

Tech52

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28th January 2015

IP & IT analysis: The finalisation of the EU data protection reforms has been plagued with delays. Patrick O'Kane and André Bywater at Cordery take a look at some of the issues surrounding the planned legal changes.

IP & IT

27/01/2015

Are EU data protection reforms at a standstill?

Some member states would prefer to see a directive as opposed to harmonisation at a European level--do you envisage the form of the legal instrument changing?

It is very hard to know. The one thing that is clear about the new [EU Data Protection Regulation](#) is that nothing is clear. We were first presented with the draft regulation three years ago. It is still called the Regulation of the European Parliament and of the Council on the protection of individuals with respect to the processing of personal data and on the free movement of such data. So at present it is still a regulation but there have been rumblings from various sources about how it could change to a directive. This would be likely to lead to some disappointment on behalf of the Parliament and the Council. The difficulty with it proceeding as regulation is that it will not necessarily bring the unity of enforcement that was hoped for. A directive would allow each member state leeway in terms of deciding how to bring the law into effect which may be why some member states favour a directive instead of a regulation. A regulation will be directly applicable but art 46 will leave it to each member state to decide how it is enforced.

Under art 46 of the draft each member state shall provide by law 'the establishment and status of a supervisory authority'. These authorities will be set up across all the member states.

Under art 54 each supervisory authority shall have a certain amount of independence in relation to how data breaches are investigated and monitored.

There is a huge problem with all of this. The regulation will not bring the harmony that it promised because each individual member state will interpret the regulation in its own way. So even the regulation in its present form will not necessarily bring uniformity.

Do you envisage the current approach of 'nothing is agreed until everything is agreed' being dropped in order to get the regulation through?

It was always going to be difficult with so many competing interests involved in this process. It is also a law that will directly affect the 507 million people in the EU and will indirectly affect people all across the globe. Like all pan-European laws it will undoubtedly involve a large element of horse trading. There are those on the privacy side who can include governmental groups, protest groups and private citizens who may favour heavy regulation in this area. Then there are those in business who may feel that the system of penalties of 2% of the annual global turnover and EUR 100m fines is too onerous. Although 2% was mentioned in the January 2012 Draft EU Regulation there has been no agreement as yet within the Council of the EU (ie among the EU member states) as to what the levels of fines will be. There is also the tension between the council and the parliament. No one sector or group will have everything they want and passing this legislation will involve compromise.

What impact do you think the recent terrorist attacks in France will have, if any?

I am not sure that the attacks in Paris will have an effect. The Snowden affair will probably continue to have a greater effect. The prevailing culture among ordinary citizens seems to be for more and not less privacy. The age of drones and high profile hacks from Jennifer Lawrence to Sony Pictures have perhaps led to a mood among the public for greater privacy controls on how their data is used, retained and controlled.

On 12 January 2015, Barack Obama called for stronger data privacy laws--is this likely to have any influence on negotiations even though data protection has been excluded from the Transatlantic Trade and Investment Partnership (TTIP) talks?

Again it might lead to a greater trend or culture for data privacy regulation. President Obama has spoken very strongly on the issue of data protection. He has spoken of a desire for the necessity of companies to inform customers of data breaches within 30 days as well as protect students' information. President Obama said he has urged Congress to pass a nationwide law to require companies to inform customers within 30 days if their data has been hacked and make it a crime to sell customers' identities overseas. He recently spoke on the subject in his State of the Union Address. He said:

'No foreign nation, no hacker, should be able to shut down our networks, steal our trade secrets, or invade the privacy of American families, especially our kids.'

He is often adept at persuading the public and his stance on these issues may lead to a trend for greater privacy regulation across the globe.

Who are the main member states and individuals to watch in terms of pushing the regulation through? Does the new Czech commissioner, Vra Jourov, and a Latvian presidency have enough 'clout' to push the reforms through?

Vra Jourov is a lawyer and businesswoman rather than a career politician. This may help her understand that privacy in practice is hard to achieve for multinational businesses and help moderate some of the more unworkable elements of the original proposals. I also note that between 2006 and 2013, she was an independent consultant providing advice on EU matters to the Czech Republic, Romania, Russia, Belarus, Latvia, Estonia, Macedonia, Serbia, Montenegro, and Moldova. She does

seem to have a track record in terms of understanding the complex situation involved in bringing a law like this into practice for businesses. It is very difficult to know who to watch in terms of the law coming into practice.

The proposed reforms have been criticised for their complexity--how much of a difference are the changes likely to make in practice?

The new proposed EU data protection reforms are undoubtedly complex but they do afford the data subject more rights. They want to bring in a statutory right to be forgotten. Former EU Commissioner Viviane Reding said when the draft proposal of the new law was revealed in 2012 that the idea was to intervene to assist social media users who have posted comments or photographs which they later regretted. She said that 'if an individual no longer wants his personal data to be processed or stored by a data controller and if there is no legitimate reason to keep it then the data should be removed from the system'.

There are subtle differences between the Court of Justice of the European Union ruling on the 'right to be forgotten' and the proposed statutory 'right to be forgotten'. Firstly the *Google case (Google Spain SL v Agencia Espanola de proteccion de Datos: C 131/12, [2014] All ER (D) 124 (May))* concerns search engine operators. Also the ruling only legally binds the Spanish court that presides over the case (although it has in effect the character of precedent over other EU member state courts). The statutory 'right to be forgotten' is much wider. It applies to all 'data controllers'. It also carries the imprimatur of being legislation as opposed to judge made law.

Interviewed by Alex Heshmaty.

IP & IT analysis: Rihanna and Topshop have been engaged in litigation relating to an alleged case of passing off, after the singer's image appeared on a line of t-shirts sold by the store. Jeremy Blum, a partner at Bristows LLP, takes a look at the background to this case and the result of the recent appeal.

IP & IT

28/01/2015

Umbrella of merchandising offers no shelter for Topshop

Original news

Fenty and others v Arcadia Group Brands Ltd and another [2015] EWCA Civ 3, [2015] All ER (D) 157 (Jan)

The defendant retailer, Topshop, had sold a t-shirt with an image of the pop star Rihanna. The t-shirt was not officially endorsed by her and while the photograph had been licensed to Topshop by the photographer, it had been taken during a video shoot for the star's new album. Rihanna brought a successful claim for passing off in the High Court. The Court of Appeal, Civil Division, dismissed Topshop's appeal as the judge had not made any error in his identification of the relevant law or his application of it to the present case.

What is the background to this appeal?

In 2013 the pop star Rihanna won a passing off action against Topshop (*Fenty and others v Arcadia Group Brands Ltd (t/a Topshop) and another* [2013] EWHC 2310 (Ch), [2013] IP & T 827). Topshop had sold, without Rihanna's consent, a t-shirt emblazoned with a photograph of the popstar which had been taken during a video-shoot for an album. There was no issue as to copyright infringement but Rihanna claimed the sale of these t-shirts amounted to passing off. The High Court had found Rihanna succeeded in her claim by showing that she had goodwill in her image and name, and that Topshop had deceived the public into thinking the t-shirt was endorsed by her. This decision was largely due to Rihanna's extensive endorsement activity, her high-profile collaborations with other high street retailers such as River Island, and Topshop's well known links to celebrities.

On what grounds did Arcadia and Topshop bring this appeal?

The principal appeal ground was that the judge erred in failing to distinguish in law between endorsement and merchandising. An endorsement is founded on the premise that the celebrity approves of the product, for example, it is an official product. In contrast merchandising involves the exploitation of an image or article which has become famous but not necessarily portraying that the goods are endorsed by the relevant celebrity or entity. Topshop's argument was that purchasers buy the t-shirts of pop stars not because they believe there is a connection but because they like the decorative effect of their idol on the t-shirt. Topshop said this was a case of merchandising--namely having an image on a t-shirt did not carry a misrepresentation unless the consequence of the application of the image is that it tells a lie that the goods are licensed and the public rely on that lie.

The second ground of appeal alleged the judge erred after accepting the sale of a t-shirt with the image of a celebrity does not in and of itself amount to passing off, failing to treat such products as origin neutral for passing off because an image on a garment can be applied by anybody.

The third ground alleged the judge should have assessed the claim from the perception of persons to whom the image was origin neutral and not those who would consider it as an indication of authorisation.

The fourth ground was a pleading point and a complaint the judge relied on opinion evidence that had been excluded.

What did the Court of Appeal decide on the various grounds of appeal?

The main ground of appeal was dismissed as the Court of Appeal was satisfied the judge had given proper regard to the distinction between endorsement and general character merchandising. The Court of Appeal considered that the judge then approached the facts of the case with those principles in mind. The circumstances of the case were that the public who would purchase the t-shirt would consider it had been endorsed by Rihanna.

The court dismissed the second ground on the basis that the proposition that there is no 'image right' per se does not lead to a conclusion that the use of an image cannot give rise to the mistaken belief by consumers that the goods are authorised. The use of the image on the t-shirt in light of the facts of the case gave rise to the misrepresentation and there was no inconsistency with that finding and the fact Rihanna has no absolute right to prevent traders using her image.

The Court of Appeal described the third ground as misconceived on the basis the court cannot shut its eyes from reality. It was relevant to consider potential customers who were both fans of Rihanna and who shopped at Topshop, so the judge was bound to consider the activities of Topshop in promoting its connection with Rihanna.

The fourth ground of appeal was given some sympathy from the Court of Appeal because it recognised the judge had focused on an expression of opinion which he had ruled was argument and would not need to be cross examined on it. However, the critical conclusions must be taken as a whole and, however inappropriate including an excluded opinion was, it had no effect on the judge's conclusions.

Will this appeal discourage retailers from using images of pop stars and fashion icons such as Rihanna?

In the UK, all cases relating to the use of celebrity images are heavily dependent on the facts. This is because there is no standalone 'image/personality right' and a claimant must rely on the tort of passing off (or in some cases trade mark rights or breach of confidence). This means what is critical for passing off is that there is a misrepresentation leading the public to believe the product is endorsed or approved by that celebrity.

There is nothing that prevents the use by a retailer of a celebrity image on a fashion item, unless the use creates a misrepresentation the item is endorsed by the celebrity. This will always be decided on the circumstances of the use. In many cases, the image will be used without creating a false representation as the public does not always assume a celebrity image on an item means it has been endorsed by that celebrity. However, in some cases the surrounding facts and circumstances will give rise to an actionable misrepresentation.

As the market grows for celebrity-endorsed goods, is the current law adequate for celebrities seeking to control use of their image?

Current UK law protects a celebrity's ability to endorse products and, in particular, a trader representing a good is authorised by a celebrity, when it is not, will be able to be stopped as shown in this case. What is not given to a celebrity is the absolute right to prevent any use of, for example, their image on a product.

It could be said the UK has a narrow approach for the rights afforded to celebrities to control their image. The requirement to link the use to either misrepresentation to prove passing off or confusion for trade mark infringement requires the element of deception to the public--it does not prevent generally unfair competition. Removing the need for misrepresentation would be a massive step in terms of extending protection to celebrities but that would mean creating a new law protecting image rights.

However, caution must be exercised. The experience in the US shows that a right of personality can go too far and a celebrity can even prevent an evocation of their identity which means third parties are severely limited in dealing with celebrity related images. While the UK could be said to under-protect image rights, a balance is required to ensure the pendulum does not swing too far. Perhaps there might be scope to adopt an approach that protects an image right on human rights grounds, like in some EU countries, but which is not designed to protect commercial rights.

Interviewed by Alex Heshmaty.

The views expressed by our Legal Analysis interviewees are not necessarily those of Cordery.

IP & IT analysis: Could private bidders buy a chunk of the BBC and stop BBC Three from becoming an internet-only channel? Paul Herbert, head of media, technology and communications at Goodman Derrick LLP, considers the challenges the bidders are likely to face.

IP & IT

28/01/2015

Privatise BBC Three?--I don't believe it

Background

In February 2014 the BBC announced planned cuts of £100m from its operating budget. Then in March 2014 it was revealed that these cuts would be achieved in part by converting BBC Three to an internet-only channel. BBC Three's annual operating budget is believed to be around £109m. Last week it was revealed that two independent production companies, Avalon and Hatrick had submitted a proposal to the BBC to buy BBC Three for a figure reported to be in the region of £100m.

How could the BBC dispose of one of its public service assets?

The BBC is regulated by the BBC Trust in the conduct of its commercial operations. Where specific commercial proposals are of a value of over £30m, or are potentially novel or contentious, specific Trust approval is required. For this reason, the existing proposal to migrate BBC Three online is already undergoing Trust scrutiny under its public value test. Were the BBC to accede to the proposal put forward by the bidders this would similarly have to be submitted for Trust approval.

The public value test involves:

- an assessment of the likely public value of the proposal
- a market impact assessment carried out by Ofcom, and
- a wide ranging public consultation

Only last week Ofcom announced the commencement of its market impact assessment of the proposed migration of BBC Three.

What challenges would this proposal face?

These are myriad.

BBC Three is not a legal entity, but a part of the BBC's business so this would be more akin to an asset sale than a share sale.

In simple terms, contracts with its employees, talent and programme suppliers and with its playout, distribution and transmission suppliers (and of course goodwill represented by its viewers). Unravelling the BBC Three specific elements from the BBC's contractual arrangements with those various parties and obtaining their co-operation and consents would be a significant challenge.

Could the channel still operate under the BBC brand?

The bidders have apparently indicated that they would not intend to retain the BBC Three name but would rebrand it, possibly as 'Three'. That is just as well because there is little likelihood of the BBC allowing the continued use of its name for a domestic channel it no longer controls. All the more so bearing in mind that it would no longer be a licence fee funded public service channel but one funded instead primarily by advertising revenue.

As the BBC's own branding guidelines make clear:

'As a public service broadcaster, the BBC is a content and service provider funded and owned by the British public, free from commercial and political interests. The BBC brand and other intellectual property assets represent and reflect the BBC's reputation for editorial integrity, impartiality, quality and creativity. Any use of our assets must be aligned to these values and follow the guidelines.'

Realistically, the only circumstances under which the BBC would allow the BBC name to be continued would be if it retained a stake in the new entity, a model it has used for instance with BBC America which is only 51% BBC-owned.

What other challenges would the bidders face?

Assuming they are able to secure the necessary talent and programme content (though query whether this would include two of its most notable shows Eastenders and Dr Who), they will need to find a platform for the new channel as they clearly have in mind a full broadcast service rather than an online-only offering. They would need to identify and secure broadcasting capacity on the main broadcast platforms, namely cable, satellite and the most popular (and expensive) Freeview (DTT). Then they would need to secure arrangements for the playout, distribution, uplinking and transmission of the channel and so on, all of which would involve significant cost.

Before launching the channel they would need to obtain a licence from Ofcom, the regulator for commercial TV, as this could no longer be a BBC service licensed by the BBC Trust. The bidders have apparently indicated that the privatised channel would stick to BBC Three's current remit--BBC Three's service licence requires its programmes to be aimed at 16-34-year-old viewers, and to 'stimulate, support and reflect the diversity of the UK'. If Ofcom could be persuaded to licence the

channel as a public service then this would make it easier to secure capacity (and electronic programme guide prominence) on the various broadcast platforms.

Finally, they would need to have in place a viable business plan. It would take a very brave (or foolhardy) investor to back a new channel launch in the already saturated, and declining, TV ecosystem wholly dependent on advertising revenue. Nevertheless, the bidders boast of substantial interest from third party investors and calculate annual advertising revenues of up to £150m. A more realistic prospect of its survival would be the provision of some sort of grant or subsidy from the BBC which facilitated the recent launch of local TV. However, if, as we have been told, the BBC is adamantly opposed to the bidders' proposal, the likelihood of the BBC facilitating this seems rather remote.

That said, even the bidders have frankly acknowledged that their proposal is only the second best option for BBC Three. They would prefer business as usual.

Interviewed by Alex Heshmaty.

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Dispute Resolution analysis: What duties does an auction house owe to a seller in terms of ascertaining the authorship of a work? Paul Lomas, head of Freshfields' general industries group, considers the Court of Appeal's approach in a recent dispute over a painting with 'Caravaggio potential'.

IP & IT

28/01/2015

Negligence is in the eye of the beholder

Original news

Thwaytes v Sotheby's [2015] EWHC 36 (Ch), [2015] All ER (D) 104 (Jan)

The claimant had owned a painting which he had sold at auction through the defendant auction house for £42,000. The defendant had assessed the painting as being a copy of a well-known work by Caravaggio. After the sale, the buyer, who was an art scholar of great renown, declared the painting to be by Caravaggio himself. The claimant issued proceedings against the defendant alleging negligence in its investigation of the painting. The Chancery Division dismissed his claim. It considered the scope of the duty of care owed by a leading auction house, as opposed to a provincial one, and concluded that the defendant had not been negligent in its assessment of the painting.

What are the key features of the legal relationship between buyer, seller and auction house?

There is a tripartite relationship between auction house, seller and buyer. The precise details will depend on the facts and, crucially, the incorporation of any specific written terms (which is almost invariably the case in any professional or commercial situation).

However, classically, the auction house acts as agent for the seller and owes, at least some, duties to the seller variously of a fiduciary or professional services nature. The auction house will also typically have (much more limited) duties to the buyer--essentially in relation to the conduct of the auction or bidding process and the administration of any purchase. Finally, when the hammer comes down a contract will arise between the buyer and seller for the sale of the item.

Written conditions control:

- the nature of the various duties
- any limitation of liability

- representations from the seller as to the lot, and
- administrative issues, for example:
 - insurance
 - passing of risk and title
 - payments of money
 - bidding behaviours
 - payment of expenses, commission and buyer's premium

What was the legal challenge in this case?

Mr Thwaytes alleged Sotheby's had breached its duties to him, as seller, in relation to a painting that Sotheby's had catalogued, in effect, as an early anonymous copy of the world famous 'Cardsharps' painting by Caravaggio but which Mr Thwaytes now alleged had 'Caravaggio potential' that Sotheby's should have identified--that it might be a copy made by Caravaggio himself of the undisputed original (which is in the Kimbell Museum in Texas). This arose because the buyer of the picture, a well-known Old Master paintings expert, declared on his ninety-seventh birthday, that he thought that the picture might be 'autograph'.

While there will often be a range of views from scholars, this view was widely and roundly rejected by Caravaggio experts. Mr Thwaytes alleged that Sotheby's had a duty to research the painting such that they should have identified some of the features that Mr Thwaytes thought showed Caravaggio potential and hence presented it to the market in a different way (although he admitted in the trial that Sotheby's actual attribution was not unreasonable).

The court upheld Sotheby's position on every allegation of negligence and rejected every 'feature' which the claimant said was suggestive of Caravaggio potential, dismissing the case in terms consistent with the picture being a copy (although the court did not formally determine this issue).

What does this case tell us about the obligations of an auction house in terms of ascertaining the authorship of a work?

Importantly, the court re-stated the duties of an auction house. It confirmed that they relate to the normal processes of appraising a lot, determining its value and reasonably coming to a view about its attribution and authenticity and appropriately cataloguing it. On the facts of this case, and seemingly in most circumstances that could reasonably be envisaged, the auction house does not have a separate duty to research a lot or generally to seek external opinions on attribution (although it may do so, or need to do so, in some specific cases).

Moreover, the court held that the quality (or lack thereof) of paintings from the same collection, or an owner's belief that a work is by a particular artist, does not of itself put an auction house on special notice or impose any higher duty. Each work of art must be assessed on its own merits.

The court confirmed existing case law that, as with lawyers, doctors and other professionals, there is a range of the nature of services offered (from generalist to specialist). Higher standards are expected of the world's leading auction houses with highly skilled specialists in particular areas than from a local generalist auction house. The court ruled that the standard of care was not defined simply by what leading auction houses have chosen to do (ie they could not define their standards as being what they actually do) but rather was to be objectively determined around what a seller was entitled to expect from such a leading auction house (this point was, in essence, common ground between the parties in the case).

However, the court held that, even on that high test, Sotheby's Old Master experts had all the necessary skills and experience to assess a picture such as Mr Thwaytes'. They had followed the processes and applied the standards that were to be expected of them, reasonably coming to the view that the painting was not of sufficiently high quality to be by Caravaggio.

What legal protections are there for people who put items up for auction that are later discovered to be of greater value due to a discovery as to their richer provenance?

It is important to bear in mind that auction experts, and indeed dealers or academic experts, can ultimately only give their opinion on the attribution of a particular work, and opinions may of course differ or change over time in light of, for instance, subsequent discoveries as to provenance (the known ownership history) or specific information coming to light about a particular artist. If, however, an auctioneer, or indeed someone else advising the seller, has failed to meet the necessary standard of care in reaching that opinion, then the seller would usually have a claim in negligence (subject to the usual constraints as to causation, remoteness, limitation of action, contributory negligence etc).

Whether that is actually the case will be highly fact-specific. Professionals give opinions and advice based on the information available to them and the state of scholarship at the time--they will not usually (particularly if auctioneers making difficult judgments as to such issues as authenticity and value) give any warranty or guarantee as to the correctness of that opinion. So the issue will usually be one of negligence--of failing to discharge the standard of care.

With the authenticity of the piece still in contention, could the court have conceivably found for Mr Thwaytes?

'Authenticity' is a treacherous term. There was no suggestion that the painting was a 'fake' in the sense of a work deliberately and deceitfully being passed off as an authentic work by Caravaggio. Auction houses, including Sotheby's, usually offer specific contractual protection (particularly to buyers) against such fraud, but this case had nothing to do with Sotheby's authenticity guarantee which covers that situation. Rather, it was the attribution of the painting which was in contention: was it by Caravaggio himself or was it by a contemporary follower? Sotheby's believes the painting is clearly not by Caravaggio, and is supported in that opinion by the most highly regarded international experts. The court's judgment was highly consistent with, and effectively endorses, that conclusion.

However, in a hypothetical auction case, a court could choose not to decide an issue of attribution but still determine that an auction house had been negligent in some way that had caused a seller loss. For example, it would be possible to envisage a situation where, whatever the true attribution of a lot, an auction house had clearly mis-described it, or been negligent in the approach that it had taken to valuation, resulting in a seller suffering loss and having a claim.

However, on the other side, an auction house could, in appropriate circumstances, be liable to a buyer if it mis-described a lot in a way that overstated its value. Accordingly, an auction house has, as a matter of practice (and is required by law) to tread a careful path in trying to present a lot to the market with a fair and balanced description of it.

Could an auction house conceivably be forced to pay damages to a seller if found to have been negligent in the valuation? How would the damages be assessed? Could the seller seek recovery of the piece?

Where an auction house has been negligent in an attribution or cataloguing and the other requirements of negligence (causation, remoteness, limitation of action etc) have been met, a seller could recover damages. The seller would not normally have a right to recovery of the piece because title had passed and the buyer (or a subsequent owner) would hardly be likely to reverse the transaction voluntarily and lose the gain.

Accordingly, the seller would seek his compensation from the auction house (and, perhaps, also from any other advisers involved). The extent of that loss and its calculation would almost certainly be the subject of active argument and very dependent on the facts. However, the normal principle of tort would apply--damages would be awarded to put the seller in the position that he would have occupied had the act of negligence not occurred. A starting point for this debate would be the difference between the net sum that he did, in fact, receive from the auction and that net sum that he would have

received from the auction had the lot been attributed or catalogued as it would have been had the auction house not breached its duty of care.

A seller might argue that, had he known the true nature of the lot, he would not have sold at auction (or not at that particular auction) or would have been advised to realise the value by another course. However, that is a matter for the seller to prove, as part of his causation case, on the specific facts of the case and could present very real problems of proof.

Interviewed by Jon Robins.

The views expressed by our Legal Analysis interviewees are not necessarily those of Cordery.

Corporate analysis: With new regulations set to come into force on 31 January 2015 that revoke and replace the current company names regime, what do companies, limited liability partnerships and businesses need to know about the reforms?

IP & IT

28/01/2015

Changes to the company names regime

What is the intention of the reforms?

As part of the government's 'Red Tape Challenge', the legislative changes are intended to simplify regulations and reduce delays, administrative burden and associated costs in relation to company, business and limited liability partnership (LLP) names.

What is coming into force and what is being revoked?

There are two statutory instruments coming into force on 31 January 2015:

- the Company, Limited Liability Partnership and Business (Names and Trading Disclosures) Regulations 2015, SI 2015/17 (the Names and Trading Disclosures Regulations 2015), and
- the Company, Limited Liability Partnership and Business Names (Sensitive Words and Expressions) Regulations 2014, SI 2014/3140 (the Sensitive Words and Expressions Regulations 2014)

The new legislation will replace and revoke the existing name change regulations. The Names and Trading Disclosure Regulations 2015 consolidate, revoke and replace the following statutory instruments relating to company, LLP and business names and trading disclosures:

- the Company and Business Names (Miscellaneous Provisions) Regulations 2009, SI 2009/1085
- the Company, Limited Liability Partnership and Business Names (Miscellaneous Provisions) (Amendment) Regulations 2009, SI 2009/2404
- the Company, Limited Liability Partnership and Business Names (Public Authorities) Regulations 2009, SI 2009/2982
- the Companies (Trading Disclosures) Regulations 2008, SI 2008/495, and
- the Companies (Trading Disclosures) (Amendments) Regulations 2009, SI 2009/2615

The Sensitive Words and Expressions Regulations 2014 revoke and replace the Company, Limited Liability Partnership and Business Names (Sensitive Words and Expressions) Regulations 2009, SI 2009/2615.

What are the key changes?

The Sensitive Words and Expressions Regulations 2014 reduce the list of sensitive words and expressions for which companies, LLPs and businesses need approval to use in their name. The government reviewed and consulted about the list of 150 sensitive words in the current regulations and decided to reduce that list by a total of 26 words, including:

- Authority
- European
- Group
- Holding
- International
- National, and
- United Kingdom

The intention of this reform is to reduce the delays in registration caused by the requirement to seek approval for a name including one of the 26 words specified, and therefore to enable a greater proportion of companies to incorporate quickly.

The list of permitted characters that can be used in company and LLP names is being extended by the Names and Trading Disclosure Regulations 2015 beyond the current Roman alphabet and small number of additional characters to allow the use of accents, diacritical marks and ligatures.

The 'same as' rules are being altered to take into account the new permitted characters. The [explanatory memorandum to the Names and Trading Disclosures Regulations 2015](#) gives an example (in para 7.4) of when a name may be considered the 'same as' another:

'A proposed company name cannot be registered if it is considered the "same as" another name already registered. For example, the character "[#344]" will be considered the same as "R", and "É" will be considered the same as "E". As a result, the name "[#344]EAL COFFEE CAFÉ LTD" would be considered the same as the "REAL COFFEE CAFE LTD".'

The current regulations require that where a number of companies operate from a single location, each company's name must be displayed at all times. The Names and Trading Disclosure Regulations 2015 change this requirement so that each company name does not have to be displayed, but the information must be made available to anyone who wishes to see it.

There are additional changes of a more technical nature within the Names and Trading Disclosure Regulations 2015, including:

- the 'same as' rules have been changed to correct minor loopholes that allowed certain names to be used despite them being materially similar to names already registered, and
- the list of words and expressions to be ignored when considering whether a name is the 'same as' another has been reduced

Each of these changes is detailed in the [explanatory memorandum to the Names and Trading Disclosures Regulations 2015](#), paras 7.6-7.7.

Eleanor Kelly, solicitor in the Lexis@PSL Corporate team.

welcomed by health campaigners, tobacco companies argue that the new law will be a gross infringement of their rights, including their right to use their trade marks. Richard Taylor, a partner at DLA Piper, looks at the legal challenges that such legislation faces and considers what the unintended consequences might be.

28/01/2015

MPs set to vote on introduction of plain packaging for cigarettes

Original news

MPs to vote on plain packs for cigarettes, [LNB News 22/01/2015 38](#)

Daily Telegraph, 22 January 2015: A vote on whether cigarettes should be sold in plain packages has been ordered by Prime Minister David Cameron ahead of the general election. If passed, it is expected that any new plain packaging law would come into force in May 2016.

What are the likely legal challenges that the proposals will have to overcome?

The key legal challenge in Europe will be under art 17 of the EU Charter on Fundamental Rights and Freedoms. The article enshrines protection for personal property as a fundamental right. It states that:

'Everyone has the right to own, use, dispose of and bequeath his or her lawfully acquired possessions. No one may be deprived of his or her possessions, except in the public interest and in the cases and under the conditions provided for by law, subject to fair compensation being paid in good time for their loss. The use of property may be regulated by law in so far as is necessary for the general interest. Intellectual Property shall be protected.'

The 'lawfully acquired possessions' in this case are, of course, the tobacco companies' brands. No one can deprive the tobacco companies of those brands unless it is 'necessary for the general interest'. Anti-smoking campaigners will argue that the 'general interest' in this case is public health.

What this boils down to is that if the government can prove to a court that removing these brands is a benefit to public health then they can do it; but if they cannot prove it, then the law may be struck down, or the government may have to pay compensation to the tobacco companies.

Do the proposals infringe the right of companies to use their trade marks and design their own packaging? If so, how could this problem be dealt with?

The proposals run smack-bang into trade mark law. In effect, the plain packaging proposals would delete, or at least massively dilute, the tobacco companies' brands. There is no way around that collision!

How likely is it that the proposals will become law? What is the predicted timeframe?

It seems likely that they will become law. However, the law could be overturned by an appeal to the European Court. That could be done quickly if the European Court were to agree to expedite it, or it could take as long as 3-5 years.

Could there be any unintended consequences? Is there anything that should be brought to the rule makers' attention at this stage?

Australia is the first country to have developed plain packaging, and early indicators were that it has actually seen an increase in tobacco consumption since the law was changed. This may be a result of the tobacco industry's argument that if you strip tobacco products of their brands, then you effectively create a de-branded product 'soup' in which the only way to differentiate products is by price and a race to the bargain-basement. Reduce tobacco prices and the average smoker will just buy more

tobacco, the very opposite of what the legislation is trying to achieve. It must be said though that the tobacco companies do not appear to have dropped their prices for their premium brands.

Australia has also apparently seen a big increase in counterfeit imports. The tobacco industry has said that counterfeit cigarettes will become harder to police when packaging is standardised. Nowadays fully half of illegal tobacco imports into the UK are not contraband, they are counterfeits--cigarettes that are boxed and branded with the top brands, and even taste the same, but are actually fakes, containing even more nicotine, tar and other nasties than the genuine article.

Is there anything lawyers and their clients should do now to prepare for possible changes?

Past legislation relating to tobacco--for example, the ban on tobacco advertising--has been drafted very widely. You can expect that any plain packaging regulations will be drafted equally broadly. If the Australian experience is anything to go by, the UK will see a rise in counterfeit imports, and so we may need to be prepared for a growth in tobacco-dedicated anti-counterfeiting technologies and systems.

What are the trends in this area? Do you have any predictions for the future?

There is no question that tobacco companies will take action in Europe, demanding either that the law be revoked, or that compensation be paid. If the government were to fail to prove its case, then it would be a PR disaster for anti-smoking policy, and the tax payer could find themselves paying large sums to the tobacco companies.

Other industries are watching these developments with concern, particularly the alcohol industry and parts of the food and beverage industry such as fast-food and confectionary. They are asking--is it us next?

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Interviewed by Helen Redding.

The views expressed by our Legal Analysis interviewees are not necessarily those of Cordery.

IP & IT analysis: The increasing popularity of hashtags over recent years has led to more branding opportunities. Natalie S Lederman, attorney at law at Sullivan & Worcester LLP in New York, takes a look at the various issues regarding the registration of hashtags.

IP & IT

27/01/2015

#Registered--US

Does the registration of an existing word mark extend to the hashtag of that mark?

If a word mark is registered, one need not re-register the same word mark prefaced by a hash symbol to retain rights in that mark. A hash symbol, standing alone, is not registrable--it is the word mark that follows that can hold intellectual property rights. For example, if Coca-Cola wanted to enforce its intellectual property rights to #Coca-Cola, it would not have to separately register #Coca-Cola--it could rely on its already-existing intellectual property rights in the COCA-COLA mark.

That said, if a hashtag version of a mark does not function as an identifier of the source of goods or services, then it would not be protectable as a trade mark, even if the word preceding the hash

symbol is registered. The hashtag, similar to the '.com' element of a domain name, merely identifies a trend on a social media platform, and so generally adds no source-identifying function. Assuming the same principles apply as they do with respect to the '.com' element of domain names, a hashtag's addition to an otherwise unregistrable mark typically will not render it registrable. See *In re 1800Mattress.com IP LLC*, 586 F.3d 1359, 92 USPQ2d 1682 (Fed. Cir. 2009) (MATTRESS.COM generic for 'online retail store services in the field of mattresses, beds, and bedding,' and applicant did not show that '.com' evoked anything but an online commercial domain), see also *In re Oppedahl & Larson LLP*, 373 F.3d 1171, 71 USPQ2d 1370 (Fed. Cir. 2004) (PATENTS.COM merely descriptive of computer software for managing a database of records and for tracking the status of the records by means of the Internet). It should be noted, however, that courts have yet to address this issue directly with respect to hashtags.

There are some circumstances under which the hashtag may be capable of indicating a source, such that the addition of a hashtag to an otherwise unregistrable mark could make it registrable (see *Oppedahl & Larson LLP*, 373 F.3d at 1175, 71 USPQ2d 1374). However, in most instances the hash symbol would likely need to be disclaimed.

Is registration of a mark counterintuitive?

Registration of a hashtag in no way prevents social network users from making 'nominative use' of a registered hashtag mark. 'Nominative use' is use of a trademark for the purpose of identifying the brand without suggesting affiliation or sponsorship with the mark holder. For example, if someone wanted to sell their tickets to a Rolling Stones concert, they could advertise that she is offering to sell her Rolling Stones tickets, even though 'Rolling Stones' is a registered trademark.

Since nominative use of registered marks is legal, registration of hashtags at first glance appears counterintuitive--while the purpose of registering a mark is to retain exclusive commercial rights and control in and over that mark, the purpose of social networking is to share ideas and images widely by as many users as possible to as vast an audience as possible.

By encouraging the use of brand-related hashtags, mark holders effectively cede control of their marks to the masses. While this can generate significant positive brand image (for example, Oreo's power-outage tweet during the telecast of Super Bowl XLVII), it can also invite ridicule and tarnishment (such as McDonald's failed #McDStories campaign, which quickly began trending among customers sharing bad experiences).

Hence the dilemma--trade mark protection won't stop social network users, or worse, spammers, from using a trending hashtag, because nominative use is permitted. And yet, mark owners can't keep a hashtag alive and trending without users sharing it widely across social media platforms. Consequently, registering a hashtag may not be effective or worthwhile in all situations.

Why would a company or individual consider registering a hashtag?

Notwithstanding the paradox described above, a company or an individual may consider registering a hashtag with the US Patent and Trademark Office because doing so would grant that mark holder certain additional rights. Upon registration, the holder may use the ® symbol in conjunction with its mark, which gives the public notice of the holder's claim of ownership in the mark. Registration also grants the holder a legal presumption of ownership and exclusive right to use the mark in connection with particular goods and services, it gives the holder favourable legal presumptions when bringing an action concerning the mark in federal court, and it can serve as the basis to register the mark in foreign countries. Registration also permits the holder to record its mark with US Customs and Border Protection, which can help in preventing the import and export of counterfeits. Once a mark is registered, US trade mark law protects a mark holder's exclusive right to use that mark, and defend its rights when use of the mark by another party would be likely to cause consumer confusion as to the source or origin of goods or services.

As the mark would be used via social media sites, how would the registration of the mark interact with the social media sites' trade mark policies?

Existing social media networks have trademark policies consistent with the rights outlined above. For example, Twitter advises that:

'[u]sing a company or business name, logo, or other trademark-protected materials in a manner that may mislead or confuse others with regard to its brand or business affiliation may be considered a trademark policy violation'.

Instagram also states that:

'[t]rademark violations may involve using a company or business name, logo or other trademark-protected materials in a manner that may mislead or confuse others with regard to its brand or business affiliation'.

Is the registration worth the time and money considering the relative transience of social media trends?

It depends. Hashtag popularity can wax and wane over social media as quickly as the 24-hour news cycle. However, even in light of a potentially brief shelf-life, registering a carefully-constructed hashtag keeps it better-protected against exploitative users and other market competitors, and can generate significant goodwill.

The true value of registering a hashtag depends on how a person or company plans to use it. In practice, there is no guarantee that a social media campaign will generate increased revenues, even if the campaign is a successful one. That said, if there is an intellectual property interest in the mark (ie the mark has value--such as use on packaging and marketing materials) beyond just a temporary hashtag on Twitter, registration with the US Patent and Trademark Office may certainly be a worthwhile tactic.

Interviewed by Alex Heshmaty.

The views expressed by our Legal Analysis interviewees are not necessarily those of Cordery.

IP & IT analysis: Over the past few years, hashtags have become commonplace not only in social media channels but also feature heavily in traditional media. Kitty Rosser, associate at Birketts LLP, along with Matthew Atkins, a partner at the firm, consider the questions surrounding registration of the #.

IP & IT

27/01/2015

#Registered--UK

Does the registration of an existing word mark extend to the hashtag of that mark?

While there has not yet been a definitive statement on this point, it is highly likely that adding a '#' prefix to a mark will be treated in the same way as adding a '.com' suffix to a mark in that it will not be perceived as adding any additional distinctive element to the mark. An entity which has already registered its word mark without the '#' prefix should be confident is using the '#wordmark' version without feeling the need to incur costs in registering further versions of its mark.

Why would a company or individual consider registering a hashtag?

With social media now such an integral part of marketing campaigns, many entities are investing in, and acquiring brand recognition in relation to, wider and wider portfolios of marks outside their core brand. Hashtags are a prime example of the kind of marks that may not traditionally be perceived to form part of a core brand but which can nevertheless function in a trade mark sense and justify

protection. The recent *Wyke Farms* case is a prime example of this (see [LNB News 16/10/2014 37](#)). After four years of consistent use the 'Free Cheese Friday' mark has generated significant levels of valuable goodwill and is firmly linked in the minds of the public with Wyke Farms' products and so clearly warranted protection.

Is a hashtag any different to any other word mark in terms of registration?

Exactly the same criteria will apply to a hashtag as apply to any word mark when it comes to registration. The '#' prefix will be disregarded in the assessment of distinctiveness and so applicants will need to satisfy the Intellectual Property Office (IPO) that the core word mark is sufficiently distinctive for the relevant goods and services in order to secure registration. If appropriate, evidence of social media use may be adduced to support an argument of acquired distinctiveness. Applicants should take care to identify the correct goods and services when drafting specifications and note that hashtags should be registered in respect of the actual goods and services being promoted, as applicants seeking to protect hashtags for generic services such as advertising or communications to the public are likely to face objections.

What about enforcement, how would anyone know the particular hashtag was registered?

As with any other trade mark, the onus is on the proprietor to police use of its mark and take appropriate enforcement action where necessary. Proprietors will need to be particularly mindful of the need to distinguish between permissible, or even encouraged, use of a hashtag by third parties as a communication tool for the purpose of comment and sharing as opposed to use of a mark by third parties for the purpose of promoting their own goods and services. Where the latter, infringing, use is identified proprietors will need to be quick to put the third party on notice of their rights and to exercise these to prevent damage or dilution to the mark.

Is registration of a mark counterintuitive?

Not necessarily--registration of a hashtag is all about acquiring control over the way in which the mark is used and circulated as opposed to preventing use and circulation of the mark per se. Entities running social media campaigns will be seeking to actively encourage their target consumers to engage with and promote the campaign through their use of the hashtag but require the ability to prevent damage or dilution by third parties seeking to either undermine or to free ride upon their reputation. This can be a delicate balancing act. An entity which is indiscriminate and heavy handed in its approach to policing and enforcement may ultimately 'suffocate' its hashtag and undermine its own marketing campaign.

As the mark would be used via social media sites, how would the registration of the mark interact with the social media sites' trade mark policies?

Twitter, like all social media platforms, has a clear policy on trade mark use which clearly outlines what will amount to inappropriate trade mark use and how such use will be dealt with. The Twitter trade mark policy defines inappropriate use as 'using a company or business name, logo, or other trademark-protected materials in a manner that may mislead or confuse others with regard to its brand or business affiliation'. Any user violating the policy may find their account suspended or be required to actively address any potential confusion. Raising a complaint with Twitter can be a cost effective and practical solution but it is, of course, also open to a trade mark owner to pursue infringers through the courts or to seek to resolve issues using an alternative form of dispute resolution.

One issue which is worthy of particular mention is use of trade marks in relation to promoted tweets--it is likely that Twitter will ultimately follow the guidance laid down in the Google Adwords cases but at the current time this remains something of a grey area and has the potential to cause problems for trade mark owners.

Is the registration worth the time and money considering the relative transience of social media trends?

As with any trade mark, this is entirely case dependant. If a hashtag is to be used over a sustained period of time or used as part of a short term high profile campaign registration may well be justified to preserve the owner's ability to capitalise on the goodwill generated. By comparison, if a mark is used simply to provoke comment or discussion on a particular subject by as many people as possible over a short time period it is highly unlikely that this would amount to use as a trade mark or that registration would be appropriate. The decision as to whether or not the mark is worth protecting will ultimately depend upon the purpose for which the mark is used and whether or not this amounts to use in a trade mark sense.

Interviewed by Alex Heshmaty.

The views expressed by our Legal Analysis interviewees are not necessarily those of Cordery.

IP & IT analysis: What does the Warner Lambert v Actavis case tell us about the infringement position for skinny labelled generic pharmaceuticals?

IP & IT

27/01/2015

Pharma skinny labelling and patent infringement

Original news

Warner-Lambert Company, LLC v Actavis Group PTC EHF and others [2015] EWHC 72 (Pat), [2015] All ER (D) 184 (Jan).

What is the background to this case?

This was an interim injunction application. Actavis started the main proceedings as a revocation action trying to clear the way for it to bring its generic product to market, by attacking one of Warner Lambert's (WL's) patents.

The judgment holds great interest for lawyers and the industry, being the first time the English courts have really grappled with the infringement status of selling products with 'skinny labelling' and the practice of doctors prescribing, and pharmacists dispensing drugs 'off label'--ie for indications which are not authorised by the relevant drug regulatory bodies. While the doctor may prescribe for whatever indication they see fit (within guidelines, good practice and advice etc), the pharmacist often has no idea for what indication the drug is being prescribed, since the prescription form rarely contains such details.

The patent

WL had a patent for pregabalin which expired in 2013 (there was an Supplementary Protection Certificate (SPC)) which oddly was allowed to lapse after non-payment of fees). Its pregabalin is branded as Lyrica and WL has authorisation to market it for use in treating epilepsy and general anxiety disorder, plus neuropathic pain. WL also has a second medical use patent for pregabalin, directed to treating neuropathic pain--this patent does not expire until 2017.

Lyrica's use for treating pain is important--the evidence indicated 2% of the sales were for treating epilepsy, less than 12% for anxiety order, 54% for pain treatment, and 32% for 'other unspecified diseases'. In passing, it also became apparent, as with oxycontin and its relatives, there is significant misuse of pregabalin in the population.

The skinny labelled generic product

Actavis was on the verge of receiving a marketing authorisation for pregabalin, limited to the epilepsy and anxiety order indications (if successful in the revocation actions, both Actavis and Mylan planned to obtain marketing authorisations for all three medical indications). Consilient Health has also obtained a marketing authorisation for pregabalin

The skinny label in this case was the summary of product characteristics (SmPC). Actavis planned for the SmPC to only mention epilepsy and general anxiety disorder, not neuropathic pain. The same was true for the patient information leaflet (PIL) to be included in the product's box. Actavis felt by labelling in this way, they would not infringe the patent.

Attempts to reach a solution

There was correspondence between the parties in which WL asked what Actavis was going to do to try and stop its generic product being used to treat pain. WL was very keen for Actavis to place further labelling on the box to draw a pharmacist's attention to ensure they did not dispense it for pain management. WL also wanted this labelling to be an express condition of supply to any pharmacy and wanted to require pharmacies to use 'reasonable endeavours' not to dispense the Actavis product to patients who have been prescribed 'pregabalin' for pain. In addition, WL wanted Actavis to write to the Department of Health (DH) and various other agencies with the same instructions. Actavis was willing (once it gained marketing authorisation) to carry out many of these steps, especially the box stickering and writing to the various agencies including the English Clinical Commissioning Groups (CCGs) and the National Institute for Health and Care Excellence (NICE), plus the content of those letters was almost agreed between the parties.

Meanwhile Pfizer (WL's parent) had been in discussion with NICE, all the English CCGs and various other bodies to draw their attention to the situation and try to protect its patent position.

The NHS as a defendant?

WL wanted to join NHS Highland as another defendant on the basis it has infringed, threatened to infringe or procured others to infringe the patent, due to having published an article encouraging doctors to prescribe the generic drug for all indications. As this is a Scottish arm of the NHS, it disputes the English court's jurisdiction and the issue was scheduled to be heard later.

What was the outcome?

Arnold J refused to grant an injunction to WL, both because he felt there was no serious issue to be tried, and even if there was, he considered the balance of convenience tipped against granting the injunction as the harm Actavis would suffer if it were granted, was greater than the harm WL will suffer if it does not obtain the injunction.

The problem of bringing skinny labelling within scope of infringement

Arnold J disposed of the skinny labelling infringement question quite succinctly considering this was the first time the English court had been required to decide it.

The major issue was whether the generic manufacturer infringes a patent if it supplies the drug without taking any measures to try to ensure the generic version is not dispensed to patients who have been prescribed the drug for the indication protected by the second medical use patent. As Arnold J explained, there are very many links in the chain of persons with responsibility for drug supply, many of whom are governmental or quasi-governmental eg NICE, the Medicines and Healthcare products Regulatory Agency (MHRA), the DH, health boards, CCGs, all of whom are outside a generic company's control, not to mention doctors and pharmacists.

Furthermore, most prescription forms do not state the medical indication, but just the drug and the quantity of it and perhaps how often to take it. Reimbursement levels are also an incentive for pharmacists to dispense the generic unless the prescription stipulates it should be the original branded drug.

The infringement test for Swiss form claims

Arnold J explained Swiss form claims are process claims (*John Wyeth & Brother Ltd's Application Schering AG's Application* [1985] RPC 545) so in selling a drug protected by those claims, the Patents Act 1977, s 60(1)(c) (PA 1977) is engaged.

As confirmed in *Hospira UK Ltd v Genentech Inc* [2014] EWHC 1094 (Pat), All ER(D) 131 (Jun) claims 'for' something are to be read as meaning 'suitable and intended for' that purpose. The judge confirmed the intention has to be that of the manufacturer conducting the process covered by the claim, not the person disposing of the goods (if different people).

On intention, Arnold J said the fact Actavis knows or can foresee pharmacists are likely to dispense pregabalin for treating neuropathic pain, is not enough to amount to intention for the purposes of PA 1977, s 60(1)(c). WL protested that for policy reasons this sort of knowledge ought to be enough to make out infringement, or else second medical use patents are hard to enforce if actual knowledge of what particular pharmacists do is required. Arnold J disagreed with the argument that such subjective intention would effectively mean second medical use patents could never be enforced. He took notice of case law from other European countries supporting the idea subjective intention is needed to establish infringement (see para [110] for the list of these), and decided subjective intention is a requirement for showing infringement of Swiss form claims (para [111]).

WL had no evidence of any subjective intention by Actavis, so there was no serious issue to be tried--although WL wants to amend its Particulars of Infringement to allege subjective intention, but, at the time of this judgment, no formal application had been made to do that.

Why isn't the skinny labelling problem solved by Grimme v Scott and KCI?

Many lawyers thought that when the court eventually had to decide the skinny labelling question, it would likely do so by analogy with these cases, but Arnold J's decision went in the opposite direction.

WL tried to draw an analogy with the intention requirement under PA 1977, s 60(2) for putting the invention into effect, and the decisions on this in:

- *Grimme Maschinenfabrik GmbH & Co KG v Derek Scott (t/a Scotts Potato Machinery)* [2010] EWCA Civ 1110, [2010] All ER (D) 153 (Oct), and
- *KCI Licensing Inc and others v Smith & Nephew plc and others* [2010] EWCA Civ 1260, [2010] All ER (D) 203 (Nov)

From those judgments, it is enough if the supplier either knows, or it is obvious to a reasonable person in the circumstances, that ultimate users will intend to put the invention into effect. This analogy did not work for WL. PA 1977, s 60(2) is about supply of means essential--Arnold J explained this is not a commercial activity relevant in Actavis' case--it is only relevant if someone downstream is going to put the invention into effect. There is no such activity under the Swiss form claim, as the manufacturer (Actavis or its contractor) is making the composition, the distributors or pharmacists are not the people making the composition. Plus Arnold J felt PA 1977, s 60(2) expressly distinguishes the knowledge of the person supplying the essential means, and the intention of the user.

WL's other lines of argument

The arguments then veered off patents altogether and into the realms of procuring a breach of contract, and the conduct of intermediaries and how case law has developed on this under the InfoSoc Directive 2001/29/EC and Enforcement Directive 2004/48/EC. These lines of argument did not help WL either.

Maintaining status quo is impossible

The judge decided it was not possible to preserve the status quo with an injunction anyway, since that status quo will be destroyed by Actavis' (and other companies') complete freedom to launch pregabalin products onto the market for the non-patented indications of epilepsy and anxiety disorder once marketing authorisation is in place.

Influencing clinical behaviour

Arnold J also considered it was essentially common ground between the parties that the best solution to the problem here is to try to make doctors prescribe for pain using WL's brand name for pregabalin. In simple terms, if a prescription states the brand name, pharmacists are required to dispense that brand, whereas if the prescription only states the name of the compound or generic drug, the pharmacist has a discretion on what variety of that drug to dispense, and because of the reimbursement programme through the NHS, there is an incentive to maximise margin by prescribing the generic. The DH indicated it is not in a position to issue guidance about persuading doctors to prescribe using the brand name in these situations (see para [75]), but indicated that NHS England might issue such guidance in future. Arnold J said this course of action did not form part of the draft injunction, and if NHS England does take such steps, there will be no need for the injunction (para [77]).

Contractual provisions

The reasonable endeavours which WL wanted Actavis to put in its contractual arrangements would involve pharmacists making reasonable inquiries of the patient and making reasonable record checks. Arnold J considered this unfeasible for a number of reasons, not least because often someone other than the patient drops off the form or picks up the fulfilled prescription on the patient's behalf. Furthermore, the patients themselves may not remember what indication they are meant to have pregabalin for (especially if they are taking several drugs) and pharmacists currently do not have easy or speedy access to patient records to confirm the indication.

The box sticker

The proposed (removable) sticker to be placed on Actavis' product said:

'This product is not authorised for the treatment of pain and must not be dispensed for such purposes.'

There were a number of problems with this suggestion. The MHRA thought the sticker might not comply with medicines legislation (see para [85]), plus it would possibly breach the Association of the British Pharmaceutical Industry (ABPI) Code of Practice and the DH thought it would compromise pharmacists' autonomy. Arnold J decided such a sticker would not help, because it would warn the pharmacist, but the pharmacist most likely still would not know the clinical indication for which the drug had been prescribed by the doctor anyway.

Injunction could not prevent infringement

Even if all steps in the proposed injunction were complied with, it appeared WL were unwilling to concede this would take Actavis outside infringement. Therefore the judge concluded if the steps were taken but did not work, WL's view is Actavis would infringe and WL would still pursue damages or an account of profits. Incidentally, Actavis had made no application for a declaration of non-infringement.

Even if WL obtained the injunction it wanted at the final trial, with the letters, the package labelling, and the contractual provisions to be imposed on Actavis' customers, this still will not completely prevent pharmacists dispensing pregabalin for pain. Arnold J acknowledged that quantifying WL's loss is hard, as it is very difficult to tell what percentage of Actavis' sales would be for the pain indication, rather than the other two indications for which Actavis will be perfectly entitled to sell this drug.

Too much harm to Actavis

Actavis did not have a strong argument in this case about first mover advantage onto the generic market, since a number of other generic manufacturers were getting ready to launch as well. However, Arnold J decided Actavis' loss (if injuncted) would be unquantifiable as it will be delayed by the practicalities and regulatory administration of adding a notice to the packaging, possibly pushing them into second mover status. He also thought the packaging notice harmful to Actavis as it will deter pharmacists from dispensing the Actavis product, especially if they cannot tell for which indication the pregabalin has been prescribed.

What lessons can be taken from the case?

This was a bad day for enforceability of Swiss form second medical use patents and for patent owners seeking to prevent off-label use of their drugs. Given the importance of the originator pharmaceutical companies being able to protect subsequent uses of the original compound for further clinical indications, this issue is bound to resurface on appeal in another case, if not this one.

Arnold J was careful to restrict his opinion to Swiss form claims, and said nothing in this judgment should be taken as automatically applying to European Patent Convention (EPC) 2000 claims (see para [13]). Having pointed out the scope of such claims is different, it appears this issue will have to be decided in another case where the patent contains EPC 2000 claims.

The judge's ruling may surprise many people who waited for a decision and thought the question of infringement by supplying skinny labelled goods would be decided along similar lines to *Grimme* and *KCI*. It seems highly likely this part of the reasoning will be examined again in future judgments.

If there needs to be subjective intention in order to establish infringement, it puts everyone in a difficult position. It will be hard for the patent owner to prove subjective intention exists, and the generics companies will perhaps want to go to significant lengths to make sure they cannot be accused of it, not least by making sure not to record damaging comments in internal documents which may eventually become part of disclosure in litigation.

Do not delay in approaching the other side or coming to court. Each side accused the other of delaying its request to the court. WL was criticised for not moving fast enough given it had long notice of patent expiry and data exclusivity expiry, and given it had known of Actavis' intention to launch pregabalin for nearly two months before it started requesting packaging changes and making other requests about Actavis' proposed launch. Actavis did not escape criticism either--Arnold J said it should have launched declaration of non-infringement proceedings.

Arnold J briefly considered the nature of the requested injunction, which was not the normal prohibitory form restraining the defendant from doing various things, but a more unusual mandatory form requiring Actavis to do several things. He said this did not in principle create extra hurdles for an injunction applicant, but on the basis of prior case law it was pointed out the harm to the party being enjoined on a mandatory basis might more often be irreparable, compared to being required not to do something.

The biggest problem with the injunction WL sought here, is that it would mainly affect parties other than Actavis, who are not before the court, so extra caution is needed in deciding whether to grant such an injunction (see para [91]).

Incidentally, there was no discussion in the judgment about the status under the threats provisions of PA 1977, s 70 of the conversations and mass communications to the various healthcare agencies. In this case Actavis has offered, once the marketing authorisation is granted, to write to the CCGs in England (health boards in Wales) as well as NICE, and the content of those letters was almost agreed between the parties, so there was no interest in bringing a threats action here, but perhaps this would have gone differently if the parties were not agreed on the approach to communicating with the various agencies.

Actavis had raised competition arguments about WL's proposed injunction, but sadly for spectators, these were not decided or discussed.

Either the pharmaceutical companies will have to live with the situation or the patent lawyers must come up with an alternative answer that better protects second medical use patents in the UK-- otherwise it will fall to the healthcare providers to do it. The healthcare providers' appetite is small given the reimbursement incentives to make generic versions of drugs available to the public, but will the various parts of the NHS and other organs in the healthcare system be more willing to issue guidance that favours protection of originators, if, as here, there is the prospect of them being sued for patent infringement (which arguably goes against the culture of healthcare providers not having to worry about such issues)? Alternatively, why should the generic companies be penalised in the marketplace when they cannot police the actions of all those parties outside their control?

Arnold J's pragmatism in taking account of the reality of the industry and multilayered structure of healthcare provision in the UK in looking at the wording of the proposed injunction, make it hard to see how an originator can obtain relief under patent law in situations similar to WL's. If this decision is not overturned on appeal, the question is whether the originators can protect their second medical use investment by effecting change in the healthcare system instead.

Any other points?

For those who are less familiar with the area, the judgment gives a good explanation of the background to second medical use patents and Swiss form and EPC 2000 claims (see judgment paras [9]-[13]).

Laura Thompson, solicitor in the Lexis@PSL IP&IT team.

Dispute Resolution analysis: The European Court of Human Rights (ECtHR) has rejected a complaint by one of Joseph Stalin's grandsons about an article that appeared in a Russian newspaper in which the dictator was accused of being a 'bloodthirsty cannibal'. Jill Bainbridge, partner and expert in defamation and reputation management at Blake Morgan, explains why the dead cannot be defamed.

IP & IT

27/01/2015

Defaming the dead

Original news

Stalin's grandson loses claim against newspaper, [LNB News 16/01/2015 8](#)

Daily Telegraph, 16 January 2015: Joseph Stalin's grandson has lost a damages claim against a Russian newspaper, Novaya Gazeta, which described the dictator as a 'bloodthirsty cannibal'. Yevgeny Dzugashvili took his case to the ECtHR after already losing a £160,000 defamation suit in a Moscow court.

For the full judgment see: *Yevgeniy Yakovlevich Dzhugashvili v Russia* (App No 41123/10).

Can the dead be defamed?

In short, no. The dead cannot currently be defamed under English law. This is because defamation, whether it is libel or slander, is a personal action which cannot be assigned or brought on someone's behalf. The exception to this rule is if the person subject to defamation is a minor, in which case a parent or guardian can bring the claim on their behalf. Where the deceased is defamed and a friend or relative is also identified in the statement, or the statement reflects upon their reputation, then there is the potential for that relative or friend to bring a claim for defamation.

Similarly, where a person commences defamation proceedings but passes away before a decision is reached, the action is abated. The reason for this principle is quite simple: defamation is an act or

statement that damages a person's reputation and once you are dead, you are taken to not have a reputation in legal terms which is capable of being damaged.

Interestingly, Jimmy Savile reportedly managed to suppress the media from openly commenting on his behaviour using libel threats--that was until he passed away. It is clear that the media no longer fear a libel claim following his death.

An attempt was made to insert a provision in the Defamation Act 2013 allowing libel actions by relatives of the dead, but it was defeated. Perhaps the fact that an attempt has been made to allow such claims signifies an appetite among some for change, but this will undoubtedly be opposed by the media.

Have there been any examples of cases where the relatives of a deceased individual have been successful in bringing a defamation action on behalf of the deceased?

There have been cases where the courts have considered claims of defamation brought by the relatives of the deceased on their behalf. As of yet, however, no applicants have been successful in their endeavours.

However, the case of *Putistin v Ukraine* (App No 16882/03) [2013] ECHR 16882/03 potentially provides a significant development in this respect, raising the possibility that relatives of the dead may be able to suppress adverse coverage. In this case, the applicant, Vladlen Putistin, complained about the defamation of his father who was a Dynamo Kiev football player and took part in the so-called 'Death Match' in the Second World War between a team of professional Soviet players from Dynamo Kiev and Lokomotiv Kiev and a team from the German Luftwaffe, known as the 'Flakelf'. The professionals won the match but allegedly suffered terrible repercussions, including the execution of some of the players.

In 2001 a newspaper published an article commenting on a film starring Michael Caine, Sylvester Stallone and Bobby Moore, based on the Death Match. The applicant believed this article discredited his father's reputation because it suggested some of the Dynamo Kiev football team which included his father, who is dead, had worked with the Gestapo. At first instance, the national court dismissed the applicant's claim. The applicant therefore appealed to the ECtHR complaining that the article breached his own art 8 rights to a private and family life. The court rejected his claim on the basis that his father was not significantly identified in the article and his father's name was not legible on the photograph of the match poster which was published with the article.

The ECHR held that applicant's art 8 rights were 'marginally affected and only in an indirect manner' as his father was not sufficiently identified, but they did not discount in theory the potential for a claim on this basis to succeed.

Are there any circumstances where the publication of details about a dead person could affect the rights of a living relative?

Yes. The publication itself may identify a living relative or reflect upon their reputation. In such a case, that relative may bring an action for defamation. In addition, a publication regarding a deceased person can affect a living relative's right to respect for private and family life, as was considered in the *Putistin* case. A claim of this nature would be based upon the European Convention on Human Rights which imposes a positive obligation on the state to prevent parties from interfering with such rights.

What are the challenges in defending the reputation of a deceased individual?

Clearly, there are many challenges in defending the reputation of a deceased person. In the eyes of the law, when a person ceases to live, so does their reputation. It is therefore very difficult to defend something that does not exist. The key witness is no longer available and family and friends are left with the dilemma of trying to maintain a dignified silence, which risks being viewed as an acceptance of guilt, or seeking to fight with the risk of inflaming matters.

How would the defence of truth operate in relation to a historic character where the truth is debatable or unverifiable?

Generally speaking, truth is an absolute defence to a defamation claim. The burden of proof is with the defendant to show otherwise. The defendant does not need to show that every word they wrote was true, but that the 'string' is true, that is, the essential or substantial part is true--ie the lifeblood of the statement.

Generally, the more serious or malicious the defamatory publications are, the more difficult it is for the defendant to vindicate them. This position becomes even more problematic when the alleged defamatory publication is based on a contentious historic event. Depending on the importance of the historical event and person(s) in question, the courts are likely--as they did in the Stalin case--to hold that such matters remain open to public scrutiny and criticism due to the importance of balancing the rights of all involved.

Does the legal position change depending on the life and character of the person being 'defamed', ie a person famed for charitable work or a non-famous person?

The legal position is influenced by the life and character of the person being defamed. This can be seen in the Stalin case where the court held that, due to Stalin's stature as a public figure, he remains open to such scrutiny. The life and character of the individual being defamed are clearly important factors when determining the effect a publication would have and therefore the legal position that would be taken by the court. Someone who, for example, is known for their charitable works may be more likely to be defamed by a mildly controversial statement than someone who has a long criminal record.

In the Stalin case, as noted above, the court did distinguish between defamation of an individual whose reputation, as part of their families' defamed reputation, could fall within the scope of art 8 of the Convention, and legitimate criticism of public figures who expose themselves to scrutiny.

Jill Bainbridge is a partner and head of the intellectual property group and trade mark prosecution team at Blake Morgan. She has extensive experience in defamation and reputation management, dispute resolution, franchising and intellectual property disputes. Jill also regularly lectures on intellectual property law, trademarks and brand strategy.

Interviewed by Jane Crinnion.

The views expressed by our Legal Analysis interviewees are not necessarily those of Cordery.

PSL practical point: Hot off the press--the fourth edition of [Duncan and Neil on Defamation](#) is now available in the [LexisNexis® bookstore](#) and online in [Lexis®Library](#).

IP & IT analysis: The CJEU continues to give a high level of protection to rights owners in deciding that a copyright owner's distribution right will not be exhausted if a copyright work is put into circulation in a different form to that in which it was distributed.

IP & IT

26/01/2015

Distribution right--no exhaustion for altered forms of copyright works

Original news

Art & Allposters International BV v Stichtung Pictoright: C-419/13 [2015] All ER (D) 162 (Jan)

In September 2014 Advocate General (AG) Cruz Villalon issued an Opinion (not published in English) following the Dutch Supreme Court's referral of a number of questions to the Court of Justice of the European Union (CJEU) concerning the interpretation of the InfoSoc Directive 2001/29/EC, art 4 on the right of distribution and exhaustion, in relation to subsequently altered works.

The CJEU has given a preliminary ruling that the rule of exhaustion of the distribution right of InfoSoc Directive, art 4(2) does not apply in a situation where a reproduction of a protected work, after having been marketed in the EU with the copyright holder's consent, has undergone an alteration of its medium, such as the transfer of that reproduction from a paper poster onto a canvas, and is placed on the market again in its new form.

What was the background to this case?

The background to this case is handsomely covered in the analysis of the Advocate General's opinion by Ben Allgrove, partner at Baker & McKenzie published in October 2014 (see: [Exhausting rights of distribution for altered copyright works--canvassing the AG's Opinion](#)).

To recap, Art & Allposters (Allposters) sells posters and various prints, including canvas prints of well-known artistic works. A Dutch copyright collecting society, Pictoright, which represents artists and their estates, objected to Allposters' activities--in particular the making of canvas prints, which involved transferring images from posters to canvas by means of a chemical process (sometimes cropping images to resize them for the canvases).

Allposters argued that the copyright owners had consented to the distribution of copies of their work as posters and, as such, had exhausted their rights. Pictoright argued that as the transfer of works to a canvas changed the form in which they were distributed, the rights were not exhausted.

What was the nub of the questions referred to the CJEU?

The CJEU summarised the essence of the questions referred as whether the rule of exhaustion of the distribution right set out in the InfoSoc Directive, art 4(2) applies where a reproduction of a protected work, marketed in the EU with the copyright holder's consent, has undergone an alteration, such as the transfer of that reproduction from a paper poster onto a canvas, and is then placed on the market again in its new form.

What did the CJEU decide?

Pictoright had argued that the canvas prints were adaptations of the original works not covered by the distribution right and so the InfoSoc Directive did not apply at all to the facts of the case.

The CJEU assessed that, since the paper poster and the canvas transfer contained the image of a protected artistic work, the case facts fell within the scope of the InfoSoc Directive, art 4 which recognises the exclusive right of authors, in respect of originals or copies of their works, to authorise or prohibit *any* form of distribution to the public, by sale or otherwise.

Acknowledging the disagreement between the parties as:

- o whether exhaustion of the distribution right covers the tangible object into which a work or its copy is incorporated or the author's own intellectual creation and, secondly,
- o as to whether the alteration of the medium, as undertaken by Allposters, has an impact on exhaustion of the exclusive distribution right

the CJEU considered the purpose of the distribution right, specifically art 4 (2), which refers to the first sale or other transfer of ownership of 'that object'. Recital 28 of the InfoSoc Directive refers to the exclusive right to control distribution of the work incorporated in a 'tangible article'. It followed therefore that EU legislation:

'[...] by using the terms "tangible article" and "that object", wished to give authors control over the initial marketing in the European Union of each tangible object incorporating their intellectual creation.'

The chemical process of transferring the print from paper poster to canvas results in the replacement of the paper medium by canvas. This results in the creation of a new object incorporating the image of the protected work and was a new reproduction of that work, within the meaning of the InfoSoc Directive, art 2(a) (therefore covered by the exclusive right of the author and requiring his authorisation). The distribution right was not exhausted.

What can lawyers take from this ruling?

Following cases such as *UsedSoft GmbH v Oracle International Corp*: C-128/11 [2012] All ER (D) 23 (Jul), right owners have further some clarification on the extent of their protected rights (note the Software Directive 2009/24/EC was applied in *UsedSoft*, not the InfoSoc Directive).

The CJEU seems to be tightening the application of the principle of exhaustion of a copyright owner's exclusive distribution right. Since both parties in the proceedings had acknowledged that canvas transfers were economically more valuable than posters, the CJEU's decision appears, both on the facts and more generally, to promote the interests of authors.

Lawyers acting for rights owners should advise their clients to remain vigilant in the marketplace because, far from losing control over their works once marketed, potentially, they have more control, than first thought over reproductions of works containing the author's own intellectual creation.

See previous analysis covering *UsedSoft* here: [First-time problems with second-hand software](#).

Joshy Thomas, solicitor in the Lexis@PSL IP & IT team.

IP & IT analysis: Jonathan Mayner, a solicitor at Freeths LLP and a member of the firm's intellectual property and technology team, advises that the High Court's ruling in *Enterprise Holdings* is a reminder to businesses and practitioners that new brands with only a low degree of similarity to earlier marks can still be found to be infringing in certain situations.

IP & IT

23/01/2015

Distinctively 'e'--Enterprise trade marks and surveys (again)

Original news

Enterprise Holdings, Inc v Europcar Group UK Ltd and another [2015] EWHC 17 (Ch), [2015] All ER (D) 63 (Jan)

What was the background to this claim?

Enterprise (the claimant) and Europcar (the defendant) are competitors in the vehicle rental market. Enterprise owned various UK and Community trade mark (CTM) registrations for the logo comprised of a stylised letter 'e' or containing the stylised 'e' in conjunction with other elements. One of the registrations was in black and white (dating from 2010), one was in green and white (dating from 2007). Enterprise's 'e' logo was typically used in the green and white form, sometimes on its own, and sometimes in conjunction with other elements. In December 2012, Europcar began to use a stylised letter 'e', also in green, sometimes on its own and sometimes in conjunction with other elements. Enterprise sued for trade mark infringement under the CTM Regulation (EC) 207/2009, art 9(1)(b) and 9(1)(c) and passing off. Europcar sought revocation of some of the trade mark registrations relied upon (including Enterprise's green and white 'e' logo registration), leading to some of the infringement claims being stayed.

What main issues are highlighted by this case?

This is another long judgment from Arnold J on a dispute that raised a multiplicity of issues before and at trial. A theme running through much of the case is the extent to which the context in which consumers encounter an allegedly infringing sign can affect the court's infringement analysis. This issue underlies the particular consideration that the court had to give to matters such as the nature of the market in question and the composition of the relevant public, in addition to more commonplace matters such as the manner in which the trade marks relied upon and the allegedly infringing signs were used (per the Court of Justice of the European Union's ruling in *Specsavers International Healthcare Ltd and other companies v Asda Stores Ltd*: C-252/12 [2013] All ER (D) 355 (Jul)).

Of particular note is the judge's finding that, in view of the strong transnational character of the vehicle services market, consumers resident abroad (the US in particular) should be regarded as part of the relevant public when considering the effect of the allegedly infringing sign on the average consumer. He did however make it clear that this part of the relevant public should be treated with caution, as it would necessarily be more difficult for an English judge to put himself into the position of a consumer resident abroad. Another big issue was whether or not Enterprise's 'e' logo trade mark was distinctive and whether consumer survey evidence adduced by Enterprise showed that it was (many of the arguments about which had been rehearsed before Morgan J in interim proceedings in 2014).

In establishing trade mark infringement, what did the court take into account when determining the likelihood of confusion? What about the other claim for infringement based on the reputation of the Enterprise marks?

The judge held that Enterprise's 'e' trade mark was inherently distinctive, partly as result of its stylisation. While the lower case 'e' was a commonplace branding element, it was not widely used to denote vehicle rental services. The mark had also acquired an enhanced distinctive character through its use as shown by evidence such as market share data, advertising spend and trade evidence. In the judge's view this was confirmed by the consumer surveys.

While the low degree of similarity between the logos pointed away from a finding of infringement, Arnold J was concerned that the average consumer, absent the opportunity to compare the logos in issue, might mistake the Europcar logo for the Enterprise logo as a result of imperfect recollection.

Other factors pointing away from a likelihood of confusion included the context in which the Europcar logo appeared--Europcar being a well-known brand in its own right and their logo often appearing in conjunction with other Europcar branding. There were, however, instances when the logo was used on its own without any other branding.

The fact that both businesses had historically used green in their corporate livery was also relevant, but did not place Europcar under any special duty to avoid exacerbating any confusion which might have already existed. There was a general undercurrent of confusion among consumers, with the evidence (mainly from branch managers on both sides) showing confusion flowing both ways prior to Europcar's introduction of their new logo in December 2012. However, the evidence also showed that the confusion increased after December 2012.

The factual background also included a historic arrangement between Europcar and US-based rental brands Alamo and National, and a more recent arrangement between Enterprise and Alamo and National. Ultimately, the judge rejected Europcar's argument that the increase of confusion after December 2012 was as a result of the introduction of tri-branded Enterprise, Alamo and National collection points with consumers previously being accustomed to seeing tri-branded Europcar, Alamo and National collection points.

The judge concluded there was at least a likelihood of confusion as a result of the use by Europcar of their logo on its own (ie absent any other Europcar branding). While he would have hesitated to make a similar finding in relation to the other uses complained of (where other Europcar branding was present), there was in fact evidence from the branch managers of actual confusion arising where such branding was being used.

With regard to the 'mark with a reputation' ground of infringement under the CTM Regulation, art 9(1)(c), the judge found that Enterprise's trade mark, as used in green and white, had a reputation in the EU as a result of the clear evidence of its reputation in the UK and the transnational character of the vehicle rental market. On the hypothetical basis that he had made a different finding on the art 9(1)(b) claim, and there had been no likelihood of confusion, then the Europcar logo did not cause detriment to the distinctive character (there being no evidence of a change in economic behaviour), or take unfair advantage, of Enterprise's 'e' trade mark.

What approach did the court take towards the survey evidence? What criticisms did the survey evidence receive?

Enterprise adduced various surveys as evidence of the distinctiveness of their 'e' logo. One survey showed that 24% of respondents mentioned Enterprise when shown Enterprise's 'e' logo, while in another survey 36% of respondents mentioned Enterprise.

At trial, Europcar criticised the surveys on six main grounds, namely that:

- they were artificial and did not test consumers' reactions to the logos in a real transactional setting
- they had not been carried out close enough to the relevant date of December 2012
- the survey respondents did not belong to the relevant class of persons
- the questions asked in the surveys were leading or invited speculation
- it was not clear that the percentages of respondents who mentioned Enterprise meant anything at all
- at best the surveys were evidence of association rather than distinctiveness

Having rejected those criticisms, Arnold J found that the surveys merely confirmed the conclusion that he would have been minded to reach anyway in light of all of the other evidence--namely that Enterprise's logo has an enhanced distinctive character as a result of the use that has been made of it in relation to vehicle rental services.

Elsewhere in his judgment Arnold J appears to be sceptical of the proportionality of the Court of Appeal's procedure for adducing the survey evidence (as set out in *Interflora Inc and another v Marks and Spencer plc (No 2)* [2012] EWCA Civ 1501, [2013] IP & T 345 and *Interflora Inc v Marks and Spencer plc* [2013] EWCA Civ 319, [2013] All ER (D) 14 (Apr)). In his view, the procedure had led to the parties incurring some £215,000 in costs dealing with an interim application to adduce evidence which had saved no time or cost at trial as the evidence then had to be reconsidered by the trial judge (with Europcar maintaining many of the objections it had raised at the application stage). Given that the surveys seemed to have had little impact on the judge's findings, one wonders whether the surveys were in fact of any 'real value' (in the words of Lewison LJ in *Interflora*) and justified the expense of either the application or dealing with them at trial.

What finding did the court make in respect of Enterprise's claim for passing off?

Ultimately the judge disposed of the passing off claim in a single paragraph, finding that the claim for passing off succeeded for essentially the same reasons as the likelihood of confusion infringement claim under the CTM Regulation, art 9(1)(b). Elsewhere in his judgment, Arnold J held that the perceptions of consumers resident abroad were relevant to the passing off analysis, just as they were to the trade mark infringement analysis.

What observations did the judge make on how the case was run?

Arnold J was critical of the way in which the parties had conducted the litigation. In line with his comments in other cases in recent years, he criticised the increasingly common tendency in trade mark disputes between large companies to conduct the litigation as a 'state trial' with large numbers of issues still in contention at trial (albeit the parties had narrowed the issues by agreement), trial bundles numbering in the dozens and skeleton arguments and closing submissions running to

hundreds of pages on both sides. He was also critical of the various satellite disputes that arose pre-trial in relation to the submission of survey evidence (the cost of which he remarked upon elsewhere in his judgment) and at trial in relation to the admissibility of certain aspects of witness evidence (Europcar objected to various statements made by Enterprise's branch managers which strayed away from fact and towards opinion).

What can lawyers take from this claim?

At a general level, the ruling is a reminder to businesses and intellectual property practitioners that new brands with only a low degree of similarity to earlier marks can still be found to be infringing in certain situations. The fact that a particular branding element (such as a lower case 'e') may be commonplace in general does not mean that it cannot be distinctive for particular goods and services, either inherently or having acquired distinctiveness through use. More specifically, in markets with a strong transnational aspect (whether as result of online trading or otherwise), some thought should be given to the composition of the relevant public and, where relevant, how consumers resident abroad might perceive the new brand relative to other branding in the market.

The case is also a stark reminder of how expensive and time-consuming consumer survey evidence can be in trade mark cases and that they often have little impact on the outcome of the case. When considering whether to apply to adduce survey evidence (or whether to oppose such an application) litigants and their legal advisers should balance the likely utility of the evidence against the costs involved.

Jonathan Mayner advises clients on matters covering the full range of intellectual property rights. He has particular expertise helping businesses operating digitally and online across a range of sectors including media, retail and gaming.

Interviewed by Kate Beaumont.

The views expressed by our Legal Analysis interviewees are not necessarily those of Cordery.

AbstractPatent - Swiss form claim. The claimant company, W-L, owned the patent for a drug. The patent protection for the drug had lapsed, although W-L still had a medical use patent for one of the three areas in which the drug was used. The defendant company, Actavis, sought to market a generic drug for similar complaints, but there was concern that it might be prescribed by mistake to patients using W-L's protected use. W-L brought proceedings seeking interim relief pending proceedings for infringement of patent. The Patents Court held that the claim did not raise a serious issue to be tried. Catchwords Patent - Swiss form claim - Serious issue to be tried - Claimant company, W-L, owning patent for drug - Patent protection for drug having lapsed, although W-L still having medical use patent for one of three areas in which drug being used - Defendant company, Actavis, seeking to market generic drug for similar complaints - Concern regarding drug being prescribed by mistake to patients using W-L's protected use - W-L bringing proceedings for interim relief pending proceedings for infringement of patent - Whether, among other things, claim raising serious issue to be tried.

IP & IT

Published
Date 26/01/2015

*Warner-Lambert Company, LLC v Actavis Group PTC EHF and others

Citation: [2015] All ER (D) 184 (Jan)

Alternative Citations: [2015] EWHC 72 (Pat)

Hearing Date: 21 January 2015

Court: Chancery Division, Patents Court

Judge: Mr Justice Arnold

Representation: Justin Turner QC, Daniel Beard QC, Miles Copeland and Tim Austen (instructed by Allen & Overy LLP) for W-L. Adrian Speck QC, Paul Harris QC and Ronit Kreisberger (instructed by Powell Gilbert LLP) for Actavis. Douglas Campbell (instructed by RPC) for the proposed fourth defendant. Richard Davis (instructed by the Treasury Solicitor) for the Department of Health.

Summary

The judgment is available at: [2015] EWHC 72 (Pat)

The claimant company, W-L, was the patentee of a drug. The defendant companies (together, Actavis) were the generic supplier. The drug in issue was pregabalin, which was marketed by W-L under a trade name for the three indications of epilepsy, generalised anxiety disorder and neuropathic pain. Patent protection for pregabalin had expired, although W-L still had a second medical use patent for one of the three indications. Actavis wanted to enter the market for pregabalin for the two non-patented uses. To that end, it had obtained a marketing authorisation for a generic version of pregabalin limited to those two uses, and only identified them in the relevant documentation. However, it was possible that pharmacists might dispense the generic version of the drug for patients who had been prescribed it for treating the patented use of it, unless steps were taken to prevent that happening. W-L applied for interim relief, pending a claim of infringement under s 60(1)(c) of the Patents Act 1977. It was necessary to determine whether, in those circumstances, Actavis would infringe the second medical use patent unless it took steps to prevent its generic version of the drug being dispersed to patients who had been prescribed the drug for the patented indication.

The answer to that question depended on the correct interpretation of the claims of the second medical use patent, which were in the 'Swiss' form. Actavis submitted that the use of the word 'for' in the words 'for treating (neuropathic) pain in claims 1 and 3 of the patent should be given a purposive construction, and that the only construction which gave effect to the purpose of Swiss form claims, and the policies underlying the granting of such claims, was to interpret 'for' as meaning 'suitable and (subjectively) intended for'. It argued that W-L's construction failed to achieve that.

The court ruled:

The word 'for' in Swiss form claims imported a requirement of subjective intention on the part of the manufacturer that the medicament or pharmaceutical composition would be used for treating the specified condition. Since W-L did not rely upon any allegation of subjective intention on the part of Actavis, its claim under s 60(1)(c) of the Act did not raise a serious question to be tried (see [111], [112] of the judgment).

Norwich Pharmacal Co v Customs and Excise Comrs [1973] 2 All ER 943 applied; *OBG Ltd v Allan*; *Douglas v Hello! Ltd (No 3)*; *Mainstream Properties Ltd v Young* [2007] 4 All ER 545 applied; *GWK Ltd v Dunlop Rubber Co Ltd* (1926) 42 TLR 376 considered; *British Industrial Plastics Ltd v Ferguson* [1940] 1 All ER 479 considered; *Emerald Construction Co v Lowthian* [1966] 1 All ER 1013 considered; *Manifest Shipping Co Ltd v Uni-Polaris Shipping Co Ltd* [2001] 1 All ER (Comm) 193 considered; *Grimme Maschinenfabrik GmbH & Co KG v Derek Scott (t/a Scotts Potato Machinery)* [2010] All ER (D) 153 (Oct) considered; *KCI Licensing Inc v Smith & Nephew plc* [2010] All ER (D) 203 (Nov) considered; *Hospira UK Ltd v Genentech Inc.* [2014] All ER (D) 131 (Jun) considered; *Cartier International AG v British Sky Broadcasting* [2014] All ER (D) 236 (Oct) considered.

Toby Frost Barrister.

actions against NGN. The Chancery Division held that the agreements, properly interpreted, covered the elements of the new claims relating to phone hacking. B's claim would be struck out and L's claim would be struck out insofar as it related to phone hacking. Catchwords Practice - Striking out - Action - Claimants, B and L, having formerly made compromise agreements concluding claims against defendant company, NGN, relating to phone hacking - Claimants bringing new claims against NGN - NGN applying to strike out claims relating to phone hacking - Whether application to be allowed.

Published
Date 29/01/2015

*[Brazier v News Group Newspapers Ltd](#); [Leslie v News Group Newspapers Ltd](#)

Citation: [2015] All ER (D) 209 (Jan)

Alternative Citations: [2015] EWHC 125 (Ch)

Hearing Date: 27 January 2015

Court: Chancery Division

Judge: Mr Justice Mann

Representation: David Sherborne (instructed by Atkins Thomson Solicitors) for B. Augustus Ullstein (instructed by Taylor Hampton Solicitors) for L. Antony White QC, Anthony Hudson and Ben Silverstone (instructed by Linklaters LLP) for NGN.

Summary

The judgment is available at: [2015] EWHC 125 (Ch)

The two cases concerned allegations of phone-hacking by the defendant company, NGN, which published the News of the World before it closed. In the first case, B had been targeted for phone-hacking and investigation because of his relationship with the television personality Jade Goody. In the second, L had been targeted because of unproven allegations about sexual offences. Both B and L signed compromise agreements, in which they agreed that their actions against NGN were concluded. Both claimants sought to bring further claims. NGN applied to strike out the claims.

In the case of B, NGN submitted that, on the proper construction of the relevant agreement, all phone-hacking activities by NGN had been captured by the agreement, and/or the agreement had been intended to do so. B submitted that the two sets of proceedings were about distinct sets of phone-hacking, and that the latter was not encompassed within the former. He contended that, when he had agreed the compromise order, he had not known the potential extent of his claim. In the case of L, NGN sought to strike out most of the action, or to have summary judgment on those paragraphs that it sought to strike out.

The applications would be allowed.

(1) Regarding B, in the circumstances, the all-important context of the formal documents embodying the claim pointed to the 'claim in the proceedings' as being all phone-hacking activity directed at B. When B had settled his case, he had settled a case in which he had not known the full extent of his claim. However, he had been aware of his ignorance. He had had to decide whether the offer made by NGN had adequately reflected his assessment of what he had known and what he had thought likely to happen, and decide whether the offer had adequately reflected that assessment and the risks involved in the litigation exercise. His known ignorance had to be taken to have been factored into the calculation (see [83], [88] of the judgment).

B was bound by the compromise that he had made, and the agreement barred the bringing of his second action (see [100] of the judgment).

BCCI v Ali [2002] 2 WLR 735 distinguished.

(2) Regarding L, the facts were that: (i) L had had a claim, but he had not known the scope of it; (ii) he had known that he had not known the scope of it; and (iii) he had accepted a sum in settlement of the light of that. For the same reasons as applied to B, L's agreement compromised his second claim so far as it made claims in relation to phone-hacking. Those parts of his present claim that relied on phone-hacking would be struck out, or there would be summary judgment for NGN in respect of them (see [132], [134] of the judgment).

Heaton v Axa Equity and Law Assurance Society plc [2002] 2 All ER 961 not followed; *Ronex Properties Ltd v John Laing Construction Ltd* [1982] 3 All ER 961 considered.

Toby Frost Barrister.

AbstractHouse of Lords Committee 28 January 2015

IP & IT

Published Date: 21
January 2015

Counter-Terrorism and Security Bill

LNB News 27/11/2014 41

Enactment Citation:

Issuing Department: Home Office

Bill Type:

Government

Bill Sponsor: Mrs Theresa May

Summary

A Bill to make provision in relation to terrorism; to make provision about retention of communications data, about information, authority to carry and security in relation to air, sea and rail transport and about reviews by the Special Immigration Appeals Commission against refusals to issue certificates of naturalisation; and for connected purposes

Parliamentary Stages

[Bill as introduced](#)

[Explanatory notes to Bill as introduced](#)

House of Commons

1st reading [26/11/2014](#)

2nd reading [02/12/2014](#)

Committee [09/12/2014](#)

Committee [15/12/2014](#)

Committee [16/12/2014](#)

Report [06/01/2015](#)

Report [07/01/2015](#)

3rd reading [07/01/2015](#)

House of Lords

1st reading [07/01/2015](#)

2nd reading [13/01/2015](#)

Committee [20/01/2015](#)

Committee [26/01/2015](#)

Committee [28/01/2015](#)

AbstractDaily Telegraph, 29 January 2015: Live broadcast of court proceedings in Scotland will be allowed for transmission, Lord Gill, the Lord President has announced. Scotland's most senior judge said that televised courtrooms should be allowed in the case of civil and criminal appeals and legal debates in civil first instance proceedings.

IP & IT

Published Date: 29
January 2015

Courtroom broadcasts to be allowed in Scotland

LNB News 29/01/2015 26

Newspaper Name: Daily Telegraph

Newspaper Citation: Daily Telegraph, 29 January 2015, pg 11

Jurisdiction: Scotland

Summary

A report on courtroom broadcasts containing recommendations was carried out by Lady Dorrian.

It indicated that in certain circumstances and subject to certain safeguards, criminal trials may be filmed for documentary purposes, but not in cases involving children, sexual offences and vulnerable witness.

Direct links to the full article are available on Nexis® for 24 hours and searchable thereafter.

Subscribers to Nexis® can view the [full text article here](#).

AbstractCity AM, 29 January 2015: Virgin Media has called on Ofcom to use its emergency powers to halt the bidding process on the Premier League's multi-billion pound auction of live UK TV rights. It has argued that if the

IP & IT

Published Date: 29

auction is not delayed the decisions from Ofcom's ongoing competition investigation into the process by which the Premier League sells its rights, due to conclude in March 2015, would likely have no impact until the next auction is held in 2019.

January 2015

Virgin seeks to halt Premier League TV auction

LNB News 29/01/2015 42

Newspaper Name: City AM

Newspaper Citation: City AM, 29 January 2015, pg 1

Author: Oliver Smith

Jurisdiction: England; Northern Ireland; Scotland; Wales

Summary

Virgin made an application for interim measures on 28 January 2015 in an attempt to draw the auction process of live UK television rights to a halt, which Ofcom must now review. Ofcom met with Virgin two weeks previously to discuss a separate competition investigation into the League's sales process.

The Premier League has called Virgin's call for a delay self-serving, adding that there is no legal basis for any interference with the sales process or the operation of the market. In 2012, BT and Sky together invested £3bn for their Premier League TV packages. This year's bids are expected to muster at least £4bn.

Direct links to the full article are available on Nexis® for 24 hours and searchable thereafter.

Subscribers to Nexis® can view the full text article [here](#).

AbstractDaily Telegraph, 27 January 2015: The surveillance camera commissioner for England and Wales has said there are too many 'useless' CCTV cameras in Britain. Tony Porter suggested councils and businesses should instead publish what information is being gathered to help the public understand the extent of the practice and the benefit to society.

IP & IT

Published Date: 27
January 2015

Some CCTV cameras are 'useless', says surveillance chief

LNB News 27/01/2015 28

Newspaper Name: Daily Telegraph

Newspaper Citation: Daily Telegraph, 27 January 2015, pg 14

Author: Ben Riley-Smith

Jurisdiction: England; Northern Ireland; Scotland; Wales

Summary

Speaking on BBC Radio Five Live, Tony Porter admitted surveillance was a positive thing. However, he also drew attention to some local authorities that had reduced the number of ineffective cameras while still maintaining a balance.

Direct links to the full article are available on Nexis® for 24 hours and searchable thereafter.

Subscribers to Nexis® can view the [full text article here](#).

AbstractDaily Telegraph, 26 January 2015: A new watchdog named the Senet Group has been set up by the biggest gambling companies in the UK in a bid to protect customers against the dangers of gambling. The responsible gambling body, which has received initial funding from four gambling firms will also oversee the introduction of a mandatory time limit on fixed-odds betting terminals (FOBTS).

IP & IT

Published Date: 26
January 2015

Major gambling companies back self-regulation

LNB News 26/01/2015 54

Newspaper Name: Daily Telegraph

Newspaper Citation: Daily Telegraph, 26 January 2015, pg 8

Author: Marion Dakers

Jurisdiction: England; Northern Ireland; Scotland; Wales

Summary

Following a range of tax increases and increased political scrutiny, betting companies will cover their 8,000 shop fronts with messages about responsible gambling as part of Gamble Aware Week.

Ladbrokes, Gala Coral, Paddy Power and William Hill have also all put their weight behind new FOBTS which will prompt players, when starting a game, to set their own time or money limit. If the player chooses not to set a limit, a warning message will show after 30 minutes of use, or once a player totals losses of £250 or more.

Direct links to the full article are available on Nexis® for 24 hours and searchable thereafter.

Subscribers to Nexis® can view the full text article [here](#).

AbstractDaily Telegraph, 26 January 2015: Enabling households to pay for services such as council tax through apps and 'smart' data could save local authorities £10bn by the end of the next parliament, a think tank report by Policy Exchange has said. The report highlighted the possibility for data-sharing to identify where some local authorities could merge services together.

IP & IT

Published Date: 26
January 2015

Councils could save money through new apps and smart data

LNB News 26/01/2015 63

Newspaper Name: Daily Telegraph

Newspaper Citation: Daily Telegraph, 26 January 2015, pg 10

Jurisdiction: England; Northern Ireland; Scotland; Wales

Summary

The report also recommended the phasing out of expensive bespoke IT systems and the creation of an app store to be used by local authorities that would also trigger collaboration between local authorities.

In particular, the report drew attention to the loss of more than £1.3bn a year through failing to identify where fraud had taken place, including council tax, benefit and housing tenancy violations.

Direct links to the full article are available on Nexis® for 24 hours and searchable thereafter.

Subscribers to Nexis® can view the [full text article here](#).

AbstractThe government announced it is seeking views on the benefits of the use of open data in banking, and of greater data sharing. HM Treasury has stated it wants to know if open data can deliver better banking deals for customers as part of its moves to support the growth of the emerging financial technology (FinTech) sector in Britain. Responses should be submitted by 25 February 2015.

IP & IT

Published Date: 29
January 2015

Government consults on recommendations for open data in banking

LNB News 29/01/2015 127

Issuing Department: HM Treasury (HMT)

Jurisdiction: England; Northern Ireland; Scotland; Wales

Related Digests

The Autumn Statement 2014 for IP & IT lawyers, [LNB News 03/12/2014 136](#)

Summary

The government has already looked into the benefits of using open data across public services such as healthcare and education and now it wants to look at whether its use in the banking sector can lead to increased competition and benefits for customers.

Competition

To ensure a competitive banking industry, customers, banks and alternative finance providers must have the data and information they need. For example:

- o customers must have the right information on the types of products and services available to them, and be able to compare them effectively to make informed decisions on who to bank with

- o banks and alternative finance providers need the right data to understand better what products and services their customers need--This enables challenger banks and alternative finance providers to enter the market and compete effectively, and design products for under-served areas of the market

Software

The government stated it aims to create a freely-accessible standard for developing software to enable customers to share bank data with other products and services they use. Application Programming Interfaces (APIs) would allow two apps to exchange information directly in a secure way

and by creating an open standard for developing APIs, the government hopes banks and FinTech firms will work together to find ways to use bank data for the benefit of customers.

Responses

Anyone wishing to submit a response can do so in the following ways:

o by email to Datasharing.CfE@hmtreasury.gsi.gov.uk

o by post to Data Sharing and Open Data in Banking, Banking and Credit Team, HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Source: [Consultation: Call for evidence on data sharing and open data in banking](#)

Abstract Four men and a woman have been arrested by officers of the National Crime Agency (NCA) on suspicion of importation and money laundering relating to the counterfeiting of pound coins.

IP & IT

Published Date: 29
January 2015

Five arrested in £1.2m NCA counterfeiting investigation

LNB News 29/01/2015 130

Issuing Department: National Crime Agency (NCA)

Jurisdiction: England; Northern Ireland; Scotland; Wales

Summary

The arrests are part of a joint investigation by the NCA and the Dutch fraud investigation service FIOD into the supply and importation of counterfeit coins worth around £1.2m following the closure of a Dutch mint suspected of manufacturing counterfeit coins in November 2013.

A number of items were seized and the investigation continues. The five arrested have been bailed pending further enquiries until July 2015.

Source: [Press Release: Arrests in £1.2m counterfeit currency investigation](#)

Abstract Loss of information relating to three independent judge-led inquiries is being investigated by the government, the Ministry of Justice (MoJ) says. The three inquiries in question are the Azelle Rodney Inquiry, the Robert Hamill Inquiry and the Mark Duggan inquest. The information loss is not initially thought to have arisen from malicious intent.

IP & IT

Published Date: 29
January 2015

Government launches investigation following loss of confidential data

LNB News 29/01/2015 152

Issuing Department: Ministry of Justice (MOJ)

Jurisdiction: England; Northern Ireland; Scotland; Wales

Summary

The government has set out its intention to undertake an investigation, and to take the necessary steps to safeguard the interests of anyone whose information could be disclosed.

Loss of information

Government officials became aware on 8 January 2015 that two discs containing documents relating to the three inquiries were missing, having been dispatched by post. Police-assisted intensive searches have taken place in order to recover the discs.

The police and other agencies have undertaken their own precautionary risk assessment, and have identified and taken any steps necessary to ensure the protection of officers.

Treasury Solicitor's lawyers were also instructed to undertake a review of all the documents in question, to identify any confidential or sensitive information that might be disclosed as a result of the loss of information.

Next steps

A member of staff has been suspended as part of the investigation. An independent review has now been commissioned to look at the circumstances of the loss of information. The review will report jointly to the MoJ and Cabinet Office.

Source: [Press Release: Data management](#)

AbstractProposals to reduce the duration of copyright in certain unpublished works which currently remain protected until the year 2039 will not proceed at the present time, the Intellectual Property Office (IPO) confirms. The recent consultation highlighted that while 'rule 2039' was felt by some to have a negative effect on the rights clearance process, concerns were raised about the impact of the proposals on copyright owners. The government now intends to meet with stakeholders to discuss future action in this area.

IP & IT

Published Date: 29
January 2015

Government halts rule 2039 reform plans

LNB News 29/01/2015 161

Issuing Department: Intellectual Property Office (IPO)

Jurisdiction: England; Northern Ireland; Scotland; Wales

Related Legislation: Copyright, Designs and Patents Act 1988, s 170(2)

Related Digests

Copyright rule change aims to allow the use of historic, unpublished works, [LNB News 31/10/2014 68](#)
Summary

Under the Copyright, Designs and Patents Act 1988 (CDPA 1988), some old unpublished works are protected by copyright in the UK until 2039 even though their authors may have died hundreds of years ago. This is known as the 2039 rule.

In 2013, Parliament approved powers to remove these complex rules so as to reduce the duration of copyright in certain unpublished works. The government intended to bring forward regulations to implement this change.

Consultation

The consultation, which ran between 31 October and 13 December 2014, sought views on reducing the duration of copyright in certain unpublished works under CDPA 1988, s 170(2). Evidence was sought on issues including:

- o estimated number of works subject to the 2039 rule
- o proportion of such works for which the rule inhibits publication
- o potential number of works which would be published if the rule were removed
- o scale of administrative burdens currently shouldered by cultural institutions in relation to 2039 works
- o benefits to institutions of the removal of the 2039 rule
- o quantifiable costs to copyright owners

Response

IPO reports 43 organisations and individuals made submissions to the consultation, many of which indicated they were in possession of works subject to the 2039 rule.

Many respondents indicated the rights clearance process for 2039 works can be very time-consuming and is usually unsuccessful. It was indicated the 2039 rule had a negative effect on the rights clearance process.

A significant number of respondents from the educational and cultural heritage sectors expressed the view that the 2039 rule provided no meaningful benefit to the majority of copyright owners. However, many respondents, especially those representing rights holders, argued the 2039 rule should remain in force until it has expired.

Outcome

Having considered the responses, the government has taken the decision not to take forward the proposals outlined in the consultation at this time.

The consultation raised a number of genuine concerns about the impact on copyright owners, which the government feels requires proper consideration. These issues included:

- o impact on existing and potential commercialisation of 2039 works by rights holders
- o potential conflict with the European Convention on Human Rights

The government confirms it remains strongly of the view that steps need to be undertaken to enable the use of historically and culturally important works subject to the 2039 rule. However, it does not believe that legislation should be made without further consideration of the issues raised during the consultation.

Next steps

The government confirms it intends to meet with interested parties in the near future to discuss concerns raised during the consultation, and to explore the possible direction of future work in this area.

Source: [Consultation: Reducing the duration of copyright in unpublished \('2039'\) works in accordance with section 170\(2\) of the Copyright, Designs and Patents Act 1988--Government response](#)



AbstractDaily Telegraph, 29 January 2015: China's State Administration for Industry and Commerce (SAIC) has accused Alibaba of selling substandard or fake products. In a report, the regulator claimed the e-commerce company had advertised items that infringed upon trademarks, were banned or endangered public security. Alibaba has declined to comment.

IP & IT

Published Date: 29 January 2015

China: Regulator accuses Alibaba of selling fake goods

LNB News 29/01/2015 45

Newspaper Name: Daily Telegraph

Newspaper Citation: Daily Telegraph, 29 January 2015, pg 5

Jurisdiction: China

Summary

The report, which has now been removed from SAIC's website, summarised a meeting in July 2014 between business regulators and Alibaba. However, its release was delayed to avoid affecting the company's IPO in September 2014.

Direct links to the full article are available on Nexis® for 24 hours and searchable thereafter.

Subscribers to Nexis® can view the [full text article here](#).

AbstractNew York Times, 29 January 2015: The Chinese Government has adopted new rules intended to strengthen cybersecurity in the country's industries. A copy of the rules obtained by foreign technology companies suggest firms will need to turn over secret source code to officials if they wish to sell computer equipment to Chinese banks. However, the move has been criticised by overseas business groups (such as the US Chamber of Commerce) claiming the policies amount to protectionism.

IP & IT

Published Date: 29 January 2015

China: Cybersecurity rules criticised by overseas businesses

LNB News 29/01/2015 54

Newspaper Name: The New York Times

Newspaper Citation: New York Times, 29 January 2015, pg 2

Author: Paul Mozur

Jurisdiction: China; USA

Summary

Firms wanting to sell to banks to set up research centres in the country could also be required to obtain permits for workers servicing technology equipment. In addition, built-in 'ports' would allow Chinese officials to manage and monitor data processed by their hardware.

Direct links to the full article are available on Nexis® for 24 hours and searchable thereafter.

Subscribers to Nexis® can view the [full text article here](#).

Abstract A complaint about an online advert for a Halloween 'Skitzo' costume has been upheld by the Standards Authority (ASA). The complainant had challenged whether the description of the costume in the ad used images which referred to schizophrenia and other mental illnesses, misrepresenting people with schizophrenia by implying that they were violent and murderous, and contributing to the stigma surrounding mental illness. Complaints about 12 other ads were also upheld.

IP & IT

Published Date: 28
January 2015

ASA adjudications for 28 January 2015

LNB News 28/01/2015 93

Issuing Department: Advertising Standards Authority (ASA)

Jurisdiction: England; Northern Ireland; Scotland; Wales

Summary

[Abscissa.Com Ltd t/a Jokers Masquerade](#)

An ad on www.joke.co.uk featured a Halloween costume called 'Adult Skitzo Costume'. Text stated: 'Our Adult Skitzo Costume is a [sic] eye-catching Halloween fancy dress idea ... Costume Includes: Jumpsuit Shackles Mask Belt ... The Adult Skitzo Costume is an orange jumpsuit with black vinyl accents and a barcode on the chest that will make you look like a character straight out of a horror movie ... Also included with the outfit are a set of black vinyl shackles and belt, plus a restraining face mask to complete the look.'

Issue

The complainant challenged whether the ad was offensive, because it reinforced negative attitudes about schizophrenia and other mental illnesses.

Jokers Masquerade's response

Jokers Masquerade said the costume was produced a US company which had termed the costume 'Skitzo' and supplied the image. They had therefore extended the manufacturer's term to call the item 'Adult Skitzo Costume'.

They said 'character straight out of a horror movie' was a reference to Dr Hannibal Lecter in 'Silence of the Lambs'. They did not have the rights to make direct reference to the character or film in relation to the advertised costume, and the 'Adult Skitzo Costume' was a look-a-like costume. They did not believe their description was harmful or would cause offence, as they considered it was factual and bound by international license agreements.

ASA assessment

The ASA noted that the product was featured on a website selling humorous fancy dress costumes, but was not otherwise targeted. Although advertisers were entitled to sell any product that was legal, the Code required marketers to ensure ads did not contain anything that was likely to cause serious or widespread offence.

Although we acknowledged that some consumers would be likely to find the costume distasteful, we considered that most consumers would view the image of the costume as representative of a familiar film character and that it was unlikely that the image, in itself, would cause offence. However, we considered that referring to mental illness, and in particular using the term 'Skitzo', in conjunction with the image of the costume was likely to reinforce negative stereotypes about mental illness, and

concluded that the title of the costume and any other references to 'Adult Skitzo Costume' were likely to cause serious or widespread offence.

The ad breached CAP Code (Edition 12) rule 4.1 (Harm and offence).

Action

The ad must not appear again in its current form. Jokers Masquerade must not to make reference to mental illness in conjunction with the costume.

Other complaints upheld

The full text can be found at: [Bicom UK LLP](#), [CTN Solutions Ltd](#), [dylanqueen.co.uk](#), [Geo24 UK Ltd](#), [Homes Direct 365 Ltd](#), [Innovate Product Design Ltd](#) (upheld in part), [Rebecca Penny t/a Bridleworks](#), [selectbestprice.com](#), [SpeedMaxPc.com](#), [Stop Go Networks Ltd t/a Rudolph's Readies](#), [Take That Ltd](#), [uk-phone.com](#).

Source: [ASA rulings 28 January 2014](#)

AbstractThe number of consumers dissatisfied with their communications service either stayed the same or declined in 2014, according to Ofcom's Consumer Experience of 2014 report. While consumers are largely satisfied, the communications industry regulator believes the quality of services could still be improved.

IP & IT

Published Date: 28
January 2015

Consumers satisfied but still room for improvement in communications services--Ofcom

LNB News 28/01/2015 102

Issuing Department: Office of Communications (OFCOM)

Jurisdiction: England; Northern Ireland; Scotland; Wales

Summary

There is an increasing dependence on telephone, broadband, broadcasting and postal services in people's personal and professional lives in the UK. Ofcom's report covered a broad range of areas including:

Improving telecoms installations and repairs

New performance requirements have been imposed by Ofcom on Openreach, the company responsible for installing and maintaining connections to BT's network for different providers. The vast majority of telephone or broadband faults must be fixed within two working days, and the vast majority of new lines must be installed within 12 working days.

The new requirements have seen an improvement in performance and Ofcom will review Openreach's performance fully in summer 2015.

Improving mobile calls

Ofcom has introduced technical support for the government's recent agreement with mobile operators to tackle 'not-spots' where not all operators are present to consumers. The regulator has also introduced a rule to ensure 98% of the population will have access to 4G mobile broadband.

Monitoring postal targets

Royal Mail has significantly improved its quality of service in 2013/14, meeting its own First Class delivery target in 114 of 118 postcode areas, up from 73 the previous year. It also exceeded Ofcom's national targets for First and Second Class delivery.

Supporting small businesses

Ofcom believes all small- and medium-sized businesses (SMEs) should be able to take advantage of competition and innovations in the communications market, receiving regulatory protection where necessary.

The report outlines Ofcom's work supporting SMEs, including:

New specialist research

Ofcom will study the phone and broadband needs of SMEs in 2015 to help identify policies to deliver improved services.

Working regionally

Ofcom's Advisory Committees in the Nations will work to understand the experiences of SMEs throughout the UK, helping Ofcom to support small businesses at local and regional level.

Business web portal

This is launched to offer advice and support from Ofcom about switching to a new provider, handling contracts and resolving complaints.

Source: [Report: Improving quality of service for consumers and businesses](#)

AbstractThe Intellectual Property Office (IPO) has provided details of applications received to amend the specification of a patent under sections 27 and 75 before the court and IPO. Anyone wishing to oppose amendments filed under section 75 before the court can file a notice of opposition.

IP & IT

Published Date: 28
January 2015

Applications to amend patent specifications published by IPO

LNB News 28/01/2015 107

Issuing Department: Intellectual Property Office (IPO)

Jurisdiction: England; Northern Ireland; Scotland; Wales

Summary

Patent owners are advised to check the full details of any amendment and inform the IPO of any problems.

Applications received

Information is provided about applications received to amend patent specifications under ss 27 and 75 before the court and IPO. The deadline for filing an opposition to the amendment, and the patent number and title, is listed.

Opposition procedures

Anyone wanting to oppose amendments filed under s 75 before the court can file a notice of opposition. This should set out reasons for opposition within 14 days of the advertisement on a company website of the application to amend.

Anyone wishing to oppose amendments filed under s 75 before the comptroller, or s 27 should send two copies of form 15 with a £50 fee, and a statement setting out the opposition.

Source: [Guidance: Requests to amend a patent after grant](#)

AbstractSky has requested consent to broadcast exclusive live coverage of the final, semi-finals and matches involving home teams played as part of the forthcoming ICC cricket world cup 2015, Ofcom confirms. Views are sought from broadcasters and other stakeholders on the request. Additional coverage would be free-to-air highlights on ITV channels and live BBC radio commentary. The consultation is open for comment until 10 February 2015.

IP & IT

Published Date: 28
January 2015

Sky requests exclusive ICC cricket world cup rights

LNB News 28/01/2015 112

Issuing Department: Office of Communications (OFCOM)

Jurisdiction: England; Northern Ireland; Scotland; Wales

Related Legislation: Broadcasting Act 1996, ss 97, 101

Summary

Background

In accordance with the Broadcasting Act 1996, s 101, (BA 1996) Ofcom's consent is needed for exclusive live coverage of Group B listed events, as specified under BA 1996, s 97.

The code on sports and other listed and designated events sets out the matters Ofcom will take into account in deciding whether or not to grant consent. The code can be found [here](#).

Consultation

Views are sought on Sky's request to broadcast exclusive live coverage of the ICC cricket world cup, the first match of which takes place on 13 February 2015. The matches would be transmitted on Sky Sports 2, which for the duration of the tournament would be renamed Sky Sports World Cup. Other available coverage would involve highlights on free-to-air ITV channels, as follows:

- o transmitted in a broadcast slot of between 60 to 90 minutes
- o broadcast from 10pm UK time on the day of the relevant match
- o highlights of all England matches (including the match against Scotland) would be shown on ITV1
- o highlights of the semi-finals and final will be broadcast on ITV 1 if England reaches this stage of the tournament
- o if England does not qualify for the semi-finals and the final, ITV will schedule the highlights of these matches on ITV4
- o highlights of the remaining five Scotland matches at the group stage will be broadcast on ITV4

In addition, the BBC intends to provide live commentary on BBC Radio Five Live.

Next steps

Responses should be sent by:

o email to Jacopo.Genovese@ofcom.org.uk

o post to Jacopo Genovese, Ofcom, Riverside House, 2a Southwark Bridge Road, London SE1 9HA

A response cover sheet can be found [here](#).

Source: [Consultation: ICC Cricket World Cup 2015](#)

AbstractOfcom has opened a consultation into whether it should change the frequencies and areas served by UK local radio multiplex services. The regulator wants to modify licensed areas to reflect existing analogue radio station coverage regions, as well as change local digital audio broadcasting (DAB) frequencies. Responses must be submitted by 25 February 2015.

IP & IT

Published Date: 28
January 2015

Ofcom consults on planned radio changes

LNB News 28/01/2015 116

Issuing Department: Office of Communications (OFCOM)

Jurisdiction: England; Wales

Summary

The proposals form part of the Local DAB Expansion Plan to extend and improve coverage. Acceptance of the proposals would entail the modification of eight radio frequencies, while 39 services would be affected by area changes.

The purpose of the consultation

Several requests to change local DAB frequencies and areas have been submitted to Ofcom in support of its Local DAB Expansion Plan. The regulator is therefore asking interested parties whether it should approve the demands.

Frequency changes would require some listeners to retune their DAB digital radios.

Consultation responses

Responses must be submitted by 3pm on 25 February 2015 via the [online form](#).

Source: [Consultation: Extending local DAB coverage](#)

AbstractPhase 1 of the Superfast (Rural) Broadband Programme is progressing well and is on track to reach its target by early 2016, finds a progress report by the National Audit Office (NAO). Cost savings are higher than predicted, which means local bodies will be able to extend their rollout. The NAO update gives details of rollout and take-up under phase 1 and comments on initial progress for phase 2.

IP & IT

Published Date: 28
January 2015

Superfast broadband programme shows progress, NAO finds

LNB News 28/01/2015 127

Issuing Department: National Audit Office (NAO)

Jurisdiction: England; Wales

Summary

Background

Broadband Delivery UK (BDUK) is a unit within the Department for Culture, Media & Sport responsible for the government's broadband policies, of which superfast broadband has been made a policy priority.

The Superfast Broadband Programme is made up of three phases:

- o phase 1 is to extend superfast broadband coverage to 90% of UK premises by December 2016, with £530m of government funds

- o phase 2 is to extend superfast broadband coverage to 95% of UK premises by December 2017, with a further £250m of government funds

- o phase 3 is to test options for rolling out superfast broadband coverage, with pilot projects complete by March 2016. Funding for the pilots is £10m

Progress

Rollout plans

Many local bodies have published detailed information on broadband coverage and expected rollout, including map or postcode checkers, so consumers and businesses can identify current and planned coverage. Quality of the maps varies, however.

Cost data

BDUK's analysis of cost data for phase 1 showed that BT's reported capital costs are so far £142m lower than its original bids. However, BT has provided some of the cheapest and easiest street cabinets so far, so costs are likely to increase.

BDUK has not omitted confidentiality clauses from phase 2 contracts as the Committee had hoped. However, BDUK considers it gets enough assurance from its actual cost comparisons of local authority data.

Competition

A separate business case was not prepared for the best model for phase 2. As BT is now the only participant in the framework, phase 2 will have limited competition. Overall the effect of the first two phases will be to reinforce BT's already strong position in the wholesale market for broadband infrastructure.

What's happening next?

So far phase 1 is progressing well and it is on track to reach its target of providing superfast broadband to 90% of premises by early 2016. As cost savings are higher than predicted this will mean that local bodies will be able to extend their rollout with remaining funds.

It is predicted that if the government commits to funding for a final 5% of premises, it will use alternative technologies and funding models much more, which should increase competition. BDUK must therefore manage smaller suppliers' needs to use any extra funds effectively.

Both BT and the public sector will share the benefits of any extra profit resulting from higher take-up for the first seven years after rollout through the contract's claw back clause. Funds that are clawed back can be reinvested to help local bodies to reinvest funds and rolling out their phase 2 projects.

Source: [Report: The Superfast \(Rural\) Broadband Programme--update](#)

AbstractThe Office for Harmonisation in the Internal Market (OHIM) is seeking views on its Strategic Plan 2020. The last plan lasted up until 2015 meaning the organisation now needs to set new goals for the next five years. Responses must be made by 23 February 2015.

IP & IT

Published Date: 27
January 2015

OHIM asks for comments on new 2020 strategy

LNB News 27/01/2015 129

Issuing Department: Office for Harmonisation in the Internal Market (OHIM)

Jurisdiction: European Union

Summary

The OHIM's draft guiding principles and outline of the 2020 plan have been developed following a consultation process involving organisation staff, and members of the administrative board and budget committee.

The purpose of the consultation

Members of the public are invited to respond to the OHIM's proposed vision of establishing a user-driven European intellectual property network with a global focus. The body intends to achieve this by:

- o building a dynamic and knowledgeable organisation of people
- o increasing transparency and accountability with more efficient internal IT systems and a better communications strategy
- o enhancing user-driver quality services, such as OHIM's registered community design fast-track registration
- o supporting intellectual property rights enforcement and valuation, now that the European Observatory on Infringements of Intellectual Property Rights is fully integrated into OHIM
- o intensifying and broadening network engagement through the Convergence, Cooperation and International Programmes

Consultation responses

Comments must be made before 23 February 2015 to strategicplan2@oami.europa.eu

The final version of the Strategic Plan 2020 will be published during 2015.

Source: [Consultation: OHIM strategic plan 2020](#)

AbstractThe Parliamentary Public Accounts Committee has expressed concerns about whether HMRC can successfully achieve the transition to a new contracting model. HMRC's poor record in managing IT contractors has been highlighted as a particular worry--ahead of the end of its current tax collection contract in 2017.

IP & IT

Published Date: 27
January 2015

Public Accounts Committee reports on new contracting model

LNB News 27/01/2015 89

Issuing Department: Commons Public Accounts Committee

Jurisdiction: England; Northern Ireland; Scotland; Wales

Summary

Most of HMRC's major tax collection systems are currently provided under a single contract--the Aspire contract--and have been for the last ten years. It is the government's largest technology contract, costing £7.9bn over this period and generating profits of £1.2bn for suppliers.

In accordance with government IT procurement policy, when the Aspire contract ends, HMRC intends to move from the current single contract to a new model with many short-duration contracts with multiple suppliers.

Report

The Committee found HMRC has made little progress in defining its needs ahead of the switch, and has still not presented a business case to government. HMRC also demonstrates little appreciation of the risks to tax collection should the transition fail.

In its report, the Committee highlighted several concerns.

Complacency

Despite deciding in 2012 it would move to a new contracting model, HMRC does not yet have a detailed business case for the transition. A business case was expected before July 2014, and the Committee is concerned HMRC does not appreciate the scale of the change.

Recommendation

HMRC must move quickly to develop a coherent business case, including a robust transition plan and budget, setting out the commercial and operational model to replace the Aspire contract.

Risk to collection

While the Aspire contract was expensive, it did provide a stable system to support tax collection, bringing in over £500bn in 2013/14. The Committee is concerned about HMRC's ability to work outside the Aspire contract, as demonstrated by a project to centralise its PAYE and National Insurance databases, which resulted in almost £1bn of tax foregone.

Recommendation

HMRC should identify the key risks to tax collection during the transition.

Consequences of failure

Problems with transition, or inadequate management of the new model, could put tax collection at risk.

Recommendation

HMRC must agree key milestones with the Cabinet Office, with contingency plans in place to manage the risks to value for money should these milestones be missed.

Source: [Report: Managing and replacing the Aspire contract](#)

Abstract Maintaining spectrum availability and protecting individuals' personal information are two steps Ofcom is taking to foster investment and innovation in the Internet of Things (IoT). The regulator has set out its plans for creating a suitable regulatory environment for IoT in such areas as network security and resilience, and network addressing. Ofcom plans to work closely with government, other regulators and industry to remove any unnecessary barriers to IoT development.

IP & IT

Published Date: 27 January 2015

Ofcom sets out Internet of Things work plan

LNB News 27/01/2015 134

Issuing Department: Office of Communications (OFCOM)

Jurisdiction: England; Northern Ireland; Scotland; Wales

Related Legislation: Data Protection Act 1998

Related Digests

Ofcom examines higher duty cycle Network Relay Points, [LNB News 02/09/2014 90](#); Consultation: The information economy strategy--Summary of responses, [LNB News 29/05/2013 113](#); Consultation: The Information Economy Strategy, [LNB News 08/02/2013 96](#)

Summary

Background

IoT involves the wireless connection of smart gadgets and devices to the internet and each other. Applications include:

- o wirelessly connected sensors used for 'smart' farming, where fertiliser and water are automatically distributed across a farm
- o intelligent traffic management systems
- o smart energy grids, which match power generated to consumers' electricity needs

Ofcom reports there are already over 40m devices connected via IoT in the UK. This is forecast to grow more than eight-fold by 2022. Globally, it is expected that up to 50bn 'smart' devices could be connected to the internet by 2020.

Ofcom's priorities

Spectrum availability

Ofcom reports its analysis has shown much of IoT's short to medium-term spectrum demands are met with current initiatives. However, the regulator will continue to monitor IoT's spectrum needs to help identify when additional spectrum may be needed.

Data privacy

Ofcom emphasises protection of individuals' personal information is a key part of the development of IoT and will be covered under existing legislation, such as the Data Protection Act 1998. However, the regulator recognises traditional approaches to data privacy may have limitations in the context of IoT. Ofcom will therefore work with the Information Commissioner's Office, government, other regulators and industry to explore solutions to data privacy issues.

Network security and resilience

Ofcom plans to investigate how its existing activities on security and resilience of the UK's communications networks can include IoT.

Network addressing

Ofcom notes IoT services will likely use bespoke addressing systems or addresses based on the internet standard IPv6, the latest version of the Internet Protocol. To support this, Ofcom will continue to monitor the progress already being made by internet service providers in supporting IPv6 connectivity.

Source: [Press Release: Ofcom sets out plans to support the Internet of Things](#)

AbstractNew EU rules could help with the 'lawful interception' of communications, as set out in a leaked Council of Ministers discussion paper, published on the Statewatch website, in advance of an informal meeting of Justice and Home Affairs Ministers in Riga on 29 January 2015. The proposed measures include an increased use of Europol and new rules by which internet and telecommunications companies operating in the EU will have to give access to relevant national authorities to communications to share encryption keys.

IP & IT

Published Date: 27
January 2015

Council of Ministers considers expansion of communications rules to tackle terrorist threat

LNB News 27/01/2015 143

Issuing Department: Council of the European Union

Jurisdiction: European Union

Summary

Following the attacks in Paris between 7 and 9 January 2015, and the 'unprecedented, diverse and serious terrorist threat' faced across Europe, the Council of Ministers said it is aware that citizens are looking to the EU to provide respond with meaningful action. 'We need to focus on sustainable and long term policies that increase the overall resilience of our societies in dealing with radicalisation and terrorism. In order to build this resilience, we need to not only target the response to terrorism but also have a strong focus on long term prevention of radicalisation. Past and current events have shown us the importance of including a strong cooperation and exchange with civil society in these policies.'

Action proposed by the Council

The Council set out the following proposals:

o the introduction of a European Passenger Name Record (PNR) framework, including intra-EU PNR

o an increased use of Europol--the amount of information transmitted to Europol currently doesn't match the threat, with the biggest shortcoming having been the lack of information provided by national authorities

o an expanded scope for the the system (ECRIS) holding a central record of member states nationals' criminal history (wherever offences were committed within the EU) to provide a systematic and proactive exchange of data

o legislative reforms on data retention

o API data--the existing API Directive should be implemented fully and used to the maximum extent

It was also recommended that the Commission should explore rules obliging internet and telecommunications companies operating in the EU to provide access to communications for the relevant national authorities, including shared encryption keys

The discussion paper can be [viewed here](#).

Source: [Council of the European Union discussion paper](#)

AbstractSydney Morning Herald, 26 January 2015: An Australian woman, whose ex-boyfriend posted sexually explicit content of her on social media, has won \$48,404 in compensation. Her former partner uploaded photos and videos on Facebook after she ended their relationship via text message. The court ruled the woman was entitled to an injunction and compensation, including \$35,000 for emotional distress and \$13,404 for loss of wages while on leave.

IP & IT

Published Date: 26
January 2015

Australia: Woman wins compensation after ex posts explicit images

LNB News 26/01/2015 52

Newspaper Name: Sydney Morning Herald

Newspaper Citation: Sydney Morning Herald, 26 January 2015, pg 10

Author: Michaela Whitbourn

Jurisdiction: Australia

Summary

Prosecution lawyers speaking at the West Australian Supreme Court argued the woman should have an injunction under the law of breach of confidence to stop her ex from re-posting the material.

Direct links to the full article are available on Nexis® for 24 hours and searchable thereafter.

Subscribers to Nexis® can view the [full text article here](#).

AbstractThe property industry has expressed frustration at the last minute withdrawal of the Electronic Communications Code (ECC) from the Infrastructure Bill. The British Property Federation (BPF), despite concerns about some provisions within the ECC, had previously praised it for being broadly very sensible.

IP & IT

Published Date: 23
January 2015

BPF frustrated at removal of ECC from Infrastructure Bill

LNB News 23/01/2015 94

Issuing Department: British Property Federation

Jurisdiction: England; Northern Ireland; Scotland; Wales

Related Digests

Reform of Telecoms Code added to Infrastructure Bill, [LNB News 16/01/2015 55](#)

Summary

An updated version of the ECC was introduced to the Infrastructure Bill during the final stages of its passage through parliament, causing concern among some organisations and MPs about the lack of time for debate and stakeholder consultation.

ECC

Some of the provisions in the ECC could have adversely affected landlords, including:

- o a new right for telecoms providers to sub-let sites
- o a new right for the Secretary of State to amend market valuations for sites

The BPF worked with MPs to get amendments tabled in relation to these concerns. However, the late introduction of the amendments left no time for consultation and, following objections about the lack of forewarning, the amendments were withdrawn.

Next steps

The BPF would like to see a full consultation period for the ECC and has offered to work with the government to ensure the improved version is debated in full before being enacted.

Source: [Press Release: Property industry frustrated at handling of Infrastructure Bill](#)

AbstractThe Copyright Tribunal has said that the draft legislation which implements the Smith Commission's recommendations on Scottish devolution will not have any immediate impact on the Copyright Tribunal. It has confirmed that the legislation will simply set out the powers that make it possible to transfer the functions of the Copyright Tribunal to a Scottish tribunal.

IP & IT

Published Date: 23
January 2015

Draft powers permit possible transfer of Copyright Tribunal functions to Scottish tribunal

LNB News 23/01/2015 110

Issuing Department: Department for Business, Innovation and Skills (BIS)

Jurisdiction: Scotland

Related Legislation: Copyright, Designs and Patents Act 1988

Summary

In November 2014 the Smith Commission Agreement recommended the transfer of the Copyright Tribunal's functions to a Scottish tribunal. A command paper, 'Scotland in the UK', was issued by the UK government on 22 January 2015, implementing the Smith Commission recommendation, which will be subject to consultation.

The draft legislation will have no immediate impact on the Copyright Tribunal, as the legislation simply sets out the means by which a transfer can take place. As a result the jurisdiction of the Copyright, Designs and Patents Act 1988 will not be altered by any transfer.

Source: [Press Release: Copyright Tribunal--Possible transfer to Scottish Tribunal](#)

AbstractThe former head of collapsed hedge fund Weaving Macro Fixed Income Fund Ltd has been sentenced to a total of 13 years in prison. Ulf Magnus Michael Peterson was found guilty of eight counts of fraud, forgery, false accounting and fraudulent trading for activities taking place between 2003 and 2009. The value of the alleged fraud was approximately \$536m.

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Published Date: 23
January 2015

Collapsed hedge fund chief sentenced to 13 years' imprisonment

LNB News 23/01/2015 113

Issuing Department: Serious Fraud Office

Jurisdiction: England; Northern Ireland; Wales

Summary

The court heard that investors had been misled into putting \$780m into the Macro Fund. When they asked for their money back after the 2008 financial crisis, they were unable to be paid, as there were no real assets to fund any repayments.

The prosecution

The prosecution followed an investigation by the Serious Fraud Office into the collapse of Weaving Macro Fixed Income Fund Ltd.

The investigation found the hedge fund manager had used swap trades to inflate the company's performance artificially. However, it collapsed in March 2009, as the fund's reported value had grown to depend on the bad debt generated by the swap trades with the related counterparty.

Sentencing

Ulf Magnus Michael Peterson was sentenced to 13 years in prison at Southwark Crown Court.

Source: [Press Release: Magnus Peterson sentenced to 13 years in prison](#)

AbstractSI 2015/Draft: From 6 April 2015 certain restrictions that apply to exempt lotteries regulated by the Gambling Act 2005 are removed, including exemptions for incidental lotteries and private lotteries. The Order also

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Published Date: 29

reduces the amount of information that needs to be shown on the face of tickets in a private lottery.

January 2015

Legislative Reform (Exempt Lotteries) Order 2015

LNB News 29/01/2015 100

Jurisdiction: England; Northern Ireland; Scotland; Wales

Enactment Citation: SI 2015/Draft

Commencement date: 6 April 2015

Legislation Affected: Gambling Act 2005 (GA 2005), Parts 1 and 2 of Sch 11 amended

Enabling Power: Legislative and Regulatory Reform Act 2006, s 1

Summary

The Order removes certain restrictions that apply to exempt lotteries regulated by the Gambling Act 2005 (GA 2005), Parts 1 and 2 of Sch 11.

What's changing?

The Order makes the following changes to:

- o amend the exemption for incidental lotteries, so that it is no longer limited to lotteries that are incidental to a non-commercial event

- o amend the exemption for private lotteries (private society lotteries, work lotteries and residents' lotteries) to expand it so that it now applies to any private society lottery promoted other than for private gain

- o reduce the amount of information that needs to be shown on the face of tickets in a private lottery

- o extend the offence of misusing profits of an exempt lottery in GA 2005, s 261, to work lotteries and residents' lotteries which are organised to make a profit

A link to the full draft Order can be accessed [here](#).

AbstractSI 2015/85: Money remaining within the Olympic Lottery Distribution Fund (OLDF) can be transferred to the National Lottery Distribution Fund (NLDF). The move preempts the dissolution of the OLDF, which had been formed to help with the London 2012 Olympic and Paralympic Games. (Updated from draft on 29/01/2015).

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Published Date: 29
January 2015

Olympic Lottery Distribution Fund (Winding Up) Order 2015

LNB News 18/11/2014 178

Jurisdiction: England; Northern Ireland; Scotland; Wales

Enactment Citation: SI 2015/85

Commencement date: 29 January 2015

Enabling Power: Horserace Betting and Olympic Lottery Act 2004, s 28(1), (2), (3)

Summary

National Lottery good cause money is distributed through the NLDF to a number of grant-giving bodies. Before 2012, some of this funding was contributed to the OLDF.

What's changing?

The OLDF had been kept in place to receive a share of the income from the sale of the Olympic Village. This has now been received meaning funds remaining in the OLDF (around £69.9m) can be transferred to the NLDF.

Once this payment is made, the OLDF will be wound up. Any money due to the OLDF (after it has been dissolved) will also be paid to the NLDF.

AbstractSI 2015/86: Modifications are made to the test in the Films Act 1985 that is used to assess whether a film is culturally British or that, among other things, points will now be awarded for use of characters, languages and settings from other EEA states. Films which are certified by the Secretary of State as having passed this test are entitled to apply for tax relief on film production costs. It is coming into force 29 January 2015. (Updated from draft 29 January 2015)

IP & IT

Published Date: 29 January 2015

Films (Definition of 'British Film') Order 2015

LNB News 08/12/2014 68

Jurisdiction: England; Northern Ireland; Scotland; Wales

Enactment Citation: SI 2015/86

Commencement date: 29 January 2015

Legislation Affected: Films Act 1985 amended

Enabling Power: Films Act 1985, Sch 1, para 10(2)

Summary

Cultural test for films

The Films Act 1985 (FiA 1985), Sch 1, sets out the requirements which should be satisfied for a film to be certified as a British film by the Secretary of State (the cultural test). Points are awarded to elements that contribute to the cultural value of a film, including the story and language of the film, where it is set and where it is made, and the nationality of the persons involved in the making of the film. The test also operates a 'golden points' rule, in which films must obtain a minimum number of points under the characters, story and setting criteria in order to pass.

The current cultural test for film was introduced in 2007 and has proved successful as a means of promoting the British film industry by enabling access to tax relief on film production costs.

However, in 2013 the government introduced tax reliefs for high-end television, animation programmes and video games, and these reliefs are also accessible on the basis of cultural tests modelled on the cultural test for film (although with drafting and policy improvements based on experience from the application of the film cultural test). The current test for films is now being amended to align it with the three, new cultural tests and to ensure the scheme for certification and tax relief is compliant with an updated state aid authorisation granted by the European Commission on 17 March 2014.

What's changing?

The Order amends the cultural test to:

- o increase the points available if certain percentages of film production work (50% and 80%) takes place in the UK

- o increase the points available for language use

- o provide that points awarded for a film's British setting, subject matter, characters and language will equally be awarded for setting etc relating to other EEA states

The effect of the changes is that the number of points available changes from 31 to 35. Consequently, the pass mark is changed from 16 to 18 points.

The Order allows for application and exempts certain films from amendments made by the Order. It provides:

- o to exempt certain films if the latest version of the Schedule as provided by the Films (Definition of 'British Film') (No 2) Order 2006), SI 2006/3430 does not apply in relation to them

- o that the test will not apply if an application for certification is made prior to the entry into force of the Order

- o that if the principal photography or shooting has commenced before the entry into force of the Order, but no application for certification has been made, the film production company may elect to have the amendments made by this Order not apply to that film

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