

Bird & Bird & IP and IT Law Bytes

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Trade Marks: Extended Passing Off

Summary

The Court of Appeal has held that a yoghurt maker cannot sell its American-made products as “Greek yoghurt” in the UK.

Background

An extended passing off action may be brought by a class of traders sharing collective goodwill in a trade mark. It includes five elements:

- A business selling a class of goods to which the trade name applies.
- The class of goods is clearly defined, and in the minds of the public, or a section of the public, the trade name distinguishes that class from other similar goods.
- Goodwill is attached to the trade name because of the reputation of the goods.
- The claimant, as a member of the class of traders, owns goodwill of substantial value.
- The claimant has suffered, or is likely to suffer, substantial damage to its goodwill due to the defendants selling goods that were falsely described by the trade name (*Erven Warnink BV v J Townend & Sons Ltd* [1980] RPC 31).

Council Regulation 1151/2012/EU on quality schemes for agricultural products and foodstuffs (the Regulation) covers the protection of designations of origin and geographical indications (PGIs) for foodstuffs in the EU.

The European Court of Justice has held that a court has no power to grant injunctive relief to protect geographical indications other than under or in accordance with the Regulation (*Budejovicky Budvar NP v Rudolf Ammersin GmbH, C-478/07*).

Facts

F produced its “Total Greek yoghurt” in Greece and sold it in the UK. In 2012, F had 95% of the UK market share. Another group of producers, C, then introduced its American-made yoghurt “Chobani Greek yoghurt” into the UK. F brought proceedings for extended passing off, arguing that it owned goodwill existing in “Greek yoghurt”, a yoghurt made in Greece in a traditional way.

The High Court found in F’s favour. On the evidence, a substantial proportion of UK buyers of Greek yoghurt thought that it was made in Greece and this was important to them.

C appealed, arguing that the phrase lacked the necessary singularity to distinguish it from other products and that, following *Budejovicky Budvar NP*, the court had no jurisdiction to grant injunctive relief to protect “Greek yoghurt” because it had not been registered under the Regulation.

Decision

The court dismissed the appeal and held that there was extended passing off.

The court rejected C’s argument on lack of distinctiveness because the High Court’s findings showed that, to Greek yoghurt buyers, the term was no longer purely descriptive and had come to denote a product of a

particular kind. A phrase qualifies for protection if a significant section of the public attribute a meaning to it that is more than descriptive of the place of manufacture. There was no requirement for the public to know the specification to which Greek yoghurt was made. The class of traders was also defined with reasonable precision, being all traders whose yoghurt was made in Greece according to defined criteria.

The court held that C's use of the phrase "Greek yoghurt" for yoghurt not made in Greece was calculated to cause deception and confusion and to lead members of the public to buy it thinking they were buying the genuine article, (that is, yoghurt having the characteristics with which they were familiar and which had been made in Greece). C had acted with the intention of taking advantage of the cachet attaching to the phrase which had been generated by F and other traders, and so sold its product at the premium price which Greek yoghurt commanded. This was an activity in respect of which the law ought to provide F a remedy and the judge was right to hold it amounted to passing off.

The court rejected C's argument that it could not grant or was precluded from granting injunctive relief. The Regulation only applied if "Greek yoghurt" was registered as a PGI in the languages that are or were historically used to describe the relevant product in the defined geographical area; it did not apply as the English phrase "Greek yoghurt" was not used in Greece. The court also held that the law of passing off operated compliantly with the Regulation.

Comment

This decision provides a comprehensive overview of extended passing off, including how the class of protected products and class of traders should be defined. The decision upholds the reasoning in *Chocosuisse*, which has been confirmed as setting out the guidelines for claims of this kind (*Chocosuisse Union des Fabricants Suisses de Chocolat and others v Cadbury*, www.practicallaw.com/2-100-9956). The significance of the factual findings on the evidence is a key element of this, and every, passing off action. The survey evidence allowed by the trial judge was significant, despite recent judicial comments casting doubt on the value of such evidence (see *Briefing "Surveys in trade mark infringement cases: lessons from Marks & Spencer v Interflora"*, www.practicallaw.com/1-525-3850).

The court's interpretation of the scope of the Regulation is also useful as such matters rarely come before the English courts.

Case: Fage UK Ltd and another v Chobani UK Ltd and another [2014] EWCA Civ 5.

Patents: Added Matter

Summary

The Court of Appeal has held that a patent for disc brake calipers for motor vehicles was not invalid for added matter.

Background

A patent may be revoked if the matter disclosed in the specification extends beyond that disclosed in the application as filed (*section 72(1)(d), Patents Act 1977* (1977 Act)). So, if a patent is amended to include subject matter that extends beyond the application, and the added matter cannot be removed, the patent will be invalid.

Following *Bonzel v Intervention (No 3)*, whether there is "added matter" is determined by comparing what, from the view of the skilled addressee, is disclosed explicitly and implicitly in the application and in the specification (*[1991] RPC 553*). Subject matter will be added unless such matter is clearly and unambiguously disclosed in the application (explicitly or implicitly).

Facts

AP owned a patent for disc brake callipers for motor vehicles. AP brought an action against AL in the former Patents County Court for patent infringement. The Patents County Court held that AP's patent was invalid for added matter. If the patent was valid, four out of the five products sold by AL would infringe. AP appealed.

Decision

The court upheld AP's appeal. The court applied the Bonzel test and found that there was no material difference between the technical disclosure from the application and that in the granted patent. The patent claimed a wider class of all asymmetric versions of a specific feature, rather than the specific embodiment disclosed in the application. However, the description in the application was of a shape which was "necessarily asymmetrical". The description of asymmetric in the claims had to be read as part of the disclosure of the granted patent as a whole, taking account of the different functions of the specification on the one hand and the claims (which delimit the monopoly of the patent) on the other.

The court held that, although disclosing new information about the invention is not allowed, the law does not prohibit adding claim features that state in more general terms that which is described in the specification.

The skilled person would understand that the specification read as a whole did not disclose any configuration not already disclosed in the application. He would understand that the patentee had drafted his claims to cover asymmetric features generally and that such features in the granted patent were simply exemplified by the more specific shape described in the embodiments in the application. He would not, therefore, learn any new information about the invention.

Comment

Decisions on added matter focus on the relationship between the scope of the granted claims and what is disclosed in both the specification of the granted patent and the corresponding application. The key finding here was that the skilled person would understand that the claim was supported by a correspondingly broad disclosure in the application, and that it may be legitimate to add claim features that state in more general terms what is described in a specific embodiment in the specification, if no new information is disclosed.

Case: AP Racing Ltd v Alcon Components Ltd [2014] EWCA Civ 40.

Copyright Protection: Technological Measures

Summary

The European Court of Justice (ECJ) has ruled on questions about the use of technological measures to prevent third party games being played on Nintendo consoles, and the sale of devices designed to circumvent such measures.

Background

EU member states must provide adequate legal protection against the circumvention of any effective technological measures, which the person concerned carries out in the knowledge, or with reasonable grounds to know, that he is pursuing that objective under Article 6(1) of the Copyright Directive (2001/29/EC) (the Directive).

Member states must provide adequate legal protection against the sale of devices that: are marketed for the purpose of circumventing any effective technological measures; have a limited commercially significant purpose or use other than circumvention; or are primarily produced for the purpose of enabling circumvention (*Article 6(2), the Directive*) (Article 6(2)).

Facts

N had adopted technological measures to stop illegal copies of games being played on its game consoles. N brought proceedings in Italy against P for selling devices online that enabled users to play non-N games on N's consoles, by circumventing the blocking mechanism built into N's consoles. P argued that the purpose of N's technological measures was to prevent use of independent software, not just illegal copies, on N's consoles.

The Italian court sought guidance from the ECJ about the criteria that it should use to assess the scope of legal protection against circumventing technological measures.

Decision

The ECJ held that the following criteria applied:

- “Effective technological measures” included not only the housing system containing the protected work (such as the video game) with a recognition device protecting it against acts not authorised by the copyright owner, but also portable equipment or consoles intended to ensure access to those games and their use. It was defined broadly under Article 6(2)) and included measures where their objective was to prevent or limit acts adversely affecting the rights of the holder protected by them
- The national court should determine whether other measures could cause less interference or limitations to third parties’ activities while still providing comparable protection. This should be assessed by taking account of, among other things, the relative costs and comparative effectiveness of different technological measures, and the technological and practical aspects of their implementation.
- The court should also examine the purpose of devices capable of circumventing those measures. Evidence of their actual use by third parties, including how often they were used to infringe copyright or for other purposes, would be particularly relevant.
- Legal protection had to respect the principle of proportionality under Article 6(2) and should not prohibit devices or activities that had a commercially significant purpose or use other than to circumvent the technical protection.

Comment

The criteria set out by the ECJ gives useful guidance for rights-holders that use technological measures to protect copyright and those who produce devices that may circumvent such measures (but may also have other uses). However, the crucial question of how these criteria apply to the facts, and in particular how the principle of proportionality should be applied, has been left to the national court to decide. Just as third parties may use circumvention devices for infringing and for non-infringing uses, the technological measures themselves may be used for the legitimate purpose of protecting intellectual property but also for anti-competitive aims.

Case: Nintendo Co Ltd and others v PC Box Srl, C-355/12.

Copyright: UK Orphan Works

Summary

The Intellectual Property Office (IPO) is consulting on two sets of draft regulations introducing the new UK orphan works scheme and implementing the EU Directive on orphan works (2012/28/EU) (the Directive) (the consultation).

Background

The Enterprise and Regulatory Reform Act 2013 (2013 Act) introduced a system for the licensing of orphan works and voluntary extended collective licensing, with a reserve power to require a collecting society to adopt a code of practice.

The IPO has published a factsheet giving details of how the government’s proposed orphan works licensing scheme and its proposals for extended collective licensing, to be included in the implementing regulations made under the 2013 Act, would work in practice.

EU member states must implement the Directive by 29 October 2014.

Facts

The consultation covers the new draft regulations on orphan works licensing in the UK under section 116A, C and D of the Copyright, Designs and Patents Act 1988 (as inserted by the 2013 Act) and the use of orphan works under the Directive.

Under the draft Copyright (Licensing of Orphan Works) Regulations 2014, applicants for a licence to copy an orphan work will have to undertake a diligent search for the relevant rights-holder. The search should:

- Be appropriate to the orphan work or orphan right.
- Relate to the rights in the work or the rights the licensee proposes to use.
- Comprise a reasonable search to identify the rights-holder of the work or right.

The IPO will keep an orphan works register listing details of works which have been subject to diligent search, those licensed as orphans, works where a licence has been refused and where an absent rights-holder has come forward subsequently.

Licences will be non-exclusive, apply within the UK and can last for up to seven years although renewal is allowed. Sublicensing will not be allowed. The IPO will have a general discretion to refuse a licence if it considers that it is inappropriate.

The draft Copyright (Certain Permitted Uses of Orphan Works) Regulations 2014 introduce a new exception to allow cultural and heritage organisations to digitally reproduce orphan works and make them available to the public for non-commercial use without infringing copyright. Organisations must carry out a diligent search for the relevant rights-holder before using the exception, or risk facing copyright infringement. The IPO asks for views on whether civil sanctions are sufficient.

The IPO is looking for views on the drafting, structure and effect of the two sets of draft regulations, but not on the principles of orphan works licensing that were covered in earlier consultations.

Comment

The diligent search requirement is a key aspect of both sets of regulations. The IPO's view is that as a licence will only be issued after a diligent search, the likelihood of the rights-holder being found after the work is used is low.

The government will publish a summary of the responses to the consultation by the end of May 2014, after which the amended regulations will be laid before Parliament. An important consultation question is whether the fact that the licences are non-exclusive and limited to the UK will affect potential use of the scheme.

Source: IPO: Copyright works: seeking the lost, 10 January 2014, www.ipo.gov.uk/consult-2014-lost.pdf. Comments are requested by 28 February 2014.

Data Protection: Misuse of Private Information

Summary

The High Court has ruled that three individuals resident in England may bring claims in England against a company operating a search engine for misuse of their private information and breach of the Data Protection Act 1998 (DPA) arising from its exploitation of certain web browser privacy settings.

Background

Everyone has the right to respect for his private and family life (*Article 8, European Convention on Human Rights*) (the Convention) (Article 8).

Campbell v Mirror Group Newspapers Ltd established the tort of misuse of private information (*see News brief "Breach of confidence: Naomi Campbell appeal", www.practicallaw.com/3-102-8134*). Information can be protected if it is obviously private or, where that is in doubt, if disclosure would give substantial offence to a person of ordinary sensibilities placed in similar circumstances to that individual.

Privacy claims can also be based on breach of a duty of confidence or a duty to respect privacy if there is a contractual or proprietary right, or a relationship of confidence.

The DPA imposes broad obligations on data controllers and gives broad rights to individuals about whom data is collected. Individuals are entitled to compensation from data controllers for damage or, in some cases, distress caused by a breach of the DPA (*section 13, DPA*).

Service out of the jurisdiction is allowed when a claim is made in tort and damage was sustained within the jurisdiction or resulted from an act committed in the jurisdiction (*Civil Procedure Rule 3.1(9)*) (CPR 3.1(9)).

Facts

V intended to bring proceedings against G in the UK for circumventing security settings on V's mobile and desktop devices to install cookies and track V's online behaviour, without their knowledge or consent.

V claimed that they had not only suffered damage from G accessing their information, but also because the information collected from their devices was used to generate advertisements which were displayed on their screens. V claimed that G had misused their private information and acted in breach of confidence and of its statutory duties under the DPA.

The Master granted V permission to serve the claim form out of the jurisdiction on G in California. G applied to the court for an order declaring that the English court has no jurisdiction and to set aside service of the claim form.

Decision

The court upheld the Master's decision. The court found that V had a good arguable case, based on misuse of private information and breaches of the DPA, that fell within the ground relied on (damage sustained in or resulting from an act committed in the jurisdiction). It also ruled that the misuse of private information is a tort under CPR 3.1(9).

The court did not accept G's argument that the information was anonymous and that the aggregation of those pieces did not make the information private, so no serious issue of law or fact arose.. Although G did not identify the individuals from whom it collected information, some individuals might be identifiable. The court also acknowledged V's complaint of being identified by others viewing their screens as persons having the characteristics that can be inferred from the targeted advertisement.

The court held that V's assertion that the data that G collected was personal data under the DPA was sufficiently arguable. The definition of personal data under the Data Protection Directive (*95/46/EC*) could arguably include any information about an identifiable natural person.

The court dismissed G's assertion that damages for distress under section 13 of the DPA could only be recovered if pecuniary loss had also been suffered.

The court found that there was a serious issue to be tried in respect of each claim allowed. As there was a good arguable case that V's Article 8 rights were engaged, they had a right to an effective remedy and this was not overridden by G's rights under Article 10 of the Convention to disseminate information to others.

The court also held that England was the most appropriate forum, as V was resident in England, and bringing proceedings related to a developing area of English law in the US was likely to be very burdensome.

Comment

This decision only concerns an application to serve a claim form out of the jurisdiction and may be appealed. However, it has attracted attention because it suggests that behavioural data collected by third-party cookies may be considered personal data, even if it is not connected to other information that directly identifies the individual in question. In addition, if the need for financial loss to exist before damage for distress can be claimed is dispensed with, then this could open the doors for a much wider variety of claims under the DPA. Online services and advertising networks should follow future developments on this case closely.

Case: Vidal-Hall and others v Google Inc [2014] EWHC 13 (QB).