

Bird & Bird & IP & IT Bytes

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Copyright: communication to the public

Summary

The European Court of Justice (ECJ) has held that the making available and management of an online sharing platform fell within the scope of "communication to the public".

Background

EU member states must provide authors with the exclusive right to authorise or prohibit any communication to the public of their works by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access them from a place and at a time individually chosen by them (*Article 3(1), Copyright Directive (2001/29/EC)*) (*Article 3(1)*).

Article 11 of the Intellectual Property Enforcement Directive (*2004/48/EC*) provides that member states shall also ensure that rights holders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right (*Article 11, Intellectual Property Enforcement Directive (2004/48/EC)*; *Article 8(3), Copyright Directive*) (*Article 8(3)*).

The ECJ has given guidance on the availability of injunctions under Article 8(3) in *Svensson and others v Retriever Sverige AB and GS Media BV v Sanoma Media Netherlands BV and others* (see *News briefs "Linking and framing copyright material: guidance at last"*, www.practicallaw.com/4-558-3665 and *"Hyperlinking to unauthorised content: ECJ imposes conditions"*, www.practicallaw.com/2-633-7919).

Member states must ensure that the service provider is not liable for the information stored at the request of a recipient of the service, on condition that one of the following applies:

- The provider does not have actual knowledge of illegal activity or information.
- The provider, on obtaining this knowledge or awareness, acts expeditiously to remove or to disable access to the information (*Article 14(1), E-commerce Directive (2000/31/EC)*) (*Article 14(1)*).

Facts

S brought proceedings in the Netherlands against internet service providers (ISPs) (together, Z), seeking an order that Z should block their subscribers from using the website of T, a search engine for P2P file-sharing which indexed and categorised the metadata relating to files. S alleged that this engine was facilitating large-scale copyright infringements. The order was granted, but reversed on appeal on the grounds that it was T's users, and not T itself, that were committing infringement, and that the order would be disproportionate.

The Dutch Supreme Court referred the following questions to the ECJ:

- Whether there was a communication to the public in these circumstances such that T was a primary infringer.
- If not, whether an injunction could be granted against an intermediary facilitating the acts of third parties in this way.

Decision

The ECJ ruled that the concept of "communication to the public" within the meaning of Article 3(1) included the making available and management of an online sharing platform that allowed users to locate copyright works and share them over a peer-to-peer network, by means of indexation of metadata and the provision of a search engine. The ECJ did not need to answer the second question.

Any act by which a user, with full knowledge of the relevant facts, provided its clients with access to protected works was an "act of communication" for the purposes of Article 3(1). For there to be an "act of communication", it was sufficient that a work was made available to a public in such a way that the persons comprising that public could access it, from wherever and whenever they individually chose, whether or not they actually took that opportunity. "A communication to the public" must be communicated using new technical means or, failing that, to a "new public", that is, a public that was not already taken into account by the copyright holders when they authorised the initial communication of their work to the public. The profit-making nature of a communication was relevant.

Here, T made copyright-protected works available to users so that they could access them from wherever, and whenever, they individually chose. Z indexed torrent files to enable users to locate, upload, download and share specific files with full knowledge of the consequences of that conduct. Without that assistance, it would be far more complex and difficult for users to share the files. Z therefore played an essential role in making the works available. Z were not making a "mere provision" of physical facilities for enabling or making a communication since they indexed the files in such a way as to facilitate the location and downloading of them by users. As well as the search engine the site indexed files into particular categories based on the type of work, its genre and popularity. Z also deleted obsolete or faulty torrent files and actively filtered some content. So, the provision and management of a "Pirate Bay" type online sharing platform fell within the concept of communication to the public under Article 3(1).

Z's subscribers had downloaded files from T and the site had a considerable number of users. Any infringing communication that took place covered, at the very least, all these users, since all could access the works at any time and could have done so simultaneously. This meant that the works were communicated to a "public". Z knew that the works indexed on its sites were being published without the copyright holders' authorisation and Z expressly stated, on blogs and forums available on that platform, its purpose to make protected works available to users, and encouraged them to make copies. It followed that the communication was to a "new" public. T clearly provided its website to make a profit from advertising revenue.

Comment

T has for some time been blocked in the UK by the main ISPs on the basis that T authorised and induced its users to infringe copyright. This decision brings the activities of sites such as T within the scope of primary liability for communication to the public.

The ECJ has again interpreted the concept of communication to the public broadly, to give effect to the Copyright Directive's primary objective of establishing a high level of protection for copyright owners and enabling them to be rewarded for the use of their works. Recently, in *Stichting Brein v Jack Frederik Willems*, the ECJ ruled that communication to the public covered the sale of multimedia players with links to unauthorised content (www.practicallaw.com/w-008-371).

Case: Stichting Brein v Ziggo BV and another, C-610/15.

Patents: FRAND injunction

Summary

The High Court has granted a final injunction against patent infringement unless and until the defendant entered into a "fair, reasonable and non-discriminatory" (FRAND) licence.

Background

Participating members of the European Telecommunications Standards Institute (ETSI) set standards for mobile telephony. ETSI requires members to reveal any relevant intellectual property rights (IPRs), such as patents and patent applications, as early as possible during discussions about adopting a standard. Members must also inform ETSI of "essential" IPRs which they own, known as standard essential patents (SEPs), and to agree to license these rights to users of the standard on FRAND terms.

Facts

U sued H for patent infringement. The court held that H had infringed two of U's SEPs.

U offered licence terms but these were rejected by H, and H's own offers were not FRAND, as it had refused to countenance a worldwide licence.

The court settled the FRAND rate, and decided to deal with the issue of the injunction at a later hearing.

Following the decision, U and H agreed terms of a licence (the Settled Licence). The Settled Licence was a global licence and reflected the decisions made in the earlier judgment.

U argued that a final injunction should be granted, but stayed on terms pending appeal. H argued that circumstances were now materially different from those during trial and at the time of the earlier judgment. H offered two undertakings to the court: to enter into the Settled Licence if there was no appeal or if the appeal went against them, and in the meantime to act as if the Settled Licence was in force, including paying royalties.

Decision

The court granted a FRAND injunction, which would be discharged if H entered into the Settled Licence, stayed pending appeal. It also granted a declaration that the Settled Licence, attached to the judgment, represented the FRAND terms in these circumstances between these parties, and gave leave to appeal certain issues.

The agreed expiry date of the UK licence before the expiry of the licenced SEPs made sense. One of the problems with FRAND and SEPs was that relevant circumstances change. Old patents expire, new ones, which might be essential to old standards, are granted, and standards change. Agreeing what the rate should be for many years into the future is difficult. If patents courts are to support orderly FRAND licensing of SEPs, then a workable approach must be developed which allows for these changing circumstances.

The correct approach is that a FRAND injunction should be in normal form to restrain infringement of the relevant patent(s), but ought to include a proviso that it would cease to have effect if the defendant entered into a FRAND licence. If, as here, the FRAND licence was for a limited time, shorter than the lifetime of the relevant patents, then the injunction should also provide that either party can return to court in future to address the position at the end of the term of the FRAND licence, or if the FRAND licence ceased to have effect for any other reason. Normally in English law when the court granted final relief a party was not entitled to come back to court even if circumstances changed, but these unusual terms arose from dealing with patents the subject of a FRAND undertaking.

The grant or refusal of an injunction was an exercise of the court's discretion. While that discretion was circumscribed in various ways, when the holder of an IPR had established infringement and a threat and intention to infringe in future, an injunction would normally be granted.

It was not unusual in IPR cases for the defendant, having defended the claim vigorously but unsuccessfully, to offer undertakings not to infringe in order to avoid being subject to an injunction. The practical effect of an injunction and undertaking was the same, and in practice undertakings could be easier to enforce, but rights holders still usually insist on an injunction. An offer of undertakings after judgment is usually regarded as too late. In general the courts will order the injunction and refuse to accept belated undertakings.

If, from the outset, H had given an unqualified undertaking to enter into whatever licence the court including an appellate court had decided was FRAND, then an injunction at this stage would not have been appropriate. Throughout the proceedings H maintained that it would not accept a worldwide licence as a FRAND licence. By refusing to offer an unqualified undertaking before trial and before judgment, H forced U to come to court and establish its rights. The right thing to do was grant a FRAND injunction, stayed on terms pending appeal.

Comment

The interplay between FRAND undertakings and the grant of injunctive relief has been widely debated. Here, the court took a pragmatic approach, with an injunction granted only unless and until H agrees to the licence terms which the court has approved as meeting the FRAND requirement. The fact that the licence is due to expire before the expiry of the licenced SEPs allows consideration of any new circumstances at that time, rather than the patentee having an injunction which could be enforced immediately.

Case: Unwired Planet International Ltd v Huawei Technologies Co Ltd & Another [2017] EWHC 1304 (Pat).

Trade mark infringement and passing off: use of Amazon listings

Summary

The IP Enterprise Court (IPEC) has held that listings on www.amazon.co.uk amounted to infringement of a figurative mark and passing off.

Background

A trade mark owner has the right to prevent unauthorised third parties from using, in the course of trade, any sign:

- Which is identical to the trade mark in respect of goods or services which are identical to those for which the mark is registered (double identity) (section 10 (1), Trade Marks Act 1994) (TMA) (section 10(1)).
- Where, because of its similarity to the trade mark, and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion or association on the part of the public (section 10(2)(b), TMA) (section 10(2)(b)).

The elements of the tort of passing off are:

- Goodwill or reputation attached to the relevant goods or services.
- A misrepresentation by the defendant to the public, leading or likely to lead the public to believe that its goods or services are those of the claimant.
- Resulting damage to the claimant (*Reckitt & Coleman Products Ltd v Borden Inc* [1990] RPC 341).

Facts

J's figurative UK trade mark (UKTM) "Design Elements" for flagpoles was in stylised font and incorporated a flag device. J's licensee, N, sold flagpoles listed as being "by DesignElements" on www.amazon.co.uk, via three different Amazon listings created by N.

C listed its flagpole products on N's listings, undercutting J's price so that C appeared as the default seller under its trading name and captured the majority of sales from the listings.

J and N sued C for trade mark infringement and passing off.

Decision

The IPEC granted J and N an injunction and ordered C to pay damages.

There was no infringement under section 10(1) because the differences between the device and "Design Elements", the distinctive font and the flag device and the space between the words, were not so insignificant to the average consumer that they would go unnoticed.

C had infringed section 10(2)(b). C had used the UKTM through offering its products on the listings, which included the words "by DesignElements". The "DesignElements" sign in the listing had a high degree of similarity with the UKTM; the use was in the course of trade and in relation to identical goods to those for which the UKTM was registered; and there was a likelihood of confusion on the part of the public. The listing of the flagpoles as "by DesignElements" was use of a sign which indicated the origin of the goods. The average consumer would think the flagpoles emanated from the specified manufacturer of the product, DesignElements, or a source economically linked to it, rather than the person who created the listing.

On passing off, J's business had goodwill or reputation in England and Wales associated with the "Design Elements" unregistered word mark. C had used the sign in a manner which constituted a misrepresentation,

since the listing referred to flagpoles "by DesignElements". Consumers were likely to think they were buying DesignElements flagpoles when they were not, and this had caused J and N damage through lost sales.

Comment

This decision demonstrates that re-use of a third party's Amazon listing without consent to sell the same goods may, on appropriate facts, amount to trade mark infringement or passing off.

Case: Jadebay Ltd and others v Clarke-Coles Ltd (t/a Feel Good UK) [2017] EWHC 1400 (IPEC).

Trade marks: infringement: informative or misleading use

Summary

The Court of Appeal has held that that a repair company's use of a car trade mark was misleading rather than informative and infringed the trade mark.

Background

A registered trade mark owner of an EU trade mark (EUTM) has the right to prevent unauthorised third parties from using, in the course of trade, an:

- Identical sign for identical goods or services to those for which the EUTM is registered (*Article 9(1)(a), EUTM Regulation (207/2009/EC)*) (*Article 9(1)(a)*).
- Identical or similar sign for identical or similar goods or services to those for which the EUTM is registered, where there exists a likelihood of confusion or association on the part of the public (*(Article 9(1)(b), EUTM Regulation (207/2009/EC)) (Article 9(1)(b))*).
- Identical or similar sign to the EUTM where the EUTM has a reputation in the EU, and where the use of the sign is without due cause and takes unfair advantage of, or is detrimental to, the distinctive character or repute of the EUTM (*Article 9(1)(c), EUTM Regulation*) (*Article 9(1)(c)*).

In relation to ordinary consumer products the court is not normally assisted by the evidence of individual consumers to establish what impression was conveyed by a sign (*Marks & Spencer v Interflora*, www.practicallaw.com/2-523-7850).

Facts

B was the manufacturer of motor vehicles and the registered proprietor of EUTMs for the text "BMW" registered for maintenance and repair of cars, motors, engines and parts of the goods; cleaning of automobiles; and installation services (BMW mark); and a figurative "Roundel" mark incorporating the text BMW and registered for the same services as the BMW mark.

Although T specialised in the repair and maintenance of BMW cars, it had no formal connection with B other than as buyer and user of B's manufactured spare parts.

B sued T for trade mark infringement.

The Intellectual Property Enterprise Court (IPEC) allowed some of B's claims. However, it dismissed other claims for infringement of the BMW mark in relation to likelihood of confusion and taking an unfair advantage under Article 9 of the EUTM Regulation.

B appealed in relation to this alleged infringement which concerned the use of the BMW mark in conjunction with T's trading name "Technosport": on shirts worn as work clothing; in relation to T's Twitter account with the user name "@TechnosportBMW"; and on T's van which carried the words "TECHNOSPORT – BMW".

Decision

The court allowed the appeal in relation to likelihood of confusion. It was therefore unnecessary to decide the issue of unfair advantage.

It was necessary to distinguish between uses that conveyed the true message "my business provides a service which repairs BMWs or uses genuine BMW spare parts" (informative use) and those that conveyed the false message "my repairing service is commercially connected with BMW" (misleading use). Which of these messages was conveyed depended on a close consideration of the detail and context of the use.

The IPEC had erred by rejecting T's case on the basis that it ought to have adduced further evidence to establish that the juxtaposition of BMW with a dealer's name would convey the impression that the dealer

was authorised. Deciding whether the use of the "Technosport BMW" signs was informative use or misleading use did not require B to prove that all authorised dealers used the trading style "Dealer BMW", nor that whenever the average consumer saw the dealer's name juxtaposed in any context with the BMW mark they assumed that it referred to an authorised dealer. The issue was whether that impression was conveyed by the sign Technosport BMW, or that there was a risk that it would be.

Evidence of actual consumers was not required. The court had to make its own assessment, taking into account all relevant circumstances. If the IPEC had done so, it would have been clear in relation to each of the uses that the use of the "Technosport BMW" signs was more than informative use and carried the risk that it would be understood as misleading use.

Considering the shirts on their own without the Roundel mark, there was no immediate context to indicate that it was merely informative use; it was simply a trading style which conveyed the impression of authorisation by B.

There was also nothing in the sign "Technosport-BMW" to indicate that the sign was being used informatively on the van. The average consumer would not take the word technosport in the website address as the trading name of the company; they would be more likely to understand that the name had been abbreviated in the website address.

While the Twitter account was not B's strongest point, the use was still an infringement too. It was another example of the use of BMW within a trading name in a way which was likely to give the impression of authorisation, consistent with the use on the van and the shirt; it was not mere informative use.

Comment

The court noted that while it might be difficult to determine whether, in the case of a trade mark registered for goods, the name of a business was being used in relation to the goods sold by that business, there was normally no such problem in the case of a service mark; the name of the business as the provider of the services was much more readily taken to be used in relation to the services offered.

The distinction between informative and misleading use may provide a useful test in likelihood of confusion cases in the context of the provision of services.

B's appeal was successful because too much weight had been placed on the need for evidence to show a likelihood of confusion. In relation to ordinary consumer products and services the court can and should make up its own mind on confusion without referring to evidence of experts or consumers.

Case: Bayerische Motoren Werke Aktiengesellschaft v Technosport London Ltd and another [2017] EWCA Civ 779.



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