

## IP/IT & MEDIA NEWSLETTER

A Look at the Developments in the area of IP, IT and Media

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## Data Protection ‘Around the World’

Data protection is not only a current topic in Germany but also in numerous countries worldwide, within and outside Europe. Looking beyond our own backyard can help to sharpen the focus of our own discussions, be they legislative, on data breaches, or on the monitoring by governmental authorities. Let’s take the leap into the foreign data protection waters.

**Costa Rica:** In 2011, Costa Rica enacted a data protection act which has now entered into force. Because this legislation is similar in content to the European rules, it is expected that Costa Rica will endeavour to be determined as having an adequate standard of data protection by the European Commission. The act introduces the concept of consent to data processing and grants specific rights to the data subjects if their data are published. Data breaches must be reported within five days of becoming aware of them. Data controllers are required to report databases containing personal data to Prodhav, the newly founded Costa Rican data protection authority. Prodhav must be given a “super-user” account. Unusually, the Costa Rican law introduces a fee for the sale of databases: for each individual datum, an amount between 25 U.S. cents and one U.S. dollar has to be paid, with the exact amount determined by Prodhav. The maximum fee is limited to 10% of the contract value. Fines for data breaches range from US\$670 to US\$ 20,000, contradictory to the European trend of providing for material fines.

**India:** The Indian government currently employs a central monitoring system intended to grant the authorities extensive

access to citizens’ telephone calls and internet use – in the name of national security. Initially created as a response to the terror attacks of 2008, the system may become the perfect means for keeping its citizens under surveillance for the enforcement authorities – in line with Big Brother – and also the tax authorities, which can also access the information. The legal grounds for the system are found in the Information Technology Act 2000, which permits the government to intercept, monitor and decrypt all information generated, transmitted, received or stored on a computer if security or public order are at risk. The system seems to be yet another step by the Indian government in a line of events which restrict the citizens’ (communication) freedoms in the name of security, such as, for instance, the blocking of mass text messages following turmoil last year.

**Japan:** In May, Yahoo announced the potential compromise of 22 million log-in details of Yahoo Japan users which may have been obtained by hackers. The attack on Yahoo’s network could only be stopped by interrupting the servers’ Internet access. It is currently (at the date of publication) unclear whether the hackers have obtained the data or not. While apparently the data does not contain passwords, Yahoo Japan nevertheless recommends that its users change their log-in credentials. In contrast to Sony, which fell victim to a massive scandal in 2011 and took about a week to inform its users, Yahoo announced the potential loss of data promptly and started the process of contacting its users shortly after. A straight-forward approach as demonstrated by Yahoo can help in

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minimizing the damage to a company's reputation.

**Canada:** Canadian companies and public authorities are not immune to data-protection mishaps either. The Human Resources and Skills Development Canada Department lost an external hard drive that contained personal, in particular financial, information of more than 500,000 Canadians who had, at some stage, applied for student loans. This hard drive was not encrypted.

Similar is the case of the Investment Industry Regulatory Organization of Canada (IIROC), which lost a laptop. This laptop contained financial information of more than 50,000 Canadian brokerage customers – also not encrypted. What is peculiar about this case is that the encryption of such information is highly recommended as part of the rules on treating information issued by the IIROC.

Both cases, symbolic of a multitude of data breaches across the globe, clearly show that the best laws, regulations and internal guidelines will not bear fruit if the most basic measure is not implemented: training and educating the people that handle personal data day to day.

**Mexico:** Since 2010 Mexico has had a data protection act, protecting the privacy of the data subject. In April, the guidelines for "notice" came into force ("Lineamientos del Aviso de Privacidad"). According to these guidelines, data controllers and processors are required to provide detailed information to the data subjects, and have to give them the possibility to opt-out, before they collect, process or transfer personal data automated by electronic

means such as cookies or web beacons. The guidelines provide in-depth guidance on the information to be provided in the notice (e.g., on the identity of the data controller that collects the data, which data are collected and for which purposes), and in which form the notice must be given. The guidelines introduce three different types of guidelines: the "full notice" ("Aviso de Privacidad Integral"), the "simplified notice" ("Aviso de Privacidad Simplificado") and the "short notice" ("Aviso de Privacidad Corto"). Each of these applies to different situations, and they must also contain general information on how the data subjects can assert their rights of access, rectification, deletion and objection. The guidelines also introduce a duty to maintain a department for personal data, in companies. The department deals with the protection of personal data and serves as the main point of contact for any inquiry.

Non-compliance with the Mexican data protection act may result in fines of up to US\$1.5 million. This amount may even be doubled if sensitive data are part of the breach.

**Austria:** Current discussions in Austria circle around the reforms of the data protection act.

- In 2012 the standard and sample regulation was amended to encompass further standard data applications that no longer require notification with the Austrian data protection register ("Datenverarbeitungsregister").
- On 1 May 2013, the most recent amendments to the data protection act entered into force. These amendments are the result of the

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European Court of Justice decision on the lack of independence of the Austrian data protection commission (“Datenschutzkommission”), and change the commission’s structure and organization. Unfortunately this is not accompanied by an increase in personnel. The data protection commission, as well as the register, are known for their understaffing, which means that applications for registration or approval may lie with the authorities for several years.

- The second reform is meant to implement a new and independent data protection authority because the data protection commission will be dissolved following the reform of the administrative. This reform shall enter into force on 1 January 2014.

- The original first amendment – dating back to 2012 – seems to have stagnated. Its intention was to unburden the data protection register and contained the introduction of voluntary data protection officers.

**Peru:** Peru’s new data protection act came into force in April. The Peruvian law, similar to the Costa Rican law, heavily leans on the European regulations. The data controller is subject to certain information duties, and the law also introduces the principle of consent. In addition, all databases that contain personal data must be reported to the new national data protection authority. However, the fines foreseen by the law are less than those envisaged by the Costa Rican act: from approx. US\$300 to approx. US\$14,400. For both countries it therefore remains to be seen whether these new laws, created and implemented with great motivation, can be enforced.



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## New Neighbouring Right for Press Publishers under German Copyright Law – from 1 August 2013

Following an immensely heated public and media debate, the German Bundestag (Lower House) – on 1 March; and the Bundesrat (Upper House) – on 22 March; adopted the 8th Act Amending the German Copyright Act. The amending legislation will introduce a new neighbouring right for press publications, equal in strength to copyright. The new provisions will come into effect on 1 August 2013.

The 8th Act introduces the new sections 87f to 87h into the Copyright Act. The new section 87f(1) German Copyright Act provides that press publishers shall be protected – for a limited period of

one year – against having their press publications made available to the public for commercial purposes. The object of section 87f(2) German Copyright Act is the “press publication”, defined as “the editorial-technical definition of journalistic contributions within the framework of a periodically published collection under a specific title regardless of the medium which, taking into account all relevant circumstances, are to be regarded as mainly typical for a publisher’s product and do not predominantly serve the purpose of self-marketing”. The section goes on to define journalistic articles as

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“mainly articles and images which serve to convey information, to shape opinion or to entertain”.

Furthermore, according to the wording of the law, “commercial use” is the relevant factor, which means that bloggers, twitterers and Facebook users, and also freelancers and companies would appear to be included as long as they are operating commercially. However, following considerable criticism of the initial draft, the new section 87g(4) German Copyright Act now restricts the scope of the term’s (“commercial use”) application. Making press publications available to the public is admissible as long as this “is not done by commercial providers of search engines or commercial providers of services who edit content accordingly”. Hence, the individuals/groups mentioned above – bloggers, twitterers, Facebook users, freelancers and companies – will cease to be targeted. As a consequence, the question as to whether social media and platform providers respectively may be held

liable – vicariously or contributorily – is no longer an issue.

Although linking the new neighbouring right to collecting societies was initially discussed, the new provisions do not do so. Section 87h German Copyright Act provides, however, that copyright owners must be given a share of proceeds from the new rights.

Notwithstanding the Bundesrat’s (Upper House’s) unexpected expedition in its passing of this new law, the House simultaneously passed a resolution in which it expressed its desire to review and amend the new provisions following the parliamentary elections in September 2013. It remains to be seen whether such review or amendments will be carried out, as this depends upon the outcome of the forthcoming elections. It will also be interesting to find out how the new provisions will work in practice and how the search engines and service providers targeted by them will react or adapt.

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## German Federal Supreme Court decides on Internet Video Recorders – yet again

The German Federal Supreme Court already had to decide on the legality of Internet video recorders back in 2009. After the German Federal Supreme Court reversed the decision of the Court of Appeals and remanded the case, the matter has now appeared once more in front of the German Federal Supreme Court. The background is the following:

The plaintiffs were the television broadcasters RTL and SAT.1. The defendants were the operator of the

Internet video recording platform “Shift.tv” on the one hand, and the operator of the similar platform “Safe.tv” on the other. The contested Internet platforms made it possible for users to record several TV shows simultaneously, to watch them either directly on the computer as an online stream, or to download them at a later point in time. The defendants transferred the TV shows of both broadcasters from the antennae to the respective video recorders of the customers. The plaintiffs regarded the offer of the Internet video recorders as

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an infringement of their right to retransmit a broadcast pursuant to Section 87 (1) 1 of the German Copyright Act, and asked for injunctive relief and information by the defendants.

The German Federal Supreme Court has now held that the offering of Internet video recorders as such, generally constitutes an infringement of the right to retransmit broadcasts (this was also held by the Court of Appeals), but it also pointed out that it needs to be examined whether the operators of the Internet video recorders can argue that the TV broadcasters are obliged to grant them a license for such use.

The Court of Appeals had rejected this defense by the defendants and pointed out that the question of whether a compulsory license pursuant to Section 87 (5) of the German Copyright Act can be requested needs to be examined in a proceeding before the Arbitration Board for copyright matters at the German PTO. However, the Court of Appeals did not stay the proceeding in order to allow for an Arbitration Board proceeding to take place, but just held that an infringement of the right to retransmit of the plaintiff existed.

The German Federal Supreme Court did not regard this approach as correct. It reversed

the decision of the Court of Appeals and remanded the case yet again as the Court of Appeals had failed to examine whether the requirements of a defense based on a compulsory license exist.

In case the Court of Appeals comes to the conclusion that such a defense is admissible, it would have to stay the proceedings to give the defendants the chance to start a proceeding at the Arbitration Board. The Arbitration Board would then examine whether the defendants can claim a compulsory license with respect to the rebroadcasting pursuant to Section 87 (5) of the German Copyright Act. If the Arbitration Board comes to the conclusion that such a right to a compulsory license does not exist, this could mean at the same time that the copies made by users, which currently are regarded as private (fair use) copies under Section 53 (1) of the German Copyright Act, could then be regarded as copies from an obviously illegal source not covered by the fair use provision under Section 53 (1). The decision of the Court of Appeals will be of interest not only to the industry, but also to private users. And it remains to be seen whether the next decision by the Court of Appeals in this matter will be the final word.



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## Extension of the Territorial Scope of the Community Trademark System and of the Madrid System on International Registrations

On February 19, 2013 and July 8, 2013, respectively, Mexico and India joined the Madrid Protocol. So, trademark owners of international registrations now have the possibility to designate these additional countries as countries of protection for newly filed international registrations or to subsequently extend existing registrations. For this latter purpose, a request for subsequent designation needs to be filed with the World Intellectual Property Organization (WIPO) and the respective fee needs to be paid. The subsequent designation will be effective from the date on which it has been recorded in the international register.

The Community trademark system has also seen its territorial scope extended just recently. On July 1, 2013, Croatia joined the European Union as its 28th member, and thus also joined the Community trademark system. Unlike international registrations, all Community trademarks that are already registered or have been applied for will be automatically extended to the territory of this new member state without any administrative requirements or cost. Thereby, it is guaranteed that all Community trademarks have the same territorial scope. The owner of a Community trademark therefore does not need to file a further request to enjoy protection in the new member state.

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## Proposal by the European Commission regarding Modifications to the Community Trademark Regulation and further Harmonization of Trademark Law on the European Union Level

On 27 March 2013 the European Commission proposed various modifications to the Community Trademark Regulation and the Directive to harmonize the national provisions regarding trademarks. The proposal is based on the *Study on the Overall Functioning of the European Trademark System* published 8 March 2011 by the Max Planck Institute for Intellectual Property and Competition Law in Munich. The Max Planck Institute noted in its study certain problems such as a lack of cooperation between trademark

offices in the EU and a divergence with respect to national provisions. Further it was pointed out further that procedural aspects are not covered by the Directive and substantive legal aspects are covered only insufficiently. Moreover, the rules regarding the cooperation between the Office for Harmonization in the Internal Market (OHIM) and the national offices in the Community Trademark Regulation are vague at best. The result is significant legal uncertainty and an inconsistent framework for companies within the EU.

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### **The main aims of the proposal**

The aim of the Commission's proposals therefore is to modernize the trademark system in Europe; improve access to the trademark systems; increase legal certainty; and to ensure the coexistence and complementarity of national trademarks and Community trademarks. In this respect the trademark-related procedures and the substantive legal questions would be harmonized, the registration procedure all over the EU would become more efficient and cheaper, cooperation would be facilitated as well as capacities for technical cooperation in the national trademark offices, and a long-lasting financing of cooperation measures would be ensured. Hereby the Commission hopes to strengthen the competitiveness of companies by creating better conditions for innovation and more effective trademark protection especially against counterfeits.

### **The proposed revisions**

The main modifications proposed by the Commission concerning the Community Trademark Regulation are:

- The terminology of the Lisbon Treaty should be adopted and the term “Community trademark” changed to “European trademark”.
- With respect to the fees, a “one-class-per-fee” system should be applied (this is also proposed for the Trademark Directive and therefore for national trademarks). The fee per class would be reduced at the same time. The Commission hopes that companies will only apply for trademark protection according to their actual business needs and then only have to pay the individual fee for what they need.
- The procedure regarding the application and registration of a Community trademark would be tightened. Therefore, the current option to submit a Community trademark application at the national trademark offices will be abolished. Moreover, when submitting the application applicants would already have to show that filing fees have been paid. This would allow the office to start with the examination of the application right away. The publication of the application would take place earlier, as the current one-month period starting from communication of the search results will be dropped. The deadline for filing an opposition to an international registration would be changed. Article 156 of the Community Trade Mark Regulation (CTMR) would be changed so that the period between the date of publication pursuant to Article 152(1) CTMR and the beginning of the period for opposition to the international registration is shortened to one month.
- Legal certainty would be improved by amending outdated provisions and removing ambiguities. In this respect it has to be pointed out that the Commission proposes that the requirement of “graphic representation” in Article 4 CTMR be abolished. Hereby, the Commission hopes to create more flexibility and higher legal certainty.
- With respect to the rights conferred by a Community trademark the Commission plans to amend Article 9 CTMR by clarifying that infringement claims are without prejudice to earlier rights. This is in line with Article 16(1) of the TRIPS Agreement. Moreover, it is planned to clarify that in cases of

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both double identity pursuant to Article 9(1)(a) CTMR, and similarity pursuant to Article 9(1)(b) CTMR, it is only the indication of origin function which matters. Furthermore, the use of a protected trademark as a trade name or company name will be regarded as an infringing act if the requirement of a use for goods or services is met.

- With respect to consignments from commercial suppliers the Commission proposes that it should be clarified that goods may not be imported into the EU even if only the consigner is acting for commercial purposes. Thus, the Commission wants to make sure that a trademark owner has the right to prevent businesses from importing goods located outside the EU which have been sold, offered, shipped or advertised to private persons, and to discourage the ordering and sale of counterfeit goods over the Internet.
- The Commission also finds it necessary – as a reaction to the transshipment cases which courts have been struggling with – to include a European provision which entitles right holders to prevent third parties from bringing goods to which a third party trademark is attached, into the customs territory of the European Union, irrespective of whether they will be released in the EU for free circulation.
- Finally it proposes provisions allowing proceedings against the distribution and sale of labels and packaging or similar items which may subsequently be combined with illicit products.

The introduction of many of the proposals by the Commission would be advantageous for current or potential trademark owners within the EU. They would also make the system more homogeneous vis-à-vis domestic offices. It remains to be seen if these proposals will be introduced more or less in the way they have now been proposed once they have gone through the European legislative process.



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## Letter ‘M’ as a Wordmark for ‘Sports Cars’ Eligible for Protection in Germany

On 14 November 2012 the German Federal Patent Court decided (file no. 28 W (pat) 518/11) that the letter “M” in the context of “sports cars” in class 12 is eligible for registration as a trademark – as filed for by BMW. The full decision was only published recently.

At an earlier hearing, the Trademark Section for class 12 at the German Patent and Trademark Office decided 15 December 2010, to reject the application due to a lack of distinctiveness. The Section stated that domestic consumers understood the trademark in relation to “Sports Cars” only as a relevant abbreviation for class, type, serial, equipment modification, or a model designation and did not assign any commercial origin to it. The ground for refusal of a lack of distinctiveness was not overcome by “acquired distinctiveness” pursuant to section 8(3) German Trademark Act. The survey provided by the applicant did not prove distinctiveness in the “relevant public” as it was not representative of the participants (consisting of only 231 interviewees).

The applicant filed an appeal. The court decided that the trademark “M” was distinctive as the relevant average consumer did not understand the letter “M” as a descriptive term for “Sports Cars” in class 12; rather “M” was an abbreviation for “medium”, “model” or “mega”, and in the motor vehicle arena the “M” as the

first letter on German licence plates before the dash is the abbreviation for the city of Munich. Furthermore, “M” was also not to be kept available for competitors of the applicant. European Directive 2007/46/EC of 1 November 2007 contains a classification for cars for passenger transportation with at least four wheels. However, this classification is called “Class M”. Therefore, the letter “M” was not used and the companies concerned needed to describe passenger cars separately, including “Sports Cars”, but only in the combined form “Class M”.

Due to the lack of grounds for refusal according to Section 8(1) and (2) German Trademark Act, it was not decisive whether the trademark had gained “acquired distinctiveness” pursuant to section 8(3) German Trademark Act.

The German Federal Patent Court’s opinion corresponds with the intention of the German Trademark Act, as single letters and numbers are capable of being protected as a trademark pursuant to section 3(1) of the Act. The fact that the trademark consists of a single letter only is not sufficient on its own to reject a registration, provided that the letter is distinctive for the products in question; and that there are no other circumstances requiring that the letter be kept available for competitors.



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## Latest Decision by the German Federal Supreme Court Regarding the Scope of Protection of Well-known Trademarks

On 11 April 2013 the German Federal Supreme Court had to decide on the scope of protection of well-known trademarks (file no. I ZR 214/11). The plaintiff was the German company Volkswagen AG, the owner of the famous Community trademark “Volkswagen”, which is registered for vehicles as well as repair and maintenance services and vehicle parts. The defendants included a company of the Springer Group – a big publisher operating the website for the *Bild* newspaper (an established tabloid in Germany), and ATU Autoteile-Unger-Handels GmbH & Co. KG – an independent company offering spare parts and repair services for vehicles.

Both defendants ran a joint campaign in which ATU provided maintenance and repair services for vehicles under the designation “Volks-Inspektion”, offered tires under the designation “Volksreifen” and ATU was designated as “Volkswerkstatt”. In other campaigns with different cooperation partners the Springer Group used designations such as “Volksspartarif”, “Volksfarbe”, “Volks-DSL”, among others.

Volkswagen AG regarded the use of these terms as an infringement of its famous trademark “Volkswagen” and started legal action against the defendants.

In its decision, the German Federal Supreme Court pointed out that well-known trademarks have a broad scope of protection. Therefore third parties, when using similar designations, need to keep more distance from well-known marks than from those lesser-known. The German Federal Supreme Court held that a well-known trademark will be infringed if the respective consumers think that there is an economic or organisational link between the owner of the well-known trademark and the user of the contested signs; or if the use of the contested signs prejudices the distinctiveness of the well-known trademark. As the Court of Appeals had not taken into account this broad scope of protection of well-known trademarks, the German Federal Supreme Court reversed and remanded the decision.

Although the reasoning of the German Federal Supreme Court has not yet been published, it is clear that the court’s decision has further widened the scope of the already broad protection for well-known trademarks.

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