

## International Intellectual Property Law

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This article reviews international law developments in patents, trademarks, and copyright during 2012.<sup>1</sup>

### I. Patents\*\*

#### A. UNITED STATES

The U.S. Supreme Court concluded that patent claims for processes to help doctors determine whether a dosage is too low or too high were unpatentable as the claimed processes had not transformed unpatentable natural laws into patent-eligible applications of those laws.<sup>2</sup> Because the steps involved routine activity previously performed by field researchers, upholding the patents would risk inhibiting use of the underlying natural laws in making further discoveries.<sup>3</sup> In reversing the Federal Circuit's decision upholding the

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\* Melvyn J. Simburg, of the law firm Simburg, Ketter, Sheppard & Purdy, LLP, Seattle, Washington, served as the committee editor for this review of developments during 2012. Other editors are identified in each section.

1. For developments during 2011, see Melvyn J. Simburg et al., *International Intellectual Property*, 46 INT'L LAW. 215 (2012). For developments during 2010, see Susan Brushaber et al., *International Intellectual Property Law*, 45 INT'L LAW. 205 (2011).

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2. *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. \_\_\_, 132 S. Ct. 1289, 1294 (2012).

3. *Id.*

**THE YEAR IN REVIEW**  
**AN ANNUAL PUBLICATION OF THE ABA/SECTION OF INTERNATIONAL LAW**

214 THE YEAR IN REVIEW

patents, the Court said that while the “machine-or-transformation” test is an “important and useful clue” to patentability, the test did not trump the “law of nature” exclusion.<sup>4</sup>

Addressing evidentiary rules in federal district court challenges to a United States Patent and Trademark Office (USPTO) denial of a patent, the Supreme Court disallowed evidentiary restrictions beyond those imposed by the Federal Rules of Evidence and Civil Procedure, holding that the applicant may present new evidence on a disputed question of fact, and the district court must then make a *de novo* finding.<sup>5</sup>

The U.S. Supreme Court held that in opposing a patent infringement suit, a generic drug manufacturer may assert a statutory provision<sup>6</sup> as a counterclaim to correct or delete patent information submitted to the Food and Drug Administration and, thus, correct a use code that inaccurately describes the patent as covering a particular method of using the drug.<sup>7</sup>

On the regulatory front, the USPTO published final rules in the form of changes to 37 C.F.R. § 42 to implement inter partes review proceedings, post-grant review proceedings, and a transitional program for covered business method patents.<sup>8</sup>

**B. EUROPE**

The European Court of Justice (ECJ) held that member state courts may issue “cross-border” interim injunctions against patent infringement in other European Union countries (here, relating to different national parts of a European Patent), even when the validity of the patent is disputed.<sup>9</sup> A regulation grants exclusive jurisdiction of proceedings concerned with registered intellectual property rights to the courts of the state of registration.<sup>10</sup> But the same regulation allows the courts of one EU country to grant provisional protective measures, even where the courts of another state have jurisdiction as to the substance.<sup>11</sup> The Court explained that the two provisions do not conflict because the court hearing the interim proceedings “does not make a final decision on the validity of the patent invoked but makes an assessment as to how the court having jurisdiction under Article 22(4) of the regulation would rule” and will refuse to grant interim protection if there is a “reasonable, non-negligible possibility” that the competent court will invalidate the patent.<sup>12</sup>

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4. *Id.* at 1303.

5. *Kappos v. Hyatt*, 566 U.S. \_\_\_, 132 S. Ct. 1690, 1694 (2006).

6. 21 U.S.C. § 355(j)(5)(C)(ii)(I) (2006).

7. *Caraco Pharm. Labs., Ltd. v. Novo Nordisk*, 566 U.S. \_\_\_, 132 S. Ct. 1670, 1675 (2012).

8. Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,680 (Aug. 14, 2012) (to be codified at 37 C.F.R. pt. 42).

9. Case C-616/10, *Solvay SA v. Honeywell*, 2012 E.C.R. III-0000 ¶¶ 31- 51, <http://curia.europa.eu/juris/document/document.jsf?text=&docid=124996&pageIndex=0&doclang=EN&mode=lst&dir=&occ=first&part=1&cid=90492>.

10. Council Regulation 44/2001, art. 22(4), 2001 O.J. (L 12) 1, 8 (EC) (superseding Brussels Convention art. 16(4)).

11. *Id.* art. 31.

12. *Solvay*, 2012 E.C.R. ¶ 49.

**THE YEAR IN REVIEW**  
**AN ANNUAL PUBLICATION OF THE ABA/SECTION OF INTERNATIONAL LAW**

INTELLECTUAL PROPERTY 215

C. SWITZERLAND

Regarding the new pre-trial taking of evidence procedure in Switzerland's new Federal Code of Civil Procedure Law (CCP) Article 158 CCP (in force since January 1, 2011) and in the Swiss Patent Act (PA) Article 77 PA, both provide pre-trial discovery measures. While Article 158 CCP allows such measures if the applicant can prove a legal interest worthy of protection, Article 77 PA (in force until January 1, 2012) requires that the applicant make a plausible argument that his patent rights are infringed. In reversing a lower court decision that in patent matters only Article 77 PA applies, the Federal Supreme Court held that Article 158 CCP also applies in patent matters, without any additional requirements.<sup>13</sup>

D. CHINA

New regulations, interpretations, and the proposed fourth set of amendments to the Patent Law have overshadowed developments in the courts. The State Intellectual Property Office (SIPO) released a set of draft amendments to the Patent Law.<sup>14</sup>

1. *Proposed Amendments to the Patent Law*

The proposed amendments affect only Articles 46, 47, 60, 61, 63, 64, and 65.<sup>15</sup> These Articles all deal with acts of infringement, enforcement, and remedies and have arisen out of a desire to enhance the enforcement of patent rights. Some of the main amendments will:

- Allow for administrative enforcement of patent rights, including issuance of orders to cease infringement, confiscation of illegal earnings, seizure and destruction of the production materials, and fines;
- Allow the administrative authority to award damages to the patentee;
- Enhance the court's powers to collect evidence and proscribe penalties for failure to co-operate;
- Introduce triple damages for willful infringement; and
- Extend the scope of administrative measures that may be taken to investigate patent infringement.

The consultation period ended on September 10, 2012.<sup>16</sup> The ABA Sections of Intellectual Property Law and International Law submitted comments on the proposed revisions.<sup>17</sup>

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13. Bundesgericht [BGer] [Federal Supreme Court] Jan. 31, 2012, 138 ENTSCHEIDUNGEN DES SCHWEIZERISCHEN BUNDESGERICHTS [BGE] III 76 (Switz.).

14. Press Release, State Intellectual Prop. Office, Notice Regarding Draft Amendments to the Patent Law of the People's Republic of China (Aug. 9, 2012), [http://www.sipo.gov.cn/yw/2012/201208/t20120809\\_736772.html](http://www.sipo.gov.cn/yw/2012/201208/t20120809_736772.html).

15. *Id.*

16. *Id.*

17. ABA Section of Intellectual Prop. Law & Section of Int'l Law, *Comments on the Draft Amendments to the People's Republic of China Patent Law*, AM. B. ASS'N (Sept. 7, 2012), <http://www.americanbar.org/content/dam/>

SPRING 2013

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**THE YEAR IN REVIEW**  
**AN ANNUAL PUBLICATION OF THE ABA/SECTION OF INTERNATIONAL LAW**

216 THE YEAR IN REVIEW

2. *Compulsory Patent Licensing Measures (Measures)*

The 2008 Patent Law amendments (effective in 2009) had a separate chapter on compulsory licensing and provided five grounds for compulsory licensing: non-exploitation (Article 48.1); anticompetitive behavior (Article 48.2); national emergency/public interest (Article 49); public health (Article 50); and dependent patent (Article 51).<sup>18</sup> To implement these provisions, the SIPO issued final versions of the Measures.<sup>19</sup> Although compulsory licensing has been available under the Patent Law since 1985, no such license has ever been granted.

There are only sixteen articles in the Measures. Article 5 deals with patents that are not being worked and states that if patent holders exercise their rights in a monopolistic manner to eliminate or reduce competition, a compulsory license may be sought. Applications for a compulsory license are made to the SIPO and must state the grounds for the request. Article 11 requires private parties applying for a compulsory license on the basis of anti-competitive exercise of its rights by the patent holder to first obtain a legal determination from either a court or an Enforcement Agency under the Anti-Monopoly Law (AML or Law).<sup>20</sup>

Article 55 of the AML exempts exercise of intellectual property rights by business operators in accordance with relevant intellectual property laws and administrative regulations, but the Law applies where a business operator abuses his intellectual property rights to eliminate or restrict competition. The concept of “abuse of intellectual property rights” has not yet been defined in a regulation by the SAIC or in a Supreme People’s Court interpretation. The various government departments involved were unable to reach a consensus on a definition or guidelines and did not release a draft in 2012.

Article 16 of the Measures provides that the patent holder shall receive a copy of any request for a compulsory license and shall have the right to present its case.

3. *New Patent Marking Rules*

The SIPO’s Measures for the Marking of Patent Marks eliminates specific requirements as to the type of patent number and now only stipulates the essential requirements in Article 5.<sup>21</sup> If a mark is used, it must simply state the type of patent in Chinese (China has

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aba\_comments\_on\_china\_patent\_law\_revisions\_finalcombo\_7sep2012.authcheckdam.pdf.

18. Zhuanli Fa (专利法) [Patent Law] (promulgated by the Standing Comm. Nat’l People’s Cong., Mar. 12, 1984, effective Apr. 1, 1985) (amended 2008), 2009 STANDING COMM. NAT’L PEOPLE’S CONG. GAZ. 27, arts. 48.1, 48.2, 49, 50, 51 (China).

19. Measures for Patent Compulsory Licensing, SIPO Order No. 64 (promulgated by the State Intellectual Property Office, Mar. 15, 2012, effective May 1, 2012), [http://www.sipo.gov.cn/zwgs/ling/201203/t20120319\\_654876.html](http://www.sipo.gov.cn/zwgs/ling/201203/t20120319_654876.html) (China).

20. Zhonghua Renmin Gongheguo Fan Longduan Fa (中华人民共和国反垄断法) [Presidential Order No. 68, Anti-Monopoly Law of the People’s Republic of China] (promulgated by the Standing Comm. Nat’l People’s Cong., Aug. 30, 2007, effective Aug. 1, 2008) 2007 STANDING COMM. NAT’L PEOPLE’S CONG. GAZ. (China). There are currently three enforcement agencies: the Ministry of Commerce (mergers), the National Development and Reform Commission (pricing), and the State Administration for Industry and Commerce (unilateral conduct, etc.).

21. Measures for the Marking of Patent Marks, SIPO Order No. 63, (promulgated by the State Intellectual Property Office, Mar. 8, 2012, effective May 1, 2012), [http://www.sipo.gov.cn/zwgs/ling/201203/t20120312\\_650309.html](http://www.sipo.gov.cn/zwgs/ling/201203/t20120312_650309.html).

**THE YEAR IN REVIEW**  
**AN ANNUAL PUBLICATION OF THE ABA/SECTION OF INTERNATIONAL LAW**

INTELLECTUAL PROPERTY 217

invention, utility model, and design patents) and the number assigned by the SIPO. Also added were provisions for patent applicants to state the type of patent applied for, the application number, and the words “专利申请, 尚未授权” (literally “patent application, not yet authorized,” but which some have translated as “patent pending”).

Article 5 allows the patent holder to add additional wording so long as it does not mislead the public. Article 8 provides that where improper marking constitutes passing off of a patent, the government authority shall impose penalties in accordance with Article 63 of the Patent Law.

4. *Administrative Measures on Accelerated Examination*

The SIPO adopted Measures on priority review of applications.<sup>22</sup> Upon receiving a request for expedited examination, the SIPO will review the application to ensure that it meets the conditions set out in the Measures, and if accepted, complete the examination in one year. Eligible applications include patents relating to technology for energy conservation, environmental protection, bio-tech, new generation information technology, new energy sources, new materials, and new energy vehicles.

5. *Consultation on the Draft Service Inventor Remuneration Regulations*

On November 12, 2012, the SIPO released for consultation draft regulations governing the remuneration of inventors who work as employees.<sup>23</sup> This replaces an earlier draft that was broader and was criticized.

E. INDIA

The Delhi High Court clarified:

that the date on which the patent is granted cannot be the date of issuance of certificate but has to be the date on which orders are passed by the Controller. Certificate is in the nature of execution of that order and is proof of fact that the patent has been granted which is the date on which the Controller passed the order. It is the date on which the decision is taken by the Controller on file in respect of a pre-grant opposition (either rejecting or accepting the representation) which is the determining event ascertaining the date of grant of patent. The sealing of patent and entering of the same in the register are ministerial acts which follow the Controller's act of grant of patent.<sup>24</sup>

The Intellectual Property Appellate Board (IPAB) ruled that whenever the Opposition Board makes recommendations under Section 25(3)(b) of the Patent Act in post-grant opposition proceedings, both the patentee and the opponent are entitled to know the

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22. Measures on the Management of the Priority Review of Invention Patent Applications, SIPO Order No. 65 (promulgated by the State Intellectual Property Office, June 19, 2012, effective Aug. 1, 2012), [http://www.sipo.gov.cn/zwgs/ling/201206/t20120621\\_712805.html](http://www.sipo.gov.cn/zwgs/ling/201206/t20120621_712805.html).

23. Press Release, State Intellectual Prop. Office, Notice of Consultation on the Draft Serv. Inventor Remuneration Regulations (Nov. 12, 2012), [http://www.sipo.gov.cn/tz/gz/201211/t20121112\\_769843.html](http://www.sipo.gov.cn/tz/gz/201211/t20121112_769843.html).

24. *Gupte v. Union of India & Ors.*, (2012), LPA Nos. 561-564/2010, para. 17 (Del. H.C.), available at <http://lobis.nic.in/dhc/AKS/judgement/23-04-2012/AKS20042012LPA5612010.pdf> (India).

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**THE YEAR IN REVIEW**  
**AN ANNUAL PUBLICATION OF THE ABA/SECTION OF INTERNATIONAL LAW**

218 THE YEAR IN REVIEW

contents of the recommendations in advance of the hearing before the Patent Controller.<sup>25</sup>

IPAB observed that when the Opposition Board makes recommendations that a patent suffers from serious defects like lack of novelty, lack of inventive steps, etc., the patentee is entitled to know why the Opposition Board came to that conclusion, so that at the time of hearing the patentee may respond to the Opposition Board. If the Opposition Board recommends that the patent shall be granted because the invention has novelty, inventive steps, etc., unless an opponent has an opportunity to see the recommendations, he will be unable to present to the Controller reasons why the recommendations of the Opposition Board should not be accepted.

According to the IPAB:

In either case the opportunity which is mentioned in Section 25(4) of the Act becomes an empty shell of an opportunity if the Opposition Board's recommendations remain secret. Then again there is no purpose in giving the Controller the discretion to require a member of the Opposition Board to be present at the hearing, unless there is a possibility that the member may be asked to explain why they made these recommendations. That situation will never arise if the patentee and the opponent are totally in the dark regarding the recommendations of the Opposition Board when they attend the hearing.<sup>26</sup>

F. AFRICA

1. *Botswana*

Botswana's Industrial Property Act of 2010 (Act No. 8 of 2010) became effective following the adoption of the Industrial Property Act (Date of Commencement) Order, 2012.<sup>27</sup> Act No. 8 of 2010 covers several areas of intellectual property rights including: Patents (Part II); Industrial Design (Part V); Layout design of integrated circuits (Part VII); Marks, Collective Marks, and Trade Names (Part VIII); Geographical Indicators (Part X); Act of Unfair Competition (Part XI), and Traditional Knowledge and Handicrafts (Part XII). In exercise of the powers conferred on the Minister of Trade and Industry by Section 137 of the Act of 2010, new regulations implementing the Act have also been adopted.<sup>28</sup>

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25. *Diamcad v. Assistant Controller of Patents & Designs*, (2012) Order No. 189/2012, para. 15 (Intellectual Property Appellate Bd.) (India).

26. On receipt of the recommendation of the Opposition Board, and after giving the patentee and the opponent an opportunity of being heard, the Controller shall order the patentee either to maintain, amend, or revoke the patent. *Id.*

27. Industrial Property Act No. 8 (2010), BOTS. GOV'T GAZETTE (Aug. 31, 2012), at C.699 (2010) (Bots.), available at [http://www.ip-watch.org/weblog/wp-content/uploads/2012/09/Botswana-impl-regs-SI\\_69-70\\_31\\_08\\_2012-md1.pdf](http://www.ip-watch.org/weblog/wp-content/uploads/2012/09/Botswana-impl-regs-SI_69-70_31_08_2012-md1.pdf).

28. *Id.* at C.700-19.

**THE YEAR IN REVIEW**  
**AN ANNUAL PUBLICATION OF THE ABA/SECTION OF INTERNATIONAL LAW**

INTELLECTUAL PROPERTY 219

2. *Kenya*

On April 20, 2012, a high court in Kenya ruled on the constitutionality of the country's first anti-counterfeiting legislation, the Anti-Counterfeit Act of 2008 (ACA).<sup>29</sup> In *P.A.O. & 2 Others v. Attorney General*, the court found several provisions of the ACA to be unconstitutional in so far as they infringed on the right to life, human dignity, and health guaranteed under Articles 26(1), 28, and 43(1) of the Constitution of Kenya.<sup>30</sup> The opinion acknowledged that: "While such intellectual property rights should be protected, where there is the likelihood, as in this case, that their protection will put in jeopardy fundamental rights such as the right to life of others, . . . they must give way to the fundamental rights of citizens in the position of the petitioners."<sup>31</sup>

The ACA went into effect in 2009 and increased penalties for individuals convicted of manufacturing, importing, or selling counterfeit goods, established a governmental agency with broad enforcement powers, and granted some enforcement powers to intellectual property owners.<sup>32</sup>

3. *South Africa*

In a case involving ten different varieties of seedless grapes, a Western Cape High Court interpreted key provisions of South Africa's Plant Breeders' Rights Act, 15 of 1976 (the Act). A sub-licensee, Colors Fruit South Africa (Colors), sought to assert ownership rights over plants and plant materials it received under a sub-licensing agreement, even though both the head-license and the sub-license agreement had already been terminated.<sup>33</sup> In the alternative, Colors argued that it was entitled to possess and exploit the plant materials in question and relied in part on the provision of Section 23(6) of the Act relating to a plant breeder's rights. The court ruled that Section 23(3) of the Act does not provide a cause of action, and consequently, the company could not properly exercise ownership rights over the disputed plant varieties.<sup>34</sup>

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29. The Anti-Counterfeit Act, No. 13 (2008), KENYA GAZETTE SUPPLEMENT No. 97; *P.A.O. & 2 Others v. Attorney Gen.*, (2012) eKLR (H.C.K.) (Kenya).

30. *P.A.O. & 2 Others*, (2012) eKLR para. 87 (H.C.K.).

31. *Id.* para. 86.

32. The Anti-Counterfeit Act, No. 13, §§ 3, 33.

33. *Voor Groenberg Nursery v. Colors Fruit South Africa (Pty), Ltd.* (A21/12) [2012] ZAWCHC 157, at 6 para. 11 (23 Aug. 2012) (S. Afr.).

34. *Id.* paras. 27-30 (citations omitted).

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**THE YEAR IN REVIEW**  
**AN ANNUAL PUBLICATION OF THE ABA/SECTION OF INTERNATIONAL LAW**

220 THE YEAR IN REVIEW

**II. Trademarks\***

A. UNITED STATES

On October 31, 2012, Rosetta Stone Ltd. dismissed its three-year trademark infringement lawsuit against Google, Inc. after the Fourth Circuit vacated the District Court's<sup>35</sup> order granting summary judgment against Rosetta Stone, remanding the case for further proceedings.<sup>36</sup> Rosetta Stone had filed claims for trademark infringement, contributory trademark infringement, and trademark dilution based on Google's AdWords Program. Rather than directly address the key issue of whether the use of Google AdWords constitutes "use in commerce" or "nominative fair use," the Fourth Circuit focused on purported deficiencies in the lower court's likelihood of confusion and dilution analyses, leaving any clear-cut guidance on the AdWords conundrum for another day.

The circuit court did, however, correct the district court's misapplication of the functionality doctrine, in which it had "held that "the use of the ROSETTA STONE mark as keywords was protected by the "functionality doctrine" as a matter of law."<sup>37</sup> Noting that the district court had focused its functionality analysis on "whether Rosetta Stone's mark made *Google's* product more useful, neglecting to consider whether the mark was *functional as Rosetta Stone used it*," the Fourth Circuit stressed that the functionality doctrine was meant to prevent trademark law from "inhibiting legitimate competition by allowing a producer to control a useful product feature" by claiming trademark rights in that feature.<sup>38</sup> Given that the ROSETTA STONE trademark is not functional, the Fourth Circuit advised that Google was precluded from using the functionality doctrine as an affirmative defense on remand.<sup>39</sup>

B. EUROPE

In *Wintersteiger AG v. Products 4U Sondermaschinenbau GmbH*, the ECJ addressed a jurisdictional question referred from the Austrian Supreme Court regarding Google Adwords, namely "under what conditions the advertising by use of the Austrian trade mark Wintersteiger on a website operating under a country-specific top-level domain '.de' may confer jurisdiction on the Austrian courts under Article 5(3) of Regulation No 44/2001 to hear an action for injunction against use of an Austrian trade mark."<sup>40</sup>

Products 4U, a competitor of Wintersteiger, had registered WINTERSTEIGER as a Google AdWord for searches conducted via the top-level domain for Germany, namely

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35. See *Rosetta Stone Ltd. v. Google, Inc.*, 730 F. Supp. 2d 531, 551 (E.D. Va. 2010).

36. See *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 149-50 (4th Cir. 2012).

37. *Id.* at 161.

38. *Id.* at 161-62.

39. *Id.* at 162-63.

40. Case C-523/10, *Wintersteiger v. Products 4U*, 2012 E.C.R. I-0000 ¶16.



**THE YEAR IN REVIEW**  
**AN ANNUAL PUBLICATION OF THE ABA/SECTION OF INTERNATIONAL LAW**

INTELLECTUAL PROPERTY 221

“de.” Under Article 5(3), a person domiciled in a Member State may be sued in the courts of another Member State where the event giving rise to the cause of action occurred. In advising that jurisdiction was proper in Austria, the ECJ noted that Austria was the Member State in which the trademark was protected, and consequently, where the damage occurred. The ECJ also noted, however, that jurisdiction would be proper in Germany as well because the place of the establishment of the advertiser was Germany.<sup>41</sup>

C. SWITZERLAND

In *SwissAir v. IIP*, the Swiss Federal Administrative Court (FAC) upheld the refusal by the Swiss Federal Institute of Intellectual Property (IIP) to register SWISSAIR, albeit on different grounds than the lower court.<sup>42</sup> The IIP refused the application to register SWISSAIR by Swiss Air Services AG, an entity wholly unrelated to the former national airline Schweizerische Luftverkehrs AG (Swissair), based on descriptiveness.<sup>43</sup> On appeal, the FAC upheld the refusal, but based it on the potential consumer deception arising from the high degree of recognition and goodwill that the SWISSAIR trademark enjoys based on its past association with the Swiss National Airline, thus giving consumers the potentially wrong impression that Swiss Air Services AG is a well-capitalized company, and that there is a correlation between the SWISSAIR mark and the defunct airline.

The FAC upheld the dismissal by the IIP of an opposition by The Coca-Cola Company against the registration of the design trademark “Caffé così” (white curvy script with a red background, the first letter “C” underlining the other letters) based on its lack of similarity to the “Coca-Cola” trademark.<sup>44</sup> In holding that there is no likelihood of confusion due to the dissimilarity of the design marks, the FAC noted that although there is a certain degree of similarity between the calligraphies used in both trademarks, the differences outweigh the similarities due to the length of the verbal elements and the appearance of the first words (“Coca” and “Caffé”). In addition, the FAC concluded that there was no aural or conceptual similarity.<sup>45</sup>

D. RUSSIA

First reported in last year’s edition of this article, an epic battle continued to play out in U.S. federal court over conflicting claims to ownership of the STOLICHNAYA vodka trademark. A Russian enterprise is asserting exclusive rights to the famous STOLICHNAYA trademark, based on its ownership by the Russian Federation, under a form of property relations unique to Russian law known as “operative administration.”<sup>46</sup> On September 1, 2011, the U.S. district court dismissed the action, holding that the plaintiff lacked standing because it was not the “assignee” or “legal representative” of the Russian Federation pursuant to Sections 32(1) and 45 of the Lanham Act, 15 U.S.C.

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41. *Id.* ¶ 15.

42. Bundesverwaltungsgericht [BVGE] [Federal Administrative Court], Dec. 5, 2011, docket no. B-3036/2011, at 11, *available at* [www.bundesverwaltungsgericht.ch](http://www.bundesverwaltungsgericht.ch) (Switz.).

43. *Id.* at 10.

44. Bundesverwaltungsgericht [BVGE] [Federal Administrative Court], Aug. 16, 2011, docket no. B-1995/2011, at 12, *available at* [www.bundesverwaltungsgericht.ch](http://www.bundesverwaltungsgericht.ch) (Switz.).

45. *Id.* at 8-11.

46. Fed. Treasury Enter. Sojuzplodoimport v. Spirits Int’l N.V., 425 F. Supp. 2d 458, 461 (S.D.N.Y. 2006).

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**THE YEAR IN REVIEW**  
**AN ANNUAL PUBLICATION OF THE ABA/SECTION OF INTERNATIONAL LAW**

222 THE YEAR IN REVIEW

§§ 1114(1) and 1127.<sup>47</sup> The plaintiff appealed the dismissal to the Second Circuit, where the case has been argued and was awaiting disposition at the time of this writing.<sup>48</sup>

The appellant contends that the district court violated principles of international comity by creating a damaging and unnecessary conflict between U.S. and Russian law in holding that it was not the “assignee” or “legal representative” of the Russian Federation for purposes of the Lanham Act.<sup>49</sup> Under Russian law, the plaintiff argues, the treasury enterprise is a distinct and independent legal entity that may appear as a plaintiff or defendant in court actions relating to ownership and protection of state property assigned to its operative administration.<sup>50</sup> Therefore, under Russian law, the plaintiff is the duly constituted representative of the Russian Federation for all purposes relevant to protection of the STOLICHNAYA trademark. Finally, the plaintiff argues that the dismissal of its action contradicts the right of the Russian Federation to define who constitutes its “assignees” and “legal representatives” for purposes of representation in U.S. courts.<sup>51</sup>

Supporters of the plaintiff believe that affirming dismissal of the plaintiff’s action would impede access to U.S. courts by an entire class of Russian enterprises, jeopardizing the stability of commercial dealings between those enterprises and their U.S. trading partners.

E. INDIA

In a parallel imports case, the Delhi High Court ruled that under the Trade Marks Act 1999 Samsung could not block importing and selling foreign market Samsung printers to consumers in India.<sup>52</sup> The Court held that the principle of international exhaustion of rights took away Samsung’s right to control the further sale and distribution of its goods.<sup>53</sup>

The IPAB rejected the plaintiff’s arguments that XEROX had become generic and lost its value as a trademark.<sup>54</sup> Focusing instead on the Xerox Corporation’s successful efforts to correct the generic use of XEROX, including use by governmental entities, the IPAB held that the use by the public of XEROX for “photocopy” was inadvertent and that the public clearly knew that XEROX was a trademark owned by the Xerox Corporation.<sup>55</sup>

In a case involving a compatibility statement on packaging, the Delhi High Court ruled in favor of Hawkins Cookers Ltd., a prominent manufacturer of pressure cookers and accessories, that claimed that a manufacturer of generic pressure cooker gaskets had infringed its trademark rights by including the statement “Suitable for: Hawkins Pressure

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47. See Fed. Treasury Enter. Sojuzplodoimport v. Spirits Int’l B.V., No. 04 CV 08510(GBD), 2011 WL 4005321, at \*1 (S.D.N.Y. Sept. 1, 2011).

48. Fed. Treasury Enter. Sojuzplodoimport v. Spirits Int’l B.V., No. 11-4109 (2d. Cir. *appeal docketed* Oct. 5, 2011).

49. Brief for Petitioner-Appellant at 26-31, 44-47, *Spirits Int’l*, No. 11-4109 (2d. Cir. *appeal docketed* Oct. 5, 2011).

50. *Id.* at 20-25.

51. *Id.* at 44-47.

52. See *Wadhwa v. Samsung Elecs. Co. Ltd.*, (2012), FAO(OS) 93/2012, paras. 73, 75 (Del. H.C.) *available at* <http://lobis.nic.in/dhc/PNJ/judgement/03-10-2012/PNJ03102012FAOOS932012.pdf> (India).

53. *Id.* para. 73.

54. See *Himachalpathy v. Xerox Corp.*, (2012) Order No. 229/2012, para. 19 (Intellectual Property Appellate Bd.) (India).

55. *Id.* para. 11.

**THE YEAR IN REVIEW**  
**AN ANNUAL PUBLICATION OF THE ABA/SECTION OF INTERNATIONAL LAW**

INTELLECTUAL PROPERTY 223

Cookers” on its packaging.<sup>56</sup> The Court, noting that the generic gaskets were compatible with a variety of goods in addition to the Hawkins Pressure Cookers, found use of the HAWKINS trademark to imply that the generic gaskets were adaptable only to the Hawkins pressure cookers, was a clear violation of the HAWKINS trademark.<sup>57</sup>

F. DOMAIN NAMES

The year 2012 was a pivotal year in the history of the Internet. The application window for new generic Top Level Domains (gTLDs) closed in May, and the “Reveal Day” took place on 13 June.<sup>58</sup> A total of 1930 applications were filed; 751 were for 230 top-level domains, signaling significant contestations ahead.<sup>59</sup> There were multiple applications for .APP, .HOME, .INC, .ART, .BLOG, .SHOP, .LLC, .BOOK, .DESIGN, .MAIL, .NEWS, .HOTEL, .STORE, .WEB, .CLOUD, .LOVE, and .LTD.

Entities from sixty countries participated.<sup>60</sup> Almost half of the applications emanated from North America (911), with Europe next at just over a third.<sup>61</sup> Asia-Pacific accounted for 303.<sup>62</sup> Sixty-six geographic applications sought to represent cities and regions, such as .LONDON and .PARIS.<sup>63</sup> Internationalized Domain Names (IDNs)—gTLDs in non-Latin scripts—accounted for 116 applications.<sup>64</sup>

IDNs containing characters with diacritics, such as accents, cedillas, and ogoneks are now widely allowed. In 2012, AFNIC, the French Registry, began allowing the registration of IDNs not only for the .FR (France), but also for the other five extensions managed by the registry, including .RE (Reunion), .TF (French Southern Territories), .WF (Wallis and Futuna), .PM (St. Pierre and Miquelon), and .YT (Mayotte).<sup>65</sup> The Italian registry, Registro.it, launched IDNs for .IT this year at the same time as opening registration eligibility to entities based in the European Economic Area (EEA).<sup>66</sup> The Canadian Internet Registration Authority (CIRA) announced its plan to enable the registration of .CA do-

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56. See *Hawkins Cookers Ltd v. Murugan Enters.*, (2012), RFA(OS) 09/2008, paras. 4, 20 (Del. H.C.) available at <http://lobis.nic.in/dhc/PNJ/judgement/13-04-2012/PNJ13042012RFAOS92008.pdf>.

57. *Id.* paras. 20-21.

58. Brian Winterfield et al., *Intellectual Property Advisory: ICANN Announces Upgraded New gTLD Program Schedule*, STEPTOE & JOHNSON LLP (June 4, 2012), <http://www.steptoec.com/publications-newsletter-561.html>.

59. *ICANN's New Top-Level Domain Reveal Day: Insight into Applicant List*, ARI REGISTRY SERVICES (June 14, 2012), [http://www.ariservices.com/news-new\\_tld\\_reveal\\_day\\_analysis\\_by\\_ari.php](http://www.ariservices.com/news-new_tld_reveal_day_analysis_by_ari.php).

60. *Id.*

61. *Id.*

62. *Id.*

63. *ICANN's June 13 "Reveal Day" – 40 Percent of Applications for Same Domains; Comment and Objection Periods*, LOEB & LOEB LLP (June 13, 2012), <http://www.loeb.com/icannrevealdaydomainscommentperiod/>.

64. *Id.*

65. ASSOCIATION FRANÇAISE POUR LE NOMMAGE INTERNET EN COOPÉRATION [FRENCH ASS'N FOR INTERNET NAMING COOPERATION], GUIDE FOR RIGHTS HOLDERS, Issue Paper No. 10, available at [http://www.afnic.fr/medias/Afnic\\_issue\\_paper\\_rights\\_holder\\_VEn.pdf](http://www.afnic.fr/medias/Afnic_issue_paper_rights_holder_VEn.pdf) (last visited Mar. 1, 2013).

66. HOGAN LOVELLS INT'L LLP, *'it' Registry Launches IDNs and Extends Eligibility Zone*, WORLD TRADE-MARK REV. DAILY (Jul. 9, 2012), [http://www.hoganlovells.com/files/Publication/aec131b3-a703-4ac2-a5c0-1c6a5da659cb/Presentation/PublicationAttachment/33a24932-b031-4872-92d7-235aec6b8788/PARLIB01-%231207233-v1-World\\_Trademark\\_Review\\_D\\_Taylor\\_L\\_Arrault\\_09072012.pdf](http://www.hoganlovells.com/files/Publication/aec131b3-a703-4ac2-a5c0-1c6a5da659cb/Presentation/PublicationAttachment/33a24932-b031-4872-92d7-235aec6b8788/PARLIB01-%231207233-v1-World_Trademark_Review_D_Taylor_L_Arrault_09072012.pdf).

SPRING 2013

**PUBLISHED IN COOPERATION WITH  
SMU DEDMAN SCHOOL OF LAW**

**THE YEAR IN REVIEW**  
**AN ANNUAL PUBLICATION OF THE ABA/SECTION OF INTERNATIONAL LAW**

224 THE YEAR IN REVIEW

main names using certain accented characters by early 2013.<sup>67</sup> Finally, the .CN Registry, China Internet Network Information Centre (CNNIC), is allowing the inclusion of Roman scripts, numbers, and hyphens in Chinese domain names.<sup>68</sup>

WHOIS policy has been hotly debated for many years, and Internet Corporation for Assigned Names and Numbers (ICANN) seems to be moving closer to finalizing an amended Registrar Accreditation Agreement (RAA) that will include provisions introducing an obligation for registrars to verify a registrant's data on a domain name WHOIS record, in an effort to facilitate law enforcement agencies' task of tracking down criminals and infringers. The new RAA is likely to be released in time for the April 2013 ICANN meeting in Beijing, China.

### III. Copyright\*

#### A. UNITED STATES

In dismissing Oracle's copyright claim alleging, *inter alia*, that Google's Android software for smart phones infringed Oracle's copyright in its Java computer program,<sup>69</sup> a U.S. district court held that the replicated elements of the "structure, sequence, and organization" of a computer application programming interface for a smart phone constituted a "system or method of operation" under the Copyright Act, and therefore were not copyrightable.<sup>70</sup>

The Java platform enables software developers to write programs that are able to run on various types of computer hardware. Java is written in human readable source code and must be converted to object code before it can run or "execute." Java is composed of key words, symbols, and a set of pre-written programs to carry out various commands. While the overall system of organized names covering the thirty-seven application programming interface (API) packages at issue could be likened to a "taxonomy," it also constitutes "a command structure for a system or method of operation of the application programming interface. The commands are (and must be) in the form "java.package.Class.method(), and each calls into action a pre-assigned function."<sup>71</sup>

Google replicated thirty-seven of the API packages, but took care to use different code to implement the six thousand plus subroutines (methods) and six hundred plus classes.<sup>72</sup>

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67. *IDN Consultation*, CANADIAN INTERNET REGISTRATION AUTHORITY, <http://www.cira.ca/legal/idn-consultation/> (last visited Feb. 23, 2013).

68. *CNNIC to All Roman Scripts/Numbers to be Registered as Part of Chinese Internationalized Domain Names*, HOGAN LOVELLS LLP (Oct. 2012), [http://www.hoganlovells.com/files/Uploads/Documents/Domain\\_Name\\_Newsflash\\_-\\_October\\_2012\\_1003210.pdf](http://www.hoganlovells.com/files/Uploads/Documents/Domain_Name_Newsflash_-_October_2012_1003210.pdf).

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69. *Oracle America, Inc. v. Google Inc.*, 872 F. Supp. 2d 974, 1002 (N.D. Cal. 2012).

70. *Id.* at 977.

71. *Id.* at 999.

72. *Id.* at 977.

**THE YEAR IN REVIEW**  
**AN ANNUAL PUBLICATION OF THE ABA/SECTION OF INTERNATIONAL LAW**

INTELLECTUAL PROPERTY 225

Because Java requires “precise form[s] of certain . . . declarations,” Java and Android had to be identical in some regards for interoperability.<sup>73</sup> The court stated that § 102(B) of the Copyright Act expressly provides that: “in no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation . . . regardless of the form.”<sup>74</sup> That a system or method of operation has thousands of commands arranged in a creative taxonomy does not change its character as a method of operation.

To accept Oracle’s claim would be to allow anyone to copyright one version of code to carry out a system of commands and thereby bar all others from writing their own different versions to carry out all or part of the same commands. No holding has ever endorsed such a sweeping proposition.<sup>75</sup>

In a case<sup>76</sup> that may have far ranging international copyright implications, the Supreme Court will decide whether the Second Circuit erred in holding that the First Sale Doctrine does not apply to copyrighted textbooks produced outside of the United States.<sup>77</sup> In *John Wiley & Sons*, an enterprising Thai graduate student in the United States sold foreign edition English language textbooks on eBay. Publisher John Wiley & Sons (Wiley) owns both the U.S. and foreign rights to the works, including registration in the United States. Wiley contends that the unauthorized sale in the United States of its foreign edition books, which are produced abroad by its subsidiary, violates its exclusive rights to “distribute” under the Copyright Act, 17 U.S.C. § 106. Kirtsaeng contends that the First Sale Doctrine applies, thus providing a total defense to Wiley’s copyright infringement claims.

Although the Supreme Court wrestled with the same issue in 2010, it split four to four, leaving in place the Ninth Circuit’s holding that § 109(a) does not apply to goods manufactured outside of the United States, unless they are previously imported and first sold in the United States).<sup>78</sup> Confounding matters is 17 U.S.C. § 602(a)(1), which prohibits the importation into the United States of genuine copies of copyrighted works acquired abroad without the authorization of the copyright holder.<sup>79</sup> The Supreme Court will be compelled to reconcile the language of §§ 109(a) and 602(a) to reach a conclusion that does not render either meaningless. This decision bears directly on goods sold online and in discount stores, affecting enterprises like Costco, eBay, and Google one way and producers of copyrighted movies, music, and other goods the other way.

In another case,<sup>80</sup> the Supreme Court held that Section 514 of the Uruguay Round Agreements Act,<sup>81</sup> which grants copyright protection to foreign works that previously fell into the public domain, did not exceed Congress’s copyright authority under the U.S.

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73. *Id.* at 979.

74. *Id.* at 999.

75. *Id.* at 1002.

76. *John Wiley & Sons, Inc. v. Kirtsaeng*, 654 F.3d 210 (2d Cir. 2011), *cert. granted*, 132 S. Ct. 1905 (2012).

77. *Id.* at 228.

78. *Costco Wholesale Corp. v. Omega, S.A.*, 562 U.S. \_\_\_, 131 S. Ct. 565 (2010) (per curiam) (Justice Kagan took no part in the decision).

79. *See Kirtsaeng*, 654 F.3d at 216-17.

80. *Golan v. Holder*, 565 U.S. \_\_\_, 132 S. Ct. 873 (2012).

81. 17 U.S.C. §§ 104A, 109 (2006).

SPRING 2013

**PUBLISHED IN COOPERATION WITH  
SMU DEDMAN SCHOOL OF LAW**

**THE YEAR IN REVIEW**  
**AN ANNUAL PUBLICATION OF THE ABA/SECTION OF INTERNATIONAL LAW**

226 THE YEAR IN REVIEW

Constitution<sup>82</sup> or violate the First Amendment, but properly implemented a foreign treaty.<sup>83</sup>

At issue was a provision in the U.S. Copyright Act, namely 17 U.S.C. § 104A that allows for restoration of certain foreign works that have fallen into the public domain for certain limited reasons, including, inter alia, lack of adherence to “formalities.” Section 104A does not apply to U.S. works or foreign works that have fallen into the public domain in their source country or the United States due to expiry of their full copyright term. Section 104A was enacted to bring the United States into compliance with the Berne Convention Treaty,<sup>84</sup> whose member countries do not require many of the formalities imposed by the U.S. Copyright Act.

While the Berne Convention Implementation Act purports to ensure that foreign member nations’ copyrighted works enjoy the same protection as U.S. copyrights in the United States, it arguably treats foreign works better than U.S. works. Restoration is not available for U.S. works that fall into the public domain (*e.g.*, prior to 1989, failure to use proper notice could result in a U.S. work falling into the public domain), and a U.S. copyright holder is required to obtain a federal copyright registration before filing a copyright infringement action in the United States, while a foreign rights holder need not do so.

**B. EUROPE**

The European Commission began implementation of its May 2011 strategy (blueprint) on intellectual property<sup>85</sup> by issuing a music rights proposal.<sup>86</sup> This proposal aims to “(a) improve the standards of governance and transparency of collecting societies . . . , and (b) facilitate the multi-territorial licensing by collecting societies of authors’ rights in musical works for the provision of online services.”<sup>87</sup>

The proposal would allow rightholders greater control over their relationship with collecting societies. For example, rightholders would be able to select collecting societies without regard to the Member State’s residence or nationality of either the rightholder or the collecting society.<sup>88</sup> Where appropriate, rightholders would be able to grant multi-territorial licenses for their works in other territories, either independently or through another collecting society.<sup>89</sup>

Collecting societies would need to segregate rights revenue and income from their own assets and income, not use the former for their own account (except for deduction of management fees), and comply with rules for the management of these amounts pending

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82. U.S. CONST. art. 1, § 8, cl. 8.

83. *Golan*, 132 S. Ct. at 876.

84. 17 U.S.C. § 104A(h)(1)–(3). See Berne Convention for the Protection of Literary and Artistic Works, arts. 1, 5(I), Sept. 9, 1886, 828 U.N.T.S. 221, 225, 231–33.

85. For a discussion of the Commission’s 2011 blueprint on intellectual property rights, see Simburg et al., *supra* note 1.

86. *Proposal for a Directive of the European Parliament and of the Council on Collective Management of Copyright and Related Rights and Multi-Territorial Licensing of Rights in Musical Works for Online Uses in the Internal Market*, at 2, COM (2012) 372 final (July 11, 2012) [hereinafter Directive Proposal].

87. *Id.* ¶ 1.1, at 3.

88. *Id.* art. 5(2)–(3), at 24.

89. *Id.* art. 30, at 38.

**THE YEAR IN REVIEW**  
**AN ANNUAL PUBLICATION OF THE ABA/SECTION OF INTERNATIONAL LAW**

INTELLECTUAL PROPERTY 227

distribution.<sup>90</sup> Collecting societies would also have, inter alia, reporting requirements to rightholders, and to other collecting societies on whose behalf they act under a representation agreement,<sup>91</sup> and a requirement that they make publicly available an annual transparency report.<sup>92</sup>

The Council of the European Union finally adopted the Orphan Works Directive<sup>93</sup> providing: “Europe’s libraries, archives, film heritage institutions, public broadcasters and other organizations acting in the public interest with the appropriate legal framework to provide on-line cross-border access to orphan works contained in their collections.”<sup>94</sup>

In the international trade sphere, the European Parliament refused to consent to the Anti-Counterfeiting Trade Agreement (ACTA).<sup>95</sup> The refusal prevents the EU and its Member States from joining the ACTA, and came in the context of: (i) concern about the compatibility of ACTA with EU Treaties and potential jeopardizing of EU citizens’ liberties, and (ii) heavy lobbying against the ACTA by EU citizens.<sup>96</sup>

C. SWITZERLAND

In the first Swiss court case on the exhaustion of copyright owners’ distribution rights and rights to use computer programs distributed online, a developer of computer programs sought a preliminary injunction against a Swiss entity dealing with used data carriers that stored the developer’s computer programs. The Swiss entity obtained the computer programs from a supplier who procured them online from an authorized distributor of the developer. The Cantonal Court of Zug (CCZ) dismissed the request for a preliminary injunction.

Whether a rightholder has consented to the sale of a computer program, such that the computer program may be freely resold, is assessed based on an overall analysis of the underlying contractual rights and obligations.<sup>97</sup> For computer programs, a “sale” under the CRA is assumed if: (i) the agreement entitles the “purchaser” the timely unlimited right to use the computer program, (ii) for a one-time payment, and (iii) the “vendor” gives up his right to dispose of the respective copies.<sup>98</sup> This applies even if the authoriza-

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90. *Id.* art. 10(2)-(4), at 28.

91. *Id.* arts. 16-18, at 31-32. Representation agreements could be used, for example, in order to allow a collecting society that does not offer multi-territorial licenses for online musical works in its repertoire, to allow another collecting society to represent those rights. *See id.* arts. 28-29, at 37.

92. *Id.* art. 20, at 33.

93. On the 2011 proposal of this Directive, see Simburg et al., *supra* note 1, at 226.

94. Press Release, European Comm’n, Commissioner Barnier Welcomes Final Adoption of the Orphan Works Directive by the Council, MEMO/12/744 (Oct. 4, 2012), [http://europa.eu/rapid/press-release\\_MEMO-12-744\\_en.htm?locale=en](http://europa.eu/rapid/press-release_MEMO-12-744_en.htm?locale=en).

95. Press Release, European Parliament, European Parliament Rejects ACTA (July 4, 2012), <http://www.europarl.europa.eu/news/en/pressroom/content/20120703IPR48247/html/European-Parliament-rejects-ACTA>.

96. *Id.* These concerns had previously led the European Commission to refer ACTA to the ECJ on May 10, 2012, for a determination of its compatibility with the Treaties and the Charter of Fundamental Rights of the EU. *See* Press Release, Overview of the European Commission’s Referral of ACTA to the European Court of Justice (May 10, 2012), [http://trade.ec.europa.eu/doclib/docs/2012/may/tradoc\\_149464.doc.pdf](http://trade.ec.europa.eu/doclib/docs/2012/may/tradoc_149464.doc.pdf).

97. Bundesgesetz über das Urheberrecht und verwandte Schutzrechte [Federal Law on Copyright and Neighboring Rights] (CRA), Oct. 9, 1992, art. 2(2) (Switz.).

98. *Id.* art. 12(2).

SPRING 2013

**PUBLISHED IN COOPERATION WITH**  
**SMU DEDMAN SCHOOL OF LAW**

**THE YEAR IN REVIEW**  
**AN ANNUAL PUBLICATION OF THE ABA/SECTION OF INTERNATIONAL LAW**

228 THE YEAR IN REVIEW

tion to use the computer program results from a software licensing agreement that stipulates some usage restrictions for the licensed computer program. If the requirements are met, the copyright owner's right to prohibit the use or resale of legally purchased copies of the computer programs exhausts, regardless of whether the computer program has been distributed by means of physical data storage devices or by electronic data transfer over the internet.

D. RUSSIA

Russia became a member of the World Trade Organization (WTO) after almost twenty years of negotiations in which shortcomings in the country's enforcement of copyright protection had been one of the principal issues for U.S. negotiators.<sup>99</sup> Ironically, the United States immediately found itself in non-compliance with its own WTO obligations because of the Jackson-Vanik Amendment to the 1974 Trade Act, a legislative vestige of the Cold War that denies the status of Permanent Normal Trade Relations (PNTR) to countries that restrict emigration and that was aimed at the Soviet Union.<sup>100</sup> Efforts to repeal the Jackson-Vanik Amendment had been stymied by Congressional opposition arising from human rights concerns, but were overcome at the end of the year. Pursuant to new Congressional authorization, President Obama granted PNTR status to Russia on December 21, 2012.<sup>101</sup>

Article 147 of the Criminal Code was amended in 2012 to increase the minimum damage threshold for a copyright infringement to warrant criminal prosecution from 50,000 rubles to 100,000 rubles.<sup>102</sup> While harmful to copyright owners, this development was viewed as a limited success by U.S. trade negotiators as Russian legislators had been intending to raise the level to 250,000 rubles.<sup>103</sup> An intellectual property rights court with thirty judges is in the process of creation, but it will not have jurisdiction over copyright infringement cases.<sup>104</sup>

In the annual Special 301 Report issued by the U.S. Trade Representative, Russia and China remained on the list of countries with the worst records of preventing theft of copyright and other intellectual property.<sup>105</sup> The report highlighted a "civil finding" by a Russian court against vKontakte, an Internet social networking and file-sharing website that runs one of the largest sources of pirated content in Russia. Gala Records won a civil case against vKontakte for posting infringing copies of music produced by the Russian

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99. Press Release, World Trade Org., WTO Membership Rises to 157 with the Entry of Russia and Vanuatu (Aug. 22 2012), [http://www.wto.org/english/news\\_e/pres12\\_e/pr671\\_e.htm](http://www.wto.org/english/news_e/pres12_e/pr671_e.htm).

100. Sabrina Peterson, *Russia's Accession to the World Trade Organization: Why the Jackson-Vanik Amendment Should Be Repealed*, INTERNATIONAL AFFAIRS REV. (Oct. 29, 2012), <http://www.iar-gwu.org/node/435>.

101. Doug Palmer, *Obama Grants Russia "Permanent Normal Trade Relations,"* REUTERS (Dec. 20, 2012, 12:17 PM), <http://www.reuters.com/article/2012/12/20/us-usa-russia-trade-idUSBRE8BJ0XB20121220>.

102. Ugolovnyi Kodeks Rossiiskoi Federatsii [UK RF] [Criminal Code] art. 147 (Russ.).

103. *Id.*

104. О внесении изменений в отдельные законодательные акты Российской Федерации в связи с созданием в системе арбитражных судов Суда по интеллектуальным правам [On Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Creation of a System of Arbitration Courts for Intellectual Property Rights] SOBRANIE ZAKONODATEL'STVA ROSSIISKOI FEDERATSII [SZ RF] [RUSSIAN FEDERATION COLLECTION OF LEGISLATION] 2011, No. 5654, p. 384.

105. U.S. Trade Representative, Special 301 Report 19-26 (2011), available at [http://www.ustr.gov/webfm\\_send/2841](http://www.ustr.gov/webfm_send/2841) (last visited Feb. 22, 2013).



**THE YEAR IN REVIEW**  
**AN ANNUAL PUBLICATION OF THE ABA/SECTION OF INTERNATIONAL LAW**

INTELLECTUAL PROPERTY 229

record label.<sup>106</sup> U.S. industry sources say that the case sets a precedent by interpreting the Russian copyright law to enable civil penalties.<sup>107</sup> But the assessment of damages was only the equivalent of around US \$7,000, and the injunction applies only to the titles listed in the litigation and not to all pirated content on the website.<sup>108</sup>

Commentators on the Russian copyright law cite the continuing need for reforms, including notice-and-takedown procedures for infringing websites and preventing circumvention of technological protection measures that inhibit copying material from DVDs and software.

Finally, controversy continued to ensue in 2012 over the alleged use of copyright laws by government prosecutors to repress dissent.

E. CHINA

The PRC National Copyright Administration (NCA) released the first draft of the third amended Copyright Law for public consultation,<sup>109</sup> announcing its goal to deliver a draft to the State Council by October 2012.<sup>110</sup> On July 6, 2012, the NCA released the second consultation draft.<sup>111</sup> Only seven of the previous articles were not modified.<sup>112</sup> The NCA also issued a commentary on the second draft.<sup>113</sup> The ABA Intellectual Property and International Law Sections submitted comments on the first consultation draft in early June.<sup>114</sup> After a meeting of the expert group on October 30, 2012, it was announced that

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106. See, e.g., Gala Records против ВКонтакте [Gala Records v. ВКонтакте], No. A56-16627/2011 (Arbitration Ct. of St. Petersburg) (Oct. 15, 2012). See also Natalie Gulyaeva, *Russian Social Network vKontakte to Pay Damages for Copyright Infringement*, LEXOLOGY (Jan. 31, 2013), <http://www.lexology.com/library/detail.aspx?g=33281fcc-50cc-4896-a0da-72f191cd3169>.

107. INTERNATIONAL INTELLECTUAL PROPERTY ALLIANCE (IIPA), 2012 SPECIAL 301 REPORT ON COPYRIGHT ENFORCEMENT AND PROTECTION 91, 95 (Feb. 10, 2012), available at <http://www.iipa.com/rbc/2012/2012SPEC301RUSSIA.pdf>.

108. Oleg Kouzbit, *Gala Records Emerges as Russia's Most Successful Copyright Litigator; VKontakte Penalized*, EAST-WEST DIGITAL NEWS (Oct. 16, 2012), <http://www.ewdn.com/2012/10/16/gala-records-emerges-as-russia-s-most-successful-copyright-litigator-vkontakte-penalized/>.

109. *Copyright Law of the People's Republic of China (Revision Draft)*, CHINA COPYRIGHT & MEDIA (Mar. 31, 2012), <http://chinacopyrightandmedia.wordpress.com/03/31/copyright-law-of-the-peoples-republic-of-china-revision-draft/>.

110. Jinnian Yue Jiang Zhu Zuo Quan Fa Xiu Fa Caoan Zhengshi Chengbao GuoWuYuan (今年10月将著作权法修法草案正式呈报国务院) [In October This Year, the Draft of the Copyright Laws or Amend the Official Reported the State Council], GUOJIA BANQUAN JU (国家版权局) [NATIONAL COPYRIGHT ADMINISTRATION], (Mar. 22, 2012), <http://www.chinaiprlaw.cn/file/2012032223353.html>.

111. Guanyu Zhonghua Renmin Gongheguo Zhu Zuo Quan Fa (Xiu gai Caoan Dier Gao) Gongkai Zhengqiu Vijian de/di Tongzhi (关于中华人民共和国著作权法(修改草案第二稿)公开征求意见的通知), [Notice of Public Comment on the Copyright Law of the People's Republic of China (modified second draft)], NAT'L COPYRIGHT ADMIN. PRC (July 6, 2012), <http://www.ncac.gov.cn/cms/html/309/3502/201207/759779.html> [hereinafter *Notice of Public Comment*].

112. See generally Zhu Zuo Quan Fa Xiuding Caoan Shanchu Luyin Zhipin Fading Xuke (著作权法修订草案删除录音制品法定许可) [Statutory License of the Copyright Act Amendment Bill to Remove Phonograms], CAIXIN (July 6, 2012, 7:27 PM), <http://china.caixin.com/2012-07-06/100408410.html>.

113. *Notice of Public Comment*, supra note 111.

114. Am. Bar Ass'n, *Joint Comments of the American Bar Association Section of Intellectual Property Law and Section of International Law on the Draft Amendments to China's Copyright Law*, CHINA INTELL. PROP. RTS. L. (June 8, 2012), available at <http://chinaipr2.files.wordpress.com/2012/06/aba-comments-on-china-copyright-law-revisions-6-8-12-final-combo.pdf>.

SPRING 2013

**PUBLISHED IN COOPERATION WITH  
SMU DEDMAN SCHOOL OF LAW**

**THE YEAR IN REVIEW**  
**AN ANNUAL PUBLICATION OF THE ABA/SECTION OF INTERNATIONAL LAW**

230 THE YEAR IN REVIEW

the third draft of the amendments had been completed and would be submitted to the State Council before the end of 2012.<sup>115</sup>

In March, the NCA published an explanation of the amended draft discussing the changes.<sup>116</sup> These include: (1) addition of protection for works of “applied art” (Art. 3(9)); (2) extension of the right of reproduction to include reproductions in a digital format (Art. 11.2(1)); (3) the right to collect further royalties on the assignment of a work (Art. 11.2(13)); (4) requirement for the consent of the primary right holder and the creator of a derivative work for use (Art. 13); (5) the producer of audio-visual works will be considered the owner of the copyright, unless it is otherwise agreed (Art. 16); (6) simplification regarding the works of employees (Art. 17); (7) the addition of the Computer Software Regulations provisions from 2002, including the right to make back-up copies and adapt the software for use (Arts. 41 to 43); (8) and an entire new chapter on technological protection measures (Chapter 6).

Amendments are also proposed to Article 72 to clarify that compensation for infringement will be based on the owner’s actual losses or, if difficult to calculate, the illegal gains of the infringer. If both are difficult to calculate, and the PRC does not have discovery, compensation will be on the basis of a reasonable multiple of the royalty payable on regular commerce. If all of these fail, the limit on statutory damages has been raised to RMB 1 million, if the copyright is registered. Punitive damages of three times the aforementioned amounts mentioned were introduced for repeat infringers.

There has also been concern over the safe harbor provisions in Article 69. Counsel for writers suing Baidu for copyright infringement wants to see a requirement that Baidu and other such hosts have an obligation to review their content to prevent infringement.<sup>117</sup>

The Shanghai Higher People’s Court reported that foreign plaintiffs were successful in 86.2 percent of the copyright cases that they commenced in 2011.<sup>118</sup> This is in line with other statistics in Intellectual Property Rights (IPR) cases and may result from the reluctance of foreigners to commence an action in China without a strong case.

#### F. INDIA

A large Bench of the Supreme Court of India ruled that the Copyright Board cannot pass an interim order in a pending complaint under Section 31 of the Copyright Act, 1957.<sup>119</sup> The Court observed that the language used in Section 31 clearly contemplates a

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115. Zhu Zuo Quan Fa Xiugai Caoan Disan Gao Neirong Bianhua Mingxian (著作权法修改草案第三稿内容变化明显) [*And Changed Significantly in the Third Draft of the Contents of the Draft Revision of the Copyright Law*], SIPO (Nov. 2, 2012), [http://www.sipo.gov.cn/mtjj/2012/201211/t20121102\\_766829.html](http://www.sipo.gov.cn/mtjj/2012/201211/t20121102_766829.html).

116. *A Brief Explanation Concerning the “Copyright Law of the People’s Republic of China” (Revision Draft)*, CHINA COPYRIGHT & MEDIA (Apr. 6, 2012), <http://chinacopyrightandmedia.wordpress.com/2012/04/06/a-brief-explanation-concerning-the-copyright-law-of-the-peoples-republic-of-china-revision-draft/>.

117. Zuoqia Wei Quan lLanmeng Ni ZaiQqisu Bai Du Sousuo (作家维权联盟拟再起诉百度搜索) [*Writers Rights Alliance Intends to Sue Baidu Search*], CAIXIN (Apr. 6, 2012, 6:18 PM), <http://china.caixin.com/2012-04-06/100376912.html>.

118. Zhao Wen, *86.2% Foreign Firms Win Copyright Cases*, SHANGHAI DAILY (Apr. 25, 2012), <http://www.shanghaidaily.com/nsp/Metro/2012/04/25/862%2Bforeign%2Bfirms%2Bwin%2Bcopyright%2Bcases/>.

119. *Super Cassettes Indus. Ltd. v. Music Broad. Pvt. Ltd.*, (2012) (S.C.) S.L.P. Nos. 4196-4197/2012, paras. 42-44 (India).

**THE YEAR IN REVIEW**  
**AN ANNUAL PUBLICATION OF THE ABA/SECTION OF INTERNATIONAL LAW**

INTELLECTUAL PROPERTY 231

final order after a hearing and an inquiry into whether the ground for withholding the work from the public was justified.<sup>120</sup> The Court said: “To grant an interim compulsory licence during the stay of the proceedings would amount to granting the final relief at the interim stage, although the power to grant such relief has not been vested in the Board.”<sup>121</sup>

Highlighting the differences between the rights in the work product of film producers and lyrics or music creators, the Delhi High Court ruled that once the author of a lyric or a musical work parts with a portion of his copyright by authorizing a film producer to make a film that incorporates the work or includes the work on the soundtrack, the film producer acquires a copyright that gives him the right, inter alia, to perform the work in public.<sup>122</sup>

The Appellant, a Copyright Society under the Copyright Act 1957, alleged that the broadcasters of Private FM Radio Channels and Event Organizers infringed the copyrights of its members by broadcasting recorded songs and organizing either live musical performances or recorded musical performances, respectively. Appellant pointed out that under the Act, creation of a sound recording (i.e., a derivative copyrightable work) does not affect the author’s exclusive right in the underlying (lyric and musical score) works.

The court said:

If an author (composer) of a lyric or musical work authori[z]es a cinematograph film producer to make a cinematograph film of his composition by recording it on the sound track of a cinematograph film, he cannot complain of the infringement of his copyright if the author (owner) of the cinematograph film causes the lyric or musical work recorded on the sound track of the film to be heard in public. . . .The composer of a lyric or a musical work, however, retains the right of performing it in public for profit otherwise than as a part of the cinematograph film and he cannot be restrained from doing so.<sup>123</sup>

During a chat show, a budding singer sang stanzas from nine songs that had made the young artist famous. While the artist sang, clippings from defendant’s cinematographic films were displayed with intervals in the background. Appellant’s counsel conceded that the clippings from the cinematographic films could not be broadcasted in the background without a license from defendant. The Delhi High Court ruled that the “fair use” concept would be a bad theoretical fit for trivial violations.<sup>124</sup> A *de minimis* analysis is easier, and a *de minimis* determination is the least time consuming.

We cannot separate from the life of the performer her performances and if, in the natural setting of a chat show, she were to sing more than a wee bit, but not substantially the full songs, as long as the singing duration is limited to a minute or so at a time, it would be a case of *de minimis* use and hence the appropriation of the lyrics

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120. *Id.* paras. 42-44; Indian Copyright Act, No. 14 of 1957, INDIA CODE (1957); The Copyright (Amendment) Act, 2012, available at [http://copyright.gov.in/Documents/CRACT\\_AMNDMNT\\_2012.pdf](http://copyright.gov.in/Documents/CRACT_AMNDMNT_2012.pdf).

121. *Super Cassettes Indus. Ltd.*, Nos. 4196-4197/2012, para. 42.

122. *Indian Performing Right Soc’y v. Pandey*, (2012) (H.C. Del.), FAO(OS) No. 423-424/2011, para. 28, available at <http://lobis.nic.in/dhc/PNJ/judgement/08-05-2012/PNJ08052012FAOOS4232011.pdf>.

123. *Id.* para. 15.

124. *Super Cassettes Indus.*, Nos. 4196-4197/2012, para. 56.

SPRING 2013

**PUBLISHED IN COOPERATION WITH  
SMU DEDMAN SCHOOL OF LAW**

**THE YEAR IN REVIEW**  
**AN ANNUAL PUBLICATION OF THE ABA/SECTION OF INTERNATIONAL LAW**

232 THE YEAR IN REVIEW

would not constitute an actionable violation of the copyright in the sound recording. Thus, the facts of each chat show, its theme, its setting and the participation by the live audience at the show are all factors that have to be kept in mind.<sup>125</sup>

Nagpur Bench of Bombay High Court ruled that the owner of a copyright in a work must register the work before invoking the provisions of the Copyright Act for enforcing civil and criminal remedies.<sup>126</sup> Appellant averred that he developed software to facilitate tax and accounting professionals in their work. To restrain competitors from a negative campaign against his product, appellant filed a civil suit in the district court. The Bombay High Court said:

[R]eading of Section 51<sup>127</sup> which defines infringement of right conferred by this Act, with Section 45(1)<sup>128</sup> and the word 'may' therein to my mind means; if an owner of a copyright wants to invoke the provisions of this Act for enforcing civil and criminal nature of remedies before the special forum, namely the District Judge rather than a normal civil Court, he must have the registration.

G. SOUTH AFRICA

The North Gauteng High Court in South Africa restrained the second respondent from infringing the applicant's copyright in a database system (PCNS) and ordered the first and second respondents to turnover all databases, records, and documents containing the PCNS or any part or adaptation of it.<sup>129</sup> It also assessed a reasonable royalty for infringing the applicant's copyright.<sup>130</sup>

The PCNS is a compilation of numbers (the Practice Code Number (PCN) that identify private medical practitioners and service providers in South Africa, together with associated individual data. Each service provider and practice has a unique identifying number. The regulation promulgated in terms of the Medical Schemes Act 131 of 1998 regulates the issue of PCN.<sup>131</sup> Judge Kollapen accepted that the PCNS was indeed a compilation of numbers and data in the public domain, but nevertheless concluded that while some of the component parts may not necessarily be original, in its totality the work was original in view of the substantial effort or skill expended to develop the system.<sup>132</sup>

South Africa's Minister of Trade and Industry released the Copyright Review Commission (CRC) report.<sup>133</sup> The report examined the development of copyright law in South

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125. *India TV Indep. News Serv. Pvt. Ltd. v. Yashraj Films Pvt. Ltd.*, (2012) (H.C. Del.), FAO(OS) No. 583/2011 11, para. 20, available at <http://lobis.nic.in/dhc/PNJ/judgement/21-08-2012/PNJ21082012FAOOS5832011.pdf>.

126. *Dhiraj Dharamdas Dewani v. M/S Sonal Info Sys. Pvt. Ltd.*, (2012) (H.C. Bombay), No. 1076/2011, para. 24, available at <http://bombayhighcourt.nic.in/data/nagjudgements/2012/CFA2114011.pdf>.

127. *Id.*

128. Indian Copyright Act, No. 14 of 1957.

129. *Bd. of Healthcare Funders v. Discovery Health Med. Scheme*, Case No. 35769/2010, at 14-15 (North Gauteng High Court 2012) (case not reportable) (S. Afr.), available at <http://www.saflii.org/za/cases/ZAGPPHC/2012/65.pdf>.

130. *Id.* at 18.

131. Government Notice (GN) of 20 Oct. 1999 (S. Afr.).

132. *Bd. of Healthcare Funders*, Case No. 35769/2010, at 11.

133. TRADE & INDUSTRY DEP'T, COPYRIGHT REVIEW COMMISSION REPORT 8 (2011) (S. Afr.).

**THE YEAR IN REVIEW**  
**AN ANNUAL PUBLICATION OF THE ABA/SECTION OF INTERNATIONAL LAW**

INTELLECTUAL PROPERTY 233

Africa as related to music, as well as the history, structure, and functioning of collecting societies. Most important, the report offers key conclusions and recommendations. The CRC recommended that the issue of copyright duration be reviewed “once the problem around local content has been resolved on a sustainable basis.”<sup>134</sup> The CRC also recommended several changes to the powers and constitution of the Copyright Tribunal and to the Copyright Act.

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134. *Id.* at 100-01 (finding that “South Africa has the lowest local music content of 24 percent for artists. . . compared to 77 percent for Brazil and 95 percent for India”).

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**AN ANNUAL PUBLICATION OF THE ABA/SECTION OF INTERNATIONAL LAW**

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