

# CONCEPT

## Google score a blinding victory in Adwords war

### Welcome

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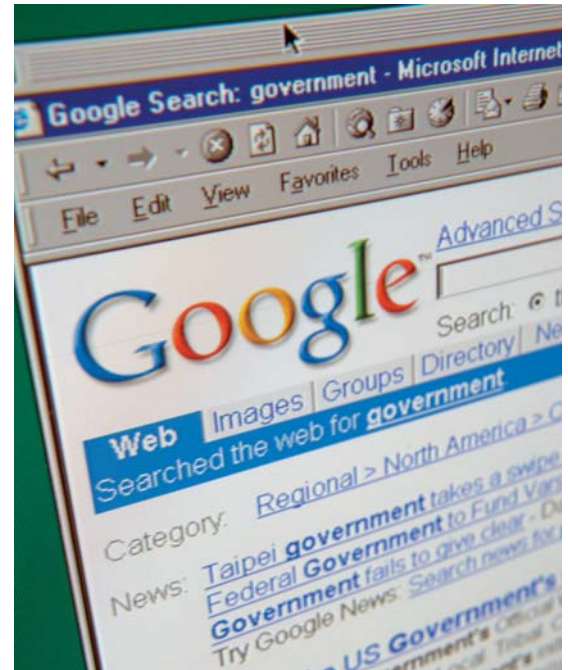
Internet giant Google has won a key battle in the war to protect its controversial Adwords advertising revenue.

Google earns over \$1 billion per year through the sale of keywords which trigger sponsored links (or Adwords) that appear alongside search results whenever someone enters these keywords as part of a Google search.

Many brand owners object to Adwords because Google allows unauthorised advertisers to "buy" their registered trade marks as keywords.

In Europe, Google maintains a trade mark complaint policy where businesses can request their trade marks be removed from sale as keywords. Despite this, Google has still been punished by the Courts: for example, in a case brought by Louis Vuitton in France in 2004, Google was fined following charges of trade mark counterfeiting, unfair competition and misleading advertising.

In the US, however, there is no such complaint policy for keywords resulting in some hotly contested litigation. Nevertheless, where consumers are not confused that the sponsored links the keywords generate have anything to do with the trade mark owner, there seems to be increasing consensus that the use of trade marks as keywords is lawful in the US. Earlier this year the sale of GEICO (registered for insurance services) as a keyword



was declared lawful if the trade mark did not appear in the advert itself. Google's position has been further strengthened by US retailer American Blinds and Wallpaper Factory discontinuing proceedings.

Google continues to face legal challenges to its Adwords policy from other businesses in the US but it seems that for now at least, its business model is safe.

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## Impressions of design

October saw the first appellate court decision in the EU on the scope of the Community Designs Regulation ("CDR"), which introduced Community-wide registered and unregistered design rights. The Court of Appeal overturned the High Court's decision that Reckitt Benckiser's *Airwick Odour Stop* product infringed Proctor & Gamble's registered

design for its *Febreze* air freshener canister.

Lord Justice Jacob criticised the trial judge for failing properly to assess the overall impression created by both products, and in his leading judgment analysed the terms "different overall impression" and "informed user".

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Infringement in the context of the CDR hinges on whether the allegedly infringing design produces a "different overall impression on the informed user" from that created by the registered design.

Jacob LJ held that the informed user is more discriminating than the "average consumer" commonly cited in trade mark law, and although not a design expert, is taken to know a certain amount about the type of product and earlier designs in the field. The overall impression created on him is judged at the time of viewing rather than what "sticks in his mind" afterwards.

He also held that the overall impression need only be "different" from that created by the registered

design, rather than "clearly different" as is required for registration. This divergence has produced mixed emotions amongst IP lawyers, some of whom feel that the tests should be equivalent and do not welcome his analysis.

His justification was that "clear blue water is required between design and prior art for registration to prevent design monopolies from interfering with everyday design modifications" but that "there is no such issue in relation to the scope of protection".

The decision is also of interest to owners of UK registered designs as the provisions analysed reflect those in the Registered Designs Act 1949.

## Applications sent to fast track

In September 2007 a public consultation was launched by the UK Intellectual Property Office ("IPO") on proposals to introduce fast track processing of patent and trade mark applications. Responses are required by 14 December 2007.

The proposals result from the Gowers Review of Intellectual Property which recommended the introduction of:

*"an accelerated grant process for patents to compliment the accelerated examination and combined patent search and examination procedures" and "fast track registration for trade marks".*

### Trade marks

The Consultation proposes the IPO will examine new trade mark applications within ten *business* days of electronically receiving the correctly completed application form and fee for an additional premium of £300. This fast track procedure will be limited to single mark applications and will not be available for series.

Only the examination process will speed up from around a month to ten days and the three month opposition period will still remain. Therefore the fast track will probably result in no more than a two to three week advantage in a process which currently only takes a few months (and which is likely to become even shorter now the IPO has ceased to object to applications on relative grounds). It will be interesting to see whether businesses consider the proposals to be a sensible balance between speed and usefulness and whether the take-up for the fast track procedure is

as much as the anticipated 10 % of applications.

### Patents

Fast tracking is much more significant for patents where the time to grant is much longer. Reducing that period to within a year from the date of filing rather than over two years would be a considerable change. The proposal is to replace the current practices on accelerated processing with a single, more consistent, fast track service for the prosecution of a patent application. Reasons for requesting the fast track process will no longer be required but, obviously, a premium fee will be payable and the consultation is seeking views on how that should be structured.

### European Patent Breakthrough

The London Agreement which will allow substantial costs savings for European patent applicants, will come into force early in 2008. This follows approval by the French Government in October, France being the final key country to approve the arrangement.

Traditionally, applicants for European patents had to file full translations of patents to validate their patent in each country in which they wanted protection. This meant that broad protection in Europe was prohibitively expensive. The London Agreement means that, provided the patent is in French, German or English, a translation of the whole specification does not need to be filed.

12 States have already signed up and the others are expected to follow. Although a translation of the claims still needs to be filed, they are usually much shorter than the bulk of the specification. Costs of protection are expected to fall by 25% to 40%.

*"The London Agreement which will allow substantial costs savings for European patent applicants, will come into force early in 2008."*



European Patent Office, Munich

# Microsoft loses competition appeal

The European Court of First Instance ("CFI") has dismissed Microsoft's appeal against the Commission's 2004 ruling that Microsoft had abused its dominant position in the PC operating systems market and upheld a fine of £345 million.

One of the complaints concerned Microsoft's refusal to supply other providers of work group servers with 'information' which would allow their products to interoperate with Microsoft's Windows operating system.

Microsoft relied on its IPR in the information and argued that its refusal to supply the interoperability information was not an abuse of dominant position. It claimed the criteria under which an IPR owner may be required to license rights to a third party had not been fulfilled.

The CFI confirmed that the refusal of an undertaking with a dominant position to license the use of a product or information was not in itself an abuse of that position, unless there were exceptional

circumstances. Such circumstances arise where the refusal: (1) relates to a product or service indispensable to the exercise of a particular activity in a neighbouring market; (2) is of such a kind to exclude any effective competition in that neighbouring market; and (3) prevents the appearance of a new product with potential consumer demand.

The CFI found these conditions were fulfilled as competing operating systems that did not interoperate with Microsoft's architecture on an equal footing with the Windows operating system could not be viably marketed.

The decision has effectively given the Competition Commission the go-ahead to continue other active investigations into the software industry, and new Commission guidance is expected soon. Microsoft has announced that it will not appeal the decision having reached a deal with the European Commission allowing others to access interoperability information.



*"One of the complaints concerned Microsoft's refusal to supply other providers of work group servers with 'information' which would allow their products to interoperate with Microsoft's Windows operating system."*

## UK – US patent prosecution highway

The UK Intellectual Property Office ("IPO") and the United States Patent and Trademark Office ("USPTO") have signed up to a new scheme allowing them to share and recognise each other's patent examination reports. The aim, according to Lord Triesman (UK Government Minister for Intellectual Property), is to "enhance the operational efficiency of both agencies and improve patent quality".

The pilot scheme, the "US-UK Patent Prosecution Highway", is the latest in a series of initiatives between IP offices from different countries throughout the world. It follows a similar scheme between the Japanese patent office and IPO signed in July 2007.

### What does it mean?

The US-UK Patent Prosecution Highway allows the IPO and USPTO to collaborate on their handling of

patent applications for the same invention. For example, if your patent application has already been examined by the USPTO and you have received an examination report, you can submit the USPTO search and examination reports for your invention (together with other specified information) to the IPO. The IPO will then be able to use the work done by the USPTO. This procedure enables someone with reports from a collaborating country to process their UK patent application sooner than would normally be possible.

### The Future

The development of increased co-operation between the IPO and other national patent offices was a key proposal to come out of the Gowers Review of IP. The use of patent prosecution highways is expected to be a step towards a global patent prosecution highway network.

## Direct email marketing – the golden rules

Direct email marketing (including SMS messaging) can be an effective marketing tool, but misuse risks alienating customers and can result in enforcement by the Information Commissioner, usually accompanied by adverse publicity. In addition to voluntary codes such as the CAP Code, marketers need to take into account the Privacy and Electronic Communications Regulations and the Data Protection Act 1998. However, these guidelines should ensure that you do not inadvertently breach these complex regulations:

- marketing emails can freely be sent to individuals if they have given their prior consent;
- the individual must actively do something to indicate consent, usually by ticking an 'opt-in' box. *Failing to opt-out does not count as consent;*
- consent from previous customers is not required for the marketing of similar products or services by the same firm, provided the customer had the

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opportunity to opt-out at the time;

- it is difficult to use e-mail lists bought from third parties or harvested from the web without falling foul of the regulations. The list's buyer has responsibility to ensure that individuals have genuinely given their consent (including consenting to the transfer of their information to a third party);

- prior consent is not required for marketing emails sent to corporations or institutions. However, sole traders and partnerships do not count as corporations and the products or services must be business-related;
- in all cases, the email should clearly identify your business and provide a quick and simple method of opting-out of future marketing.

## Does your website privacy policy need updating?

The Information Commissioner's Office has published a new data protection guidance note for companies collecting personal information on their websites (e.g. from customers).

The guidance reminds website operators to process information fairly by ensuring that individuals are given adequate 'fair processing information'. This includes clearly setting out: the identity of the website operator (and any third party collecting information via the site); what, how and why the information will be processed; and any other information required for fair processing. The final "catch-all" includes telling individuals about their access rights (and how to exercise them) and whether their information will be disclosed to any third parties (including group companies) or processed outside the EEA.

The note also explains the stronger safeguards required for websites aimed at children.

The guidance states that while this information

can be included in full in an online privacy policy, a basic description should also be included at every point on the website where information is collected. It is not enough to simply say "*click here to see our privacy statement.*"

The guidance also reminds operators using tracking technology such as cookies that developing profiles of individual users also constitutes use of personal information and requires additional 'fair processing information'. This information can be incorporated in a privacy policy if it is also clearly referred to for all site users to see.

Although the guidance highlights yet more data protection pitfalls, it should not concern website operators who have a full and accessible privacy policy, together with a basic description of the fair processing information at every point information is collected.

## Company names update

In Concept Summer 2007, we reported on provisions relating to company names under the Companies Act 2006. In August the Government published two sets of draft Regulations, although they will not come into force until 1 October 2009 and fresh consultation has been planned for December 2007.

The Companies (Company and Business Names) (Miscellaneous Provisions) Regulations 2007 set the parameters for choosing a company name (which can be no more than 160 characters). Permitted characters will include Roman characters (excluding accents and diacritical marks), numerals 0-9, basic punctuation marks and other specified signs and symbols. The Regulations also state what is to be disregarded when considering whether a name is the same as one already registered and lists things to be regarded as the same, such as: @/at or \$/dollar. The Regulations allow a company whose name is the same as one proposed to

be registered to consent in writing to the later registration of the same name provided both companies are within the same group.

The Company Names Adjudicator Rules 2007 will regulate proceedings before a Company Names Adjudicator or "name squatting", which can force a company to change its name if the applicant shows that the name is one in which the applicant has goodwill. The office of the Company Names Adjudicator will be located at the Intellectual Property Office and the Chief Adjudicator will determine the content of forms to be used in the procedure. Fees for the forms have not been set but cost recovery will be their basis. The Rules contain provisions relating to: the procedure to be followed by applicant and respondent; evidence rounds; hearings; powers of the adjudicator (including giving directions and extension of time); and costs orders.

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