Welcome to the June edition of the International Associates Action Group Newsletter. We are still looking for contributors so please get in touch with me at david@gearhartlaw.com. If interested in becoming an editor or just want to get involved in our Action group please do let myself or Cristina Guerra know. See you next Month!

Yours,

David Postolski

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During the ABA Annual Meeting in San Francisco, the ABA-IPL Section will hold a variety of leadership meetings, as well as the annual Business Session with Elections for all Section members. Elections for open officer and council positions will be held at the ABA Annual Meeting in San Francisco on Friday, August 5, 2016, 9:30 am - 10:00 am (Pacific Time), at the InterContinental Hotel. In addition, the Section Officers and Council will meet, as well as the operations boards, including the Magazine Editorial Board, Books Editorial Board, Continuing Legal Education Board, Content Advisory Board, Membership Board, Sponsorship Committee, and Nominations Committee.

Action groups that will meet include the Women in IP Law Group, International Action Group, Diversity Action Group, Young Lawyers Action Group, and Law Student Action Group.
A brief overview of the Patent Amendment Rules 2016

The huge pendency of unexamined patent applications at the Indian Patent Office is an undesirable thorn that the Department of Industrial Policy and Promotion (DIPP) has tried to extricate, quite unsuccessfully, over the past few years. Recruitment of additional Examiners, - an obvious solution – had until now not gained enough traction. However, things are finally looking up with the induction of over 300 new Examiners recently. In sync with the recruitment effort, the government has also notified the Patents (Amendment) Rules, 2016, (the “Amended Rules”) which aim to streamline Patent Office procedures and enhance efficacy in processing pending patent applications. The Amended Rules, effective May 16, 2016, bring in some revolutionary changes that ought to have a far-reaching effect in expediting the process of grant of a patent. But also seen are certain one-sided provisions tilted towards benefitting the Patent Office rather than patent applicants. Plus, some of the new Rules appear discriminatory. We discuss highlights below:

**Expedited Examination - (Rule 24C)** - The Amended Rules cater to the long-felt demand for expedited examination by allowing a certain class of applicants to file requests to expedite. It is pertinent to mention here that current Patents Rules already provide for “express examination” in respect of PCT applications enabling PCT national phase applications to be processed prior to expiry of the statutory 31 month period from priority date; however, this provision is rendered impractical in a scenario of large pendency in unexamined patent applications, as existing currently. So the quicker path to examination brought in by the Amended Rules is a welcome step. But there is a catch (or two).

An expedited examination request can only be filed in respect of a patent application filed by a “start-up” or an applicant who has selected India as the pertinent International Search Authority or International Preliminary Examining Authority in the corresponding international application. The request for expedited examination also comes at a steeper price than the existing option of ordinary request for examination – the official fee is approx. US$ 120 as opposed to US$ 60 for a start-up/individual and approx. US$ 890 as opposed to US$ 300 for a legal entity. Unlike express examination, however, the new provision will actually expedite examination because a new queue, separate from that for ordinary requests for examination, shall be created and all applications in it would be examined (and processed) in the chronological order of filing of such requests. Notably, a pending (ordinary) request for examination may be converted into a request for expedited examination subject to payment of the fee difference.

Yet the fact that this option can only be pursued if certain criteria are met by an applicant, takes some shine off the new provision. Let us assume you are a company – a legal entity in terms of the category of patent applicants you fall under - who wants to participate in the government’s “Make in India” push but is neither a start-up nor seeking to select the Indian Patent Office as a searching/examination authority – you rather unfairly stand excluded from joining the expedited examination queue.

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1 A start-up has been defined as an entity incorporated in India (under the Companies Act) – (1) for which no more than five years have lapsed since incorporation; (2) the turnover in any financial year out of the said five years did not exceed INR 250 million (approx. US $ 3.7 Million); and (3) which is working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property.
Shortened Examination Cycle - (Rules 24B (5), 24B (6), 24C (10) and Rule 24C (11)) – Perhaps the most significant change introduced by the Amended Rules is a shorter examination cycle. Going forward, once a patent application is examined, an applicant is required to respond within 6 months (previously it was 12 months) of issuance of the first examination report. This period is extendible up to three months upon payment of an official fee. Thus, the disposal of an application has been reduced to a quicker and hopefully, achievable, timeframe.

This begs the question – will this change really help an applicant? For those limited applicants that can avail the expedited examination route, there is a significant upside. Not only will examination proceed faster, the Patent Office is required to dispose-off an application processed via expedited examination route within three months of receiving an applicant’s response to last office action or the last date for putting the application in order for grant, whichever is earlier (under Rule 24C(12). Reasonable estimates indicate that pendency on this examination route may come down to 2-3 years.

But for applicants who do not qualify for expedited examination, there is no onus on the Patent Office to lead the applications to finality within a definite time period. So while the prosecution timeline is reduced, pendency may not come down dramatically because once an applicant’s response is submitted, there is no directive on the Patent Office to conclude further processing within a particular time frame. This does appear discriminatory, especially in light of the fact that certain applicants remain out of the ambit of expedited examination under the Amended Rules.

Hearing Once, Hearing Twice….. (Rule 129A) – In another effort to expedite processing of applications, the Amended Rules introduce a provision under which hearings can only be adjourned twice, and that too for a limited duration of not more than 30 days each time. The aim appears to be to deter the practice of unnecessary adjournments often sought by examiners/applicants/agents. Eliminating ad-hoc processes currently followed to adjourn hearings, adjournment requests will only be entertained now if filed at least three days prior to the actual date of hearing. Additionally, the Amended Rules mandate that an applicant/agent must make a written submission of arguments made at the time of hearing to counter objections in the hearing notice within 15 days of a hearing having taken place. The last will add pressure on an international applicant but hopefully, the faster processing will be worth the additional effort.

An important update on this front is that hearings may be conducted through video-conferencing or the telephone. This too will quicken processing because (i) the patent is now just a phone/video call away and (ii) the Controller (under Rule 4(3)) can balance workloads by transferring an application to another branch of the Patent Office and physical presence will not be required by the agent/applicant.

Less Money and Refund of Fees - (Rules 20(1), Rule 7(4A)) – The cake has its sprinkles too! The new rules also seek to make the prosecution process more economical for applicants. For instance, an applicant while entering the national phase in India, may pursue a reduced set of claims vis-à-vis PCT applications filed or amended under Article 19 or Article 34 of the Treaty. Until now, applicants were required to enter the national phase with the same claim set as filed/amended in the PCT application, which at times resulted in payment of unnecessary official fee even for claims that may not be otherwise allowed under the Indian Patents Act, and which applicants would finally have to delete from the Indian application.

Also, a provision has been introduced to allow refund of fee paid at the time of requesting examination, whether ordinary or expedited, if the patent application is withdrawn after filing the request for examination but before the application is put up for examination. The amended rules provide for refund of up to 90% of the official fee.
The mechanics of refund are yet to be tested, but these are welcome steps towards reducing the economic burden on applicants.

Apart from the provisions discussed above, the Amended Rules introduce other changes as well and overall, mark a positive step on part of the Patent Office. All efforts towards standardising existing procedure and putting in place new provisions for expediting patent prosecution are laudable. However, the proof of the pudding lies in its eating - so, it remains to be seen whether the monumental changes to existing rules will achieve their intended objective and provide a more effective framework for stakeholders to pursue protection of their innovations.

Mr. Nishant Sharma, Managing Associate, Remfry & Sagar, India
The trade dress protection under Brazilian legal system

Trade dress is known as the range of characteristics that compose a certain product, package or façade, encompassing not only the trademark itself, but the colors, designs and unique elements that surround it.

In the United States of America, the trade dress protection was properly materialized in the Lanham Act, which is the first primary Federal trademark statute of law to treat the matter. However, Brazilian legal system so far lacks provisions in this respect.

Under Brazilian Law, more specifically the Industrial Property Law (Law nº 9,279/96), does not regulate trade dress protection, having therefore no indication as to scope of elements that composes products or packages. However, several important scholars and some Brazilian courts of law are overcoming this understanding and also providing opinions that trade dress should be protected under the scope of unfair competition repression (In Brazil, unfair competition is broadly repressed by article 195, III, of the Industrial Property Law).

For instance, attention should be drawn to a leading precedent of the Brazilian Superior Court of Justice, issued by Honorable Justice Marco Aurélio Bellizze in the Special Appeal nº 1.238.041, ruling that "the package (trade dress) constitutes an important element to attract the consumer and identify the products and its producers".

Therefore, considering that the enforceability of trade dress protection under Brazilian unfair competition law is the subject matter of several pending appeals, the Superior Court of Justice issued a recent decision, in which Honorable Justice Luiz Felipe Salomão recognized the reiterative occurrence of the discussion and decided that the judgment of the Special Appeal nº 1.527.232, which specifically analyzes a product’s trade dress protection, will reach a final conclusion about the scope of trade dress protection and will affect all other similar pending Appeals.

The mechanism of repeated appeals solution already existed is the former Brazilian Civil Procedure Code, but gained still more strength in the New Code that came into force in March, 2015. In fact, the New Code in articles 926 and 927, provides that the courts of law must standardize their judgments and that the courts of Appeals must observe the decisions issued by the superior courts to establish their understandings.

This evolution can be seen as a certain approximation of the Brazilian civil law to the common law, since this judgment may affect all decisions that will be following taken by courts of law, providing a more definitive understanding about the subject and, consequently, taking away the unpredictability of decisions and improving the legal certainty.

It is also important to highlight that a precedent cannot be generally applied to all similar cases if it properly contains distinctive elements to the extent that it cannot serve as a paradigm.

After the merits of the mentioned Special Appeal is decided, the Brazilian legal system will face the possibility to standardize the treatment of trade dress lawsuits and take a new step in the protection of intellectual creations, what can encourage even more the production and attraction to business in Brazil.

Article 195 - A crime of unfair competition is committed by he who:
III - uses fraudulent means to divert, for his own or a third party’s benefit, another’s clientele;

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McKosher

According to the World Intellectual Property Review (A UK based IP bimonthly I used to write an Israel report for) an Australian who hoped to open a “Scottish Jewish” restaurant called McKosher has lost his fight to trademark the name following a battle with fast food chain McDonald’s.

The application was filed by Mark Glaser, who lives in Maclean in New South Wales, in 2013. It was for class 29, covering various types of food. But in a decision handed down on May 3, the Australian Trade Marks Office said there would likely be a textual confusion between the ‘McKosher’ mark and McDonald’s, which owns several trademarks starting with the ‘Mc’ prefix.

Glaser told the office hearing he was of Scottish Jewish descent and that he hoped to open a Scottish Jewish restaurant called McKosher. Despite his additional claims that businesses in Maclean had often used the prefix ‘Mac’ and ‘Mc’, including McMarkets and MacConsultants, the office rejected his application.

In its opposition McDonald’s said it owned several trademarks for ‘Mc’-based products and that it was in negotiations with rabbi leaders in Jerusalem over the issue of the name of the chain in the city. One suggestion was to re-name specialised branches that sell kosher food as “McKosher”, the restaurant said. McDonald’s also pointed to its previous use of the prefix ‘Mc’ including ‘McFeast’, ‘McChicken’ and ‘McFish’.

COMMENT

One wonders why McDonalds hasn’t moved to have Maclean renamed?

One of the well-respected Rabbis offering Kosher food supervision in Israel is Rabbi Macfoud. I’ve always found the idea of McFood as a certification of Kosher food a little amusing.

When McDonalds opened up in Israel, there was a lot of opposition from the ultra-Orthodox. It occurred to me that they could easily have closed down the Tel Aviv Bus station’s non-Kosher outlet by simply patronizing the store, ordering a soft drink and sitting there waiting for their connections. Such a non-aggressive move would clog up the tables and make it impossible for them to serve anyone else.

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**YALA**

The word YALA is Hebrew slang for 'Get a move on!'

The Fattal chain of Israel hotels filed Israel Trademark number for the stylized mark "YALA" shown below. The mark covers advertising and hotel related services in classes 35 and 41.

![YALA Mark](image1)

The Applicant filed for expedited examination and was allowed, but a copy of the Notice of Allowance was sent to Ronen Paldi who owns Israel trademark 97324 and who duly filed an Opposition. Ronen Paldi has a very different looking stylized mark for YA'LLA TOURS shown below. The mark is in class 39 and disclaims the word tours.

![YA'LLA TOURS Mark](image2)

The Opposer claims to organize tours in Israel and to work with Israeli hotel chains. He claimed that Fattal's application was confusingly similar and lacking in distinctiveness and allowing it was against the public interest since the filing was based on inequitable behaviour. The Applicant denied this and claimed that there was no confusing similarity between the two marks because the services provided under the marks was different. The Opposer's advertising was mostly in the US and under the Ya'lla Tours USA mark and not under the mark as registered. The Applicant went on to note the different distribution channels and customer base.

The parties filed their evidence. The Opposer filed a statement in which he laid out his factual claims. The Applicant filed a statement of Mr Nadav Fattal who is the Digital Advertising Manager of the Fattal group.

**OPPOSER'S CASE**

Mr Paldi testified that he had established his company in 1993; originally as a tour pilgrimage organizer and later as an organizer of tours to the Middle East, the Persian Gulf, Greece and Turkey. The mark was chosen back in 1993 since it reflects the Middle East but is recognizable to Western ears. Mr Paldi stated that he uses his mark on coaches used to carry tourists in Israel and on publicity and Internet materials distributed in Israel and elsewhere. Over the 23 years since founding the company, the business has company has done some 20 million shekels worth of business in Israel. Mr Paldi also owns the Internet domain www.yallatours.com.
APPLICANT'S CASE

Mr Fattal stated that his intention was to use the mark to advertise last-minute hotel deals. The company runs hotels in Israel and Europe and the App. was intended for use by Israelis, whereas the opposer's services were aimed at foreigners abroad and any usage in Israel was with service providers and not end users. The App. had been downloaded 80,000 times and had generated sales of 1.5 million shekels.

RULING

Citing Seligsohn, "Trademark and Related Laws", p.p 20-21, 1973, the Deputy Commissioner Ms Jacqueline Bracha noted that 'lack of distinctiveness' is assessed objectively with regards to the distinctiveness scale, to ensure that words that should remain in the public domain are available for use by the public. 'Lack of distinctiveness' is not with respect to specific competitors marks. She did not consider the word descriptive for tourism services and rejected the argument that the mark lacked distinctiveness.

As to whether the mark is confusingly similar to the competitors, citing Taam Teva vs Ambrosia, and the Family Magazine ruling, she noted that this should be examined by applying the six part triple-test of:

1. appearance
2. sound
3. customer base
4. sales channels
5. everything else of relevance
6. common sense

Sight and Sound

Whilst making due note of the first impression, dominant elements and everything else, the marks look very different, since one is monochrome and the other is very gaudy. The graphical elements are different.

However, the dominant word is Yala (Ya'alla). Citing the Clearasil - Stayclear decision, the Deputy Commissioner ruled that despite the word 'tours' being generic, one still has to consider the mark in its entirety. Although the visual similarity is negligible, there is some audible similarity. As clarified in Appeal 5066/10 Angel vs. Berman (30 May 2013):

*The relative consideration given to the visual and audio aspects of a mark depend on a number of variables, including the type of product in question. Thus with products removed by the customer from the shelf, the visual aspects are given more weight, but with goods ordered over the counter, the sound of the name is more important.*
The applicant's mark is used as an App and the visual aspect dominates. The Opposer's mark is different in that tourist services are referred to by name and the sound of the mark is thus as, if not, more important than its appearance.

Furthermore, one cannot separate the audible and visual aspects of a mark. As stated in "Kerly's Law of Trade Marks and Trade Names", 15th ed. (2011) p. 313:

"So, for example, it is possible that a mere phonetic similarity between trade marks may create a likelihood of confusion. On the other hand, the degree of phonetic similarity will be of less importance if the goods are marketed in such a way that the relevant public will usually see the trade mark, or if one of the marks has a clear conceptual meaning. All will depend upon the global assessment."

Anyway, the appearances of the marks are very different and the pending mark is unlikely to be heard whereas the registered mark to the opponent is likely to be seen and said. Ms Bracha concludes that the visual aspect is dominant and the likelihood of confusion is negligible.

**Services and Customers**

The tests for assessing the types of services and customers is given in Seligsohn, "Trademark and Related Laws", p.p 82-83, 1973, based on the British case-law as follows:

1. **What is the nature of the goods and their constituents?**
2. **How are the goods used?**
3. **What are the regular distribution channels?**

*If any of these are similar it is fair to conclude that the goods are similar but the third consideration appears to be less weighty than the others.*

As per the *Omnii* ruling, where the marks compete, one should consider if they are offered on the same shelf (metaphorically as well as literally).

There is a vast difference between last-minute hotel deals and organized tours. The services do not compete in the sense that one is unlikely to take advantage of a last minute hotel vacancy in Israel or choose a tour of Turkey that is advertised in the US.

The marks are not even complimentary in that the same customer is unlikely to purchase both services.

The App is aimed at Israelis and is in Hebrew. Apart from words like deluxe, the interface is in Hebrew and so although technically a Norwegian tourist on a tour could download and use the App in practice this would not happen.
The Opposer lives in the US, offers services in the US and trades under the name Yalla Tours USA. Business in Israel is confined to ordering from the Israel tourism industry. The goods and distribution channels are very dissimilar.

**Everything Else**

The Opposer claims that the Applicant was aware of their registered mark and selected the application to build on the Opposer’s reputation. The Deputy Commissioner did not find this argument persuasive since the customer base is so different. Even if the Applicant was aware of the Opposer’s mark the claim of building on their reputation is not substantiated. Furthermore, the cross-examination demonstrated that Mr Fattal, whilst ultimately providing the Opposer’s company with services, does it through local tour operators and claimed to be unaware of the Opposers’ services.

The Opposer’s arguments are rejected and the Deputy Commissioner concludes that the marks are not confusingly similar. As an afterward, although the Opposer claimed that their mark was well-known, this claim was unsubstantiated.

**Verdict**

The opposition is rejected and the Opposer is ordered to pay 30,000 Shekels costs within 30 days or interest will be incurred.

**Ruling re 265772 "YALA", Ms Bracha, 20 April 2016**

**COMMENT**

There is a judicial concept of related goods. It is not inconceivable for one service provider’s service to be associated with another. Frankly I think that in tourism, the service provider is rarely of interest. People look at destination, what they are getting, and the cost they are paying. Although either or both can expand their services or branch out into similar services. Whilst current usage by the parties could change, trademark rulings can always be revisited forever, as marks can be renewed forever. The decision looks radical prior to being analyzed, but is nevertheless convincing.

One final point. the Deputy Commissioner is aware that American tourists who book tours do not know if they will be staying in Fattal hotels and Mr Fattal may indeed not know that a group has booked via Ya’alla Tours since local tour operators mediate. However the tourists see Ya’alla Tours on their buses. Certainly Jewish tourists from the US may subsequently live here. People seeing Ya’alla tour buses might identify them with the App. There is room for consumers to assume a connection and for the activities of one company to impact the reputation of the other. Possibly this will be symbiotic and positive and to the advantage of both. One company chose a word because it means ‘get a move on’ and they are offering last-minute special deals. The other company chose the word since it is Arabic and is easily memorized.
to Westerners. It is not like Jihad and does not have negative connotations, and is not like Hummous which is actually pronounced differently by Westerners than by Arabs, and doesn’t have connotations of coming in a plastic container and must be kept refrigerated to avoid stomach upsets. In other word, the two parties chose the same term for slightly different reasons.

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Hyperlinking to unlicensed Playboy photos is not copyright infringement says Advocate General of the CJEU

In a nutshell, in this dispute between GS Media and Sanoma, the Dutch Supreme Court has asked the CJEU whether it is copyright infringement, under Article 3(1) of the InfoSoc Directive, to hyperlink to a third party website, which is freely accessible, but has placed material online without the consent of the copyright owner.

Advocate General Wathelet delivered his Opinion last on April 7, 2016, stating that posting a hyperlink to a website which published photos without authorisation, does not in itself constitute copyright infringement.

Re-cap of the law

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

As there is no specific definition of 'communication to the public', settled European case law has stated that the concept includes two cumulative criteria:

i. An ‘act of communication’ of a work – i.e. a work must be transmitted/made available to the public in such a way that they can access it, even if they choose not to; and

ii. The communication of that work to a ‘public’ – public being an indeterminate number of potential recipients and implies a fairly large number.

In addition, to benefit from protection, it is settled law that where there is a communication which does not use a different technical means to that of the original communication, the act of communication must be directed at a new public – i.e. at a public that was not taken into account by the copyright holders at the time the initial communication was authorised.

Re-cap of the facts

In October 2011, GS Media, which operates the Dutch entertainment website GeenStijl.nl (which translates as 'no class' or no style!) published an article about leaked nude photos of Dutch model/TV presenter, Britt Dekker, taken for the December edition of Playboy. The article contained a hyperlink to photos hosted by Australian file sharing website FileFactory.com. The article also featured part of one of the photos (the 'cutout') in the top left hand corner. At the request of Sanoma (the Playboy publisher), Filefactory.com removed the file but GeenStijl.nl continued to link to another website called Imageshack.us where the unauthorised photos were accessible. Imageshack.us also complied with Sanoma's request to take the photos down. However, new hyperlinks leading to the authorised photos continued to appear on GeenStijl.nl's website. Sanoma successfully sued GeenStijl.nl in the Dutch court for copyright infringement but the decision was appealed and the Dutch Supreme Court then asked the CJEU for further guidance on linking to unauthorised content.
The photos featuring on Filefactory.com, and Imageshack.us without Sanoma's consent and the cutout photograph on GeenStijl's website were not in issue at CJEU level – just the hyperlinks on the GeenStijl website.

The 3 main questions referred to the CJEU were:

- Is it an act of communication to the public to provide a hyperlink to a third party website, which is accessible to the general internet public, and on which copyright protected works are made available to the public without authorisation from the copyright holder? And does it matter whether the person who posts the hyperlink is or ought to be aware of the lack of authorisation by the copyright holder for the initial communication?
- Does it matter if the hyperlink greatly facilitates access to the protected works and in that context, is it important whether the 'hyperlinker' is or ought to be aware that the website to which the hyperlink refers cannot be easily found by the general internet public?
- Are there any other circumstances that should be taken into account when considering whether hyperlinking to unauthorised content is a 'communication to the public'?

Previous relevant rulings

The dispute in this case comes in the wake of the judgment in Svensson in February 2014 (C-466/12) and the order in BestWater in October 2014 (C-348/13). In Svensson the CJEU determined that a 'communication to the public' requires both a 'communication' and also a 'public'. The provision of hyperlinks in that case was determined to be 'making available' and was therefore 'an act of communication'. However, the CJEU held that a 'public' must be a 'new public'. In other words, the communication must be 'directed at a new public… at a public that was not taken into account by the copyright holders when they authorised the initial communication to the public' (this point was already settled case law following the CJEU's ruling in ITV Broadcasting). In the circumstances of Svensson, the public targeted by the journalists' original articles consisted of all potential visitors to the Göteborgs-Posten (newspaper) website which was unrestricted and could therefore be viewed freely by any Internet user. Consequently, the links provided were not to a 'new public' and there was no need to obtain the authors' consent.

In Bestwater, the CJEU held that embedding content from another website also would not constitute a "communication to the public" if the original uploader did not restrict access to the content and communicated to the whole Internet community.

Even though these rulings touched on related points, the Dutch Supreme Court claimed that 'it could not be inferred with sufficient clarity' from these cases, whether there is a communication to the public if the work has been previously published, but without the copyright owner's consent. The CJEU considered this to be an opportunity to determine this point and re-examine the 'communication to the public' criteria under Article 3(1).

Advocate General's opinion

Having considered various observations made by interested parties such as the Federal Republic of Germany, the Portuguese Republic, the French Republic, the Slovak Republic and the European Commission, AG Wathelet concluded that:
In relation to the 'act of communication':

- Although hyperlinks posted on a website make it much easier to find other websites and protected works available on those websites and therefore allow users of the first site quicker, direct access to those works, hyperlinks which lead, even directly, to protected works do not ‘make available’ those works to a public where the works are already freely accessible on another website, but merely facilitate the finding of those works. The AG agreed with the Portuguese Republic that the act which constitutes the actual ‘making available’ was the action by the person who effected the initial communication.

- In order to establish an act of communication, the intervention of the ‘hyperlinker’ must be vital or indispensable in order to benefit from or enjoy the works. The AG referred to the case in Football Association Premier League and Others (C-403/08 and C-429/08) where the owner of a pub intentionally gave his customers access to a copyright-protected broadcast, without which access, they would not have been able to enjoy the broadcast works. He considered that it had to follow that hyperlinks posted on a website which direct to copyright-protected works freely accessible on another website cannot be classified as an ‘act of communication’ because the intervention of the website operator which posts the hyperlink, in this case GS Media, is not vital or necessary to enable users to access the Playboy photographs, including those who visit the GeenStijl website. It is also not sufficient that the hyperlink facilitates or simplifies users’ access to the work in question.

- Even though GS Media was aware that the photographs on Filefactory.com and Imageshack.us had been leaked but had still provided hyperlinks on the GeenStijl website ‘in flagrant violation of the rights of the author of those works’, because there was no act of communication, GS Media’s motives and the fact that it was or ought to have been aware that the initial communication of those photographs on the other websites had not been authorised by Sanoma were irrelevant.

In relation to communication of that work to a 'public':

- The second criterion of a 'new public' as required in Svensson was only applicable where the copyright holder had authorised the initial communication to the public, but there was no such initial authorisation in this case.

- Even if the CJEU was to rule that this criterion was applicable where the copyright holder had not authorised the initial communication to the public, it was clear from Svensson that it was satisfied only if the intervention in the form of the publication of hyperlinks by the website operator was indispensable to the works being made available to a new public. If the photographs were freely available to the general internet public on other websites, such intervention by GS Media was not vital to the works being made available. There would not therefore be a “new public” and the question of the authorisation of the initial communication by the copyright holder would not arise.

Were the photos actually freely accessible?

An interesting point raised by the AG was that his conclusions had been based on the premise that the photographs were freely accessible to the general internet public, but that fact was not 100% clear from the contradictory papers before the Court. On the one hand, the papers indicated that there were access restrictions on the third party websites, but on the other, they indicated the hyperlinks simply facilitated access to a certain degree. It will be interesting to see how the Dutch Supreme Court resolves this point but whatever the facts, the reasoning in Svensson makes it clear that if the hyperlinks did allow users to circumvent any restrictions, the hyperlink would then be considered an indispensable intervention without which the internet users would not be able to enjoy the photos, and therefore a communication to the public.

What other circumstances should be taken into account?

The AG said that aside from the fact that, in principle, the posting of the hyperlinks in the main proceedings did not, in his view, constitute a ‘communication to the public’, he considered that any other interpretation of that provision would significantly impair the functioning of the Internet and
undermine one of the main objectives of the InfoSoc Directive, which was the development of the information society in Europe. He went on to say that 'the posting of hyperlinks by users is both systematic and necessary for the current internet architecture'.

Even though the circumstances in this case were obvious (i.e. that the nude photos had been leaked), the AG rightly commented that as a general rule, internet users are not aware and do not have the means to check whether the initial communication to the public of a protected work freely accessible on the internet was authorised by the rightsholder or not. If users were at risk of infringing copyright whenever they posted a hyperlink to works freely accessible on another website, they would be far more hesitant to post them and in the AG's opinion, that would be detrimental to the 'proper functioning and the very architecture of the internet, and to the development of the information society'.

**Remedies available to the copyright holder**

Even though the AG's opinion was that GS Media had not infringed by posting hyperlinks to unauthorised content, he went on to suggest alternative remedies to copyright holders:

- They could bring an infringement claim against the original person who effected the initial communication to the public without their authorisation, (although such action was not possible in this case because that person was unknown).
- Under Article 8(3) of the InfoSoc Directive and Article 11 of the Enforcement Directive, they could apply for an injunction against intermediaries, such as, in this case, the website operators Filefactory.com and Imageshack.us.
- Those website operators may also be liable under national law for storing information provided by users of their sites on their servers. Although the E-Commerce Directive provides various safe harbours to restrict intermediaries' liability under national law (i.e. where they are truly providing only a technical, automatic and passive service), those exemptions are subject to strict conditions and they will not escape liability if they have actual knowledge of illegal activity or information and if they do become aware, they fail to act quickly to remove, or disable access to that information. The AG highlighted that in this case, Filefactory.com and Imageshack.us had removed the photographs and so any hyperlinks on the GeenStijl website to those websites were ineffective.

**Comment**

This next instalment in the long line of 'communication to the public' cases has been long-awaited (surprisingly this is the first time the CJEU has sought an AG Opinion on linking under Article 3(1)) and it has certainly divided public opinion. While some consider this the right decision in terms of allowing the internet to function as it should, if the CJEU follows this Opinion (and statistics indicate that it does in 80% of cases), rightsholders could have a more difficult time protecting their copyright-protected content online.

On the one hand, it seems sound reasoning that linking to content, whether it is authorised by the copyright owner or not, should not, in itself, constitute copyright infringement. If that was not the case, then any hyperlinker who innocently or inadvertently linked to unauthorised content would become liable for copyright infringement. That could potentially have a detrimental effect on the efficient functioning of the internet as internet users would be more hesitant to link to content, for fear of infringing, even if it was, in actual fact, perfectly legitimate to link to that content.
On the other hand, it seems unjust that those who intentionally link to unauthorised content and make a business from such activities cannot be pursued for infringement under Article 3(1). While the AG Opinion did offer alternative options for protecting copyright, such as seeking an injunction against the website operator (and similarly there is the option to seek an ISP blocking order), some might argue that this has already been tried and tested and in many instances, has proved to be ineffective. No sooner has one website been taken down, than another website containing unauthorised content rears its ugly head (as was the case here). It is also not necessarily practical to pursue the person who effected the initial communication because they are often hard to locate.

So while in some respects it seems correct not to extend the concept of communication to the public to cover hyperlinks to freely accessible unauthorised content, should there perhaps be some kind of carve out for flagrant abusers?

It is also interesting to note that while in Svensson, the provision of a hyperlink was determined to be 'making available' and was therefore 'an act of communication', the AG’s view in this case was that hyperlinks leading to protected works do not 'make available' works which are already freely accessible on another website, they simply facilitate the finding of those works.

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Trade Secrets Directive formally adopted

The new EU Trade Secrets Directive was approved by the European Parliament in April 2016 and was formally unanimously adopted by the Council on May 27, 2016. See here for the Council's press release.

Currently EU countries have a significant degree of autonomy as to what information is protected and how it may be enforced. This means that the legal regimes vary enormously across the EU and businesses often find it difficult to understand and access the systems of other Member States. Overall, enforcing trade secrets across the EU can be expensive and difficult to coordinate. The Directive therefore harmonises the definition of trade secrets across the EU and defines what constitutes lawful and unlawful acquisition of trade secrets. It includes a range of remedies for trade secret misappropriation and requires Member States to put in place measures to preserve the confidentiality of a trade secret during court proceedings including, as a minimum, through setting up confidentiality clubs.

Once the Directive has been published in the Official Journal of the EU and it comes into force (the 20th day following the OJ publication), Member States will have two years to implement the Directive (until mid-2018) into national laws. There are still some questions as to the extent to which the various laws that protect trade secrets and confidential information in the EU will be harmonised. In particular it is currently unclear whether the UK "law of confidential information" will run in parallel with the rights conferred under the Trade Secrets Directive, or whether the UK courts may give precedence to EU law thereby narrowing the protection currently afforded in England. We shall continue to post on these issues as the implementation process progresses.

For a more detailed review of the proposed Directive, please see our the following publication.

Trade secrets are growing in importance and top of the reform agenda at the moment. President Obama signed the US Defend Trade Secrets Act on May 11, 2016. This provides harmonised federal protection for confidential information and allows civil actions for theft of trade secrets. The Act received near unanimous approval in the House of Representatives and Senate.

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Advocate General Solves The Rubik’s Cube


The story began in 1996 when Seven Towns Limited (“Seven Towns”) filed an EU trade mark application to register the shape of the Rubik’s Cube, shown below, in connection with “three dimensional puzzles” in Class 28:

![Rubik's Cube](image)

The shape mark became registered in 1999. However, in 2006, German toy manufacturer Simba Toys GmbH & Co KG (“Simba Toys”) applied to have the registration declared invalid. Simba Toys raised a number of grounds for invalidity including under Article 7(1)(e)(ii) which prohibits the registration as EUTMs of: “signs which consist exclusively of the shape, or another characteristic, of goods which is necessary to obtain a technical result”. Seven Towns successfully defended the application for invalidity at first instance and before the Board of Appeal and General Court. Simba Toys appealed to the Court of Justice of the European Union (“CJEU”) and raised six grounds on which it contested the General Court’s decision. The Advocate General's opinion focuses on the ground of appeal under Article 7(1)(e)(ii).

An assessment of Article 7(1)(e)(ii) requires the competent authority to identify the essential characteristics of the contested trade mark and evaluate whether those characteristics fulfil a technical function inherent in the goods concerned.

The General Court found that the shape of the cube and the grid structure are the essential characteristics of Seven Towns’ mark. Simba Toys did not contest that finding. However, when it came to assess the technical function, the General Court limited its examination to the graphical representations of the mark as filed and refused to consider external factors that an observer cannot “fathom precisely” from those representations. Since the representations do not show that the mark has moveable or rotating parts, the General Court rejected Simba Toys’ claim that the black lines of the cube’s grid divide the movable elements of the puzzle and perform the technical function of a three dimensional puzzle. To hold otherwise would have meant speculating about the internal mechanics and invisible features of the shape.
The Advocate General rejected the General Court’s assessment of Article 7(1)(e)(ii) on three counts.

First, in the Advocate General’s view, “in order to carry out a proper analysis of the functional features of the shape the General Court should have first taken account of the function of the goods concerned, namely the three-dimensional puzzle, that is to say a brain-teaser consisting of a logical arrangement of movable elements. Had the General Court taken account of that function, it could not have rejected the appellant’s claim that the cube in question will be perceived as consisting of movable elements divided by black lines.”

Second, the Advocate General claims that the relationship between the shape of the mark and the function of the goods applied for will often require consideration of external factors. This does not necessarily involve finding hidden characteristics that are not visible in the shape as filed. Rather, it involves an analysis of “the characteristics of the shape arising from the graphic representation from the point of view of the function of the goods concerned.” This meant recognising that three dimensional puzzles, by their very nature, incorporate moving or rotating parts. It may therefore be inferred that the black lines shown in Seven Towns’ shape mark indicate the rotatable elements of a puzzle.

Third, by allowing registration of the shape mark, the General Court has effectively granted Seven Towns’ exclusive rights to all types of puzzles with a similar shape – regardless of whether the elements of the shape are rotatable (such as the Rubik’s Cube), designed to be taken apart and reassembled (such as the Soma Cube) or have some other function. In the Advocate General’s opinion, this is unduly broad and at odds with the public interest underlying Article 7(1)(e)(ii) “since it makes it possible for the proprietor to extend its monopoly to the characteristics of goods which perform not only the function of the shape in question but also other, similar functions.”

The opinion appears sensible in the way that it acknowledges that the Court needs to know how a product works in order to consider whether the shape is necessary to achieve a technical result. The Advocate General stressed that shapes with essential characteristics which are inherent in the generic function of the goods concerned must be denied registration. The matter will now be considered by the CJEU. Assuming the CJEU follows the Advocate General's opinion, the decision will serve as confirmation that the threshold for registering pure shape marks is high in the EU. It may also be that there are registered EU shape marks that do not meet that threshold and may technically be invalid as a result.

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UK Referendum Decision to Leave the EU (“Brexit”) – Impact on IP

On 23 June 2016, the people of the UK voted to leave the European Union.

Key points to note are as follows:

• No IP rights will be lost.
• Nothing will change in the immediate future.
• UK national IP rights will be unaffected.
• The European patent system will be unaffected.

It is not known exactly when the UK will leave the EU. It is likely to take about two years from the time that the UK formally notifies the EU of its intention to leave. Such notification seems unlikely to occur before October. Accordingly, no changes will be implemented for some time from now.

When the UK does leave the EU, no IP rights will be lost. UK national IP rights will be unaffected. Patents in the UK obtained through the European patent system will be unaffected. EU trade mark and Community design registrations may cease to have effect in the UK. However, in such case, transitional measures will be put in place to maintain protection in the UK.

Patents

The vote to leave the EU will not affect the UK’s relationship with the European Patent Office (EPO) or with the World Intellectual Property Office (WIPO) since these organisations are not EU institutions. The UK will remain a full member state of the EPC. It is still and always will be possible to file European patent applications designating the UK.

The impact on the upcoming Unitary Patent is not yet clear. Whilst it appears inevitable that there will be at least some delay in the coming into force of the Unitary Patent system as a result of the UK exiting the EU, it seems unlikely that the Unitary Patent will fail to materialise in some form. This is not out of the question, however, particularly given the lengthy delays (over 20 years and counting) in the introduction of the system.

The EPO remains upbeat on the topic. President Battistelli stated “Concerning the Unitary Patent and the Unified Patent Court, the Office expects that the UK and the participating Member States will find a solution as soon as possible which will allow a full implementation of these so-long awaited achievements”.

Any UK involvement in the Unitary Patent will be dependent on the exit negotiations with the EU. Nevertheless, in the event the UK is not part of the Unitary Patent System, it will simply be necessary to designate the UK separately for any European patent to have effect in the UK. Jurisdiction over the UK patent would then fall to the UK courts. Patent protection in the UK via a European patent will be exactly the same as now.
Trade Marks and Designs

It is not yet clear what will happen with EU Trade Mark and Community Design registrations. It is possible that any registrations in place before the UK exits the EU will remain in place whilst ceasing to have effect in the UK. Should this be the case, there will be transitional provisions put in place so that such registrations continue to have protection in the UK post-exit. At present no-one knows what these will be, however.

In the event the UK is no longer part of the EU Trade Mark and Community Design systems, it will become necessary to cover the UK with a national registration, separate to any registration(s) covering any EU member states.

International trade mark and design applications will remain unaffected.

Comment

It is key to note that there will be no changes for some time (over 2 years) and that no rights will be lost. There remains much uncertainty that will only be resolved during exit negotiations. There seems no need to alter European protection strategies at present.

Finally, it should be noted that UK patent and trade mark firms will continue to assist clients with IP matters throughout Europe after the exit of the UK from the EU. Anyone entrusting their European IP matters to a UK firm can continue to do so without any concern over the exit of the UK from the EU.

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Europe’s New Unitary Patent System – a licensing executive’s dream?

Europe’s new unitary patent (UP), a patent covering most of the EU, and unified patent court (UPC), a single court for bringing pan-European patent actions will soon be upon us. A characterising feature of the new system is that it will bring choices – a choice as to whether to use the UPC or national courts, as well as a choice as to whether to use the UP or the traditional bundle of national patents. These choices, as well as the introduction of a new right and a new court, will have an impact on existing licences drafted without knowledge of this new system, as well as on the drafting of future licences.

As a result, we believe licences relating to European patent need reviewing, in particular to consider who can exercise the choices introduced by the new system and how the availability of central revocation may link previously independent agreements for the same patent in separate territories.

Editor’s Note:

These themes are discussed at length in the excellent article on this topic, which may be viewed in full at http://www.kilburnstrode.com/assets/pdfs/Kilburn%20Strode-%20Licensing-%20final.pdf. (The article is not reproduced in full here due to technical issues).

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