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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. *Advocate-General's opinion on 'site-blocking' injunctions – case C-314/12 UPC Telekabel Wien*

In his Opinion[1] of 26 November 2013, Advocate General Cruz Villalón considered that so-called 'site-blocking' injunctions may be granted against internet service providers who enable end-users to access infringing sites, provided that they refer to specific blocking measures and achieve an appropriate balance between the opposing interests which are protected by fundamental rights. Whilst much of this Opinion is uncontroversial (and reflects the approach already taken in the UK), it raises interesting questions about how site-blocking injunctions should be framed to adequately weigh up competing interests and fundamental rights.

Case C-314/12 relates to the now-defunct website www.kino.to ('kino.to'), which enabled end-users to download or stream audio-visual content. The right-holders of three films, which end-users could access via kino.to without their authorisation sought an injunction[2] against an Austrian internet service provider ('ISP') to compel it to block users' access to kino.to.

The Austrian Supreme Court referred a number of questions to the CJEU, which in essence, sought clarification as to whether an injunction prohibiting an ISP from allowing end-user access to a particular site required the court to set out the specific technical blocking measures to be taken (e.g. IP blocking, DNS blocking).

The Advocate-General's view was that a failure to set out the specific blocking measures would be incompatible with the weighing of the fundamental rights of the parties, i.e. the ISP's freedom to conduct a business; the end-user's freedom of expression and information, and the copyright owner's right to its property.

The Advocate-General also considered that a specific blocking measure which entailed considerable cost to the ISP, and one which could be easily circumvented without any special technical knowledge, should not be considered disproportionate for those reasons alone. The question of

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[1] Case C-314/12 *UPC Telekabel Wien*.

[2] Under Article 8(3) of the Information Society Directive.

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proportionality would be a case-by-case enquiry for the national courts to consider. This might, for instance, require a consideration of: (1) the proposed measures' effectiveness, complexity, cost and duration; (2) the fact that rights-holders cannot be left unprotected against extensive rights violations; (3) the fact that, if an injunction is not possible in the circumstances, rights-holders must pursue the website operators and *their* ISPs (i.e. as opposed to the end-users' ISPs); and (4) the importance of not jeopardising the economic activity of ISPs, such that a blocking injunction may be disproportionate should it do so, bearing in mind the importance of internet access in a democratic society.

It remains to be seen if the CJEU's decision will be along a similar line to this Opinion.

A copy of the Advocate General's Opinion can be found here: http://alturl.com/8yipu

1.2. *Fair use – the Google Books project*

The recent decision in the US on the Google Books project has highlighted the broader scope of the US 'fair use' exceptions to copyright infringement compared to the position in Europe.

The *Authors Guild Inc v Google Inc* decision[3] concerns Google's Library Project (the 'Books project'), under which Google scans books provided by participating libraries and for which, in many instances, the libraries do not own copyright. Users of Google's search engine are then able to search a database of the scanned books and provided with short excerpts, called snippets, of works containing the searched-for word or phrase, together with relevant bibliographical information.

The US court found that Google's scanning of the books did not infringe copyright because it fell under the doctrine of 'fair use', which is a statutory exception found in the US Copyright Act. The court emphasised that whether or not an act constitutes fair use is "an open-ended and context-sensitive enquiry" which calls for "case-by-case analysis". Thus, although the US Copyright Act sets out four factors to be considered when assessing the fair use exception, the Court highlighted how these provide only "general guidance". It would therefore appear that the US courts take a flexible approach as to what constitutes 'fair use'. This can perhaps be contrasted to the more restrictive approach in Europe where the Information Society Directive sets out an exhaustive list of exceptions to the exclusive rights of the authors.

It is also worth noting that the court's decision specifically drew attention to the advantages of the text and data analysis made possible by the Books project database. At present in the US there are no restrictions on so called 'data mining.' In Europe, however, this has proved a controversial issue with rights holders pushing for a licence-based solution while many researchers would prefer the introduction of a specific exception contained in legislation. The UK government has already sought to introduce an exception in relation to 'data mining' by amending the Copyright, Designs and Patents Act to include an exception which would allow the copying of a work "for the purpose of carrying out an electronic analysis of anything recorded in that work", but only for non-commercial purposes.

[3] The Authors Guild et al. vs. Google Inc. (05 CIV 8136).

1.3. *A new directive on the protection of undisclosed know-how and business information*

Due to the narrow scope of copyright protection for computer software, and the limited application of so-called software patents, the law of trade secrets and confidential information has become increasingly important as a means of protecting valuable know-how in the information and communications technologies sector. It is therefore noteworthy that the European Commission has adopted a proposal for a directive on the protection of trade secrets which is intended to address the lack of harmonisation in the laws regarding the misappropriation of trade secrets across the EU.

The draft directive provides a definition of trade secrets, currently undefined in many states, as well as introducing a range of remedies including interim and injunctive relief. These powers are, however, restricted by a two year limitation period running from when a party becomes aware of the unlawful acts giving rise to a claim.

The proposed directive may still be subject to change as it proceeds to the European Parliament and the Council of the EU. However, it can be read as highly indicative of the likely contents of the finalised directive.

The full text of the proposal and further information can be found at: http://goo.gl/DgJOQ5

1.4. *CJEU comments on level of evidence required for dilution grounds in trade mark opposition proceedings*

The CJEU has handed down its decision in the case of Environmental Manufacturing LLP v Office for Harmonisation in the Internal Market, Société Elmar Wolf C-383/12 P, a case concerned primarily with the type of evidence required in order to successfully oppose a trade mark application on the basis that it would cause dilution to an earlier mark with a reputation.

The case initially arose out of opposition proceedings filed against a Community Trade Mark application for the image of a wolf's head, filed in respect of wood processing machines. The opposition was based on the dual grounds of similarity/likelihood of confusion with a number of earlier marks (Article 8(1)(b) of the Community Trade Mark Regulation (CTMR)), and detriment to the distinctive character of those earlier marks, being marks with a reputation (Article 8(5) CTMR).

The point at issue before the CJEU related to the evidence required for a successful case under Article 8(5) CTMR. The Court re-iterated the findings made in *Intel Corporation Inc. v CPM United Kingdom Ltd* C-252/07, that in order to prove that use of the later mark is, or would be, detrimental to the distinctive character of the earlier mark it is necessary to provide evidence of a change in the economic behaviour of the average consumer of the goods/services covered by the earlier mark, with such a change being due to the use of the later mark or with there being a serious likelihood that such a change will occur in the future.

In the present instance the Court commented that the concept of 'change in the economic behaviour of the average consumer' amounts to an objective condition, which cannot be met solely by subjective elements such as consumer perceptions. It was pointed out that it is not necessary to adduce