Bird & Bird & IP & IT Bytes

May 2017

First published in the May 2017 issue of PLC Magazine and reproduced with the kind permission of the publishers. Subscription enquiries 020 7202 1200.

Confidential information: interim non-disclosure order

Summary

The High Court has granted an interim non-disclosure order restraining a news agency from publishing confidential hedge fund information.

Background

Section 12 of the Human Rights Act 1998 (section 12) applies if a court is considering whether to grant any relief which, if granted, might affect the exercise of the right to freedom of expression guaranteed by Article 10 of the European Convention of Human Rights (Article 10) (*section 12(1)*).

The court should not grant an injunction to restrain publication before trial where Article 10 applies unless it is satisfied that the applicant is likely to establish that publication should not be allowed (*section 12(3)*).

The court must have regard to the importance of the right to freedom of expression, and, where the proceedings relate to journalistic, literary or artistic material, the extent to which:

- Material has, or is about to, become available to the public (*section 12(4)(a)(i)*).
- It is in the public interest for the material to be published (*section 12(4)(a)(ii)*).
- Any relevant privacy code applies (*section 12(4)(b)*).

Where there is a breach of confidence, the test is not simply whether the information is a matter of public interest, but whether in the circumstances it is in the public interest that the duty of confidence should be breached (*HRH Prince of Wales v Associated Newspapers Ltd, www.practicallaw.com/3-202-2881*).

Newspapers and magazines that are regulated by the Independent Press Standards Organisation (IPSO) must follow the IPSO code, which includes a list of matters that are to be regarded as in the public interest.

Facts

B, a hedge fund manager, applied for an interim non-disclosure order against a news agency, R, a financial journalist, K, who worked for R, and an unknown person alleged to have leaked confidential documents provided to potential investors or information derived from those documents.

B sought to restrain the use of the documents or information. R wished to publish the information.

Decision

The court granted B’s application. Section 12 was engaged because the application sought to restrain the defendants' freedom of expression protected by Article 10. However, on the evidence, B was more likely than not to show at trial that it was entitled to restrain publication in accordance with section 12.

B was likely to show that the information R wished to publish was impressed with the quality of confidence. R and K had been on notice that the information was confidential. The information which R wished to publish, while not comprising the documents themselves, was more likely than not to have derived from the documents. In relation to any public interest defence, the starting point was that B was a large hedge fund manager and hedge funds and their effect on the economy were a legitimate matter of public interest and debate. A further factor increasing the weight of the public interest in publication was the identity of the investors in B’s funds, which included institutional investors, such as pension plan holders and public employees, who would not be provided with the information. There was a public interest in these individuals having available to them information that would permit them to influence and hold to account the institutions whose investment decisions affected their financial welfare.

However, that public interest was insufficient to show that there was a public interest in publication. There must be a public interest in breaching confidence that attached to information for publication to be permitted. That involved weighing the relative importance of the maintenance of the confidentiality against the relative importance of the public interest in publication. Maintenance of confidentiality was especially important in the context of disclosure to potential investors of material that was relevant to their decision to invest. It was highly desirable that full and candid disclosure was given for that purpose. If a hedge fund felt sensitive and confidential commercial information could be published without restraint, there would be a disincentive to make full and candid disclosure to investors who would therefore be less well informed in making their investments. The interest in protecting confidentiality was all the stronger where the investments were very valuable.

Therefore, the interest in protecting confidentiality in the information outweighed the public interest in publication. There was no question of publication being necessary to correct a false impression by B, to reveal any illegal or immoral dealing, to expose hypocrisy or to expose some improper practice or concealment, nor even to demonstrate incompetence (although these considerations were not needed to justify a breach of confidence).

Also, none of the matters listed in the IPSO code applied. In addition, it was likely that B would show that damages were not an adequate remedy.

Comment

This decision illustrates the factors the court will take into account when considering the defence of the public interest in an application for an interim injunction to restrain an alleged breach of confidence by a media outlet in a financial services context.

Case: Brevan Howard Asset Management LLP and others v Reuters Ltd and others [2017] EWHC 644 (QB).

Patents: standard of proof for internet prior art

Summary

The European Patent Office (EPO) appeals board has considered the standard of proof required to show that an internet disclosure had been made available to the public before the priority date of a patent, and is prior art.

Background

In November 2016, the EPO published guidance which highlighted the potential difficulties in establishing the actual date on which information was made available to the public on the internet. Not all webpages mention when they were published and websites are easily updated but most do not provide any archive of previously displayed material to establish precisely what was published and when.

The EPO has held that, to establish that an internet disclosure formed part of the state of the art, the same strict standard of proof as for prior use or prior oral disclosure, that is, beyond any reasonable doubt, had to be applied (*Neoteric Technology Limited T-1134/06*). Circumstances which allowed the determination of availability to the public might also include factors that had a bearing on the reliability of the information.

Facts

A European patent application claimed a priority date of 24 May 2002. The EPO Examining Division refused the application for lack of novelty over a prior art document. This document was retrieved from the internet in December 2003, and had been included in the international search report.

O challenged the decision on the basis that prior publication had not been proved, arguing that the date of January 2002 on the cover page of the document was not proof of availability to the public at that date.

The EPO Examining Division refused to admit the evidence supporting this challenge as it was filed too late and did not show that the document had not been published before the priority date. O appealed.

Decision

The EPO appeals board allowed the appeal and remitted the case for further prosecution. It held that the EPO Examining Division had applied both the wrong standard of proof and the wrong procedure for establishing proof that the internet document was prior art.

EPO case law on the standard to prove that an internet disclosure was prior art was inconsistent. There were different and irreconcilable views in appeal case law about the proper standard of proof relating to the issue of availability to the public, particularly internet disclosures.

While these standards of proof differed conceptually, in most cases this need not lead to divergent results if the standard of balance of probabilities was applied with some qualification. Numerous decisions applied the standard of balance of probabilities, but made it clear that slightly tipping the balance of probabilities was insufficient when assessing the public availability of prior art.

The facts on which any finding of public availability was based had to be established with a sufficient degree of certainty in order to convince the EPO, in view of all the relevant evidence, that they had indeed occurred, even if the determination was made on the basis of probabilities rather than beyond any reasonable doubt.

When raising objections, the burden of proof lay initially with the EPO Examining Division. Objections had to be reasoned and substantiated, and had to show that, on the balance of probabilities, they were well-founded. With respect to the publication date of a cited document, at least prima facie evidence was required, which was sufficient, on its own, to establish a fact or to raise a presumption of the truth of a fact unless controverted. If the objection was properly raised, it was then up to the applicant to prove otherwise or to submit evidence to displace the prima facie evidence. If the applicant successfully challenged prima facie evidence concerning a fact, for example, the nominal publication date of a document, the burden of proof shifted back to the EPO Examining Division to establish that the document was made available to the public.

Here, the document was retrieved from the internet on 15 December 2003, more than 18 months after the priority date of the application. Neither the search report nor the first communication, which cited the document, explained why the document was considered to have been publicly available before the priority date.

With internet disclosures, the absence of explanation was acceptable only where, in the circumstances, it was self-evident why the document was considered to have become publicly available before a specific date. Those circumstances could include the nature and reliability of the website from which the document was retrieved as well as intrinsic evidence deduced from information in the document itself.

The only circumstantial evidence on which the EPO Examining Division relied for its assumption that the document was made publicly available in January 2002 was the date on the cover page of the document. However, this date was imprecise and the document did not specify this date as its publication date. It was at best prima facie evidence that the document was created in January 2002, but not that it was made available to the public on that date. The commercial website from which the document was retrieved was not a source generally deemed to provide reliable publication dates, such as the websites of scientific publishers.

As neither the information provided in the document itself nor its source of retrieval allowed, on their own, to conclude with sufficient certainty that the document was publicly available in January 2002, the document should not have been cited as prior art by the EPO Examining Division without further explanation and evidence. As the objection to patentability was not properly raised, O was not obliged to submit evidence against the assumed publication date.

The EPO Examining Division had incorrectly refused to admit the evidence put forward by O at the oral hearing, which cast doubt on the assumption that the document had been published before the priority date.

Comment

While this decision establishes a less stringent standard of proof for proving publication of an internet disclosure before a relevant priority date, it does mean that patent searchers and examiners must do more work before citing that disclosure as prior art than merely relying on an unspecified date on the document itself. The increasing trend to publish technical documents only online means that this issue will become increasingly important in patent practice, both prosecution and litigation.

Case: Oracle International Corporation T-0545/08.

Copyright: blocking order against live streaming

Summary

The High Court has ordered internet service providers (ISPs) to block access by their customers to streaming servers that deliver copyright-infringing live streams of sporting events to UK consumers.

Background

An injunction may be obtained against an ISP that has actual knowledge of another person using their service to infringe copyright (*section 97A(1), Copyright, Designs and Patents Act 1988*) (section 97A).

In *Football Association Premier League Ltd v British Sky Broadcasting Ltd and others*, the High Court ordered a number of ISPs to block access to a website operating as an indexing and aggregation portal to unauthorised streamed broadcasts of sporting events provided by third-party streamers (*[2013]* ***EWHC*** *2058 (***Ch***)*).

In *Stichting BREIN v Ziggo BV*, the Advocate General opined that the fact that websites other than the blocked website could be used to infringe did not detract from the effectiveness of the blocking measure (*www.practicallaw.com/5-640-0650*).

Facts

F owned the copyright in films comprising television footage of all Premier League football matches, and in artistic works which appeared in the footage.

F sought an injunction under section 97A against the six main retail ISPs in the UK (together, B). The proposed injunction would require B to take measures to block, or impede, access by their customers to streaming servers that deliver infringing live streams of Premier League footage to UK consumers. F's application was agreed or not opposed by B.

Decision

The court decided that it had jurisdiction to make the order and that it should exercise its discretion to do so.

As the order affected third parties not before the court, the fact that the making of the order was agreed by B did not absolve the court from the responsibility of considering whether the order was justified.

The application differed from previous orders against ISPs such as that granted in *Football Association* as it sought for the first time that a blocking order directed at streaming servers rather than a website. The application sought to combat the growing problem of live Premier League footage being streamed without the consent of F, or its licensees, on the internet. Consumers were increasingly using streaming devices that accessed infringing streams as a substitute for paid subscription services.

The order made was a "live" blocking order that had effect only at the times when live Premier League match footage was being broadcast. Although it was standard practice for orders under section 97A to enable the IP address or URL of the target website to be updated as and when necessary, the order provided for the list of target servers to be "re-set" each match week during the Premier League season. This allowed for new servers to be identified by F and notified to B for blocking each week, and ensured that old servers were not blocked after the end of a week.

The order was for a short period only and would endure only until the end of the 2016/2017 Premier League season. The short duration of the order was intended to enable an assessment of its effectiveness, and of any issues encountered, with a view to F applying for a similar order to cover the 2017/2018 season, with any changes appropriate in the light of this season's experience.

The court’s jurisdiction was based on the fact that users who accessed a stream caused their computer, mobile device or set-top box to create copies of the copyright works in the memory of the devices. Operators of target servers that streamed the works communicated the works to the public because:

- The process of setting up a streaming server and configuring it to interface with a streaming platform; and connect to, and copy, a source feed with Premier League footage were conscious steps that must be taken by the operators.
- The works were communicated to the public since the streams were capable of being viewed by an indeterminate number of potential viewers, and were in fact viewed by a large number of people.
- Even where the source was an internet transmission, the class of persons to whom the works were communicated was a "new public" that was not already taken into account by F.
- The acts of communication to the public were targeted at the public in the UK and were therefore to be regarded as taking place there.

Factors considered by the court in deciding to grant the order included the effectiveness and dissuasiveness of the order in that it would substantially reduce infringements of F's copyrights by UK consumers. Past experience suggested that blocking caused a material reduction in the number of UK users who accessed blocked websites. The same might be expected of blocked streaming servers. Blocking access to streaming servers was also likely to be more effective than blocking websites which embedded or linked to streams from the servers both because streaming servers were the crucial link and because multiple websites typically embedded or linked to each server stream. There was reason to hope that blocking access to the target servers would help to educate UK consumers that accessing infringing streams was not a lawful or reliable way to access Premier League content.

As to substitutability of other streaming servers for the target servers, the order made provision for the future detection and blocking of streaming servers that were used to stream Premier League content as well those comprising the initial list of target servers. This made the prospect of consumers switching to other streaming servers less of a concern.

The court accepted that there were no alternative measures available to combat the infringements. The targeted nature of the order meant that it avoided creating barriers to legitimate trade. The short lifespan and high bandwidth requirements of streaming servers meant that they were almost exclusively dedicated to the activity of streaming. They were not used for other purposes such as hosting legitimate websites. Any interference with legitimate content would be only temporary due to the very short duration of each instance of blocking. *Stichting BREIN* supported the conclusion that the interference was justified by the protection of F's rights.

Comment

This is the first time that a blocking order has been ordered in respect of streaming servers. Therefore, while the decision involved the application of well-established principles since *Football Association*, the modification of the factors to be taken into account to address the different context is interesting. The order contained additional safeguards over and above those previously adopted in the context of website-blocking, notably the short duration of the order.

Case: Football Association Premier League Ltd v British Telecommunications Plc and others [2017] EWHC 480 (Ch).

Trade mark infringement: tarnishment and dilution

Summary

The Intellectual Property Enterprise Court has held that UK and EU trade marks for ZUMA were infringed by the use of the domain name dineinwithzuma.com, and a figurative device containing that phrase on a website.

Background

A registered trade mark owner has the right to prevent unauthorised third parties from using, in the course of trade, an identical or similar sign to the registered mark where the trade mark has a reputation in the UK, 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 trade mark (*section 10(3), Trade Marks Act 1994* (TMA) (section 10(3)); *Article 9(2)(c), EU Trade Mark Regulation (207/2009/EC)*) (2009 Regulation) (Article 9)(2)(c)).

A trade mark owner cannot rely on the registered mark to prevent the use by a third party of their own name or address, provided that they use it in accordance with honest practices in industrial or commercial matters (the own name defence) (*section 11(2)(a), TMA; Article 12(a), 2009 Regulation*).

Facts

A ran a series of well-known restaurants under its registered UK and EU trade marks ZUMA for the provision of food and drink. V, the sole director and shareholder of Z, was the registrant of the domain name www.dineinwithzuma.com under which a website selling pet food was operated. On the website and on product packaging, Z used the names ZUMA and DINE IN WITH ZUMA and a device featuring V's pet dog, Zuma.

A opposed Z's application to register DINE IN WITH ZUMA as a UK trade mark.

A also brought trade mark infringement proceedings against Z under section 10(3) of the TMA and Article 9(2)(c) of the EU Trade Mark Regulation. Z raised the own name defence, and counterclaimed for a declaration pursuant to section 21 of the TMA that groundless threats of trade mark infringement proceedings had been made against them, seeking damages for commercial loss. A accepted that its letters before action had contained actionable threats, but claimed the defence of justification.

V argued that she had not yet accepted any orders from her website and had not therefore used it to trade. She also disputed that the word ZUMA was being used as a sign in relation to goods or services on the website: she said that it was only used to refer to her dog as part of the narrative.

Decision

The court held that Z had infringed A's UK and EU marks through its use of ZUMA, DINE IN WITH ZUMA and the domain name.

The relevant market for the purposes of assessing whether the Zuma restaurant had sufficient reputation to fulfil the requirements of section 10(3) of the TMA and Article 9(2)(c) was the market for high quality, high-end restaurants in London. Evidence of the high number of pre-booked reservations made at Zuma over the years, including many from customers located in the EU, indicated that it had a significant reputation in the UK and the EU. This conclusion was supported by significant evidence of press coverage, awards and celebrity visits.

The court rejected V's argument that she had not used her website to trade. The site was ready to take orders and it was therefore advertising, offering and exposing goods for sale, all capable of being infringing acts. V's evidence was that she fully intended to develop and use her brand. All the signs complained of had been used in a commercial context with a view to future economic advantage.

The court rejected V's argument about her dog because the fact that Zuma was a real dog was not explained on the site. The domain name matched the signs that were used to market goods on the website, and this was sufficient to establish a link between them. However, the court accepted that the company name had not been used in relation to goods or services, but merely as a company name, and that use of the word ZUMA within the company name did not amount to infringement.

The pet food signs were all identical with or similar to the ZUMA mark, as the word "zuma" was the distinctive and dominant element in all of them, particularly in the light of the strong reputation of the ZUMA registered marks.

If the average consumer who knew of Zuma restaurant were to see the signs that were being used for the pet food, they would be likely to make a link in their mind between them and the registered mark ZUMA. A significant proportion of the general public was aware of the restaurant mark, and many also owned dogs. The fact that V planned an upmarket brand that could be stocked in high-end supermarkets made it all the more likely that there would be an association with Zuma restaurant, which was also upmarket. The use of the words "dine in" in the banner device also increased the likelihood of a link, as did the dressing of the dog in a bow tie and the use of culinary terms for dog meals.

The ZUMA mark was tarnished because pet food was incompatible with food for humans and was likely to raise unpleasant associations. The effect was increased by the high-end nature of Zuma restaurant. V’s planned use of her device and brand names to build a nationwide pet food business raised a serious likelihood of an adverse effect on the economic behaviour of the average consumer who knew of the ZUMA registered marks, so that it would cause them to be diluted.

V and Z could not succeed with the own name defence on the basis that V’s dog was called Zuma. The dog was not a natural person or a company. The defence also failed in relation to the UK mark, because "Zuma" was not actually the company's name.

V and Z succeeded in their threats claims solely in relation to use of the company name, but the court refused to award any damages as there was no evidence that commercial loss had arisen from the threats.

Comment

This decision is an interesting example of infringement of a mark with a reputation, with an unusual set of facts. Although pet food and restaurant services do not appear at first to be connected, the strength of the restaurant mark's reputation led to a presumption that there would be many dog-owners who had heard of the restaurant and who would think of it when they saw the "Dine with Zuma" branding. Although they would not necessarily have assumed a commercial link between the two businesses, the mere association in their minds between Zuma restaurant and dog food was considered sufficiently adverse in nature as to be likely to dilute and tarnish the restaurant's reputation.

Case: Azumi Ltd v Zuma's Choice Pet Products Ltd and others [2017] EWHC 609 (IPEC).

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Managing Intellectual Property Winner UK Trade Mark Contentious Team of the Year 2016

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