: <http://www.justice.gov.uk/docs/cp2707.pdf>.

GAMBLING

- ***Gambling operations based in Alderney and Isle of Man may advertise in UK...***

Under the Gambling Act 2005, which came into force on 1 September this year, advertising foreign gambling is prohibited unless the UK government issues an order specifying that a particular jurisdiction is to be treated as if it was based in the European Economic Area. The Government has now issued regulations that exempt Alderney and the Isle of Man from the prohibition against remote gambling by stating that those islands are to be treated as if they are an EEA state.

INTERCEPTION OF COMMUNICATIONS

- ***Encryption technology users must now reveal top secret keys to UK authorities...***

Users of encryption technologies can now be forced by UK authorities to reveal secret keys that encrypt messages, after Part III of the Regulation of Investigatory Powers Act 2000 came into force on 1 October. Part III is controversial and has been criticised as meaning that people could be forced to incriminate themselves. One particular problem with the new law is that people who may legitimately forget a password could be jailed for up to five years. Anyone who receives a notice requiring disclosure of the key is prohibited from telling anyone apart from their lawyer that they have received the notice.

IT AND INTERNET USE

- ***Internet sites lose £300 million a year in sales due to 'invisible errors'...***

Websites in the UK are losing £300m a year because they contain errors that cannot be detected by web analytics, according to a report by Scivisum, the website testing firm. Its Lost Online Sale survey found that 1% of online user sessions experienced a significant number of errors. The study was based on the investigation of the performance of 40 websites in the retail, finance, insurance or travel industries over a six month period. Scivisum found that invisible errors did not affect all customers but it did affect a percentage of users at any one time. These included problems where a page was not delivered, occasions when the user was forced back several pages, the page delivery being incomplete, shopping baskets appearing as empty even after items are added, and - most concerning - session swap (where two users see each others' online sessions).

- ***IT giants issue copyright principles for user-generated content...***

Microsoft, MySpace, Viacom, CBS and Disney have issued a set of copyright principles for user-generated content (UGC) websites, which allow visitors to upload their own materials onto those sites. Popular UGC sites include Facebook, MySpace and YouTube. The principles state that websites should have effective filtering technology so that they prevent uploads which infringe other people's copyright. They also state that copyright owners need to be aware of fair use of copyright materials by members of the public. However, YouTube has put a spanner in the works as it has so far refused to lend itself to the project and back the principles.

- ***ASA finds that Ryanair ad was unfair and misleading after calling Lastminute.com a robber...***

The Advertising Standards Authority (ASA) – the UK advertising regulator - received a complaint from Lastminute.com, the discount website, that a Ryanair ad in a newspaper with the words 'Robbed by Lastminute.com?' and showing a burglar with a signboard saying 'online agent' was misleading and denigrated its business. Under the CAP Code, claims in ads have to be truthful and can only be used if they can be substantiated with evidence. The CAP Code is a code of practice which governs the content of adverts and marketing communications. It is administered by the ASA. Although the Code does not have legal force, it is best practice to comply with it, as failure to do so can result in bad publicity and ultimately an inability to obtain advertising space. Ryanair said that Lastminute.com was not authorised to sell its flights and that in doing so it breached Ryanair's website terms, which stated that the

Ryanair.com website could only be used for non-commercial private use. Ryanair argued that Lastminute.com had been inflating prices without informing it or customers.

The ASA found that Ryanair had not submitted any good evidence to show that Lastminute.com had been inflating prices and so had not substantiated the claim that Lastminute.com was robbing people. It concluded that the ad did in fact mislead people and unfairly denigrated Lastminute.com's business. The decision did not deal with whether Lastminute.com had breached Ryanair's terms of business by using the website other than for commercial non-private use.

PATENTS

- ***US Patent office rejects most of Amazon's claims in the 1-Click Patent...***

The US Patent Office has rejected 21 out of 26 claims contained in Amazon's infamous 1-click patent. This follows a challenge to the patent mounted by Peter Calveley, a motion capture performer from New Zealand. Mr Calveley submitted evidence to the US Patent Office in challenging Amazon's patent. Mr Calveley had discovered that most of the 1-click patent's claims were already in the prior art before Amazon's patent application in 1997. He wrote about it in a blog and received enough donations from concerned members of the public to pay the US Patent Office fee to challenge the patent. The Patent Office concluded that five of Amazon's patent claims remained valid, though.

In 1999, Amazon sued Barnes & Nobles, a bookseller, for infringing its 1-click US business method patent over the ability to enable customers to make repeat purchases on a website through a single click on a product. The controversial case demonstrated the dangerous monopolies being awarded for business process patents in the US, and the court had issued an injunction. Barnes & Nobles had eventually agreed to settle the case. Other traders have since been granted licences to use the technology, the most famous one being iTunes Music Store, so that customers can buy music quickly.

- ***Internet advertising giants sued for patent infringement...***

Google, Microsoft, Yahoo!, AOL and others are being sued in Texas for alleged patent infringement by a business called Performance Pricing for the way they conduct business on the Internet. Performance Pricing has a patent which describes a way in which a seller has a price range for its products or services and the buyers then perform tasks that could end up with the seller winning the chance to pay at the lowest possible price. The claim alleges that the Internet advertising giants' methods of doing business infringes its patent. Pricing Performance is asking for an injunction and damages. The lawsuit has been filed in the Eastern District of Texas, a jurisdiction which is notorious for favouring patent owners.

TRADE MARKS AND PASSING OFF

- ***FA retains rights to stop others using or registering 'World Cup Willie' – England's football mascot from the 1966 World Cup victory –***

Jules Rimet Cup Ltd v Football Association, High Court ...

In 2005, Jules Rimet Cup Ltd (JRC) applied to register 'World Cup Willie' as a trade mark and also as another trade mark in conjunction with a picture of a lion playing

football. The Football Association (FA) opposed the application since it had used a cartoon of a lion dressed in the Union Flag colours and called 'World Cup Willie' as the mascot for the 1966 World Cup hosted in England by the FA. JRC applied to the court for a declaration that the FA could not oppose its trade mark applications. In response, the FA also argued that it owned the copyright in the lion logo and JRC had infringed that copyright in using it to apply for a trade mark. The FA claimed that it owned the goodwill in the name and logo and had used them for merchandising and so JRC's application should not be permitted as it would constitute passing off. It also claimed that JRC's applications were made in bad faith under trade mark law because JRC had known that the FA had had valuable goodwill from which it was trying to take benefit.

The High Court brushed aside the copyright infringement claim easily as the logo was not sufficiently similar to the original 'World Cup Willie' drawing. However, the High Court awarded victory to the FA on the trade mark claims. It decided that people who saw the 'World Cup Willie' merchandise in 1966 would associate these with the FA. The FA had more recently refused applications for licences of 'World Cup Willie' and so it had not abandoned the concept. The FA had residual goodwill in the name and logo. Evidence also showed that JRC was aware of its value. The FA would therefore have succeeded in a claim for passing off in respect of its rights in the name and logo and so it could legitimately oppose JRC's trade mark applications. Furthermore, JRC's application - which it had made when it had been fully aware of the value of the FA's residual goodwill - had been made in bad faith.

- ***Bang & Olufsen hits right note with European Court for trade mark registration of shape of speaker -***

- ***Bang & Olufsen A/S v OHIM, European Court of First Instance...***

Bang & Olufsen applied to register the shape of a three-dimensional speaker as a European Community Trade Mark. OHIM, the body in charge of accepting or rejecting applications to register EU-wide trade marks, decided that the application lacked distinctiveness and so should not be registered. On appeal, the European Court of First Instance sided with Bang & Olufsen. It accepted that the average consumer's level of attention was higher in the case of goods that had a durable and technological nature and the shape of Bang & Olufsen's product was so unusual and striking so as to pass the threshold. It is usually hard to show a sufficient level of distinctiveness with shape trade mark applications, but this was one of the rare occasions where the shape of the product departed so significantly from the norms of the sector so as to be an indicator of origin to consumers. Other shape marks that have also succeeded in being registered as trade marks include Coca-Cola's bottle and Philip Morris's hexagonal shaped cigarette packet.

- ***Court of Appeal sends smell-alike perfume case to European Court -***

- ***L'Oreal AS v Bellure, Court of Appeal...***

L'Oreal brought actions for trade mark infringement against the defendants who sold look-alike/smell-alike perfumes - perfumes that looked and smelt like some of its established fine fragrance brands. This case was not about the fact that the perfumes smelt similar but about the get-up of the infringing articles. Last year, the High Court had ruled that two of the replica perfumes had sufficiently similar packaging to L'Oreal's registered trade marks to create an association between the copy and the real thing in consumers' minds - so that the defendants had taken unfair advantage of the character and reputation of L'Oreal's registered marks and L'Oreal's activities in maintaining and enhancing its perfume ranges. This was despite the fact that there had been no confusion in the minds of the customers. The High Court had also ruled that the defendants' use of the registered marks on lists which compared the prices of their products to the original brands amounted to an

infringement of trade marks, as the use had not been in accordance with honest commercial practices.

The defendants appealed and the Court of Appeal has now referred some questions to the European Court of Justice to answer before the Court of Appeal can reach its final decision. The ECJ needs to interpret the Trade Marks Directive, which underpins registered trade mark law across the European Union. The case is now on hold pending the ECJ's answers, which could take several months, so watch this space...

The Court of Appeal stated that the case raised questions of how competitive businesses are allowed to be under EU trade mark law. Comparison lists occur widely in many industries and involves a conflict between trade mark owners and producers of generic versions of brands. Since the position was uncertain, the Court of Appeal asked the ECJ to clarify the matter. The Court of Appeal believed that the law should not be overly protective, but watch this space for the final result...

- ***JUST EMPLOYMENT trade mark owner's attempts to stop infringement of mark ends in loss of his trade mark - Bignell v Just Employment Law Limited, High Court...***

Mr Bignell, an employment law solicitor, registered the trade mark 'JUST EMPLOYMENT' in 1999. He had a modest turnover and was a local employment law practice. He discovered in 2005 that Just Employment Law Limited, a Scottish company, was advertising on the radio, and Mr Bignell was concerned that some customers had been confused. He sought to stop JEL from alleged trade mark infringement and passing off. However, the High Court decided that the trade mark lacked distinctiveness and Mr Bignell's modest and local practice had not done enough to acquire distinctiveness through use. Mr Bignell argued that 'Just Employment' had two meanings and the one referring to justice was distinctive, but the judge said that the mark should not be registered if just one of the two meanings was descriptive of the goods or services - as was the case here.

Not only did Mr Bignell's claim for trade mark infringement fail, but JEL's counterclaim was upheld and Mr Bignell's mark was declared to be invalid on the grounds of lacking distinctiveness. Mr Bignell therefore not only lost his claim but also his registered trade mark.

- ***Tarzan's jungle call trade mark frightens off the OHIM, which refuses to grant a trade mark for it...***

Edgar Rice Burroughs Incorporated, the owner of rights in Tarzan – the jungle hero – tried to register the Tarzan jungle call as a European Community Trade Mark (CTM). To be registrable as a trade mark, the mark must be capable of being represented graphically. The Tarzan application included two graphic illustrations of the sound – one of the sound wave representing the sound and the other a spectrogram of the frequencies of the call. This was rejected by the Office of the Harmonisation in the Internal Market (OHIM), the body in charge of accepting or rejecting CTM applications. OHIM refused to register the call as a trade mark because it considered that the sound wave picture and spectrogram were not capable of serving as a graphic representation of the applied-for sound. Musical notation of sounds are sufficient to count as a graphic representation. However, the distinctive jungle call of Tarzan could not be represented in this way as it was not a piece of music as such. Other applicants which have successfully registered sounds as trade marks include Direct Line and Intel.