



C L I F F O R D
C H A N C E

Global Intellectual Property Newsletter
Issue 9/14

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Welcome back from the summer break to a new issue of Clifford Chance's Global Intellectual Property Newsletter. In this quarterly publication we provide an overview of the most recent IP developments in major jurisdictions around the world.

In the present issue we address some of the latest developments in US and European technology law, e.g., an update on the status of the Trade Secret Directive, recent case-law on fee shifting in US patent litigations and on German employee inventions, as well as some insights in procedural strategies in transatlantic patent litigation. We also cover new trends in the arena of soft IP across Europe, such as news on "IP Translator", trademarkability of store layouts and developments in Czech and Slovak copyright law. Lastly, we outline for you some key decisions on ambush marketing in France and Italy.

Our prior issues of the Global Intellectual Property Newsletter can be retrieved by clicking here: [issue 10/13](#), [issue 2/14](#), [issue 5/14](#).

European Union: What's new re- garding the EU Proposal for a Trade Secret Di- rective?

In our previous issue we focused on the European Commission's proposal for a new Directive on the protection of trade secrets (undisclosed know-how and business information) against their unlawful acquisition, use and disclosure

("Proposal") and discussed the key elements of this protection. We took a comparative look at the likely impact on legal regimes in various Member States of the EU and also looked beyond Europe at the protection of trade secrets in China and the US. Our third issue of the Global Intellectual Property Newsletter is available [here](#).

This article gives an overview on new developments since the Proposal.

What has happened so far?

The European Commission submitted a proposal to the European Parliament and the Council on 28 Novem-

ber 2013. On 5 March 2014 the Council of the European Union ("Council") delivered its compromise proposal on Articles 1 to 11 (which was extended in April 2014). Broadly speaking, this earlier compromise proposal recommended a minimum level of harmonisation between Member States, it removed the requirement of intent and gross negligence and provided for the limitation of period of five years. Finally, on 26 May 2014, the Council issued a general approach to the proposed Directive ("General Approach") which set the Council's common position on a draft directive and paves the way to start negotiations with the European Parliament in order to reach an agree-

ment of a first reading. So far, the European Parliament has not published its opinion yet.

General Approach

The Council welcomes the Proposal. Yet, it recommends some key changes.

Minimum harmonisation

The Council's General Approach provides for a minimum harmonisation in Article 1 in order to enable the Member States to provide for greater protection to trade secrets than set out in the Proposal. However, the Council requires Member States to comply with certain principles, procedures and safeguards in respect of civil litigation; thereby "a sound and balanced legal framework" shall be ensured (c.f. page 3 of the [General Approach](#)). Considering legal differences within the European Union, the approach raises the questions whether a harmonisation will bring substantial economic gains. When facing cross-border conflicts including trade secrets matters, companies might be concerned with legal hurdles and issues rather than gaining economic strength due to a consistent EU-legislation. In contrast to the proposed minimum harmonisation, a full harmonisation would bring legal certainty regarding the content and scope of the protection of trade secrets and, thus, provide for a real harmonising and balancing effect.

Removal of intent and gross negligence as well as criminal law terms

The Council reconsidered the conduct that shall be deemed an unlawful acquisition, use and disclosure of a trade secret in Article 3. Whereas the Proposal required intentionality or gross negligence criteria for unlawful conduct, the Council removed these requirements in its General Approach

(following the compromise proposal). The removal will, for the trade secret holder, facilitate proving the misuse of trade secrets or breach of secrecy. Furthermore, the Council agreed on removing terms borrowed from criminal law such as theft, bribery and deception. This removal is a welcomed change since criminal law aspects are not harmonised between the Member States. When defining "unlawful acquisition, use and disclosure" it is often helpful to clarify the opposite. Therefore, in Article 4 the General Approach sets out provisions for "lawful acquisition, use and disclosure of trade secrets", e.g., when the national law requires or allows it.

Limitation period

According to Article 7 of the revised Proposal, the limitation period for bringing any claims or actions shall be up to a maximum of six years. In contrast, the European Commission had suggested a relatively short limitation period of one to two years. It is likely to happen that most Member States are going to make use of the extension and adopt a limitation period of several years. Under UK law, a six-year statute of limitation period for claims of misuse of confidential information already exists under the general limitation period for claims based in tort law. On the one hand, the extension will be beneficial for trade secret holders as it will provide for a reasonable amount of time to prepare claims and prevent the trade secret holder from being precluded from commencing any legal actions after becoming aware of an infringement after more than two years. On the other hand, the Member States may determine individually under national law the beginning of the period, the duration and potential interruption or suspension thereof which will result in

a patchwork of national law within the EU.

Disclosing trade secrets in a legal proceeding

In respect of the preservation of confidentiality in the course of legal proceedings, the Council managed to find a more sensitive balance between the protection of trade secrets and the right of the parties to a fair trial. The European Commission stated that there was an absolute obligation on a person who became aware of a trade secret during the proceeding. The Council, however, suggested conditioning this obligation on "a duly reasoned application" submitted by the interested party. While retaining confidentiality in the course of legal proceedings, the General Approach thereby ensures that the rights of the parties involved in a trade secret litigation case are not weakened; its compliance with the principle of the right to a fair hearing is thus guaranteed.

Protection for employees through damage limitation

Article 13 contains a new regime for claiming damages against employees. The new provision restricts the employee's liability for damages to their employers if they did not intentionally misappropriate their employer's trade secrets. Adding this provision is a logical step by the Council as it is in line with the employee friendly nature of EU law. However, the Council missed its opportunity to suggest provisions concerning post-contractual non-disclosure obligations imposed on former employees. Therefore, duties of confidentiality remain subject to contractual negotiations and contract law.

Conclusion

Companies might derive some benefits from the revised Proposal such as through the extension of the limitation period for bringing claims or the lower burden of proving infringement. However, the restriction on the requirement to keep trade secrets confidential during litigation proceedings might be regarded as detrimental.

In any event, companies are already well advised to take measures to ensure protection of trade secrets. In order to be prepared for the new legislation, companies may want to review their current strategy of protecting their trade secrets.

This certainly includes an assessment of what proprietary information they possess, share or use. Reasonable protection measures should *inter alia* cover technical and organisational steps, contractual provisions as well as staff education. Technologically speaking, physical and IT security instruments such as encryption and access restrictions should be reviewed to ensure that trade secrets are kept confidential within a company. In terms of contract provisions, companies should review whether or not non-disclosure agreements, confidential clauses and secrecy obligations are in place, up to date and

enforceable. Compliance with confidentiality obligations granted towards third parties should be ensured. Additional tools such as contractual penalties, multi-step disclosure procedures or know-how escrow arrangements are recommendable when providing trade secrets to third parties, e.g., in the context of R&D projects.

Outlook

The Council's revised proposal has been forwarded to the European Parliament for consideration. The European Parliament and the Council will decide its adoption under its ordinary legislative process. The Directive is likely to be adopted before Summer 2015. Member States then will have a maximum of two years to implement the Directive into national law.

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USA: Fee shifting in patent infringement cases

On 29 April 2014, the Supreme Court issued two unanimous decisions that effectively relax the standard for, and give district court's greater discretion in, awarding attorney's fees in patent litigation. These decisions make the threat of attorney's fees a more realistic deterrent to meritless suits brought by patent assertion entities, companies that seek to enforce patent rights against alleged infringers but do not use the patents for commercial purposes.

Introduction

Under 35 U.S.C. § 285 ("**Section 285**"), a court "may award reasonable attorney fees to the prevailing party" in patent cases where the case is "exceptional". Under the standard previously crafted by the Federal Circuit – which has exclusive appellate jurisdiction in patent cases – in *Brooks Furniture Manufacturing Inc. v. Dutilier International, Inc.*, absent misconduct during the litigation or in securing the patents, a case was "exceptional" where there was "clear and convincing evidence", that the suit (1) was brought in subjective bad faith and (2) was objectively baseless.

The Supreme Court's recent decision in *Octane Fitness, LLC v. Icon Health & Fitness, Inc.* relaxed both the standard set in *Brooks Furniture* for awarding attorney's fees in patent litigation and the standard of proof litigants seeking such attorney's fee awards must meet. The Supreme Court simultaneously held in *Highmark Inc. v. Allcare Health Manage-*

Key issues

- The European Union Council published its opinion on the proposed Directive recommending a minimum harmonisation approach
- Unlawful acquisition, use and disclosure of trade secrets shall not require intent or gross negligence
- The limitation period for claiming misappropriation of trade secrets shall be extended up to six years
- Companies are well advised to review their current practice of protecting trade secrets in light of the upcoming changes

ment System, Inc. that a trial court's award of attorney's fees is entitled to broad deference on appeal.

Octane Fitness, LLC v. Icon Health & Fitness, Inc.

In *Octane Fitness* the Supreme Court rejected the "overly rigid" *Brooks Furniture* standard that previously governed the determination of whether a patent case was "exceptional" for purposes of awarding attorney's fees. The Court reasoned that the *Brooks Furniture* standard "superimpose[d] an inflexible framework onto statutory text that is inherently flexible" and that it would render Section 285 superfluous because "courts already possess the inherent power to award fees in cases involving misconduct or bad faith".

Turning to the ordinary meaning of the word, the Court held that district court judge's have the discretion to find a case "exceptional", and award attorney's fees under Section 285, when the case "stands out from others with respect to the substantive strength of a party's litigating position, considering both the governing law and the facts of the case, or the unreasonable manner in which the case was litigated". The Court clarified that district judges should make this determination on a "case-by-case" basis "considering the totality of the circumstances".

The Supreme Court also rejected the Federal Circuit's requirement that patent litigants establish their entitlement to fees under Section 285 by "clear and convincing evidence", finding that nothing in the statute "justifies such a high standard of proof". Rather, the Court noted that patent litigation "has always been governed by" the lower "preponderance of the evidence standard".

The Court's decision in *Octane Fitness* thus both relaxes the standard for awarding attorney's fees and lowers the standard of proof litigants must meet in establishing their entitlement to fees under that standard. Although the court made it clear that the bar to attorney's fee awards is lower than the previous standard, it stated that the "exceptional" case is still rare.

Highmark Inc. v. Allcare Health Management System, Inc.

In *Highmark* the Court addressed the related issue of what standard should govern appellate review of a district court's determination of whether a case is "exceptional" for purposes of awarding attorney's fees. The court held that appellate review of such determinations must be under the highly deferential "abuse of discretion" standard.

The Court reasoned that the "abuse of discretion" standard is proper because Section 285 leaves the determination of whether a case is "exceptional" to the discretion of the district judge who is better positioned to decide the issue than an appellate court. The statute thus implies that that the district court's determination should be afforded broad deference on appeal.

Practical Implications

The relaxed legal standard and burden of proof, along with increased deference to the determinations of district court judges, make the threat of attorney's fees a more realistic deterrent to meritless suits designed to extort licensing fees or otherwise strategically restrict competition. This decision should discourage palintiffs who bring weak claims, often in the hopes of using the high cost of de-

fending such claims to extort settlements.

However, it is not yet clear how significant that effect will be. The law remains that attorney's fees should only be awarded in exceptional cases that involve misconduct or extreme behavior. Given the general disfavor for attorney's fee awards in the United States, it remains to be seen whether district courts will be more likely to award such fees in patent cases based on the *Octane Fitness* and *Highmark* decisions.

Key issues

- Supreme Court decisions:
 - Relax the standard for awarding attorney's fees in patent litigation; and
 - Give district courts greater discretion in such fee shifting
- May discourage patent assertion entities from bringing weak claims in the hopes of extorting settlements

The few patent cases to address attorney's fee awards following the *Octane Fitness* and *Highmark* decision have gone both ways and it is impossible to say whether the outcomes would have been different under the earlier more rigid standard. However, at least in these early cases, courts have embraced the Supreme Court's focus on the "totality of the circumstances," weighing factors such as (i) the sufficiency of pre-suit investigations, (ii) the objective and subjective strength of the parties' claims, (iii) parties' apparent motivations, and (iv) conduct throughout discovery and litigation. Additionally, in *Innovative Biometric Technology*

LLC v. Toshiba America Information Systems Inc. the Federal Circuit issued a three paragraph decision summarily affirming a district court's award of attorney's fees because it found "no abuse of discretion to undermine the bottom line result".

It is also unclear what impact these cases will have on pending patent reform legislation which would permit more regular awards of attorney's fees to prevailing parties. A bill featuring such provisions passed the U.S. House of Representatives in December, 2013, but a similar bill seems to have stalled before the U.S. Senate. Some commentators believe that the Supreme Court's decisions in *Octane Fitness* and *Highmark* may have diminished any Congressional urgency to pass such legislation.

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Germany/USA: U.S. District Court orders Apple to hand over licence agreements in German litigation

28 U.S.C. § 1782(a) ("Section 1782") authorises U.S. courts to grant discovery to aid proceedings in foreign or international tribunals (see *In Re Ex Parte Application of IPCom GmbH & Co. KG*, case no. 5:4-mc-80037-EJD-PSG, N.D. Cal.

10 April 2014). A copy of the decision is available [here](#).

Background to Section 1782

Under Section 1782, a U.S. court may order discovery if: (i) the respondent resides or is found in the district of the respective district court; (ii) discovery is sought for use in proceedings in a foreign or international tribunal; and, (iii) the application was filed by a foreign or international tribunal or an interested person. In 2004, in its leading case on Section 1782, *Intel Corporation v. Advanced Micro Devices, Inc.*, 542 U.S. 241 (2004), the U.S. Supreme Court established useful guidelines on how to apply the requirements set out in Section 1782. The U.S. Supreme Court adopted a very broad interpretation of each of the three requirements. Nonetheless, the U.S. Supreme Court held that a U.S. court is not obliged to grant the discovery request even if the requirements of Section 1782 are met. Instead, the competent district court shall consider four discretionary factors when ruling on a Section 1782 request. The so-called *Intel* factors are: (i) whether the material sought is within the foreign tribunal's jurisdiction reach and thus accessible absent the Section 1782 request; (ii) the nature of the foreign tribunal, the character of the proceedings underway abroad, and the receptivity of the foreign government or the court to U.S. federal-court jurisdictional assistance; (iii) whether the Section 1782 request conceals an attempt to circumvent foreign proof-gathering restrictions or other policies of a foreign country or the United States; and (iv) whether the subpoena contains unduly intrusive or burdensome requests. The district courts have adopted the criteria set by the U.S. Supreme Court

and have used the *Intel* factors as a constant basis for their rulings.

Relevant Facts of the Case

IPCom GmbH & Co. KG ("**IPCom**") filed a patent infringement action against various affiliates of Apple Inc. ("**Apple**") before the Mannheim Regional Court in Germany, claiming that Apple infringed patents which are essential to certain UMTS wireless standards. As part of the litigation, Apple argued that it had entered into licence agreements with other manufacturers covering a number of patents essential to UMTS and related technologies. However, Apple did not produce these licence agreements in the proceedings. In preparation for the German trial, IPCom filed an application with the U.S. District Court for the Northern District of California ("**U.S. District Court**") pursuant to Section 1782 seeking leave to obtain copies of Apple's licence agreements for use in the German proceedings. Meanwhile, the Mannheim Regional Court had dismissed IPCom's infringement claims. IPCom then filed an appeal. Since German appellate courts may consider facts of appeal, the production of the licence agreements still remained relevant.

Application of Section 1782 in the Case at hand

The U.S. District Court approved IPCom's request for discovery and ordered that Apple hand over the licence agreements in the German proceeding before the German Court of Appeal. The U.S. District Court found itself competent to grant the requested discovery since: (i) Apple resides in the Northern District of California; (ii) the discovery would be for use in the German litigation and thus be for use in a foreign proceed-

ing; and, (iii) the application was brought by IPCom who is a party to the German proceeding which the request is based upon.

Key issue

- U.S. discovery may be granted to a foreign or international litigant if evidence is outside the foreign or international tribunal's jurisdictional reach, and thus, for the parties involved inaccessible

Noticeable is the court's finding regarding the first *Intel* factor. The court held that this factor was neutral. It explained that Section 1782, in general, was not applicable if the person from whom discovery was sought was a participant in the foreign proceedings because a participant in foreign litigation is subject to the foreign tribunal's jurisdiction and therefore ordinarily can be ordered by the foreign court to produce evidence. Under these circumstances, there is no need for a Section 1782 application. However, the U.S. District Court noted that in this case German law does not provide the far-reaching discovery tools that are available in the United States. As a consequence, the requested information was not available to a German tribunal and hence was to be made available under Section 1782. The U.S. District Court supported its conclusion by using the U.S. Supreme Court's arguments put forward in the *Intel* decision. The U.S. Supreme Court compared the situation of a party to the foreign proceeding to a nonparticipant's situation: the nonparticipant may be outside the foreign tribunal's jurisdictional reach, and thus, the

evidence available in the United States may be inaccessible without assistance from Section 1782.

The remaining three *Intel* factors weighed in IPCom's favour without providing detailed explanations and ordered the discovery sought.

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Germany: Higher Regional Court of Düsseldorf emphasises that a shareholder-director can be required to assign invention rights to its company

In a recent decision, the Higher Regional Court of Düsseldorf considered the question of under which circumstances a shareholder who is also managing director of the company ("shareholder-director") may be compelled to assign its rights to an invention to the corporation. While the German Employee Invention Act ("GEIA") addresses this issue rather comprehensively for inventions made by employees, the situation regarding inventions made by shareholders or directors is far less clear.

Background: Laws on Employee Inventions

The GEIA requires an employee to diligently report an invention to its employer (Section 5 GEIA). It also provides a mechanism to assign (Section 6 GEIA) these rights to the particular employer, where the invention is in the scope of employment or significantly based on experience or work performance of the business ("service invention"). GEIA is, however, only applicable to employees who are engaged by a private contract, whose performance is bound to and determined by the instructions of the employer. Hence, managing directors or shareholders do in principle not fall within the scope of the GEIA.

In addition, it is important to note that the GEIA underwent a significant overhaul in 2009. For all inventions reported to employers prior to October 2009, the old law applies. As such, the employee would have to report a service invention in a written form, while the employer was required to expressly claim such a service invention within four months of being properly notified and also file a corresponding patent application without further delay. In 2006, the *Haftetikette* decision of the German Federal Court of Justice (case no. X ZR 155/03), however, led to a considerable amount of uncertainty amongst companies. The court held that the requirement of a proper-report to the employer could be dispensed with and thus the four month period would begin to run if the employer had already received enough information to file a corresponding patent application by other means. The requirement to expressly claim an invention would however not be suspended. Hence, the employer would have lost its right to the invention if the company did not

expressly claim the service invention within four months from the time it had sufficient information to do so. Following a 2012 decision of the Regional Court of Munich (case no. 7 O 6031/12), however, the information is required to be complete and correct.

In order to eliminate the administrative procedure and to strengthen the employer's position, the legislature in its 2009 reform replaced the opt-in model, by which the employer forfeits its right to the invention if it fails to claim it a service invention within the four month period, with an opt-out model, whereby the employer may relieve the invention from its claims within the four month period but becomes the sole owner of the invention rights if it remains silent on the issue. Consequently, silence of the employer now results in an automatic transfer of rights ("**fictitious transfer**").

Once the employer has made the service invention claim or the fictitious transfer applies the employee is entitled to receive reasonable compensation. In this regard, the economic usefulness of the service invention, the duties and position of the employee in the company and the share

of the company in the development of the service invention in particular are important to calculate the compensation. Depending on the facts of the case the remuneration can be substantial.

Decision of the Higher Regional Court of Düsseldorf regarding Inventions made by Shareholder-Directors

The decision of the Higher Regional Court of Düsseldorf of 28 February 2014 now concerned the situation where an invention was made by a shareholder of a company who was the managing director at the same time.

According to an earlier decision of the Higher Regional Court of Düsseldorf (case no. 2 U 11/98), a managing director who is not a shareholder of the company, even though GEIA does not apply, has a duty to report and assign its rights in an invention to the company, where: (i) the employment contract expressly provides for this situation; or (ii) in the absence of such a provision, an implied term can be read into the contract according to which the parties would have agreed

upon the transfer of rights. The latter is deemed to be the case if according to the employment contract the managing director is engaged in technical development in the business or is responsible for technical innovations. The managing director in this case may be entitled to remuneration.

In accordance with the German Federal Court of Justice (case no. I ZR 40/53) shareholders, on the other hand, are generally not obliged to assign their rights in an invention to their companies if the shareholder agreement is silent on this point. The duty may arise, however, where: (i) the shareholder in question is responsible for the technical division of the company; (ii) he is actually engaged in the company's technical field, or (iii) the purpose of the company is to advance the particular technical field. In addition, the German Federal Court of Justice under certain circumstances also assumes a *bona fide* obligation of a shareholder to assign an invention - namely if the invention is based on funds, experience or preparatory work of the corporation (case no. X ZR 185/97).

In its recently published decision, the Higher Regional Court of Düsseldorf (case no. I-2 U 39/12) now applied these principles to shareholder-directors as well. The court emphasised that it remains undecided whether the shareholder-director is generally obliged to assign his invention rights merely because of his position as a managing director. In any case he will be obliged to do so, if the circumstances suggest that he is responsible for the technical division of the company and the company intends to develop technical innovation, as it was the case in underlying dispute.

Key issues

- A shareholder-director may be obliged to report and assign its invention rights
- Crucial factors are: (i) whether the shareholder-director has a responsibility for the technical part of the business; (ii) whether the shareholder-director is actually engaged in the company's technical capacity; (iii) whether the purpose of the company is to advance the technology in the relevant field; or (iv) whether the invention is based on funds, experience or preparatory work of the company
- Under certain circumstances the director-shareholder may not be entitled to be compensated for the transfer of rights

While a managing director may have a claim for remuneration with regard to the assignment, the court takes on the position that a shareholder-director under certain circumstances shall have no such claim. In the court's view, this is justified by the fact that a director's responsibility under his employment contract is usually limited to management functions. Hence, research and development of a technical invention would constitute non-compulsory work, which is not compensated by the manager's salary. In contrast, if shareholders of a closely held corporation agree to divide the management responsibility for their company and they decide to work for a salary, it can be assumed, that they intend to work for the benefit of the company and thus for the benefit of all shareholders. In this case, the invention rights shall pass on to the company without any further compensation.

Outlook

The Higher Regional Court of Düsseldorf consequently applied the principles pertaining to an assignment of invention rights carved out from previous decisions. The finding is consistent with these cases and the legislature's approach to strengthen the employer's position also outside of the realm of the GEIA. The court repeatedly stated, however, that the decision as to the aforementioned questions highly depends on the individual circumstances.

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United Kingdom: *IP Translator* applies to Application and Registration of trade marks

In its recent trade mark case *Total Limited v YouView TV Limited* [2014] EWHC 1963 (Ch) the High Court of England and Wales held that the *IP Translator* case (2012) of the Court of Justice of the European Union is applicable both as a ground for refusing an application to register a trade mark and as a ground of invalidity for a registered trade mark. The judgment is available [here](#).

Introduction

Total Ltd ("**Total**") provides bespoke telecommunications services which allow business customers to manage their global spending on telecommunications. Since early 2007, Total called this service "Your View". In 2009 Total registered the trade mark "Your View" in Classes 9, 35 and 38 in the UK and began marketing its service.

In 2008, the BBC developed a free TV programming and play-back service as an eventual replacement for the BBC's existing "Freeview" service. YouView TV Ltd ("**YV**") was incorporated in July 2010 with the BBC, Channel 4, Channel 5, ITV, Arqiva, BT and TalkTalk as its equal shareholders.

In July 2010 YV also filed applications to register the 'youview' sign in the UK. Total successfully opposed those applications in May 2012. YV appealed to the High Court, but its ap-

peal was dismissed by Floyd J in November 2012, (*c.f. YouView TV Limited v Total Limited* [2012] EWHC 3158 [Ch]). Nonetheless, YV continued to market its new products and service with the "youview" brand.

In this case, Total claimed that YV had infringed its registered trade mark "Your View" by offering its "youview" TV service and TV set top boxes to the UK public. YV counterclaimed for a declaration of invalidity for the "Your View" mark and for rectification of the UK Trade Marks Register.

Issues

Validity

1. Was the specification of Total's trade mark invalid to any extent on the ground that the goods or services were not identified with sufficient clarity or precision?

YV claimed that applying the decision in *IP Translator* Total's "Your View" trade mark was invalid for lack of clarity, particularly in relation to the specification of "databases" and "telecommunications services". Total replied that: (i) *IP Translator* only applies as a ground for objection to registration of a trade mark (at [50]) and (ii) alternatively, even if *IP Translator* implies that a lack of clarity in the specification may be a ground of invalidity to a registered trade mark, the specification for Total's "Your View" mark was sufficiently certain (at [51]).

Sales J rejected Total's first submission, but accepted the second (at [52]). Sales J stated that although *IP Translator* was concerned with the issue of clarity of specification for applications, it was "well arguable" that the reasoning extended to trade marks which had been registered by the national authority but a competitor sought to invalidate (at [55]). On To-

tal's second submission, Sales J stated that after *IP Translator* the issue was whether there is such lack of clarity and precision in the specification given as to create an unacceptable or unreasonable level of uncertainty regarding the scope of protection given by the trade mark, having regard to the context in which it was to operate (at [57]). In this case, Sales J's view was that although there may be some element of uncertainty at the margins about whether something was a computer database, a database program, or a telecommunications service, there was no significant doubt about the core meaning of those terms nor their scope of application (at [59]).

2. Was the specification of Total's trade mark invalid to any extent on the ground that it was devoid of distinctive character and/or descriptive?

Sales J considered that the "Your View" mark was distinctive and could not be regarded as consisting exclusively of relevant descriptive matters. He stated that the phrase, "your view", was typically used to refer to a person's opinion or particular visual perspective; but in the context of use of the trade mark, it was employed to describe an interactive and responsive telecommunications service to meet customers' telecommunications needs. The viewing of the data was only one necessary, but essentially subsidiary element, in the provision of that service (at [69]).

3. Was the specification of Total's trade mark invalid to any extent on the ground that Total's application was made in bad faith?

Sales J answered "No" (at [71]). His Honour was satisfied that Total applied for the trade mark for its own entirely legitimate business purposes and not because it had an inkling that

YV might be doing something for which it would wish to use "youview" as a brand name or trade mark (at [72]).

Infringement

4. Were the goods and/or services in relation to which YV's "youview" sign had been used identical or similar to those specified in Total's trade mark?

Sales J answered "Yes": The goods and services being provided by YV are either identical with or highly similar to those specified in relation to Total's "Your View" trade mark (at [85]). Total's specification could only be reduced in light of the actual use made of the trade mark by it after five years, and in the meantime Total was entitled to enforce its trade mark on the basis of notional and fair use of the goods and services for which it is registered (at [84]).

5. Was the sign "youview" in stylised

 or word form similar to

Total's trade mark?

Sales J answered "Yes", notwithstanding the different style of presentation of the "youview" mark (at [89]).

6. Taking account of the degree of similarity or difference in Issues 4 and 5 and all the relevant circumstances, including the context of the use of the sign, was there a likelihood of confusion?

Again Sales J answered "Yes" (at [91]). He observed that there was convergence of the relevant TV and telecommunications markets. Given the overall close similarity in the aural, visual and linguistic content of the "Your View" and "youview" signs, Sales J considered there was a strong likelihood of confusion on the part of the public (at [93]).

7. Did YV's activities adversely affect

the functions of the trade mark?

Key issue

- *IP Translator* case can be raised as a ground of invalidity after a trade mark has been registered as well as during the examination stage of a trade mark application

Again Sales J answered "Yes". If YV used its "youview" sign as it has been doing, it was likely that the average consumer would be confused in relation to the origin of the goods and services being offered to them. YV's actions were liable to have an adverse effect upon the functions, including the "essential function", of Total's trade mark (at [110]).

Conclusion

Sales J found that Total's infringement claim succeeded and YV's counterclaim for a declaration of invalidity was dismissed. His Honour declined to make references to the CJEU as requested by YV, because no such reference was necessary to decide the case under EU laws.

YV intends to appeal: "We maintain there is no confusion between our consumer-facing TV service, YouView, and the business-to-business billing platform, YourView, provided by Total Ltd".

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European Union: The CJEU holds Layout of Apple store can be pro- tected as a trade mark

An important strategy for retail chains to distinguish themselves in the marketplace is to develop a standardized presentation or house style, such as through the design of their stores. If such a house style is recognized by the public, it becomes attractive for other businesses to copy that style and to try to benefit from the reputation and goodwill of that company and its goods and/or services. In these cases, however, parties generally made claims based on copyright infringement or unlawful competition. After the latest judgment of the Court of Justice of the European Union ("CJEU") on 10 July 2014 (Case C-421/13 *Apple Inc. vs Deutsches Patent- und Markenamt*), it appears that it may also be possible to rely on trademark protection.

Background

In 2010, Apple registered a trademark in the United States for "retail store services" which consisted of a colour design of the layout of its flagship store (see picture below). Apple subsequently filed an international registration for the same trademark. CJEU's judgment (based on the Madrid Agreement concerning the International Registration of Marks of 14 April 1891, United Nations Treaty Series, Vol. 828, No I-11852, p. 390).

Some of the designated countries accepted the application (e.g. Italy, Spain and Poland), some did not (e.g. Australia, Switzerland and Japan). The German Patent and Trademark Office ("DPMA") refused to register Apple's application for the sign. It considered the design and layout of a store where a company sells its goods to be nothing more than the representation of an essential aspect of the business of that company. According to the DPMA (i) consumers would not see the design and layout of a store as an indication of the commercial origin of the service provided and (ii) the specific design and layout in question was not sufficiently distinguishable from the layout and design of stores of other providers of electronic products.

CJEU's Judgment

Apple appealed against DPMA's refusal to the German Patent Office, who referred several questions regarding the interpretation of the Trademark Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (the "Directive") to the CJEU. The questions referred were (summarised): (i) whether the 'packaging of goods' as set out in Article 2 of the Directive can also include the presentation of the establishment in which a service is provided; (ii) whether a sign representing the presentation of the establishment in which a service is provided can be registered as a trademark based on Articles 2 and 3(1) of the Directive; and (iii) whether the requirement of graphic representability is fulfilled by representation alone or whether the design should also include additions such as a description of the layout, dimensions or propor-

tions. The German Patent Office also asked a fourth question, that is whether Article 2 of the Directive has to be interpreted as meaning that the scale of the protection afforded by a trade mark for retail services also extends to the goods produced by the retailer itself. This question was however considered inadmissible by the CJEU, because it appears to be quite obvious that the interpretation of European Union law sought, bears no relation to the facts or purpose of the main proceedings (para. 30 of the judgment).

According to the CJEU, the three general requirements to constitute a trademark were fulfilled; namely that the subject matter of the application is (i) a sign, (ii) that is capable for graphic representation and, (iii) capable to distinguish the goods/services of a company (c.f. Article 2 of the Directive).

With respect to requirements (i) and (ii), the CJEU stated that it is "absolutely plain" that designs are signs capable of graphic representation and that a representation which "depicts the layout of a retail store by means of an integral collection of lines, curves and shapes" may constitute a trademark. The type of representation, without additions such as a description, dimensions, etc. was sufficient for trademark protection. It was therefore not necessary to establish whether this qualifies as "packaging" or not.

With respect to the third requirement, the CJEU stated that in general the representation of a design of a store was also capable of distinguishing the goods and/or services of a company. The distinctive character must, however, be assessed with respect to the specific goods and/or services and the perception of the relevant public.

The relevant public is considered to be the "average consumer of the category of goods or services in question, who is reasonably well informed and reasonably observant and circumspect" (para. 22 of the judgment; *Linde and Others* C-53/01 to C-55/01, para. 41; *Koninklijke KPN Nederland* C-363/99, para. 34; and *OHIM v BORCO-Marken-Import Matthiesen*, para. 32 and 35).

As to the services for which Apple applied to register the trademark, the CJEU considered that "services intended to induce the consumer to purchase the products" are services within the meaning of Article 2 of the Directive for which a trademark can be registered as long as these services "do not form an integral part of the offer for sale of those goods". In doing so, the Court seemingly referred to the distinction it has made in a previous case (as put forward by Apple) between the actual sale of goods and the services intended to induce that sale (*c.f.* para. 25 of the judgment; *Praktiker Bau- und Heimwerkermärkte*, C-418/02, para. 34 and 35). The Court seemed to indicate that the former is not a service for which a trademark could be registered, whereas the latter is such a service.

A copy of the decision is available [here](#).

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Czech Republic: Amendments to the Czech Copyright Act by implementing EU-Directives

At the end of 2013, the Czech Republic implemented two European IP-related Directives into the Czech Copyright Act. The first was Directive 2011/77/EU, which provides for an extended term of protection for certain copyright works, and the second was Directive 2012/28/EU, which introduces a framework for the use of orphan works (the "Directives"). The legislative process is now in its final phase and the amendment ("Amendment") should come into force within 15 days from the official publication. The deadline for implementation of Directive 2012/28/EU is 29 October 2014. The implementation of Directive 2011/77/EU is already overdue as the process should have been completed by 1 November 2013.

The first draft of the amendment (from January 2013) aimed to extend copyright protection beyond the mere implementation of the Directives. Notably, the original proposal contained a system by which authors whose copyright had been infringed could claim a flat rate of compensation instead of damages, unjust enrichment and reasonable satisfaction in order to satisfy their burden of proof when pleading the claimed sum. Nevertheless, the current proposal is the only legislative act on copyright which is now in the process of official

adoption.

Extension of the Term of Copyright Protection

According to the preamble of Directive 2011/77/EU, some musicians faced financial hardship as they became older because their careers peaked early. The Directive goes on to state that the 50-year term of copyright protection applicable to recordings of performances was insufficient. Highlighting the importance of the creative and artistic contributions of performers, the Directive extends the term of protection to 70 years. According to transitional provisions of the Amendment, the additional period will apply to any musical performances which are covered by the original 50-year term at 1 November 2013. The date is identical to the implementation deadline to theoretically avoid any claims from authors which could stem from the direct vertical effect of the Directive. The Amendment implements the Directive in full and therefore extends the protection of musical performances, which originated or were published on 1 November 1963 or later.

Orphan Works

Emphasising the promotion of free movement of knowledge and innovation, Directive 2012/28/EU introduces a legal framework for using orphan works (*i.e.* certain audiovisual, cinematographic, phonographic and literary works by authors who could not be identified or readily located). The dilemma of using orphan works consists in the necessity of obtaining the author's prior consent on the one hand and the general public interest in protecting Europe's cultural heritage on the other. Specifically, this framework focuses on the digitisation,

reproduction and public accessibility of certain copyright works.

According to the Directive, orphan works can be used only by libraries, archives, museums, galleries, schools, universities and other non-profit educational institutions, provided that the use is consistent with the public interest. The use is restricted to making the orphan work publicly available (in the general way of communicating IP works, *i.e.* in an intangible form, live or recorded, by wire or wireless means) and to reproduction for the purposes of digitisation, making the work available, indexing, cataloguing, preservation or restoration. Revenues generated from the use of an orphan work can only be used to recover the cost of digitisation and to make the orphan work public. The author of an orphan work may at any time request an end to his or her copyright work being of 'orphan status' and claim fair compensation from its user. When stipulating the sum to be claimed, the circumstances of use and the damage that the author suffered should be taken into account.

Overall, the proposed amendment implements Directive 2012/28/EU in full with no substantial differences. Nevertheless, according to the ex-

planatory memorandum of the Amendment, the effect of the scheme envisaged by the Directive is to a certain extent limited. The Czech legislator notes that it therefore intends to broaden the scope of the laws governing of orphan works by amending the Czech Copyright Act, specifically with the aim of introducing their commercial use (via special licence mechanisms) and extending the coverage to artworks.

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Slovak Republic: Amendments to the Slovak Copyright Act by implementing EU-Directives

As of 1 November 2013, an amendment to the Slovak Copyright Act (the "Amendment") came into force which amended certain provisions relating to licence agreements and implemented Directive 2011/77/EU providing for an extended term of protection of certain copyrights.

Extension of the Term of Copyright Protection

Prior to the implementation of Directive 2011/77/EU, the rights of performers enjoyed protection for 50 years from the date of the performance. As of 1 November 2013, the duration of performers' rights corre-

sponds with the terms of Directive 2011/77/EU (please refer to the Czech Republic section [above](#)).

Licence Agreements

The most significant changes brought about by the Amendment relate to copyright licence agreements.

The Amendment aimed at addressing problems relating to the conclusion of copyright licence agreements in the digital age, given that the previous provisions which had been in place since the adoption of the Slovak Copyright Act in 2003 were considered too far removed from the current practice in this area.

Most importantly, non-exclusive licence agreements no longer need to be concluded in writing. Exclusive licence agreements, omnibus licence agreements and collective licence agreements, on the other hand, still have to be concluded in writing; otherwise they are invalid.

Transfer of copyright licences (*i.e.* by assignment or sub-licensing of the original licence) follows this approach, so that the requirement of written form applies only where the original licence agreement was concluded in writing, unless agreed otherwise by the parties.

The law in force until 31 October 2013 set out mandatory requirements for copyright licence agreements to be valid. The Amendment removed these formalities by favouring the parties' contractual freedom. Currently applicable law provides for an illustrative list of requirements for copyright licence agreements and assumptions for cases where the parties do not expressly agree on some of the licence boundaries, in particular:

- if the manner of use of a copyright work is not agreed, the li-

Key issues

- A 50-year term of copyright protection applicable to recordings of performances is about to be extended to 70 years with effect from 1 November 2013
- The amendment introduces orphan works to the Czech Copyright Act and defines conditions for their usage

cence is deemed to be granted in the extent necessary to achieve the purpose of the agreement;

- if the scope of the licence is not agreed, the licence is deemed to be granted in the extent necessary to achieve the purpose of the agreement; unless it follows otherwise from the purpose of the agreement, the territorial scope of the licence is limited to the Slovak Republic and the material scope is limited to the scope usual for the type and manner of use of the copyright work;
- if the duration of the licence is not specified, the licence is deemed to be granted for the period necessary to achieve the purpose of the agreement; unless it follows otherwise from the purpose of the agreement, the duration of the licence is limited to the period usual for the type and manner of use of the copyright work, in any case to a maximum of one year; and
- if the licence agreement neither sets out the consideration or amount of remuneration (or the method of its calculation) nor provides that the licence is granted royalty free, the licensor is entitled to the remuneration based on the amount usually payable at the time when the licence agreement was concluded under similar contractual terms.

Moreover, under the Amendment, the terms of a copyright licence agreement may be determined by reference to licence terms which both parties are aware of or which are available to them at the time when the agreement was concluded. This provision reflects the practical aspects of concluding copyright licence agreements in the online environment in particular, e.g., where the licensor refers to the li-

Key issues

- A 50-year term of copyright protection applicable to recordings of performances extended to 70 years with effect from 1 November 2013
- Less stringent requirements for copyright licence agreements
- New licence forms recognised (public licences, click-wrap, shrink-wrap)

cence terms which are published on its website. In such a situation, the licence terms prevail over the above-mentioned statutory assumptions.

In addition, the Amendment introduced a specific kind of licence offer towards unspecified groups of persons and the acceptance of such terms by specific acts of agreement. This enables the use in practice of public licences (e.g. Creative Commons, GNU, GPL, BSD, EUPL) and specific methods of forming an agreement (e.g. shrink-wrap or click-wrap licences). These agreements, however as noted above, may only be concluded with respect to non-exclusive and free-of-charge licences.

As the Amendment allowed the informal conclusion of non-exclusive licence agreements, each contracting party may now request within 15 days from the date of the agreement that the other party provides a written statement of the terms of the agreement in order to increase the legal certainty of the parties. The confirmation must be provided within 15 days from the receipt of the request from the other party; otherwise the agreement will be deemed as never having been made in the first place. The request for a summary confirmation of

agreements which have been concluded in previous calendar year is available to the parties where a considerable number of agreements are concluded within a calendar year between identical parties (e.g. for the publication of works in newspapers/magazines). The summary confirmation is required to be issued within 30 days of the receipt of the request.

The Amendment also introduced the licensor's right to seek the return or the destruction of the copyright work (including any media which contain reproductions of the copyright work) in order to prevent the licensee from further using the copyrighted work if the licensor terminates the licence agreement.

Conclusion

Amongst other things, the Amendment clarified certain aspects of collective rights management and database rights. Whilst it remains to be seen whether these changes will prove useful in practice, IP experts certainly view the Amendment as a welcome and long-awaited change.

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Czech Republic: Czech Constitutional Court on the collective administration of copy- rights

In its recent copyright case no. II ÚS 3076/13 the Czech Constitutional Court considered the economic benefit of the copyright user to be the decisive criterion when assessing a work is communicated to the public, and thus, gives rise to the entitlement for remuneration.

Collective Administration of Copyrights

The regulation of the collective administration of copyright is embodied in the Czech Copyright Act. Although collecting societies have private legal status, their powers are similar to those of public authorities. The primary purpose of collecting societies is to represent copyright owners and to secure the protection of their copyright and related property rights (*i.e.* by effectively obtaining compensation for public communication of their works).

Decision of the Czech Constitutional Court no. II ÚS 3076/13

The recent decision of the Czech Constitutional Court (case no II ÚS 3076/13) concerns the copyright collecting society called the Czech Sound Designers' Protective Organisation (the "OAZA"). The OAZA is entitled to claim copyright fees on behalf of sound designers

(sound design being officially recognised as a creative profession in the Czech Republic). In this case, the OAZA also tried to claim unjustified enrichment of approximately EUR 70,00 for as copyright fees as the defendant played a radio broadcast in her cycling equipment store. The Constitutional Court dismissed the claim and concluded that the OAZA is not automatically entitled to copyright fees merely for public radio broadcast. It followed that the claimant (i) did not prove that the defendant communicated works of authors represented by the OAZA to the public via the radio broadcast; and (ii) even if it did, such communication was not in this case capable of bringing the defendant any direct or indirect economic advantage (*e.g.* by increasing the number of customers in the store). The Constitutional Court therefore set the economic benefit of the copyright user as one of the key factors in determining whether or not a work is communicated to the public within the meaning of the Czech Copyright Act (which gives rise to the entitlement for remuneration).

European case law

The decision is consistent with the case law of the Court of Justice of the European Union ("CJEU"). In *Del Corso* (*c.f.* [C-135/10](#)), the CJEU stressed that it is not irrelevant that a "communication to the public" (within the meaning *inter alia* of Article 8(2) of Directive 2006/115) is of a non-profit nature. The CJEU held that the concept of "communication to the public" does not cover broadcasting that is free of charge and enjoyed by customers (in this case dental practice patients) by chance and without any active choice on their part. It concluded that: "*the patients ... visit a dental practice with the sole objective*

of receiving treatment, as the broadcasting of phonograms is in no way a part of dental treatment. They have access to certain phonograms by chance and without any active choice on their part, according to the time of their arrival at the practice and the length of time they wait and the nature of the treatment they undergo. Accordingly, it cannot be presumed that the usual customers of a dentist are receptive as regards the broadcast in question." By way of contrast, the CJEU cited its previous case *SGAE* (*c.f.* [C-306/05](#)), where it held that access to broadcasting granted by a hotel for every hotel room was considered a "communication to the public" as it clearly was an additional service provided with the aim of improving the hotel's standing and had the potential to influence the price of the hotel rooms.

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Italy: Ambush Marketing vs. Official Sponsorship: How material is the Risk of Misleading the Public?

Ambush marketing has only recently been recognised as a specific marketing strategy in Italy. Interestingly, a recent decision of the Italian Institute for Self-Governance in Advertising ("IAP") in the context of ambush marketing found it not likely that an ambush marketing strategy would be misleading for the public.

Introduction

Although the decision does not state so openly, it can be reasonably interpreted to assert that the public would be misled only if the party engaging in the ambush marketing expressly claimed, untruthfully, to be the "official sponsor" of the event or brand to which it seeks to be associated, made explicit references to the event or brand, or used its logos. However, this can hardly happen, considering that ambush marketing's main characteristic is subtlety. The IAP's decision presents ambush marketing as a matter predominantly concerning the contractual relationship between the parties involved: Did the party engaging in the marketing actually comply with the arrangements made with the party entitled to exploit the brand or event at which the marketing hints?

Background

Since the amendment of the Self-Governance Advertising Code

("Code") six years ago, the IAP has expanded its jurisdiction from advertising to include "marketing messages" and consequently its sphere of influence and of activity has broadened significantly, as has the scope of application of the Code.

The Code's purpose is to ensure that marketing messages are disseminated with a view of providing a service to the public, given the role they play within the economy and especially considering how they are able to influence consumers. The Code identifies advertising messages that, taken as a whole, contrast with this main purpose, even where they comply with the law.

The Code is binding on consumers, agencies, publicity and marketing consultants and on all persons who have accepted it directly or indirectly through membership in a participating trade association.

The IAP's decision-making body, the Giurì, reviews advertising in its traditional form, as well as marketing promotions, direct marketing, advertising messages disseminated through new media, and in certain circumstances focus their attention also on public relations, if advertising messages are disseminated to the public, and whenever the ultimate aim of the message is to solicit the purchase of goods or services. "Marketing messages", as the term is defined in the Preliminary and General Rules of the Code (at item [d]) "includes

advertising and any other form of communication, including institutional communication, aimed at promoting the sale of goods or services, regardless of how the message is delivered".

In fact, the Giurì have addressed the phenomenon of "ambush marketing", a marketing technique wherein a brand aligns itself with a particular event although it is not an official sponsor, and has not paid any sponsorship fees.

Ambush Marketing: the Giurì' Ruling

The Giurì very recently (decision of 8 July 2014, case no. 52/2014) ruled on a case brought forth by an Italian chips and snacks manufacturer who is the official sponsor of the Italian national soccer team pursuant to a license agreement with the Italian Football Federation. The plaintiff claimed that a competitor's advertising campaign was ambush marketing, and was misleading for consumers within the meaning of Article 2 of the Code. The advertising campaign, which ran very close to the start of, and during, the soccer FIFA World Cup 2014 event, included the image of a famous footballer, Fabio Cannavaro, who was captain of the Italian national football team that won the 2006 FIFA World Cup, alongside that of another international soccer superstar, Lionel Messi. In the display cases and other advertising material,

Key issues

- Reasonable interpretation of ruling is that ambush marketing is misleading in conjunction with an untrue claim of "official sponsorship"
- Ambush marketing deemed more a contractual matter, is there compliance with the arrangements made by the party entitled to exploit the brand/event?

Fabio Cannavaro is portrayed wearing a blue jersey (*i.e* the color used by the Italian national team), but without any official logos.

According to the Giurì, Fabio Cannavaro indisputably enjoys individual notoriety and must therefore be permitted, in principle, to exploit such notoriety in advertising, although, because Cannavaro's notoriety derives "in no small part" from his role as captain of the Italian national football team that won the world championship in 2006, marketing would almost inevitably bring to mind the Italian national team. The Giurì chose not to accept that, simply because a person has been a famous athlete member of the national team, such athlete's image will always evoke the national team so vividly that the public will assume the existence of an official sponsorship arrangement. The fact that Cannavaro was portrayed with a blue jersey, with no logos, was viewed as certainly able to recall his former role, but not sufficiently likely to generate the idea of a sponsorship.

Based on this reasoning, it seems – although not openly stated in the Giurì's decision, but rather based on what would seem a reasonable interpretation of it – that the Giurì thought the public would have been misled only if Cannavaro had claimed to be the "official sponsor" of the Italian national team or made very explicit references to the Italian national team or used its logos.

The Giurì did not address the issue of whether the marketing campaign displaying Cannavaro was consistent with the arrangements that may have been made by Cannavaro and the national team as to their rights to exploit their respective notoriety, nor investigated what those arrangements, if any, were. The Giurì explained that

this merely contractual issue does not fall within its jurisdiction and scope, and that the Giurì should only rule on issues relating to whether a marketing message is likely to mislead the public.

We believe that the issues dealt with in the decision of the Giurì are far from settled in Italy; hopefully, clearer views will emerge as new case law develops on the newly recognized concept of ambush marketing.

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France: World Cups and other Sporting Events raise new Legal Issues: How can they be protected from Ambush Marketers?

Numerous companies associate their image with major sporting events – but without officially sponsoring them – in order to promote their products. This represents significant loss of revenue for the organisers of such events and presents often significant challenges for their official partners who pay large sums for official rights. Such unauthorised associations have resulted in an increasing number of court cases in recent years.

The end of the World Cup in Brazil gives us the opportunity to take stock of regulations and case law, which fluctuate between protecting the interests of the organisers and their sponsors on one hand and protecting the freedom of trade and industry on the other. Traditionally, organisers act on the grounds of (i) intellectual property rights and (ii) sports law. More recently the concept of "*ambush marketing*" was used by the courts to sanction this type of "*parasitic behaviour*", but the boundaries of this concept are still unclear.

There are thus several ways to fight against unauthorised advertisements around the event and one may bring an action on the basis of any of the above three grounds, provided that a distinct prejudice is suffered for each claim.

Protection by Intellectual Property Rights

To protect the events which they organise, organisers systematically file as trade marks all the elements of their event, namely: the official name of the event, its translation into multiple languages, the official symbol, the mascot and its name, the name of the host city, in relation to all goods and services of the Nice Classification. Organisers can thus prohibit others from reproducing these signs on their products.

However, this protection has its limits. Organisers must demonstrate the use of identical or similar signs to those for which the trade marks are registered. For mere similarity, demonstrating a likelihood of confusion in the public mind is moreover necessary to stop the infringing conduct and obtain damages. Companies familiar with advertisement techniques are working to precisely avoid any risk of

confusion accompanying their campaign with notifications that they are not an official sponsor of the event.

Furthermore, when a trade mark is a necessary reference to indicate the destination of a good product or service, its owner cannot prevent others from using it. As such, it was ruled by French courts in proceedings against online betting websites, that "*Roland Garros*" and "*French Open*" were needed references to inform the users of the purpose of the proposed services, namely sports betting related to the event in question, so that trade mark infringement was not established (Paris *Tribunal de grande instance*, decision of 30 May 2008, RG No. 08/02005 *Fédération Française de Tennis vs. Société Expekt.com Ltd* and RG No. 08/02006, *Fédération Française de Tennis vs. Société Unibet International Ltd et Société Unibet Groupe PLC*).

In addition, organisers can seek protection in the field of copyright law. For example, songs or images, which symbolise certain events, can be protected by copyright. However, the organiser will have to prove the originality of the work for which protection is claimed, something which is not always easy to do and can be relatively subjective.

Should a company be found liable for infringing the organiser's or its sponsors' intellectual property rights by a court, it will be liable to an award of damages as well as the possibility of cancelling any trade mark applications which it may have filed for the infringing brand.

Key issues

- Ambush marketers' liability can either be sought on the grounds of infringement of the organiser's or its sponsors' intellectual property rights, violation of the organiser's monopoly on the exploitation right of its event or tort law against ambush marketing
- One may bring an action on those three grounds, if a violation can be claimed for each right, provided that a distinct prejudice is suffered for each claim
- Judges rule on a case by case basis and decisions are very factually dependant

Protection by Article L.333-1 of the French Sports Code

Article L.333-1 of the French Sports Code provides that sports organisers own the exploitation rights on the sporting events and competitions which they organise. Whilst upholding this monopoly, the legislature has not defined its boundaries, leaving the courts with a discretion to decide.

It was for instance held that this monopoly includes the exploitation rights on the images of the event, the edition of a book on the event, the marketing of "packages" which combine access to the event and public relation services.

However, a recent judicial trend suggests a more restrictive interpretation of the law, electing a "free trade" approach. As such, it was ruled by the courts that organisers could not invoke their monopoly over the exploitation of their sporting event to prohibit all references to this event: it was for instance ruled that the announcement of a game, indications of the nations involved and results of a match (Paris Court of Appeal, decision of 12 December 2012, RG No. 10/10996, *Fédération française de rugby vs. Fiat*, confirmed by French Supreme Court, Commercial Chamber, decision of 20

May 2014, RG No. 13-12.102, *Fédération française de rugby [FFR] vs. Fiat*) as well as marketing tours which route was patterned after the Tour de France (Paris Court of Appeal, decision of 15 December 2010, RG No. 09/11790, *Amaury Sport Organisation - A S O, S.A. & Du Tour De France - S T F, S.A.S. vs. Orchester Consulting GmbH & Orchester Consulting GmbH*) were not part of the organiser's monopoly.

Should a company be found liable for infringing the organiser's exploitation rights by a court, it will be liable to damages.

Protection by Tort Law

Organisers of sporting events are more and more seeking the protection of tort law. Indeed, on the grounds of Article 1382 of the French Civil Code which states that "*any act whatever of man, which causes damage to another, obliges the one by whose fault it occurred, to compensate it*", courts started to sanction the behaviour of a competitor who wrongfully benefited from the economic gains of a sporting event.

The concept of "ambush marketing" was thus introduced.

A first definition of ambush marketing was given by the Court of Appeal of Paris in a judgment of 10 February

2012: "the fact for a company to make itself visible to the public during a sporting or cultural event in order to associate its image while avoiding to reward the organisers and become an official supporter is considered as amounting to ambush marketing which is a wrongful act under article 1382 of the Civil Code" (Paris Court of Appeal, decision of 10 February 2012, RG No. 10/23711, TNT vs. Cinq Huitième).

In turn, the Supreme Court took the opportunity to interpret this definition by ruling that:

- an exploitation of a sporting event is to be defined as any economical activity which aims at generating a profit which would not have existed should the sporting event which is the pre-text or the necessary support had not happened, and
- an unauthorised appropriation or exploitation of a sporting event characterises a violation of the organiser's rights over its sporting event (French Supreme Court, Commercial Chamber, decision of 20 May 2014, RG No. 13-12.102, *Fédération française de rugby [FFR] vs. Fiat*).

A recent case illustrates how the concept of ambush marketing is implemented by French courts. In this case, the French National Olympic Committee brought an action against an advertisement which was placed in several newspapers by Land Rover. This advertisement featured a DEFENDER Land Rover model which on the back door had a sign with all of the characteristics and numbers worn by athletes during the athletics competitions. The vehicle was located near a running track with a hedge as an obstacle or hurdle. The Court held that Land Rover had undoubtedly

sought to place itself as part of the event without being accredited as an official sponsor, notably by publishing this advertisement at the same time as the event, and therefore unduly benefited from the financial benefits from association of this event. This behaviour was considered to exceed the limits of the freedom of trade and freedom of expression and so was characterised as an act of parasitism (Nanterre Tribunal de grande instance, decision of 27 March 2014, RG No. 12/05318, *Comite National Olympique Et Sportif Français [CNOSF] vs. Jaguar Land Rover France*).

Ambush marketers are liable for damages when found by a court to have infringed article 1382 of the French Civil Code.

Judges rule on a case by case basis and decisions are very dependent upon the facts. Clear legislation on ambush marketing would be welcome in France. Australia and Brazil both used the opportunity of hosting the Olympics and the Football World Cup to change their legislation and incorporate adequate sanctions against ambush marketers. Hopefully that will be the case next time France hosts an international sporting event.

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Germany: Enforcement of an Order of Preliminary Injunction – Procedural Requirements

Obtaining a preliminary injunction and enforcing it are often difficult to do in practice. Such difficulties were once again confirmed in a recent decision of the Court of Appeal in Frankfurt/Main (case no. 11 W 10/14). In this decision, the Court held that colour versions of documents must be submitted to properly enforce an order for a preliminary injunction, provided that both the original cease and desist letter and application for the injunction contained the colour versions of those photographs which were tendered as evidence.

Facts and Decision at First Instance

The applicant obtained a preliminary injunction against the defendant which prohibited the defendant from reproducing and distributing certain photographs of jewellery. The photographs in question had been digitally edited so that the colour, sharpness and composition of the individual pieces of jewellery as depicted in the original photographs had been changed. When he served the court order for the preliminary injunction on the defendant, the applicant only included black and white versions of the photographs, not in colour as had been submitted before the court. Initially, the defendant complied with

the injunction. However, in subsequent appeal proceedings, the defendant argued that the injunction was ineffective against him because of this difference and, therefore, the applicant should bear the costs for the opposition proceedings. The District Court agreed and decided that the order containing the preliminary injunction had not been properly served on the defendant. Therefore, the Court ordered the applicant to pay the costs of the opposition proceedings. Not surprisingly, the applicant immediately appealed this decision.

Decision of the Court of Appeal in Frankfurt

The Court of Appeal agreed with the District Court and rejected the appeal on the basis that there were good reasons to impose the costs for the opposition proceedings where the defendant successfully challenged service of the injunction order on him. The Court of Appeal emphasised that in general the documents which are served as an official copy of a preliminary injunction must always be exactly the same as those submitted to obtain the original preliminary injunction. When there is a discrepancy between the original and the served copies (such as in this case because the original order contained colour photographs but the served order did not) it is necessary to determine whether such a discrepancy is only trivial or renders the service of the injunction on the defendant completely ineffective. The Court of Appeal held a difference between the original and served versions of an order does not render the service of a document ineffective if the content and scope of the prohibited conduct can be clearly determined by the defendant. In the present case, the Court of Appeal found that there was

significant difference between the original court order and the copy which was served on the defendant.

Key issues

- Differences between the original and served versions of an order might render the service of a document in preliminary injunction proceedings ineffective
- Court confirms that this is the case when original order contained colour photographs but the served order did not

In this case, having the photographs in colour was very important for the Court of Appeal because the initial court order restraining the defendant referred to the colour design, casting of shadows and sharpness of the photographs. Only by serving exactly the same edited photo could the defendant know clearly which conduct he was prevented from engaging in by the court order. That is, the black and white photographs which were served on the defendant were not clear enough for the defendant to know how he should not act.

Conclusion

What a pity! In contentious matters only a few things can be more frustrating than losing a case on a procedural point even when the Court found in your favour on the substantive legal ones.

This decision clearly illustrates the importance of adhering to all procedural requirements in intellectual property litigation, especially with respect to properly enforcing an order for a preliminary injunction.

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Acknowledgements

We would like to thank the following people for their contributions to this publication:

Claudia Milbradt
Wolfgang Schönig
Florian Reiling
Constanze Wedding
Daryl Fairbairn
Roni Bergoffen
Erin Palmer
James Taylor-Copeland
Vanessa Marsland
Catherine Cotter
Sara van Mourik
Kim Booi
Michal Jašek
Ludvík Růžička
Stanislav Holec
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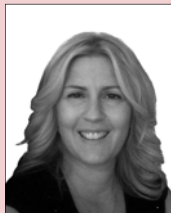


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