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EU update

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ABSTRACT

This is the latest edition of the Bristows column on developments in EU law relating to IP, IT and telecommunications. This news article summarises recent developments that are considered important for practitioners, students and academics in a wide range of information technology, e-commerce, telecommunications and intellectual property areas. It cannot be exhaustive but intends to address the important points. This is a hard copy reference guide, but links to outside web sites are included where possible. No responsibility is assumed for the accuracy of information contained in these links.

1. Copyright and trade marks

1.1. *Case C-201/13 Deckmyn: Advocate-General's opinion on the parody exception under copyright*

The Advocate-General has delivered his Opinion in the first case before the CJEU on the scope of the "caricature, pastiche and parody" exception under copyright, which Member States have the discretion to implement into national law under the Information Society Directive.

At its essence, a parody is simultaneously a copy and a creation because it imitates and draws on key elements of an earlier work. By 'conjuring up' key elements of the earlier work, parodies may infringe the original author's exclusive rights under copyright unless, for example, what has been taken is not 'substantial', or it falls within one of the copyright exceptions.

The Brussels Court of Appeal sought guidance from the CJEU on the scope of the parody exception after a member of the Flemish national political party, Mr Deckmyn, spoofed the cover of a well-known comic book (Spike and Suzy) on the front page of a party calendar. The parody was not of the original author, but a weapon parody targeted at the City of Ghent's mayor.

In the Advocate-General's view, parody is an autonomous concept of European law. It has a structural element to it, where a parody is both a copy and a creation. The manner in which a parodist adapts the earlier work must reflect the parodist's own intellectual creativity.

He also saw parody as having a functional feature, which can be divided into the subject (or target) of the parody, its effect, and its content. In contrast to the position under US law, he considered that the parody exception should apply to weapon parodies where the parody is used as a means of targeting someone other than the author. In relation to the effect of a parody, it should have a burlesque intention by having comic effect. Finally, as to its content, this requires the balancing of fundamental rights, in particular, the parodist's right to freedom of expression, the original author's rights to protection of his or her intellectual property, the right to human dignity and respect of cultural, religious and linguistic diversity.

Interestingly, the Advocate-General suggested that each Member State should determine whether the parodist's adaptation of the earlier work respect "the deepest values of European Society"; failing which, it should not apply. This

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raises the question of how this should be applied in a consistent basis, bearing in mind cultural diversities between Member States.

The Advocate-General's Opinion has raised interesting issues at a pertinent time when the Joint Committee on Statutory Instruments is scrutinising the scope of the parody exception that is due to be introduced into English law under the fair dealing exception at some point this year.

1.2. *The CJEU holds store layouts may qualify for Trade Mark registration*

The CJEU has opened the door for the trade mark protection of innovative store layouts in the EU in the case *Apple Inc. v Deutsches Patent- und Markenamt* C-421/13.

The case came about after Apple had obtained a US three-dimensional trade mark registration in 2010 for the representation of its flagship stores for, amongst other services, 'retail store services featuring computers'. Subsequently, Apple applied for an International Trade Mark registration under the Madrid Agreement, using the US registration as the base registration, and seeking protection in a range of countries, including Germany. The German Patent and Trademark Office refused Apple's application on the basis that the sign merely depicted an essential aspect of Apple's business, consumers would not view it as indicative of commercial origin and that it was not sufficiently distinguishable from other similar stores. Following Apple's appeal, the Federal Patent Court referred several questions to the CJEU, the essential questions being whether:

(1) Article 2 of the Trade Marks Directive could be interpreted as meaning that 'packaging of goods' extends to the presentation of the establishment in which a service is provided;
(2) Articles 2 and 3(1) of the Directive could be interpreted as meaning that a sign representing the presentation of the establishment in which a service is provided is capable of trade mark registration; and
(3) The requirement for graphic representability pursuant to Article 2 is satisfied by the representation of a design alone, or are details such as a description of layout and dimensions also necessary?

The CJEU held that a representation of the layout of a store by design alone (without indications as to size or proportions) by means of an integral collection of lines, curves and shapes may be registered as a trade mark for services consisting in services relating to those goods, provided that the sign is capable of distinguishing the services of the applicant from those of other undertakings. In this case, the services which would be protected were those such as the carrying out of demonstrations in Apple stores, which Apple described as being intended to induce the sale of their goods, as opposed to the sale of their goods itself. In assessing the distinctive character of the design, one must refer to the goods or services in question, as well as the relevant public's perception.

It will be interesting to see what follows in the wake of this decision. For retailers who have adopted iconic store layouts, the decision may offer a further means of protecting their overall image. Nevertheless, it remains to be seen how the CJEU's general dicta in this case will be applied to the facts by the German Federal Patent Court.

A copy of the CJEU's decision can be found at: http://curia.europa.eu/juris/document/document.jsf?text=&docid=154829&pageIndex=0&doclang=en&mode=lst&dir=&occ=first&part=1&cid=367770.

2. Patents

2.1. *Koninklijke Philips Electronics N.V. v Nintendo of Europe GmbH*

The High Court of England and Wales has ruled that Nintendo has, in its popular Wii and Wii U consoles, indirectly infringed two of Philips' patents under s.60(2) of the Patents Act 1977.

Philips argued infringement in relation to three patents; the first patent claimed a means of controlling the movement of a virtual body in a computer-generated virtual environment while the remaining two patents related to handheld pointing devices to be used to interact with an electrical apparatus.

Nintendo counterclaimed for invalidity, also alleging that Philips had "double patented"; that it had been granted two patents for the same invention. Before trial Philips proposed amendments to all three patents.

Mr Justice Birss held that all three of Philips' patents were invalid as granted but that the second and third, on the basis of the proposed amendments, were both valid and infringed. This was despite the fact that Nintendo's console was actually sold without the software necessary to employ the invention described in Philips' patents. The reason for this was that, in selling its consoles, Nintendo had "supplied means relating to an essential element of the invention for putting it into effect".

2.2. *UK passes law authorising ratification of the UPCA, and consults on draft secondary legislation to introduce the UPC regime*

The Intellectual Property Act 2014 received Royal Assent on 14 May 2014, section 17 of which authorises the ratification and implementation of the Unitary Patent Court Agreement (UPCA). On 10 June 2014, therefore, the UK Intellectual Property Office launched a consultation on draft legislation which amends the Patents Act 1977 to give effect to the UPCA and EU legislation relating to the unitary patent system. This consultation closes on 2 September 2014.

While the draft legislation raises a number of issues, of particular interest to practitioners in the information technology and telecoms sectors will be the introduction of a new interoperability and decompilation defence as found in Articles 5 and 6 of the Software Directive 2009/24/EC. What is unclear, however, is how these provisions will be applied in patent cases since the articles in the software directive are currently only applicable copyright protection of computer software. In any event, the results of the consultation on this particular issue will certainly be of interest.

The draft consultation is available at: https://www.gov.uk/government/consultations/secondary-legislation-implementing-the-unified-patent-court.