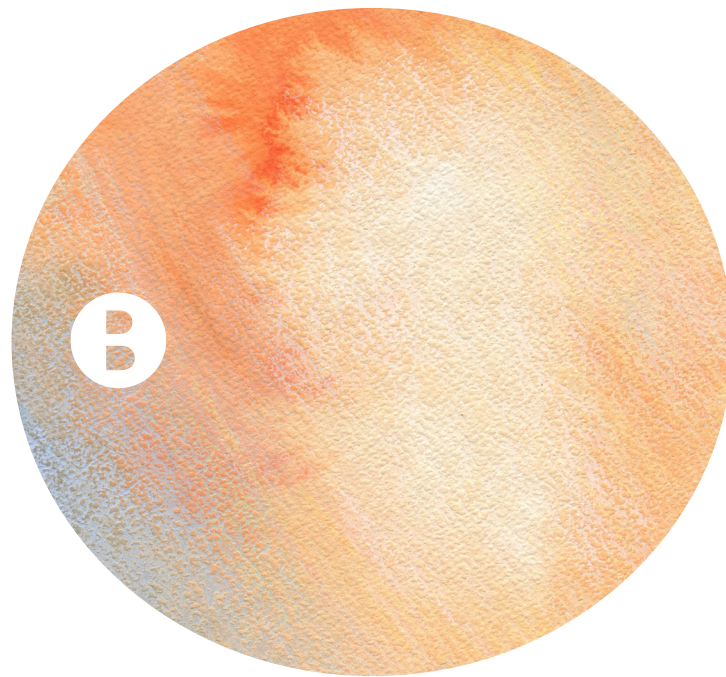


Designs and Copyright

Review of the Year 2023



Bristows

By Hafsa Babar, Fariha Chowdhury, Simon Clark, Melissa Dix, Iva Gobac, Toby Headdon, Tim Heaps, Kyrana Hulstein, Sean Ibbetson, Marc Linsner, Nicola Okereke, Jake Palmer, Charlie Purdie, Dhara Reddy, Miriam Schroder, Sara Witton and Rubab Zahra.

The information contained in this document is intended for general guidance only. If you would like further information on any subject covered by this bulletin, please e-mail Simon Clark (simon.clark@bristows.com), or the Bristows lawyer with whom you normally deal. Alternatively, telephone on + 44 (0)20 7400 8000.

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Introduction



Charlie Purdie

Associate

charles.purdie@bristows.com

Copyright

2023 will no doubt be remembered as the year of the generative AI boom, so it is no surprise we are already seeing the fallout in the form of copyright claims.

What started with the quite sudden release and rise of the large language model, ChatGPT, in late 2022, has led to the development of a plethora of AI technologies and systems capable of generating a whole host of content, including music, images and video, all based on the training inputs and the particular prompts given to the AI model. Predictably this has led to numerous copyright-related concerns about both the rights in the input-content used to train these systems and the subsequent output-content generated.

As mentioned in last year's DCROTY, the UK IPO's proposal to address this – a broad exception to copyright infringement for text and data mining activities, commonly used for training AI models – has been dropped. After the exception was dropped, the government convened a working group from among rightholders and AI developers to try and agree a code of practice on the use of copyright-protected material in training data sets. Unfortunately, the working group failed to reach any agreement and that initiative was also abandoned. The government now has to make its next move. It is quite possible that it will seek to introduce a copyright exception for text and data mining but this time with the ability for rightholders to reserve their rights (along the lines of the so-called 'opt out' Article 4 of the EU Digital Single Market Directive)."

The AI vs copyright problem has no easy solution and it is not going anywhere. Our current copyright system is not designed to address these technologies, so expect more developments in this space as our legal system attempts to catch up.

Digital content more broadly has continued to be a focus of the courts in 2023, including file formats used on the Bitcoin blockchain, computer programs and their outputs, and YouTube content. Last year, we predicted the *Only Fools* case might lead to a flurry of new cases seeking to enforce copyright in well-known characters but that has not yet come to fruition (unless you count Fred the Fire-Sneezing Dragon). Nonetheless it has been a busy year for copyright judges beyond the difficult questions caused by the transformative technologies mentioned above; all manner of other claims were before them, from *Silent Witness* scripts to yellow supermarket circles and background music on public transport.

Interestingly from an English lawyer's perspective, the Court of Appeal, through Lord Justice Arnold's leading judgment in *THJ v Sheridan* (see page 9 below), has made very clear that despite Brexit, present EU copyright case law remains binding on the English courts – even if we're out, the "author's own intellectual creation" test remains firmly in.

Designs

In design cases, the courts were a little quieter in 2023. The EU courts dealt with a number of queries about component parts for "complex products" from bicycle saddles to electrode components and welding torches. The key questions focused on what amounts to "visibility" of those component parts during "normal use" of the product. Meanwhile the English courts dealt with run-of-the-mill infringement cases in respect of gin bottles, cargo pants and wearable breast pumps.

In design legislation, we await the now-imminent arrival of the revisions to the Design Directive (98/71/EC) and the Community Design Regulation (Council Regulation (EC) No 6/2002), which aim to: (i) make the framework fit for purpose in the digital age; and (ii) simplify registering procedures and reduce administrative burden (including fees to be paid). The final text was approved by the

Council Permanent Representative Committee on 20 December 2023 and by the Parliament committee on 24 January 2024. Parliament is expected to vote it in plenary around the time this DCROTY is published (March 2024).

Copyright

CJEU

Blue Air Aviation v UCMR and UPFR (C-775/21 & C-826/21)



Nicola Okereke
Trainee Solicitor
nicola.okereke@bristows.com

In two similar cases, the Court of Justice of the European Union (“**CJEU**”) ruled that the broadcast of musical works as background music in a means of passenger transport constitutes a communication to the public for the purposes of Article 3(1) Directive 2001/29/EC (the “**Copyright Directive**”). However, the mere installation of the facilities that enable a party to broadcast such musical works does not.

Background

In the first case, UCMR-ADA, a Romanian copyright collective management organisation (“**CMO**”), brought a case against Blue Air for unpaid fees and penalties due for the communication to the public of musical works as background music on its aircraft. Blue Air only had the means to communicate musical works on 22 of its 28 aircraft. Of the 22, only 14 aircraft had communicated one musical work as background music to its passengers. The first instance court held in accordance with Romanian law that the existence of the software used to communicate works to the public gave rise to a rebuttable presumption that the works were used.

Unsurprisingly, Blue Air appealed the decision, further submitting that it had not communicated background music on an aircraft it had not obtained a licence for. The mere existence of the facilities did not amount to a communication to the

public and the sound system was a necessary safety measure to communicate between crew and passengers.

Another Romanian CMO, UPFR, brought a very similar action against a rail transport company for the communication to the public of musical works on passenger trains. UPFR relied on the fact that national railway legislation required some trains to be fitted with a sound system which gives rise to the same rebuttable presumption that these sound facilities have been used to communicate to the public works within the meaning of Article 3(1). The first instance court dismissed it as UPFR had not proved that the trains had actually been equipped with such a system.

The CJEU was asked whether (i) the broadcast of a musical work, or a fragment of a musical work, on a commercial aircraft occupied by passengers via the aircraft’s public address system constitutes a communication to the public under Article 3(1); and (ii) whether the Copyright Directive precluded national legislation which establishes a rebuttable presumption of a communication to the public based on the mere existence of sound facilities.

Decision

A communication to the ‘public’?

Article 3(1) of the Copyright Directive requires Member States to provide authors with the exclusive right to authorise or prohibit any communication to the public of their works, allowing authors to intervene between users of their work and the communication to the public which such users might contemplate making. The CJEU have previously established that the concept of “*communication to the public*” requires an individual assessment of (i) an act of communication of a work; and (ii) the communication of that work to the public.

It was plainly established that Blue Air had performed an act of communication by broadcasting background music as, in doing so, it had intervened in full knowledge of the consequences of its action to give its customers access to a protected work, where passengers in principle would not have been able to enjoy the broadcast work in the absence of that intervention. As regards the communication of that work to the public, the court confirmed that while

'public' entails a *de minimis* threshold, account must be taken of the number of persons who may have access to the same work at the same time, and in succession. All passengers who simultaneously or successively took Blue Air flights where background music was broadcast cannot be considered too small to form the 'public'. It was therefore held that broadcasting a musical work in a passenger transport as background music constitutes a communication to the public within the meaning of Article 3(1).

Presumed communication by existence of sound equipment and software?

The CJEU noted that recital 27 of the Copyright Directive states that "*the mere provision of physical facilities for enabling or making a communication does not in itself amount to communication within the meaning of this Directive*". The court distinguished the present cases from acts where a service provider intentionally transmits protected works to their customers by distributing a signal via TV or radio sets they have installed in their establishment, such as those found in a public house, spa or hotel. Regard must be had to the fact that the installation of such facilities may be required by national legislation governing the activity of the transport operator.

Acknowledging that it is not the role of the CJEU, in the context of a reference for a preliminary ruling, to rule on the interpretation of provisions of national law, the court emphasised that the purpose of the Copyright Directive was to foster greater harmonisation and the removal of legislative differences surrounding copyright protection. Article 3(1) must therefore be interpreted as precluding a Member State from giving wider protection to copyright holders by laying down that the concept of communication to the public includes a wider range of activities than those referred to in that provision. National legislation is therefore precluded from having a rebuttable presumption that there is a communication to the public because of the presence of a sound system.

Comment

In one sense, the existence of such a rebuttable presumption has some reasonable credence as it can be impossible for CMOs to monitor all communications to the public. However, this case shows that the risk of requiring remuneration where the presence of a sound system is required by national transport law, but not actually used to communicate works to the public, is too large to justify.

Ocilion IPTV Technologies GmbH v Seven.One Entertainment Group GmbH (C-426/21)



Toby Headdon

Senior Associate

toby.headdon@bristows.com

This is a decision of the CJEU in response to a request for a preliminary ruling from the Austrian Supreme Court regarding the interpretation of Article 3(1) of the Copyright Directive (i.e. the right of communication to the public).

Background

Ocilion, an Austrian company, offers an Internet Protocol Television ("**IPTV**") service to commercial customers (e.g., network operators, including telephone companies, hotels and stadiums). Access to this IPTV service is restricted to customers of the network operator. The IPTV service is delivered in one of two ways. Firstly, via an 'on-premises' solution, where Ocilion provides the necessary hardware and software to the network operators to manage, with Ocilion providing technical assistance. Secondly, via a cloud-hosting solution directly managed by Ocilion. The agreements in place between Ocilion and the network operators for the on-premises solution require those operators and their customers to ensure that they have sufficient rights for all the content they make available.

The IPTV service enables the retransmission of television programmes, including those of Seven.One, as well as the option of replaying them via an online video recorder for up to 7 days after their initial broadcast. The recordings are initiated by the network operator's customers themselves, and are then made available to all customers (applying a de-duplication process to avoid several copies of the same recordings being made).

Seven.One did not consent to the communication of their television programmes through Ocilion's IPTV service. They also objected to the manner in which the online recorder operated, stating that the de-duplication copies did not fall within the private copying exception. As a result, Seven.One and another sought to prohibit Ocilion from making the content of its programmes available or reproducing (or having third parties reproduce) those programmes. Their application was granted at first instance and upheld on appeal. Ocilion therefore appealed to the Austrian Supreme Court.

Questions referred

The Austrian Supreme Court referred two main questions to the CJEU. The first concerned the private copying exception, and the second the meaning of the communication to the public right. The questions can be paraphrased as follows:

1. Is a national provision compatible with EU law which allows, on the basis of the private copying exception, the operation of an online video recorder that:
 - (i) as a result of a de-duplication process, does not create an independent copy of a programme initiated by a user but instead refers that user to any earlier copy previously made by the first user to have initiated a recording of it
 - (ii) has a replay function via which the programme of all selected channels is recorded around the clock and made available for a period of 7 days, provided that the user makes a one-off selection to that effect

- (iii) provides the user with access to protected content without rightholder consent?
2. Should the term "communication to the public" mean that a communication is carried out by the commercial provider of an on-premises IPTV solution (in this case, Ocilion), where that provider provides the hardware, software, technical support and makes adjustments to the service on an ongoing basis but the service is operated on the customer's (i.e., network operator) infrastructure, if the service provider (Ocilion) also provides the user with access to protected content for which they have not obtained rights clearances and they:
 - (i) can influence which programmes can be received by end users
 - (ii) are aware their service also enables reception of content without rightholder consent
 - (iii) do not advertise the possibility of unauthorised use but instead advise customers when the contract is concluded that they are responsible for securing clearance
 - (iv) do not provide special access to content which in the absence of its intervention could not be received (or only received with difficulty)?

Decision

In relation to the first question, the CJEU concluded that the private copying exception would not apply to the copies made by end-users in an on-premises or cloud-hosting solution of the kind provided by Ocilion.

The CJEU made some preliminary observations regarding the applicability of the private copying exception.

Firstly, it noted that the private copying exception was subject to the condition that rightholders receive fair compensation. It also observed that the concept of a reproduction under EU law was broad and would cover copies saved on a server which had been made available to a user by a cloud-computing service. It was not necessary for the person making the copy to possess the reproduction equipment. Secondly, it observed that the private copying exception was subject to the ‘three step test’, meaning that it is applicable only in certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the rightholder. Thirdly, it stressed the importance of ensuring a fair balance between the interests of rightholders and those of users.

In rendering its decision, the CJEU cited its earlier decision in *VCAST*, confirming that the private copying exception precludes national legislation which permits a commercial undertaking to provide private individuals with a cloud service for remote recording of private copies of copyright works by actively involving itself in the recording. The Austrian Supreme Court was uncertain whether that applied in this case because the private copies were made by the end user and Ocilion was simply de-duplicating copies which Ocilion claimed did not prejudice the rightholders. The CJEU’s reasoning for its decision that the private copying exception would not apply was threefold.

Firstly, Ocilion’s IPTV service had dual functionality: it comprised of a IPTV solution for simultaneous retransmission of broadcasts as well as an online recording tool which added value to the service. Secondly, the ability to make available the initial copy of a programme to other end users who wish to view the content was “*the main interest of the offer provided*” and the de-duplication process applied by Ocilion lead to the private copy made being made available to an indeterminate number of end users who are also customers of the network operator. Thirdly, the conclusion that the private copying exception did not apply was not invalidated by the need to comply with the principle of technological neutrality, because it did not depend upon the technology used but arose from the fact that the system used by the network operators gave an indeterminate number of persons access to

recorded broadcasts for commercial purposes (which would unreasonably prejudice the legitimate interests of the rightholder).

In relation to the second question, the CJEU concluded that activities of the kind in question did not constitute a communication to the public.

The CJEU recounted the key criteria from its case law concerning the right of communication to the public. In particular it noted the importance of the indispensable role played by a service provider and the deliberate nature of its intervention in order for there to be a communication to the public, whilst acknowledging that the mere provision of physical facilities for enabling or making a communication does not, in and of itself, amount to a communication.

In this case, the CJEU noted that as part of its on-premises solution Ocilion provided network operators with the necessary hardware, software and technical assistance. It did not, however, give end users access to protected copyright works such as those of Seven.One – that was done by the network operators. As such, Ocilion did not play an ‘indispensable role’. Even if Ocilion knew that its service may be used to access protected content with authorisation, such knowledge was not sufficient to be regarded as a ‘communication’. Neither did the technical assistance offered by Ocilion go beyond maintenance and allow it to influence the selection of programmes that the end user could watch.

Court of Appeal

***Craig Wright and others v BTC Core and others* [2023] EWCA Civ 868**



Marc Linsner
Associate
marc.linsner@bristows.com

Background

In *Wright* the Court of Appeal overturned the High Court decision of Mr Justice Mellor, refusing the claimants permission to serve a claim form on defendants outside of the jurisdiction insofar as the claim related to the alleged infringement of copyright subsisting in a file format used on the Bitcoin blockchain.

At first instance Mellor J held that the claimants had no reasonable prospect of establishing the fixation requirement in s.3(2) of the Copyright, Designs and Patents Act 1998 (the “CDPA”). On appeal, Lord Justice Arnold, who gave judgment on behalf of a unanimous Court of Appeal, disagreed with Mellor J finding that the claimants did have reasonable prospects of establishing the fixation requirement and granted the claimants permission to serve their claim out of the jurisdiction.

Decision

The High Court decision

Dr Wright claims to have created the Bitcoin system and alleges infringement of various copyright works and database rights he claims subsist in certain aspects of the Bitcoin system, including a file format which is referred to in the High Court and Court of Appeal decisions as the “**Bitcoin File Format**”. Since the majority of the defendants are based outside of the UK, Dr Wright applied for permission to serve his claim form outside of the jurisdiction of England & Wales.

Mellor J granted Dr Wright permission to serve out all of the alleged copyright infringement claims, save for the claim advanced in respect of the Bitcoin File Format. The judge refused permission in respect of the Bitcoin File Format because he felt Dr Wright did not have reasonable prospects of satisfying the fixation requirement under UK copyright law.

The judge seemed to be heavily influenced by the *SAS Institute Inc v World Programming Ltd* line of case law concerning copyright protection of computer programs and characterised the fixation issue in the present case as whether Dr Wright could point to “*content defining the structure of the Bitcoin File Format*”. According to Mellor J, Dr Wright had failed to adduce any evidence to that effect, despite ample opportunity to do so and therefore the judge concluded Dr Wright had no reasonable prospects of establishing the fixation requirement at trial.

The Court of Appeal’s decision

On appeal Dr Wright argued that copyright subsists in the Bitcoin File Format as a literary work within the meaning of s.3(1) CDPA and that Mellor J was wrong to find that there was no realistic prospects of him satisfying the fixation requirement. In particular, he argued that the Bitcoin File Format was recorded in the “Genesis Block” of the Bitcoin blockchain when he first ran the underlying software in January 2009 and this was sufficient to satisfy the fixation requirement.

The leading judgment on appeal was given by Lord Justice Arnold. In his customary style, before engaging with the issue on appeal he provided a comprehensive and useful overview of the legal framework for copyright subsistence in Europe, including CJEU case law on the interpretation of a “work” and authorities on the origin and purpose of the fixation requirement. The judgment also provides a useful summary of how Dr Wright defined the Bitcoin File Format in Schedule 2 of the Particulars of Claim and the evidence he relied on at first instance to demonstrate fixation.

Turning to the substantive appeal, Arnold LJ agreed with Dr Wright, finding that Mellor J was wrong to conclude that Dr Wright had no reasonable prospects of successfully establishing the fixation requirement for the Bitcoin File Format. In upholding the appeal Lord Justice Arnold identified four main flaws in Mellor J's reasoning, which can be summarised as follows:

1. First, Arnold LJ held that in finding “no *relevant work*” had been identified the first instance judge conflated the concept of a “work” and the fixation requirement. Dr Wright had clearly identified the work in question, but according to Arnold LJ that was an entirely separate question to the questions of if, when, and how the Bitcoin File Format had been fixed. Indeed, at the outset of his judgment Arnold LJ recognised that whilst the concept of fixation is a typically discrete and narrow issue, in the factual matrix of this case, it was complicated by the need to disentangle the issue from three related issues, namely, (i) the requirement of identifying a protectable “work”; (ii) the requirement of originality; and (iii) the scope of protection afforded to computer programs.
2. Second, Arnold LJ felt Mellor J's analysis was flawed because it presupposed that to satisfy the fixation requirement it was necessary for Dr Wright to show “*content describing or defining the structure of the Bitcoin File Format*”, as Mellor J put it at first instance. Arnold LJ acknowledged that it was necessary for Dr Wright to show that the structure of the Bitcoin File Format was fixed in order for copyright to subsist, however it did not follow that content defining the structure of the file format was necessary in order to establish fixation.
3. The third flaw identified by Arnold LJ, linked to the second flaw, was that Mellor J failed to apply the test established in *Levola Hengelo* ([Case C-310/17](#)), because he did not ask whether the fixation asserted by Dr Wright made the Bitcoin File Format identifiable with sufficient precision and objectivity. Instead, the judge asked a narrower question of whether there was a block within the blockchain containing content which defined the structure of the Bitcoin File Format, as

opposed to containing the structure of the format itself.

4. According to Arnold LJ, that was the wrong question to ask for the purpose of assessing Dr Wright's prospects of establishing the fixation requirement. How the judge approached the question of fixation explains why he gave short shrift to Dr Wright's evidence about third parties being able to deduce the structure of the Bitcoin File Format – evidence which suggests it is at least arguable that the file format had been made identifiable with sufficient precision and objectivity. In contrast, Arnold LJ felt that evidence supported Dr Wright's case on fixation.
5. The fourth flaw, according to Arnold LJ, was that Mellor J had failed to consider the rationale for and purpose of the requirement of fixation. Arnold LJ felt that Mellor J's failure to consider the purpose of the fixation requirement contributed to the judge's failure to properly apply the test from *Levola Hengola*.

Arnold LJ did make a fifth and final point about Mellor J's judgment, but this related to comments the judge made about Schedule 2 of the Particulars of Claim, which contains Dr Wright's description of the Bitcoin File Format. Dr Wright did not rely on that description for the purpose of demonstrating fixation, so it was not strictly relevant to the question on appeal. However, Arnold LJ did make some helpful observations on the fixation requirement in light of Mellor J's comments about whether there is a need to establish a causal connection between the fixation of the work and the alleged infringements.

Notably, Arnold LJ reiterated that literary copyright protects the work as an intangible abstraction, it does not protect the particular tangible medium the work may have been recorded in, or fixed on. Arnold LJ went on to say that for infringement purposes, a claimant does not need to show that the fixation relied upon to prove fixation has been copied by the defendant – it is the “work” that must be copied, not the medium on which or through which the work has been fixed. In other words, there is no need for a claimant to establish causation between the fixation and the acts of infringement.

Comment

It is important to stress that the Court of Appeal did not decide that copyright does subsist in the Bitcoin File Format, simply that Dr Wright has a real prospect of successfully establishing the fixation requirement at trial. In fact, Arnold LJ himself was sceptical as to whether the Bitcoin File Format was an intellectual creation sufficient to attract copyright protection, but that issue was one that required a factual investigation and detailed argument at trial.

Following the Court of Appeal decision Dr Wright was able to serve his claims in their original form, including the alleged infringement in relation to the Bitcoin File Format. The main trial was fixed to be heard in January 2024, so it will be interesting to see how the trial judge deals with the issue of fixation in light of the Court of Appeal's judgment and the other interesting issues surrounding the copyright works Dr Wright alleges subsist.

More generally, the Court of Appeal decision reaffirms that the test for fixation is effectively the second limb of the test set by the CJEU in *Lenvola Hengelo*, namely whether the claimed work is expressed in a manner which makes it identifiable with sufficient precision and objectivity, even though that expression is not necessarily in a permanent form. The decision also confirms that fixation is a requirement of *subsistence* and for a successful infringement claim it is not necessary for claimants to establish a causal link between the form of fixation and the acts of infringement.

***Sky UK Ltd v British Telecommunications plc* [2023] EWHC 2252 (Ch)**



Toby Headdon
Senior Associate
toby.headdon@bristows.com

Background

This case concerned an application by Sky for a 'blocking injunction', under section 97A CDPA,

against a number of Internet Service Providers ("ISPs"). The order Sky was seeking had two elements: (1) a dynamic block; and (2) a static block. Neither of these two types of block are novel. However, in relation to the dynamic block element, Sky sought to apply blocking measures at times and for periods of its choosing, and this was novel.

The length of period and amount of time to be blocked was kept confidential by the judge, Meade J, in order to avoid facilitating evasion of the proposed block. As Sky proposed to choose when to apply the blocking measures and for how long, the judge recognised that this diminished the amount of foresight available to the court about the proportionality of the blocking and the effect it may have on the ISPs against whom it was sought.

Decision

The injunction sought was granted.

Meade J noted that:

1. The ISPs had elected not to oppose the application and had been involved in dialogue with Sky about Sky's proposal;
2. Having regard to the totality of Sky's investment and the substantial amounts it is required to pay to broadcast the content it does, the concern about proportionality was substantially addressed;
3. Sky's research demonstrated that there was essentially no legitimate content on the websites being targeted under the proposed block; and
4. Sky had satisfied him that the risk of 'over blocking' was negligibly small.

As this was a new approach, Meade J was mindful to proceed with some caution. For that reason, while he granted the scope of order sought by Sky, he did so for a significantly shorter period of four months, rather than the one year Sky had requested. He felt that this would enable the court to retain supervision of the order and to determine how it is working before considering any renewal of the order for a further period.

THJ v Sheridan [2023] EWCA Civ 1354



Marc Linsner
Associate
marc.linsner@bristows.com

The Court of Appeal recently heard two appeals against the decision of John Kimbell KC (sitting as a Deputy High Court Judge, [\[2023\] EWHC 927 \(Ch\)](#)), concerning the infringement of copyright alleged to subsist in the graphical displays produced by a software program called OptionNET Explorer. The appeal represents one of the few instances in which the Court of Appeal has considered the question of originality under the CDPA post-Brexit.

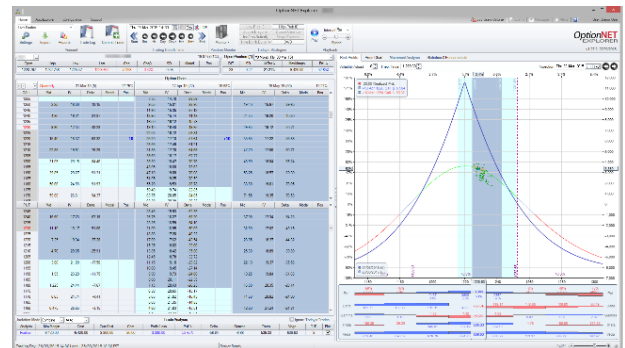
Background

Mr Mitchell and his company (the first claimant, THJ), previously provided software for Mr Sheridan (the first defendant) and his company (the second defendant), to use in his business, in exchange for advertising services. In around 2014, the parties' relationship soured and Mr Mitchell sought to expel Mr Sheridan from their LLP (the second claimant) and to terminate the defendants' licence to use software owned by the claimants. The claimants subsequently brought claims in passing off and copyright infringement, alleging use of the software by the defendants after termination.

At first instance, the judge found that Mr Mitchell had validly expelled Mr Sheridan from the LLP. He dismissed the claim in passing off but found that copyright subsisted in the software as a literary work (under section 3 CDPA) and in the graphical displays produced by the software as artistic works (under section 4 CDPA). However, the judge held that no infringement had been proved on the facts.

The Appeals

Both parties appealed the judge's decision as regards copyright in the "risk and price charts" produced by the software (the "Charts"), in which the claimants sought copyright protection as graphic works under section 4(1)(a) CDPA. The defendants disputed the originality of the Charts, while the claimants disputed the finding of no infringement at first instance. There was no dispute that if the Charts were original, Mr Mitchell would be the author, copyright would subsist in the works and those copyrights would be owned by THJ.



Decision

Copyright subsistence – originality

Before setting out the law on subsistence of copyright, Arnold LJ referred to his judgment in *Wright v BTC Core* [2023] EWCA Civ 868 from earlier this year (see our summary above), in which he reiterated the continuing role of EU law on UK copyright law (see [20]-[39]). Against this backdrop, Arnold LJ recalled the relevant EU authorities on originality, principally, the CJEU's decision in *Infopaq* ([Case C-5/08](#)) and subsequent authorities such as *BSA* ([Case C-393/09](#)), *Cofemel* ([Case C-683/17](#)) and *Brompton Bicycle* ([Case C-833/18](#)) that elaborated upon the requirement that to be original a work must be the author's own intellectual creation. In short, Arnold LJ restated that copyright subsists in subject-matter which is the author's own intellectual creation in the sense that the author expressed their creative abilities in the creation of the work by making free and creative choices so as to stamp the work with their personal touch.

Arnold LJ then went on to consider the judge's approach to assessing originality. At first instance, Mr Mitchell had given evidence that *"the look and feel of the [Charts] is my brainchild"* despite using the ribbon and other components from a third-party library licenced by THJ. This was because *"[he] designed how the ribbon looks, what goes into each component of the ribbon, what name you call it, what buttons, how you make the buttons work, how they work when you hover over it."*

The judge had relied on this evidence to conclude that sufficient skill and labour had been exercised for the Charts to amount to an artistic work. Arnold LJ disagreed with the judge's approach, noting that the judge had applied the wrong test for subsistence. Rather than applying the old "skill and labour" test, the judge should have applied the *Infopaq* test and asked if the Charts were a product of the author's own intellectual creation.

Re-assessing the question of originality, Arnold LJ held that the various components of the Charts had been carefully laid out to fit a large amount of information into a single screen. Mr Mitchell had also made choices as to what to put where on the Charts (e.g. which commands to put into the ribbon and in what order) and had selected what fonts and colours to use. Arnold LJ concluded that although a low degree of visual creativity had gone into the Charts, this did not prevent copyright from subsisting. Rather, this meant that the scope of protection conferred by copyright law was narrow, so that only a close copy would infringe. Even though the judge had applied the wrong test for originality at first instance, Arnold LJ held that he was still correct to find that the Charts were original and, accordingly, the defendants' appeal on subsistence was denied.

Copyright Infringement

In contrast, Arnold LJ allowed the claimants' cross-appeal on infringement, finding that the judge had erred in dismissing the claim for infringement. His Lordship gave various reasons for this finding, notably:

1. the defendants never pleaded any case on communication to the public in the UK, so the judge was wrong to consider the issue;
2. the defendants' pleaded case was based solely on their arguments on subsistence and authorship/ownership, and even if the pleaded case was unclear, counsel for the defendants had conceded that infringement was admitted if the claimants succeeded in proving subsistence and authorship/ownership; and
3. the defendants knew that the claimants were relying on this admission and as a result did not consider it necessary to adduce any evidence on issues such as communication to the public in the UK.

As a result, the defendants' use of the Charts in a presentation published on YouTube and in a class hosted on Mr Sheridan's website, after termination of the licence, constituted an infringement of THJ's copyright in the Charts.

Comment

The decision in *THJ v Sheridan* provides a concise and helpful summary of the requirement for originality under English and EU law. Arnold LJ's judgment is also noteworthy for the following reasons:

- First, Arnold LJ's judgment re-affirms that the English courts are unlikely to depart from the established line of CJEU case law on originality from *Infopaq*, despite the Court of Appeal's power to do so post-Brexit.
- Second, the decision reaffirms that the author's own intellectual creation is the correct test for originality under English law post-Brexit and even though the two tests may ultimately achieve the same results, the threshold under the EU standard is higher than that of the old English "skill, labour and judgment" test.
- Third, the decision confirms that the test for originality is an objective one that does not require any artistic merit. Arnold LJ's comment on the requirement for artistic merit (or lack of) implies that the UK's closed list system and the "test" for works of artistic craftsmanship are incompatible with EU law, insofar as they import any requirement for works to possess aesthetic appeal.

- Fourth, although Arnold LJ noted that the EU test imposed a higher threshold for originality, the outcome in this case demonstrates that the threshold is still not very high. Works with a low level of creativity, such as the Charts in question in this case, are capable of attracting copyright protection, with the caveat that the level of creativity correlates with the scope of protection: a lower level of creativity means a narrower scope of protection.

High Court

***Moviebox Megastores International Ltd v Mohammad Akram Rahi* [2023] EWHC 501 (Ch)**



Kyrana Hulstein
Trainee Solicitor
kyrana.hulstein@bristows.com

Background

On 8 March 2023, the High Court handed down its decision in *Moviebox Megastore v Mohammad Rahi*, a case about the defendant, Mr Rahi's abuse of YouTube's complaints procedure. The trial concerned three sets of consolidated proceedings against Mr Rahi, a singer and writer of Pakistani folksongs. All three claimants are publishers of Indian and Pakistani music, video and film, and the first two claimants had YouTube channels to distribute their content (the third claimant having assigned its rights to the first claimant).

The first claim involved 11 songs across 26 videos appearing on the first claimant's YouTube channel, in which Mr Rahi claimed copyright. As a result of Mr Rahi's complaints to YouTube, and in line with its "three strikes" policy, YouTube deactivated the first claimant's YouTube channel, deleted the disputed videos and blocked it from uploading new content.

The second claim involved a single song that Mr Rahi claimed to have written, which appeared in 12 videos on the second claimant's YouTube channel. Again, Mr Rahi's complaints to YouTube resulted in the suspension of its channel.

The third claim alleged that Mr Rahi encouraged two other defendants (against whom summary judgment had already been entered) to pursue fraudulent copyright claims against the third claimant, resulting in the removal of videos from the first claimant's YouTube channel.

Issues

The court was asked to consider whether:

1. Mr Rahi had written the relevant songs;
2. Mr Rahi's complaints were fraudulent, malicious and/or interfered with the claimants' relationship with YouTube;
3. Mr Rahi's complaints caused YouTube to terminate or suspend the claimants' YouTube accounts;
4. Mr Rahi acted in conspiracy with the other defendants to injure the claimants' economic interests;
5. Mr Rahi's actions caused loss to the claimants; and, finally
6. whether the court should award an injunction or other relief besides damages.

Decision

First, the court held that Mr Rahi did not own the copyright in the 12 disputed songs. This was largely because the judge did not believe that Mr Rahi had given an "*honest recollection of events*" in his evidence to the court, in his defences to the claims, witness statement or in cross-examination. The judge also believed Mr Rahi to have altered evidence in the form of digital images of cassette sleeves of albums to wrongly credit him as the author of those songs on those cassette sleeves. As such, the judge felt that he could "*attribute no evidential weight to Mr Rahi's bare assertions*".

Second, the court concluded that Mr Rahi knew that he had not written any of the disputed songs when he issued strikes to YouTube, and so found that his complaints were fraudulent. In relation to the first claimant, the judge believed that Mr Rahi had issued the strikes in retaliation for strikes which the first claimant had issued against Mr Rahi's YouTube channel. It did not matter whether Mr Rahi's motive had been to gain an advantage for himself or inflict loss on the first claimant; Mr Rahi lied to YouTube about having written the relevant songs and these lies were "*intrinsically injurious*" due to the seriousness of the actions YouTube could have taken in response. In any event, the court held that Mr Rahi intended to cause loss to the first claimant by issuing three strikes against it. Equally, Mr Rahi was held to have issued strikes against the second claimant's YouTube channel maliciously and intending to cause loss to the second claimant.

The court found that by his fraudulent actions, Mr Rahi had caused YouTube to delete videos from the first and second claimants' YouTube Channels and to disable the first claimant's main YouTube Channel and prevent it from uploading new content. As a consequence, Mr Rahi had misled YouTube and interfered with the contractual relationship between YouTube and the claimants.

The court also held that Mr Rahi had acted as part of a conspiracy or in common design with the other defendants to cause loss to the claimants by unlawful means.

As a result, the court found that Mr Rahi had caused loss to all three claimants and considered it appropriate to award permanent injunctions against Mr Rahi, preventing him from issuing, or encouraging others to issue, further strikes against the claimants' YouTube channels.

PQ Systems Europe v Jeff Aughton and Factroia Ltd [2023] EWHC 581



Kyrana Hulstein
Trainee Solicitor
kyrana.hulstein@bristows.com

On 22 March 2023, Zacaroli J handed down his decision in *PQ Systems v Aughton & Anor* on breach of confidence and copyright infringement in relation to a computer program.

Background

The claimants ("**PQ**") are in the business of computer software development to assist with quality assurance in manufacturing. Mr Aughton, the first defendant, worked at PQ from 1989 until his resignation in May 2015. He incorporated the second defendant ("**Factroia**") shortly after with his wife.

The main question for Zacaroli J to decide was whether software written by Mr Aughton after he left PQ was copied from software owned by the claimants.

Facts

During Mr Aughton's time at PQ, he developed a statistical process control ("**SPC**") program, in a programming language known as VB.NET, called ProSPC. In 2012, Mr Aughton was demoted from managing director after sharing the program with Mr Todd, a former employee of PQ who had been fired in 2010.

Sometime after Mr Aughton left PQ in 2015, he started work on what he claimed was an entirely new SPC program written in VB.NET, called InSPC and a further version, called InSPC+ (together, "**InSPC v1**"). InSPC v1 had broadly the same functionality as the ProSPC software Mr Aughton had written whilst employed by PQ software. In or around 2017, Mr Aughton re-wrote InSPC v1 in a new programming language, C# ("**InSPC v2**").

PQ's principal claim was that Mr Aughton copied or otherwise made use of PQ's software, ProSPC, when he wrote InSPC v1 and subsequently indirectly copied ProSPC when he wrote InSPC v2. In response, Mr Aughton argued that copyright in ProSPC belonged to him because he had written it as a hobby project, and in any event he had not copied from ProSPC when writing InSPC v1, nor had he copied from InSPC v1 when writing InSPC v2.

Although questions of software copying are usually easily resolved by comparing source code, this was impossible in this case as Mr Aughton had deleted the source code for ProSPC and InSPC v1. Instead, the parties had to rely on de-compiled object code, which can look very different to the original source code and provides marginal comparison value. As such, PQ's case for copying relied heavily on circumstantial evidence.

Issues

There were three issues for Zacaroli J to decide:

1. were the copyright and confidential information in ProSPC owned by PQ or Mr Aughton?
2. Was InSPC v1 copied from ProSPC, so as to infringe the copyright in ProSPC or misuse any confidential information in ProSPC?
3. Was InSPC v2 copied from ProSPC either directly, or indirectly via InSPC v1?

Decision

Issue 1 – Copyright and Confidential Information

PQ claimed that ProSPC was written in the course of Mr Aughton's employment at PQ. Mr Aughton, on the other hand, said he wrote ProSPC as a hobby in his spare time, on his personal computer, and without reproducing any source code from PQ's software.

Section 11(2) CDPA provides that copyright in a work made by an employee in the course of his employment belongs to his employer, subject to any agreement to the contrary. This requires an assessment of (a) whether the work was of the kind the employee was engaged to do, and (b) whether the work was in fact done in the course of his employment.

On the facts, it was clear that ProSPC was the kind of software Mr Aughton was engaged to develop. In fact, Mr Aughton admitted that it was his own version of PQ's CHARTrunner software but written in a different language.

To determine whether ProSPC was written in the course of Mr Aughton's employment, Zacaroli J referred to the following factors:

- Mr Aughton faced disciplinary proceedings in 2013 after sharing ProSPC with a former PQ employee.
- In the disciplinary meeting, Mr Aughton accepted that ProSPC was written in the course of his employment and that he had lifted routines from software belonging to PQ when writing ProSPC. Indeed, it is highly unlikely that Mr Aughton would have been kept on by PQ following this admission had ProSPC not ultimately belonged to PQ.
- Mr Aughton explained similarities between the source code of GAGEpack (one of PQ's other programs) and the de-compiled object code of ProSPC as being the result of code from ProSPC having been copied into GAGEpack. Although Zacaroli J was not convinced by this explanation, he noted that this reinforced the conclusion that ProSPC was written in the course of employment because it showed ProSPC's source code being used for the purposes of PQ's business.
- There were no specific terms in Mr Aughton's employment contract which helped either way, but as a senior partner, he had autonomy over the way he worked and the projects he worked on. Therefore, the fact that he was not directed to work on ProSPC does not mean that he did not do so in the course of his employment.
- Although Mr Aughton said that he wrote ProSPC from home and during his own time, Zacaroli J considered this of little relevance because between 2007 and 2012 Mr Aughton regularly worked from home and outside of his contractual working hours, such that there was no clear delineation between his work and personal matters.
- ProSPC was written using Visual Studio and other resources licenced by PQ, and most likely written on Mr Aughton's work computer.

Zacaroli J concluded that ProSPC was written in the course of Mr Aughton's employment at PQ, such that the copyright and confidential information in it belonged to PQ.

Issue 2 – Was InSPC v1 copied from ProSPC?

First, Zacaroli J held that a list of chart types in InSPC v1 was copied from ProSPC. The de-compiling and de-obfuscation processes would not have altered the list of chart types including the order, names and reference numbers. Although the ordering and numbering of charts is arbitrary, Zacaroli J observed that it was identical as between InSPC and ProSPC. Zacaroli J did not accept Mr Aughton’s explanation that the similarities were due to the programs being written by the same experienced programmer.

Zacaroli J referred back to Jacob J’s words in *IBCOS* that it is often the identity of trivial matter that traps a copyist. Mr Aughton’s denial in relation to the list of chart types undermined the credibility of his denial in copying ProSPC more generally.

Other relevant factors Zacaroli J relied upon included the fact that Mr Aughton retained ProSPC after leaving PQ; the circumstances in which he deleted both ProSPC and InSPC v1 and his inconsistent reasoning for doing so; and Mr Aughton’s attempts in evidence to downplay the utility of ProSPC.

As a result of all the above factors, Zacaroli J concluded that Mr Aughton had copied and made use of “*at least a substantial part of ProSPC in writing InSPC v1*”.

Issue 3 – Was InSPC v2 copied from ProSPC, whether directly or indirectly?

As Mr Aughton had deleted ProSPC, PQ’s case under this head rested only on *indirect* copying (from InSPC v1).

As InSPC v2 was written in C# rather than VB.NET, it was impossible to compare the decompiled object codes to determine whether there had been copying. However, the experts were agreed that there were similarities in lines of code which indicated a common functionality between ProSPC, InSPC v1 and InSPC v2, consistent with InSPC v2 being written by reference to a running version of InSPC v1 or its source code.

Zacaroli J thought it inherently unlikely that Mr Aughton would have discarded his work on InSPC v1 and started InSPC v2 entirely from scratch, especially as he found that Mr Aughton had copied from ProSPC in developing InSPC v1. The fact that Mr Aughton retained InSPC v1 while writing InSPC v2, and only discarded it when it was superseded by InSPC v2, further supported this conclusion.

Given the deletion of source code for InSPC v1 and the lack of any record of how InSPC v2 was created save for the program itself, Zacaroli J was unable to conclude whether copying was done by the use of an automatic translator. However, in terms of timing, there was sufficient time for Mr Aughton to have conducted the re-write manually or by process of automatic translation followed by months of work to correct the raw initial product. Zacaroli J concluded that ultimately it would not matter in any event as either method would amount to copyright infringement.

Zacaroli J found that it was more likely than not that Mr Aughton copied from at least a substantial part of the source code for InSPC v1 when writing InSPC v2. Whether or not he used an automatic translator, Mr Aughton infringed PQ’s copyright and breached his contractual duties of confidence in writing InSPC v2.

Comment

- The judgment contains interesting comments on the relationship between flexible working and ownership of copyright. In particular, Zacaroli J found it irrelevant that Mr Aughton had worked on ProSPC from home and outside of his contractual working hours, as Mr Aughton often worked from home such that there was “*no clear delineation between work and personal matters*”. Employers should take care to include provisions in their employees’ contracts addressing how such changes in working practices may impact IP ownership.
- The judgment also provides a helpful example of how the court will assess factual evidence available to it in order to make a finding that copying has occurred absent direct access to the original material for comparison.

Molavi v Gilbert [2023] EWHC 646 (Ch)



Iva Gobac
Associate
iva.gobac@bristows.com

In March 2023, the High Court granted an application for summary judgment in favour of the BBC (the “**applicants/defendants**”) who sought to dismiss a copyright (and related breach of confidence) claim on the ground that there was no real prospect of success in the claim. The applicants argued that Dr Molavi (the “**claimant**”, a dentist and screenwriter) had no real prospect of showing that the defendants had access to her works, and without showing this access, could not successfully claim that her works were copied. Mr Justice Smith agreed, and in doing so, dispelled the arguments by the claimant that the similarities between the claimant’s and defendants’ works were sufficient to give rise to an inference of copying.

Background

The claimant had alleged that the defendants infringed her copyright and misused her confidential information in a two-part storyline called *Betrayal* from the forensic pathology series *Silent Witness*, as well as in the various screenplays and other materials that were written for, and preceded, the two televised episodes of *Betrayal*. Without evidencing the BBC’s access to her works, the claimant’s case centred on a finding of copyright infringement that was to be inferred due to the various similarities in overall plot and scenes or events between the works. Accordingly, the High Court undertook a detailed analysis of the similarities between the works by breaking each down and drawing out their main elements. The High Court had to consider whether the following proposition by the claimant was arguable: that there were substantial similarities between the plots set out in the claimant’s and defendants’ works that could not be explained by coincidence.

Decision

Were the similarities sufficient to give rise to an inference of copying?

In order to assess the extent of the similarities between the works, Smith J set out the distinct plot points of each party’s works, for example:

- The setting of the plots in both works is in a forensic pathology unit.
- The protagonist of both works is a forensic pathologist and in the defendants’ *First Treatment* is a male pathologist like the claimant’s protagonist.
- The plots of both works centre on a dispute over the accuracy of findings made by the protagonist in a post-mortem examination report.
- In each case, this dispute over the accuracy of the report centres on whether the deceased’s death arose from heart failure or homicide.

Smith J did the same with respect to certain linguistic similarities, for example:

C’s works	Ds’ works
<i>A sequence as follows:</i>	<i>A sequence as follows:</i>
1. A door is opened.	1. A door is opened.
2. A light is turned on in the mortuary.	2. A light is turned on in the mortuary.
3. A man in white uniform removes Sara Shenee’s body from a freezer.	3. A person in white scrubs pulls the body of PC Stephen Francis from the drawer.

Following a structured summary and analysis of the relevant works in this manner, Smith J considered that the various similarities between them were as a result of the general tendency of storytelling to follow certain patterns or themes that necessarily gave rise to similar behaviours, images or consequences. This was especially so if the stories were set in similar environments that dictated similar conduct amongst characters (there will always be a likelihood that a character switches on a light upon entering a dark room). So, Smith J observed, “*for an inference of copying to be arguable, the similarities must go beyond these tropes which are common not because of copying, but because we all share the same human condition*”. He also explained that linguistic similarities *per se* cannot give rise to an inference of copying, as similarities in the use of commonly understood words and expressions are inevitable and cannot suggest that copying between works took place.

Smith J was not persuaded that the similarities between the works (specifically and cumulatively) supported an arguable proposition that the defendants’ works were copied from the claimant’s. The High Court therefore dismissed the copyright (and related breach of confidence) claims.

Comment

This decision demonstrates the difficulty in bringing a successful copyright claim without evidence that indicates access to an original work, as an inference of copying would only be drawn on the basis of a persuasive level of similarities that cannot be explained by the ordinary confines of narrative mechanisms and linguistic tendencies.

The High Court also clarified the importance of clearly articulating the distinct elements for comparison between works, as a reductive summary could unjustifiably elevate overlapping elements to a level of significance that does not accurately reflect the expressions of distinct ideas in each of the works. As observed, similarities at a level of abstract generality are inherent to the development of *all* stories – not least when they are both set in a forensic pathology lab.

Lidl Great Britain Ltd v Tesco Stores Ltd [2023] EWHC 1517 (Ch)



Jake Palmer

Associate

jake.palmer@bristows.com

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<https://copyrightblog.kluweriplaw.com/2023/10/30/supermarket-showdown-lidl-v-tesco-lidls-rights-trade-marks-and-copyright-in-the-lidl-logo-are-infringed-by-tescos-clubcard-price-signs/>

Background

The High Court held that Lidl’s rights in the Lidl logo were infringed by Tesco’s Clubcard Price(s) signs. Specifically, the court made the following findings:




- **Trade mark infringement** – Lidl’s trade mark for the Lidl logo was infringed by Tesco’s Clubcard Price(s) signs, which took unfair advantage of Lidl’s reputation for low prices and damaged the distinctive character of Lidl’s logo.
- **Passing off** – Consumers were mistakenly believing that Tesco’s Clubcard prices matched Lidl’s prices or the products were equivalent in value.
- **Copyright infringement** – Copyright subsists in the Lidl logo and this was copied by Tesco in creating their Clubcard Price(s) signs.

The judgment consolidated this infringement claim with Tesco’s counterclaim for invalidity of various of Lidl’s trade marks covering the wordless background of the Lidl logo (the “**Wordless Mark(s)**”). Mrs Justice Joanna Smith held that certain of these Wordless Marks were invalid for bad faith. However, Lidl’s key trade mark for the Lidl Logo including the word LIDL (the “**Mark with Text**”) was valid and so Tesco remained liable for trade mark infringement.

On copyright subsistence, Smith J held that the Mark with Text is an artistic work, falling within the sub-category of “graphic works”. Tesco had objected to copyright subsistence on the basis that the Mark with Text was not original, having been created in stages and being too simple. However, the judge found that the Mark with Text, by its combination of text, colours and shapes involved sufficient skill, labour and creative freedom to satisfy the requirement for originality.

This article focuses on the findings on copyright. More details on the findings on trade mark infringement and passing off can be found in our Brands Review of the Year publication.

Lidl’s marks and Tesco’s signs are shown below:

<p>The Lidl logo (the / Lidl’s “Mark with Text”)</p>	
<p>Lidl’s logo absent text (the / Lidl’s “Wordless Mark”)</p>	
<p>Tesco’s Clubcard Price(s) signs (the / Tesco’s “CCP Signs”)</p>	

You might be wondering why you’re still seeing Tesco’s Clubcard Price(s) signs (the “**CCP Signs**”) in Tesco stores. While a final injunction against such use has been granted in a consequential hearing ([\[2023\] EWHC 1517 \(Ch\)](#)), that injunction is stayed pending the outcome of any appeals to the Court of Appeal.

In September 2023, the Court of Appeal allowed appeals, apparently from both parties. These are currently expected to be heard by September / October of 2024. The precise details of what is being appealed is not yet known.

The parties

The parties are well-known competing supermarkets in the UK.

Lidl is described in the judgment as a “*discounter*” supermarket: it focuses on own-branded products and a “*more curated selection of goods thus enabling greater control over price*” (Paragraph [51]). Another example of a “discounter” supermarket is Aldi.

Tesco is described as a “*mid-tier*” supermarket: it has a “*selection of own-brand and third party products at a range of price points*” (Paragraph [51]). Other “mid-tier” supermarkets are Sainsbury’s, Asda, Morrisons and Co-Op.

Lidl opened its first UK store in 1994 and has always operated under the Mark with Text.

In 1995, Tesco launched its “Clubcard” loyalty scheme to reward customers for shopping at Tesco. As part of this scheme, in September 2020, Tesco introduced the Clubcard Prices promotion: Tesco Clubcard holders were given discounts at the point of sale on certain products. Those discounts were identified using Tesco’s CCP Signs, which either stated a price figure alongside “Clubcard Price” or merely read “Clubcard Prices”.

Lidl alleged that Tesco’s CCP Signs infringed various rights in Lidl’s Mark with Text and Lidl’s Wordless Mark.

Decision

Copyright

Lidl claimed copyright in both the Mark with Text and the Wordless Mark. Tesco denied copyright subsisted in either.

Interestingly, Smith J found that, given the Wordless Mark has not been used other than as a background, there was nothing to suggest that Tesco had seen the Wordless Mark. Accordingly, any copying by Tesco could only have occurred in relation to Lidl's Mark with Text. For that reason, copyright subsistence and infringement was primarily assessed in relation to the Mark with Text.

Subsistence

It was common ground that the Mark with Text was capable of being a "graphic work", which is a subset of the "artistic works" category of copyright works found in section 4 of the UK's CDPA. A "graphic work" includes "any painting, drawing, diagram, map, chart or plan" according to section 4(2)(a).

The dispute centred around originality; the court recognised the appropriate test is whether the Mark with Text contains elements which are the expression of the intellectual creation of the author of the work. Tesco's objection to originality in the Mark with Text was summarised by the judge as being that the "*combination consists of insufficient skill and labour because it is too simple*" (Paragraph [288]). This was rejected by the judge for two reasons.

Firstly, Smith J noted that the artistic quality may not have been "high", but referred to the fact that a low level of artistic quality or a simplistic design does not preclude a work being considered original.

Secondly, she pointed to the fact that it was the combination of elements that was original. In doing so, she referred to Tesco's own evidence on their creation of the CCP Signs, which supported that such a process involved time, labour and creative freedom. Accordingly, it was found that "*bringing together the Lidl text with the yellow circle and blue background was an act which involved skill and labour*" (Paragraph [288]).

For those reasons, the judge found that the Mark with Text "*involves the exercise of intellectual creation involving the expression of free choice*" and was thus original and capable of protection as a copyright work (Paragraph [290]).

Infringement

On infringement, Tesco accepted that they were well aware of Lidl's Mark with Text. Smith J found that the similarities were sufficiently close to be more likely a result of copying than coincidence and so it was for Tesco to explain those similarities.

Tesco's evidence on this point was criticised by the judge as appearing to have been "*designed to obscure the involvement*" of an external design agency (Paragraph [309]). Her finding on the evidence was that this agency copied the background to the Mark with Text as a consequence of the brief they were provided with from Tesco. Lidl successfully argued that the part copied (the blue background with the yellow circle) formed a substantial part of the copyright work (the Mark with Text), and so Tesco was held liable for copyright infringement.

Comment

The decision is reassuring to brand owners with somewhat simple logos, or parts of simple logos, which they may previously have considered would not be protectable by copyright or at least would require them to rely solely on their trade mark rights.

While it is well-established that simplistic designs are not precluded from copyright protection, given the commonplace nature of the elements of the work in question in this case one might have expected a very narrow scope of protection for the Lidl logo / Mark with Text.

As a consequence, it is not necessarily surprising that the judge found Lidl's Mark with Text to be a copyright work, since "*bringing together the Lidl text with the yellow circle and blue background was an act which involved skill and labour*" (Paragraph [288]). However, by then deciding that the combined yellow circle and blue background alone was a substantial part of that work, the impact is that Lidl can potentially prevent third parties copying just that part. This decision may

be considered surprising as it seems to give a wide scope of protection for Lidl.

It is worth noting that Tesco's own evidence of their extensive efforts in designing the CCP Signs was supportive of a finding of copyright subsistence in Lidl's logo: it assisted in demonstrating the creative effort going into even fairly simple logo designs.

Getty v Stability AI [2023] EWHC 3090 (Ch)



Toby Headdon
Senior Associate
toby.headdon@bristows.com



Kyrana Hulstein
Trainee Solicitor
kyrana.hulstein@bristows.com

By a judgment handed down on 1 December 2023, the High Court considered an application for summary judgment in relation to the question of jurisdiction in the context of artificial intelligence (AI). After examining the parties' evidence on this point, the judge, Smith J, dismissed the defendant's application, citing "*unanswered questions and inconsistencies*" in the defendant's evidence.

Background

Earlier this year, Getty Images ("**Getty**"), a well-known provider of stock images, initiated proceedings against Stability AI, creator of the deep learning AI model and automatic image generator known as Stable Diffusion, for copyright infringement, database right infringement, trade mark infringement and passing off. In short, Getty alleges that Stability AI scraped millions of images from Getty's websites, without their consent, and used those images to train and develop Stable Diffusion.

Additionally, Getty maintains that the images created by Stable Diffusion (i.e., the outputs) reproduce its copyright works and/or trade marks. (Getty has filed parallel proceedings against Stability AI in the Delaware federal court and Stability AI is also the subject of other pending lawsuits in the US).

Stability AI sought to strike out various aspects of Getty's claim, namely:

- copyright and database right infringement claims relating to works being downloaded on servers/computers in the UK during the development and training of Stable Diffusion (the "**Training and Development Claim**");
- secondary copyright infringement claims as a result of the importation of pre-trained Stable Diffusion software into the UK (the "**Secondary Infringement Claim**"); and
- trade mark infringement and passing off claims in relation to the synthetic image outputs generated by Stable Diffusion (the "**Trade Mark and Passing Off Claims**").

Following clarifications to Getty's case, Stability AI agreed not to pursue its application for summary judgment in relation to the Trade Mark and Passing Off Claims.

As a result, the court was left to consider whether Getty had a real prospect of succeeding on the Training and Development Claim and the Secondary Infringement Claim.

Decision

Principles of summary judgment and strike out

Under Civil Procedure Rule ("**CPR**") 24.3(a), a court may grant summary judgment on the whole or part of a claim or an issue if it considers that the party has no real prospect of succeeding on it. In this respect:

- The court considers whether the claimant has a realistic, rather than fanciful, prospect of success (i.e. the claim is more than merely arguable). The overall burden of proof rests on the party applying for summary judgment.

- The court must not conduct a ‘mini-trial’. In reaching its conclusion, the court must take into account the evidence placed before it as well as any evidence which can reasonably be expected to be available at trial.
- The court should hesitate to make a final decision in the absence of a full factual investigation, which can only take place at trial, even if the case does not seem complicated. That said, if a case is likely to fail on a point of law or construction, and the court has the necessary evidence before it, it should consider granting summary judgment.

Under CPR 3.4(2)(a), the court may strike out a statement of case (such as the Particulars of Claim) or part of it on the grounds that it discloses no reasonable grounds for bringing the claim. The court is required to assume that the facts as pleaded in the statement of case are true and then ask itself whether the claim advanced on those facts has any real prospect of success. As with summary judgment, the court must not conduct a mini-trial. The court will typically accept what the claimant states at face-value unless its factual assertions are demonstrably unsupportable. Importantly, it is not usually appropriate to strike out a claim on assumed facts in a developing area of law (which is clearly applicable in this case).

The Training and Development Claim

Before considering the evidence, Smith J reiterated that *“copyright (like database right) is a territorial right which confers protection on its holder only within the territory of the United Kingdom”*. The key question before the court was therefore whether there was any prima facie evidence that the training and development of Stable Diffusion took place in the UK, thereby conferring jurisdiction on the UK court.

Getty’s case for infringement was based on an inference that its copyright works were downloaded on servers and/or computers in the UK. Stability AI refuted this in two main ways:

1. First, it noted that Getty had alleged in parallel proceedings in Delaware that Stability AI maintained cloud computing and physical servers in the US, trained Stable Diffusion in the US, and therefore engaged in infringing conduct in the US. Stability AI argued that this position contradicted Getty’s resistance to its application for summary judgment here, which was based on the training of Stable Diffusion taking place in the UK. Smith J disagreed; she reasoned that it was not inconsistent to allege that training occurred in the US and that, during this process, copyright works were also downloaded on servers and/or computers in the UK.
2. Second, Stability AI contended that its evidence established that all computing resources used for the training of Stable Diffusion were located in two US datacentres operated by Amazon Web Services (“AWS”), that any services provided to it by AWS in the UK did not relate to the training and development of Stable Diffusion, and that none of its UK-based employees had ever worked on the development or training of Stable Diffusion.

Smith J considered that, had this been the trial, this evidence *“would (on its face) provide strong support for a finding that, on the balance of probabilities, no development or training of Stable Diffusion”* had taken place in the UK. That said, she was not satisfied that Getty had no real prospect of being able to refute this evidence or that there were no reasonable grounds for believing that a fuller investigation into the facts (following disclosure) would add to or alter the evidence available on where the training and development occurred. In particular, she identified evidence pointing away from Stability AI’s proposed factual conclusion that the training and development of Stable Diffusion took place in the US, as well as several *“unanswered questions and inconsistencies”*. This supported the proposition that the Training and Development Claim had a real prospect of success and should therefore be allowed to proceed to trial.

In reaching this conclusion, Smith J, referred to: (i) human resources, and (ii) computer resources. Her analysis is underpinned by a general distrust of the evidence given by Mr Mostaque, Stability AI's founder and CEO, which she categorised as "*either inaccurate or incomplete*".

Human resources

Mr Mostaque gave evidence that none of the UK-based employees in the company's development team had worked on the training and development of Stable Diffusion. However, screenshots from interviews with Mr Mostaque suggested that individuals did work on Stable Diffusion in the UK and further evidence suggested that Mr Mostaque, who resides in the UK, was personally involved in developing the AI model. Additionally, Smith J was not convinced by Mr Mostaque's evidence that he was confident that none of his UK-based employees had worked on the development and training of Stable Diffusion. Indeed, he had not contacted any of the employees directly (only via his HR team or lawyers), did not confirm that responses were received from each employee, nor exactly how they responded. Smith J further stressed that none of the evidence had sought to explain what the training and development of Stable Diffusion had actually involved.

Computer resources

Getty's expert witness noted that, although he could not definitively say where Stable Diffusion was developed, it may have been developed using AWS services, which may have included using and evaluating data in the UK and moving data into the UK on desktops or via other cloud services. He added that it would have been possible to train the open-source version of the AI model on a desktop computer and therefore it was likely that a combination of local laptop/desktop devices and AWS cloud services were used to develop the model. Additionally, Smith J remained unconvinced by Mr Mostaque's assertion that any employees who accessed the AWS cluster to work on Stable Diffusion from local devices would have done so from outside the UK. Between that and unexplained evidence of data transfers to London from AWS in the US, Smith J found there was a prospect, which was more than merely

fanciful, that local devices were used during the development process in the UK.

Bearing all of this in mind, and considering the conflicts of fact identified by Getty, Smith J concluded that Getty had a real prospect of success on the Training and Development Claim at trial and therefore rejected Stability AI's application for summary judgment on that basis.

The Secondary Infringement Claim

Stability AI accepted that its arguments in relation to this claim would stand or fall on one point of law; namely, whether the meaning of the word "article" in sections 22, 23 and 27 CDPA encompasses only tangible items or extends to intangible items such as when software is made available on a website. Stability AI argued that it only covered tangible items and so Getty had no real prospect of succeeding in its Secondary Infringement Claim, which concerned pre-trained Stable Diffusion software.

Smith J declined to adopt Stability AI's suggested approach for three main reasons. First, she was not satisfied that Getty was bound to fail on this point, considering the relevant case law and statutory context. Second, she decided that the issue raised a novel question, which would be resolved once all the facts had been ascertained at trial. Indeed, this point had not previously been argued in any detail or decided by the court, especially in the novel context of secondary infringement involving internet downloading. Third, there was a policy consideration as to whether an "article" should include both tangible and intangible items. For example, on Stability AI's view, there would be an infringing copy and secondary infringement if a copy of Stable Diffusion had been imported into the UK on a memory stick, but not if it were accessed via a cloud-based service.

In light of the above, Stability AI's application for summary judgment in relation to the Secondary Infringement Claim was also dismissed.

Comment

Getty's claims against Stability AI will now proceed to a full trial (unless the parties resolve the dispute beforehand). Given the subject matter, this case is being monitored closely by lawyers as well as so-called Big Tech, other text-to-image machine learning models (such as DALL-E, Midjourney and Imagen), and start-ups built around generative AI.

As is the case with many other countries, there is presently some uncertainty in the UK regarding the extent to which using scraped data to train machine learning models infringes copyright and database rights. The UK also has a very narrow set of copyright exceptions in comparison to other countries, so one can see why Getty launched an action here.

At the back end of 2022, the UK IPO had sought to introduce a very broad exception to permit copying for the purpose of text and data mining generally. However, this proposal was met with trenchant criticism from the creative sectors and, ultimately, was dropped.

IPEC

Fay Evans v John Lewis Plc and Another [2023] EWHC 766 (IPEC)



Rubab Zahra
Trainee Solicitor
rubab.zahra@bristows.com

It might come as little surprise that a dispute regarding a fire-breathing-sneezing dragon got a little... heated.

This case was a copyright infringement claim in which the Intellectual Property Enterprise Court ("IPEC") was asked to decide whether a Christmas advert and associated illustrated children's book infringed the copyright in another children's book, "*Fred the Fire-sneezing Dragon*".

The judgment offers an insight into how the courts will view a party's efforts to attract media attention by publicising their proceedings, as John Lewis said was the case here. In her judgment, HHJ Melissa Clarke found that the defendants did not copy the sneezing dragon in question, so there could be no copyright infringement, and granted the counterclaim, making a declaration of non-infringement and a publicity order, requiring the claimant to publicise the judgment on her website and social media pages for at least six months.

Background

In the UK, Christmas has become almost synonymous with the famous John Lewis advertisement that, for many, marks the beginning of the festive season. Since 2009, these advertisements have been created by the leading Omnicom agency, adam&eveDDB.

On 14 November 2019, John Lewis released its annual Christmas advert (the "**2019 Advert**"). The advert follows Edgar the dragon, who accidentally melts a snowman and burns down a Christmas tree in the town where he lives. It is only when he lights the town's Christmas pudding and saves Christmas that a predictably wholesome and happy ending is reached.

Within hours of the advert’s release, children’s author Fay Evans (the “**claimant**”) alleged on social media that the 2019 Advert and an associated book retelling the story (titled Excitable Edgar, “**EE**”) were unusually similar to a book she had published in 2017 about a fire-sneezing dragon called “Fred the Fire-sneezing Dragon” (“**FFD**”). This marked the start of a combined legal and publicity campaign by the claimant against John Lewis and adam&eveDDB (the “**defendants**”).

Just before Christmas 2020, the claimant sent a letter to John Lewis warning of legal action. John Lewis responded by providing evidence which it said showed that adam&eveDDB had conceived of the idea a year prior to FFD’s publication (the “**2016 Outline**”) and so it could not have copied FFD.

Nevertheless, shortly before Christmas 2021, the claimant commenced proceedings against the defendants alleging copyright infringement. She sought an injunction to prevent the defendants from running the advert and publishing EE, as well as damages and legal costs.

The defendants not only defended the claim, but in light of the publicity that the claimant had sought to generate through multiple media campaigns they also brought a counterclaim seeking a positive declaration that they had not infringed the claimant’s copyright, and an order requiring the claimant to publicise the judgment if the court ruled against her.

Decision

Was the claimant’s work protected by copyright?

The claimant alleged that artistic and literary copyright subsisted in aspects of Fred’s character and his appearance, and also in ‘narrative elements’ of FFD.

The character traits and appearance features that the claimant relied on were that Fred was young, green, accidentally emits fire, is “*cute and loveable*”, has a ribbed front, triangular spikes on his head, is ‘child-sized’ and has two arms.

The claimant also relied on the overarching narratives of both works – that of a dragon that failed to control its fiery breath, and faced criticism and isolation from those around him, before finally gaining acceptance by finding use for his fire. She said these were original and that their inclusion in the 2019 Advert could only be explained by the defendants copying a substantial part of her work.

The judgment does not focus too heavily on the subsistence of copyright. In part, that is because (as explained further below) by the end of the trial the claimant had accepted that the defendants had not seen FFD before creating the 2016 Outline, which removed many of the features which were purportedly said to have been copied. This part of the judgment is nevertheless interesting as it is a good example of the extent to which a fictional character can be protected by copyright. By way of example, Fred’s green colour was not, on its own, said to be protectable. Conversely, the judge was satisfied that Fred being ‘child-sized’ was a reflection of the author’s intellectual creation and therefore sufficiently original to be protected. The consideration of protection of fictional characters was also considered in the *Shazam Productions Ltd v Only Fools The Dining Experience Ltd* dispute (which we covered in DCROTY 2022).

Did the defendants copy FFD?

The focus of this dispute was not copyright subsistence, but whether that copyright was infringed.

In the UK, copyright infringement can only occur if there is evidence of actual copying of the whole or a substantial part of a copyright work. Given the chronology of events, the case boiled down to one question: did the defendants have access to and copy FFD?

Having heard extensive evidence from those involved in the creative process, and examining documents created throughout that process and the associated metadata, the judge found there was no evidence and that it was extremely unlikely that anyone involved in creating the 2019 Advert or EE had access to FFD. Central to this finding was the fact that the 2019 Advert was the result of an idea which was conceived and first pitched by adam&eveDDB in 2016, before FFD was first made available to the public at its official

launch on 7 September 2017. The elements within the 2016 Outline could therefore not have been copied from FFD.

The 2016 Outline did evolve throughout the years until the creation of the 2019 Advert. Consequently, the judge then went on to consider whether the elements of the 2019 Advert and EE, which were not also in the 2016 Outline, were copied from FFD. The judge said not. There was an “*almost entirely theoretical*” possibility that they had done so (because it was available on Amazon and a small number had been sold) but there was “*not a scrap*” of evidence that the defendants had actually accessed FFD.

On this point, the defendants’ evidence at trial was clearly critical. The judge deemed the creative teams at John Lewis and adam&eveDDB to have been individuals at the top of their game, who were being wholly truthful when they told the court that FFD had not been seen by those involved in the creative process and that, therefore, it had never been mentioned during the creative process.

Ultimately, while there were some similarities between FFD and the 2019 Advert and EE, these were small in number and explained by coincidence and not copying. The claim was therefore dismissed.

Should the claimant be forced to publish the judgment?

An additional and interesting aspect of this case is that the defendants sought, and succeeded in obtaining, an order to require the claimant to publicise the judgment if the claim was unsuccessful. It has become increasingly common for claimants to seek a publicity order against unsuccessful defendants, but this is the first time that an unsuccessful copyright claimant has been ordered to publish a decision.

The judge granted that order in large part because she was satisfied that the defendants had been harmed by the allegations they had faced, and because the claimant also seemed to have sought to attract publicity to raise her own profile by issuing press releases about the litigation around the time that John Lewis released its Christmas adverts in subsequent years.

Comment

Large corporations and celebrities have always been an attractive target for litigants seeking to argue that they have copied their works. Ed Sheeran issued a video statement following his successful defence of copying allegations made against him in the *Sheeran v Chokri* case (also covered in DCROTY 2022). In the video, he talked about how stressful it was to be falsely accused of copying, and said: “*I feel like claims like this are way too common now and have become a culture where a claim is made with the idea that a settlement will be cheaper than taking it to court, even if there's no base for the claim*”.

This judgment brings with it a timely reminder of the threshold required to establish infringement—there can be no copyright infringement without copying, and no copying if the work has not been accessed. This is important for defendants, who face an increased risk of receiving complaints due to the ease of self-publishing and online availability of various works which they are unaware of.

Looking ahead to 2024

Pending CJEU Appeals

The CJEU Decision in *Public.Resource.Org., & Right to Know CLG v European Commission* ([C-588/21 P](#))



Sara Witton
Associate
sara.witton@bristows.com

Following hand down of the Advocate General's ("AG") decision in June 2023, we are expecting the CJEU decision in this case sometime in 2024.

The appellants are non-profit organisations who are aiming to make the law freely accessible to all – in this instance by seeking access to four harmonised technical standards ("HTS") adopted by the EC for standardisation.

The appeal is requesting that the court set aside the General Court judgment from July 2021 (T-185/19). This judgment rejected their action seeking to annul Commission Decision C(2019)639, in which the EC refused to grant them access to the HTS on the basis of copyright protection.

The opening section of the AG's opinion states that "[t]he present case gives the Grand Chamber of the Court an opportunity to rule for the first time on the issue as to whether HTS – which the Court has already recognised as forming part of EU law and having legal effects – are capable of being protected by copyright; and, further, whether the rule of law as well as the principle of transparency and the right of access to documents, as enshrined in Article 15 TFEU, require that access to HTS be freely available without charge."

The AG's opinion is that the HTS must be freely available without charge and has advised that the court set aside the General Court judgment and annul the Commission decision. In her opinion, the standards are not capable of and should not benefit from copyright protection given their indispensable role in the implementation of EU

law. The opinion goes on to state that even if they were capable of being protected, that free access to the law should take priority over copyright protection. It is also worth noting that in her view, even if they were capable of being protected, the HTS would lack the originality required to be considered a protectable copyright work.

The AG Opinion and/or CJEU Decision in *FT, AL, ON v Belgian State* ([C-575/23](#))

In September 2023, the CJEU received its first request for a preliminary ruling concerning the interpretation of the Digital Single Market Directive (2019/790) (the "DSM Directive").

The Belgian Conseil d'Etat asked the following questions in relation to Chapter 3 of the DSM Directive: "*Fair remuneration in exploitation contracts of authors and performers*":

1. Must Articles 18 to 23 of the DSM Directive be interpreted as precluding the transfer, by means of a regulatory act, of the related rights of statutory employees in performances carried out in the context of the employment relationship?
2. If Question 1 is answered in the affirmative, must the concepts of 'acts concluded' and 'rights acquired' within the meaning of Article 26(2) be interpreted as covering, in particular, the transfer of related rights by means of a regulatory act adopted before 7 June 2021?

A ruling which answers these questions will be the first CJEU level decision on these issues and provide an insight on the way in which the court is likely to interpret the DSM Directive going forwards.

Referral [C-649/23](#) (*Institutul G. Călinescu*)

This is a Romanian case about alleged copyright infringement of a critical edition of a Latin text. A 'critical edition' is an edition of an ancient, classical or other text produced as the authoritative version by comparing the variants, and accompanied by comments and the requisite critical apparatus. The end result of a critical edition is for it to be as close as possible to the original. However, its production requires interventions to the original manuscripts,

remedying omissions, choosing appropriate terms where the original cannot be deciphered, ensuring the original message and meaning is conveyed and providing explanations regarding these choices.

As a result, the Romanian court has asked the CJEU for a preliminary ruling to clarify whether Article 2(a) of the Copyright Directive ‘must be interpreted as meaning that a critical edition of a work, the purpose of which is to produce an authoritative version of the text of an original work, by consulting the manuscript, accompanied by comments and the requisite critical apparatus, may be regarded as a work protected by copyright?’

The referring court is not clear on whether the creative choices made by the author of the critical edition are sufficient to constitute an original work eligible for copyright protection.

The case was referred in October 2023 and so we await further updates.

Referral [C-580/23 \(Mio\)](#)

A Swedish court has made a referral to the CJEU about originality assessments in the context of applied art in proceedings about furniture design, specifically dining tables.



The Respondent's table vs. the Claimant's table

The first instance court found sufficient originality for copyright to subsist in the claimant's dining table. A finding of copyright infringement followed.

The Court of Appeal has stayed its appeal and referred 4 questions to the CJEU, for which its reasoning is summarised in the referral application as:

“it is not clear how the Court of Justice’s rulings regarding the originality of a work – that the subject-matter give expression to the author’s free and creative choices – should be interpreted and applied. More specifically, there is definitely still unclarity as to how the concrete assessment should be conducted – and which factors must or should be taken into account – in the question of whether a subject-matter of applied art reflects the author’s personality by giving expression to his or her free and creative choices.”

The questions that have been referred can be summarised as follows:

1. In assessing whether a work of applied art merits copyright protection, how should the examination be carried out – and which factors must or should be taken into account – in the question of whether the subject-matter reflects the author’s personality by giving expression to his or her free and creative choices?

In particular, should the examination of originality focus on factors surrounding the creative process and the author’s explanation of the actual choices made in the creation of the work, or on factors relating to the subject-matter itself and the end result of the creative process and whether the subject-matter itself gives expression to artistic effect?

2. When considering this, and whether a subject-matter of applied art reflects the author’s personality by giving expression to free and creative choices, what is the significance of: (a) if the subject-matter consists of elements that are found in common designs? (b) if the subject-matter builds on and constitutes a variation of an earlier known design or an ongoing design trend? (c) if identical or similar subject-matter has been created before or after (independently and without knowing the subject-matter of applied art)?

3. How should the assessment of similarity be carried out, and what similarity is required in the examination of whether an allegedly infringing subject-matter of applied art is covered by a work's scope of protection and infringes?

In particular should the examination focus on whether the work is recognisable in the allegedly infringing subject-matter or on whether the allegedly infringing subject-matter creates the same overall impression as the work, or what else the examination should focus on?

4. When considering this and whether an allegedly infringing subject-matter of applied art is covered by a work's scope of protection and infringes, what is the significance of (a) the degree of originality of the work for the scope of protection? (b) the fact that the work and the allegedly infringing subject-matter of applied art consist of elements found in common designs or build on and constitute variations of earlier known designs or an ongoing design trend? (c) the fact that other identical or similar subject-matter has been created before or (independently and without knowledge of the work) after the work?

Referral in USM Haller

This is another referral to the CJEU on similar issues to Mio (see page 26), this time from the German courts who have asked for further clarification regarding the use of the term "copyrighted work".

This case is about the infringement of modular furniture systems which the claimant claims are works of applied art. The Regional Court mostly agreed, but the Higher Regional Court found the system was not a copyright protected work of applied art and did not meet the requirements for a work because it lacked free creative choices.

The claim also has a competition law angle, but as part of the appeal, the Federal Court of Justice has referred three copyright questions to the CJEU:¹

1. "Whether, given that works of applied art may also be considered to be protected as designs, the court of appeal correctly assumed that copyright protection was of exceptional nature, with the consequence that when examining the originality of these works under copyright law greater requirements are to be made in terms of the author's free creative choices than when examining other types of works
2. Whether, when examining originality under copyright law, account is also to be taken of the author's subjective view during the creative process and of the fact that he or she must, in particular, consciously make creative decisions or whether an objective standard is to be applied
3. Whether, when assessing originality, account can also be taken of circumstances which arise subsequent to the creation of the product, such as presenting the product at art exhibitions or in museums, or its recognition by specialist circles."

¹ Questions taken from the Bundesgerichtshof Website, as the referral is not yet available on the CJEU website

(<https://www.bundesgerichtshof.de/SharedDocs/Pressemitteilungen/EN/2023/2023210.html?nn=17683472>)

Other developments to watch out for:

The IPEC decision in *Waterrower (UK) Limited v Liking Limited (T/A Topiom)*



We are expecting a judgment in the trial of this case at some point in 2024.

As covered in our 2022 edition, the IPEC refused a strike out application against a claim that copyright subsisted in the wooden rowing machine pictured above, either as a work of artistic craftsmanship under UK copyright law, or pursuant to the principles of retained EU law (now known as “assimilated law”). The case therefore proceeded to trial.

The judgment is hotly anticipated in the UK copyright world and it will be very interesting to see whether the judge considers that UK copyright law, particularly as it relates to works of artistic craftsmanship, is compatible with the CJEU decision in *Cofemel*. It is also possible that the judge may opt to cover both bases and give a judgment which seeks to satisfy both UK and EU law. This may then result in an appeal to the Court of Appeal who are able to depart from EU retained law in certain circumstances, to decide whether to resolve the current tension between *Cofemel* and the UK law as it stands.

Feedback from the Consultation on the Implementation of the Beijing Treaty

In September 2023, the UKIPO published a [‘consultation on the options for implementing the Beijing Treaty on Audiovisual Performances’](#). The treaty was designed to provide additional IP rights in audiovisual performances, including performances by actors, musicians, dancers and other performers incorporated into films, TV programmes and other AV recordings. In particular, it sets out minimum standards of protection for audiovisual performances, including:

1. exclusive rights for performers to control the copying, commercial rental, distribution, and making available online of their performances in audiovisual fixations;
2. moral rights for audiovisual performers to be attributed and to prevent certain derogatory treatment of their performances;
3. protections for electronic rights management information (for example metadata in video files that identifies the performer); and
4. technological measures (such as copy- and access-control software) used by right holders.

There are also a number of optional provisions which countries can choose to implement.

In the introduction to the consultation, the UK Government confirmed its intention to ratify the treaty to “*help performers control how their audiovisual performances are used and improve their ability to secure appropriate remuneration. Whilst the UK already meets the majority of the standards required by the Treaty, some changes in law through secondary legislation are needed. There are also several options under the Treaty which, if adopted, would also have implications on domestic legislation*”.

The consultation, which included a variety of options for implementation and requested feedback, closed in November 2023. This feedback is currently being analysed and an update from the UK Government is likely during the course of 2024.

Designs

CJEU

Monz Handelsgesellschaft International mbH & Co KG v Büchel GmbH & Co Fahrzeugtechnik KG (C-472/21)



Tim Heaps
Senior Associate
tim.heaps@bristows.com

The CJEU has recently clarified the legal position concerning design protection for component parts of complex products. In particular, it has provided clarity on the meaning and correct interpretation of ‘visibility’ and ‘normal use’ of parts of industrial or handicraft items under Article 3 of the EU Designs Directive (98/71/EC) (the “**Designs Directive**”).

Background

The subject of the ruling was a German design registration for a bicycle saddle owned by Monz Handelsgesellschaft International (“**Monz**”), comprising of a single image depicting the underside of a bicycle saddle as follows:



Büchel GmbH (“**Büchel**”) applied for a declaration of invalidity, claiming the design did not meet the requirements for novelty and individual character in order to qualify for design protection under Article 3 of the Designs Directive.

Article 3 provides that:

“3(3). A design applied to or incorporated in a product which constitutes a component part of a complex product shall only be considered to be new and to have individual character:

- (a) if the component part, once it has been incorporated into the complex product, remains visible during normal use of the latter, and
- (b) to the extent that those visible features of the component part fulfil in themselves the requirements as to novelty and individual character.

3(4). “Normal use” within the meaning of paragraph (3)(a) shall mean use by the end user, excluding maintenance, servicing or repair work.”

Büchel argued that, as a component part of a complex product, the underside of a saddle (once it has been incorporated into the complex product i.e. the bicycle) is not visible during normal use.

The German Federal Court agreed, primarily on the basis that it considered only riding a bicycle and getting on and off it constituted ‘normal use’ and that, since the underside of the saddle is not visible to the end user or another person during such use, the design could not be considered novel or as having individual character.

Questions referred to CJEU

Following an appeal of that decision by Monz, the German Federal Court considered Articles 3(3) and 3(4) were open to interpretation and referred the following questions to the CJEU for a preliminary ruling:

- (i) *Is a component part incorporating a design visible within the meaning of Article 3(3) if it is objectively possible to recognise the design when the component is mounted, or should visibility be assessed under certain conditions of use or from a certain observer perspective?*
- (ii) *If visibility under certain conditions of use or from a certain observer perspective is the decisive factor:*

- (a) *When assessing ‘normal use’, is it the intended use by the manufacturer that is relevant, or the customary use by the end user?*
- (b) *What are the criteria for assessing whether the use constitutes “normal use”?*

Decision

As is often the case, instead of considering each question individually, the CJEU examined and answered the questions together, and in its ruling delivered the following conclusions on the topics of ‘visibility’ and ‘normal use’.

As a starting point, it accepted that a bicycle constitutes a complex product within the meaning of the Design Directive and that the saddle of a bicycle represents a component part of said complex product under Article 3. In doing so, it noted that a saddle may be replaced but that, without it, normal use of the bicycle is not possible.

Visibility

On the subject of visibility, firstly the CJEU noted that visibility of a component part should not be assessed in abstract terms, unconnected to any practical use of the product.

In that regard, the CJEU helpfully clarified that the component part does not need to remain fully visible the whole time the complex product is in use.

Following the Advocate General’s opinion, the CJEU also considered that visibility cannot be assessed solely from the perspective of the end user of the product and that visibility to an external observer must also be considered.

Normal use

Turning to the interpretation of Article 3(4) and the concept of ‘normal use’, the CJEU considered whether normal use corresponded to (i) the use intended by the manufacturer/designer of the component part; (ii) the use intended by the manufacturer/designer of the complex product; or (iii) the customary use of the complex product by the end user.

The CJEU concluded that the third interpretation was correct, namely the customary use of the complex product by the end user.

Notably the court gave a broad interpretation to ‘customary’ use, which it considered included customary acts from the point of view of the end user, including those which may be performed before or after the product has fulfilled its principal function, such as the storage or transportation of the product (but not maintenance, servicing and repair work which are expressly excluded under Article 3(4)).

Comment

The CJEU’s ruling has brought some helpful clarity in relation to Article 3 of the Designs Directive, with its broad interpretation of the concepts of ‘visibility’ and ‘normal use’ widening the scope of protection for component parts of complex products.

In particular, its findings that the component part must not always be visible to be afforded protection and that ‘normal use’ of complex products covers acts such as storage and transportation (rather than just being limited to acts associated with the principal function) would seemingly open the door to argue the design for the underside of bicycle saddle is valid, and indeed any other design for a component part of a complex product which isn’t visible on first sight.

Papierfabriek Doetinchem BV v Sprick GmbH Bielefelder Papier und Wellpappenwerk & Co (Case C-684/21)



Sara Witton

Associate

sara.witton@bristows.com

In a decision that is probably not unexpected, the CJEU has made another ruling on the interpretation of Article 8(1) of the Community Design Regulation (6/2002/EC) (the “CDR”). Article 8 provides that a Registered Community Design (“RCD”) cannot subsist in features of a product which are solely dictated by its technical function. As part of this decision, the CJEU has held that when assessing if this exclusion applies, whether a product allows for a multi-colour

appearance could not be considered, where that fact was not apparent from the design registration.

Background

The case itself is about a packing-paper dispenser and involved an infringement claim between competitors and a counterclaim for the cancellation of the design. This counterclaim was brought on the basis that the features of the design are dictated solely by technical function.



The proceedings went back and forth between various courts in Germany, before the Oberlandesgericht Dusseldorf referred the case to the CJEU.

Decision

The CJEU has now confirmed that when assessing whether certain features of the appearance of a product are solely dictated by technical function, all objective circumstances relevant to the case must be considered, in this case including:

- those which dictate the choice of features;
- the existence of alternative designs fulfilling the same technical function; and
- whether the proprietor holds design rights for numerous alternative designs (although this factor is not decisive).

The CJEU stated that the fact a product allows for a multicolour appearance was not a factor that could be considered where it was not apparent from the design registration itself.

Comment

This decision goes further than previous decisions on this exclusion, such as *DOCERAM*, where the CJEU held that the existence of alternative designs is not decisive. It is likely to mean that going forwards, designers should include colours if they are relevant on the design registration itself. If they do not, they will likely be precluded from relying on them in support of an argument that this Article 8 exclusion should not apply.

EU General Court

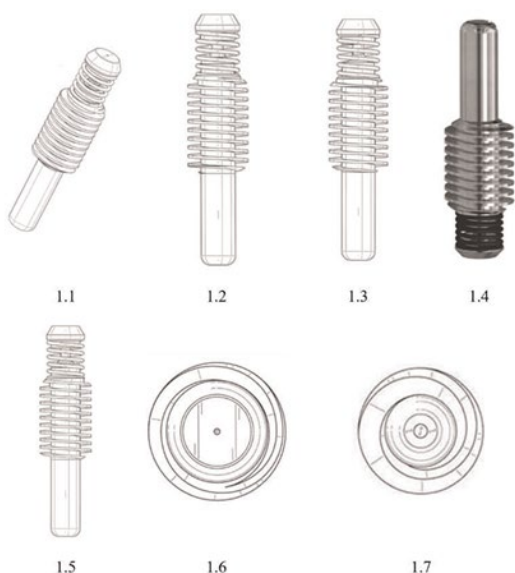
B&Bartoni spol sro v EUIPO (Case T-617/21)



Melissa Dix
Trainee Solicitor
melissa.dix@bristows.com

A design for a “*component part of a complex product*” only attracts Community design protection if the component part remains “*visible during normal use*” of the complex product (Article 4(2) CDR).

Another recent CJEU case considered the interpretation of “visibility” and “normal use” in relation to a bike saddle (see *Monz v Büchel* (C-472/21) on page 29). However, the question in this case was whether the design is for a component part of a complex product in the first place; in other words is an electrode component part of a welding torch and therefore not entitled to design protection because it is not visible during normal use of the torch.



Background

In December 2017, B&Bartoni applied to the EUIPO for a declaration of invalidity of a RCD for an electrode held by Hypertherm Inc. since 2011. B&Bartoni claimed that the design was not capable of attracting protection since the electrode constituted a component part of a complex product (a welding torch), and it was not visible during normal use of that product within the meaning of Article 4(2) CDR.

The EUIPO upheld B&Bartoni’s application and declared the design invalid. That decision was overturned by the Board of Appeal (“**BOA**”) who found that the electrode should not be regarded as a component part of a complex product, and thus its visibility during normal use need not be considered. B&Bartoni appealed this decision to the General Court.

Decision

The General Court focused on four main factors when considering whether the electrode should be considered a component part:

- 1. The consumable nature of the electrode:**
The court held that the electrode did not form a “*firm and durable connection with the complex product*”. As it required frequent replacement and had a short lifespan, the court considered the electrode to possess the standard characteristics of a consumable product. The electrode’s consumable nature suggested it would be capable of attracting design protection in its own right.
- 2. The ease of replacing the electrode without disassembling the torch:**
The court considered that a product which does not require disassembly of the complex product when being replaced is less likely to constitute a component part of the complex product. The court drew a distinction between the straightforward replacement of parts by the end user and the more complex replacement of parts by professionals with specific expertise. In this instance, the simple operation of replacing the torch’s electrode suggested that the electrode was not a component part of a complex product within the meaning of Article 4(2), even though the replacement of the electrode involved

removing the torch's shield, retaining cap and nozzle.

3. The torch as a complete product without the electrode: Another factor considered by the court was whether, in the absence of the electrode, the end user would perceive the torch as being broken or incomplete. Although the torch could not fulfil its intended function without the electrode, the court noted that torches are commonly sold both with or without electrodes. As such, it did not consider the relevant public would think the torch to be broken if it was purchased without the electrode. By contrast, a complex product would usually be marketed as complete with all component parts.

4. The interchangeability of the electrode: The final factor considered by the court was the interchangeability of the product. In this case, the electrode could be used with different torches, and likewise different electrodes could be used in the same torch. The court acknowledged that the mere fact a product is substitutable with a non-identical product does not automatically mean that such a product is not a component part. However, the court considered that a product which is not capable of being replaced by another non-identical product is more likely to be seen as a “*durable and tailored*” component part of a complex product.

Considering all the above factors, the General Court dismissed the appeal and confirmed that the BOA was correct to find that the electrode constituted a separate product and not a component part within the meaning of Article 4(2).

Comment

Against the backdrop of *Monz*, this case provides welcome guidance on the definition of a “*component part of a complex product*”. In particular, the judgment sheds light on the characteristics of a product that may mean it is not necessary to consider the “*visibility during normal use*” requirement under Article 4(2). In determining whether a product is a component part, this case illustrates the relevance of the consumable nature of the part, the extent to which replacement of that part requires disassembly of the product, the completeness of the product in

the absence of the part and the interchangeability of the part. Of course, none of these factors are determinative in isolation. Rather, the court notes that “*whether a product comes within the concept of ‘component part of a complex product’ must be assessed on a case-by-case basis*”.

Activa - Grillkuche v EUIPO (T-757/21)



Fariha Chowdhury

Trainee Solicitor

fariha.chowdhury@bristows.com

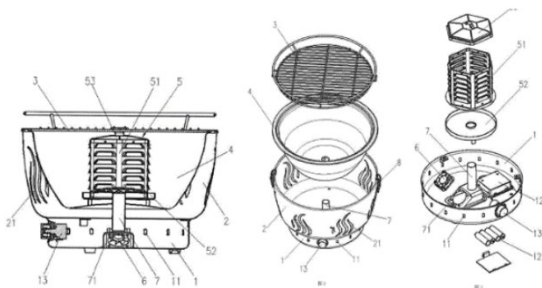
In *Activa* the General Court was tasked with deciding whether a RCD of a grill (pictured below) lacked novelty and individual character within the meaning of Articles 5 and 6 CDR, due to its prior disclosure in the form of a Chinese utility model. Article 4(1) CDR provides that designs must be new and have individual character. This requirement is fulfilled if a design with the same overall impression has not been disclosed to the public before the filing or priority date of the design applied for (Articles 5(1)(b) and 6(1)(b) CDR). Article 7(2) CDR also provides a 12-month grace period for publications by the designer, his successor, or even third parties with consent.



Background

In April 2016, Targa GmbH (“**Targa**”) submitted an application to register a Community design of a grill, which was identical to the drawings of a Chinese utility model owned by Guangzhou Hungkay (“**Hungkay**”). By agreement, Targa received all of Hungkay’s intellectual property rights for the utility model in November 2016. The parties had been in communication since 2014 about the design, and it was decided that the transfer of rights would take effect retroactively on 7 October 2014. Activa – Grillkuche GmbH (“**Activa**”) filed an application for a declaration of invalidity on 14 November 2018, claiming that Targa’s RCD lacked novelty and individual character due to the Chinese utility model’s prior disclosure (disclosed less than 12 months before Targa’s application to register). Activa’s application was denied by the Invalidity Division as well as the BOA, so Activa filed an appeal with the General Court.

Chinese Utility Model



Decision

The General Court adopted the same approach as the BOA. As the Chinese utility model was publicly disclosed on 25 June 2015, under Article 7 CDR, the 12-month grace period in Article 7(2) applied. Targa, acting as Hungkay’s successor in title, could benefit from this exception having applied for registration of its identical RCD less than 12 months later.

The General Court referred to the principle of contractual freedom in EU law, in accordance with which parties are allowed to transfer intellectual property rights retroactively so long as the transfer does not conflict with the objective of EU legislation and does not pose a fraud risk. The parties’ 2016 agreement was valid and consistent with the purpose of Article 7(2) CDR, namely to protect designers and allow them to test concepts before applying for registrations.

Comment

This case highlights that a third party can become a successor in title for the purposes of Article 7 CDR via a transfer of rights, thus allowing them to benefit from the grace period in Article 7(2). Additionally, it confirms that parties are free to enter into agreements with retrospective effect, and that the CDR does not prohibit this. In this instance, the possibility of fraud and collusive behaviour was eliminated because the parties to the agreement had already had discussions prior to signing any kind of formal contract.

EU Board of Appeal

Strümpfe (R 878/2022-3)

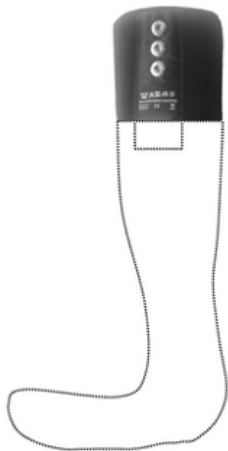


Miriam Schroder
 Trainee Solicitor
 miriam.schroder@bristows.com

On 16 February 2023, the EUIPO BOA affirmed the validity of a design for a heated sock device.

Background

On 23 November 2020, Wintersteiger AG filed an application for a declaration of invalidity of a RCD. The contested design consisted of a rectangular shape, with three press stud buttons and washing instructions which connected to and functioned to heat a sock.



The validity of the design registration was challenged on the following bases:

1. the design was part of a complex product and the product incorporating the design did not remain visible during the normal use of said complex product (Article 4 CDR);
2. the design was dictated solely by technical functions, i.e., to heat the sock (Article 8(1) CDR);
3. part of the design, i.e. the snap fasteners, consisted of a must-fit element (Article 8(2) CDR); and
4. the design was contrary to public policy and morality because it attempted to make proprietary the consumer information displayed through pictograms (i.e. the washing instructions) (Article 9 CDR).

On 3 May 2022, the Invalidity Division rejected the application for invalidity. The applicant appealed on 18 May 2022.

Decision

The appeal failed on all grounds.

1. The BOA referenced the decision in Monz (see page 29 above), defining ‘normal use’ as all the reasonable and logical usages of a complex product made by an end user. The BOA noted that the normal use of a heated sock would include plugging and unplugging the battery, whereby the press stud snaps would become visible. The product incorporating the design therefore did remain visible during ‘normal use’.
2. Not all features of the design were dictated solely by a technical function. The BOA pointed out that the sock with heating function falls into the category of fashion articles in relation to which aesthetic considerations generally play an important role. The fact there are dozens of alternative designs for socks with a heating function in the market also supported the finding that not all features of the contested design’s appearance were dictated by their technical function.

3. The applicant had failed to show that all the essential features of the contested design fell within the scope of inter-connecting features. Even if the press-stud buttons themselves were a connecting element within the meaning of Article 8(2) CDR, this would not apply to the other features of the design's appearance.
4. A design which, among other things, displays pictograms with consumer information would not contravene public policy and morality as the proprietor was clearly not interested in obtaining an exclusive right to the pictograms alone.

High Court

Chiaro Technology Ltd v Mayborn (UK) Ltd [2023] EWHC 2417 (Pat)



Sean Ibbetson

Senior Associate

sean.ibbetson@bristows.com

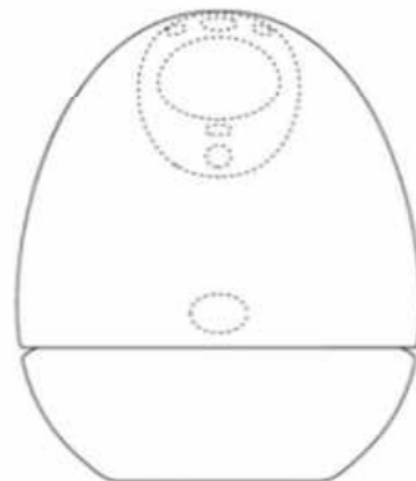
Background

Chiaro, the parent company behind women's tech brand, Elvie, was unsuccessful in its claim of registered design infringement which was brought against competitor Tommee Tippee in relation to its sales of the 'Made for Me' wearable breast pump.

Elvie's UK registered designs and the Tommee Tippee product are breast pumps which are both intended to be worn and operated within a mother's bra, so the pump and milk collection vessel are all within the same unit.

Elvie relied on three design registrations, one for the pump as a whole, one showing the front housing of the design, and the third showing the milk collection vessel which sits at the bottom of the design. An image of one of those designs, as well as the defendant's product, are shown below.

Registered Design:



Defendant's product:

The relevant sector was said to be the electrical breast pump sector, and the informed user was a nursing mother or wet nurse.

Decision

One particularly interesting part of the judgment is that a number of aspects of the designs fell within s1C(1) of the Registered Designs Act, which provides that no design right shall subsist in features of appearance of a product which are solely dictated by the product's technical function. The court held that this provision caught three aspects of the Elvie product's appearance: the outer surface (whose shape was dictated by the need to "*co-operate with the shape and support of the bra*"); the inner surface (which engages with the breast); and the milk collection vessel (which was flat and transparent so that the user could see the level of milk).

The judge then considered the existing design corpus, and accepted that the registered designs differ from practically all the design corpus in their shape and concept, but that was because most of those designs have part of their apparatus outside of the user's bra. That had limited effect, however, because the judge focused on the constraints on design freedom created by the functional and other requirements.

The judge then conducted the main exercise of assessing whether the Tommee Tippee product produced a different overall impression to the three registered designs (having taken out the features identified as being dictated solely by technical function). In each case, he held that the product created a different overall impression, with the similarities at too high a level of generality to constitute an infringement. In particular, the judge commented that the Tommee Tippee product was notably "*chunkier*" than the Elvie product (and the registered designs).

Elvie's claim was therefore dismissed.

Comment

The case is a useful demonstration of the difficulty in showing infringement in cases where significant parts of the relevant products play a technical role.

IPEC

Marks and Spencer Plc v Aldi Stores Ltd [2023] EWHC 178



Jake Palmer
Associate
jake.palmer@bristows.com

In this January 2023 judgment, the IPEC held that Marks & Spencer’s registered designs in its gin-based liqueur bottles were infringed by Aldi’s own gin liqueur products.

This case serves as a helpful reminder to brand owners of the potential usefulness of registered designs. While brand owners will often rely on trade marks or passing off to protect their products, this is often difficult in circumstances where it is unlikely that there will be any consumer confusion or a connection made by consumers between the respective brands.

In this case, neither trade marks nor passing off were raised by M&S. Given the products were presumably only available in their respective supermarket stores, confusion / deception as to trade origin was unlikely in the circumstances. A consumer shopping in Aldi is unlikely to believe they are buying an M&S product. M&S therefore decided its best bet was to rely on its registered design rights to bring the claim as when relying on designs, brand owners do not need to establish any marketplace confusion.

Aldi appealed this decision to the Court of Appeal, who dismissed the appeal in early 2024. We will report on that decision in next year’s publication.

Background

The parties are both well-known supermarkets in the UK.

In autumn of 2020 Marks & Spencer (“**M&S**”) introduced a line of gin-based liqueurs for the Christmas market. The bottles featured winter / Christmas themed decorations and an LED light in the base of the bottle. The liqueur itself contained gold flakes which would become suspended in the liquid when the bottle is shaken, creating a “snow effect”.

In November 2021, Aldi began selling gin liqueurs containing gold flakes in light-up bottles in two flavours: clementine and blackberry (together, the “**Aldi Gin Designs**”).

M&S alleged that four of their registered designs (the “**M&S Designs**”) protecting the product were infringed by the Aldi Gin Designs. There was no invalidity counterclaim.

The M&S Designs and the Aldi Gin Designs are shown here:

M&S Designs:

“UK 78”



“UK 80”



“UK 82”



“UK 84”

**The Aldi Gin Designs:**

Decision

Interpretation of the designs

The scope of protection for a design will depend on what is shown in the image as registered, subject to limitations in the registration. One of the issues in the case was whether one of the features of the M&S Designs was an integrated light in the base of the bottle.

The interpretation of a design is a matter for the court to decide and must be determined objectively, ignoring the circumstances of the proprietor of the design and the intention of the designer. Where the registered design image is a photograph of a product, the design consists of the features visible in that photograph.

In this case, HHJ Hacon held that only two of the M&S Designs showed the integrated light feature: those with a dark background, being UK 82 and UK 84.

Infringement

The court took the approach to comparison of the respective designs as set out in *Cantel Medical v ARS Medical Design*², as set out below:

- Determining the sector:** M&S proposed a highly specific sector, being Christmas liqueur in the UK, while Aldi proposed a wider sector, of spirits and liqueurs in the UK.

The identification of the relevant sector is an objective assessment and the judge determined he must be guided by the images themselves. He noted that the decorations were of a winter scene and the snow effect of the gold flakes suggested winter but he did not see that to be a constraint on the months of the year in which sales could be made.

Accordingly, he favoured Aldi’s position and found the relevant sector to be spirits and liqueurs in the UK.

- Identifying the informed user:** The parties agreed that the user would be a consumer, rather than a supermarket buyer. It followed from the determination of the relevant sector that the informed user was a member of the

² [2018] EWHC 345 (Pat)

UK public who purchases and consumes spirits and liqueurs.

- 3. Determining the designer’s degree of freedom:** HHJ Hacon recognised some limited design constraints, in particular: if creating a snow effect, this had to be done by use of gold flakes; printing a design on the side of the bottle would be simpler where there was a straight side; and the more colours the design had, the more expensive production would be.

Other than these factors, HHJ Hacon held that the designer had considerable freedom, in particular regarding the shape of the bottle and the design to be printed on it. While it “made sense” to have a winter design if “gold snow” was used, there was almost complete freedom in how to make that design appear wintery. Furthermore, whilst the base of the bottle was the practical place to put the light, there was no design requirement to include a light in the first place.

- 4. Assessing the outcome of the comparison between the designs, whilst taking into account:**
- (a) The sector;
 - (b) The degree of freedom;
 - (c) The overall impressions of the respective designs on the informed user (who will have in mind earlier designs);
 - (d) Design features that are solely dictated by technical function – which are to be ignored; and
 - (e) The degrees of importance of similarities and differences that the informed user may attach to elements of the designs.

The Comparison – technical function

Moving onto the comparison of the designs, HHJ Hacon held that there were no features that were “solely dictated by technical function”. Indeed, he held that the four features that had been claimed by Aldi to be dictated by technical function were in fact aspects or consequences of aesthetic choices made by the designer.

The Comparison – date of assessment

The relevant date for assessing the overall impression of the M&S Designs was held by HHJ Hacon to be the priority date, rather than the registration date.

The Comparison – grace period and design corpus

The grace period of the M&S Designs was important since there were four potential prior designs (disclosed on dates between 2019 and 2021) which were “undoubtedly closest in design” to the M&S Designs. Three of those were M&S’s designs. Accordingly, it was important for the judge to determine which of these disclosures amounted to prior designs for the purposes of the infringement assessment.

In making this determination, HHJ Hacon considered two points:

- Firstly, whether the grace period applies in the context of infringement. Confirming that it does, HHJ Hacon held that the design corpus to be assessed when considering infringement will exclude designs disclosed by the designer during the grace period.
- Secondly, whether a disclosure during the grace period is irrelevant to an assessment of novelty and individual character only if it is the specific design claimed, or if that also applies to similar designs disclosed by the designer in the grace period. On this point, HHJ Hacon considered that a disclosure by the designer of any design at all in the grace period will not count as a prior disclosure.

Accordingly, only the earliest of the four potential prior designs was considered a prior design for the purposes of infringement (the “**M&S Prior Design**”).

Having determined the extent of the design corpus, HHJ Hacon found that only the M&S Prior Design had a “botanics shape” and a snow effect. Four prior designs had an integrated light, and five prior designs had a snow effect, but none of these were similar in shape to the M&S Designs.

The Comparison – similarities and differences

Considering the above, HHJ Hacon held that the following features would be noticed by the informed user as being common between the designs: the identical shapes of the bottles and stoppers, the winter scene over the entirety of the straight vertical portion of the side consisting of tree silhouettes, a snow effect (in the case of UK 80 and UK 84), and an integrated light (in the case of UK 82 and UK 84). Each of those were held to appear significant to the informed user and cumulatively they would be “striking”.

Accordingly, HHJ Hacon held that the designs in question did not produce a different overall impression, due to these common features.

Whilst the court accepted there were several differences, it was held that these differences were of relatively minor detail and did not affect the lack of difference between the designs’ overall impression. Specifically, HHJ Hacon referred to the winter scene on the M&S Designs featuring a stag and doe, the “INFUSIONIST” on the front of the Aldi Gin Designs, the lack of a “front” in the M&S Designs, the busier winter scene of the Aldi Gin Designs, the “watch strap label” on the Aldi Gin Designs stopper, and the darker shade of the Aldi Gin Designs stopper.

Judgment and Appeal

Accordingly, HHJ Hacon held that the marketing of the Aldi Gin Designs infringed the M&S Designs.

Aldi subsequently appealed the decision and the case was heard by the Court of Appeal on 23 January 2024. Aldi’s grounds of appeal were:

1. HHJ Hacon incorrectly applied the relevant date for determining the overall impression of the M&S Designs for the purposes of the assessment of infringement. Aldi claim this should have been the application date of the M&S Designs, not the priority date.
2. HHJ Hacon insufficiently assessed various elements of the registered designs. The Court of Appeal dismissed this appeal in early 2024 – look out for our reporting on this case in next year’s publication.

KF Global Brands Ltd v Lead Wear Ltd [2023] EWHC 1303

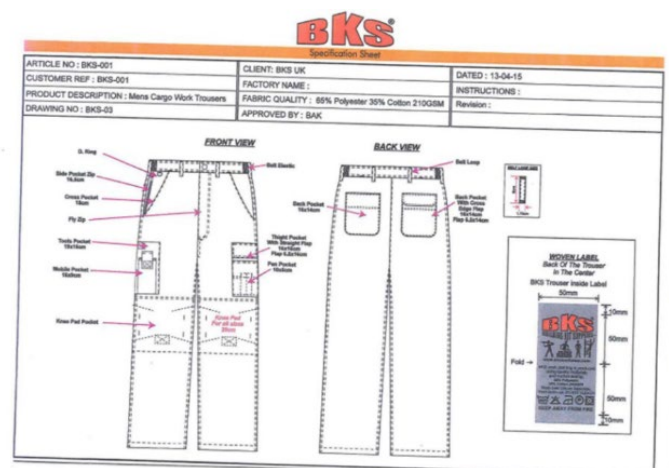


Dhara Reddy
Associate
dhara.reddy@bristows.com

The High Court has dismissed a claim for infringement of a UK Unregistered Design Right (“UDR”) which was said to subsist in a pair of cargo trousers. The claim failed as the UDR was held to lack originality.

Background

The claimant brought a claim against the defendants on the basis that they had copied the design of their “BKS-001” cargo trousers. The defendants’ alleged infringing products were made by a company in Bangladesh and the basis of their defence was that the claimant had actually copied their BKS-001 design from an earlier Aldi design. The case therefore ultimately turned on the question of subsistence of UK UDR in the claimant’s design.





Decision

To qualify for UK UDR, a design must be original in two senses;

1. it must originate with the author; and
2. it must not be commonplace in the design field in question at the time of creation.

This case focussed on the former requirement of originality in a copyright sense which the judge clarified was a low hurdle to overcome.

The court noted that where changes to an existing design were minor, there is no new design right for the design as a whole but only for the parts that had been changed. The defendants argued that the claimant's design was copied from an earlier design, (the "Aldi design"), and as a result, it was commonplace at the time of its alleged creation. During cross-examination of one of the claimant's directors it was revealed that a sample of the Aldi trousers was not only shown to an employee of the manufacturer but also given to them to take back to Pakistan to produce the competing product.

On comparing the BKS-001 design with the Aldi design, the judge found the only material difference was that the pen loops had been replaced with a pen pocket. These changes were found to be so minor that they did not create a new design right in the claimant's design as a whole. As the claimant was relying on UDR in the design as a whole, it followed that the design was not original and thus the claim failed.

The judge went on to consider infringement and found that in any case, there could be no primary infringement on the part of the defendants as this requires an act to be done in the UK. The evidence showed that the defendants' product was made in Bangladesh and there had only ever been an authorisation to make the products there. Note, however, that UDR can be infringed if it is proposed to import an infringing article into the UK and its making to that design in the UK would have been an infringement of UDR.

Comment

The case illustrates the importance of claiming UDR in the correct features of a product at the pleadings stage of a case, especially where changes to existing designs have been relatively minor. Given the freedom to do this with UDR (compared with registered designs), parties should think carefully about what they are claiming rights in. These steps can ultimately help to establish originality and gain protection against other similar designs.

Belgium Community Design Court

Case A/22/02872



Hafsa Babar
Trainee Solicitor
hafsa.babar@bristows.com

Background

Savic, a Belgian manufacturer of pet-related products, initiated litigation against Plana, a Slovenian distributor of pet products, and Petsolutions, a Belgian wholesaler of pet products. Savic owns two RCDs for cat litter trays, the Nestor and the Nestor Corner. It claimed to have created the Nestor litterbox in 2011 and two years later it developed the Nestor Corner. Savic alleged that two of Plana's products, the Ella Comfort, and the Ella Corner, infringed its design rights and copyright in the Nestor models. It sought accelerated injunctive proceedings to establish and stop the alleged infringement. Plana disputed Savic's design and copyright protection and counterclaimed, seeking invalidity of Savic's two RCDs.

Per Articles 80-82 of the CDR each EU Member State has designated a number of first and second instance courts which are competent over infringement of Community Designs. Accordingly, a claimant must bring its infringement action before the Community Design Court of the Member State where the defendant is domiciled, or, in a Member State in which it has an establishment. Therefore, the action against Plana ought to have been filed in Slovenia. However, the Belgian Court considered itself competent over the design claims because it had jurisdiction over the Belgian wholesaler Petsolutions. As the design claims between both defendants were closely related, the court had jurisdiction to rule on infringement across all EU Member States. Contrastingly, its jurisdiction was limited to Belgium in relation to the copyright and unfair competition claims.

Decision

Design Right

Article 8.1 CDR states that a "Community Design shall not subsist in features of appearance of a product which are solely dictated by its technical function".

Specifically, the technical function of a cat litter box involves a sanitary space for a cat to relieve itself, with ease of access and cleaning, leak prevention and odour control also considered. Features such as the ability to stack and move may serve other technical functions, but they do not alter the primary technical function of the box. Therefore, per Article 8.1, a balance between technical functionality and visual considerations in design is necessary.

The appearance of the Nestor cat litter box is largely influenced by technical function, namely the rounded corners, hood design and ventilation grid. However, there are certain design elements which are not solely dictated by technical function, such as the circular shaped and integrated handle and the flip-top in a contrasting colour and material. As a result, the court found the overall design was not solely dictated by technical function and the counterclaim was dismissed.

Regarding the Nestor Corner model, Plana relied on two items of prior art. The analysis therefore focused primarily on considering (i) novelty, (whether the design was new compared to existing design heritage); and (ii) individual character, (whether the design created a different overall impression compared to existing designs). Per Article 4.1 CDR, a RCD is protected to the extent that it is new and has individual character. Article 5.1 CDR states that novelty is determined based on whether an identical design has been made available to the public before the filing date.

Savic's application for the Nestor model dates from August 2012 and although the prior designs presented by Plana predated this, they lacked the same combination of features. Therefore, Plana's counterclaim for lack of novelty in particular was unfounded. However, the 'Hagen' litterbox also presented by Plana exhibited features similar to Nestor and had an American registration dating back to 2008.

The court concluded that the overall impression produced by the Nestor design was the same as the Hagen model and accordingly a lack of individual character was established. Savic's RCD here was declared invalid and its infringement claim failed.

Plana also disputed the novelty and individual character of the Nestor Corner design, presenting the 'Ariel' cat litter box (from 2014) as prior art. It was concluded that the Ariel model was available to the public before Savic filed the Nestor Corner design. Accordingly, the Nestor Corner design was also deemed to lack novelty, leading to its invalidation and a dismissal of the infringement claim.

Copyright Claim

Savic's claims for copyright infringement were also dismissed. The court concluded that the litter box designs were partly determined by their function and not new compared to the design heritage. As a result, the judge did not consider the designer made enough free and creative choices for the boxes to be considered original.

Judgment

The court declared Savic's RCDs invalid and dismissed its claims of copyright infringement (and fair market practices breach).

Looking ahead to 2024

Pending Appeals

The CJEU Decision in *EUIPO v The KaiKai Company Jaeger Wichmann (C-882/21P)*



Sara Witton

Associate

sara.witton@bristows.com

Following the AG opinion in July 2023, the decision of the CJEU in *EUIPO v The KaiKai Company Jaeger Wichmann* is expected sometime in 2024.

The AG has opined that the CJEU should find that the GC has erred in law where it concluded that, under the Paris Convention, an application for a design based on a previous patent application has a priority period of 12 months. The AG has also proposed that the Paris Convention should be interpreted to allow a 6 month priority period as attributed to industrial designs in the convention.

Background

KaiKai filed for 12 RCDs in October 2018, and claimed priority based on an international patent application filed in October 2017. The EUIPO accepted the application, but refused the claimed priority because it exceeded the 6 month grace period in the CDR. KaiKai appealed this decision arguing that the applicable priority period was 12 months and not 6 (based on Article 4 of the Paris Convention). The EUIPO BOA dismissed this appeal.

In April 2023, the GC held that the EUIPO had erred in law and should have applied the 12 month priority period. It noted that Article 41(1) of the CDR is silent on priority arising from a patent application and therefore Article 4 of the Paris Convention must be taken into account to fill that legislative gap. The Paris Convention allows for priority claims between IP rights of a different nature and it is therefore possible to base a priority claim for an industrial design on an earlier patent application.

The EUIPO appealed and the AG issued her opinion in July 2023, agreeing with the EUIPO that the GC was wrong to find that there is a general rule in the Paris Convention according to which the length of the priority period depends on the first filing. The length of the priority periods as provided for in Article 4(C)(1) of the Paris Convention depend on the nature of the subsequent, rather than the first, application, therefore the AG's view is that the length of the priority period in this case would be six months.

Why is it interesting?

- The case raises questions about the correct interpretation of international conventions (here the Paris Convention) and it is hoped that the CJEU will provide some clarity.
- This case was the first appeal which has been allowed under the preliminary admission mechanism for appeals introduced by Article 58a of the Statute of the Court of Justice of the European Union in May 2019. Appeals under this mechanism are only allowed if they raise an issue that is significant with respect to the unity, consistency or development of Union law.

Editor's note: the CJEU handed down its decision in this case just as we went to press. The substantive decision will be dealt with in our 2024 edition next year, but suffice to say the CJEU has not followed the AG opinion, has set aside the General Court judgment and confirmed that the Paris Convention does not allow for cross-IP priority claims.

Brands, designs and copyright team



Jeremy Blum
Partner



Simon Clark
Partner



Ian Gruselle
Partner



Nellie Jackson
Partner



Paul Jordan
Partner



Sally Dunstan
Of Counsel



Jennifer Noel
Of Counsel



Stephanie Taylor
Of Counsel



Saaira Gill
Senior Trade Mark
Attorney



Toby Headdon
Senior Associate
Solicitor



Tim Heaps
Senior Associate
Solicitor



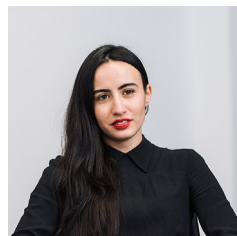
Sarah Husslein
Senior Trade Mark
Attorney/French
Avocat



Sean Ibbetson
Senior Associate
Solicitor



Lucie Fortune
Senior Associate
Solicitor



Victoria Rodriguez
Senior Associate
Solicitor/Argentinian
Qualified Lawyer

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Iva Gobac
Associate Solicitor



Marc Linsner
Associate Solicitor



Angelica Martellato
Trade Mark Attorney



Jake Palmer
Associate Solicitor



Dhara Reddy
Associate Solicitor



Shereen Semnani
Associate Solicitor



Trecina Sookhoo
Associate Trade Mark Attorney



Sara Witton
Associate Solicitor

Formalities and Paralegal Team:

Nayna Chunilal

Senior Trade Mark Paralegal

Louisa Gavrielides

Formalities Clerk

Amani Islam

Senior Trade Mark Paralegal

Haydn Lambert

Senior Trade Mark Paralegal

Sophie May

Senior Trade Mark Paralegal

George Myers

Formalities Clerk

Julie Myers

Senior Formalities Paralegal

Andressa Pimentel

Senior Trade Mark Paralegal

Emma Rumens

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.

Bristows LLP
100 Victoria Embankment
London EC4Y 0DH
T +44 20 7400 8000

Bristows LLP
Avenue des Arts 56
1000 Bruxelles
Belgium
T +32 2 801 1391

Bristows (Ireland) LLP
18 - 20 Merrion St Upper
Dublin 2 D02 XH98
Ireland
T +35312707755

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A list of the members of the LLP is available for inspection at the LLP's registered office, 100 Victoria Embankment, London EC4Y 0DH, United Kingdom.