Welcome to our IAG August 2016 Newsletter

Dear ABA-IPL Members;

Welcome to the August 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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Ambush marketing and the Brazilian Olympic Games

Rio the Janeiro Olympic Games have officially begun. Brazil has faced several challenges and worked hard to successfully host this unique event.

The Olympic Games in Brazil, just like the Soccer World Cup in 2014, call the attention of the Brazilian Courts to a peculiar practice known as ambush marketing. Also designated by the expression ambush advertising, it usually resumes the strategy of no sponsors in *ambushing* an event to compete for exposure against official sponsors.

The major problem caused by ambush marketing resides exactly in the fact that companies using, directly or indirectly, the event to develop their business did not make any kind of investment and did not provide any support to the event. On the contrary, the official sponsors pulled out considerable efforts and money and are strongly jeopardized by this, why not, illegal practice.

Ambush marketing is clearly a type of unfair competition (repressed by article 195, III, of Brazilian Intellectual Property Law) and also characterizes undue enrichment on the basis of third parties’ efforts and investments, classified as a wrong under article 884 of Brazilian Civil Code).

Indeed, the Brazilian Superior Court of Justice has already analyzed some cases in which non sponsor parties tried to take advantage of official events, conveying to the market the impression of being an official sponsor and obtaining an undue benefit from the investments made by authorized advertisers. The Special Appeal nº 1.335.624 deserves greater emphasis.

In the mentioned Special Appeal, the discussion addressed the unauthorized use of the Brazilian team image and the wrong association with a company that was not the official sponsor of the team. At that time, Brazil was about to be selected to host the 2014 Soccer World Cup, reason why any relation with the national soccer team would implicate on a huge spotlight and commercial advantages.

It so happens that only the official sponsors are allowed to make use of the Brazilian soccer team image, and this was not the case of the Defendant. When judging the Appeal, that was exactly what Honorable Justice Ricardo Villas Boas Cueva of the Superior Court of Justice concluded: the situation under discussion would be of "clear prejudice, since beyond the usual commercial practice only official sponsors are authorized to use the image of the Brazilian soccer team."

Now, once Brazilian Courts have faced some big discussions around ambush marketing due to the experience with the 2014 Soccer World Cup, new challenges are coming and may emerge in the Olympic Games. The questions will be: who are the official sponsors? Who can make use of the Olympic Game prestige and not ambush the event?

The situation is not as simple as it appears to be, but a careful analysis evidences abusive use and the improper benefit from the official sponsor’s efforts and investments, what should be dully repressed by the Judiciary system.

As a matter of fact, a very recent decision issued by the Court of Appeals of Rio de Janeiro in the Interlocutory Appeal nº 0032036-37.2016.8.19.0000 can perfectly illustrate the scenario that the Court may face during the following days, when the games will occur in the city.

This Interlocutory Appeal was lodged in the context of a lawsuit with an object similar with the one analyzed by the Special Appeal abovementioned: the cease of use of the Brazilian Soccer team official uniform by a company that was not the official sponsor. It means that the company was trying to look like a supporter, although it was not.

The Court of Appeals recognized the ambush marketing and granted the preliminary injunction to prohibit the irregular use of the Brazilian uniform, ruling that this practice would entail private benefits throughout the use of someone else’s trademark without the proper authorization.

This picture permits us to conclude that the Brazilian Judiciary system is pretty mature to face the challenges ahead, hoping that the Soccer World Cup and the Olympic Games are the first of many to come important international events in our country.

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‘Brexit’ and intellectual property rights in the European Union and UK

The recent referendum vote in the United Kingdom (UK) seems set to change the relationship between the UK and the European Union (EU). The UK will need to negotiate a new arrangement with the remaining 27 members of the EU (the EU27). The fate of some intellectual property rights and institutions will therefore need to be part of these discussions.

It is possible that the UK may end up with an arrangement closely modelled on that enjoyed by Norway in the European Economic Area (EEA). In which case, EU law may still be relevant to matters concerning certain IP rights and issues of enforcement. However, a looser trading relationship as in the case of Switzerland might mean a more distant engagement.

**Patents**

The European Patent Office (EPO) system is completely separate from the European Union (EU). It is therefore unaffected by Brexit. Note that the EPO includes other non-EU states such as Switzerland, Norway, Iceland and Turkey.

In particular, patents already granted by the EPO that have been validated in the UK will remain in force. Future European patents granted by the EPO in the usual way can still be validated in the UK, regardless of the UK’s relationship with the EU.

Finally, European Patent Attorneys in the UK will continue to act before the EPO whatever may happen. In short, this is an area of IP untouched by Brexit.

The national UK patent system is also wholly separate from the EU and so it too is untouched by the Brexit vote. An area that may, however, be affected is the initiative to introduce a new Unitary Patent and Unified Patent Court (UPC).

**Supplementary Protection Certificates**

For medicinal and plant products, Supplementary Protection Certificates (SPCs) are available which effectively extend the term of a UK patent with respect to an authorised medicinal or agrochemical product to make up for the time taken to obtain marketing approval for the product.

Currently, SPCs are granted in the UK based on EU legislation, and so existing SPCs will continue to have effect until the UK leaves the EU. Given the commercial significance of SPCs, it is highly likely that provisions will be put in place to maintain existing SPCs, ensuring that their protection continues to apply in the UK post-Brexit. After the UK leaves the EU, there are a few options for new SPCs. For example, if the UK was to remain in the European Economic Area, one of the benefits would be that existing EU legislation for SPCs could continue to apply. Alternatively, the UK could develop its own independent system for granting SPCs in a manner analogous to Switzerland.

As nothing will change for your European and UK patents and applications, there is no need to make any change to European patent portfolios or current filing strategies in Europe. As mentioned above, the future of the new Unitary
Patent and UPC are less certain. Should the new Unitary patent or the new Court not cover the UK, this may make the new system less attractive to users and future strategy may need to be reviewed.

The Unitary Patent and Unified Patent Court (UPC)
European nations have been working together for over 30 years to create a single European patent and a corresponding court for litigating those patents centrally in Europe. In recent years, these efforts have gained significant pace and looked as if they were going to result in the Unitary Patent (UP), a single patent covering all member states of the Agreement on a Unified Patent Court (UPCA), and a Unified Patent Court (UPC), a single court for hearing patent actions having effect across all member states of the agreement. However, with the UK’s vote to leave the European Union (EU), many are asking what will happen to the UPC and the system it was intended to create.

At present, the future of the UPC remains unclear. The timing of the Brexit vote is not ideal: the UPC is not yet in force and is in the process of being ratified by member states, including the UK. As the dust settles from the Brexit vote we are gaining clarity of the potential ways forward for the UPC.

While there is a risk that if the UK leaves the EU this will effectively kill the UPC, this outcome seems unlikely given how close the system is to coming into force and the effort that all nations have put into getting as far as they have. It is possible that the UPC could continue without the UK. However, doing so would be against the commercial and economic interests of virtually all countries involved.

Since the UPCA, which establishes and defines the working of the UPC, is not an EU agreement but is instead an international, intergovernmental arrangement, just like the European Patent Convention (the law governing European patent applications throughout their prosecution process up to grant), the UK need not be precluded from participating, even if the UK is outside of the EU. Having the UK participate in the UPC will undoubtedly increase its commercial value, which in turn should increase the appeal of the court and use of the system. Involvement of the UK would therefore be of benefit to all member states of the agreement, as well as users of the system from across the world.

For the UK to remain part of the UPC, certain steps would have to be taken by member states to make some minor amendments to the legislation. As such, cooperation will be required in order to ensure that the UPC becomes a reality. Given there are economic and commercial benefits for all in the UK remaining part of the UPC, it seems likely member states will rally together to bring the UPC into force with the UK involved. However, currently we do not have complete clarity regarding how the UPC will progress and whether all countries are willing to cooperate.

The situation is less clear for the Unitary Patent (UP), which is a new right resulting from an EU Regulation. While it looks likely that it would be difficult for the UP to cover the UK once the UK leaves the EU, if the political will is strong enough then the UK could also be part of the UP.

In terms of timing, the UK may choose to ratify the UPCA while it is still a member of the EU. If Germany then ratifies the UPCA, the UPC could come into effect four months later. Hence, in theory the UPC could still come into force in 2017. If
the UK then officially leaves the EU, action could be taken to either enable the UK to remain part of the UPC, or to remove the UK from the UPC. If the UK does not ratify the agreement while it is still a member of the EU, the UPC will be significantly delayed as we wait for the UK to officially leave the EU.

**Designs and Trade Marks**

Designs may be protected across the states of the European Union (EU) by both registered and unregistered European Community design rights. Similarly, Trade Marks may be protected in the EU by Community Trade Marks (CTMs) now known as EU Trade Marks. Protection for designs and trade marks is also possible at the national level as well.

Such European rights cover all 28 members of the European Union, including the UK. In parallel, the UK has its own unregistered and registered regime for design protection. Following the referendum result in the UK, these options continue to be available to applicants and there is no immediate change to the scope or status of registered or unregistered European Community designs or EU Trade Marks. At this stage, there are no clear details on how the protection afforded by a European Community design or an EU Trade Mark will change for the UK.

A registered European Community design or an EU Trade Mark is a unitary right and cannot be split into individual national rights. Should the UK eventually leave the EU, it is possible that European Community design rights and EU Trade Marks will no longer cover the UK. In this case, we expect that there will be transitional arrangements to allow holders of existing registered European Community design rights and EU Trade Marks to continue to enjoy protection in the UK, either automatically or by registration. This would avoid the loss of any rights and should apply to any European Community design and EU Trade Mark applications filed up until such arrangements come into effect.

The referendum result has no immediate impact on filing strategies for design protection or trade mark protection in Europe including in the UK and no immediate action needs to be taken.

For holders of existing registered European Community designs and EU Trade Marks, although the option to file a separate UK design application may still be available, we do not believe this is necessary and we would recommend relying on any transitional arrangements. If the UK is a key market for you, then for your new designs and trade marks a very cautious approach would be to consider filing a national UK design or trade mark application alongside any new European Community design or EU Trade Mark application.

**Agreements and licences**

Any changes to the IP landscape in the EU and UK may mean that agreements and licences will need to be reviewed. Such reviews for patent licences are already recommended in case the UPC comes into effect.

**Conclusions**

In summary, it seems we are cursed to be living in interesting times. For innovators and IP rights holders, it will be important to bear in mind that changes may occur which will require different strategies. However, for the time being the situation is not clear.
It is expected that the UK and the European Union will take the necessary steps for registered designs and EU Trade Marks to allow for proprietors to extend registrations to the UK. For patents, there will be no changes to current practice but the future implementation of the Unified Patent Court and Unitary Patent in Europe is uncertain.

The above note is an overview of the position in the EU and UK for intellectual property rights. For specific advice in relation to any given matter, rights holders and innovators are encouraged to contact their regular advisors to determine the most appropriate strategy for their particular requirements.

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Shabbat Lifts Not for the Public Good

G.L. Glatt Lift Company Ltd. filed a patent application for a Shabbat Lift; an elevator that may be used on the Jewish Sabbath without transgression of the holy day. (The term Glatt relates to a standard for Kosher beef that the generally accepted Ashkenazi authorities consider a stringency. By transference, the term implies super-Kosher, or something similar. Many Jewish authorities allow usage of a lift that stops automatically, or riding in a lift in a hospital or similar if someone assumed to be non-Jewish operates it for their benefit. Other authorities are stricter. More discussion on this is given at the end of this article).

In this instance, the Applicants have filed a patent for a technological Hallachic solution that is allegedly novel and inventive and that is claimed to overcome the reservations of those Hallachic authorities that do not allow usage of the type of 'Shabbat Lifts' that are common in apartment blocks with religious residents.

Israel Patent Application No. IL 221842 titled "Shabbat Lift" was submitted on 9 September 2012. The application claims priority from a US provisional application number 61/533,244 that was filed on 11 September 2011, and a corresponding PCT application, No PCT/IB2012/054604 was also filed.

On 13 October 2015, the Applicants received a Notice Prior to Examination to which they responded on 1 February 2016 with a list of prior art. The submission of a response to the Notice Prior to Examination creates a state of affairs by which the application is ready for examination (see section 5.3 of the Examination Procedure for Examiners).

On 1 February 2016 the Applicant also submitted a request for accelerated examination, which is a petition to make special. The justification for the request was that awarding the patent was in the public interest. The Applicant claimed that the lack of appropriate Shabbat lifts prevented high-rise accommodation for the Ultra-Orthodox and the proposed solution would overcome this barrier. The Applicant considered that his invention would facilitate high-rise Ultra-Orthodox accommodation and thereby minimize land usage (by increasing the population density) and would thereby lower building costs. The solution would also make life easier for the ill, the elderly and children who could not use elevators on Shabbat. Various articles regarding the lack of accommodation for the Ultra-Orthodox were appended.

The statement was not specific, but it appears that the legal support was claimed from Section 19a (v) and (vi) that state that:

An applicant for accelerated examination with reasonable arguments may submit a reasoned request, together with a statement supporting the facts; all of the following, inter alia, may be considered reasonable justification:

(5) common good;
(6) special justifying circumstances.

Generally patents are examined in turn so 'first come, first served' as per Section 9 of the Patent Law:

If more than one applicant request a patent for the same invention, he that first applied will prevail.

The order of examination is generally on a 'first come, first served' basis as per Section 34a of the regulations:

34a the applications will be allocated to each internal classification group and within each classification group, will be examined in turn.

Examination in turn both facilitates Section 9 and also ensures that relevant prior art is available to the Examiner. The first come, first served regime is itself in the public interest – See ruling re Petition to make special Israel Patent Application no. IL 216870 to Cimas Limited, 24 March 2014.

The possibility for making an application special is an exception to the general rule. It undermines the principle of 'first come first served', makes the examination more difficult and arguably damages the quality of the examination. For example, a queue-jumping application may be examined and allowed without realizing that an
earlier filed application that was not examined challenges the novelty or inventiveness of the claims. Any fast-tracking results in other applications being delayed and is thus against the public interest. Fast-tracking risks unfairness, but the legislators allow it under circumstances detailed in Section 19a of the Law where there is an over-riding public interest or special circumstances. Section 19a was legislated in the 10th amendment to the patent law that came into effect on 12 July 2012. From examination of the discussion at the committee state it is clear that the Commissioner has the discretion to explain the law. It is clear that the type of justification that is acceptable is extreme circumstances. For example: there could be circumstances that a dramatic discovery is like an earthquake and is positive for the State of Israel. Isaak Herzog, Knesset legislative committee discussion of 13 March 2012. The justifications listed in Section 19a were actually those for third parties to request an application be fast-tracked but there is no reason to suppose that they are not applicable to requests by the Applicant himself. Nevertheless it appears that what the legislators intended was something of interest to the entire population as of national interest for the whole population and not for micro-economic interests of one sector or another. There is an underlying assumption of public interest in all patents. The only justification for ever granting a patent (i.e. a monopoly, albeit limited in time and geographical application) is that there is a national interest in micro-economic profits and technological progress.

No-one challenges the fact that each patent provides a different public interest depending on the type of invention and its application. There is no clear economic or social scale that can be used to rank different patents. However the same term is generally understood in the same manner in different legislation to provide coherency (see Aharon Barak, Volume 2, Legislative Interpretation, Nevo 1993 pages 313 and 321. Thus the term “common good” in Section 19a of the patent law is a priori similar to the term in Section 122 which discusses forced licenses. Section 122 states: The Commissioner, where he comes to consider the request for a compulsory license under Section 117 should consider, inter alia:....

(2) the common good generally obliges that all inventions should provide the protected goods by manufacturing or import, so enable widest possible supply in the circumstances, without delay...
The District Court ruled in 881/94 Eli Lilly and Company vs. TEVA Pharmaceuticals LTD 25 November 1998: In the field of patents, the common interest is the main and dominant cause for determining balances and rights. There may be a specific basis for worrying for private interest of the specific owners, and a patent an be considered as a reward that the legislators bestows on the entrepreneur. But the main justification of the patent system is the public considerations of utility and profit that affect the community taken as a whole. Whilst it is true that a patent provides protection to an individual, the existence of the right and its extent are determined by how much they fulfill the public interest. In this regard a patent is like a compulsory license. In both cases a personal right is provided to an individual but the underlying rationale for granting the rights is the common good. Just as the compulsory license is not granted for the benefit of the applicant, similarly a patent is only granted to the owners because it is in the public interest. It is not a balance between private rights and the public interest, but rather a balance between different public interests that together define the common good.

Thus the common good in this instance, as with compulsory licenses, is the result of balancing different public interests. Where the Applicant desires to depart from the general balance of interests including the principle of 'first come first served', the justification for jumping the queue has to be something weighty of significance to the wider public or a positive macro economic effect.

Furthermore, from when the application is filed until it eventually issues as a patent, there is nothing preventing the applicant from implementing the invention described in the patent application, enabling the public to benefit immediately. The enforcement of a patent is of economic interest to the patentee only. First tracking is not in the public interest at all. It only serves the applicant. Without addressing the issue of patentability at all at this stage, the Commissioner does not thing that the present invention is more 'public good' than other inventions and, as the applicant himself testified, it serves a specific population segment only. The petition to make special did not include any economic calculation to show why it was justified.
Although the above arguments relate to the ‘public good’ they are equally applicable to the ‘special reasons justifying advancing the examination’. Consequently the application for fast-tracking is rejected and the application will be examined in turn.

**Ruling by Commissioner Asa Kling Concerning Making Special Israel Patent Application Number IL 221842 to Glatt Lifts LTD., 14 June 2016**

**COMMENTS**

Very few inventions positively affect everyone. If something could help 10% of the population, it seems to me that it should be considered of significance, whether the population is women, AIDS sufferers, people living near the Gazan border, parents of small children or the Ultra-Orthodox. I don’t see any reason why common good should be interpreted as of value to people across the population without regard to race, age, religion, religiosity or sexual orientation.

The underlying presumption of the Applicant is that conventional elevators do more electrical work for each passenger riding in the elevator and that this is against the laws of Shabbat to rely on Shabbat settings on lists. If this assumption is true, it affects all Jews and most of Israel’s population is Jewish. Even if many Jews are not Observant, and many more are not persuaded that using currently available Shabbat lifts are not acceptable I suspect that from the Applicant’s perspective, Shabbat observance is of value and desecration is problematic regardless of the religious philosophy of the Jew in question. It may be what’s preventing the Messiah from coming.

Furthermore, the State of Israel accepts the principle of Shabbat observance as being of national interest by not allowing trading on Shabbat and by not having Shabbat desecration by the Head of State, ambassadors, etc. and by requiring Shabbat observance on army bases apart from where security considerations take precedence.

For more details of the ruling (wrongly???) attributed to Rav Elyashiv, see [here](#). See also a report in the [Yeshiva World (sic)](#) and one from the UK’s [Daily Telegraph](#). Rabbi Yisrael Rozen’s ruling allowing both ascending and descending in Shabbat Elevators and listing what modifications are required to enable an elevator to be used on Shabbat may be found [here](#) (Tchumin 5, 75; see also article by Professor Lev in same volume, page 58).

I took the liberty of reviewing [IL 221842 to Glatt Lifts LTD](#) and its claims. If I was examining it for patentability, I would disallow it as not being enabled. It may be enabled from the perspective of the Hallachic problem it is trying to solve, but in my opinion, it does **not** provide a solution that enables a person of the art to go away and build a working lift without undue experimentation which is the standard for which patent applications are judged.

Michael Factor, mfactor@ipfactor.co.il
Operator of a physical marketplace can be forced to stop the sale of counterfeits by its traders in the EU

The CJEU has confirmed that the operator of a traditional market place may be forced to put an end to the sale of counterfeits and other infringements committed by its market traders. Injunctions against these market operators are subject to the same conditions as those for operators of online marketplaces such as eBay.

Background

Delta Center is the tenant of the Prague market halls and sublets to market-traders the various sales areas in that marketplace. Manufacturers and distributors of branded products such as Tommy Hilfiger discovered that counterfeits of their goods were regularly being sold in the market halls. They therefore asked the Czech court to order Delta Center to stop renting sales areas in those halls to people who committed such infringements.

The EU Enforcement Directive (2004/48/EC) at Article 11(3) states that: "Member states shall … ensure that rights holders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right..."

The Czech Supreme Court made a reference to the CJEU, essentially asking the following questions:
1. Is a market operator who leases its premises an intermediary to those stallholders whose services infringe an IP right, within the meaning of Article 11 of the Enforcement Directive?
2. Is it possible to impose on a person who leases premises in a market to individual stallholders, measures, as provided for in Article 11 of the Enforcement Directive, in accordance with the rules established for online marketplaces in L’Oréal v eBay (C-324/09)?

CJEU Judgment

The Court ruled that an operator, which provides a service to third parties relating to the letting or subletting of pitches in a marketplace, and which therefore offers the possibility to those third parties of selling counterfeits in that market place, must be classified as an intermediary in the Enforcement Directive. Whether the provision of a sales point is within an online marketplace or a physical marketplace is irrelevant because the scope of the Enforcement Directive is not limited to e-commerce. The market operator may therefore be forced to put an end to the infringements by market traders and take measures to prevent new infringements.

The conditions for an injunction issued against a traditional market hall are identical to those applicable to online intermediaries (as set out in L’Oréal v eBay). The Court confirmed that such injunctions must be effective and dissuasive, equitable and proportionate. They must not be excessively expensive and must not create barriers to legitimate trade. Nor can the intermediary be required to exercise general and permanent oversight over its customers. By contrast the intermediary may be forced to take measures which contribute to avoiding new infringements of the same nature by the same market-trade. In addition, the injunctions must ensure a fair balance between the protection of IP and the absence of obstacles to legitimate trade.

Comments

IP owners will certainly welcome this decision as it gives them another weapon in their fight against the sale of counterfeits and other infringing goods. It is more economical to require one intermediary such as a market operator to take action to prevent its stall-holders infringing than it is to take direct action against each individual seller.
This is the first time that the Court of Justice has had to consider intermediary liability for traditional offline markets but it is right that the rules regarding online marketplaces such as eBay should also apply here. There is nothing to suggest that the Enforcement Directive only applies to e-commerce and it should be irrelevant whether the provision of the sales point is within an online or physical marketplace.

The decision also confirms that IP owners have the same rights in the EU as in other countries. For example, the landlord of Beijing’s Silk Street shopping mall has been held accountable for failing to stop vendors from selling known pirated goods.

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UK Court of Appeal upholds blocking injunctions against websites for trademark infringements

The UK Court of Appeal unanimously confirmed the landmark decision in Cartier v BskyB that blocking injunctions are available against websites involved in trade mark infringement. It was also confirmed (by majority) that it was appropriate in this case that the ISPs should bear the costs of implementing the orders.

Background

Back in October 2014, Mr Justice Arnold required five UK ISPs to block access by their customers to certain websites that were advertising and selling counterfeit Cartier and Montblanc goods. This was the first time that such an order was granted to combat trademark infringement, as opposed to previous successful applications in relation to copyright. Arnold J also held that the ISPs should bear the costs of the implementation of the order and, subsequently, the costs of the substantive hearing.

Article 11(3) of the Enforcement Directive (2004/48/EC) states that: "Member states shall … ensure that rightsholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right…"

S37(1) of Senior Courts Act 1981 states that: "The High Court may by order… grant an injunction… in all cases in which it appears to be just and convenient to do so".

The ISPs appealed against both the blocking order and the corresponding costs order.

Court of Appeal ruling

Lord Justice Kitchin gave the leading judgement with which Lord Justice Jackson agreed. Lord Justice Briggs agreed with the granting of the order but gave a dissenting opinion on the costs of implementation.

Jurisdiction to grant blocking injunctions in trade mark cases

The Court thought that Mr Justice Arnold's conclusion on this issue was "entirely correct" and, after a review of the authorities, concluded that blocking injunctions were a natural development of the court's enforcement of the equitable duty to assist.

Arnold J was right to draw an analogy with Norwich Pharmacal relief and conclude that an ISP has a duty once it becomes aware that its services are being used by third parties to infringe an IP right. The Court of Appeal qualified this "as a duty to take steps to assist the person wronged when requested to do so". However, the Court noted that "ISPs are not guilty of any wrongdoing" and that they "do not owe a common law duty of care to Richemont to take reasonable care to ensure that their services are not used by the operators of the offending websites".

Kitchin LJ concluded that Article 11 of the Enforcement Directive provides a principled basis for extending the practice of the court to grant blocking injunctions, where appropriate, against ISPs whose services have been used to infringe trade mark rights. The UK government never specifically implemented Article 11 into domestic law because it took the view that existing domestic law (s37(1) Senior Courts Act) complied with it. Blocking injunctions are a new category of case where the court can grant an injunction if it is satisfied that it is just and convenient to do so.

Threshold Conditions

Kitchin LJ agreed that the court's discretion to grant website blocking orders under s37(1) Senior Courts Act was not unlimited and had to be exercised consistently with the terms of the Enforcement Directive. He therefore endorsed Arnold J's four threshold conditions:

(i) the ISPs must be intermediaries within Article 11(3) of the Enforcement Directive;
(ii) the users of the website must be infringing trademarks;
(iii) the users must use the services of the ISP; and
(iv) the ISPS must have notice of this.
These were all satisfied in this case.

**Principles to Be Applied - Effectiveness**

Arnold J had also identified a number of requirements to consider before making a website blocking order. In particular, the relief must be necessary, effective, proportional, dissuasive, not unnecessarily complicated or costly, fair and equitable, avoid barriers to legitimate trade and strike a fair balance between applicable fundamental rights. The substitutability of other websites should also be considered and the remedies should be applied in a manner that provides safeguards against their abuse.

In relation to effectiveness, the Court of Appeal noted that the CJEU decision in *UPC Telekabel v Constantin* had stated that blocking orders might not lead to a complete cessation of the infringement but must at least make it difficult to access the target website or seriously discourage internet users from accessing it. In order to obtain relief, the rightsholder does not have to show that the blocking order would reduce the overall level of infringement of its marks or that the order would make it difficult for the public to access counterfeits from different sources. However, the order is less likely to be proportionate if there is a large number of alternative websites which are likely to be equally accessible and appealing to the interested user.

**Costs**

The ISPs argued on appeal that the starting point should be that they should not be required to pay for the costs of implementation of any blocking injunction because they are innocent of any wrongdoing.

Kitchin LJ, however, thought Article 11 of the Enforcement Directive, Article 8(3) of the InfoSoc Directive and the E-Commerce defenses were all part of an overall scheme to provide immunity from infringement claims for intermediaries. These immunities support the ISP businesses that profit from the services which the operators of the target websites use to infringe IP rights so the costs of implementing the blocking injunction should be a cost of carrying on business. In both *L’Oreal v eBay* and *UPC Telekabel v Constantin* the CJEU contemplated that the intermediary would bear the costs of implementation.

He also confirmed that the Court is not invoking the Norwich Pharmacal jurisdiction in making blocking injunctions so the rule that the applicant pays the costs does not apply. The foundations of a Norwich Pharmacal order are different from website blocking orders, which are not in any sense preparatory to proceedings against the wrongdoers - there is never any real prospect of recovering costs from the wrongdoers.

The ISPs had also appealed against Mr Justice Arnold’s conclusion that, although the cumulative costs of implementing all blocking injunctions were important in assessing proportionality, they were not in themselves a reason to refuse the order. The overall costs burden of implementing s97A orders was already significant, was growing rapidly and would continue to grow if trade mark matters were added. However, the Court of Appeal noted that it is economically more efficient to require intermediaries to take action to prevent infringers using their services than it is to require rights holders to take action directly against each infringer. It will not always be proportionate to make a blocking order directed to an intermediary but, in this case, Arnold J had carefully considered whether the blocking injunction was proportionate after analyzing the availability of alternative measures, efficacy and costs.

The Court also rejected the ISP suggestion that Arnold J had effectively held that the cumulative costs of blocking orders could never be unnecessarily costly or disproportionate. Instead, Kitchin LJ agreed with Arnold J that this was a matter that needed to be kept under review in future applications. Arnold J had properly considered the economic impact of website blocking orders upon the businesses of the ISPs (which he thought were small but likely to increase) and was right to say that the ISPs could bear these costs themselves or pass them onto their subscribers in the form of higher subscription charges. The key question was whether the likely costs burden on the ISPs was justified by the likely efficacy of the blocking order and the benefit it would confer on Richemont, having regard also to the alternative measures which were available and the substitutability of the target websites.

Arnold J had correctly assessed alternative measures on the evidence before him. He had noted that notice and take downs achieved no more than short-term disruption of the target websites with infringing material often reappearing. Whilst blocking orders impose compliance costs on the ISP, they do have advantages for rightsholders. It would not be appropriate for the Court of Appeal to interfere with these conclusions.
Comments

This case will obviously be welcomed by rights holders who can obtain blocking injunctions against websites selling counterfeits and other trademark infringing goods. Now that the jurisdiction has been confirmed, it will be interesting to see how many other rights holders use this tactic in their anti-counterfeiting strategies. The Court also seems to be suggesting that similar injunctions might be available in other categories of case where it is just and convenient to grant them. Might we see them being used for example in relation to breach of confidence or privacy cases? Or will their effectiveness be limited because they don't block information immediately after it appears on the Internet?

Rights holders will also be pleased with Kitchin LJ's findings on the costs of implementing these orders. Nevertheless, we expect that this will continue to be hotly contested by ISPs in each individual case, particularly as the number of orders and the cumulative costs increase.

Many UK lawyers will be pleased to see a very thorough judgment coming from the English court in these uncertain times. Of particular note in this regard is the Court's conclusion that intermediaries have no duty of care to prevent infringers using their services. This appears contrary to some recent moves at the EU Commission level, notably its 2015 Digital Single Market consultation on online intermediaries that specifically asked for views on whether there should be a duty of care imposed on intermediaries to detect and prevent certain types of illegal activity.

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**McDonald’s wins ‘MaC/Mc’ trademark case**

Everyone knows the famous golden arches of McDonald’s. Just like ‘Coca-Cola’ or ‘Google’, this sign is a part of the everyday life. But what about the words elements ‘Mc’ or ‘Mac’, used in combination with the name of a menu item or a foodstuff in ‘McFLURRY’, ‘McTOAST’, ‘McMUFFIN’ and ‘McCHICKEN’ to name a few? Early July, the General Court of the CJEU had to decide (T-518/13) whether the use of the MacCoffee trademark unfairly took advantage of the repute of McDonald’s trademark.

More generally, this case concerns the battle between trademark holders and so-called free-riders who might benefit from the power of attraction, reputation, and prestige of other trademarks without paying any financial compensation or making marketing effort in order to create and maintain the image of that mark.

McDonald’s is the owner of several word trademarks such as ‘BIG MAC’, ‘McFISH’, ‘PITAMAC’, ‘McNUGGETS’, ‘McFLURRY’ and of course the well-known trademark ‘McDONALD’s’. In that regard, McDonald’s trademarks enjoy a considerable reputation for fast-food restaurant services.

Singapore-based company Future Enterprises applied to register ‘MacCoffee’ as an EU trademark for foodstuffs and beverages (in respect of Nice classes 29, 30 and 32) and obtained it in 2010. Two years later, the EUIPO Cancellation Division declared the contested trademark to be invalid in its entirety (pursuant to Article 53(1)(a) read in conjunction with Article 8(5) of Regulation No 207/2009). The EUIPO First Board of Appeal upheld the cancellation decision, at which point Future Enterprises appealed to the General Court.

On July 5, 2016, the Court confirmed this decision, stating that: *“the combination of the element ‘Mac’ with the name of a drink in the MacCoffee trademark, causes the relevant public to associate this trademark with the McDonald’s ‘Mc’ family of trademarks”* (§30-31). Consumers would *“mentally establish a link between the trademarks at issue”* (§86).

On whether there is a certain degree of similarity between the marks at issue, the Court concluded that *“taking phonetic and conceptual aspects into account (...) even if the marks at issue differ visually and also have conceptual and phonetic differences, because of their different final part, they nonetheless have a certain degree of overall similarity, due to the conceptual and phonetic similarity of their respective initial part, namely the elements ‘Mc’ and ‘Mac’”* (§34).

The application of Future enterprises was rejected by the General Court on the grounds of being too similar to the earlier rights of McDonald’s. The Court added that MacCoffee *“attempts to ride on the coat-tails of McDonald’s in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation, the marketing effort made by McDonald’s in order to create and maintain its image”* (§94).
It is certainly not the first time McDonald’s is involved in a trademark dispute. The company already threatened many food businesses and competitors for using their prefixes ‘Mc’ or ‘Mac’. An important factor for the success of McDonald’s is the fact that they are the holder of a well-known trademark. Well-known trademarks are marks which have a high degree of recognition and reputation in the areas of trade of the proprietors of such marks, and in many cases even beyond the areas of trade of the proprietors of such marks. They therefore enjoy a higher degree of protection.

This ruling suggests that the reputation of the McDonald’s trademarks makes it possible to prevent the registration of other trademarks in the foods or beverages sectors bearing the prefix ‘Mc’ or ‘Mac’. Competitors should better think twice before launching a trademark that may have some corresponding elements with the ones of McDonald’s.

However, being the holder of a well-known trademark doesn’t always guarantee success in a dispute. There are some examples in which McDonald’s lost their case even though the opponents were the holders of less known trademarks. Among others, ‘MacDonald’s’ (a family restaurant), ‘McAllen’ (a small shop named after a brand of whiskey) or ‘McCurry’, which stands for Malaysian Chicken Curry (a small restaurant serving Indian food).

The decision of the General Court can be appealed to the Court of Justice of the European Union. The impact of this case remains to be seen in the foods or beverages areas, but the exclusivity of such rights could have the consequence that other companies engaged in the food business, with trademarks having the prefixes ‘Mc’ or ‘Mac,’ may be in trouble.

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D’Arcy v Myriad Genetics

Background

As widely reported, the High Court of Australia (HCA) recently handed down the seminal judgement in D’Arcy v Myriad Genetics. Subsequent to this judgement, the Australian Patent Office issued an examination practice guideline regarding patentable subject matter following a public consultation process. The examination practice guideline has been incorporated into the Australian Patent Office Manual of Practice and Procedure. Both the decision and the examination practice guideline highlight the contrast between the US and Australian approaches to assessing the patent eligibility or otherwise of biological or natural products. This article provides a brief overview of the salient differences between the approaches in each jurisdiction.

U.S.A versus Australia

In Association for Molecular Pathology v. Myriad Genetics, Inc., the Supreme Court decision was effectively a proscriptive statement regarding gene patents. Unlike the US, the HCA stressed that the decision related to Myriad’s claims per se that were before the court and in particular, claims related to isolated nucleic acids only. Indeed, the HCA were at pains to state that patent eligibility regarding a class of compounds is a matter for the legislature and not the courts. Moreover, the HCA characterised an isolated nucleic acid as relating to information embodied by nucleotides, as opposed to a compound that is merely isolated from nature. In particular, the HCA considered that the claims in the patent at issue were directed to genetic information that was not ‘made’ by human intervention. Consequently, the information as defined by the claims is present in an individual’s body (notwithstanding the step of isolating the nucleic acid) and is hence not a manner of manufacture. The Supreme Court in particular, held that “a naturally occurring DNA segment is a product of nature and not patent eligible merely because it has been isolated, but that cDNA is patent eligible because it is not naturally occurring”.

The major divergence between the decisions relates to complementary DNA (cDNA). cDNA is a DNA molecule enzymatically synthesised in vitro that codes for a protein. The Supreme Court held that the cDNA molecule as embodied by the claims was patent eligible since cDNA is not a product of nature. In stark contrast, the HCA found cDNA to be patent ineligible as cDNA encodes the same information as contained in genomic DNA isolated from a person, albeit that cDNA is synthesised in vitro. The view held by the court in respect of cDNA is succinctly enunciated at paragraph 89:

“...Used in that sense, the information stored in the sequence of nucleotides coding for the mutated or polymorphic BRCA1 polypeptide is the same information as that contained in the DNA of the person from which the nucleic acid was isolated. It is the existence of that information which is an essential element of the invention as claimed. The product is the medium in which that information resides. That characteristic also attaches to cDNA, covered by the claims, which is synthesised but replicates a naturally occurring sequence of exons.”
Australian Patent Office Examination Practice

The Australian Patent Office (APO) examination practice ("the guidance") in light of *D’Arcy v Myriad Genetics* can on one hand, be characterised as broader than the USPTO approach. By way of example, the APO considers isolated proteins and isolated small molecules, to be *prima facie* patent eligible subject matter, which is different to the USPTO approach where all natural products are as a threshold issue, inherently patent ineligible.

The guidance specifically states that isolated naturally occurring nucleic acid molecules are patent-ineligible whether:

- DNA or RNA.
- Human or non-human.
- Coding or non-coding.

Claims to the following are excluded where they merely replicate the genetic information of a naturally occurring organism:

- cDNA and synthetic nucleic acids.
- Probes and primers.
- Isolated interfering/inhibitory nucleic acids.

Recited examples of subject matter that are, *prima facie*, patent-eligible subject matter include:

- Non-naturally occurring chimeric nucleic acids.
- Recombinant or isolated proteins.
- Pharmaceuticals and other chemical substances.
- Methods of treatment.
- Methods of applying herbicides.
- Applications of computer technology.
- “Made” plants.
- “Made” microorganisms.
The guidance does specify relevant factors to consider when determining whether the substance of the claim is “made”, which include:

- Whether the substance of the claim was "made" (i.e. created or modified, by human action). It is not enough that the subject matter of the claim is artificial.
- The physical differences between the claim and the natural state.
- The labour required to produce the product.
- “Made” can include “created” or “modified” but not merely through replication.
- Isolation or purification can represent “making” or “modification” when the substance of a claim is properly directed to a chemical product.

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1. D'Arcy v Myriad Genetics Inc. [2015] HCA 35 (7 October 2015)
2. Australian Patent Office Manual of Practice and Procedure at Section 2.9.1 “Principles of Examination” and Section 2.9.2.6 “Nucleic Acids and Genetic Information”.
Meet Donna Suchy: Incoming 2016-17 Section Chair

As the saying goes, when you really need to get something done, you give it to a busy person. Donna Suchy, incoming chair of the ABA-IPL Section, is at the top of the list of people who get things done and who get others to enjoy the ride with them.

Whether it is serving as in-house IP counsel at Rockwell Collins, arguing legislative policy for the Section, authoring IP books or supporting an extracurricular event for Girls in Engineering, Donna moves forward with her own brand of enthusiasm. She is always on the go: both for our profession and in support of the Section. In the midst of her work on all these fronts, she also manages to sneak in family time with her husband and five daughters.

Donna is passionate in promoting the involvement of girls and young women in science and technology. As a woman lawyer with an engineering background she knows what it is like to work in an industry populated primarily by men—even truer for practicing in the world of intellectual property law. Donna makes it a routine part of her philosophy to support STEM programs (Science, Technology, Engineering, and Math) for young women and to encourage others to support these programs. Among the goals she’ll be continuing as chair are those of championing the Section’s new Women in IP Action Group (WIP) and furthering diversity, public outreach, and corporate counsel in IP.

A long-time member of the Section beginning with her early days as ABA-IPL Liaison from the ABA Law Student Division, Donna has devoted her energies and efforts in participating on committees and in developing programs, policy, and legislative initiatives. She is a past chair of the Section’s Membership Committee and the Special Committee on IP Valuation as well as the Division for Litigation, Alternate Dispute Resolution, and Related Issues. She is also a past Council member and a long-time member of the Section’s Books Editorial Board. A dedicated writer herself, Donna co-authored one of the Section’s early books on intellectual asset valuation. She recently parlayed her background and experience in international issues into working with several authors in editing a new book for the Section on protecting intellectual property rights in China and on another title on intellectual property rights in India.
Donna has a unique zeal for working with people on projects that showcase the intellectual property profession. With a long career in corporate practice, Donna has provided this perspective in guiding Section policy and legislative reform efforts. The Section and its members can expect to see even more of her skills and leadership during her year as chair of the Section. And don't be surprised if she tries to convince you that you too should be a judge in the world wide LEGO League award program.
International Action Group (IAG)
A hub for international associates affiliated with the ABA-IPL to participate in all areas of the Section, in order to communicate, network, and to work together to build global bridges.

For more information about the benefits of ABA-IPL, please visit our International Associate webpage, http://ambar.org/ipINTLassoc

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ABA-IPL International Associates

ABA-IPL offers exceptional value to international intellectual property law professionals interested in affiliating with the Section; in particular there are many opportunities for international affiliates with an interest in US and comparative IP law, such as:

- Participation in substantive committees. Committees are a great way to develop connections with IP law colleagues, get involved with speaking and authorship opportunities, provide input regarding important policy decisions, and more;
- Maintain your connection to U.S. and global trends in IP law with the Section’s bi-monthly Landslide® magazine;
- Network and participate in Section international programming and events with member colleagues: leaders, global law firms, and multi-national corporate counsel from over 75 countries; and
- Present proposals to speak, moderate, or organize a program at an ABA-IPL conference, teleconference or webinar in the United States.