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## EU update<sup>☆</sup>



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### ABSTRACT

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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.

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## 1. Copyright and trade marks

### 1.1. CJEU clarifies scope of private copying exception to exclude unlawful copies

The CJEU has ruled in Case C-435/12 *ACI Adam* that private copying levies imposed by Member States under the Information Society Directive should only take into account reproductions from licensed sources.

Under Article 5 of the Directive, the 'private copying exception' allows individuals to make copies of a copyright work on any medium for private and non-commercial use, without infringing the rights holder's exclusive right to reproduce that work. Member States who have chosen to implement this exception (which does not currently include the UK) must ensure rights holders receive fair compensation for the use of their protected work, which is often provided for by way of a levy.

In *ACI Adam*, the CJEU considered the Dutch law implementing the private copying which did not make a distinction between reproduction of a copyright work made from

unlawful and lawful sources. The key issue before the CJEU was determining whether the reproduction of unlicensed copies should be included in the private copying exception, and by extension be accounted for in any compensation/levy provided by the Member State.

Unsurprisingly, the CJEU confirmed that the private copying exception should not extend to the reproduction of unlawful copies. To find otherwise would mean that users would be indirectly penalised by effectively subsidising copyright infringement actions by bearing the burden of the levy. Further, rights holders would also be unreasonably prejudiced, as an acceptance of private reproductions from unlawful sources would encourage the circulation of counterfeit or pirated works, thereby reducing the number of sales by lawful transactions.

The current position in the UK on whether it will implement a private copying exception is somewhat uncertain pending further scrutiny by the parliamentary committee. Concerns have been expressed that such an exception should not be introduced without providing proper compensation to rights holders and without further investigating how the exception would apply in the context of continuing

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<http://dx.doi.org/10.1016/j.clsr.2014.05.014>

technological developments, for instance in relation to private cloud based storage.

### 1.2. The CJEU elucidates the roles played by components of composite marks

The CJEU has upheld the decision of the General Court in the case *Bimbo SA v OHIM, Panrico SA* Case C-591/12 P following an appeal by the trade mark applicant.

The case concerned Bimbo's application to register the trade mark BIMBO DOUGHNUTS as a Community Trade Mark in class 30 for 'pastry and bakery products, specially doughnuts'. The application was successfully opposed by Panrico relying on, amongst other rights, a Spanish registration for the word mark DOGHNUTS on the basis of a likelihood of consumer confusion due to the similarity in marks and identity in coverage; the earlier mark covering a range of goods in class 30.

In upholding the findings of the General Court, the CJEU confirmed that the element 'doughnuts' played an independent, distinctive role in the mark applied for and had to be taken into account in the global assessment of the likelihood of confusion; and thus that, in light of all of the relevant factors, there was a likelihood of confusion.

In considering the appeal, the Court provided helpful clarification regarding the line of case law following the decision in *Medion AG v Thomson Multimedia Sales Germany & Austria GmbH* Case C-120/04. The CJEU confirmed that an exception to the general rule that a consumer normally perceives a mark as a whole has not been created. Instead, the global assessment of confusion takes place only after an examination of whether components in a sign have an independent distinctive role, how they will be perceived by the relevant public and which components contribute to the overall impression made by the sign on that public.

This case serves as a useful reminder that in dealing with CTMs challenged on the basis of national rights it is the consumers in the territory of the national rights who are to be considered in making assessments on likelihood of confusion. The crucial point here was that to Spanish consumers the term "doughnut" is an invented word, and thus distinctive in relation to baked goods. Therefore, where an English-language term (or something highly similar) is registered as a word mark in a non-English-speaking EU territory, brand owners should proceed with caution in seeking to register a mark incorporating this seemingly descriptive word as a CTM.

A copy of the CJEU's decision can be found at: <http://curia.europa.eu/juris/document/document.jsf?jsessionid=9ea7d2dc30d541e5e799484940f5a06eb20738bc3ee6.e34KaxiLc3qMb40Rch0SaxuNbhj0?text=&docid=151966&pageIndex=0&doclang=EN&mode=lst&dir=&occ=first&part=1&cid=296682>.

## 2. Patents

### 2.1. Unified Patent Court update – one of the 'Big Three' ratifies the UPC Agreement – and other miscellany

The Preparatory Committee responsible for the practical implementation of the UPC Agreement has recently

announced that it expects the new regime to come into operation "not before end-2015". Hence 2016 is now the target date, with a good deal of uncertainty remaining as to whether this might be early or late 2016, or even 2017. Despite this, France has taken the lead and not only ratified the UPC Agreement by passing the necessary national legislation, but has also deposited its instrument of ratification in Brussels on 14 March 2014. France is the second country to take this step, Austria having done so in August 2013. (Malta has also ratified, but has not deposited its instrument of ratification.) Significantly, France is, of course, one of the countries (together with Germany and the UK) which must ratify the UPC Agreement in order for it to come into force. The UK legislation granting authority to ratify the UPC Agreement lies within the Intellectual Property Act 2014, which has just received Royal Assent. It is expected that the UK will ratify the Agreement shortly before the next General Election in May 2015, but that it will hold back deposit of the instrument of ratification (required for the ratification to have effect) until a later date when all practical aspects of preparation for the UPC have been completed. Germany is still considering legislation authorising ratification and is expected to have a draft law after the end of the Summer 2014.

In other news on ratification:

- Belgium is expected to have ratified just in time for the national elections on 24 May 2014
- Sweden has presented a bill for consideration by the Swedish Parliament proposing ratification as well as allowing for establishment of a regional division of the UPC in Stockholm which would cover Sweden, Estonia, Latvia, and Lithuania.
- Denmark is holding a national referendum on ratification on 25 May 2014, and if the result is positive (as suggested by opinion polls) Denmark will have a local division of the UPC in Copenhagen.

Finally, as readers will be aware, amendment of the Brussels I Regulation (the rules on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters in the EU) to take into account the UPC is a key component to launching the UPC. The amending ("recast") Regulation was signed into law on 15 May 2014 by the European Parliament and the Council of Ministers and will take effect on 10 January 2015 and hence no longer presents a possible bar to the commencement of the UPC.

- See more at: <http://www.bristowsupc.com/latest-news>

## 3. Competition

### 3.1. European Commission issues decisions in Motorola Mobility and Samsung SEP investigations

On 29 April 2014, the European Commission announced the conclusion of two investigations into Samsung's and Motorola Mobility's standard essential patent (SEP) licensing and related litigation.

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