



# CONCEPT

## 21st Century Copyright

### Report calls for wide-ranging reform

An independent review of the intellectual property (IP) system has recommended significant reform of UK IP to ensure that the UK has an IP framework best suited to supporting innovation and promoting economic growth in the digital age.

The review was carried out by Professor Ian Hargreaves, with the aim of developing proposals for making the UK's IP framework more supportive of growth and innovation. The Report, entitled "Digital Opportunity", criticises the current system, emphasising that it is *"falling behind what is needed, especially in the area of copyright"* and makes ten proposals *"designed to enhance the economic potential of the UK's creative industries"*.

Recommendations include the establishment of a Digital Copyright Exchange (in essence an online marketplace for copyright licences), legislation to allow licensing of the huge number of "orphan works" which currently cannot be exploited because the copyright holder cannot be traced, and the introduction of new copyright exceptions

for activities which do not prejudice the central objective of incentivising creators.

The proposed exceptions include a new right to parody, a relaxation of the law relating to format shifting for private individuals, and exceptions for library archiving and non-commercial research. Whilst these fall short of introducing a "fair use" provision equivalent to that adopted in the US, Professor Hargreaves' suggestions would make the UK copyright system more compatible with the reality of modern digital storage formats and consumer habits. For example, format shifting, (eg from CD to mp3) is still technically an infringement of copyright, even though it is widespread amongst consumers.

In addition, the Report recommends that, at EU level, the UK should promote an exception to support text and data analytics and should give a lead to develop a further copyright exception designed to provide adaptability to new technologies.

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## Survey Evidence and Case Management

### *A&E Television Networks LLC and AETN UK v Discovery Communications Europe Ltd*

New guidance has been given by the High Court as to the procedure to be followed by parties to trade mark proceedings where one party proposes to rely on a customer survey as evidence.

In order to prevent time and legal costs being incurred in carrying out a survey with no value to the judge at trial, a party who intends to rely on survey evidence must seek directions from the Court as to the scope or methodology of the proposed survey before carrying out the survey.

In the current application, the Claimant, the broadcaster of the "History" television channel, sought permission to carry out a survey to obtain evidence in a trade mark infringement claim against a new channel by Discovery (the broadcasters of the "Discovery Channel") called "Discovery History".

In granting the Claimant permission to conduct its survey without any amendment, the judge, Mr Justice Mann, stated that the purpose of addressing the admissibility of

any proposed survey before trial was to prevent costs being wasted on a survey which would have no probative value. Therefore, unless it was sufficiently clear at the permission stage that the proposed survey would be flawed, misleading, insufficiently probative or disproportionate, then the survey should be allowed. The time for detailed argument on the form of the survey and the weight to be attributed to it was at trial, and costly satellite litigation at this stage in the proceedings should be avoided.

Similarly, the Claimants were to be allowed to use trainee solicitors to carry out the survey in the hope that this would provide more accurate results, but Mann J capped the costs of the conduct of the survey to those that would have been charged by a reasonably priced and respected market research organisation.

Burges Salmon are instructed by Discovery.

### Welcome

Welcome to the spring edition of **Concept**, the news bulletin from Burges Salmon's Intellectual Property and Technology Team.

For further information on our Intellectual Property and Technology Team and the services we offer, please use the contact details on the back page.

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# Cookies and spam

We reported in December 2009 on the creation of an EU cookie monster to protect consumers. In fact, the EU legislative package adopted at that time did more than that, revising the existing telecommunications and electronic communications framework with the aim of strengthening consumer rights in the sector. Member States have until 25 May 2011 to adopt implementing measures.

## Cookies

The previous rule on using cookies for storing information was that you had to tell people how cookies would be used and tell them how to “opt out” if they objected. Many websites did this by putting information about cookies in their privacy policies. The new position is that you will have to obtain consent of the user to store cookies. One of the suggestions in relation to the new rules is that the user’s browser settings are one possible means to get user consent and that is the approach the Government prefers. However, at present the problem is that most browser settings are not sophisticated enough to allow you to assume that the user has given their consent to allow your website to set a cookie and if access is via an application on a mobile device, a browser may not have been used at all. So, for now the Information Commissioner’s Office (ICO) guidance published on 9 May 2011 is advising organisations which use cookies or other means of storing information on a user’s equipment that they have to gain consent some other way. They will be publishing more information on their approach to enforcement shortly.

*“The new position is that you will have to obtain consent of the user to store cookies.”*

## Spam

ICO will get increased powers to impose monetary penalties of up to £500,000 on spammers for the most incidents of businesses and other organisations sending unwanted marketing emails and texts, as well as making live and automated marketing phone calls. ICO will also get improved powers of investigation into companies that make nuisance marketing calls.



# Product Placement

Since the beginning of commercial broadcasts in the 1950s, there has been a general prohibition on paid-for product placement on television and radio programmes made in the UK. However, the rules changed from 28 February 2011 and commercial references are now permitted in films, dramas and documentaries, TV series, entertainment shows and sports programmes. TV sponsorship rules have also been liberalised. Sponsors will be allowed to place products in the programmes they sponsor and their logos may appear briefly during programmes.

**Ofcom have released a universal on-screen logo:**



Broadcasters will have to show the logo to alert viewers of programmes featuring paid-for placements. Transmission will last for three seconds at the beginning and end of programmes, as well as on returns from commercial breaks.

The liberalisation of the rules which are contained in Regulations made by Parliament and a revised version of the Broadcasting Code published by OfCom, follow on from the 2007 Audiovisual Media Services Directive. The Directive enabled Member States across the EU (with the sole exception of Denmark) to allow product placement whilst ensuring minimum safeguards such as the total ban in all children’s programmes. The Broadcasting Code continues to forbid the placement of certain products such as alcohol, tobacco and junk food and certain services such as escort agencies. The blanket prohibition on product placement will remain for BBC programming, for UK made or commissioned religious, current and consumer affairs programmes and, regardless of origin, for all news and children’s programmes.

It will be interesting to see whether it is only the big brand owners that take advantage of the new rules, how much advertising money is spent this way and whether the reaction of the UK public is positive or not.

# Interflora Opinion

## Good news for Interflora, Good news for Advertisers

The Advocate-General has recently delivered his Opinion on questions referred to the European Court of Justice (ECJ) by the English High Court in the case of *Interflora Inc v Marks and Spencer plc*.

The case concerned Marks and Spencer's purchase of "Interflora" as a keyword to trigger paid-for advertisements on Google's search pages. The word 'Interflora' was not used in the text of the advertisements themselves.

The ECJ had already held (in the *Google France* cases) that a paid-for ad triggered by a competitor's trade mark may be trade mark infringement if it "does not enable an average internet user... to ascertain whether the goods or services referred to in the ad originate from the proprietor of the trade mark".

In the Advocate-General's opinion, this ruling entitled Interflora to prohibit the use of its trade mark as a keyword by Marks and Spencer, in circumstances where Interflora operates a worldwide flower delivery network made up of individual florists. This created a risk that a paid-for ad triggered by the Interflora trade mark could confuse consumers into believing that the advertiser was a member of the Interflora network, whether or not the mark Interflora was actually mentioned in the ad.

If the ECJ follows the opinion, other trade mark proprietors who operate similar commercial networks to Interflora may



have a stronger case to prevent their trade marks being used as keywords.

However, the Interflora opinion supports the ECJ's previous ruling that the act of buying a competitor trade mark as a keyword by itself is not trade mark infringement, and that there would be no justification for the ECJ to prohibit such activity in view of the need to promote undistorted competition. In that respect, therefore, this Opinion strengthens the position of advertisers.

*"The word 'Interflora' was not used in the text of the advertisements themselves."*

## Libel Reform

In response to a vociferous campaign for libel reform, the Government published a draft Defamation Bill and accompanying consultation paper on 15 March 2011. The main proposed changes include:

- codifying of the existing common law "requirement of substantial harm" to exclude trivial claims;
- introducing "the nature of the publication and context" which the Court can have regard to when considering whether the defence of responsible publication applies, in particular to non-governmental organisations and the scientific community;
- abolishing the common-law defence of justification and replacing it with a statutory defence of truth;
- abolishing the common-law defence of fair comment and replacing it with a statutory defence of "honest opinion", although it is unclear whether the draft Bill will go far enough for those who have argued that the distinction between what is fact and opinion should be clarified;
- extending the types of reports which attract the defence of qualified privilege to include fair and accurate reports

of proceedings at academic and scientific conferences, and reports relating to non-UK public companies;

- introducing a new "single publication" rule to address the problem that at present publishers face potentially unlimited liability for material that is published on the internet;
- tackling the problem of "libel tourism" by removing the Court's jurisdiction to hear claims unless England and Wales is the most appropriate place in which to bring an action;
- proposing that defamation trials should be tried without a jury unless the Court orders otherwise, so that issues that might determine the ultimate outcome of a trial, such as meaning, can be resolved at an early stage.

As well as the wording of the draft Bill itself, the Ministry of Justice is consulting on other issues including a new High Court procedure for defamation claims, whether the right of companies to sue for defamation should be restricted and the liability of internet service providers.

The closing date for the consultation is 10 June 2011.

# Play-Doh tastes success against edible rival



The makers of the (inedible) children's modelling compound PLAY-DOH (a registered trade mark) sued the manufacturer and distributor of an edible powdered dough mix known as YUMMY DOUGH for trade mark infringement and passing off, complaining that three strap lines for the product, in particular "The edible play dough!", infringed its rights (*Hasbro Inc, Hasbro SA and Hasbro UK Ltd v 123 Nahrmittel GmbH and Marketing & Promotional Services Ltd* [2011] EWHC 199 (Ch)).

The Defendants counterclaimed for a declaration of invalidity in respect of the trade marks, on grounds of lack of distinctiveness, and for revocation, on grounds that PLAY

DOUGH had become the common name in the trade for modelling compounds. The Defendants also claimed that use of the strap lines was an indication of the kind of goods sold and was therefore in accordance with honest practices in industrial commercial matters.

The High Court ruled in favour of Hasbro, finding that the strap lines were a brand extension, and that "a significant class of consumers" would assume that the goods would come "from the same or linked undertakings", in particular because the Defendants had "gone to lengths to weave the phrase 'the edible play dough' into the naming of their product".

The High Court rejected the counterclaims of invalidity and revocation, a decision which shows that with proper brand maintenance, consistent promotion and diligent enforcement otherwise vulnerable trade marks of this kind can withstand such claims.

The judge's further finding that the Defendants' actions were not in accordance with "honest practices in industrial or commercial matters" shows that parties relying on this defence will have to show they have made every effort to fully understand the consequences of their actions before proceeding to use an otherwise infringing mark, and that once they are aware that use of the mark is causing substantial deception or confusion, they should stop.

## New Regime for Horizontal Agreements

The European Commission has adopted a new block exemption for Research and Development (R&D) agreements which replaced the previous block exemption from 1 January 2011. The Commission has also published new, revised guidelines (the Guidelines) for the assessment of horizontal co-operation agreements between competitors. Together they provide a framework for the assessment of co-operation agreements involving intellectual property rights (IPR) in order to give organisations the freedom to share risk and cost, to increase innovation and improve choice whilst minimising the risk of agreements being entered into that are harmful to industry and consumers.

The Guidelines introduce more transparency to the process of standard-setting. Standardisation agreements which do not comply with the criteria in the Guidelines are not necessarily illegal, but they will need to be individually assessed in order to determine whether there are robust objective justifications for more restrictive terms than those set out in the Guidelines.

Provided that agreements only contain restrictions which are indispensable to achieving the positive effects generated by R&D then consumers will benefit from the exemption contained in the new block exemption.

The block exemption has been extended to cover "paid-for-research" agreements where one party finances the R&D activities carried out by the other party. In addition it gives parties more scope to jointly exploit the results of their research.

One of the conditions for exemption is that all parties must have *full* access to the final results of the research, including any resulting IPR and knowhow. However, where parties limit their rights of exploitation, access to the results may also legitimately be limited.

For more information please contact a member of the IP and Technology team.

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