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COPYRIGHT

CJEU Holds ISPs May be Ordered to Block Customer Access to Websites Infringing Copyright

On a reference from the Supreme Court of Austria, the Court of Justice of the European Union (CJEU) in *UPC Telekabel Wien GmbH v Constantin Film Verleih GmbH and another* [2014] C-314/12 has held that internet service providers (ISPs) may be ordered to block their customers' access to websites which infringe copyright.

BACKGROUND

Constantin Film Verleih and Wega Filmproduktionsgesellschaft became aware that their films could be viewed and downloaded from the website *kino.to* without their consent. At their request, the Austrian courts prohibited UPC Telekabel, an ISP, from providing its customers with access to that site.

UPC Telekabel maintained that it should not be subject to an injunction because it did not have any business relationship with *kino.to* and it was never established that its own customers acted unlawfully. UPC Telekabel further claimed that the various blocking measures that could be introduced could be technically circumvented, and that some of these measures were disproportionately costly.

DECISION

The Supreme Court of Austria, hearing the case at last instance, stayed the proceedings to refer questions to the CJEU concerning the interpretation of the EU Copyright Directive 2001/29/EC (the Directive), which provides for the possibility of rights holders to apply for an injunction against intermediaries whose services are used by a third party to infringe their rights.

The CJEU held that a person or entity making protected material available to the public without the consent of the rights holder is using the services of the business that provides internet access to persons accessing that particular material. On this basis, an ISP that allows its customers access to protected material that is being made available online to the public by a third party is considered to be an intermediary whose services are being used to infringe copyright.

The CJEU further noted that the Directive, which seeks to guarantee a high level of protection to rights holders, does not require there to be a specific relationship between the copyright infringer and the intermediary against whom an injunction could be issued. There was, therefore, no need to prove that the ISP's customers actually accessed the protected material made accessible on the third party website. In addition, the Directive requires that Member States take measures in order to both end and prevent infringements of intellectual property rights.

The CJEU found that an injunction prohibiting an ISP from allowing its customers access to a website placing protected material online without the consent of the rights holders did not infringe the fundamental rights of ISPs provided that

- The measures taken by the ISP did not unnecessarily deprive internet users of lawfully accessing the information available.
- Those measures resulted in the prevention of unauthorised access to the protected material or, at least, made it difficult to do so and seriously discouraged the ISP's customers subject to that injunction from accessing the infringing material.

It was a matter for the national courts to establish whether those conditions were satisfied.

COMMENT

The ruling will be welcomed by rights holders, who have been provided with a useful means to combat piracy and copyright infringement online.

TRADE MARK

European Trade Mark and Design Network Issues Common Communication On Black and White Marks

The European Trade Mark and Design Network has issued a Common Communication on the Common Practice of the Scope of Protection of Black and White Marks (Common Practice). This represents a significant change to trade mark practice and is likely to impact many trade mark owners.

BACKGROUND

Although there has been a growth in worldwide trade mark and design activities, there remain a number of inconsistencies with respect to national laws and the procedures adopted amongst the various EU IP offices. With a view to ironing out these inconsistencies and creating a European interoperable and collaborative network, a Convergence Programme was established in 2011 by the European Trade Mark and Design Network, which consists of EU IP offices, international organisations and user groups. A number of projects aimed at harmonising trade mark law across the European Union have since been launched under the Convergence Programme.

DISCUSSION

The Common Practice deals with three main issues that represent a significant change to trade mark practice and are likely to impact many trade mark owners.

Priority

A trade mark in black and white from which priority is claimed will not be regarded as identical to the same mark in colour, unless the differences in colours are insignificant. Similarly, a trade mark in greyscale from which priority is claimed will not be regarded as identical to the same mark in colour or in black and white, unless the differences in the colours or in the contrast of shades are insignificant.

Relative Grounds

For the purposes of assessing similarity between an earlier mark and a later filed application, an earlier trade mark in black and white will not be regarded as identical to the same mark in colour, unless the differences in colour are insignificant. Similarly, an earlier trade mark in greyscale will not be considered identical to the same mark in colour or in black and white, unless the differences in colour or in the contrast of shades are insignificant.

In relation to both priority and relative grounds, an insignificant difference between two marks is one that a reasonably observant consumer would only perceive from a side by side examination of the marks.

Genuine Use

For the purposes of establishing genuine use, a change in colour only will not be regarded as altering the distinctive character of the trade mark as long as the following requirements are met:

- The word/figurative elements coincide and are the main distinctive elements.
- The contrast of the shades is respected.
- The colour or combination of colours does not possess distinctive character in itself.
- The colour is not one of the main contributors to the overall distinctiveness of the mark.

The same principles apply to trade marks in black and white and greyscale marks.

Out of Scope

The Common Practice does not deal with a number of issues, including similarities between colours, identity between marks when the earlier mark is a colour mark and the later mark is in black and white or greyscale, use for the purpose of acquired distinctiveness, colour marks per se and infringement issues.

IMPLEMENTATION

The Common Practice must be implemented by national trade mark offices by no later than 15 July 2014. The Office for Harmonization in the Internal Market (OHIM) will implement it with effect from 2 June 2014. The majority of trade mark offices that have signed up to OHIM will only apply the practice from the implementation date. Some offices, however, including OHIM and the Benelux and German offices, will apply the practice retrospectively to all pending applications and proceedings.

The Swedish, Danish and Norwegian trade mark offices will not be implementing the Common Practice due to legal constraints, notably owing to the fact that their national laws provide that a black and white or greyscale trade mark provides protection for all colours.

COMMENT

The retroactive application of the Common Practice to all pending applications and proceedings before OHIM is controversial; applicants who have taken sound advice to file in black and white are now getting less than they bargained for in return for the same filing fee.

It appears that the practice of advising trade mark owners to file a trade mark in black and white to obtain the broadest scope of protection for a mark is no longer prudent, as a later mark filed in colour would not be considered identical to an earlier mark filed in greyscale or black and white. Whilst it is certainly still possible to successfully oppose a later mark on the basis of similarity and likelihood of confusion, this is obviously a harder case to argue.

Trade mark owners must consider carefully how they intend to use their marks when deciding whether to file in black and white or in colour, and may need to review their existing portfolios to ensure that protection is sufficient.

TRADE MARK

CJEU Provides Guidance on Revocation of Common Names for Products

In *Backaldrin Österreich The Kornspitz Company GmbH v Pfahnl Backmittel GmbH* [2014] C-409/12, the Court of Justice

of the European Union (CJEU) has ruled that a trade mark is liable to revocation in respect of a product for which it is registered if, as a consequence of acts or inactivity of the proprietor of the mark, it has become the common name for that product from the point of view solely of end users of the product.

BACKGROUND

Backaldrin held an Austrian registration for the word mark KORNSPITZ for flour and bakery goods in Class 30. Backaldrin produces a baking mix under the mark, which it supplies primarily to bakers who use it to make bread rolls that are oblong in shape with a point at both ends. Backaldrin consented to the use of the mark by those bakers and the foodstuffs distributors supplied by them for the sale of that bread roll.

Pfahnl filed a revocation action against the mark in respect of these goods on the grounds that the mark was liable for revocation under Article 12(2)(a) of the Trade Mark Directive (2008/95/EC). According to Pfahnl, KORNSPITZ was perceived by end users as the common name for a bakery product and bakers using Backaldrin's baking mix did not generally inform their customers either that the sign had been registered as a trade mark, or that the bread rolls were produced using that mix.

The Cancellation Division of the Austrian Patent Office granted Pfahnl's application. Backaldrin appealed to the Supreme Patent and Trade Mark Court, which referred the case to the CJEU for clarification of a number of issues relating to the revocation of trade marks that have become the common name in trade for a product for which they are registered, owing to the inactivity of the proprietor.

DECISION

The CJEU noted that end users perceived the sign KORNSPITZ as the common name for the bread rolls and were not therefore aware that some of those bread rolls had been made using a baking mix supplied under the trade mark KORNSPITZ. That perception was due, in particular, to the fact that the sellers of the bread rolls did not generally inform their customers that the word Kornspitz was a registered trade mark. The CJEU said it was clear that KORNSPITZ did not, in the trade in respect of the bread rolls known as "KORNSPITZ", fulfil its essential function as an indication of origin. The mark was consequently liable to revocation insofar as it was registered for that product, if the loss of its distinctive character in respect of that product was attributable to the acts or inactivity of the trade mark proprietor.

The CJEU accepted that whether or not a trade mark has become the common name in the trade for a product or service must be assessed both according to the perception of consumers or end users and, depending on the features of the mark concerned, of those in the trade, such as sellers. The Court was satisfied that in this case, which was characterised by the loss of distinctive character of the mark from the point of view of the end users, such a loss might result in the revocation of the mark. The fact

that the sellers were aware of the trade mark's existence and the origin it indicated could not, on its own, preclude such revocation.

The CJEU also considered that, in a case where sellers of a product made using the material supplied by the trade mark proprietor did not generally inform their customers that the sign used to designate the product had been registered as a trade mark and thus contributed to the transformation of the mark into the common name, the proprietor's failure to take any initiative that might encourage those sellers to make more use of the mark might be classified as inactivity within the meaning of Article 12(2)(a). It was for the national court, therefore, to examine whether or not Backaldrin took any initiative to encourage the bakers and distributors selling the bread rolls to make more use of the KORNSPITZ mark in their commercial contact with customers.

The CJEU also noted that, where a trade mark had become the common name in the trade for a product or service in respect of which it was registered owing to the inactivity of the proprietor, the possible existence of alternative names for the product or service in question was irrelevant.

COMMENT

This case is a warning to all trade mark proprietors who do not deal directly with end users of products made from the raw materials they supply to manufacturers and distributors, where the mark is used to describe those products. The question remains over exactly how active trade mark proprietors should be in encouraging more marketing use of the mark by suppliers, but it might be enough to escape the effect of Article 12(2)(a) that the proprietor merely encouraged such marketing, even if minimal marketing is actually undertaken.

TRADE MARK

Application For Advertising Slogan
Rejected as Not Indicating Commercial
Origin

In *Deutsche Bank AG v OHIM* [2014] T-291/12, the EU General Court has found that the protection of an advertising slogan as a Community trade mark (CTM) is restricted to those marks that, aside from their promotional function, are perceived immediately as an indication of commercial origin of the goods or services.

BACKGROUND

Deutsche Bank AG obtained an international trade mark registration designating the European Union for the word sign PASSION TO PERFORM. The Office for Harmonization in the Internal Market (OHIM) later received notification of the

international registration of the slogan for Classes 35, 36, 38, 41 and 42 of the Nice Agreement.

OHIM objected to the registration on the grounds that it lacked distinctive character pursuant to Article 7(1)(b) and refused protection of the mark across the European Union in relation to all services applied for. OHIM's Fourth Board of Appeal confirmed the decision. Deutsche Bank appealed to the General Court, arguing, *inter alia*, that the Board of Appeal's criteria for assessing the distinctive character of a mark consisting of an advertising slogan were too strict.

DECISION

The General Court held that the Board of Appeal was correct in its application of Article 7(1)(b) to advertising slogans. The Court acknowledged that signs that are also used as advertising slogans or indications of quality are not excluded from registration as a trade mark *per se*. It noted that a slogan is distinctive if, aside from its promotional function, it is perceived immediately as an indication of commercial origin of the goods or services in question. In the General Court's view, however, the relevant public would perceive PASSION TO PERFORM solely as a laudatory statement. As a result, the mark was incapable of fulfilling its function of distinguishing the commercial origin of the claimed services.

The General Court held that there was no error of assessment by the Board of Appeal regarding the relevant public's level of attention. The Board had found that the relevant public was in the United Kingdom and Ireland, and the services claimed were directed at both average end consumers and commercial undertakings, particularly those in advertising services and financial affairs. The General Court stated the Board of Appeal was entitled to find that the relevant public, including those of the professional public, had a low level of attention regarding the mark at issue owing to its promotional nature. Moreover, even if the Board of Appeal had found that the consumer might, in theory, be more attentive regarding services in Class 36, its conclusion would nevertheless be the same, owing to the mark's nature and content.

Agreeing with the Board that the mark only had one meaning, the General Court stated

The semantic content of each of the words making up the word sign PASSION TO PERFORM is clear and precise and does not noticeably change where those words are combined in a single expression.

The phrase conveyed a "clear and unequivocal message" that required no further interpretation and meant "no more than performance of the services in question with passion." The average or professional consumer, when confronted with the word sign as a whole, would not interpret the word "passion" differently. As a result, the question of originality was irrelevant.

Finally, the General Court held that the existence of an identical or similar registration at national level does not require the registration of marks devoid of any distinctive character as a CTM. The CTM regime is an "autonomous system with its own

set of objectives and rules peculiar to it and applies independently of any national system". Neither OHIM nor the EU courts are bound by any national decision in a Member State or a third country.

COMMENT

The distinctiveness of signs or indications that are also used as advertising slogans is assessed in the same way as conventional marks. There are no additional requirements for distinctiveness; in particular, there is no criterion of originality. Nonetheless, promotional marks are notoriously difficult to get past examiners, who will be looking for some linguistic imperfection, peculiarity, inventiveness or other creative element that might endow the mark with the necessary capability to function as an indicator of trade origin.

TRADE MARK

High Court Declares ASOS UK Trade Mark Not Detrimental to ASSOS CTM

In *Maier v Asos plc* [2014] EWHC 123 (Ch), the High Court of England and Wales has rejected a challenge to the registration of the UK trade mark ASOS, brought by a Swiss company that owns the Community trade mark (CTM) ASSOS. The Court found no real risk of confusion and held that the ASOS mark would not take undue advantage of, or be detrimental to, the distinctive character and repute of Assos' CTM.

BACKGROUND

Assos is a Swiss company selling specialist cycling kit worldwide. Roger Maier (the chief executive officer of second claimant Assos), owns a CTM for ASSOS, covering various cosmetic and household cleaning preparations in Class 3, vehicles in Class 12 and clothing, footwear and headgear in Class 25.

ASOS operates a global online fashion and beauty retail store, asos.com, and sells clothing aimed at fashion-conscious, 20-something women and men. On 7 December 2012, the UK trade mark ASOS was registered for a wide range of goods and services in Classes 3, 8, 9, 11, 14, 18, 21, 25, 26, 35 and 36.

In the main judgment in this case, Rose J found that use of the name ASOS did not amount to trade mark infringement under Articles 9(1)(b) and (c) of CTM Regulation (207/2009/EC) or passing off. Rose J also held that the ASSOS mark should be partially revoked for non-use under Article 51.

In the present proceedings, Assos brought a claim for partial invalidity of the ASOS trade mark, pursuant to Section 47(2) of the Trade Marks Act 1994, alleging infringement under Section 5(2)(b), on the basis that the ASOS UK trade mark was registered for certain items in Classes 3, 25 and 35 that were

identical or highly similar to items protected under the earlier ASSOS mark. Assos also claimed that this risk of confusion amounted to passing off under Section 5(4)(a). Further, Assos alleged that the use by ASOS of its UK mark was detrimental to the distinctive character or repute of the earlier CTM, pursuant to Section 5(3).

DECISION

The key question to be determined was the likelihood of confusion, if any, between the goods produced under the ASOS UK mark and the goods produced by Assos under its earlier CTM in all the circumstances in which the ASOS mark might be used as registered. With that in mind, the judge considered three potential scenarios.

1. ASOS opens a bricks-and-mortar shop and starts selling t-shirts or tracksuits with ASOS written prominently on the front. Rose J opined that such use could be considered fair and notional and would not cause any risk of confusion. Potential purchasers of Assos garments would be motivated by a desire to associate themselves with the mark's reputation as a prestige brand of professional cycling wear, and would ensure that they were buying genuine Assos branded items before committing themselves to the significant financial outlay required to buy them. ASOS could, on the basis of their UK mark, sell t-shirts that displayed their word mark ASOS more prominently on the front, as opposed to discreetly on an inside label as they currently did. In the opinion of Rose J, however, it was unlikely that the target audience of ASOS would be interested in buying such a garment. Accordingly, Rose J found there was unlikely to be any material confusion between the two marks in this scenario.
2. ASOS decides to go into direct competition with Assos and produce its own range of "hardcore" specialist cycling apparel and skin rash cream designed to alleviate cycling ailments, all bearing the ASOS brand. The list of items covered by the ASOS UK mark includes bodysuits, sports shirts, sports shorts and leggings. In light of previous case law, Rose J decided it was permissible and appropriate to make adjustments to the current specification of the ASOS UK trade mark by limiting the goods in Classes 3 and 25 to exclude specialist cycling products.
3. ASOS produces a range of ordinary casual clothes with their mark prominently displayed on them and some clear association with cycling. Rose J decided it was not possible to exclude t-shirts or tracksuits targeted at cyclists or associated with cycling in some way from the ASOS mark specification. Such use would, however, start to stray into the territory of passing off, and the mere fact that ASOS' UK trade mark continued to apply to t-shirts and tracksuits would not preclude Assos from bringing an action in passing off.

Rose J held that the claims under Sections 5(3) and (4) failed because of the absence of any real risk of confusion. With respect to Section 5(3), Rose J considered that the only way ASOS would risk diluting Assos' reputation would be if it started selling specialist cycling clothing, which she ruled out by excluding that from the scope of the UK mark, or using its sign in a way that would leave it open to a claim for passing off. Rose J found, therefore, that the ASOS mark would not take undue advantage of or be detrimental to the distinctive character or repute of Assos' CTM.

COMMENT

This judgment highlights the importance of context when it comes to determining the ability of a competent authority to carve out from a wide class of goods a smaller category not to be included in the registration. In this case, the judge appeared concerned that ASOS might at some point seek to take advantage of the similarity of the marks and the breadth of the items listed in their registration to market specialist cycling gear. She accordingly considered it both permissible and appropriate to limit the specification for which the ASOS UK mark was registered to exclude that possibility.

TRADE MARK

High Court Restrains Use of QUEENSBERRY Mark for Sports Equipment

In *Boxing Brands Limited v Sports Direct International Plc and others* [2014] EWHC 91 (Ch), the High Court of England and Wales found that the defendants' sports equipment infringed Boxing Brands Limited's prior marks for QUEENSBERRY and ordered an injunction restraining its use.

BACKGROUND

BBL is the proprietor of UK and Community trade marks for QUEENSBERRY and QUEENSBERRY RULES. One of the defendants owned applications and registrations containing QUEENSBERRY. The remaining defendants were involved in marketing and selling sportswear and equipment bearing that mark. The parties have been sparring over the QUEENSBERRY trade marks since 2008.

In December 2012, BBL obtained an interim injunction against the defendants. Under the terms of the order, the defendants undertook not to launch their Queensberry product range until determination of the issue at trial and BBL in return gave a cross-undertaking in damages.

It subsequently emerged that the original trial had not addressed all the issues necessary to resolve the dispute in its entirety. The two outstanding issues concerned whether or not

- The defendants’ Queensberry sports equipment range infringed BBL’s marks
- The defendants were entitled to an inquiry on the cross-undertaking of damages, on the basis that the interim injunction had restricted sales of goods other than clothing, which might not have been infringing items and consequently restrained incorrectly.

The defendants served a revised schedule of boxing equipment they had sold or were intending to sell. Birss J considered each item against BBL’s marks.

DECISION

Double Identity

Birss J found that although the word “Queensberry” formed a very prominent element both visually and conceptually, the device also included other elements and was not identical to BBL’s word mark QUEENSBERRY.

Birss J further found there was no overlap between some of the defendants’ goods—such as head guards, boxing gloves and jab pads, which fell into Class 28 (sporting articles)—and the goods in Class 25 (articles of clothing, footwear and headgear) for which BBL’s QUEENSBERRY mark was protected. On this basis, no double identity was found in relation to those goods.

Likelihood of Confusion

Birss J found that the use of the word QUEENSBERRY alone in connection with specific boxing equipment created a likelihood of confusion, owing to the similarity of the parties’ goods and the defendants’ intention to co-brand and sell their products through the same retail channels as the clothing.

Further, when considering the defendants’ device, the word QUEENSBERRY was found to lack a high degree of distinctiveness in the realm of boxing and had not acquired this through use. It nonetheless formed a very prominent part of the device. On this basis and owing to the similarity of goods, there was a likelihood of confusion between the device and BBL’s QUEENSBERRY marks.

Upon consideration of boxing-specific bags, these were found to be similar to goods in Class 25 as the bags would be used to carry boxing-related items. The bags were to be sold through Sports Direct and/or Lillywhites shops and websites, which also intended to sell clothing and probably footwear and headgear within Class 25, all to be branded in the same manner in order to build the QUEENSBERRY brand. As such, the defendants’ use of the word QUEENSBERRY or their device in connection with a boxing-specific bag created a likelihood of confusion with BBL’s QUEENSBERRY word mark registered in Class 25.

As regards BBL’s QUEENSBERRY RULES mark, Birss J found no infringement under either head due to the differences between the marks in question. Accordingly, the Court ordered an

injunction restraining the defendants from infringing BBL’s QUEENSBERRY mark.

Birss J refused to order an inquiry on BBL’s cross-undertaking, as he was not satisfied that the defendants ever intended to launch boxing equipment as a product range without the clothing range or a range of only non-infringing goods. As such, no real loss was suffered as a result of the interim injunction and an inquiry into damages was not worthwhile. He noted, however, that, had he found that all or substantially all of the defendants’ boxing equipment range had not infringed BBL’s rights, he may have been more minded to order an inquiry.

COMMENT

It is interesting to note Birss J’s refusal in granting an inquiry into BBL’s cross-undertaking, on the basis that the defendants did not intend to sell the non-infringing products as a freestanding range. This decision follows the recent trend by the judiciary to crack down on costs and promote the efficient conduct of litigation. Despite certain non-infringing items being restrained by the interim injunction, the judge assessed the proportionality of an inquiry by comparing the likely costs incurred against the loss suffered.

DESIGN

Court of Appeal Holds Kiddee Case Does Not Infringe Trunki’s CRD for Ride-On Suitcase

In *Magmatic Ltd v PMS International Ltd* [2014] EWCA Civ 181, the Court of Appeal has overturned a decision of Arnold J, finding that the Kiddee Case, which is imported and sold by PMS International, did not infringe Magmatic’s Community Registered Design (CRD) for the Trunki, a child’s ride-on suitcase.

BACKGROUND

In 2003, Robert Law, the founder and director of Magmatic (a company that manufactures and sells the Trunki brand of child’s ride-on suitcases), registered a CRD for “suitcases” that consisted of six computer-generated, three-dimensional monochrome images of the exterior of the case from various angles.

The Trunki was developed by Mr Law from his earlier award-winning design of a rideable children’s luggage system, the Rodeo. Different Trunki design variations had been sold, including versions with animal and insect prints.

In 2010, Mr Beverley, the managing director of PMS International Ltd, noticed the Trunki case and perceived a gap in the market for a discount version. First shipped to customers in 2012, the Kiddee Case existed in an animal version (with ear-like handles) and an insect version (with antenna-like

handles). Each basic version was available in a number of different species variations, with a correspondingly appropriate surface design, e.g., ladybird and tiger designs.

FIRST INSTANCE

Arnold J found that PMS had infringed the CRD for the Trunki and the design right in four of the six UK unregistered design rights in the design of the Trunki. The judge held that the earlier Rodeo design could be cited as prior art on the grounds that it would have become known in the normal course of business to those specialising in the sector concerned. The relative obscurity of the Rodeo, however, meant that the concept design did not form part of the design corpus of which the informed user would be aware. In the opinion of Arnold J, the CRD for the Trunki represented a substantial departure from the design corpus and, subject to the impact of the Rodeo, it was entitled to a broad scope of protection.

Arnold J, however, found the surface graphical decoration should be ignored when comparing the CRD with the Kiddee Case. He concluded that the overall impression produced by the Kiddee Case on the informed user was the same as that produced by the CRD.

PMS appealed on the grounds that Arnold J had wrongly interpreted the CRD and improperly excluded the surface graphical decoration of the Kiddee Case from his consideration.

DECISION

Kitchin LJ found that, although Arnold J had not erred in his consideration of the principles relevant to the comparison of the CRD with the design of the Kiddee Case, he had erred in the application of those principles.

Kitchin LJ believed those errors as to the proper characterisation of the CRD carried through into the comparison Arnold J actually carried out. Most importantly, it seemed to Kitchin LJ that Arnold J had failed to carry out a global comparison having regard to the nature of the CRD and the fact that it was clearly intended to create the impression of a horned animal. As this was plainly one of its essential features and, insofar as the visual impression created by the CRD and the Kiddee Case was affected by the features that appeared on their front and sides, those other features had to be considered. For example, the impression created by the representative insect version of the Kiddee Case was clearly influenced by the two tone colouring of the body and the spots on its flanks; as a result of which it looked like a ladybird and the handles on its forehead looked like antennae. Overall, in the view of Kitchin LJ, the shape conveyed a completely different impression from that of the CRD. Arnold J had therefore been wrong to eliminate the decoration on the accused design from his consideration entirely, because it significantly affected how the shape itself struck the eye and the overall impression it gave. Precisely the same considerations applied to the representative animal version of the Kiddee Case.

Another matter that Arnold J should have taken into account in carrying out the global comparison was that each of the

representations in the CRD showed a distinct colour contrast between the wheels and the strap, on one hand, and the rest of the Trunki case, on the other. In the opinion of Kitchin LJ, this was “a fairly striking feature of the CRD” that was “simply not present in the accused designs”.

Kitchin LJ found that the impression conveyed to the informed user by the ladybird and tiger Kiddee Case designs was very different from that conveyed by the CRD. There were, as the judge had acknowledged, some similarities at a general level, but there were many significant differences between the Kiddee Case and the CRD. The overall impression created by the two designs was very different and, accordingly, the appeal was allowed.

COMMENT

The judgment provides useful guidance on the scope of CRD protection. The test for infringement of Community designs is whether or not the later design produces a different overall impression on the informed user. The assessment of that overall impression, whilst governed by established principles, is not an exact science and turns on the facts of each case.

DESIGN

CJEU Clarifies Meaning of “Disclosure” in Relation to Community Designs

In *H. Gautzsch Großhandel & Co KG v Münchener Boulevard Möbel Joseph Duna GmbH* [2014] C-479/12, the Court of Justice of the European Union (CJEU) has provided clarification of the scope of the concept of “disclosure” under Articles 7(1) and 11(2) of the Community Design Regulation (6/2002/EC).

BACKGROUND

In 2004, MBM Joseph Duna marketed a canopied gazebo in Germany. In 2006, Gautzsch Großhandel promoted the Athen gazebo, manufactured by Zhengte, a China-based company. MBM claimed the Athen gazebo infringed unregistered design rights in its canopied gazebo. MBM argued that its canopied gazebo design had been made available to the public between April and May 2004 through the circulation of 300-500 copies of its new product leaflet across the sector’s largest furniture and garden furniture retailers and wholesalers.

Gautzsch submitted that Zhengte, unaware of MBM’s design, had independently developed the Athen gazebo in early 2005 and made it available to the public at Zhengte’s showrooms in China in March 2005 and by sending a model to a Belgium-based company.

The Regional Court in Düsseldorf held that Gautzsch infringed MBM’s unregistered design rights. That decision was upheld on appeal. On further appeal on a point of law, the Federal Court of

Justice decided to refer the case to the CJEU for guidance on, amongst other things, the concept of “disclosure,” to determine whether or not MBM’s design was made available to the public for the purposes of Article 11(2) and whether or not Gautzsch’s design was made available to the public at an earlier date for the purpose of Article 7(1).

DECISION

The Article 11(2)

The German court sought clarification on

- Whether or not the distribution of images of the design to traders, retailers and wholesalers through the circulation of new product leaflets meant the design had been made available to the public pursuant to Article 11(2).
- Whether the concept of “the circles specialised” in that sector included traders who had no creative input, or was limited only to those having creative influence over the marketed product.

The CJEU considered that traders without creative input fell within the ambit of the circles specialised. It also noted that use in trade was one of the ways in which an unregistered design was made available to the public and “the normal course of business” had to be taken into account when assessing whether or not events constituting disclosure could reasonably become known amongst the specialised circles.

Whether or not the distribution of an unregistered design to traders in the relevant sector within the European Union was sufficient grounds for considering that design could reasonably have become known, in the normal course of business, to the circles specialised in that sector was, however, a question of fact to be determined by the national court.

Article 7(1)

The German court questioned whether an unregistered Community design could be deemed to be made available to the public where, without any explicit or implicit conditions of confidentiality, it had only been made available to one business in that sector or presented in the showrooms of a business outside “the scope of normal market analysis”.

The CJEU noted there was no absolute requirement that disclosure had to occur within the European Union. Nonetheless, a design could not be deemed to have been made available to the public if the events constituting its disclosure could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the European Union. The question of whether or not events taking place outside the European Union could reasonably have become known to persons forming part of those circles was a question of fact to be determined by the national court.

The same was true of the question of whether or not the fact that a design has been disclosed to a single undertaking in the sector concerned within the European Union was sufficient grounds for

considering that the design could reasonably have become known in the normal course of business to the circles specialised in that sector. The CJEU accepted that it was quite possible that, in certain circumstances, a disclosure of that kind might be sufficient for that purpose.

On this basis, the CJEU’s formal answer was that it was possible an unregistered design may not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the European Union, even though it was disclosed to third parties without any explicit or implicit conditions of confidentiality, if it had been made available to only one undertaking in that sector or had been presented only in the showrooms of an undertaking outside the European Union. These were matters for the national court to assess on a case-by-case basis.

COMMENT

While unregistered Community designs are protected for three years from the date on which the design is made available to the public, protection is restricted to the extent that disclosure must have become known reasonably in the normal course of business to the circles specialised in the sector concerned. Since there is no registry to rely on to provide an official date, a court will have to determine on the facts provided when a design is first made available to the public.

This can be a highly contentious issue for the parties involved. It is good practice for those seeking to rely on unregistered Community design rights to make note of when their design is first disclosed to the public and to hold onto any supporting evidence which will confirm this date.

DATA PROTECTION

CJEU Rules Data Retention Directive is Invalid

In *Digital Rights Ireland and Seitlinger and Others* [2014] C-293/12 and C-594/12, the Court of Justice of the European Union (CJEU) has ruled that the Data Retention Directive 2006/24/EC (the Directive) is invalid. This decision is expected to have wide-reaching implications for privacy laws across the European Union.

BACKGROUND

The Directive is a product of heightened security concerns in the aftermath of terrorist attacks around the world. It facilitated almost unqualified access by national authorities to the data collected by communications providers for the purpose of preventing, investigating, detecting and prosecuting organised crime and terrorism. To enable this access, obligations were

imposed on communications providers to retain certain data for between six months and two years.

DECISION

Specifically, communications providers were required to retain traffic and location data and data necessary to identify users. It did not, however, permit the retention of communication content or the information consulted by the user.

The CJEU found that the retained data revealed a phenomenal amount of information about individuals and their private lives. The data enabled the identification of persons with whom the user has communicated, by what means, the time and place of communication and the frequency of communications with certain persons during a given period. From this data, a very clear picture could be formed of the private lives of users, including their daily habits, permanent or temporary places of residence, daily or other movement, activities carried out, social relationships and the social environments frequented.

The CJEU accepted the retention of data for use by national authorities for the legitimate objective of national security. In its opinion, however, the Directive went further than necessary to fulfil those objectives and violated the proportionality principle.

The CJEU delineated five main concerns:

1. **Generality** – The Directive applies to all individuals and electronic communications without exception.
2. **No Objective Criteria** – The Directive does not stipulate any objective criteria and procedures with which national authorities should comply in order to access the data.
3. **No Proportionality of Retention Period** – The minimum retention period of six months fails to provide for categories of data to be distinguished, or for the possible utility of the data in relation to the objectives pursued. The Directive also does not provide any objective criteria by which to determine the data retention period that would be strictly necessary according to the circumstances.
4. **Insufficient Safeguards** – the Directive fails to provide sufficient safeguards against abuse and unlawful access and use of the data.
5. **Data may leave the European Union** – there is no requirement to retain the data in the European Union to ensure compliance with data protection law.

COMMENT

The declaration of invalidity takes effect from the date of the Directive's entry into force, *i.e.*, 3 May 2006.

Communications providers are likely to experience a period of uncertainty about their ongoing obligations, especially in relation to data they currently hold, until the Commission clarifies the scope of their new obligations and whether or not it intends to amend the Directive or repeal it. EU Member States are also under an obligation to review their domestic laws to

ensure compliance with the judgment and, where necessary, redraft these.

As with most European legislation, any legislative changes must be passed back and forth between the various European institutions in order to become law, a process that usually takes years. Bearing in mind that the current Commission's term will end in October 2014, it is highly unlikely that it will commence any legislative procedures within the coming months. In the interim, the Commission will assess the ruling and its impacts and hopefully respond with some practical guidance.

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