



Designs and Copyright Review
of the Year 2018

BRISTOWS

Contents

Introduction	2
COPYRIGHT	2
Subsistence	2
Works - Sensory copyright: Taste [Levola Hengelo v Smilde]	2
Ownership	3
Ownership and joint authorship [Mei Fields v Saffron Cards]	3
Infringement	4
Authorisation [PPL v Mama Africa]	4
Balance between copyright and fundamental rights [Bastei Lubbe]	5
Communication to the public [Renckhoff (CJEU)]	6
Distribution [Syed (CJEU)]	7
Indexing, caching and safe harbour [Wheat v Alphabet/Google]	8
Defences	9
Safe Harbour and defences under the Ecommerce Directive [SNB-REACT v Deepak]	9
Remedies	10
Live blocking orders extended in scope [FAPL v BT]	10
Live blocking orders applied to other sports [Matchroom Boxing v BT]	11
Costs liability for interim relief [Cartier v BT]	12
Damages [Reformation Publishing v Cruisecco]	13
Policy	14
The draft Copyright Directive	14
DATABASE RIGHT	16
Subsistence	16
Substantial investment [HMCL v TPN]	16
DESIGNS	17
<i>Community Designs</i>	17
Subsistence	17
Representations [Mast-Jagermeister]	17
Technical function and aesthetic considerations [DOCERAM]	17
Infringement	18
Overall impression to the informed user [Cantel v Arc]	18
The informed user [L'Oreal]	19
Defences	20
Spare parts [Acacia v Porsche]	20
<i>UK Unregistered Design Right</i>	21
Infringement	21
“Made to substantially the same design” and secondary infringement [Cantel v Arc]	21
<i>International Designs</i>	22
Policy	22
International design registrations	22
BREXIT	23
Where we currently stand	23
Looking Forward	24
The Team	25

Introduction

As has been the case in recent years, copyright has continued to evolve as the courts have sought to meet the challenges of the internet and the digital exploitation of copyright works. We therefore report on several CJEU decisions, where that Court has continued to seek to apply a policy-based approach, which does not always lead to entirely consistent judgments. Slightly surprisingly, there has been little court activity regarding the database right, even though the increased value of data and its role in the development of AI brings it to the forefront. Designs have had another busy year, particularly on the exclusion of protection for features dictated solely by technical function for Community designs. And finally, with Brexit looming, or not, at the time of writing, we have done our best to reflect the current position but everything may have changed by the time you read this! If you would like any further information on any of the topics we have covered, please do get in touch.

COPYRIGHT

Subsistence

Works - Sensory copyright: Taste

Sensory copyright: Taste not capable of protection by copyright

The food industry is an increasingly competitive market, particularly with the recent rise of “foodie culture”. In a bid to protect the market share of its spreadable cheese dip, a company in the Netherlands claimed that a supermarket chain’s imitation product had infringed the copyright in the taste of its product. After some thought – but no tasting, at least for the purposes of its decision – the CJEU decided that copyright protection in the EU does not extend to the taste of a food.¹

The Facts

Levola owns the intellectual property rights in the spreadable cheese dip, ‘Heksenkass’ which was created by a Dutch retailer in 2007. In 2014, Smilde began manufacturing and selling a product ‘Witte Wievenkaas’. Levola claimed that the taste of Witte Wievenkaas infringed its copyright in the taste of ‘Heksenkass’.

The Legal Question

Whilst the Copyright Directive² provides for the protection of copyright in authors’ “works”, it does

not provide a definition determining the meaning and scope of what constitutes a “work”.

The Berne Convention – an international copyright convention to which the EU is not a party, but is nonetheless obliged to comply with³ – provides for the protection of authors’ rights in their “*literary and artistic works*” which includes “*every production in the literary, scientific and artistic domain, whatever may be the mode or form of expression*” (our emphasis).

Levola claimed that the taste of a food product may be classified as a work of literature, science or art that is eligible for copyright protection. Further, that copyright in a taste refers to the “*overall impression on the sense of taste caused by the consumption of a food product, including the sensation in the mouth perceived through the sense of touch*”.

It was Smilde’s case that the copyright system is intended purely for visual and auditory creations and that the instability of a food product and the subjective nature of taste preclude it from qualifying for copyright protection.

The question of sensory copyright is not a new one: similar questions have arisen in relation to scent. By analogy to its case, Levola relied on a judgment of the Supreme Court of the Netherlands which accepted, in principle, the possibility of copyright subsisting in the scent of a perfume. However, such a view was categorically rejected by the Cour de cassation in France, creating a divergence of law between Member States.

The Regional Court of Appeal in the Netherlands consequently referred the question of whether European law precludes the taste of a product being granted copyright protection to the CJEU for determination.

The CJEU’s decision

The CJEU, having considered other CJEU decisions on the issue, stated that there are two cumulative conditions for something to qualify as a “work” within the meaning of the Copyright Directive:

- 1) The subject matter concerned must be *original* in the sense that it is the *author’s own intellectual creation*; and
- 2) It must be the *expression* of the author’s own intellectual creation (cf. an ‘idea’).

The CJEU considered that the second condition is important to achieve an effective legal system.

A work, the CJEU explained, needs to be expressed

¹ *Levola Hengelo BV v Smilde Foods BV* [2018] C-310/17

² Directive 2001/29/EC

³ Consequent to the WIPO Copyright Treaty to which it is a party and which the Copyright Directive is intended to implement

in such a manner which makes it “*identifiable with sufficient precision and objectivity*”. Such identification is necessary for both the authorities who are to enforce copyright law (and therefore must be able to identify what is being protected and whether there has been an infringement), and for *individuals* (or companies) to identify the protection enjoyed by third parties and, in particular, their competitors (so as to avoid infringement). Were it subjective – and therefore not capable of being expressed in a precise and objective manner – it would be detrimental to legal certainty.

Given that taste cannot be pinned down with precision and objectivity, being a sensory experience which varies according to e.g. the age, food preference, and consumption habits of the taster, the CJEU found that the taste of a food does not constitute a “work” and is therefore not protected by EU copyright law.

An “autonomous and uniform interpretation”... (for now at least)

Consequent to this decision, Member States will not be able to extend copyright protection to the taste of a food. By extension of the CJEU’s reasoning, it seems likely that a party seeking to enforce copyright in a scent would also now be unsuccessful.

This decision provides some relief to the legislators of Member States whose laws provide an exhaustive list of categories of protected “works” (such as the UK) which would have needed amending – or some creative shoe-horning by the judges (could taste be a “work of artistic craftsmanship”?) – had the CJEU decided otherwise.

However, the decision does suggest that future technological advancements might require the question to be reconsidered. A factor in the CJEU’s reasoning regarding the ability to identify the subject matter, clearly and objectively, was that “*it is not possible in the current state of scientific development to achieve by technical means a precise and objective identification of the taste of a food product*”. This begs the question: if such identification becomes possible, should copyright be extended to the taste of a food?

For now, at least, we have an answer.



Smilde’s cheese (now exclusively available in Lidl under the name Wilde Wietze Dip), alleged to have infringed copyright in the taste of Levola’s cheese.

Ownership

Ownership and Joint Authorship

*Mei Fields v Saffron Cards*⁴

This case serves as a useful reminder of the importance of establishing ownership of copyright (and indeed any IP rights) in infringement disputes, as it will almost always be challenged by defendants, and if the claimant cannot show that they own the rights being enforced, then they cannot win. This can be a source of frustration for clients having to spend time and money proving that they own their copyright before the court will go on to consider the alleged acts of infringement. We therefore work with clients to try to put all necessary assignments, licences and employment contracts in place before disputes arise and that they have policies to ensure that all relevant evidence is retained for future use.

This case involved allegations of copyright infringement in various greeting card designs. Of the 127 paragraphs of the judgment covering all the issues involved in the dispute, it took until paragraph 94 before the Judge first considered the issue of infringement. In fact, most of the two day trial was taken up with the ownership issue.

One of the key arguments raised by the defendants was that the individual designer of the greeting cards alleged to have been copied, a lady called Mei Fields, did not own the copyright in the original cards because she had created them during the course of her employment with a company called Metropolis, of which she was the Design Director (the only other director being her husband). Metropolis had subsequently sold its rights to one of the defendants as part of an administration (at that point, the Fields were no longer employed by Metropolis), so the defendants argued that there could be no infringement of those rights because they now owned them.

In order to decide whether or not Ms Fields created the cards in the course of her employment, the Judge took into account the following factors:

- a. Her duties as Design Director did not include designing cards;
- b. Much of her design work was done from home;
- c. She worked independently, without direction from Metropolis;
- d. She could stop designing at any time; and
- e. Her designs were not “integral” to Metropolis’s business – Metropolis had another designer who

⁴ *MEI Fields Designs Limited v Saffron Cards and Gifts Limited and Anr* [2018] EWHC 1332

had designed a range of cards for them, and they also licensed card designs from third parties.

The Judge concluded that Ms Fields had designed the card designs outside the scope of her employment with Metropolis, and therefore was the first owner of the copyright in them.

The defendants also tried to argue that even if she had designed the designs outside her employment with Metropolis, other employees of Metropolis had helped in the design process such that Metropolis was a joint owner of the copyright with her. To be joint owners of copyright, each author's contribution to the work must be "not distinct" from the other's. The Judge found that all the other employees had done was to help Ms Fields digitalise the designs so that they could be sent to India. This process was effectively acting as the operator of a scanner, with some minor "cleaning up" of the images to remove specs of dust. They did not use sufficient skill or labour to qualify as joint authors. Similarly, when some of the employees had used computer programs such as PhotoShop, they were merely acting as "scribes" – none of their work could be described as "design work". Only Ms Fields' name appeared on the back of the cards as the designer. The Judge therefore concluded that Metropolis did not own any share of the copyright as a result of joint authorship.

The Judge finally went on to compare each alleged copy card design with the original and concluded that only two of them were sufficiently similar to establish that the whole or a substantial part of the original card design had been reproduced – the respective originals and copies are shown below, with the original on the left and the copy on the right.



Infringement

Authorisation

When's it gonna stop, DJ?: *Phonographic Performance Limited v Abimbola Balgun t/a Mama Africa* [2018] EWHC 1327 (Ch)

*PPL v Balgun*⁵ was an application for permission to appeal against the refusal by Master Price to set aside summary judgment against Mr Balgun (t/a Mama Africa) for a claim brought by Phonographic Performance Ltd (PPL) for infringement of copyright. Mr Balgun owned a restaurant called 'Mama Africa' and had allegedly permitted a DJ to play sound recordings that infringed PPL's copyright in relation to two specific songs. Primarily the case considered the requirements for awarding and consequently appealing summary judgment, and whether the correct principles and rules had been applied by Master Price at first instance.

From a copyright perspective, the interesting element of this judgment was the Court's consideration of whether the defendant's defence to the claim had a real prospect of success on appeal.

The defendant argued that permitting a DJ to play music generally in his restaurant did not equate to *authorising* him to play the specific infringing songs. Therefore, he was not authorising an infringing act restricted by copyright in accordance with s. 16(2) of the Copyright Designs and Patents Act 1988. However, the Court, relying on *PPL & PRS v CGK Ltd and others* [2016] EWHC 2642, found that this argument was incorrect. It was in fact the authorisation of the playing of music in public which was the relevant act and not the authorisation of the specific songs that infringed the copyright; the defendant had complete control over the playing of music in his premises. Consequently, the defence did not have a real prospect of success and permission to appeal was refused.

The judgment in this case confirms that individuals and companies have a positive obligation to ensure that infringing acts restricted by copyright do not occur on their public premises. Permitting a third party to perform, show or play a copyright work will amount to an act of copyright infringement by authorisation, even where the defendant has not specifically checked the material being played.

⁵ *Phonographic Performance Limited v Abimbola Balgun t/a Mama Africa* [2018] EWHC 1327 (Ch)

Balance between copyright and fundamental rights

C-149/17 – *Bastei Lubbe v Michael Strotzer*

This case⁶ concerns a copyright infringement that occurred way back in 2010. When the German publishing company Bastei Lubbe discovered that one of its audio books had been made available via a peer-to-peer file sharing service (allowing an unlimited number of people to download the audio book for free), they enlisted the help of an expert to identify the owner of the IP address from which the audio book was being shared. The expert identified the defendant in the main proceedings, Michael Strotzer. Accordingly, following Mr. Strotzer's refusal to comply with a cease and desist letter, Bastei Lubbe sued Mr. Strotzer for copyright infringement in the Local Court of Munich (Mr. Strotzer allegedly being liable for infringement of the communication to the public right pursuant to the InfoSoc Directive⁷).

Mr. Strotzer told the Court that he was not responsible for the infringement and his internet connection was secure. However, he also told the Court that, although to his knowledge his parents did not have a copy of the audio book, his parents also had access to his internet connection. In essence, therefore, Mr. Strotzer told the Court that although he had no evidence to suggest either of his parents was responsible for the infringement, he could not be certain that they were not the infringers. Mr. Strotzer's defence was successful: on the basis that the Court could not be certain that Mr. Strotzer had committed the infringing act, Bastei Lubbe's claim was dismissed.

Bastei Lubbe appealed to the Regional Court. Unlike the Local Court, the Regional Court was inclined to hold Mr. Strotzer liable for the infringement because his statements did not indicate that any third party used his internet connection at the time of the infringement. However, the Regional Court was concerned that its preferred conclusion was at odds with the case law of the German Federal Court of Justice (the 'FCJ') relating to the interpretation of German domestic copyright legislation.

Under the FCJ's established interpretation of German copyright legislation, there is no presumption that the owner of an internet connection is liable for an infringement committed using that connection so long as the following two conditions are met:

1. the owner of the connection knowingly made it available to others; and
2. the owner of the connection discloses the identity of other individuals who had access to the

connection and who were therefore *capable* of committing the infringement.

In the present case, the conditions above had been met by Mr. Strotzer and therefore there was no presumption as to his liability. In those circumstances the burden of proving Mr. Strotzer's liability remained with Bastei Lubbe. As this was an impossible task for Bastei Lubbe in the circumstances of the case, Mr. Strotzer was effectively *excluded from liability* simply by virtue of his explanation that his parents had access to his internet connection. Furthermore, Mr. Strotzer was not required to provide any further details regarding the time and the nature of his parents' use of the internet connection because, according to FCJ case law, having to do so would contravene Mr. Strotzer's right to respect for his private and family life (provided by Article 7 of the EU Charter of Fundamental Rights).

Due to the Regional Court's inclination to find Mr. Strotzer liable for the infringement, the Court decided it should ask the CJEU, in essence, whether the FCJ's interpretation of national law was compatible with EU law. In particular, the CJEU was asked whether German law was compatible with those provisions of the InfoSoc Directive and the Enforcement Directive⁸ that deal with the nature of the penalties and measures which Member States *must* make available to rights holders in copyright infringement cases in order to ensure a homogeneous and high level of protection for copyright across Europe (specifically Article 8(1) and (2) of the InfoSoc Directive and Article 3(2) of the Enforcement Directive).

The substance of the CJEU's decision in this case centres on the requirement to strike a fair balance between, on the one hand, the right to intellectual property and the right to an effective remedy for infringement of intellectual property and, on the other hand, the right to respect for private and family life. In particular, the CJEU noted that the FCJ's concern for an alleged infringer's right to respect for his private and family life was acting as an obstacle to rights holders obtaining the evidence they require to support an infringement case. This position was incompatible with Recital 20 and Article 6(1) of the Enforcement Directive, which address the need for effective means of presenting, obtaining and preserving evidence (so long as those means also protect confidential information).

In the CJEU's view, the case law of the FCJ effectively guaranteed almost absolute protection for the family members of the owner of an internet connection which was used to infringe copyright. This was held to be contrary to Article 8(1) of the InfoSoc Directive, which requires Member States to provide effective, proportionate and dissuasive sanctions for copyright infringement. In addition, German national law (as

⁶ C-149/17 – *Bastei Lubbe v Michael Strotzer*
⁷ Directive 2001/29/EC

⁸ Directive 2004/48/EC

interpreted by the FCJ) was held to be incompatible with Art. 3(1) of the Enforcement Directive, which requires Member States to provide fair and equitable procedures and remedies to ensure the enforcement of IP rights. The CJEU indicated that German national law's incompatibility with EU law could be rectified by either: (a) allowing rights holders to have the owner of the internet connection (as in the dispute in the main proceedings) held liable in tort; and/or (b) providing other means by which the German courts could compel the owner of the internet connection to provide the information necessary to prove the occurrence of an infringement and identify the infringer.

This case is an interesting example of the CJEU being required to strike a fair balance between various fundamental rights afforded to EU citizens, in a case where those rights are clearly in conflict. Ultimately, it seems that FCJ case law had swung too far in favour of protecting the privacy of an alleged infringer and his family members, at the expense of a rights holder's ability to protect his intellectual property. This decision should lead to a correction in the balance previously struck by the German courts.

Communication to the public

The CJEU's ruling on the communication to the public right in *Renckhoff*

On 7 August 2018, the CJEU gave a preliminary ruling on the communication to the public right in Article 3 of the InfoSoc Directive.⁹

The facts

Mr Renckhoff is a photographer and one of his photographs appeared on an online travel portal. He claimed to have granted the operators of that portal an exclusive licence to use the photograph in question. A pupil of the Waltrop secondary school downloaded a copy of this photograph from the portal (there being no technical restrictions in place preventing this) and included it in a presentation, with a reference to the portal from which it was downloaded. This presentation was then made accessible on the school website. Mr Renckhoff claimed that the posting of his photograph on the school website infringed his copyright.

The Higher Regional Court in Hamburg decided that the photograph was protected by copyright and that the posting of it on the school website was an infringement not only of the reproduction right but also the communication to the public right.

In the course of an appeal against this decision on a point of law, the German Federal Court of Justice

referred a question to the CJEU, seeking clarification on whether the communication to the public right could still apply where the copyright-protected work was freely accessible on one website with the consent of the copyright owner and there is an intervening act of reproduction, as was the case here.

The ruling

The CJEU's ruling can be summarised as follows:

- The communication to the public right must be interpreted broadly as the principle objective of the InfoSoc Directive is to establish a high level of protection for authors. Recital 23 also makes this explicitly clear in relation to the communication to the public right.
- Following the CJEU's case law, there are two cumulative criteria for the communication to the public right in Article 3(1), namely (i) an act of communication (ii) to a public. In respect of (i), the posting on a website of a photograph previously posted on another website constituted an act of 'making available' and therefore an act of 'communication' as visitors to that website are able to access the photograph. In respect of (ii), the concept of 'public' requires an indeterminate number of potential recipients implying a fairly large number of people. The act of communication by the school was directed to all potential users of their website, which satisfied the 'public' criterion.
- As the technical means for each communication was the same (posting on websites), it was necessary to ascertain whether the communication by the school had been to a 'new public' (a public not previously taken into account by Mr Renckhoff when he authorised the initial communication to the public on the portal)¹⁰.
- The CJEU emphasised the 'preventative' nature of the communication to the public right (which allows copyright owners to intervene to prevent communications), expressing concern that the right would be deprived of its effectiveness in the absence of it finding a communication to a new public. For example, if Mr Renckhoff were to revoke his consent for the portal to prevent all further communication to the public of his photograph, that would not be effective as it would still be accessible on the school website.
- The CJEU also referred to Article 3(3) of the InfoSoc Directive which expressly states that the communication to the public right is not exhausted by any act of communication to the public. If the school was freely entitled to post Mr Renckhoff's photograph on the school website, that would be

⁹ Case C 161/17 Land Nordrhein-Westfalen v Dirk Renckhoff

¹⁰ In Case C-607/11 *ITV Broadcasting Ltd & Ors v TVCatchUp Ltd*, the CJEU elected to distinguish its earlier case law and bypass the 'new public' requirement on the basis that the retransmission of a terrestrial television broadcast over the Internet by TV CatchUp was made through a different technical means to the original broadcast and thus required separate authorisation.

the same as applying a rule of exhaustion contrary to Article 3(3) and would deprive Mr Renckhoff of the opportunity to monetise that use of his photograph.

- Accordingly, with this in mind, the CJEU concluded that the posting on a website of a photograph previously posted on another website constituted a communication to a new public. The CJEU suggested that the public taken into account by Mr Renckhoff when he consented to the communication of his work on the portal was composed solely of users of that portal and not of users of the school's website or other internet users. It was irrelevant that the photograph was freely accessible on the portal without technical restrictions. Mr Renckhoff's rights in Article 3(1) could not be made subject to any formality, as the CJEU had already made clear in *Soulier and Doke*, C 301/15.
- While in *Svensson* C 466/12 and *BestWater* C 348/13 the CJEU took an expansive view of the 'public' (being all internet users), that rationale could not be applied here for three reasons. Firstly, those cases involved hyperlinks which facilitate the sound operation of the Internet and dissemination of information. In *Renckhoff*, the communication involved reproduction rather than hyperlinks and so the same considerations would not apply: to do so would fail to have appropriate regard to the fair balance that the InfoSoc Directive seeks to strike between the interests of copyright owners and users, as well as the public interest. Secondly, where hyperlinks – rather than reproductions – are involved, the communication to the public right is not denuded of its preventative nature because the copyright owner can simply withdraw their consent and stop the communication to the public of their work – the link would no longer display the original work if it had been taken down. However, where a reproduction of the work has been posted on another website, it would remain available on that website even if it had been removed from the original website. Thirdly, Mr Renckhoff's photograph was reproduced on a private server and then posted on the school website which involved a decisive intervention by the school. In *Svensson* there was no administrator for the site on which the hyperlink had been included.

Comment

Clearly there is a difference between, on the one hand, including a hyperlink on a website to communicate a work to the public and, on the other hand, making a copy of the work on your own server. The latter involves the reproduction right whereas the former does not.

Once again, the spectre of the 'new public' requirement in the CJEU's Article 3 jurisprudence came back to haunt it somewhat, leading the CJEU to rationalise its finding of a 'new public' by reference to the preventative nature of the right and the balancing of rights. It is open to question whether this was in fact necessary if, as the CJEU seemed to suggest, Mr Renckhoff's communication to the public right was not exhausted. Rather than focussing on whether there was a communication to a 'new public', the CJEU could have aligned itself with the submission of Mr Renckhoff and the French Government that there was a 'new communication' to the public which should have rendered the 'new public' requirement unnecessary.

Distribution

Syed (C-572/17)

On 19 December 2019 the CJEU handed down judgment in *Syed*¹¹, a referral from Sweden about the interpretation of Article 4(1) of the Copyright Directive¹².

Article 4 concerns distribution rights and requires Member States to provide authors with the 'exclusive right to authorise or prohibit any form of distribution to the public by sale or otherwise'.

Mr Syed runs a shop in Stockholm where he was selling items of clothing and accessories which infringed the copyright of various rights holders. He also stores his goods in two storage facilities – one next to the shop and one further away in the suburbs of Stockholm. It was established that the shop was regularly restocked with merchandise from both storage facilities.

The Swedish Supreme Court referred the following questions for a preliminary ruling:

1. When goods bearing protected motifs are unlawfully offered for sale in a shop, can there also be infringement of the author's exclusive right of distribution under Article 4(1) of the Copyright Directive as regards goods with identical motifs, which are held in storage by the person offering the goods for sale?
2. Is it relevant whether the goods are held in a storage facility adjacent to the shop or in another location?

The CJEU concluded that storage by a retailer who is already selling identical goods to those alleged to infringe may be an infringement of Article 4(1) where those goods are actually intended for sale in a Member State where the goods would be protected. The

¹¹ C-572/17 *Syed*

¹² Directive 2001/29/EC

distance between the storage facility and the shop is not a decisive element when determining whether the stored goods are intended for sale.

The Court looked at EU legislation and established case law to conclude that distribution to the public is characterised *at the very least* by a series of acts going from the conclusion of a contract for sale to the performance of this contract by delivery. They considered that the words '*at the very least*' did not exclude steps preceding the conclusion of the contract of sale. Therefore an act prior to the actual sale of a work protected by copyright may infringe the right holder's distribution right if it takes place without consent.

The Court therefore confirmed that an actual sale is not a necessary element for infringement, but that it must be proven that the goods in question were *intended* to be distributed without consent of the rights holder.

It is for the national court to determine in light of the evidence it has whether some or all of the stored infringing goods are identical to those sold in the shop and are intended for sale in that shop or whether they are intended for a different purpose. The CJEU provided guidance for national courts on how to determine this, saying that account must be taken of all the factors which may demonstrate that the goods concerned are stored with a view to being sold.

It was noted that the distance between the storage facility and place of sale may be a factor but would not on its own be decisive. Accounts, volume of sales and orders as compared to volumes of goods stored should also be considered.

It is worth noting that the UK has a separate infringing act of possession in the course of business under Section 23 of the Copyright, Designs and Patents Act 1998, so this case would not have needed to have been brought under the distribution right if it had taken place in the UK. The UK Act defines *business* as including a trade or profession (Section 178) which would have caught Mr Syed's shop.

Indexing, caching and safe harbour

***Wheat v Alphabet Inc / Google LLC & Anor* [2018] EWHC 550 (Ch)**

This case¹³ concerned applications by Mr Wheat (in person) for permission to serve claims against Google out of the jurisdiction. Mr Wheat wished to pursue a number of claims, including claims of copyright infringement arising from Google's indexing of websites. Ultimately he was unsuccessful and not permitted to do so. There are two points in this decision which are of particular interest.

First, the Chief Master in the High Court noted that certain websites in issue had been set up without any limitation on access to them by web crawlers deployed to index and cache their content. He expressed the view that this amounted to implicit consent to allow Google to index and cache those websites, because website owners depend upon the ability of search engines to index and cache their websites to enhance their visibility and also because it is relatively straightforward to turn web crawlers away (for example, by deploying instructions under the Robot Exclusion Protocol or appropriate metatags in the HTML code of the website). Chief Master Marsh's decision in this respect follows a similar line of reasoning to that of the US District Court of Nevada in *Field v Google Inc.*, 412 F. Supp. 2d 1106 (D. Nev. 2006) but takes an opposite approach to that in *Copiepresse v Google Inc* (2007) No 06/10.928/C where the Belgian Court of First Instance (confirmed on appeal) decided that no such implied consent could be inferred and that copyright was not a right of opposition but one of prior consent.

Second, the Chief Master, having cited Google's evidence about its caching in the course of indexing, suggested that the caching safe harbour 'defence' in Regulation 18 of The Electronic Commerce (EC Directive) Regulations 2002 would apply to that caching. Regulation 18 is the UK's implementation of Article 13 of the Ecommerce Directive¹⁴, which provides an exemption from liability for an 'information society service' that transmits information in a communication network. This exemption would, for example, typically cover an ISP and some web proxy-caching by online intermediaries. Once again, the Chief Master's suggestion is somewhat at odds with the Belgian Court's finding in *Copiepresse v Google Inc* that the caching exemption in Article 13 did not apply to copies of material cached by Google which was subsequently made available to end users via a hyperlink.

It is necessary to bear in mind that *Wheat v Alphabet Inc / Google LLC & Anor* concerned only an application for permission to serve out of the jurisdiction and that Mr Wheat was unrepresented and possibly not best-placed to comprehensively argue the above points. As such, the decision should be treated with a degree of caution in those two respects.

¹³ *Wheat v Alphabet Inc / Google LLC & Anor* [2018] EWHC 550 (Ch)

¹⁴ Directive 2000/31/EC

Defences

Safe Harbour and defences under the E-Commerce Directive

C-521/17 – SNB-REACT U.A. v Deepak Mehta

The most interesting aspect of this judgment¹⁵ is probably the apparent adoption by the CJEU, either purposefully or by accident, of a subtly different approach to the conditions determining the availability of the e-Commerce Directive defences (i.e. the hosting, caching and “mere conduit” defences for information society service providers). Although the difference from the previously established approach is subtle, if the new approach were to be followed by national courts then there could be an impact on the availability of the defences.

The questions referred to the CJEU came from the Court of Appeal in Tallinn, Estonia. The dispute in the main proceedings concerns an individual, Mr. Mehta, who registered IP addresses and then “rented” them to customers, allowing them to use domain names and websites anonymously. As you might expect of people who wish to anonymously carry on business online, some of Mr. Mehta’s customers’ domain names and websites were used for illegitimate purposes. Specifically, the domain names and websites infringed third party trade marks.

A Dutch collecting society, SNB-REACT, brought trade mark infringement proceedings against Mr. Mehta in Estonia on behalf of ten trade mark owners. The proceedings were brought in the name of SNB-REACT (rather than in the names of the individual trade mark owners) and an injunction and damages were sought.

At first instance, the Court in Harju County dismissed the action brought by SNB-REACT on the basis that it had failed to show that it had standing to bring the action in its own name. In addition, the Court held that Mr. Mehta could benefit from the Estonian implementation of the “mere conduit” defence in the Ecommerce Directive¹⁶ (Article 12) because he was merely transmitting information in a communication network and/or providing access to a communication network.

On SNB-REACT’s appeal, the Court of Appeal in Tallinn decided it was necessary to refer two questions to the CJEU. The first of these related to Article 4(c) of the Enforcement Directive¹⁷, which concerns the standing of collecting societies: *“Member States shall recognise as persons entitled to seek application of the measures, procedures and remedies referred to in this chapter: [...] (c) intellectual property collective rights-management bodies which are regularly recognised*

as having a right to represent holders of intellectual property rights, in so far as permitted by and in accordance with the provisions of the applicable law”.

The Tallinn Court of Appeal asked the CJEU whether Article 4(c) must be interpreted to mean that *“Member States are required to recognise bodies collectively representing trade mark proprietors as persons with standing to pursue legal remedies in their own name to defend the rights of trade mark proprietors and to bring actions before the courts in their own name to enforce the rights of trade mark proprietors”* (emphasis added). The CJEU responded to this question in straightforward fashion, essentially saying that this is indeed a requirement if two conditions are met: 1. the body is regarded by national law as having a direct interest in the defence of such rights; and 2. national law allows the body to bring legal proceedings to that end. The CJEU confirmed that it is for the referring court to decide whether those two conditions are met.

The referring Court’s second question concerned the availability of the Ecommerce Directive defences to a service provider such as the defendant in the main proceedings. The CJEU was asked whether Articles 12-14 of the Ecommerce Directive must be interpreted as meaning *“that even a service provider whose service consists in registering IP addresses, thus enabling them to be anonymously linked to domains, and in renting out those IP addresses, is to be regarded as a service provider within the meaning of those provisions to whom the exemptions from liability provided for in those articles apply”*.

In response to the second question, the CJEU said that it had insufficient evidence to determine whether Mr. Mehta satisfied the first condition attached to the availability of the Ecommerce Directive defences, i.e. the condition that the service being provided must be an information society service. In any event, the CJEU went on to re-state established law on the conditions attached to the defences, with one variation that is potentially significant.

Recital 42 of the Ecommerce Directive provides that the defences only apply where the activity of the information society service provider *“is of a mere technical, automatic and passive nature, which implies that the information society service provider has neither knowledge of nor control over the information which is transmitted or stored”*. In other words, if the service provider’s role is technical/automatic/passive, *it follows that* the service provider has neither knowledge of nor control over the information which is transmitted or stored.

The principle of Recital 42 of the Ecommerce Directive is central to the reasoning applied in two of the most important CJEU judgments concerning the availability

¹⁵ C-521/17 – SNB-REACT U.A. v Deepak Mehta

¹⁶ Directive 2000/31/EC

¹⁷ Directive 2004/48/EC

of the Ecommerce Directive defences, i.e. *Google France*¹⁸ and *L'Oréal v eBay*.¹⁹ In *Google France*, the CJEU said that the hosting defence is available to a service provider which “has not played an active role of such a kind as to give it knowledge of, or control over, the data stored” (emphasis added). Similarly, in *L'Oréal v eBay*, the CJEU said a service provider can benefit from the hosting defence if it “has not played an active role allowing it to have knowledge or control of the data stored”. Therefore, in both cases the CJEU accepted the principle, suggested by Recital 42 of the Ecommerce Directive, that knowledge/control of the relevant data flows from the service provider playing an active role. In *L'Oréal v eBay*, the CJEU provided the additional clarification that a service provider is deemed to play an active role “when it provides assistance which entails, in particular, optimising the presentation of the offers for sale in question or promoting them”.

In the present case, it appears the CJEU may have misused the additional clarification provided in *L'Oréal v eBay* in a manner that was not intended by the judges in that case. In its answer to the second question in the present case, the CJEU said that an information society service provider can benefit from the Ecommerce Directive defences if the service provider’s activity “is of a merely technical, automatic and passive nature, implying that he has neither knowledge of nor control over the information transmitted or cached by his customers, and in so far as he does not play an active role in allowing those customers to optimise their online sales activity” (emphasis added). Therefore, in its answer to the second question in the present case, the CJEU appears to have added a supplemental condition to the availability of the Ecommerce Directive defences, rather than merely providing an example of what playing an active role might look like (as was the CJEU’s clear intention in *L'Oréal v eBay*).

It is possible that the CJEU in this case had no intention of adding a supplemental condition to the availability of the Ecommerce Directive defences, and this is simply a matter of imprecise drafting. However, it will certainly be interesting to see whether this apparent mistake is repeated on the next occasion the CJEU considers the conditions attached to the Ecommerce Directive defences.



Remedies

‘Live blocking orders’ extended in scope

Injunctions: High Court extends ‘live blocking order’

On 18 July, the High Court (Arnold J) in *The Football Association Premier League Ltd v British Telecommunications Plc & Ors*²⁰ [2018] EWHC 1828 (Ch) granted an extension of a 2017 order requiring BT and others to block access to streaming services which gave unauthorised access to live Premier League football matches during the 2018/19 season.

Pursuant to section 97A of the Copyright, Designs and Patents Act 1988, the High Court has the power to grant such injunctions against a service provider where that service provider has actual knowledge of another person using their service to infringe copyright.

The Football Association Premier League (‘FAPL’) owns the copyright in films comprising television footage of all Premier League matches, and in the artistic works which appear within that footage such as logos and graphics that appear as an overlay to give additional information about the match.

In 2017 (see our Review from 2017), in *FAPL v BT* [2017] EWHC 480 (Ch), BT and others were ordered by the High Court to use ‘live blocking’ to prevent users from accessing unauthorised ‘live’ streaming services. This is in contrast to the usual injunctions under s97A which directly block the offending websites. This specific type of order was required by FAPL for a number of reasons, including increased access to services such as ‘Kodi’ boxes and Amazon Fire TV Sticks which do not require connection to a website, and an increase in high quality football streams becoming available.

The FAPL applied for an extension of this ‘live blocking order’ to cover the 2018/19 Premier League season and Arnold J granted it referencing the following reasons, which are the same as those given for the proportionality of his previous order:

- the order would not impair the rights of the defendants to carry on business;
- to the limited extent that it interferes with the rights of internet users to impart or receive information, the interference is justified by a legitimate aim, namely preventing infringement of FAPL’s copyrights on a large scale;
- it will be effective and dissuasive, and there are no equally effective but less onerous measures available to FAPL;

¹⁸ Joined Cases C-236/08 to C-238/08.

¹⁹ Case C-324/09.

²⁰ *The Football Association Premier League Ltd v British Telecommunications Plc & Ors* [2018] EWHC 1828 (Ch)

- it avoids creating barriers to legitimate trade;
- it is not unduly complicated or costly; and
- it contains safeguards against misuse (see below).

The evidence submitted by the FAPL demonstrated that the order had been very effective in achieving the blocking of unauthorised streams and that no evidence had been found of 'overblocking'.

Arnold J made amendments to the order to allow for more of the infringing streaming servers to be captured by the order and blocked, and to make the requirement to notify hosting providers of the block subject to a short delay in order to help prevent the order being circumvented.

How does a live blocking order differ from standard blocking orders?

1. It is "live" in the sense that it only comes into effect at times when live Premier League match footage is being broadcast;
2. The list of target servers are to be "re-set" each match week during the Premier League season allowing new servers to be identified by FAPL and notified to the defendants to be blocked;
3. It is only applicable for a short period of time (i.e. the football season), but can potentially be extended in order to allow for an assessment of its effectiveness and of any issues encountered, and to allow for appropriate changes to be made to any extensions of the order (as happened in this case); and
4. In addition to the safeguards which have become standard in section 97A website blocking orders (see [262] – [265] of the judgment of Arnold J in *Cartier International AG v British Sky Broadcasting Limited* [2014] EWHC 3354 (Ch) for a summary of such safeguards), the order requires a notice to be sent to each hosting provider each week whenever one of its IP addresses is subject to blocking. This is now subject to a short delay to prevent offending stream providers from circumventing the block.

The Courts of England and Wales have regularly used their jurisdiction under s97A to injunct non-infringing ISP intermediaries, thereby 'blocking' access by internet users to certain websites. The extension to live streaming services is a natural evolution of blocking orders and ensures as many access points as possible are covered.

'Live blocking orders' applied to other sports

Matchroom Boxing v BT [2018] EWHC 2443 (Ch)

Given the success of FAPL and UEFA in blocking access to infringing streaming services through Arnold J's 'live blocking orders', as discussed above, Matchroom sought a similar order in respect of streaming servers which deliver infringing live streams of footage of professional boxing matches staged by Matchroom.

The background to this application was very similar to that described in *FAPL v BT* above. In the UK, the boxing matches are broadcast by the Fourth Defendant ('Sky') pursuant to exclusive agreements with Matchroom. Under these agreements and depending on the particular match, either Matchroom or Sky own the copyright in the broadcasts and films. Evidence was submitted of very large numbers of infringing streams being watched, thus depriving both Matchroom and Sky of substantial revenue from pay per view streams.

Arnold J, considering the application on paper, was satisfied that the Court had jurisdiction to make the order and that it was appropriate to exercise his discretion to do so for essentially the same reasons given previously (listed in the bullet points above).

Two interesting differences arose here in comparison to the order given in the football league cases (*FAPL and UEFA*):

1. Boxing matches, in particular pay per view matches, have irregular timing. Therefore it was not possible for target servers to be identified in the same manner as in the football league cases. Whilst the criteria remained very similar for identifying the target servers, they are applied by a particular form of monitoring carried out in a seven-day period prior to each match. The details of this form of monitoring were kept confidential in order to prevent circumvention.
2. The FAPL and UEFA orders covered a 'football season' (or part of a season) and therefore all of the fixtures were pre-arranged within the relevant period. This is not the case with boxing matches. Further, the order sought was to last two years. Accordingly, the order provides for the boxing matches to be notified to the defendants at least four weeks in advance.

This case provides an example of 'live blocking orders' being applied to sports other than football, and being extended and adapted for the particular requirements of different sports' schedules.

Costs liability for interim relief

***Cartier International AG v British Telecommunications PLC* [2018] UKSC 28**

Copyright injunctions are not new in English law, but back in June, the UK Supreme Court handed down the hotly anticipated judgment in *Cartier*²¹ where they provided clarity on who should be responsible for bearing the costs of complying with blocking injunctions for trade mark infringement. The case involved several Richemont group companies, including Cartier, against the 5 largest internet service providers in the UK, but its implications are far wider and now arguably extend to all IP infringement blocking injunctions going forwards.

Cartier applied for an injunction requiring ISPs to block access to specified websites. The websites were selling counterfeit copies of their goods and infringing their trade marks. The ISPs themselves are not connected to any of the websites, nor do they have any control over the content.

Several years ago now, the High Court granted the injunction and ordered the ISPs to pay the costs of its implementation. This was the first case which confirmed that blocking injunctions are available for trade mark infringement and not just copyright infringement.

The Court of Appeal upheld this decision, including the responsibility for costs, and the ISPs appealed to the UK Supreme Court on this point.

In a decision that rights holders will see as a potential blow to their brand protection strategies, the Supreme Court disagreed with both the High Court and the Court of Appeal and (unanimously) held that rights holders should be required to indemnify ISPs for reasonable implementation costs of these types of orders.

The Judges firstly confirmed the ability of English courts to grant these types of injunctions – their justification came from equitable jurisdiction in national law. They considered the position to be no different to that where other injunctions are ordered – such as *Norwich Pharmacal* orders – which require the innocent party to assist those whose rights have been wronged. The ordinary position under *Norwich Pharmacal* orders is that an intermediary is entitled to compliance costs. It was held (unlike in the Court of Appeal) that none of the EU Directives confirm anything about the responsibility for compliance costs. They simply state that if intermediaries are bearing the costs those costs should not be excessive. This meant it was a matter for national law within the broad limits of EU

principles. Under English law an innocent intermediary is ordinarily entitled to be indemnified against the costs of complying with a blocking injunction.

ISPs are mere conduits who would not be liable under English law for trade mark infringement. They have no legal responsibility to remedy the injustice so there is no basis for requiring them to be responsible for the costs – they are simply acting under the compulsion of an order of the Court. Under English law, the ISPs would not be liable even if the safe harbours in EU law were not in place.

The Supreme Court dismissed arguments that because ISPs benefit financially from infringing content it is only fair that they contribute to the costs. They concluded that English law is not concerned with any moral or commercial responsibilities that may exist. They also considered that a rights holder applied for this type of injunction for their own commercial interest to protect their own rights so there was no reason why they would be entitled to a contribution from another party (other than the infringer). They also considered that the protection of IP rights is an ordinary cost to a business and the costs of implementing these types of orders could naturally sit here.

The decision hinged on the fact the intermediary in this case was innocent in the eyes of the law. It was specifically noted that in other circumstances where a party may be engaged in hosting or caching, for example, where more active participation in the infringement itself took place, other considerations may apply.

It is also worth pointing out that the Supreme Court did not rule that the brand owners had to pay all of the ISP costs in this instance. They broke down the costs into 5 different categories of which they considered the ISPs could recover for 3 of them:

- i) The marginal cost of the initial implementation of the order, which involves processing the application and configuring the ISP's blocking systems;
- ii) The cost of updating the block over the lifetime of the orders in response to notifications from the rights holder, which involved reconfiguring the blocking system to accommodate the migration of websites from blocked internet locations; and
- iii) The costs and liabilities that may be incurred if blocking malfunctions through no fault of the ISP, for example as a result of over-blocking because of errors in notifications of malicious attacks provoked by the blocking.

²¹ [Cartier International AG v British Telecommunications PLC \[2018\] UKSC 28](#)

They did not include any contribution to the capital costs of acquiring or upgrading the technology, which the ISPs had accepted they would have to bear themselves.

The Court also limited the indemnity to the costs of reasonable compliance in the above categories.

As it stands, as a result of this decision, brand owners will now have to factor in the cost of enforcing these orders themselves, although as they are limited to the above categories it may transpire that the actual impact of this ruling is less significant.

It will also be worth keeping an eye on this space in the coming year because the UK IPO is looking into ways of simplifying how websites containing copyright infringing material are blocked. The Government is now looking into administrative site blocking as a possible alternative to requiring court procedures to be followed.

Damages

***Reformation Publishing v Cruisecco Limited* [2018] EWHC 2761 (Ch)**

In a recent decision²² from the High Court, Nugee J gave a judgment assessing damages for copyright infringement and set out his calculations for a reasonable licence fee. The defendants had accepted they had infringed the claimant's copyright and that the claimant was entitled to damages to be assessed on the basis of a reasonable licence fee. The claimants also sought additional damages under s.97(2) CPDA 1988.

The defendants were ordered to pay £63,750, which represented 25% of a reasonable annual licence fee plus £25,000 for flagrancy.

The key question for the purposes of assessing damages in this case was how long the relevant infringement continued for. Once this had been determined, the Judge then had to rule on whether the duration of the *notional licence* would be for the period of the infringement or for the length of time that would have been agreed if a licence had been initially negotiated between the parties.

The defendants organised cruises and as part of their marketing for a 'Back to the 80s' trip they used two of Spandau Ballet's recordings on a short video publicity clip without permission. They had engaged a third party agent to produce the clip for them.

On 22 June 2017 they posted the clip onto their UK

and Australian websites and a file sharing platform. They sent the link to the file sharing platform to a large number of UK travel agents (257), with the cover email encouraging them to share it.

After being contacted by the claimant, Cruisecco took down the publicity clip from their own websites and asked travel agents not to use it on 26 June 2017. However, it was not removed from the file sharing platform for a year.

Duration of the period of infringement

This decision turned on how long the clip on the file sharing platform had been *made available to the public* under S20(2)(b) CDPA. The claimants argued that as it had been on the file sharing website for a year the infringement continued for that length of time.

However, the Judge held that making the video available on a file-sharing platform alone did not constitute communication to the public, but that providing a hyperlink to access the material did. The question was therefore what counted as "the public". According to the Judge the travel agents alone did not represent an indeterminate number of people and therefore did not amount to "the public", applying the CJEU's previous definition of "the public", and so the clip had not been made available to the public under S20(2)(b).

In the absence of any direct evidence it was held that it was not possible to establish that the link had been sent to members of the general public. The claimant's contention that it was enough that the defendants had encouraged the travel agents to send the link to their clients was rejected.

As such, Nugee J found that the period of infringement lasted 5 days, the period of time during which the clip was on the defendants' websites.

The notional licence

Most of the terms of the hypothetical licence were agreed between the parties.

One outstanding point was whether the licence should be worldwide or limited to the UK and Australia. It was accepted that Cruisecco's website was targeted at the UK and Australia, but websites by their nature are accessible globally and by encouraging travel agents to share the link it may have ended up on other social media platforms which were not targeted at those audiences. The Judge concluded that a hypothetical licence would therefore have been for internet use generally.

²² [Reformation Publishing v Cruisecco Limited \[2018\] EWHC 2761 \(Ch\)](#)

The Judge then concluded that the duration of the notional licence was 5 days. The Judge said it would be wrong in principle for the claimant to recover the same quantum of damages whether the infringement lasted 5 days or almost a year. He also noted that he felt bound by previous authorities and concluded that the duration of the hypothetical licence must be informed by the period of the actual infringement.

A reasonable annual licence fee for both songs would have been £155,000, but there was a substantial value in being associated with two iconic songs, even for a very short period. Taking 25% of the one-year licence fee struck a balance between the length of the infringement and the fact that any significant use of iconic songs of that stature would attract a substantial fee, and so awarded damages of £38,750.

Additional Damages

On the issue of additional damages, the Judge held that given the third party agency's experience of the industry, it was likely to have understood the need for clearance of both the recording rights and the publishing rights. He thought that if the third party had been the infringer, their failure to obtain the correct clearances would have been sufficient to amount to flagrancy for the purpose of s.97(2)(a). He considered their attitude to have been one of 'couldn't care less'. Because the third party was the agent of the defendants and therefore their flagrant conduct was imputed to the defendants, he awarded a further £25,000 in additional damages – bringing the total payable to £63,750.

The last page of the judgment is also worth a read for anyone who needs a reminder of how judges view bundling and how seriously they take the issue.

Policy

The draft Copyright Directive

European Parliament adopted its position on the controversial Copyright Directive

Following two years of ferocious lobbying, in September 2018 the European Parliament voted through and adopted its position on the draft Copyright Directive. On one side are advocates of the proposed reform, calling for fair and proportionate remuneration for authors, and on the other its critics, concerned about 'link taxes', 'censorship machines' and the 'death of memes'. Having been defeated in July 2018, some 250 amendments were made to the text to try and address concerns before being returned for the

second vote in September. The draft is now being negotiated in 'trialogue' as the European Parliament, the Council of the EU and the European Commission try to hammer out the final text.

Why are the copyright rules being reformed?

In 2015, the European Commission adopted its Digital Single Market Strategy to "*bring down barriers to unlock online opportunities*"²³. As part of this strategy, the Commission explored how EU copyright rules might be modernised for the digital age. The pressures of the internet have arguably reduced the ability of rights holders to enforce their copyright and obtain remuneration for their works. In its press release unveiling its proposed text in 2016, the European Commission stated that the draft Directive would allow for "*a fairer and sustainable marketplace for creators, the creative industries and the press*"²⁴.

What's so controversial?

Significant debate arose in response to the proposed Copyright Directive, which was voted down by the European Parliament in July 2018. Despite over 250 amendments being made to the text leading to the draft's approval in September, the draft copyright directive remains controversial. The source of the controversy was, and remains, centred on Articles 11 and 13.

Article 13 – online sharing platforms

In brief, Article 13 places an obligation on certain 'online content sharing service providers' (online platforms such as YouTube, Google, Twitter and Facebook) to put in place "*fair and appropriate*" licensing agreements with rights holders or to prevent the availability of unauthorised use of rights holders' works on their services.

In response to concerns raised in relation to the original drafting of this article (and following the rejection of the draft Directive in July), the definition of online platforms was narrowed so that it will no longer apply to microenterprises; small and medium-sized enterprises; providers that act in a non-commercial purpose capacity, such as online encyclopaedias (e.g. Wikipedia); and other services such as cloud services for individual use, open source software developing platforms, and online marketplaces.

Whilst this amendment removes the burden of Article 13 from certain businesses, particularly start-ups seeking to enter the market, thereby maintaining market competition, Article 13 remains controversial. This is because it is still seen by many to undermine the exemptions in the Ecommerce Directive²⁵ which

²³ https://ec.europa.eu/commission/priorities/digital-single-market_en

²⁴ http://europa.eu/rapid/press-release_IP-16-3010_en.htm

²⁵ Directive 2001/29/EC

provide that there is no general obligation to monitor the information on providers' platforms and that, without knowledge of the infringement, they are not liable for any illegal activity. Whilst the platforms must act expediently to remove or disable access to the infringing content, it is done at the request (and in the UK, following the Supreme Court's recent decision in *Cartier*²⁶ discussed above, at the expense of) the rights holder. Online platforms which fall privy to the obligations of Article 13 may no longer be able to rely on notice-and-takedown procedures and may become liable for the infringing activity of their users.

Advocates for free speech are concerned that, by requiring the platforms to actively filter their users' content, it will reduce freedom of expression by inhibiting user generated content, parodies and memes which might fall under a copyright exception. In a bid to address this concern, and following a post-July amendment, Article 13 now provides that any measures taken to prevent the availability of infringing content online must "*not lead to preventing the availability of non-infringing works or other protected subject matter, including those covered by an exception or limitation to copyright*". Platforms must also put in place a rapid redress system, operated by staff and not algorithms, to process complaints that an upload has been wrongly taken down. However, some critics remain concerned that this will not sufficiently address the imbalance that Article 13 is expected to produce between the rights of users and rights holders, particularly as it relies on users to expend time and effort to dispute a removal. Furthermore, copyright exceptions are not harmonised across the EU (many are not mandatory) so whilst, for example, in the UK it is not an infringement to use a copyright work for the purposes of caricature, parody or pastiche, that is not necessarily the case in other Member States.

Article 11 – snippets

Article 11 provides that publishers of press publications be granted rights in relation to the digital use of their content, specifically, a right to prohibit third parties from (i) reproducing their publications, and (ii) making them available to the public without permission. Its aim is to ensure that rights holders are fairly and proportionately compensated for the use of their copyright material on online platforms such as YouTube and Facebook, or by news aggregators which publish "snippets" of their material. Following post-July amendments, this right does not extend to "*mere hyperlinks which are accompanied by individual words*" and does not "*prevent legitimate private and non-commercial use of press publications by individual users*".

Whilst this is heralded by some as a step towards ensuring fair remuneration for the use of rights holders' work, others are concerned by the "chilling effect" that it might have on news circulation (and in turn, traffic to publishers' sites) alongside failing to achieve its anticipated effect of ensuring a fair share of the profits. Both Germany and Spain have taken measures to provide similar rights, with questionable results. In Germany, Google News responded by changing its policy so that newspapers had to opt-in to their service which led to criticism that this forces newspapers to waive their rights or face losing visibility to their rivals. In Spain, the equivalent right cannot be waived, which has resulted in Google withdrawing its news service there altogether. However, advocates of the reform question whether Google would realistically withdraw its services from the whole of Europe if the draft Copyright Directive is enacted.

Article 3 – Text & Data Mining

Whilst it has been overshadowed by Articles 11 and 13 in the publicity surrounding the draft Directive, the text of Article 3 has also been criticised. This provides an exception to copyright infringement where reproductions and extractions are made in order to carry out text and data mining for the purposes of scientific research by non-profit research organisations and cultural heritage institutions. It is a mandatory exception which Member States would have to enact into their national legislation. This exception recognises the significant opportunities that such technology, namely electronic analysis of large data sets, can bring about. However, there are serious concerns that its application solely to non-profit organisations will limit Europe's ability to compete in AI research, when other countries, such as Japan and the US, are providing broader exceptions. Many of the companies at the forefront of these technologies are for-profit and others sometimes receive funding with the condition that the recipient finds a way to commercialise its research. Whilst a new Article 3a was inserted following the draft Directive's defeat in July, providing for an additional less restrictive text and data mining exception which would be available to for-profit companies/organisations, that additional exception is only optional – Member States will not be required to implement it.

What's next?

Now that the European Parliament has approved the draft Copyright Directive and adopted its public position on the copyright reforms, the text will be negotiated at a trilogue between the European Parliament, the Council of the EU (formed of ministers from Member States) and the European Commission. The draft Directive may still be amended before it is approved (or possibly rejected) and therefore lobbying is likely to continue.

²⁶ [2018] UKSC 28

The timescales for considering and potentially adopting the Directive are uncertain. It will remain to be seen whether the Member States are required to transpose it before the UK leaves the EU, and whether the UK will do so. If it is not required to do so before this time, the UK could seek to harmonise its laws with any possible copyright Directive or to distinguish its laws from it. This could well produce a fresh battlefield for further, targeted lobbying efforts: the draft Copyright Directive may have some way to go before it reaches Britain's shores.

Update

Since writing this publication, the text of the draft Copyright Directive has been further amended at the trialogue between the European Parliament, the European Commission and the Council of the EU. The text was approved by the European Parliament on 26 March 2019 and it now awaits the final vote of approval by the Council of the EU. EU Member States will have two years to implement the Copyright Directive into their national laws. Please see our website for a detailed review of the final text. In brief: memes and GIFs can be shared freely, as can "very short" snippets of news articles for the purposes of e.g. Google News newsfeeds, and a new text and data mining exception has been inserted for commercial purposes.

DATABASE RIGHT

Subsistence

Substantial Investment

In response to a counterclaim for infringement of the defendant's database right, the claimant (who had commenced the proceedings for a declaration of non-infringement) raised a "battery" of technical objections against the defendant's pleadings and evidence. Having been unconvinced by the claimant's testimony at trial and finding that it had obtained the data from the defendant through deception, the Judge found on the evidence that database right did subsist in the defendant's database – which had been frequently modified and updated – and that the claimant had infringed that right by extracting a substantial part of the valuable data therein.²⁷

The Facts

Health & Case Management Limited ('HMCL') provides services to insurance companies, including managing referrals to physiotherapy clinics. HMCL entered into an agreement with The Physiotherapy Network ('TPN') to whom it would refer patients for TPN to place with a local physiotherapist within TPN's extensive nationwide network of clinics. TPN had created, and continued

to maintain, an electronic database containing the information relating to the clinics in its network (the 'TPN Database').

HMCL later began to build its own, competing, network of clinics. Claiming that it was wanting to understand the difference in treatment sessions geographically across the UK, HMCL requested, and TPN provided, a spreadsheet containing information extracted from the TPN Database.

The number of referrals from HMCL to TPN subsequently dropped and TPN discovered that referrals to clinics were instead being made via HMCL's new system, 'Innotrex', that it suspected used the data which it had provided to HMCL.

Following complaints from TPN, HMCL commenced a claim for a declaration that it had not acted in breach of contract or confidence. TPN brought a counterclaim alleging various breaches, including the infringement of its database rights in the TPN Database.

Database Rights and the Dispute

By way of reminder, the Database Directive²⁸ provides for two different rights in databases: first, copyright arising in the intellectual creativity in the *selection or arrangement* of the data in the database; and, second, a 'sui generis' 'database right' in a database, where there has been a substantial investment in obtaining, verifying or presenting the contents of the database. This case concerned only the 'sui generis' database right. This right enables the holder to prevent the extraction and/or reutilisation of the whole or a substantial part of the contents, subject to certain exceptions.

HMCL raised a series of technical objections to TPN's claim, seeking to attack the subsistence, ownership and term of TPN's purported database right. One such objection related to an alleged failure by TPN to identify in its pleadings or in its evidence the database on which it relied and whether subsequent modifications of that database were sufficient to give rise to a new database right.

The Decision

The Judge found that despite the battery of technical objections, the issue was "quite straightforward".

Whilst TPN had not provided any detailed evidence as to the costs of maintaining that database and keeping it up to date (for example, the number of people employed to maintain it and the costs of doing so on an annual basis), the Judge was satisfied that there was evidence to show that it was both a large database and that it contained a wealth of very

²⁷ Health & Case Management Limited v The Physiotherapy Network Limited [2018] EWHC 869 (QB)

²⁸ Directive 96/9/EC

detailed usage data which had to be updated on a month to month basis. The value of such information was obvious in that HMCL had sought its extraction. Consequently, on both a quantitative and qualitative basis, the maintenance was sufficient to constitute a ‘substantial investment’ sufficient to create a database right in the TPN Database. Having found that HMCL had extracted a substantial part of the TPN Database, and that HMCL had lied about the purpose of requesting the data from TPN, the Judge rejected HMCL’s argument that TPN had consented to that extraction: “*purported consent obtained as a result of deception is no consent*”. Had TPN known that HMCL wanted the data to assist it with building a rival system, TPN would never have provided it.

Consequently, HMCL was found to have infringed the database right in the dynamic TPN Database.



intended to be used. The examiner had invited the applicant to re-file images showing the bottle in dotted lines, which would have disclaimed any rights to those parts, but the applicant declined to do so, and so the objection was maintained.

The case was appealed all the way up to the CJEU which held that it was important for the designs register to identify designs clearly so that the competent authorities could undertake examination of applications correctly and the public could clearly understand the rights of third parties in designs on the register. Accordingly, the appeal was rejected. The EUIPO and the UKIPO both publish user-friendly guidance on what can and cannot be included in representations. However, since it is possible to register the design of parts of a product as well as the design of a whole product, and as was seen from the Supreme Court’s decision in the *Trunki* case a few years ago the level of detail, shading and colour can also make a huge difference to what is protected, we recommend that advice is sought before filing design applications.



DESIGNS

Community Designs

Subsistence

Representations

*Mast-Jägermeister*²⁹

This case demonstrates the importance of filing clear representations when applying for registered designs. This is because the scope of protection is dictated by what appears (or does not appear) in the representation.

Mast –Jägermeister had applied to protect the designs of drinking beakers as registered Community designs. However, the applications were rejected because the description of the indication of the products – “beakers” – did not correspond to the representations. This was because the images of the beakers also showed bottles, in respect of which the beakers were

The images for the two RCD applications in issue have been removed from the register but curiously a third registration with this image is still showing as a valid registration, even though it is also registered in respect of “beakers”.

Technical Function and Aesthetic Considerations

DOCERAM

In the long-awaited decision in *DOCERAM*³⁰, the CJEU confirmed the correct approach to determining when features of a Community design are solely dictated by its technical function (and are consequently not protectable by way of Community design law). Article 8(1) of the Designs Regulation³¹ provides: “A Community design shall not subsist in features of appearance of a product which are solely dictated by its technical function.”

²⁹ Case C-217/17, *Mast-Jägermeister SE v IPO*

³⁰ *Doceram GmbH v CeramTex GmbH (C-395/16)*

³¹ Regulation No 6/2002

With no further guidance in the Regulation on the definition of this expression, differing approaches have developed across the courts in the EU. The two predominant approaches being:

- 1) The ‘*multiplicity of forms*’ test: if it can be shown that there are alternative designs (e.g. a different shape) which would achieve the same technical function, then the design should be eligible for protection.
- 2) The ‘*aesthetic considerations*’ test: if it can be shown that there were aesthetic considerations in arriving at the design at issue, then the design would be eligible. If aesthetic considerations were entirely irrelevant, then protection should not be granted.

The CJEU was asked to confirm which was the right approach in a case concerning the design of “centring pins” for welding.



Having analysed the Designs Regulation, the CJEU noted that the *appearance* is a decisive factor of a design, being defined as the *appearance* of the whole or a part of a product resulting from the features of, in particular, the lines, contours, colours, shape, texture, and/or materials of the product itself and/or its ornamentation. It is the creative efforts of a designer that are worthy of protection.

Consequently, the CJEU preferred a test more similar to the second approach: protection is not granted to a design where the only factor determining the choice of the designer of the features of that product was its technical function, and where considerations of another nature, in particular those related to its visual aspect, played no role in that choice, even if other designs fulfilling the same function exist.

If the first approach was taken, the CJEU went on to explain, a right holder would be able to obtain several registrations for different possible forms of a product consisting of features of appearance that were solely dictated by its technical function which would discourage and hamper innovation and development. The purpose of the exclusion is to prevent technological innovation from being hampered by granting protection to designs which should instead be protected by, and subject to the requirements of, patent law.

Having decided upon which approach to use, the CJEU then had to consider from whose perspective it should be decided whether the considerations were solely dictated by technical function or involved aesthetic considerations. The CJEU rejected the referring court’s suggestion that an “*objective observer*” was required given that the Designs Regulation provided no such individual (cf. the ‘informed user’ when considering, e.g. the individual character of the design). Instead, it determined, it is for the national court to decide, taking into account “*all of the objective circumstances relevant to each individual case*”. Referring to the Advocate General’s opinion, the CJEU provided guidance as to what this assessment might involve, for example, having regard to the design at issue, the objective circumstances indicating the reasons dictating the features in issue and information on the use of the product. By way of example, this is arguably the approach demonstrated in *Cantel v Arc* (see below). In determining the question regarding a colonoscopy device, the court was convinced by the evidence that aesthetic considerations played a part in the design since clinicians resist using a product that might cause concern to a patient about to receive it.

This decision provides an autonomous and uniform interpretation of Article 8(1) to be used across the EU. It is expected that it will now be more difficult to defend an Article 8(1) attack in that a claimant can no longer only rely on the existence of alternative designs but will need to provide evidence of other considerations which played a part in the design of a product’s features rather than technical function alone.

Infringement

Overall impression to the informed user

Cantel v Arc

*Cantel v Arc*³² concerned the design of “cuffs” which are fixed to the end of colonoscopy devices. HHJ Hacon’s decision contains four notable findings in respect of designs law³³, two in relation to Community designs and two in relation to UK unregistered design right (‘UDR’). The decision on the UDR aspects are set out below under the UK Unregistered Design Right section.

Community Designs

The first two notable findings are in relation to the comparison between the overall impression of a protected design and that of an accused design. First, HHJ Hacon held that features of designs which are solely dictated by technical function are to be ignored when conducting this comparison. This was to be contrasted to the approach when considering

³² *Cantel Medical (UK) Limited and Cantel (UK) Limited v Arc Medical Design Limited* [2018] EWHC 345 (Pat)

³³ The case also concerns a (successful) patent infringement claim, which is not considered here

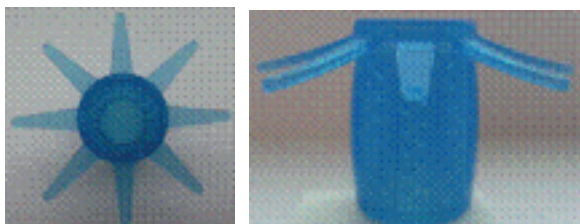
the amount of design freedom available to the designer, which is relevant to the scope of protection given to a design – see the next paragraph. For the design in issue, he concluded that whilst the most important design considerations would be functional, the designer would also have had in mind aesthetic considerations as clinicians would resist using a product that might cause concern to a patient about to receive it. Accordingly, the solely technical function exception did not bite.

Second, it was held that the informed user may in some cases discriminate between elements of the respective designs, attaching different degrees of importance to similarities and differences. This can depend on the practical significance of the relevant part of the product, the extent to which it would be seen in use, or on “other matters”. For design sectors where, for example, regulations constrain the amount to which the appearance of designs can vary, minor differences take on a greater significance. It should therefore be considered whether any particular significance would be accorded to any elements of a design. In this case, HHJ Hacon found that there were “key design features” being the position, length and shape of the protruding elements of the cuff since an informed clinician would be alive to these aspects and therefore would accord particular weight to the overall impression they produce on each design.

The Judge concluded that the Vision design gave a different overall impression to the earlier Endocuff design, and was therefore validly registered, and was infringed by the defendant’s AmplifEYE design



Arc’s Endocuff RCD and Vision RCD



Cantel’s AmplifEYE

The informed user

L’Oreal³⁴

One of the advantages of the Community designs system is that, unlike with any of the UK national IP rights, it essentially applies the same test for both subsistence and infringement. Accordingly, a design will have “individual character” and so can be validly protected as a Community design if it produces a different “overall impression on the informed user” to any other relevant prior design. Similarly, another design will infringe that Community design if it “does not produce on the informed user a different overall impression” to the original design.

For the purposes of deciding individual character for validity purposes, a prior design will be relevant provided that it was not obscure – i.e. a design “which could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the [EU]”. The Judge in this case had to decide whether, when considering the design corpus for the purposes of deciding whether an allegedly infringing design gave the same overall impression to the informed user, the same obscurity test applied to other similar designs. The defendant argued that it did, so that all non-obscure prior designs should be considered. However, L’Oreal argued that some of the prior designs should not be taken into account, or alternatively should only be given little weight, because they would not have impacted on the informed user’s awareness of the design features normally included in designs existing in the sector concerned. In particular, L’Oreal argued that if the defendant could not prove that the informed user would have been aware of the prior designs, they should not be considered.

The CJEU has previously confirmed that the informed user does not need to have been aware of a particular prior design for the purposes of validity and individual character (the *Easy Sanitary* case). That makes sense because any non-obscure prior design can render a design applied for lacking in individual character, even if it was a design for a completely different type of article. So, an earlier lamp base design in the shape of a bottle could be relied upon to show that a later application for a bottle design lacked individual character. The informed user should not be expected to know about every piece of prior art in every design sector.

When considering infringement, the Judge held that in light of the *Easy Sanitary* decision it is not necessary to show that the informed user would know about a particular prior design for it to be considered part of the design corpus when considering infringement. To do so would “apply a different test to overall

³⁴ [L’Oréal Société Anonyme RN Ventures Ltd \(Rev 1\) \[2018\] EWHC 173 \(Pat\)](#)

impression for the purposes of validity and scope of protection, and would add unnecessary complications to registered design claims". In particular, it would introduce satellite disputes about the extent of sales of third-party products.

Whilst these are good reasons for keeping the test the same for both validity and infringement, it is unfortunate that we have ended up in the position of having an "informed" user who is effectively deemed to be informed about something they have no actual knowledge of! This is because "the notional informed user must be taken to be aware of the "existing design corpus"" (per Jacob LJ in *Procter & Gamble v Reckitt Benckiser*).



The illustration above shows the claimant's Registered Community Design which was found to produce a different overall impression on the informed user and therefore valid over the prior art (the closest piece of prior art being shown to the right of the claimant's RCD). The defendant's products are shown on the row beneath, which were found to give the same overall impression to the informed user, and therefore infringed the RCD.

Defences

Spare Parts

CJEU rules on 'right to repair' in context of automotive industry

Joined Cases C-397/16 & C-435/16 *Acacia Srl v Audi AG and Porsche AG*

The reliance on intellectual property rights by motor vehicle manufacturers to prevent other businesses from making and selling compatible spare parts for their vehicles has a chequered history. Generally speaking, it is possible in Europe to rely on design rights in part of an article to prevent someone else

from making and selling a copy of that part. However, in the case of the automotive industry there has been a prevailing concern that such an approach risks creating captive markets for spare parts because the original manufacturer could rely on their design rights to effectively knock out any competitors. The law has generally struggled to resolve fully the tension between the original manufacturers and the suppliers of spare parts, but has sought to strike a compromise by making it permissible for third parties to make and sell spare parts for the purposes of repair.

On 20 December 2017, the CJEU handed down an important decision in joined cases, involving Acacia on the one hand and Audi and Porsche on the other hand, which provides a little more clarity around this 'right to repair' defence.³⁵

Of course, if you make a replacement part which looks very different to the original part, it is unlikely to infringe any design rights in the original. However, consumers of replacement parts typically want something which looks the same as or similar to the original.

What were the cases about?

Audi and Porsche had separately taken court action against Acacia Srl, an Italian business that sells alloy wheel rims through its website exclusively as replacement parts for the purpose of repair. Audi and Porsche sought declarations that Acacia's wheel rims infringed their Community design rights. Acacia relied on Article 110(1) of the Designs Regulation³⁶ ("the repair clause") which states:

"1. Until such time as amendments to this Regulation enter into force on a proposal from the Commission on this subject, protection as a Community design shall not exist for a design which constitutes a component part of a complex product used within the meaning of Article 19(1) for the purpose of the repair of that complex product so as to restore its original appearance."

The repair clause provides a defence to infringement where a product is used for the purpose of repair of a 'complex product' (essentially a product composed of multiple components which can be replaced permitting disassembly and reassembly of the product, such as a car). The two joined cases were referred by the Court of Appeal in Milan to the CJEU for clarification on the scope of the repair clause.

Unsurprisingly, Audi and Porsche argued that the repair clause should be interpreted very narrowly and should only apply to parts upon which the appearance of the motor vehicle was dependent (i.e., parts whose shape is fixed and determined by the appearance of the car). Acacia maintained that it should be interpreted more broadly, should not be limited to fixed-shape parts, and

³⁵ C-397/16 & C-435/16 *Acacia Srl v Audi AG and Porsche AG*
³⁶ Regulation 6/2002

should cover ‘standard variants’ of the original wheel rims - such as their own - with the consequence that they would not infringe Audi or Porsche’s EU design rights.

What did the CJEU decide?

The CJEU sided with Acacia and gave the repair clause a broader interpretation out of a concern to avoid creating captive markets for spare parts. In its view, the repair clause was intended to liberalise the market in spare parts and the wording of Regulation 110(1) did not include any restriction requiring the appearance of the complex product to be dependent upon a part in question.

The CJEU also clarified the conditions for reliance on the repair clause defence. Two are of particular interest.

Firstly, the replacement part must be visible during ‘normal use’ of the product. This begs the question ‘what is normal use of a car?’ Obviously that would cover driving and a wheel rim may well be visible when a car is being driven. Beyond that, is opening up the bonnet and tinkering around with the engine to reveal parts which would not otherwise be visible a normal use so that such parts would also fall within the repair clause defence?

Secondly, businesses making and selling replacement parts are under a ‘duty of diligence’ requiring them to ensure that spare parts are purchased exclusively for repair purposes by downstream users (e.g., providing indications on packaging that the part is someone else’s design and intended exclusively for repair, incorporating relevant provisions in contracts with downstream users and even refraining from selling parts where they know or ought to know that they will not be used for repair).

What does it mean for car manufacturers?

The headline point for car manufacturers is that spare parts manufacturers have significant latitude to make and sell spare parts for motor vehicles without a licence of EU design rights from the original manufacturer. It is not, however, all plain sailing for spare parts manufacturers. They are required to take a number of practical and quite onerous steps to be able to rely on the repair clause defence. There are also some inherent uncertainties remaining in the law (such as what is ‘normal use’ of a car) which could count against them. These uncertainties stem from a failure by the legislators to have come up with a more comprehensive solution for addressing the tension between EU design rights and the desire to avoid captive markets for spare parts. Until that happens, more of these disputes are likely.



The RCDs

UK Unregistered Design Right Infringement

“Made to substantially the same design” and secondary infringement

Cantel v Arc

The first notable finding on the UK Unregistered Design Right ('UDR') issue in this case related to the question of whether the defendant had copied the claimant’s design in order to create a design which was made to “substantially the same design” as the claimant’s design, which is the infringement test for UDR (images of the designs can be seen above under the Community Design section). The Judge cited the earlier judgment of Lewison J in the *Virgin Atlantic* case who said that, where copying had been found, unless the copyist was incompetent, it was “not easy to conceive of real facts in which a design is copied without the copy being made exactly or substantially the same as the protected design”. HHJ Hacon is clearly a supporter of the old maxim dating back to the *University of London Press* case in 1916 that “what is worth copying is prima facie worth protection”. Where UDR allows the claimant to choose the particular parts of a design it wishes to rely on so as to rely on a design which come as close as possible to the appearance of the alleged infringing design, we would submit that there will be cases where some aspects of a design may have been copied but not enough of the protected detail has been reproduced to amount to an article which is made substantially to the original. The second notable finding was HHJ Hacon’s decision that because the defendant did not have the requisite knowledge to be liable for secondary acts of infringement (such as importation and sale) because it was unaware that UDR existed, they would only be liable for infringement from the date of the judgment.

By way of reminder, UDR can be infringed by carrying out primary acts (such as making an article to exactly or substantially to the same design) and also by carrying out secondary acts (such as importing into the UK or possessing for commercial purposes). If a defendant is found to have committed a primary act,

there is no need to prove that they knew they were infringing for them to be liable. However, to infringe by way of a secondary act, it must be proven that the defendant knew, or had reason to believe, that the article it was dealing in was an infringing article (s.227 of the Copyright, Designs and Patent Act 1988). In this case, the allegations concerned only secondary acts.

HHJ Hacon had no doubt that Arc's products were copied in the course of Cantel creating its design. For example, when applying for regulatory approval for its product, Cantel told the US Food and Drug Administration that its product "*is directly based on and substantially similar to*" Arc's products. However, no one in the Cantel design team was aware that design rights existed and in fact, it was part of Arc's case that Cantel did not know anything about design rights. The question therefore arose: when did Cantel become aware that their product was an infringing article? In *Action Storage v G-Force*³⁷, the defendant was 'fixed' with the requisite knowledge 21 days after they were put on notice by a letter of claim (being deemed to be a reasonable period to investigate the allegations in the letter). That was despite HHJ Hacon accepting in that case that the defendants genuinely believed that their products were not infringing articles because they believed the claimant's designs were commonplace and therefore not protected by UDR. However, in this case, Cantel did not receive a letter before action because Cantel itself brought the claim to clear the path for the lawful marketing of its product. HHJ Hacon decided that Cantel had the requisite knowledge from, and therefore only infringed from, the date of the judgment. It is not clear from the judgment why Cantel would not have had the requisite reason to believe once they had seen Arc's Defence and Counterclaim.

International Designs

Policy

International design registrations

UK ratifies Hague Agreement for Industrial Designs

On 13 June 2018, the UK became a 'Contracting State' to the Hague Agreement for industrial designs.

The Hague Agreement allows applicants to register an international design in any one of the 67 Contracting States through the International Bureau at the World Intellectual Property Office ('WIPO'). With that one application, and a single set of fees, it can obtain protection in up to 82 countries. Notable Contracting States include the US, Canada, Japan, the Russian Federation and Singapore.

Whilst the UK has been a member of the Hague Agreement through the EU, it is now a Contracting Party in its own right.

Minimising formalities and expense, it is intended that the Hague Agreement will increase the efficiency and economy of filing design registrations.

A few key facts about international applications under the Hague Agreement:

- An application can be made by a natural person or legal entity by way of nationality, domicile or having a real and effective industrial or commercial establishment in the territory of a Contracting Party.
- A single application can include up to 100 different designs but these must be within the same Locarno classification (essentially, the same type of product).
- Unless a designated Contracting Party communicates a refusal of protection following the application's publication in WIPO's *International Designs Bulletin*, the international registration produces the same effect as a grant of protection for an industrial design under the law of that Contracting Party.
- International registrations are valid for an initial period of five year, which can be renewed for one or more additional five year periods up to the expiry of the total term of protection allowed by the laws of each designated Contracting Party (25 years in the EU and the UK, for example).

If you would like to know more about filing registrations under the Hague System, please get in touch.

WIPO | HAGUE

³⁷ [2016] EWHC 3151 (IPEC)

BREXIT

Where we currently stand

The draft EU Withdrawal Agreement was published on 14 November 2018. It proposed a transition period lasting until at least 31 December 2020 that will extend the application of EU regulations to the UK. Provision is made for the continuation of the following intellectual property rights and transitional arrangements as set out below.

Designs

Registered Community designs

- Existing rights - At the end of the transition period, any existing RCDs will continue to have effect in the EU and will also automatically convert into new UK equivalent rights with immediate effect (at no cost to the holder). Rights holders will be notified if any new rights have been granted.
- Pending applications - Any applicant with a pending application for a RCD at the end of the transition period will have 9 months from the end of the transition period to file a national application for UK protection. Such applicants will be able to claim the priority date of the original RCD. Applicants will need to pay the cost of the UK application, and will not be given notice of the need to file their UK application within the 9 month window.
- Ongoing disputes - In the UK and in member states in situations involving the UK, the jurisdiction provisions of the relevant EU regulations will continue to apply to legal proceedings which were started before the end of the transition period. Any representative who was representing a party before the end of the transition period can continue to represent that party at all stages of proceedings before the Court of Justice, the General Court and the EU IPO. If a RCD is declared invalid/revoked in proceedings that were ongoing at the end of the transition period, then such equivalent rights will also be declared invalid/revoked in the UK (except where such ground doesn't apply in the UK).

Unregistered Community designs

- Existing rights - At the end of the transition period, any existing UCDs will continue to have effect in the EU and will also automatically convert into new UK unregistered design rights which mirror the UCD provisions with immediate effect. This

new right will be known as the Supplementary Unregistered Design Right and will be separate from and in addition to the existing UK unregistered design right (which has completely different subsistence and infringement criteria) which will continue to be available.

- New designs - Any new design disclosed after the UK leaves the EU will be protected automatically by the new Supplementary Unregistered Design Right, and so will provide equivalent protection in the UK to UCD protection (assuming equivalent qualifying criteria are met).
- Ongoing disputes - In the UK and in member states in situations involving the UK, the jurisdiction provisions of the relevant EU regulations will continue to apply to legal proceedings which were started before the end of the transition period. Any representative who was representing a party before the end of the transition period can continue to represent that party at all stages of proceedings before the Court of Justice, the General Court and the EU IPO.

International design applications

- No announcement has been made to date about what will happen with pending design applications filed under the Hague System, but we understand that the Government is hoping to reach an agreement on this with WIPO.

Copyright

- Since the UK is a party to various international copyright treaties, and has implemented most of the EU copyright directives into UK law, copyright law in the UK will be largely unchanged. However, there may well be implications for protection within the EU, as follows:
- UK database rights owned by UK nationals, residents and businesses may become unenforceable in the EEA.
- Loss of portability - UK nationals face restrictions on accessing online content services (e.g. Netflix) whilst travelling within the EU.
- UK-based satellite broadcasters may need to clear copyright in each member state to which they broadcast, if the country-of-origin principle is lost.
- Orphan works - UK-based Cultural Heritage Institutions that make works without documented owners available online in the EEA may infringe copyright.

- EEA Collective Management Organisations no longer have to provide (upon request) multi-territorial licensing of online rights in musical works managed by UK CMOs.
- Accessible format copies for blind, visually impaired or otherwise print disabled - During the period between leaving the EU and UK ratification of the Marrakesh Treaty, businesses, organisations or individuals transferring accessible format copies between the EU and UK may not be able to rely on EU Regulation (Regulation (EU) 2017/1563).

Database rights

- Existing rights - Any database rights in relation to databases in respect of the UK subsisting prior to the end of the transition period will remain in force in the UK for the duration of those rights, so that both EU and UK nationals will not lose their UK rights.

Exhaustion of rights

- As a temporary measure, the status quo will be preserved in the UK. Accordingly, the UK will continue to recognise the EEA exhaustion regime. The rules affecting imports of goods into the UK will be unaffected, and parallel imports of goods can continue from the EEA. There may, however, be restrictions on the parallel import of goods from the UK to the EEA, since that will not be a matter of UK law. After the UK's exit from the EU, businesses exporting goods from the UK to the EEA may therefore need the rights holder's consent.
- The government is still considering longer term options for the exhaustion regime.

Customs

Arrangements for action by European Union customs authorities to support IP holders will also feel the impact of BREXIT.

The European Commission issued a Notice to Stakeholders in June 2018 concerning the Customs Regulations. It stated that, as of the withdrawal date:

1. Union Applications can no longer be submitted to UK Customs.
2. Union Applications submitted or granted in one of the remaining 27 Member States remain valid in the EU-27 (but not in the UK) even if they list UK Customs as one of the Member States in which action is to be taken.

3. Union Applications submitted to and granted by UK Customs are no longer valid in the EU-27.

IP holders will need to review the work they are doing with the customs authorities in the EU and the applications they have already made to make sure that after BREXIT they are appropriate and cover the intended territories.

In the event of a “no deal” Brexit, it is currently anticipated that the same provisions as set out above will apply, save that there would be no transitional period, but of course no one can say for certain what the position will be.

Please note that this is a summary at the time of writing. Therefore, the position could still change and we recommend that you contact us before taking any steps so that we can discuss the implications.

Looking Forward

As mentioned in the Introduction, we anticipate that next year could be a very active one for the role which copyright and database rights have on AI, and the final version of the Copyright Directive will play a key part in that. In the UK, there has been a real push by the judges to streamline design cases as much as possible in order to allow them to be heard more quickly and at lower cost. We therefore expect to see more orders in cases involving multiple designs requiring the parties to select their best designs, or even just one design, to act as the test case, with the court's judgment then being decided based on just those selected designs. And if Brexit does happen this year, we are likely to end up with two separate UK unregistered design rights, each with different subsistence and infringement criteria. Both of these rights could subsist in the same design, in addition to copyright. Without legislation to consolidate these two unregistered rights into one new unregistered design right, cases are only likely to get more complicated rather than less.

The team



Paul Walsh
Partner



Paul Jordan
Partner



Simon Clark
Partner



Ian Gruselle
Partner



Jeremy Blum
Partner



Sarah Blair
Associate Solicitor



Andrew Butcher
Associate Solicitor



Jennifer Dzafic
Senior Trade Mark
Attorney



Lucie Fortune
Associate Solicitor



Saaira Gill
Associate Trade Mark
Attorney



Toby Headdon
Senior Associate
Solicitor



Tim Heaps
Associate Solicitor



Sarah Husslein
Associate Solicitor
(French Qualified)

The team continued



Sean Ibbetson
Associate Solicitor



Remya Jayakkar
Associate Trade Mark
Attorney



Marc Linsner
Associate Solicitor



Sarah McCrann
Associate Trade Mark
Attorney



Charlie Purdie
Associate Solicitor



Victoria Rodriguez
Associate Solicitor
(Argentinian Qualified)



Sara Sefton
Associate Solicitor



Trecina Sookhoo
Associate Trade Mark
Attorney



Stephanie Taylor
Senior Trade Mark
Attorney



Abigail Wise
Associate Trade Mark
Attorney

Formalities and Paralegal Team:

Kimberly Beder
Andressa Gabrieli Pimentel
Haydn Lambert
Sophie May
Julie Myers
Emma Rumens
Zoe Squires

Senior TM Paralegal
Formalities Paralegal
Formalities Clerk
Trade Mark Paralegal
Senior Formalities Paralegal
Formalities Paralegal
Senior Trade Mark Paralegal

Our Brands, Designs and Copyright team is made up of partners, solicitors, trade mark attorneys, trainee solicitors, paralegals and formalities clerks, including lawyers qualified to act within the European Union and other countries.

