

September Media Law Update

Regulation

On 1 October, Ofcom assumed a new role as the UK's postal services regulator from Postcomm.

Net Neutrality

Civil rights organisations last week launched a website to allow users to report violations of internet neutrality at <http://respectmynet.eu/>. Readers may be aware that instead of neutrality –in the EU we are to have transparency ---and only time will tell whether that is a fair substitute.

Domain Names

The period for filing applications to block the registration of .XXX domain names has begun and will run until October 28, 2011. This period is called the "Sunrise B" period. Filing a blocking application during the Sunrise B period will prevent the registration of a .XXX domain name containing the trademark owner's registered mark

Social Networking

LinkedIn has given itself the right to use its users' personal information in marketing communications --as a default setting. So unless you want LinkedIn to promote you at its own discretion and without any copy or creative approval --opt-out at the "Manage Social Advertising" in the privacy controls of your account.

Copyright

The European Council has adopted a Directive amending the Copyright Term Directive by, among other things, extending the term of copyright protection for performers and sound recordings from 50 to 70 years.

This has been criticised given the prevailing view of many that copyright law needs updating with shorter--not longer terms, in the information age. More-over it supports the record companies --regarded by many as incumbent villains who thwarted innovation in order to safeguard their status despite obsolete business models.

The Directive contains some sweeteners --such as a 20% fund for session musicians and reversion of rights in recordings to performers if the record company stops marketing the recording during the extended term.

Privacy

Max Mosley's application for the full Grand Chamber at the ECHR (12 judges) to re-hear his case, was rejected. Mosley wanted the Court to impose a Reynolds type obligation to force

editors to tell subjects about stories before publishing them –the ECHR (7 judges) rejected this –finding it would have a "chilling effect" on journalism.

Trade Marks and the Latest Keyword case

The ECJ gave its long awaited judgment in *Interflora v. Marks & Spencer*, Case 323/09. It was a sensible result and upheld fair keyword use—while giving guidance on issues raised in previous keyword cases.

The case concerned Google’s new adword policy –following the decision in *Google France SARL v Louis Vuitton Malletier SA*. C-236/08 to C-238/08 (which clarified that use of third party marks as keywords is permissible provided there is no confusion as to who the goods or services originate from).

The facts were that M&S selected ‘Interflora’ as a keyword so that when internet users entered the word ‘Interflora’ or one of those variants or expressions as a search term in the Google search engine, an M & S advertisement appeared under the heading ‘sponsored links’. That ad was as follows:

‘M & S Flowers Online
www.marksandspencer.com/flowers
Gorgeous fresh flowers & plants
Order by 5 pm for next day delivery’.

When Interflora realised this –it sued M&S for trademark infringement. The Court affirmed this was a ‘double identity’ situation (under Art. 5(1)(a)) (same mark/same goods) –and that even here the registered proprietor of the trade mark is entitled to prevent the use complained of only if it is liable to have an adverse effect on one of the functions of the mark.¹ These functions include indicating the origin of the product or service covered by the trade mark and guaranteeing the quality of that product or service or that of communication, investment or advertising. However it went on to offer the referring court guidance on the functions of origin, advertising and investment --while referring the ultimate question back to the referring court.

As to origin, the court noted—if M&S’s ad led internet users to believe, incorrectly, that M & S was part of Interflora’s network--the function of the INTERFLORA trade mark of indicating origin would be adversely affected. The court emphasised that the test was *reasonably well-informed observant internet users*---and the fact that *some* internet users may have had difficulty grasping that the service provided by M & S was independent from that of Interflora was not sufficient—so the test has a high and not a low bar.²

¹ See *Google France and Google*, §79, *BergSpechte* §21; Case C487/07 *L’Oréal and Others* [2009] ECR I5185 §60 and Case C-558/08 *Portakabin* [2010] ECR I0000 §29.

² The court put the question for the referring court to now decide as: “*whether or not the use of words such as ‘M & S Flowers’ in [the] ad... is sufficient to enable a reasonably well-*

As to the advertising function –the court said that although a mark owner might have to pay more for his own mark as a keyword, internet advertising by keywords aims to offer internet users alternatives to the goods or services of the proprietor --*Google* §69. The proprietor was not prevented from using his own mark effectively to inform and win over consumers (*Google* §96&97).

The court also clarified that the ‘investment function’ of a trade mark is used by the proprietor to acquire or preserve a reputation capable of attracting consumers and retaining their loyalty –and overlaps with the advertising function. Fair competition and use that may prompt some consumers to switch from goods or services bearing that trade mark do not impede this function.

As to dilution under Art. 5(2)—the court said that when the keyword, of a trade mark with a reputation triggers the display of an ad. which enables the reasonably well-informed and reasonably observant internet user to tell who the goods or services offered originate from -- the trade mark’s distinctiveness will not be reduced. It merely alerts the existence of an alternative product or service.

As to free-riding---where the ad displayed on the basis of a keyword corresponds to a trade mark with a reputation and puts forward an alternative (not mere *imitations*) to the goods or services of the proprietor of the trade mark with a reputation, such use falls, as a rule, within the ambit of *fair competition in the sector for the goods or services concerned and is thus not without ‘due cause’ for the purposes of Article 5(2) of Directive 89/104 and Article 9(1)(c) of Regulation No 40/94.*

It was for the referring court to determine, whether, on the particular facts of this case if there was use of the sign without due cause which took unfair advantage of the distinctive character of the repute of the trade mark INTERFLORA.

US Patent Reform

The “America Invents Act” was signed into law on September 16, 2011.¹ This is a major reform of US patent law –the first since 1952 –with the aim of encouraging innovation. It appears far-sighted and even handed. Given recent reports on the costs of patent litigation – see <http://www.economist.com/node/21526385> –this is a step forward. Some provisions take effect immediately and others are to be implemented on September 16, 2012.

Key changes include:

informed and reasonably observant internet user who has entered search terms including the word ‘Interflora’ to tell that the flower-delivery service offered does not originate from Interflora.

- Priority for the “First to File,” rather than the “First to Invent” from March 16, 2013. Under the current regime, an inventor can keep his invention secret and challenge a later inventor’s application as the first inventor. This will no longer be possible. This encourages filing and so disclosure.
- New procedures are introduced to protect an inventor when the first filer of a patent application is alleged to have derived the claimed invention without authorization from the actual inventor—with a new “derivation petition” and “civil derivation action” to replace interference proceedings. The one year grace period is retained.
- The “prior commercial use” defense previously applicable only to business method patents—is extended. Accordingly, an inventor who wishes to maintain the secrecy of an invention can rely on the prior commercial use defense, without filing a patent application, to resist a claim of patent infringement asserted by another person or entity (other than an institution of higher learning).
- New proceedings are introduced for challenging validity –and some say these are a step towards a specialized “patent court.”
- A brand new post-grant review procedure is introduced allowing anyone other than the patent owner to challenge the validity of a newly granted or reissued patent, on essentially any statutory grounds in a limited 9 month window. A substantial threshold test is introduced but a petition may be granted if it “raises a novel or unsettled legal question that is important to other patents or patent applications.” Post-grant reviews will be “adjudicative.”
- New procedures are introduced for inter parties re-examination with similar features to the post-grant review process but with two main differences: challenges are limited to assertions of anticipation and obviousness based on prior art, and the threshold test for initiating a review is “that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”
- A brand new procedure is introduced for challenging business method patents. The Reform Act adapts the new post-grant review procedure to address the highly controversial business method patents (in *Bilski v. Kappos* 130 S. Ct. 3218 (2010) while the Supreme Court declined to rule that business methods cannot be patented - four justices would have so held--but articulated a standard for patentability that many business methods likely would fail). The Reform Act creates a review procedure for business method patents, which will come into effect on September 16, 2012, with the same procedural features and broad scope as the new post-grant review, enabling invalidity challenges on any statutory ground. Such petitions can be filed at any time, but only by a party sued for infringing a business method patent or “charged” with infringing the patent. Parties to any pending infringement action involving the patent can seek a stay of the action--and a stay ordinarily should be granted if a party sued for infringement promptly petitions for review and seeks a stay. The Reform Act thus

gives parties accused of infringing a business method patent a potentially powerful tool for challenging the patent's validity at a far lower cost than full litigation.

- Various changes are made to procedure in patent litigation –including for example prohibiting suits naming multiple defendants. These had been a common tactic among plaintiffs, especially non-patent practicing entities (“patent trolls”) who essentially sought to sue an entire industry. As of September 16, 2011, plaintiffs cannot join multiple parties as defendants unless they are selling the same accused product or process and questions of fact common to all defendants will arise in the action. Individual suits will increase plaintiffs’ costs, and also will subject plaintiffs to the risk that a finding of patent invalidity in one suit will have preclusive effects on subsequent suits. Failure of an infringer to obtain the advice of counsel with respect to any allegedly infringed patent, or to present such advice to the court or jury, may no longer be used to prove that the defendant willfully infringed the patent or intended to induce infringement of the patent effective as of September 16, 2012.

This does not provide legal advice but general information. It is neither a complete discussion nor a substitute for legal advice. This is general information provided on an as-is basis and no warranties are given and no relationship created.