Available online at www.sciencedirect.com

SciVerse ScienceDirect

www.compseconline.com/publications/prodclaw.htm

Computer Law & Security Review

EU update

Scott Allardyce, Edwin Bond, Patricia Collis, Tim Heaps, Adam Laverty, Tom Ohta, Pietro Franchi, Sam Tuxford, Mark Watts, Faye Weedon, Osman Zafar

Bristows, United Kingdom

Keywords:
EU law
Intellectual property
Information technology law
Telecommunications law

ABSTRACT

This is the regular 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 websites are included where possible. No responsibility is assumed for the accuracy of information contained in these links.

1. Copyright and trade marks

1.1. *The legality of internet browsing: UK Supreme Court seeks approval from the CJEU in Meltwater*

The UK Supreme Court has provisionally held in the long-running Meltwater litigation[1] that internet browsing of copyright-protected material does not infringe copyright. However, it has sought clarification from the CJEU in light of the "transnational dimension" of this important issue.

In the course of normal browsing on the internet, temporary copies of the webpage being viewed by the end-user are created at several stages (e.g. on screen or in the internet 'cache'). The question before the Supreme Court was whether the creation of temporary copies of copyright works when viewed online (but not printed or downloaded) could infringe the exclusive rights of the copyright owner in circumstances. The answer hinged upon the correct interpretation of Article 5(1) within the Information Society Directive (2001/29/EC) relating to temporary copies of works.

The Supreme Court provisionally held that it would be "an unacceptable result" if civil liability for copyright infringement for millions of ordinary internet users could arise by simply viewing copyright material without downloading or printing it. It drew on copyright principles applying to ordinary literary works, where merely reading a pirated copyright book or viewing a forgery of a painting does not result in civil liability for the reader or viewer.

What is of particular interest is the Supreme Court's view that the Article 5(1) exception applies even where the end-user is not authorised to view the copyright work in question, provided that it does not otherwise infringe the author's exclusive right to reproduce the work – e.g. by printing it or downloading it. Thus, Meltwater's clients could view copyright content on its website without incurring liability for copyright infringement even where they had received no licence to do so from the copyright authors.

It is feasible that it will take at least 18 months to two years before the CJEU hands down its ruling on this important issue. However, if the Supreme Court's view is followed by the CJEU, this does not mean that rightsholders are left with no remedy because they can still pursue the parties who make such unauthorised content available to end-users, e.g. the website operator. It is a separate question whether the legal framework has adequately evolved to meet the challenges posed by this digital landscape and a number of preliminary references are currently pending before the CJEU in this regard.

[1] Public Relations Consultants Association Ltd v The Newspaper Licensing Agency Ltd and Others [2013] UKSC 18.

0267-3649/$ – see front matter © 2013 Bristows. Published by Elsevier Ltd. All rights reserved.
http://dx.doi.org/10.1016/j.clsr.2013.06.003

1.2. *European Commission proposes reforms to the European Trade Mark System*

The European Commission has published proposed reforms to the European trade mark system. The proposals involve a recast of the Trade Marks Directive and revision of both the Trade Marks Regulation and the Trade Mark Fees Regulation, and are a response to the Max Planck Institute's 2011 report (Study on the Overall Functioning of the European Trade Mark System), itself commissioned by the European Commission.

The proposed reforms aim to update and improve the Community Trade Mark (CTM) system and further harmonise national registration procedures, whilst also removing ambiguities from the existing European legislation and improving the ability of trade mark holders to tackle counterfeit goods passing through the EU.

Whilst the proposals are fairly wide-ranging, key changes to the CTM system would include the abolition of the requirement for graphical representation, thus opening up the possibility for registration of sound and smell marks; and the introduction of bad faith as a ground of opposition, where a mark applied for is liable to be confused with an earlier trade mark that is protected outside the EU and the applicant is acting in bad faith. The proposals also seek to ensure that the origin function of a trade mark is the only relevant function for infringement purposes when dealing with disputes involving identical marks and identical goods/services. The various other functions discussed in the case law of the CJEU would only be relevant in cases involving marks with a reputation.

The Commission also suggests the introduction of provisions that would allow trade mark owners to prevent counterfeit goods from passing through the EU, regardless of whether the goods are to be marketed within the EU. The draft Regulation includes provision for preventing importation into the EU of goods infringing a CTM where the importer is not acting for commercial purposes, but the consignor is, which would effectively make the infringement rules applicable to purchases made by individuals outside the EU via the internet.

Other proposed changes include the introduction of EU-wide certification marks, and the scaling back of the "own name" defence so that it only applies to personal names and not to trading names. The Community Trade Mark would be renamed the European Trade Mark, and it would be possible for a mark to be refused registration on absolute grounds where the mark is applied for in any language or script and is objectionable when translated or transcribed into any script or official language of a Member State. The Commission also proposes incorporating the CJEU's ruling in the IP TRANSLATOR case into the Regulation, with the result that trade mark specifications will be given a literal meaning.

A number of the proposed changes to national laws mirror the proposed changes to the CTM system, and there is a move towards making various procedures at national level more similar to those at CTM level. Whilst many national systems will not require many modifications in order to comply with the recast Directive, substantial work will have to be undertaken in some territories.

The proposed changes include making it mandatory for national laws to protect trade marks with a reputation; the introduction of compulsory protection for geographic indications and traditional terms, and the abolition of relative rights examination in those territories in which it still takes place. It is also proposed that administrative opposition and cancellation proceedings should be available in all Member States, rather than continuing with the existing system whereby some States only provide for such procedures through the courts. The Commission would also like to ensure that a party challenged in either opposition or invalidity proceedings on the basis of an earlier right that is itself vulnerable to revocation for non-use can put the owner of the earlier right to proof of use, rather than having to file separate revocation proceedings, thus mirroring the current CTM system.

Various fee changes have been proposed for both the CTM system and national systems. The Commission suggests moving away from the current system whereby the basic CTM application fee covers up to three classes of goods/services, and instead introducing a lower basic fee which only covers one class. The recast Directive would require all Member States to also only cover one class in the basic filing fee, and charge additional fees for each further class.

The Commission hopes that the proposals for revision of the Regulation and recasting of the Directive will be adopted by Spring 2014, after they have been considered by the European Parliament and European Council, under the co-decision procedure. Once the proposals are adopted, EU Member States will have two years within which to transpose the new rules of the Directive into national law. Many of the amendments to the Regulation will come into effect as soon as it enters into force, although others will only apply upon the enactment of the necessary delegated acts.

The process for implementing the proposed fee changes for CTMs only requires the endorsement of the competent committee of fee experts from Member States, and it is thus hoped by the Commission that these changes will be implemented before the end of the year.

Full details of the revised Trade Mark Regulation can be found at:

http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52013PC0161:EN:NOT.

Full details of the recast Directive can be found at:

http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52013PC0162:EN:NOT.

The Commission's press releases, including details of the proposed fee changes can be found at:

http://europa.eu/rapid/press-release_IP-13-287_en.htm?locale=en.

http://europa.eu/rapid/press-release_MEMO-13-291_en.htm?locale=en.

2. Patents

2.1. *CJEU dismisses Spanish and Italian challenges to legality of unitary patent regime*

In the previous two editions of this journal, we have reported on the new Unified Patent Court (UPC) which will have jurisdiction over not only the new breed of Unitary Patents, but also traditional European Patents, whether already granted, or to be granted in the future. Our previous articles described the