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Intellectual Property and Entertainment Law

Update of the International Bar Association Legal Practice Division

VOLUME 9 ISSUE 1 JUNE 2017



INTERNATIONAL CONVENTION CENTRE (ICC SYDNEY)

IBA 2017 Sydney

8-13 OCTOBER

ANNUAL CONFERENCE OF THE INTERNATIONAL BAR ASSOCIATION



The 2017 IBA Annual Conference will be held in Sydney, Australia's leading global city. Recognised internationally as a future-focused and innovative business centre, Sydney provides headquarters for almost 40 per cent of the top 500 Australian corporations.

The city combines natural beauty with buzzing urban villages and a city centre that's home to some of the world's most recognisable and iconic structures such as the Opera House and Sydney Harbour Bridge.

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- Hear from leading international figures, including officials from the government and multilateral institutions, general counsel and experts from across all practice areas and continents
- Acquire a greater knowledge of the role of law in society
- Be part of the debate on the future of the law



To register:

Visit: www.ibanet.org/Conferences/Sydney2017.aspx

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This update is intended to provide general information regarding recent developments in intellectual property and entertainment law. The views expressed are not necessarily those of the International Bar Association.

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From the Co-Chairs

Dear Committee members,

Welcome to the first edition of the Intellectual Property and Entertainment Law Committee update for 2017.

This year is shaping up to be one of our most exciting years yet.

In February, we were involved in the Silicon Beach Conference staged in Santa Monica, California and in May we were involved in the 3rd IBA Global Entrepreneurship Conference in Paris. On 16–17 June, your Committee is again hosting the Annual World Life Sciences Conference (WLSC). The WLSC is our Committee's flagship conference and takes place in San Diego, California. Once again, it boasts a stunning array of expert speakers from the life sciences industry as well as from the legal world.

In October, the IBA Annual Conference will be in Sydney, Australia for the first time. Registration is now open. Your Committee is involved in eight sessions across the conference, including intellectual property litigation reform, fair use, branding strategies in the sports and entertainment industry, and intellectual property and the employee. In addition, there will be a session on 'Information as the new oil' and the ever-popular 'Around the tables' session on the first morning of the conference which, apart from giving everyone the opportunity to have their say on topical IP issues, gives you a chance to meet fellow members of your Committee. See page 7 of this edition for more information.

2017 sees the appointment of a number of new Committee officers. They are:

- Jeff Costellia from Nixon Peabody in the US – Vice Chair of the Patent Law Subcommittee;
- Francesca Ferrero from Trevisan & Cuonzo in Italy – Vice Chair of the Licensing Intellectual Property and International Treaties Subcommittee;
- Rebecca McDougall from Miles & Stockbridge in the US – Vice Chair of the Trademark Law Subcommittee; and
- Kim McLeod from AJ Park in New Zealand – Vice Chair of Copyright and Entertainment Law Subcommittee.

If you are interested in becoming an officer next year, please let any officer know.

Now to this edition, we have again interesting articles on diversified topics and from various jurisdictions covering IP developments in Brazil, England, Spain, New Zealand and more. We also feature a new member of our Committee.

If you have any questions or would like to get in touch with any of the officers, our contact details can be found on page 6 and on the IBA website.

Regards,
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International Bar Association Conferences 2017–2018



2017

10–14 JULY 2017 VIENNA, AUSTRIA
3rd IBA-VIAC CDRC Negotiation
and Mediation Competition

19 JULY 2017, 1800 – 2200 3 MORE LONDON
RIVERSIDE, LONDON, ENGLAND
UKELG Summer Drinks 2017

6–8 SEPTEMBER 2017
ETC, VENUES, LONDON, ENGLAND
IBA Europe-Caucasus-Asia Forum 2017

8–9 SEPTEMBER 2017
ST REGIS, FLORENCE, ITALY
21st Annual Competition Conference

14–16 SEPTEMBER 2017 HILTON BRUSSELS
GRAND PLACE, BRUSSELS, BELGIUM
6th Construction Projects from
Conception to Completion Conference

8–13 OCTOBER 2017 INTERNATIONAL
CONVENTION CENTRE, SYDNEY,
AUSTRALIA
IBA Annual Conference 2017



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2–3 NOVEMBER 2017 MANDARIN ORIENTAL
HOTEL, HONG KONG SAR
Asia Pacific Mergers and Acquisitions

4–5 NOVEMBER 2017 QUEEN MARY
UNIVERSITY OF LONDON, ENGLAND
IBA-ELSA Law Students' Conference

6–7 NOVEMBER 2017 SÃO PAULO, BRAZIL
Latin American Anti-Corruption
Enforcement and Compliance

10 NOVEMBER 2017
MOSCOW, RUSSIAN FEDERATION
9th Annual 'Mergers and Acquisitions
in Russia and CIS' Conference

13 NOVEMBER 2017, CORINTHIA HOTEL,
WHITEHALL PLACE, LONDON, ENGLAND
Once in a Lifetime Opportunity or
Cliff-Edge Threat: The Antitrust
Implications of Brexit

15 NOVEMBER 2017 LEVEL 39, 1 CANADA
SQUARE, CANARY WHARF, LONDON,
ENGLAND
European Start Up Conference 2017

15–17 NOVEMBER 2017
THE GRANGE ST PAULS, LONDON, ENGLAND
8th Biennial Global Immigration
Conference

15–17 NOVEMBER 2017
LABADI BEACH HOTEL, ACCRA, GHANA
Rising to the Challenge of Africa's
Development – The Role of the
Legal Profession

16 NOVEMBER 2017 FOUR SEASONS HOTEL
LONDON AT PARK LANE, LONDON, ENGLAND
Private Equity Transactions
Symposium

17 NOVEMBER 2017 LONDON, ENGLAND
Building the Law Firm of the Future

30 NOVEMBER – 1 DECEMBER 2017
BUENOS AIRES, ARGENTINA
The New Era of Taxation: How to
Remain on Top in a World of Constant
Evolution

1 DECEMBER 2017
MOSCOW, RUSSIAN FEDERATION
11th Annual Law Firm Management
Conference

7–8 DECEMBER 2017 NEW YORK, USA
Investing in Asia

7–8 DECEMBER 2017 FRANKFURT, GERMANY
4th Annual Corporate Governance
Conference

2018

18–19 JANUARY 2018 HONG KONG SAR
IBA Law Firm Management
Conference: Growth Prospects for Law
Firms in Asia

14–16 FEBRUARY 2018 PARIS
INTERCONTINENTAL, PARIS, FRANCE
IBA/ABA International Cartel
Workshop

23–24 FEBRUARY 2018 BARCELONA, SPAIN
3rd Mergers and Acquisitions in the
Technology Sector Conference

9–10 MARCH 2018 MUMBAI, INDIA
The Changing Landscape of M&A
in India – New Opportunities in a
Dynamic India

14–16 MARCH 2018 HYATT REGENCY HOTEL
AND INTERCONTINENTAL PRESIDENTE HOTEL,
MEXICO CITY, MEXICO

Biennial IBA Latin American Regional
Forum Conference



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IBA 2017 Sydney

8–13 OCTOBER
ANNUAL CONFERENCE OF THE INTERNATIONAL BAR ASSOCIATION



IP and Entertainment Law Committee's sessions

Monday 0930 – 1230

Around the tables: breakfast and a taste of hot topics in the Intellectual Property, Technology and Communications Section

Presented by the Intellectual Property, Communications and Technology Section, the Art, Cultural Institutions and Heritage Law Committee, the Communications Law Committee, the Intellectual Property and Entertainment Law Committee, the Media Law Committee, the Space Law Committee and the Technology Law Committee

The format is interactive networking with topics selected to be of current interest and likely to stimulate a lively debate. Moderators on each table introduce the topic and the participants do the rest.

Background knowledge or experience within areas for discussion is not required. You will have the opportunity to discuss four topics: at scheduled turnover times the participants move around the tables to the next topic of their choosing.

Our menu will include hot and 'late breaking' topics in the areas of intellectual property law, internet law and mobile technologies, technology contracting and dispute resolution, arts law and space law.

Discussion is usually around the interface of law, business and technology with a global focus. Many topics for discussion are often the subject of considerable topic and media interest. In participating in the table topics you will gain a greater insight into these areas and be able to add your own comments. In addition, a 'degustation' breakfast buffet will be hosted in the room so that no time is wasted for those who want to boost their energy levels prior to or during the session. The session will provide you with a great opportunity to meet many other lawyers and to discuss topics of mutual interest with them: don't forget your business cards. We welcome new participants in these discussions. We will also be soliciting your views about your areas of interest and other suggestions, to enable the Section to programme future activities accordingly.

Monday 1430 – 1730

Information: the new oil

Presented by the Intellectual Property, Communications and Technology Section, the Art, Cultural Institutions and Heritage Law Committee, the Communications Law Committee, the Intellectual Property and Entertainment Law Committee, the Media Law Committee, the Space Law Committee and the Technology Law Committee

Information has become the new oil and the fundamental building block in the new digital era. Stakeholders are using, collecting and accumulating data and using it for marketing and other various purposes.

In this session, we will discuss the following interesting related topics:

- When is it okay to do so (eg copyrighted content and public data)?
- Who has lawful access to the data (eg, robots.txt, CAPTCHAs and paywalls)?
- What can be done with the information (eg, redisplay, text and data mining and internal use versus commercial use)?
- Who ultimately owns the data?
- What are contractual issues (eg, enforceable terms and conditions)?

Tuesday 0930 – 1045

Disruption: clients and law firm issues

Presented by the Closely Held and Growing Business Enterprises Committee and the Intellectual Property and Entertainment Law Committee

'Disruption' was the topic of the Paris 2017 specialist conference by the Closely Held and Growing Business Enterprises Committee. This session continues that key dialogue in a lively and interactive format. Experts and the audience will discuss the specific legal challenges and needs that disruptors are facing worldwide, the high-value new skills this specific category of clients requires, different from those demanded by the traditional corporate client, and the legal approach of industries that are operating under a scenario of very fluid regulatory environments. Also, from the perspective of law firms, disruption is not only a client issue. The legal industry is also itself being disrupted with the development of:

Continued overleaf →



IBA ANNUAL CONFERENCE – SYDNEY, 8–13 OCTOBER 2017: OUR COMMITTEE'S SESSIONS

- new business models;
- alternative firms;
- the increasingly sophisticated LPOs;
- the global integrated service providers; and
- the expansion of new technologies, such as law on demand, apps and artificial intelligence.

Tuesday 0930 – 1230

Fair use

Presented by the Intellectual Property and Entertainment Law Committee

This session will include discussions on the following:

- comparison of 'fair use' concept across different jurisdictions;
- examples of fair use across different industries (eg, music, games and social media); and
- evolution of fair use from the offline world to the online world.

Tuesday 1430 – 1730

It's time: intellectual property litigation reform

Presented by the Intellectual Property and Entertainment Law Committee

Intellectual property (IP) litigation throughout the world has become increasingly complex and expensive. This session will look at what can be done to reduce the costs and complexity of IP litigation including examining the expanded use of specialised courts and alternative dispute resolution, the reduction or elimination of discovery, forced reduction of trial lengths and a greater emphasis on early issue determination.

Wednesday 0930 – 1230

Branding strategies and use of image licensing/ sponsorship in the sports and entertainment industries

Presented by the Intellectual Property and Entertainment Law Committee and the Asia Pacific Regional Forum

Protection and control of names, trademarks and image rights are crucial in the sports and entertainment industries. They have high monetary value and there is also an enormous appeal to the collective imagination. The panel will discuss several examples from both a legal and economic point of view: branding a sports team, athlete, rock band and actor, and dealing with the related licence strategies.

Wednesday 1430 – 1730

Striking the right balance in consumer protection: Australia as role model or nanny state?

Presented by the Product Law and Advertising Committee, the Consumer Litigation Committee and the Intellectual Property and Entertainment Law Committee

Cigarettes in plain packaging! Graphic warnings for alcohol and video games! Higher taxes on sugar-sweetened drinks! Stiff fines for cycling without a helmet and picnicking without a permit! Around the world, there are many calls like these for tougher regulations to nudge consumers towards healthier lifestyles and restrict purveyors of unhealthy goods, all for the sake of public health and consumer protection. Advocates argue that these measures are needed to combat predatory sales and marketing practices, while opponents raise concerns about personal liberty and property rights of businesses. Australia has frequently placed itself at the forefront of this debate, which affects many industries and often goes to the heart of a country's constitutional guarantees and trade agreements. This session will hear from both sides of these competing concerns and consider whether Australia, or anywhere else, has managed to strike the right balance or has instead merely become a 'nanny state'.

Thursday 1430 – 1730

IP and employees: how to enhance creativity and ensure protection

Presented by the Intellectual Property and Entertainment Law Committee, the Closely Held and Growing Business Enterprises Committee and the Employment and Industrial Relations Law Committee

Part 1: Effective IP agreements in employment

IP agreements do not cure everything but they certainly make a difference. Proper documentation requires in-depth understanding of the dynamics and interplay between IP and labour laws to prepare and glove-fit agreements ensuring the sufficient level and relevant scope of protection of trade secrets and IP rights in businesses on the one hand and on the other hand support and incentivise the employees to stay fully motivated and innovative. In this first part of the program the panel will introduce the legal framework, the typical dilemmas arising and how to possibly create a permitted room for certain employees to stay creative and work on assignment in their spare time as well. Specific attention will be devoted to the industries of life science and advertising. IP protection in the context of transactions/due diligence also will be addressed.

Part 2: Beware of the potential risks when your (client's) employees walk out the door

Having insufficient protection of trade secrets and IP rights can be detrimental for any business and massive value may be lost in a very short time. Carefully drafted agreements may, however, not be sufficient and enforcement may be troublesome, if not impossible in certain regions. Navigating in a global environment with employees working and living cross borders is challenging as the differences in various legal systems are substantial. Grounds for establishing a breach and enforcing breaches of restrictive covenants or other abuse of trade secrets/IP rights will be differing and best practices of undertaking relevant analysis and possible investigations are discussed by the panel. Can universal protection be achieved or what are the good tips and ideas to come close?

To find out more about the conference venue, sessions and social programme, and to register, visit www.ibanet.org/Conferences/Sydney2017.aspx.

Further information on accommodation and excursions during the conference week can also be found at the above address.



FEATURE ARTICLES

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Brazilian legal framework for privacy and data protection

Overview

Although there are many rules related to data privacy in Brazil, there is no consolidation yet of all the applicable principles into a single law. There are bills of law on personal data protection and privacy in progress in the Brazilian Congress, which are intended to meet the Organisation for Economic Co-operation and Development (OECD) guidelines and the European Union's data protection standards. These bills of law have already received all sorts of suggestions and comments, and undergone discussions in various committees of the Brazilian Congress for a long time. However, there is no expectation as to when this process will be complete.

As regards current legislation, both privacy and personal information enjoy constitutional protection (Article 5(XII) c/c Article 5(X) and (XIV)). The Brazilian Federal Constitution states that privacy, private life, honour and image of persons are inviolable, and the right to compensation for economic and non-economic damages resulting from violation thereof is guaranteed. It also states that confidentiality of correspondence and telegraphic communications, data and telephone communications is inviolable, except, in the latter case, by court order, in the events and in the manner established by law for purposes of criminal investigation or criminal procedural discovery.

In addition to constitutional protection, privacy and protection of personal data are mentioned in specific and varied statutes, including, but not limited to the following.

Brazilian Internet Bill of Rights (Marco Civil da Internet (MCI)) (Law 12,965/2014)¹

The MCI establishes several rights for internet users, ensuring their privacy and data protection, such as:

- non-disclosure to third parties of users' personal data, including connection

records and records of access to internet applications, except if with express, free and informed consent or as provided by law;

- clear and complete information on collection, use, storage, processing and protection of users' personal data, which: (1) may only be used for purposes that justify the collection thereof; (2) are not prohibited by law; and (3) are specified in agreements for services or in the terms of use of the internet application;
 - the expressed consent for collection, use, storage and processing of such personal data as will be specified in a separate contractual clause; and
 - the definitive elimination of the personal data provided to a certain internet application at the request of the user at the end of the relationship between the parties, except in cases of mandatory log retention.
- The recently enacted Decree 8,771 of 11 May 2016, which regulates the MCI, establishes rules on the request of registration data by public administration authorities, as well as on the security and confidentiality of records, personal data and private communications.

Under that decree, administrative authorities must request registration data with the specification of the data owners stating the legal grounds of their express competence and the reason for access thereof, with any non-specific request being forbidden. Moreover, public federal administration bodies are required to adopt transparency measures and publish statistical reports on registration data requests.

Connection and application providers must follow the decree guidelines for security standards in the handling of personal data and private communications, such as definition of responsibilities and authentication mechanisms to ensure individualisation of the persons who will have access to and handle data, as well as create detailed access logs. The use of encryption



to guarantee inviolability of data is likewise recommended.

Personal data, private communications, connection logs and access to applications may be retained in the smallest amount possible and excluded as soon as the purpose of the use thereof ceases to exist or at the end of the time limit defined by statutory requirements.

The supervision and verification of infringements of such rules will be conducted in a tripartite manner. The National Telecommunications Agency (Agência Nacional de Telecomunicações (Anatel)) will act under Law 9,742/1997 (Telecommunications Law); the Consumer General Secretariat, subordinated to the Ministry of Justice, will act as regards themes treated in the Consumer Protection Code; and the Administrative Council for Economic Defense (Conselho Administrativo de Defesa Econômica (CADE)), will act in the case of violations against the economic order. Such bodies, as well as other bodies and entities of the federal public administration, will act in a collaborative manner following the guidelines fixed by the Internet Steering Committee.²

Consumer Defense Code (CDC) (Law 8,078/1990)

The CDC provides for several rights of consumers as regards personal information in ‘consumer databases and reference files’. Article 43 establishes that a consumer will have free access to any of his/her own data informed in reference files, index cards, records, personal and consumer data, as well as their respective sources.

In addition, whenever finding any inaccuracy in his/her data and records, the consumer will be entitled to require the prompt correction thereof, and the person in charge of such records will notify the relevant alteration within five weekdays to any possible addressee of the incorrect information.

Preventing or hindering a consumer’s access to information about him/her, or failing to immediately correct inaccurate information, will subject the person responsible to detention of up to one year or a fine, or both, and also compensation for damages arising from such inaccuracy.

Civil Code (Law 10,406/2002)

Article 21 of Brazilian Civil Code grants general privacy rights to any individual, and

the right to claim against any attempt to breach such rights by any third party.

Positive Credit Registry Law (Law 12,414/2011)

The Positive Credit Registry Law sets rules on the management of credit information databanks. It permits the collection of ‘positive’ credit information (ie, fulfilment of contractual obligations), provided that only consumers’ payment information may be stored in an objective, clear, true and easily understood manner. The register of excessive information (ie, personal data that is not necessary for analysing credit risk) and sensitive data (ie, racial or ethnic origin, political opinions, religious beliefs, physical or mental health and sexual life) is prohibited. Credit information may not be kept in any databank for more than 15 years. Financial institutions, such as banks, may only furnish credit information to the Positive Credit Registry databanks when authorised by their clients, and only regarding their own clients’ loans and other financial transactions.

Databanks, however, are jointly and severally liable for any injuries caused to the consumer by inaccurate information. Thus, companies that consult the credit databanks and those that supply information to the databanks, as well as the databanks themselves, are all jointly liable for ratifying consumers’ incorrect information and for damages caused thereby.

Bank Secrecy Law (Complementary Law 105/2001)

The Bank Secrecy Law requires that financial institutions, and similar entities, keep the financial data of individuals and entities in secrecy, except under judicial order issued for the purpose of investigation of any illegal acts or criminal procedural discovery.

Telecommunications Law (Law 9,472/1997)

The Telecommunications Law grants the right of privacy to a consumer in relation to the charging documents and his/her personal data.

Other examples of laws that deal with privacy protection include the Brazilian Penal Code (Decree-Law 2,848/1940), the Habeas Data Law (Law 9,507/1997), Press Law (Law 5,250/1967) and Information Technology Law (Law 7,232/1984).

Transfer of personal data

The Brazilian legal framework does not contain specific rules regarding the transfer of personal data to third parties. As a general rule, the transfer of personal data is not forbidden, but all the aforementioned Brazilian legal principles, rules and limitations also apply in this case.

Therefore, an individual's express consent for the collection, transfer and use of his/her personal data is needed. 'By an appropriate and express individual consent' means that such consent must be obtained through specific and clear documentation. The mere inclusion of a consent paragraph within the context of an adhesion type of contract may be deemed null and void or, at least, inappropriate.

Additionally, the transfer of personal data must be justified for technical reasons or otherwise. If marketing and/or commercial reasons appear to be the most relevant justification, the transfer may be in violation of the law. In addition to a reasonable justification, the transfer of data must be limited to such data as is sufficient to attain the justifiable purpose.

Regarding international data flow, it is recommended that the basic guidelines and principles established by the OECD in 1980 and by European Treaty 108, which also served as a basis for the European directive, be complied with. As we know, they are:

- fair and lawful obtaining and processing of personal data;
- storage of data solely for specified purposes;
- personal data should not be used in ways incompatible with those specified purposes;
- personal data should be adequate, relevant and not excessive in relation to the purposes for which the data is stored;
- personal data should be accurate, and where necessary, kept up to date;
- personal data should be preserved in an identifiable form for no longer than is necessary;
- there should be adequate security for personal data; and
- personal data should be available to be accessed by individuals who have rights of rectification and erasure.

As already mentioned, the applicable Brazilian laws provide for consumers' right to access and modify/correct their data, wherever they are, including the right to ask for and obtain the deletion of such data. Whenever data transfers are legally viable,

it is advisable that the parties insert terms in the data transfer agreement providing for the minimum precautions/principles as indicated above.

Thus far, there have been no provisions in the applicable Brazilian law defining minimum safe harbour levels of data protection or minimum safe harbour levels of foreign countries, but it is expected that the law of the domicile country of the recipient of the data be able to offer at least the same level of protection offered by the applicable Brazilian law.

Penalties for data privacy breach

In general, a violation of the right of personality and privacy may result in liability in tort for pain and suffering, as well as in criminal and administrative penalties, provided that the act of disclosure will have occurred without written consent from the interested party.

In addition, the Internet Law provides that, without prejudice to other civil, criminal or administrative provisions, any breach of privacy regarding collection, storage, custody and treatment of records, personal data or communications by internet connection or application providers will be subject, as applicable, to the following sanctions, which may be applied on an individual or cumulative basis: warning for a corrective action, a fine of up to ten per cent of the revenues of the economic group in Brazil in its most recent financial year, temporary suspension of its activities and prohibition of certain activities.

The Brazilian Consumer Protection Code determines the imposition of a penalty of imprisonment or fine, or both, to those who block or hinder access by the consumer to information about him/her contained in files, databases or records, or those who are expected to know that information relating to the consumer as contained in any file, database, record or registration is incorrect and, nevertheless, fail to immediately rectify it. The same statute sets forth administrative penalties imposed by the authorities in charge of protecting consumer rights, and such penalties include fines, intervention and counter-advertising.

Besides, the disclosure of proprietary information can also be classified as a crime of secret disclosure or violation of professional secrecy, or both, with a penalty of detention or a fine, or both.



Law 12,737/2012, which provides for cybercrimes, also establishes a penalty of three months to one year’s detention and a fine to those who break into a third-party computer device to obtain or destroy data or information without the express or implied consent of the corresponding owner.

Finally, it is worth mentioning a case that occurred recently involving the giant Brazilian telecommunications company Oi SA, which was fined 3.5m reais by the Department of Consumer Protection of the Brazilian Ministry of Justice for abusive practices against consumers under the Consumer Protection Code, and breach of good faith and privacy on account of its having collected, monitored, used and redirected data traffic from internet users for business purposes without the appropriate

and express consent from such consumers. The company settled a partnership with a British advertising company, which developed software that tracked and generated profiles of users’ browsing practices.

Oi SA was also subject to a penalty of 26.5m reais imposed by the Brazilian antitrust authority, CADE, for the abuse of its dominant position in the telecommunications market upon monitoring its customers’ calls to the call centre of a competitor. Through this monitoring, the company offered specific service plans to prevent its customers’ migration to the competitor.

Notes

- 1 Available in English language at www.cgi.br/pagina/marco-civil-law-of-the-internet-in-brazil/180 accessed 26 April 2017.
- 2 See www.CGI.br accessed 26 April 2017.

EU competition law and patent rights

According to the World Intellectual Property Organization (WIPO), the objective of competition policy is ‘to ensure a fair functioning of the market and in particular, that market entry is not unduly prevented or made difficult’.¹ European Union (EU) competition policy thus seeks to ‘prevent distortion of competition’ so as to achieve a ‘free and dynamic internal market’ within the EU. Fair competition is one of the main objectives of the internal market, as emphasised by Articles 101 to 109 of the Treaty on the Functioning of the European Union (TFEU) and Protocol No 27 on the internal market and competition. This paper focuses on Article 101 and 102 of the TFEU on anti-competitive agreements and abuse of dominant market position, respectively, and their relationship in the enforcement of patent rights.

The relationship between patent and competition can be analysed from the positions of aim and effect. A patent seeks to protect the patented invention or particular good from unlawful imitation or infringement, which ultimately contributes to a fair market. However, the enforcement of

a patent may be limited by competition laws to prevent patent holders from abusing their rights in such a way as to limit the operation of the internal market.

Article 101 automatically voids any agreement between undertakings that has an objective or effect to distort competition, or which may potentially affect trade between Member States.² For example, where a patent holder grants an exclusive licence but restricts the licensee’s exploitation of that licence, such practice may be limited by this article. However, certain agreements may be exempted from the application of this article, such as those which ‘contribute to improving the production or distribution of goods or promoting technical or economic progress, provided that consumers receive a fair share of the resulting benefit and that the agreement does not impose unnecessary restrictions or aim to eliminate competition for a substantial part of the products concerned’.³ There are block exemptions that cover comparable specific agreements that have an impact on competition. To fulfil the conditions for exemption set out in Article 101(3) of the TFEU, one of the

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groups may be exempted via regulation from the prohibition under Article 101(1) of the TFEU. Furthermore, agreements of minor importance that do not fulfil the conditions for exemption under Article 101 (3), may not be considered infringements where they have very little impact on the internal market and encourage cooperation between small and medium-sized enterprises. This is referred to as the *de minimis* principle. However, any such agreement that has as its object the restriction of competition will not be considered as being of minor importance and as such will constitute an infringement.⁴ No exemption will apply to agreements that are considered harmful to competition, such as those that employ price-fixing agreements and territorial protection clauses.

Article 102 of the TFEU, seeks to prevent the abuse of a dominant position by companies, and in this case, patent holders. A dominant position has been defined as ‘a position of economic strength enjoyed by an undertaking which enables it to prevent effective competition being maintained in the relevant market, by giving it the power to behave to an appreciable extent independently of its competitors, customers and ultimately of consumers’.⁵ The whole or substantial part of the internal market, the nature of the product, product availability, consumers’ behaviour and readiness to switch to alternative products are all factors considered in assessing dominant positions of undertakings. The article goes further to provide a non-exhaustive list of examples of abusive practice.

A case in point when the European Commission applied this article was the *Microsoft* case⁶ in 2004, when it decided that the undertaking had abused its dominant position by ‘deliberately refusing to provide interoperability information to competitors. This led the commission to impose a fine of 497m and Microsoft was directed to disclose complete and accurate interface information to allow developers the opportunity to compete efficiently. In June 2012,⁷ the European Commission imposed additional periodic penalties for the period that Microsoft refused to comply with the decision, which the General Court fixed at €860m.

Another case is that of *AstraZeneca*,⁸ where the Court of Justice of the EU (CJEU) upheld the General Court’s decision that the undertaking had abused its dominant position by misleading patent offices and misusing the patent system to obtain supplementary protection certificates (SPCs) for its anti-ulcer

medicine called Losec. It was proven that the undertaking dishonestly gained extended patent protection for Losec by providing misleading information to several national patent offices in European Economic Area (EEA) Member States, and it also selectively deregistered market authorisations for Losec capsules in certain Member States, in violation of Article 102 of the TFEU. The European Commission imposed a fine of €52.5m, which AstraZeneca sought to have reduced to reflect the novelty of the two abuses of dominant position. However, the CJEU held that the two abuses had the deliberate aim of keeping competitors away from the market, and AstraZeneca was aware of the highly anti-competitive nature of its conduct and should have expected it to be incompatible with EU competition rules. The General Court’s finding that the conduct was ‘manifestly contrary to competition on the merits’ was therefore upheld.

More recently, the European Commission sent a statement of objections to Google on its Android operating system and applications, stating that the company breached EU antitrust rules and ‘abused its dominant position by imposing restrictions on Android manufacturers and mobile network operators’.⁹ The European Commission believes that through its restrictive strategy on mobile devices, Google is strengthening its dominance in general internet search, as it requires Google Search to be pre-installed by default or exclusively on most Android devices within Europe. This gives it an unfair advantage against competitors by limiting innovation by other players in the wider mobile space, and may also harm customers by restricting the availability of a wider choice of mobile apps and services. The European Commission’s investigation revealed that ‘in its contracts with manufacturers, Google has made the licensing of the Play Store on Android devices conditional on Google Search being pre-installed and set as default search service’.¹⁰ This prevents rival search engines from being the default search service on most devices in the EU, and also reduces the incentives of manufacturers to pre-install competing search apps, as well as the incentives of consumers to download such apps.¹¹

It is apparent, therefore, that EU competition law and policy actually limit patent rights by preventing patent holders from abusing their rights through restrictive conditions imposed in license agreements and other practices that limit competition within the internal market. Because the purpose



of a patent is to give the inventor a limited monopoly in exchange for the disclosure of his or her invention, which is ultimately for the use and enjoyment of users and in the public interest, there is a need to ensure that this purpose is achieved, and that it is not limited by an excessively high or low protection of both patents and competition. There is a need for a balance between competition law and policy, and the enforcement of patent rights that retains the availability of the rewards of a patent system and encourages innovation on the one hand, and still prevents any abuse of such rights by owners and safeguards competition within the internal market on the other hand. Articles 101 and 102 of the TFEU ensure that this balance is achieved by restricting such anti-competitive agreements and providing exemptions for agreements that do not stifle competition and actually provide an incentive for users.

In addition, the Technology Transfer Block Exemption Regulation (TTBER) defines conditions and categories where restrictive license agreements for technology transfer benefit from the exemption under Article 101(3) of the TFEU, even where they limit intra-technology competition and inter-technology competition. The regulation applies to patent licensing, know-how and inter-firm 'mixed' licensing agreements that permit the manufacture of products produced with the licensed technology. However, for it to apply, the parties' market shares should not exceed certain thresholds, and the agreement should not contain 'hard-core' or 'blacklisted' restrictions of competition. Whether or not they are competitors in the relevant technology area is also a determining factor in assessing the risk of the agreement to limiting competition. Where they are not deemed to be competitors and the market share of each party does not exceed 30 per cent of the affected technology, the exemption is available provided the agreement does not contain restrictions on a party's ability to determine the selling price of the products to its customers or on customer/market allocation.¹² Whereas, if the parties are considered to be competitors, the exemption will be inapplicable where the agreement contains clauses on price-fixing, specific market and customer allocation provisions, and also limitations to a party's output or the licensee's ability to exploit its own technology, or the parties' ability to conduct research and development except where it is necessary to prevent the disclosure of licensed know-how to third parties.¹³ Agreements that fall within

the safe harbour of TTBER are permitted under Article 101 of the TFEU, while those that fall outside the exemption as a result of exceeded market share thresholds will need to be individually assessed to determine whether they are compliant with Article 101(1) and (3) of the TFEU and not restrictive of competition. This assessment will be based on Technology Transfer Guidelines (2004) (the 'TT Guidelines') and the Commission Notice on Article 101(3) (2004).

Although some safeguards already exist within the patent system, such as limitation of the patent rights as to inventions, duration, exceptions and conditions for patentability, which supports novelty over obviousness, competition law goes further to prevent the abuse of a market position and maintain competition within the internal market, which further ensures that the public interest objective of a patent is achieved. Therefore, situations in which patent owners exclude competitors from market entry, by employing restrictive selling practices or fixing price levels through horizontal agreements, are restricted by competition law.

In conclusion, EU competition law and policies help to regulate the internal market by preventing the abuse of patent rights. This ensures the fulfilment of the objectives of the patent system and complements its inherent boundaries.

Notes

- 1 WIPO, 'Competition and Patents' www.wipo.int/patent-law/en/developments/competition.html accessed 11 June 2016; European Parliament, 'Fact Sheets on the European Union' www.europarl.europa.eu/atyourservice/en/displayFtu.html?ftuId=FTU_3.2.1.html accessed 10 June 2016.
- 2 See Art 101(2) TFEU.
- 3 See Art 101(3) TFEU.
- 4 This is as a result of the revision of the *de minimis* notice in 2014 to reflect changes to several block exemption regulations and recent case law (2014/C 291/01).
- 5 Case 27/76 *United Brands v Commission of the European Communities Court of Justice of the European Communities* [1978] ECR 207.
- 6 Case T-201/04, *Microsoft Corp v Commission* (2007).
- 7 Case COMP/C-3/37.792, *Microsoft*, Commission Decision of 24 March 2004 available at <http://europa.eu.int/comm/competition/antitrust/cases/decisions/37792/en.pdf> accessed DATE.
- 8 *Case C-457/10 P, AstraZeneca v Commission* (2012). (2007) entered or made difficult.
- 9 European Commission, 'Antitrust: Commission sends Statement of Objections to Google on Android operating system and applications' http://europa.eu/rapid/press-release_IP-16-1492_en.htm accessed 12 June 2016.
- 10 *Ibid.*
- 11 *Ibid.*
- 12 Art 4(2) Technology Transfer Block Exemption Regulation.
- 13 Art 4(1) Technology Transfer Block Exemption Regulation.

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Ten reasons to register your design in the European Union

A design is a practical way to define and protect your innovation. A design is a company asset that can be traded or used, rewards your creative effort and acts as your intellectual property (IP) signature.

According to Article 3 of the Design Regulation, (EC) No 6/2002, a design is ‘[t]he appearance of the whole or a part of a product resulting from the features of, in particular, the lines, contours, colours, shape, texture and/or materials of the product itself and/or its ornamentation’.

In the following are ten reasons concerning why a company should register its design in the European Union (EU), one of the most important markets worldwide:

1. The attraction is in the shape

An industrial design adds value to a product, makes it more attractive and eye-catching to clients, and can even become the key motivating factor behind the purchase of the product. Industrial design is an exclusive right given to the external appearance of a product, and has separate requirements from a trademark. Two-dimensional shapes are subject to protection (eg, the print on a tie), as well as three-dimensional shapes (eg, the shape of a suitcase or car bodywork).

2. It is the most affordable IP right

A Community design is significantly cheaper than other types of industrial property. On the other hand, it is possible to file different designs on the same request, provided they have the same applicant and are under the same class of the Locarno Classification, leading to significant tax and fee savings.

3. Protection against third parties

Protecting a design by registering it at the EU Intellectual Property Office (EUIPO) gives a company the exclusive right to prevent unauthorised reproduction or imitation by third parties in the 28 Member States of the European Community for up to a maximum of 25 years.

4. Because it is a fast-track procedure

If there are no incidents during the process, the design is registered in no more than ten days. A Community Trademark is generally registered in five to six months if there are no incidents during the registering procedure. Although these are two forms of industrial property – and we cannot exclude protection as a trademark of their distinguishing characteristics – the design confers an industrial property title in a rapid way.

5. An intangible but extremely valuable asset

Industrial designs are business assets that can increase the commercial value of a company and its products. The greater the success of a design, the greater its commercial value for the company. This is a practice that responds to entrepreneurial logic because it enhances the competitiveness of a business and often provides additional profits.

6. Rights that it confers

Among the rights conferred by a design is the right to exclude any other parties from manufacturing, offering, importing, exporting or marketing any product containing a registered design, as well as the storage of the aforementioned product for any of those purposes. Moreover, registered designs are rights that can validly be invoked against a trademark registration.

7. Because it is not necessary to be a three-dimensional shape

An industrial design embraces the appearance and ornamental aspects of a product, whether they are:

- three-dimensional characteristics, such as the shape of the product;
- two-dimensional characteristics, such as the forms, lines, colours or ornamentation of the product itself; or
- a combination of the aforementioned characteristics.



8. To avoid people thinking it is copied content

The title of an industrial design leaves your distributor or wholesaler in no doubt about the authenticity of the product, and provides more trust and legal security to your commercial operations. Furthermore, you are one step ahead of your competitors.

9. Growing importance

Industrial designs assume importance in a wide variety of fields, including industrial products (in fashion or craft), technical

instruments (eg, for medical use, watches and other luxury items), household goods, cars, architectural structures, textile designs and sports equipment designs. Industrial designs also have a high relevance for overwrapping, packaging and product presentation.

10. Licences

A protected design can also be transferred (or sold) to others through the granting of a licence and payment of a certain amount of money, which allows access to markets that would be unapproachable in any other way.

Improved choice and access to justice in intellectual property claims in England and Wales

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Intellectual property rights holders seeking to protect and enforce their rights through the courts in England and Wales were once limited to what was often a costly and cumbersome procedure to litigate in either the High Court or old Patents County Court, which used to apply the same procedure as the High Court and was therefore usually no faster or cheaper a forum in which to litigate.

This posed an increasing barrier for access to justice, not only to small businesses seeking to protect their valuable intellectual property rights but also medium-sized enterprises for which the cost of litigating in England and Wales was prohibitive. The obligation to provide standard disclosure (discovery), detailed witness evidence and extensive cross-examination at trials typically lasting several days or weeks at a time made for an expensive procedure that took an increasing length of time from issuing a claim to trial. Moreover, the fact that the successful litigant in English court proceedings is usually awarded their costs meant that the financial exposure for an unsuccessful litigant could be considerable.

Intellectual Property Enterprise Court

The first step taken by the government and judiciary to address concerns about these barriers to access to justice for intellectual

property rights holders was to reform the old Patents County Court and its procedure in 2010. The court was subsequently renamed the Intellectual Property Enterprise Court (IPEC) in 2013. It was created to provide a cheaper and more streamlined forum in which small and medium-sized enterprises could seek to enforce their intellectual property rights as an alternative to traditional High Court proceedings.

Among the differences introduced by the IPEC were the removal of the obligation to provide standard disclosure, the limiting of witness evidence and cross-examination (if any) to specific relevant issues determined early on in the proceedings by the judge at a case management conference (CMC) and the introduction of a policy that trials should last no longer than two days. Apart from reducing the costs incurred directly by parties through this streamlined procedure, which results in a faster determination of cases, the level of costs recoverable by a successful party in IPEC proceedings is capped at £50,000, while the level of damages recoverable by a successful claimant is limited to £500,000.

For the last six years, the IPEC has therefore been handling disputes that would ordinarily have required a trial lasting a week or even longer, and dealing with them at trial in a day or two. The cases are typically

ready for trial within six months of the CMC, although at present, and due to the success of the IPEC, it can take longer to obtain an IPEC trial listing.

IPEC small claims track

Following the success of the initial introduction of the IPEC, a small claims track was introduced in 2012 for claims concerning copyright, trademarks, passing off and unregistered designs valued at under £10,000. This forum has proven especially popular for small copyright infringement claims, particularly as orders for final remedies, such as damages or an account of profits (up to £10,000), delivery up or destruction of infringing items and/or final injunctions may still be made by the court for cases within this track. There are also only limited circumstances in which a party in the IPEC small claims track will be ordered to contribute to the costs of another party and, where such an order is made, the awards are minimal.

Shorter Trial Scheme: another forum

A further new, faster and streamlined access to justice has been made available in the High Court on a trial basis since the final quarter of 2015. This new forum plugs the gap between proceedings before the IPEC and standard proceedings in the High Court.

The Shorter Trial Scheme (STS) is a pilot scheme set up by a new practice direction of the English Civil Procedure Rules.

It is available in the Chancery Division of the High Court (including the Companies Court and the Patents Court), the Commercial Court (including the Admiralty Court), the Financial List, the Technology and Construction Court, and the London Mercantile Court.

The STS is intended to involve tight control of the litigation process by the court in order to resolve disputes on a commercial timescale. Cases are managed by a docketed judge with a trial date fixed for not more than eight months after the CMC, and with judgment handed down six weeks after trial. The maximum length of trial for a case in the STS is four days, including reading time.

Contrast with the IPEC

The procedure takes inspiration from the success of the IPEC in demonstrating what can be achieved when the court exercises greater control over procedure.

The STS, like the IPEC, recognises that comprehensive disclosure and a full, oral trial is often unnecessary for justice to be achieved. By removing the obligation on the parties to provide standard disclosure and instead limiting it to specific disclosure ordered by the court as well as limiting witness evidence, the aim of the scheme is to improve access to justice by producing significant savings in the time and cost of litigation.

One of the principal differences between the STS and cases before the IPEC, however, is that, unlike cases before the IPEC, there is no cap on the level of recoverable costs nor the level of damages that the court is entitled to award a successful claimant. Like cases before the IPEC, costs budgeting, which is a requirement of most standard High Court cases, is not applicable and, for cases in the STS, costs will be assessed summarily by the judge following the handing down of judgment.

The court also retains the discretion to transfer cases into or out of the STS on its own volition as it considers appropriate or on the application of the parties.

Welcome innovation to widen access to justice

The pilot of the STS is set to run until 30 September 2017. In the meantime, as the various forums now available to intellectual property rights holders of all sizes and means widens their access to justice, parties who were previously deterred from litigating in England and Wales, or those seeking to obtain justice more swiftly than otherwise may have been the case, should seek advice and consider whether one of the alternatives to traditional standard High Court proceedings might be appropriate for them.



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The European Union Court of Justice again on private copy¹

Since 2010, the European Union Court of Justice (EUCJ) has published several rulings that deal with different aspects of private copy. The rulings of the court in this matter have interpreted different aspects of it: who should bear the payment of compensation, the source of the copies, the cloud assisted copies or the consequences that follow if one Member State has not ensured the proper application of the private copying exception.

The preliminary question submitted by the Spanish Supreme Court stems from a complaint filed by three collecting societies (Entidad de Gestión de Derechos de los Productores Audiovisuales (EGEDA), Derechos De Autor De Medios Audiovisuales (DAMA) and Visual Entidad de Gestión de Artistas Plásticos (VEGAP)) against the Spanish Administration, later joined by the Spanish ITC association. In December 2011, the incoming government, subject to strenuous fiscal consolidation, had eliminated the payment of compensation by the ITCs, and transferred such liability, in the area of 100m per year, to the state budget.

A year later, the regulation of said system was published, adding a limitation of compensation to the allocation previously made in the budget, meaning that it was to be the debtor who would determine the quantum of its own debt before knowing what the damage could be. In January 2013, the three aforementioned collective management organisations (CMOs) filed a complaint with the Supreme Court against said regulation, questioning the conformity of the system with the European Union Directive 2001/29/EC, and asking the court to submit a preliminary question on the matter to the EUCJ. The plaintiffs argued that the case law of the court clearly indicated that compensation had to be paid exclusively by the natural persons making the private copies and, therefore, causing the damage to the authors and other right holders, a principle not abided by the new regulation. Furthermore, they argued that it imposed the payment of compensation onto the moral persons, which, according to the directive, cannot benefit from the exception.

As a subsidiary matter, they also argued the noncompliance of the regulation, which made the amount of compensation dependent of budgetary availability and not proportional to the damage caused, as the EUCJ had declared in its 21 October 2010² ruling.

The Spanish Government and the ITC association, which also joined the case as a defendant, opposed, essentially, on two arguments. First, that in its 16 June 2013³ ruling, the EUCJ had declared that the Member States ‘enjoy broad discretion when determining who must discharge that obligation’ (paragraph 23). Secondly, that in its rulings, the EUCJ had only examined a system in which compensation was paid by the intermediaries that made available the recording media to the beneficiaries of the exception.

In September 2014, after the proceeding was completed, and before ruling the case, the court, which had doubts on the conformity of the payment of compensation by the state, stayed the proceeding and sent two questions to the EUCJ:

- Is a scheme for fair compensation for private copying compatible with Article 5.2(b) of Directive 2001/29, in which the scheme, while taking as a basis an estimate of the harm actually caused, is financed from the General State Budget, it thus not being possible to ensure that the cost of that compensation is borne by the users of private copies?
- If the first question is answered in the affirmative, is the scheme compatible with Article 5.2(b) of Directive 2001/29, in which the total amount allocated by the General State Budget to fair compensation for private copying, although calculated on the basis of the harm actually caused, has to be set within the budgetary limits established for each financial year?

On 9 June 2016, the EUCJ published its ruling, which only responded to the first question, declaring that the Spanish private copy compensation system does not comply with Article 5.2(b) of Directive 2001/29/EC.

The court starts by affirming that the private copy exception regulated by

Article 5.2(b) of Directive 2001/29/EC enables Member States to provide for an exception or limitation to the exclusive reproduction right provided for under Article 2 in the case of reproductions on any media made by a natural person for private use, and for purposes that are neither directly nor indirectly commercial, on the condition that the exclusive right holders receive fair compensation.

Nonetheless, as that provision is merely optional and does not provide further details concerning the various parameters of fair compensation, Member States must be considered to enjoy broad discretion in regard to the parameters of their national law. In particular, it corresponds to the Member States determining the persons who have to pay that fair compensation, and determining the form, detailed arrangements and level. That being said, it appears that, in principle, Article 5.2(b) of the directive cannot be regarded as precluding Member States that have decided to introduce a fair compensation scheme financed by their General State Budget, provided that the system established excludes from such payment the legal persons.⁴

The reason for such an exclusion is that the private copy exception is established exclusively for the benefit of natural persons, and as far as legal persons are excluded from it, they have no obligation to repair non-existent damage. Nevertheless, as the court had previously declared in its previous rulings,⁵ this does not mean that the directive precludes moral persons being, where appropriate, under an obligation for

the financing of private copy compensation. In certain cases, Member States may decide that the moral persons who make available the reproduction media that enable the natural persons to make the reproduction within the exception, could be responsible for the payment of compensation, subject to the condition that they can pass it over to those persons⁶ or to recovery by a non-burdensome proceeding.

In this context, the court underlines that charging compensation to the general budget of the state must be regarded as financing from all the budget resources of the General State Budget and therefore also from all taxpayers, including legal persons. Within this context the court clearly says that it would have cleared a system, such as revenue from a specific levy, exclusively paid by natural persons.

The effect of the ruling exceeds the case in which it is embedded, as it sets a new and additional principle in private copy compensation, which shall preclude other Member States from relieving ITCs from such a levy, unless they establish a specific levy. In fact, it safeguards all national schemes, Finland excluded, as it follows the Spanish lead.

Notes

- 1 The counsel for the plaintiffs in the case examined is a partner in the law firm of the author.
- 2 ECLI:EU:C:2010:620, case C-467/08, *Padawan v SGAE*.
- 3 ECLI:EU:C:2011:397, case 462/09.
- 4 Despite this affirmation, the court in *Padawan v SGAE* had previously determined the conditions legal persons had to meet in order to be exempted from paying compensation.
- 5 *Ie, Padawan v SGAE* paras 46 and 48.
- 6 *Padawan v SGAE* para 48.



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The man who knew too much: the concept of the informed user in recent Spanish case law on registered Community designs

Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs (Regulation 6/2002) protects the appearance of products manufactured or commercialised in the European Union (EU) because the reason for being granted intellectual property protection on designs is that their creation must enrich the patrimony of aesthetic forms applied to products,¹ with a unitary EU-wide character.

In order to reach the category of protectable designs, Article 4 of Regulation 6/2002 requires that the industrial design is new and has an individual character. While the concept of novelty does not seem to pose many difficulties, the requirement of having individual character implies a decisive aesthetic decision, bearing in mind the existing corpus of designs. This qualitative exercise also needs to be carried out when assessing the scope of protection of industrial design: an infringement will be found when the allegedly infringing product as compared with the drawings of the registered design (unregistered designs are outside the scope of this article) does not offer a different overall impression.

The standard to assess aesthetic impressions: the concept of the informed user

In deciding how to carry out this comparison exercise, the law has had to create a standard of assessment, which the law has specified in the concept of the ‘informed user’. Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs, and Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs do not contain a definition of the ‘informed user’ concept,² and how the informed user is determined will influence the outcome of the protection of industrial models.³ In fact, the concept

has to navigate between the Scylla of finding the informed user as having very detailed product knowledge and experience, and the Charybdis of being an average consumer with only limited knowledge. In the former case, even minor differences between products may well create a different overall impression to an expert assessor, and there will be many valid designs, but few will be infringed; few monopolistic rights for many small innovations. In the latter case, a broader range of products will create, in an unsophisticated consumer, the same overall impression with respect to the protected design; few designs will be valid, but those that are will be infringed, thus creating wide monopolies for a limited number of designs.⁴

Case law from the European Court of Justice (the ‘Court of Justice’) and the General Court of the European Union (the ‘General Court’), as well as the Spanish Community Design Court attempts to find a balance between the two positions.

Thus far, the landmark case has been the *Pepsico Co Inc v Grupo Promer Mon Graphic* 2011 case,⁵ the first to reach the Court of Justice on the meaning of individual character. The recent Spanish cases that we analyse below do not differ significantly from it, but add some interesting points of view, not always free from criticism.

Recent Spanish registered Community design case law on the concept of the informed user

Just after the Court of Justice *Pepsico Co Inc* case, the Appeal Court of Alicante (the Second Instance Community Design Court in Spain) stated, in a case of containers shaped like sweets with a stick that ‘the informed user is not a simple consumer, but neither an expert as in patent legislation, nor a member of specialized circles in the relevant industry sector’. In fact, the court went to say, ‘[the

informed user] has a professional or personal interest in the acquisition or reproduction of the design... possesses wide and specific information on the market of forms and, as a result, without being necessarily expert, is capable of discerning better than the common user the differences between designs and therefore to compare'.⁶

To the Spanish Community Design Court, then, the informed user needs to know more than the average user or consumer, but not excessively more. In addition, the Spanish Community Design Court does not wish to depart from the Court of Justice and the General Court decisions. In fact, the Mercantile Court of Alicante, in its judgment of 28 May 2013 on garden furniture, after referring to the cases of the Court of Justice (*Pepsico*) and the General Court (*Radiators*⁷), quoted literally the *Bosch Security Systems*⁸ General Court case ('However... the informed user is [not] able to distinguish, beyond the experience gained by using the product concerned, the aspects of the appearance of the product which are dictated by the product's technical function from those which are arbitrary').

This balancing exercise (the informed user knows, but not too much) is followed regularly by Spanish Courts (eg, Appeal Court of Alicante Judgments of 10 January 2014 on T-shirt drawings, and of 6 February 2014 on booties for women). The recent Spanish Supreme Court judgment of 25 February 2016 on floor cleaning mops, after quoting the Court of Justice decisions *Pepsico* and *Herbert Neuman*,⁹ clarified further that the informed user is not 'the average consumer... reasonably attentive and perceptive who sees the drawing or model as a whole, and who does not examine the different details... [but] he is not either an expert or so technically educated who is able to observe in detail the smallest differences which exist between the models or drawings in conflict'. Interestingly, the Spanish Supreme Court, in the same judgment, surprisingly remarked *obiter dictum* that 'similar designs may give a different overall impression if applied to products from different industries, as the informed users will be different for each product'. This seems to give a very broad reach indeed to the trademark law principle of specialisation.

Some recent examples of identified informed users

As Recital 13 of Regulation 6/2002 indicates, the nature of the product to which the design is applied and, in particular, the industrial sector to which it belongs must be taken into account, and how it defines the knowledge of the relevant informed user.

The Spanish courts have found the relevant informed users to be as follows:

- on containers in the shape of a sweet with a stick: manufacturers or distributors, but also clients who purchase sweets, both children and adults, which is a duality that reminds us of the *Pepsico* findings, criticised by David Stone as an unnecessary distinction (Appeal Court of Alicante, 3 April 2012);
- on women shoes (booties): the sellers and distributors, but also the female public, 'who carry out a careful selection... as it constitutes not only a simple necessity... but it becomes a real factor to create a certain way of dressing... to conform, together with other elements and complements, a harmonic or inharmonic aspect which is determined by the selection itself' (Appeal Court of Alicante, 6 February 2014; in that case, the three appeal judges were male);
- T-shirt with a printed gun cut at belt level to simulate it being partially hidden inside the trousers: the young public who frequently use casual wear with stamped graphic designs (Appeal Court of Alicante, 10 January 2014);
- corkscrew: wide sector of users and consumers (Appeal Court of Madrid, 26 January 2015, on national industrial designs); and
- mop: 'not only the trader, but the end consumers, who use the mops either in their professional activity, or their frequent dedication, and who know the different existing models...' (Spanish Supreme Court, 25 February 2015).

The judge incarnating the informed user

If the informed user is not an expert, and many of the products protected by industrial models are addressed to a wide range of consumers, then Spanish courts are being tempted to explicitly state that the judge can take the position of the informed user.



In the case of containers in the shape of a sweet with a stick, the Appeal Court of Alicante specifically said that 'as the product is regularly consumed by the public, the Judge himself can take the position, given his own knowledge of the candy sector, of the informed user' (judgment of 3 April of 2012). The Appeal Court of Madrid, on the corkscrew case (26 January 2015), confirmed that the judge can undertake the role of the informed user, when industrial designs are on products that are addressed to a wide range of consumers (and finds express support from Otero Lastres¹⁰).

In reading these judgments, one can easily deduce that these conclusions are a defensive reaction by the court when parties file expert reports as straight evidence in relation to determining validity or infringement. But personalising the concept of the informed user may not be a necessary exercise either or, as Stone puts it (in relation to a similar finding from the Hanseatisches Oberlandesgericht Hamburg of 20 December 2006), is erroneous, as the informed user is a legal fiction, and what is required to be found is the knowledge the informed user has, not who he or she is.

It seems, therefore, that the expert who knows too much may not be too convincing to the Spanish courts, when trying to impersonate the informed user.

Notes

- 1 José Manuel Otero Lastres, *El diseño industrial según la Ley de 7 de julio de 2003*, (Marcial Pons Ediciones Jurídicas y Sociales SA 2003).
- 2 The Spanish Industrial Design Law does not contain a definition of the 'informed user' concept, either, and simply states in its preamble that 'the figure of "informed user" should be specified on a case by case basis depending on the market segment to which the product is directed'.
- 3 David Stone, *European Union Design Law. A Practitioners' Guide*. (1st edn, Oxford University Press 2012).
- 4 *Ibid.*
- 5 Court of Justice Case C-281/10P *Pepsico Inc v Grupo Promer Mon Graphic SA – OHIM* (20 October 2011).
- 6 Appeal Court of Alicante, judgment of 3 April 2012.
- 7 General Court Joint Cases T-83/11 and T-84/11 *Antrax It Srl v OHIM – The Heating Company* (13 November 2012).
- 8 General Court Case T-153/08 *Shenzen Taiden Industrial Co Limited v OHIM – Bosch Security Systems BV* (22 June 2010).
- 9 Court of Justice Joint Cases C-101/11 and C-102/11 *Herbert Neuman, Andoni Galdeano del Sel v OHIM - José Manuel Baena Grupo SA* (18 October 2012).
- 10 José Manuel Otero Lastres, 'Creaciones estéticas. El diseño industrial', in Carlos Fernández-Novoa, José Manuel Otero Lastres, Manuel Botana Agra (ed), *Manual de la propiedad industrial* (1st edn, Marcial Pons Ediciones Jurídicas y Sociales 2009).

The new 'Swissness' legislation: how Swiss is your product?

Switzerland is often associated with stable political conditions, well-functioning infrastructure, beautiful scenery and a high standard of living. Swiss products, such as watches, and services, such as banking, are synonymous with exclusivity, quality and reliability. Many successful Swiss companies emphasise their Swiss origin and use a Swiss cross or another reference to Switzerland on their products and services, in addition to their own trademark (eg, 'Swiss', 'Swiss Quality', and 'Made in Switzerland').

The connection of a product or service with its Swiss origin presents a competitive advantage because higher prices can be charged; according to various studies, the price difference may be 20 per cent, or even more for certain types of products. Of course,

this creates an incentive to falsely refer to a 'Swiss' origin for goods and services that have no or only very little connection to Switzerland.

Under current Swiss law, the origin of goods is determined 'by the place of manufacture or by the origin of the base materials and components used'. Services can be offered with an indication of a Swiss origin if, for example, the service provider is domiciled in Switzerland or the company's director is a Swiss citizen. The present imprecise rules were frequently ignored by market participants and rarely enforced.

New 'Swissness' legislation

The new so-called 'Swissness' legislation entered into force on 1 January 2017 and

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aims to ensure a higher level of protection for the indication of Swiss origin. The new provisions precisely determine how much 'Switzerland' must be contained in a product in order to be labelled as 'Swiss'.

The 'Swissness' package consists of the following components:

- revision of the Swiss Act on the Protection of Trade Marks and Indications of Origin;
- revision of the Swiss Act on the Protection of the Swiss Coat of Arms and other Official Signs;
- revision of the Ordinance on the Use of the Swiss Name for Watches; and
- revision of the Swiss Trade Mark Protection Ordinance and the creation of three new execution Ordinances:
 - Ordinance on the Use of the Swiss Indication of Origin for Foodstuffs;
 - Ordinance on the Register of Protected Designations of Origin and Geographical Indications for Non-Agricultural Products; and
 - Ordinance on the Protection of the Coat of Arms and other Official Signs.

Key aspects

Industrial Products

An industrial product may be labelled as Swiss if at least 60 per cent of the manufacturing costs occur in Switzerland. Moreover, the activity that determines the product's essential characteristics must take place in Switzerland. In any case, one essential manufacturing step has to be performed in Switzerland.

The following principles apply to the calculation of manufacturing costs:

- product-related costs, that is, product-related research and development costs, as well as material and manufacturing costs directly allocable to a product are directly allocated to the manufacturing costs of a product;
- non-product-related costs are allocated to the manufacturing costs of the relevant products using an appropriate allocation key;
- if a material is not sufficiently available in Switzerland, the manufacturer may subtract the costs for the material purchased abroad from the calculation of the manufacturing costs, to an extent proportional to the insufficient availability in Switzerland;
- costs for packaging and transport, as well as distribution, marketing and client service are not taken into account; and
- if a product does not meet these requirements, it is permissible at least

to state that the research or design took place in Switzerland; however, this requires that this activity was entirely performed in Switzerland.

Foodstuffs

Depending on the kind of foodstuffs, the origin is determined by different criteria. For example, crop products such as apples or herbs are classified as Swiss if they are harvested in Switzerland, meat if the animals spent the predominant part of their lives in Switzerland and other products obtained from animals (eg, eggs) if the animals are kept in Switzerland.

Processed foodstuffs may only be labelled as Swiss if at least 80 per cent (even 100 per cent for milk and milk products) of the weight of the raw materials originate from Switzerland and the processing step from which a foodstuff obtains its essential characteristics takes place in Switzerland.

The following principles are applicable to the calculation:

- Regarding raw materials, Switzerland's self-sufficiency rate is taken into account.
- Natural products that cannot be produced in Switzerland because of natural conditions (eg, coffee and cocoa) are not taken into account. For chocolate, which solely contains natural products not available in Switzerland, the Swiss indication of origin may be used if the chocolate is completely produced in Switzerland, and for coffee, if the coffee beans are completely processed in Switzerland.
- Water is not taken into account for the calculation, except for beverages, such as mineral water or beer, for which water is decisive and does not serve to dilute the end product.

Services

Switzerland may only be indicated as the origin of a service if the domicile, as well as the place of effective management of the service provider is located in Switzerland. Mere letterbox companies in Switzerland do not fulfil these requirements.

Indication of origin and geographical indications

Under the new laws, domestic and foreign indications of origin and geographical indications for products and services may



be registered under certain conditions in a register of protected designations of origin and geographical indications.

Geographical trademarks

The new laws permit registered indications of origin and geographical indications to be registered as a geographical trademark in the trademark register.

Protection of the coat of arms

The Swiss cross and the Swiss flag may be used as indications of origin of Swiss goods and services if they fulfil the requirements set forth in the Trade Mark Protection Act. No prior approval by an authority is required.

By contrast, the Swiss coat of arms (Swiss cross in a triangular shield shape) is reserved for use by state administrative entities.

Entry into force

The 'Swissness' legislation entered into force on 1 January 2017 and there will be a transitional period of two years. Products made before this date may be marketed and

sold with an indication of origin complying with the old law until 31 December 2018.

Enforcement

The unlawful use of an indication of origin and the Swiss cross is subject to civil enforcement. The user of an indication of origin or the Swiss cross bears the burden of proof that the use was in compliance with the law. Border control measures are also available. Moreover, the use of an incorrect indication of origin may also result in criminal liability.

Outlook

The new 'Swissness' legislation is relevant in practice for Swiss companies in various industry sectors. The same is true for foreign companies that distribute products with a Swiss indication of origin in Switzerland. Given the stricter and more precise regulation, more disputes can be expected in this area in the future. Companies should proactively assess the potential risks and benefits of the new 'Swissness' legislation and tailor their brand and marketing strategy appropriately.

Internet of things: intellectual property focus for the protection of connected devices

Introduction

The connected devices market really took off in 2015. In France, sales rose to 2.3 times the previous year's figure. This is part of a longer trend as the market already doubled between 2013 and 2014.¹ By 2020, the internet of things (IoT) will include 50 billion devices, with a global market value of some \$7,100bn.² By then, connected devices will be outselling personal computers (PCs), tablets and smartphones combined. This offers business owners, manufacturers, universities, startups and investors incredible scope for growth. The increasing number of connected devices at the Consumer Electronics Show in Las Vegas is evidence of this trend.

Before taking the leap, any company wishing to develop and bring hardware (connected devices), software (IoT platforms and systems) and services (IoT applications) to market must ask itself a number of questions to secure, protect and enhance its intellectual property rights.

Connected devices are physical objects fitted with accessories, software, sensors and connectivity systems (eg, radio-frequency identification (RFID) chips) that communicate through a network. Today there are a whole host of them in areas ranging from sport (running watches, heart monitors, etc), mobile health (mHealth) (sensors that monitor temperature, heart rate, blood sugar, oxygen saturation, red blood cells, etc),

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quantified self (connected scales, electronic cigarettes, beds, etc), hobbies (GoPro-style action cameras, etc), and homes and home automation (heating, key rings, etc).³

The IoT is the ecosystem created by connected devices and the internet via platforms (Fitbit, Withings, RunKeeper, etc). IoT platforms use application programming interfaces (APIs) to centralise user data, enabling the exchange of such data with other companies and services, and establishing correlations between the various data sources through associated services offered to users.

There is no specific legal regime governing connected devices in France. The connected device is a complex object made up of component parts, themselves the result of collaborative work, and each of which can be protected individually by various types of intellectual property rights.

The protection of connected devices must therefore be addressed for each of its component parts.

The short analysis below relates to French and European Union law.

Protection of software embedded in connected devices

The technical effect produced by the connected device can be protected by filing a patent

Connected devices are operated by software. In France, as in Europe, software alone is excluded from the scope of patents, unlike in other countries, particularly the United States (where software patents have been granted since the 1990s) or Japan.

This exclusion relates to the computer programs themselves and not to products, devices or processes operated by the software.

It is therefore possible to claim patent protection for software embedded in the connected device itself provided that, when used together with the device, the combination of both device and software produces a specific technical result.

The software must be essential to the functioning of the claimed invention and make an additional technical contribution.

Copyright protection for the expression of software of the connected device (as distinct from the device itself)

Whether in the case of the operating software for the connected device (thus potentially

patentable – see above), applications developed in parallel in order to give the connected device new functionality, or new related services, several elements of these computer programs may be protected by copyright, to the extent that they are original:

- the code (in which the computer program is written) and the preparatory design material are protected by ‘software copyright’;⁴ and
- graphic interfaces are protected by traditional copyright as intellectual works rather than as programs.

By contrast, ideas and principles that underlie any element of computer programs, including those that underlie its interfaces, are not protected by copyright. This regards software functions, algorithms and programming languages, and formats of data files used to run certain software functions.

Protection of the connected device’s appearance

The appearance (design) of the connected device benefits from two types of protection:

- under copyright law: with no registration formalities required, the design is protectable due to the simple fact of its creation, to the extent that it is original; and
- under the legal protection of designs: in this case, to be filed with the national intellectual property protection institute, to the extent that the design is new and has individual character.⁵

Protection of the connected device databases

Connected devices process and generate a large amount of information managed by databases, which themselves also enjoy dual protection:

- copyright protection for the organisational structure of the database (the architecture) to the extent that it is original; and
- database *sui generis* right protection for the database content, awarded to the database maker⁶ (ie, the person who shows that there has been qualitatively and/or quantitatively a substantial investment in either the obtaining, verification or presentation of the contents) and not the author, against the extraction and/or reutilisation of the whole or a substantial part, evaluated qualitatively and/or quantitatively, of the contents of its database (data mining).



Protection of topographies of semiconductor products (integrated chips or circuits)

Protecting a connected device might also require the protection of the configuration of all circuits, that is, the connections and layers that form the components that are integrated in a chip or the chip surface.

Such components benefit from specific protection by the national intellectual property protection institute, insofar as they satisfy the conditions that they are the result of their creators' own intellectual effort and are not commonplace in the semiconductor industry.⁷

Conclusion: the cohabitation between intellectual property rights protection and interoperability will be the next challenge for IoT growth

The above summary is intended to highlight the various components of connected devices and how they all benefit from specific intellectual property protection under French and European law.

From an intellectual property perspective, the main challenge in the future regarding the IoT will be the interoperability of different connected devices, between themselves as well as with IoT platforms and applications of competitors or partners. On this point, there are currently more questions than answers, and some operators are considering putting in place open standards through the creation of consortia. The LoRa Alliance is one example of such a consortium, which includes American companies such as Cisco, IBM, Semtech and Microchip, but also French companies such as Actility, Eolane, Kerlink and Sagemcom. It aims to standardise and ensure the interoperability of LoRa IoT hardware and networks. The collaborative Felin project for a Fourth Generation (4G) antenna (Long-Term Evolution (LTE)) for use on smart cars is another example. IoT interoperability is also an objective for the European Commission, which sees in the IoT 'the next step towards the digitisation of society and economy, where objects and people are interconnected

through communication networks and report about their status and/or the surrounding environment'. In March 2015, the European Commission initiated the creation of the Alliance for Internet of Things Innovation (AIOTI) with the intention of working closely with all relevant stakeholders to create a 'vibrant European IoT ecosystem' with the Digital Single Market (DSM) Strategy, adopted in May 2015, which is kick-starting Europe's progress on the IoT.⁸

The last, but by no means minor issue, which, although not related directly to intellectual property, is crucially important: data privacy. With the IoT, revenues from the sale of physical objects as such are proportionately much smaller than those from user data, involving the collection of the behavioural data of users and the resale of 'aggregated' data between companies (business-to-business (B2B)). The economic models of the IoT incorporate the use of such data, which is often personal data. The recent European regulation on personal data, adopted on 27 April 2016 (directly applicable to Member States in 2018), as well as the bill for a 'digital Republic' in France, contain much harsher sanctions for data controllers and data processors, which will directly impact the use of data in the IoT.

Notes

- 1 Sylvain Harnulf, 'Produits connectés : un marché de 340 millions d'euros en France en 2015' *Usine Nouvelle* (Antony, 11 February 2016) www.usine-digitale.fr/article/produits-connectes-un-marche-de-340-millions-d-euros-en-france-en-2015.N378989 accessed 26 April 2017.
- 2 IDC, 2014.
- 3 'Quantified Self: comment mieux se connaître grâce à ses données', CNIL (French Data Protection Authority), 26 November 2012.
- 4 Based in Europe on the Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs.
- 5 Based in Europe on the Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs.
- 6 Based in Europe on the Directive 96/9/EC of the European Parliament and the Council of 11 March 1996 on the legal protection of databases.
- 7 Based in Europe on the Council Directive 87/54/EEC of 16 December 1986 on the legal protection of topographies of semiconductor products.
- 8 See <https://ec.europa.eu/digital-single-market/en/internet-things> accessed 26 April 2017.

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Implementation of the Hague Convention (Apostille) and Trademark Law Treaty in the Republic of Guatemala

Hague Convention (Apostille) approved in the Republic of Guatemala

On 19 January 2016, the Congress of the Republic of Guatemala approved the Convention Abolishing the Requirement of Legalisation for Foreign Public Documents, originally signed in The Hague on 5 October 1961, which is commonly known as the Apostille Convention.

Guatemala was the only country left in the Central America region with the obligation of fulfilling the authentication of documents before its consulates abroad, so the approval of the Apostille Convention will benefit intellectual property owners, easing the legalisation of documents that would have legal effect in Guatemala.

Although Decree 1-2016 approving the accession of Guatemala to the said convention entered into force on 19 February 2016, the Ministry of Foreign Affairs of Guatemala must carry out a series of steps before the full implementation of the Apostille Convention. Such steps involve the deposit of the instrument of accession, a six-month period for the contracting states to raise an objection to the accession of Guatemala, publication and entry into force. Furthermore, our local authority must draft and publish the applicable local regulations for use in our jurisdiction. Accordingly, the full implementation of the Apostille Convention procedure in Guatemala can be visualised at some point in 2017.

Until the entry into force of the Apostille Convention in Guatemala, all subjects interested in filing any type of intellectual property rights before the Guatemalan Intellectual Property Registry must still

submit their respective documents (eg, power of attorney, assignment deeds and coexistence agreements) duly legalised by a Guatemalan consulate in the country of origin.

Trademark Law Treaty is approved in Guatemala

On 25 February 2016, the Congress of the Republic of Guatemala approved the accession of the country to the Trademark Law Treaty (TLT), originally subscribed at a World Intellectual Property Organization (WIPO) conference in Geneva on 27 October 1994. The approval was one of the pending commitments of Guatemala established in the free trade agreement between the Dominican Republic, Central America and the United States of America (DR-CAFTA) in 2006.

The TLT and its regulations have not entered into force in Guatemala because the executive branch of the country must also complete internal and external steps established in law. Guatemalan competent authorities will proceed with necessary modifications to the current legal system in order to simplify the set of requirements and registration procedures. Meanwhile, all procedures regarding trademark registration and renewal will remain the same, in accordance with the Industrial Property Act of Guatemala and its regulations, Decree 57-2000.

When successfully implemented, both treaties will represent important progress with respect to the simplification of the national registration procedure of distinctive signs as an important elimination of unnecessary formal requirements that are considered as obstacles in the local registration process of intellectual property rights in the country.



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A pivotal amendment to Indian patent rules

The Ministry of Commerce and Industry’s Department of Industrial Policy and Promotion, in consonance with the Office of the Controller General of Patents, Designs & Trade Marks, amended the Patent Rules, 2003 (the ‘Rules’), *vide* the Patent (Amendment) Rules, 2016 (the ‘Amendment Rules’). The Amendment Rules came into force on 16 May 2016 pursuant to the draft Patent (Amendment) Rules, 2015, notified in the official *Gazette of India* on 26 October 2015. The aim of this article is to highlight the recent key amendments to the Indian Patent Rules and analyse their practical implications.

Key highlights of the Amendment Rules

Startups

The Government of India (the ‘Government’) realises the growth potential in the evolving startup sector. With a worldwide rank of three, India has 4,200 startups, out of which nine have been valued at \$1bn.¹ From 2010–2015, Indian startups raised \$18bn,² while 2015 alone saw investments worth \$9bn spread across 1,005 deals.³

Under the Amendment Rules, the Government has kept startups at the same level as that of natural persons, and has attached a meaning to them:

- an entity⁴ incorporated/registered for not more than five years;
- turnover⁵ for any of the said five years did not exceed 25 crore rupees (\$3,706,177.50); and
- such an entity is working towards innovation, development, deployment or commercialisation of new products, processes or services driven by technology or intellectual property.⁶

Startups, however, shall not include:

- entities formed by splitting up or reconstructing a business already in existence; and
- entities involved in the mere act of developing:
 - products or services or processes that do not have potential for commercialisation;

- undifferentiated products, services or processes; or
- products, services or processes with no or limited incremental value for customers or workflow.

Moreover, the Amendment Rules provide for cheaper and faster patent registrations. Key charges include:

- 1,600 rupees (\$24) (e-filing) and 1,750 rupees (\$26) (physical filing) shall be charged for filing an application in terms of the Patents Act, 1970 (the ‘Act’);
- no fees to be charged for filing complete specifications after the provisional up to 30 pages with up to ten claims, and for withdrawal of the application in terms of the Act and Rules;
- startups to pay 8,000 rupees (\$120) for the expedited examination of the application for a patent, compared with companies, who are charged 60,000 rupees (\$890); and
- 2,400 rupees (\$36) (e-filing) and 2,650 rupees (\$40) (physical filing) for applications seeking Compulsory Licensing of Patents in terms of the Act, compared with companies, who are charged 12,000 rupees (\$180) (e-filing) and 13,200 rupees (\$196) (physical filing).⁷ These reductions in costs are sure to boost the startup scenario in India.

Reduced time for filing a response to FER

The time for putting an application in order of grant, for which the first examination report (FER) is issued on or after 16 May 2016, has been reduced from 12 months⁸ to six months⁹ from the date on which the FER is issued to the applicant. The time period may further be extended for a period of three months on a request made to the controller before the expiry of the said period of six months.

Refund of fees

Any excess fees paid during the e-filing process shall be refunded.¹⁰ Additionally, an applicant can now claim 90 per cent of the examination fee paid for the request for examination or expedited examination. The application,

however, has to be at a stage prior to the issuance of the first statement of objection.¹¹ No fee is to be levied for withdrawal of a patent application by an applicant.

*Expedition of examination*¹²

A request for expedited examination may be filed in Form 18A along with the prescribed fees to be paid by electronic transmission by indicating any of the following grounds:

- the applicant has indicated India as the competent International Searching Authority or International Preliminary Examining Authority; or
- the applicant is a startup.¹³

Other expedited time frames

- The examiner's report is to take one month, but shall not exceed two months from the date of reference of the application by the controller.
- The said report shall be disposed of by the controller within one month from the date of receipt of such a report.
- The controller shall issue a first statement of objections within 15 days of the date of disposal of the report of the examiner.
- The controller is now required to dispose of the application in a time bound manner, that is:
 - within three months from the date of receipt of the last reply to the first statement of objections; or
 - within three months from the last date to put the application in order for grant in terms of the Act, whichever is earlier.¹⁴

Examination deadline for a divisional application

When the parent application has already been referred for examination, the divisional application has to be accompanied with a request for examination. Such a divisional application shall be published and referred for examination within one month as opposed to six months taken earlier from the date of filing such an application.

Time bound hearing procedures

- Hearings can now be conducted through videoconferencing or audio-visual communication devices.
- All written submissions accompanied by the relevant documents shall be filed within 15 days from the date of the hearing.
- A party to a proceeding shall make

all adjournment requests along with reasonable cause and the prescribed fee at least three days before the date of the hearing.¹⁵

- No party shall be given more than two adjournments and each adjournment shall not be for more than 30 days.¹⁶

Other amendments

- On an application made by a party to the controller, the controller may condone a delay in transmitting or resubmitting a document to the patent office or performing any act by a party, if the delay is attributed to:
 - war;
 - revolution;
 - civil disorder;
 - strike;
 - natural calamity; or
 - general unavailability of electronic communication services or other like reason in the locality where the party resides or has a place of business, and such a situation was of such severity that it disrupted the normal communication in that area and the relevant action was taken as soon as reasonably possible, not later than one month from the date when such situation had ceased to exist.

Such a condonation of delay shall not exceed the period of a national emergency, or six months from the expiry of the prescribed period, whichever is earlier.¹⁷

- The official fee with regard to sequence listing pages shall now be charged for the first 150 pages only.
- A deletion of claims is now allowed at the time of national phase entry.
- New rules deny the condonation of delay for national phase entry beyond 31 months.
- An application corresponding to an international application filed under the Patent Cooperation Treaty is to be made on Form 1.¹⁸
- All withdrawal requests are to be made on Form 29.¹⁹
- A request for a foreign filing license is to be disposed of within 21 days from the date on which such a request is made. For inventions relating to defence or atomic energy, these 21 days would be considered from the date of receipt of consent from the central Government.
- Three months' time is to be provided for filing either the agent authorisation on Form 26 or a power of attorney from the date of filing an application or document.²⁰



A PIVOTAL AMENDMENT TO INDIAN PATENT RULES

- The statement and evidence as filed by the applicant in its reply to the pre-grant opposition shall now be served on the opponent in addition to submitting the same at the Intellectual Property Office. The controller shall communicate the grant or refusal of the application in the form of a speaking order.
- Any deposition referencing biological material in the specification to be made within three months from the date of filing of the application or on or before the date of making the request for early publication, whichever is earlier.
- The controller has the power to extend the time period for performing any act or taking any proceeding under the Act or the Rules by a period of one month, based on his or her discretion and on such terms as he or she may direct.²¹ This power, however, shall not extend to certain rules under which the time has already been prescribed.²²

New forms

- Form 29: request for withdrawal of application; and
- Form 30: default form, where no form is specified for any purpose.

Analysis

At the outset, it is pertinent to mention that under the Amendment Rules, the electronic transmission of documents has ensured efficient preservation, cataloguing, maintenance, easy traceability and availability of documents. Further, providing a fee cap for sequence listing has been a saving grace for several applicants who shall no longer pay high fees for high volumes of sequence listing pages. These amendments are expected to put an end to the ongoing litigation surrounding this issue. In addition to the above, the Amendment Rules have not only furthered the Government's initiatives to induce startups, but also allowed the effective deletion of extra claims, thereby further reducing costs. Such deletion has also extended to a reduction in costs for national phase entry in India, permitting the deletion of claims that may not be patentable subject matter in India.

These steps certainly are reflective of the intention of the Government to simplify the current patent regime. The endeavour of these Amendment Rules is to evidently streamline patent procedures, with an

attempt to tackle the pendency of cases before the registry, which were reported to be around 2,37,029 on 1 February 2016.²³ These endeavours are to work in consonance with other steps being taken by the Government, such as sanctioning 373 additional posts in the patents wing, including 252 posts of examiners of patents and designs and 76 posts of controller of patents and designs;²⁴ creating 263 contractual posts of examiners of patents and designs; and providing online facilities for filing applications in both the patents and trademarks wings to effectively reduce the workload at the Patent Office, and also save the time of applicants.²⁵

The rules are a reflection of India's constant attempts to make an all-encompassing patent policy, simplifying procedures for the filing and disposal of applications, and facilitating examination procedures. These amendment rules not only protect the public interest, but also promote a conducive and interconnected ecosystem, and promote India's growth and socio-cultural development. It remains to be seen how applicants shall reap the benefits of these amendments.

The complete set of rules can be viewed in full at [www.ipindia.nic.in/IPActs_Rules/Patent_\(Amendment\)Rules_2016_16May2016.pdf](http://www.ipindia.nic.in/IPActs_Rules/Patent_(Amendment)Rules_2016_16May2016.pdf).

Notes

- 1 Internet Desk, 'Start up India: This is the beginning of big bang start up boom in India, says Softbank CEO' (*The Hindu*, 16 January 2016) www.thehindu.com/business/narendra-modi-unveils-start-up-india/article8112821.ece accessed 27 January 2016.
- 2 Emmanuel Amberber, 'Investors pump \$9 billion into Indian startups in 2015 – that is 50% of the past 5 years' total deal value' (*YourStory*, 31 December 2015) <http://yourstory.com/2015/12/indian-startups-raise-9billion-2015/> accessed 28 January 2016.
- 3 *Ibid.*
- 4 Entity: a private limited company, as defined in the Companies Act, 2013; a registered partnership firm registered under s 59 of the Partnership Act, 1932; or a limited liability partnership under the Limited Liability Partnership Act, 2002 – Explanation 2, Rule 2 (fa) of the Patent (Amendment) Rules, 2016.
- 5 Turnover: to have the same meaning as defined in the Companies Act, 2013.
- 6 An entity is considered to be working towards innovation, development, deployment or commercialisation of new products, processes or services driven by technology or intellectual property if it aims to develop and commercialise a new product, service or process, or a significantly improved existing product, service or process that will create or add value for customers or workflow.
- 7 Rule 7 (3B) of the Patent Amendment Rules 2016.
- 8 In cases where the First Statement of Objections has been issued by the Office before 16 May 2016, as per the Public Notice dated 18 May 2016 http://ipindia.nic.in/iponew/publicNotice_18May2016.pdf accessed on 19 May 2016.

- 9 *Ibid.*
- 10 Rule 7(4) of the Patent Amendment Rules, 2016.
- 11 Rule 7(4A) of the Patent Amendment Rules, 2016.
- 12 Rule 24C of the Patent Amendment Rules, 2016.
- 13 Note: a request for expedited examination shall not be questioned merely because the startup ceased to be a startup after filing the application, due to a lapse of more than five years from its incorporation or registration, or turnover crossed the financial threshold limit.
- 14 Time limit not applicable to pre-grant opposition.
- 15 Rule 129A of the Patent Amendment Rules, 2016.
- 16 Rule 129A of the Patent Amendment Rules, 2016.
- 17 Rule 6 (6) of the Patent Amendment Rules, 2016.
- 18 Rule 20 (1) of the Patent Amendment Rules, 2016.
- 19 Rule 26 of the Patent Amendment Rules, 2016.
- 20 Rule 135 of the Patent Amendment Rules, 2016.
- 21 Rule 138 of the Patent Amendment Rules, 2016.
- 22 Rule 138 applicable to all rules except for the time prescribed in clause (i) of sub-rule (4) of Rule 20, sub-rule (6) of Rule 20, Rule 21, sub-rules (1), (5) and (6) of Rule 24B, sub-rules (10) and (11) of Rule 24C, sub-rule (4) of Rule 55, sub-rule(1A) of Rule 80 and sub-rules (1) and (2) of Rule 130.
- 23 Government of India, Ministry of Commerce & Industry, Department of Industrial Policy & Promotion 'Pending Patent and Trademark Registration Application', 9 March 2016 <http://dipp.nic.in/English/questions/09032016/ru1305.pdf> accessed on 19 May 2016.
- 24 Ministry of Commerce & Industry 'Pending Patent and Trademark Registration Applications Unstarred Question No 1305' (9 March 2016) <http://dipp.nic.in/English/questions/09032016/ru1305.pdf> accessed on 21 May 2016.
- 25 *Ibid.*

NEW ZEALAND

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Bull fight over red

International energy drink supplier Red Bull GmbH has failed to obtain an interim injunction stopping the sale in New Zealand of rival products Red RTD, a vodka and energy ready-mixed product, and Red Energy, a non-alcoholic energy drink.¹

Drink Red Limited, a new company, introduced its first product, Red RTD, in 2015. It met with objection from Red Bull, which is the second highest selling manufacturer of energy drinks in New Zealand. Its Red Bull energy drink, predominantly sold in a red, blue and silver can, is commonly drunk mixed with vodka, but Red Bull does not sell a combination ready to drink (RTD).

Red Bull issued proceedings in May 2015 for passing off, breach of the Fair Trading Act and trademark infringement in relation to Red RTD. The case is set down for a defended hearing in October 2016.

In November 2015, Red Energy launched a second product, a non-alcoholic energy drink, which it called Red Energy. This step was one too far for Red Bull, which applied for an interim injunction to stop the sale of both products, pending final determination at the October 2016 trial.

The interim injunction hearing took place in early March and the decision was issued three weeks later. Brewer J rejected the interim injunction application. Critical to his decision was his view that if he granted the interim injunction, Red Energy would go out of business, and it would not be able to pay

damages if it lost at trial.

In reaching his decision, Brewer J identified that, where the effect of the interim injunction would be determinative of the dispute between the parties, a strong prima facie case may be required rather than the more usual test of a serious question to be tried.

The evidence in support of the application comprised Red Energy's trade presenters and Facebook pages, which Red Bull claimed linked the defendant's product to Red Bull. It also claimed the defendant's drink had been made to taste, smell and look the same as Red Bull and that the Red Energy cans had been designed to resemble the style of the Red Bull cans.

The evidence of confusion was more limited. There was some limited consumer confusion represented on the Red Energy Facebook page and trade evidence that linked or mistook the Red Energy products for Red Bull.

Brewer J was not prepared on the evidence before him to find that reference to 'vodka mixed with energy drink' could only be a reference to Red Bull and vodka cocktails nor was he prepared to find that describing the flavour of vodka and energy as 'instantly recognisable' would mislead or deceive consumers into thinking that the Red Energy products contained or were associated with Red Bull. He also accepted the submission from Red Energy that there was nothing misleading or deceptive about identifying



BULL FIGHT OVER RED

products in the space in which a new product intends to compete.

The judge considered that survey evidence by two lawyers recording the responses of 21 shop assistants who compared the defendant's products to Red Bull was not evidence of confusion, but rather was evidence to the contrary. However, he did accept evidence that staff in 21 out of 94 premises (19 per cent) thought the defendant's products contained or were associated with Red Bull. He considered this to be relevant because ordinary consumers would be as or even more likely to make the same mistake, and that confusion by staff would 'leak' to consumers.

Other relevant evidence included a sign alongside the defendant's product stating 'Any Red Bull and Vodka – \$2', and a limited edition of the Red Bull drink sold in a red can, known as Red Edition. The judge found that disclaimers on the cans and cardboard outers were not effective to displace the confusion.

He found that the evidence did not support the plaintiffs' allegation that the defendant intended to have those in the trade believe its products were put out by Red Bull or associated with it, or that the defendants intended to pass their products off as those of Red Bull.

On the trademark causes of action, the judge found that the goods were similar, and that there were similarities, but there was not a strong prima facie case as to confusion. He also held that, while the Red Bull trademarks were well known, the evidence did not support a strong prima facie case as to unfair advantage or detriment.

Overall the judge found there was a serious question to be tried on a number of grounds, but not a strong prima facie case.

On the issue of balance of convenience, the judge weighed the difficulty of assessing loss of market share and the prospect of non-payment of damages by the defendants, against the fact that only one of the two products competed directly and the fact that the defendants' business would die if the application was granted.



He noted that there was no evidence that the defendants' products were serious rivals to those of the plaintiffs or of a serious degree of confusion, and the balance of convenience favoured the defendants.

The third factor, overall justice of the case, also favoured the defendants in that there was a trial later this year, and there was no evidence of imminent harm to the plaintiffs' business and insufficient evidence of confusion.

The judge determined that his conclusions as to balance of convenience and overall justice meant that there was no reason to distinguish between the two products.

Red Bull has appealed the decision to the Court of Appeal.

Note

- 1 *Red Bull New Zealand Ltd & Anor v Drink Red (Australasia) Ltd & Ors* [2016] NZHC 531.

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A new adventure for the intellectual property system in Turkey: IP Code No 6769

The Industrial Property Code No 6769 (the 'IP Code'), which was prepared by the Turkish Patent and Trademark Office (the 'Office'), and abolished previous intellectual property (IP)-related decree laws was accepted by Parliament on 22 December 2016 and entered into force on 10 January 2017 following its publication in the Official Gazette.

In the 1990s, Turkey conducted official negotiations with the European Union (EU) in order to become a member of the Customs Union. Within this framework, Turkey had to adapt its national IP law according to daily EU legislation. In order to fulfil this liability, in 1995, Turkey quickly implemented decree laws relating to IP rights, such as patents, trademarks, industrial designs and geographical indications. The legislator preferred decree laws because, not only are fewer procedures required, so they can be put into force rapidly, but they also have the power of law. Even though they should have been transformed into laws when the urgency passed, they remained in force as decree laws until the entry into force of the IP Code. It is stated in the general preamble of the IP code that it aims to harmonise national IP law with international agreements, as well as recent developments in EU IP law, and make current provisions clearer, more understandable and systematic.

The IP Code includes most of the provisions in the abolished decree laws, as well as some new provisions. It consists of 193 articles divided into five chapters and six provisional articles. The first four books of the IP Code regulate trademarks, geographical indications, designs and patent rights.

One of the most essential and desired amendments in the trademark law is made via the introduction of the 'co-existence' principle. Article 7/1(b) of the abolished Decree Law No 556 Pertaining to the Protection on Trademarks was one of the absolute grounds of refusal of trademark applications. It prevented the registration

of trademarks that were identical or indistinguishably similar to an earlier dated trademark/trademark application. The IP Code removes the *ex officio* refusal authority of the Office in the case in which a notarised letter of consent from the senior trademark owner to the registration of the application is submitted to the Office.

Another major amendment is that if an opposition is filed against a trademark application and the trademark shown as ground for opposition has been registered in Turkey at least five years before the filing date of the application, the opponent must submit evidence to show genuine use of the trademark in Turkey or legitimate reasons for non-use in the case in which the applicant of the contested trademark application requests such from the Office. The opposition will be refused unless sufficient evidence is submitted to prove genuine use in Turkey. It is also foreseen that such a request can be used as a defence in an infringement action. The applicants of the opposed applications subject to the IP Code will most likely assert this provision and thus, if a senior trademark shown as ground for the opposition is not used in Turkey, or there is not any justified reason for non-use, such opposition will be rejected. Therefore, the right owners should be aware of this amendment and carefully decide whether to oppose an application or not in the case in which their trademark is not used in Turkey.

As a last major amendment, the Office will be authorised to evaluate the non-use of a trademark. Accordingly, the Office has the right to revoke a trademark if the subject trademark has not been used without rightful reason for the goods and services covered by the registration within five years, starting from the publication of registration, or if its usage has been suspended for an uninterrupted period of five years. However, the enforcement date of this provision is postponed for seven years with a provisional article within the IP Code, and until that time,



the right to revoke a trademark due to non-use will belong to the competent IP courts. However, just four days before the entry into force of the IP Code, the Constitutional Court annulled the provision regarding revocation possibility for non-use foreseen in Decree Law No 556. So currently, there are ongoing intense discussions about how the non-use actions should be filed, whether those pending will be dismissed or whether the legal gap will be filled with the new provision in the IP Code.

In addition to the aforementioned major amendments, there are some minor amendments in the IP Code. Protection of well-known trademarks within the meaning of the Paris Convention has been foreseen as a relative opposition and invalidation ground. The bad faith claim is regulated as a separate opposition and invalidation ground. It is regulated that a sign that contains a geographical indication cannot be registered as a trademark. The five-year period for the loss of right by remaining silent has been regulated with a separate provision. The opposition period has been shortened to two months from three months. It is an important shift to which right holders need to pay attention, considering that the opposition period is definite and there is no recovery mechanism. In an infringement action filed by a priority right holder, a trademark/patent or design right owner cannot assert its registered right as a defence. Therefore, having a registration does not directly result, as there is no infringement created. The IP Code adopted the international exhaustion principle, and the exhaustion of IP rights has been limited to the products released to the market and it does not apply to next-generation products before they have been released to the market.

One of the major amendments to design rights regulated in Book 3 of the IP Code is that novelty examination is foreseen for the registration of designs. The protection of unregistered designs for three years as of becoming publicly available is foreseen to be in line with Article 11 of the Council Regulation No 6/2002 related to Community designs.¹

Article Provisional 1 of the IP Code regulated that the pending trademark and design applications, before the entry into force of the code, will be subject to the provisions of the respective decree laws until the completion of the registration procedures, which means that the aforementioned amendments will apply to

trademark and design applications filed after 10 January 2017.

Finally, Book 4 of the IP Code introduces relatively new provisions regarding the patent system in Turkey, which brings national law in line with the European Patent Convention (EPC), for instance, provisions corresponding with Article 53/(c), Article 54/(3), Article 56, Article 57, Article 88/(1), (2), (3) and (4), Article 101 and Article 122 (and Rule 136) of the EPC.

It should be mentioned that the provisions of the abolished decree law related to prior user rights, use/work requirements of the patent and service invention that were too vague have been improved.

Another important improvement is the introduction of a post-grant opposition system in line with the system regulated in Article 101 of the EPC. Moreover, the IP Code abolished all criminal sanctions in the case of patent infringement.

In addition to these improvements, it is also pleasing that now all patents shall be granted upon examination; there will be no more patent granting without going through an examination process, and this will lead to stronger patents in Turkey.

Further, there are some substantial matters that are still not regulated in the IP Code.

The IP Code does not include a clear provision regarding the 'novelty' requirement of second or subsequent uses of a known substance or its composition. Although it was the perfect opportunity to introduce Articles 54/4 and 54/5 of the EPC into national law, the legislator strongly resisted such provisions. In defence of the legislator, it has been stated that such inventions are already protected in Turkey, and there is no need for such clear provisions. The same situation is valid for the definition of 'biotechnological invention' and the conditions required obtaining patents for such inventions. It is difficult to understand why bringing clear provisions into the law has been strongly avoided if such inventions are truly and already protected in Turkey.

With an aim to lead to stronger patents or patents with a fairer scope of protections, the IP Code introduced a post-grant opposition system. However, as the system will extend the time needed to reach a decision on a final grant, objections have been raised during parliamentary commission hearings, particularly by the generic (gx) pharmaceuticals industry. The gx industry argued that the ambiguity surrounding the patentability of an invention will prevent

it from entering the market. In addition, the gx industry argued that it is unfair to let the patent benefit from the rights of a finally granted patent during opposition proceedings, despite the possibility of revocation or limitation. However, the legislature appears to have dealt with such unfairness arguments by ruling that the claims of a patent as filed or amended during opposition or invalidity proceedings determine the scope of patent protection retrospectively.

As a reflection of the post-grant opposition system, the IP Code also governs what happens if an invalidation action is filed before the IP courts while an opposition on the same patent is pending. The IP Code states that the court cannot issue a decision on the invalidation action until the outcome of the opposition has been published in the *Official Bulletin* or it has been confirmed that no opposition has been filed against the patent.

In fact, this is a routine scenario for European patents validated in Turkey after the first grant decision of the examining division of the European Patent Office (EPO). Referring to the fact that a patent subject to invalidity proceedings in Turkey may be revoked or amended before the EPO, and that this will be directly binding on a European patent validated in Turkey, the Turkish IP courts are often asked to delay the invalidation proceedings until the completion of the opposition. However, as the law makes no explicit provision for this, the delay is at the discretion of the IP courts. As the IP Code does not cover European patents validated in Turkey for which the post-grant opposition is conducted before the EPO, it is still possible for an invalidation action to take place at the same time as a post-grant opposition for a European patent.

On the other hand, one key feature of the post-grant opposition system has not been included in the IP Code. Like the abolished decree law, the IP Code prohibits any amendment or limitation of the patent after the conclusion of the patent office proceedings. In other words, a patent can be amended or limited only during examination or opposition procedures before the office. This provision explicitly precludes the possibility of amending or limiting a patent during invalidity proceedings. As well as being inconsistent with Article 138/(3) of the EPC and creating bifurcation between European patents validated in Turkey and national filings, this provision makes the post-

grant opposition system useless, or at least vulnerable to being used in bad faith.

However, it is inevitable that third parties will prefer to challenge the patent via an invalidation action, where the patent holder will have no right to amend or limit the patent, rather than via an opposition, where the patent holder may be able to maintain its patent through amendments or limitations. Further, third parties may use this situation as a pre-invalidation action strategy to force the patent holder to limit or amend the claims to a certain scope and then file an invalidation action.

In addition to missing provisions, there are some provisions causing serious concern for patent holders.

Article 130

In Article 130, the IP Code specifies the situations in which a compulsory license can be granted if the subject patent is not used/worked. Indeed, it is stated in the second paragraph of the article that ‘relevant persons... can request the compulsory licensing due to the... use of invention subject to the patent is not sufficient to cover the national market need’. It is important to note that ‘public interest’ is not a precondition for granting a compulsory license as per Article 130 of the IP Code. Compulsory license in case of public interest is ruled in Article 132 of the IP Code as a separate situation for compulsory license.

Therefore, the arguments against this provision focused on the fact that the expression of ‘satisfying national market’s needs’ points to a specific quantitative amount of production/marketing of a patented product. It is important to emphasise here that it covers any patented product, even luxury goods, as there is no public interest condition. Therefore, there is no obstacle for a competitor of a patented product to apply to the IP court and demand a compulsory license on the grounds that the product has been manufactured/used/marketed/imported in the amount of, for example, 500,000 items per year; however, it should have been 600,000 in order to ‘satisfy the national market’s needs’.

During commission meetings at Parliament, the Ministry argued that Article 130 is completely in line with the Paris Convention, and as the international convention rules in the same way about compulsory license over patents, there



should not be any discussion. However, Article 5 of the Paris Convention mentions ‘failure to work or insufficient working’ and clearly does not mention ‘satisfying local market’s needs’. Apparently, the Ministry wants ‘insufficient working’ to be interpreted as ‘satisfying local market’s needs’ in Turkey without preconditioning ‘public interest’.

International exhaustion principle

Another drastic change brought by the IP Code is the introduction of the international exhaustion principle for any type of IP rights, including patent rights. The most important threat to such a patchy protection umbrella is that the international exhaustion of rights in one single jurisdiction is capable of defeating all territorial protections. Once goods are sold in one jurisdiction, having exhausted all jurisdictions, it would be almost impossible for the right owner to interfere with the importation of those goods in other jurisdictions based on the right owner’s local registrations. Indeed, how could the right owner, on the one hand, having exhausted its rights globally, argue, on the other hand, that its rights should be protected? Given similar case law in South Africa, Canada and Switzerland that allows for parallel imports

of goods first sold in other jurisdictions, although the rights may not have been internationally exhausted, it would be very difficult for right owners to exercise IP rights on goods once sold in the Turkish market, exhausting rights internationally.

Moreover, the ‘international exhaustion of IP rights’ is explicitly in conflict with Turkey’s obligations from the Customs Union agreement between the EU and Turkey.

Conclusion

The IP Code brings complete or partial solutions to some of the main problems of Turkish IP law; on the other hand, the IP Code does not include clear provisions with respect to some of the problems within Turkish IP law, especially patent law. There are some provisions causing serious concerns for right holders as well. Finally, it is expected that the Regulation on the Implementation of the IP Code will be published in the *Official Gazette* within a few weeks, and afterwards, we will witness the implementation of the IP Code by the Office and courts.

Note

- 1 See <https://euiipo.europa.eu/ohimportal/en/community-design-legal-texts> accessed 26 April 2017.

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Recent developments and best practices for design patent protection in Venezuela

In 2006, when the Government of Venezuela denounced the Andean Community of Nations and withdrew its membership from this union of countries, there was some uncertainty among applicants and intellectual property (IP) practitioners regarding which legal body should be applicable for this area of the law: on the one hand, Decision No 486 of the Andean Community and, on the other hand, the local Industrial Property Act of 1956.

In 2008, the Venezuelan Patent and Trademark Office resolved the uncertainty, and officially reestablished the old Industrial Property Act of 1956, which dramatically changed the landscape of IP protection in Venezuela.

Unfortunately, during the last ten years, there have been minimal advances in design patent protection, while several applications have been on hold waiting for corresponding analysis and study for granting.

The Venezuelan Patent and Trademark Office has also been very strict when assessing the registrability of three-dimensional (3D) trademarks, based on the fact that this examination should be performed under the articles of the Industrial Property Act of 1956, which, not surprisingly, is out of date when compared with other legislation around the world regarding trademarks.

Nevertheless, in the most recent IP Gazette No 563 of 7 June 2016, the Venezuelan Patent and Trademark Office finally granted design patents, including cases that were pending for more than 15 years. Applicants and IP practitioners in Venezuela welcome this new resolution of the Venezuelan Patent and Trademark Office, granting 32 design patents. This decision is perceived as a step in the right direction, pursuing an improvement on the current backlog that this official institution has been facing during the last decade.

Although only a small group of design patent applications were granted, IP practitioners have the expectations that new resolutions granting design patents will be published in upcoming IP Gazettes.

It is important to mention that the Industrial Property Act of 1956 establishes two types of protection for design patents:

1. industrial drawings, related to all disposition or union of lines, colours, and of lines and colours destined to give any industrial object some special appearance; and
2. industrial models, which refers to all plastic forms combined with colours or without, and every object or industrial, commercial or domestic utensil that can serve as a type for the production or manufacture of others, and that differ from similar ones by their shape or different configuration. Containers are included among goods protected as industrial models.

Considering these recent developments, and depending on the case at hand, we are currently encouraging our clients to seek protection on design patents.

Among the best practices to consider, we would like emphasise the following:

- establish an integrated IP protection strategy, taking into account the particular aspects of the Industrial Property Act of 1956, and the interpretation of this legal body by the authorities at the Venezuelan Patent and Trademark Office;
- consider the possibility of seeking dual protection, the trademark and design patent protection, in the presence of 3D signs, based on the fact that the assessment will be performed in light of the Industrial Property Act of 1956; and
- rely on the benefits of the Industrial Property Act of 1956 to obtain the necessary IP protection in Venezuela.



SURVEY

Survey questionnaire for the new members of the IBA (Intellectual Property and Entertainment Law Committee)



James Martin¹
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1. What was your motivation to become a lawyer?

I have always had a keen interest in current affairs and politics since I was very young, and the legal world provides an interesting meeting point for these interests with a practical application.

2. What are the most memorable experiences you have so far as a lawyer?

From my early days of training to be a solicitor and onwards I have been very fortunate to have worked on several leading intellectual property cases from the *Philips v Remington* shape trademark litigation in the UK and Europe to the *Vestergaard Frandsen v Bestnet* global trade secrets (misuse of confidential information) litigation. These cases have provided me with the opportunity to travel and work around the world, and experience the diversity of litigating intellectual property in different jurisdictions, and within India, in particular. The many highs and lows, and the sheer rollercoaster nature of the experience of Indian litigation, and the friends and acquaintances I have made along the way, are an experience I would not trade for anything.

3. What are your interests and/or hobbies?

I am a third-generation and lifelong supporter of Fulham FC (London’s oldest professional football club), as well as a member of Surrey County Cricket Club. I also have a home in Mallorca, which I like to escape to as often as I possibly can, and where I attempt to improve my rusty Spanish!

4. Share with us something that the IBA members would be surprised to know about you.

I share a name with a British celebrity chef, the inventor of the pilot’s ejector seat and a Scotch whisky!

5. As this survey will be published in the IBA newsletter, do you have any specific message for IBA members?

IP litigation has and continues to change in England and Wales for the better. Access to justice for IP rights holders of all sizes and means has improved considerably over the past five plus years, with specific lower cost forums available for cases of different sizes and complexity, from small infringement claims valued under £10,000, all the way to multimillion pound litigation.

Note
1 Member of the IBA since 2012.