

# INTELLECTUAL PROPERTY PRO BONO GROUP MANCHESTER NEWSLETTER

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## A very Happy Roger

Music piracy has a profound affect on the industry. **Robert Smith** explains.

Remember when you were younger and you used to buy cassette singles and albums? My own favourites being Shaggy's "Oh Carolina" and the classic "My Prerogative" by Bobby Brown. Well, if you were as cool at the age of eight as I clearly was, then more than likely at some point during your cassette-listening days you probably made a straight copy of that cassette to give to your friends in your extensive social group. Unaware as to the implications of doing this, little did I know that when I passed that cassette on I was actually breaking the law (and more than likely also losing friends who perhaps did not share the same love for Ace of Base as I did). The fact of the matter is that at some point in our lives all of us have copied some format of music for another either intentionally or ignorantly. However, even now, some fifteen years later it seems the general public still continues to illegally copy music without authority. The IFPI Commercial Piracy Report 2005 states that globally, one in every three CD music sales are unauthorised copies and that the pirated music industry was worth an estimated \$4.6 billion in 2004 (NB/ physical piracy only, doesn't include figures for illegal digital file sharing).

**"The IFPI Commercial Piracy Report 2005 states that globally, one in every three CD music sales are unauthorised copies and that the pirated music industry was worth an estimated \$4.6 billion in 2004"**

At a very high level of abstraction, music piracy is an umbrella term for any music that is distributed without the authority of the author or author's representative. Plainly in everyday life

when we refer to the "author's permission" we are usually talking about royalties that we pay when we hand over our money for the music album in the high street.

Clearly when we do not pay these royalties or the royalties do not get back to the author or author's agent (music publishers) then we are breaking the law.

**"Many of those involved in music piracy are actually part of massive criminal syndicate and gangs"**

Music Piracy comes in one of four main forms:

**Simple piracy:** this is when a music CD is simply copied and handed on without any royalties being given to the artist or publisher. A typical example would be buying a CD and then performing a straight copy onto a blank CD for another person.

**Counterfeits:** these are when the original CD is copied along with all the packaging to try and pass it off as an original. This is usually done for commercial gain and the CDs are offered at a lower than market price however at no point are royalties paid to the artist.

**Bootlegs:** when live broadcasts of music are recorded without permission and then sold on. A typical example would be if you were to record a music concert from the audience and then sell on the recording.

*continued page 2...*

## Starbucks wins Chinese logo case

Starbucks has won a two-year legal fight in China after a court found that a local coffee store chain had violated its trademark. A Shanghai court

concluded that Chinese firm Xingbake had infringed the US firm's rights by using a Chinese name and logo similar to Starbucks.

State media reported that Shanghai Xingbake had been ordered to stop using its name and to pay the US retailer 500,000 yuan (\$62,000) in damages. Starbucks uses the name Xingbake in China. In Chinese, Xing means star while bake sounds like bucks. Xingbake argued that it had registered its name in 2000, before Starbucks had secured its trademark in China. However, Starbucks insisted that it had registered its name and logo in 1996 and claimed that the use of the Xingbake name in 38 Shanghai outlets violated its intellectual property rights.

The court concluded that Xingbake's name and logo was similar to Starbucks' and that the US firm was entitled to have the sole right to use its name in both English and Chinese.

Source: [www.news.bbc.co.uk](http://www.news.bbc.co.uk), 2 January 2006

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## The Patent Office is rebranding

The Patent Office is currently implementing a re-branding programme and has adopted a new logo and strapline.

Source: The UK Patent Office, 5 January 2006

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**Illegal digital file sharing:** music is legally available to be distributed across the Internet from certain sources that are given express permission and will collect royalties on behalf of the authors/publishers, however illegal sources offer the same music for free again without any royalties being paid to the authors.

In 2004, counterfeits were the largest global problem area for music piracy, with an estimated 1.5 billion illegal counterfeits sold. This figure is mainly generated from sales in Latin America, China, Eastern Europe, and Russia where laws and authority responses are generally a lot slacker than those in the more developed world. In America, Central/Western Europe, Japan and Australia, illegal digital file sharing is suggested to be the biggest problem area but due to the problems of controlling, monitoring and policing the Internet, substantive figures are hard to ascertain (although the IFPI associates illegal digital file sharing as being responsible for 22% drop in the music industry since 1998).

It is also important not to ignore the fact that many of those involved in music

piracy are actually part of massive criminal syndicate and gangs. More often than not, they use music piracy as an easy way to produce capital with which to fund other underworld activities such as drug smuggling, arms dealing and human trafficking.

**"IFPI associates illegal digital file sharing as being responsible for 22% drop in the music industry since 1998"**

In November 2004, the head of an anti-piracy task force in Italy was shot for his involvement in investigations into the Comorra mafia family's piracy activities. In May 2005, the Deputy Attorney General for Italy confirmed that since 2000, 213 members of the mafia family had been jailed for piracy-related crimes. Another mentionable incident is the raids on a Spanish piracy gang in April 2004 in which the authorities discovered 'factories' capable of producing 720 pirated CDs per hour. 39 People were arrested and further investigations showed that the gang were also involved in illegal immigration and forged state identification activities.

Within the UK, music piracy and those activities relating to it can be in breach

of the following enactments of Parliament: *Copyright Designs and Patents Act 1988, Trade Marks Act 1994, Trade Descriptions Act 1968, Forgery and Counterfeiting Act 1981, Theft Act 1968*. The most common tends to be the *Copyright Designs and Patents Act 1988*. Under this statute criminal proceedings can see offenders punishable by unlimited fines and up to 10 years imprisonment. However criminal proceedings are relatively rare and more common are civil proceedings to attempt to regain the loss of earnings from the offender's illegal dealings.

Within the UK, anti-music piracy operations are generally headed by the BPI (British record industries trade associations), IFPI (International organization fighting music piracy and promoting fair market access and adequate copyright laws) and the Department of Trading Standards. The Anti-Piracy Unit of the BPI represents and acts on behalf of roughly 2,000 record labels and thousands of artists.

In 2003 the Anti-Piracy Unit conducted 150 cases and gave evidence in 943 cases. This figure is rising with much greater funding and governmental support, including a current push to crack down on illegal digital file sharing.

## Review into the Intellectual Property Framework

On the 2 December 2005, at the Advancing Enterprise Conference, the Chancellor of the Exchequer announced a review into the Intellectual Property Framework. The review will be conducted by Andrew Gowers and will report in the Autumn of 2006.

The review follows a government pledge to modernise

- complexity and expense of the copyright and patent system, including copyright and patent licensing arrangements, litigation and enforcement; and
- whether the current technical and legal IP infringement framework reflects the digital environment, and whether provisions for 'fair use' by citizens are reasonable.

The Government has previously committed to examining whether the current term of copyright protection on sound recordings and performers' rights is appropriate. This will also be conducted within the review.

"I believe that intellectual property is at the heart of Britain's success in the knowledge economy," Mr Gowers said. "This review will ensure that we maintain a world-class environment for creativity, design and innovation."

Sources: HM Treasury, BBC News

## Proposed royalty rights for artists

By Laura Hickman

It is expected that the early part of 2006 will see Parliament debate proposed royalty rights for living artists under the European Artists' Resale Right Directive. Draft legislation was laid before Parliament in December 2005 and seeks to introduce a right whereby living artists will receive a percentage of the sale price when their work is traded or resold.

The right stems from the European Union Directive 2001/84/EC which aims to standardise the resale rights of artists throughout Europe. France already has such a right in place which lasts for the duration of the copyright protection itself.

If the law is implemented as planned then an artist whose work is sold at a value of  $\square 1000$  or more with the help of a professional will be entitled to a royalty payment. The percentage of the sale price will be calculated on a tapering scale and royalties will be collected by a collecting society to ease the pressure on businesses to do so.

A further extension to the right to deceased artists to bring the UK in line with the French system will not be considered until 2010 at the earliest.

## Can EU designs gain automatic protection under WIPO?

Linking of EU design registration system with WIPO international system.

By Alexandra Webster

The European Commission has presented two proposals to link the 'Community Design' system, which protects designs within the EU, with the international design registration system of the World Intellectual Property Organisation (WIPO). The proposals would allow companies, with a single application, to obtain protection of a design not only throughout the EU with the Community Design, but also in the countries which are members of the Geneva Act of the Hague Agreement concerning the international registration of industrial designs. The first proposal relates to the accession of the European Community (EC) to the Geneva Act. The second proposal contains the necessary provisions to give effect to that accession, in particular through an amendment of Council Regulation No 6/2002 on Community Designs.

**The Geneva Act**, signed on 2 July 1999, became fully operational on 1 April 2004. It allows designers to obtain design protection in a number

of countries through a single international registration filed with the International Bureau of WIPO, replacing a whole series of registrations with different national or regional offices.

**The Hague programme/system** is a five-year programme for closer co-operation in justice and home affairs at EU level from 2005 to 2010. It aims to make Europe an area of freedom, security and justice

All this would have a positive impact on research, development and innovation activities. The simplified procedure would also facilitate access to protection in third countries, which would encourage EU companies to trade with these countries in the knowledge that their designs are protected.

The creation of a link between the Community design system and the Hague arrangement would benefit a wide range of industrial sectors.

# Counterfeit drugs: are they worth the price?

Jeffrey Chiang investigates.

Following the discovery of counterfeit Viagra in 2003 and product recalls of Reductil and Cialis in 2004, 11 people, including 3 pharmacists, were in court facing counterfeit drug charges. Charges against the defendants include offences committed under the Medicines for Human Use (Marketing Authorisations etc) Regulations 1994, the Criminal Law Act 1977, the Medicines Act 1968 and the Trademarks Act 1994. The three pharmacists charged were: Hitendra Patel, of Worcester Park, Surrey (charged in respect of Viagra); Nayna Ashish Halai, of Hertfordshire (charged over Viagra and Cialis) and Rajendka Gulbachand Shah, of Hertfordshire, (charged over Reductil and Cialis). For Mr. Shah, this was not a first encounter, as he was struck off the Register in 2002 for illegally selling Viagra to a newspaper reporter. After an initial hearing at the Kingston Crown Court on 30<sup>th</sup> November 2005, the case has since been adjourned to February/March of 2006 for a plea and directions hearing [source: Pharmaceutical Journal Online].

**“It is shocking how cheaply these drugs can be obtained through internet pharmacies, consequently fuelling this booming trade for these types of products”**

At one point in time, it was thought that counterfeit drugs would only run rampant in less developed countries, this is no longer the case as counterfeit drug rings are forging ‘lifestyle’ drugs to target developed nations where consumer power is strongest. For example, Reductil, prescribed for obesity, and Cialis, for treatment of erectile dysfunction, are just two of the many drugs that are paving their way into official medical supply chains around the world. As John Theriault, VP of global security for drug manufacturer Pfizer stated, counterfeiting is “the emerging crime of the 21<sup>st</sup> century” [source: Pharmaceutical Journal Online].

While the majority of patients in UK still purchase their medicines directly from a pharmacy, many are choosing to buy self-prescribed ‘lifestyle’ drugs over the internet. One reason for this new phenomenon is because of cost; it is shocking how cheaply these drugs can be obtained through internet pharmacies, consequently fuelling this booming trade for these types of products. Viagra, for

example, was bought by tens of thousands of men in the UK last year. Where prescription Viagra costs between £5 and £7 per pill, it is sold for as little as £2 over the internet. Another issue is the difference in dosages per pill between online drugs where there is little to no regulations, compared to drugs bought from pharmacies, something which can easily mislead the public and contribute to people harming themselves further. In addition, the ‘online consultations’ which are designed to prevent customers from buying drugs harmful to their health in light of certain pre-existing medical conditions are useless as it was alarmingly easy to lie and thereby obtain drugs that may not be suitable for them.

According to Times Online, another major factor being held responsible for breaches in the official supply chain is the practice of parallel imports, where medicines are bought from another EU country and sold in UK at a profit. Although there is legislation controlling such practices, Britain still receives about 140 million of these parallel-traded medicines annually [source: Times Online].

Clearly, the UK is just one country among many being subjected to the unscrupulous trade of counterfeit drugs. Since the counterfeit drug business is not yet widely known to the public, governments and health authorities should urge consumers to be more proactive and to question the legitimacy of the drugs they buy, particularly those purchased online.

**“In some cases it was revealed that tablets were made of boric acid while brick dust was used as a binding agent”**

It has been revealed that the counterfeit drug-making process is often extremely unsanitary and products used are a serious threat to health. In one instance, John Theriault told Telegraph newspaper that after a drug raid in Bogota, Columbia where counterfeit Ponstan (an anti-inflammatory drug) and Terramycin (an antibiotic) were found, it was revealed that those tablets were made

of boric acid (a pesticide that can cause gastric problems and even death if taken in a sufficient amount) while brick dust was used as a binding agent. Mr. Theriault continued by saying that “the Ponstan was dyed yellow, its authentic colour, with paint used to mark the highway” and “floor wax was used to give the pills a sheen” [source: Telegraph Health Online]. Not only are these counterfeit drug factories operating in developing countries, it is actually closer to home than we think. Raids have been made in countries such as Switzerland and Spain where the drugs are produced with equally dangerous products and in equally unsanitary conditions.

**“In China alone, it is estimated that 100,000 people die every year as a result of counterfeit drugs”**

This is a serious issue that has widespread effects on everyone and demands prompt and effective attention. It is estimated that up to 10 per cent of medicines in the world are counterfeited, resulting in a significant (but unknown) amount of people killed or seriously harmed directly or indirectly (by lack of proper treatment) each year. In China alone, it is estimated that 100,000 people die every year as a result of counterfeit drugs. Ged Lee, Group Manager for Laboratories and Pharmacopoeia at the Medicines and Healthcare products Regulatory Agency (MHRA) has warned suppliers and consumers alike to be vigilant and listed several ways of how people can help spot counterfeits. These include: (1) Question large discounts; (2) check batch numbers and expiry dates as the expiry date on counterfeit products do not usually correspond with the batch number; (3) educating staff who handle counterfeit drugs by spotting flaws such as faded packaging; and (4) contacting the manufacturer and regulatory authorities if you suspect the product to be counterfeited [source: The Pharmaceutical Journal].

The problem needs to be addressed on various fronts in the supply chain. Manufacturers should adopt anti-counterfeiting schemes, for example, holographic imaging and other advanced methods of protecting its authenticity to prevent counterfeiters from reproducing its products. Distributors should keep

proper records of genuine drugs and make detection methods available to retailers. They should also provide methods for the public to identify counterfeits. Retailers should only buy from authorized distributors and avoid cheap distributors or other suspicious suppliers. If they come across goods that do not match the genuine product, then they should report this incident to the distributors and to the proper authorities. Consumers should only purchase from reputable retailers (i.e. Boots), and avoid buying from the internet for the reasons already mentioned. With regard to the role of the authorities, they should publicise warnings of counterfeit drugs to warn the public of the dangers of buying from the internet and from retailers who are not reputable. The government and health authorities should also educate the public on how to spot counterfeit drugs and encourage them to report them and its sellers to the police.

### **“The judiciary needs to set an example by imposing severe sentences as a deterrent to potential counterfeiters”**

On the international front, governments can take effective action against counterfeiters through undercover operations and establishing a broad information-sharing network where international collaboration is essential to stop the global trade of counterfeit drugs. Lastly, the job of the judiciary is an

important one. Given the prevalence of this type of offence and the serious harm that it does to the public, the judiciary needs to set an example by imposing severe sentences as a deterrent to potential counterfeiters.

In an era of globalisation where economies of scale are constantly being strained, cheap consumer products are key; the problem of counterfeiting is not an issue that can be solved overnight. It is a long process and the government needs the help of its citizens to combat this growing problem. The public has to be wary of where the drugs are manufactured and their legitimacy, especially when making purchases over the internet. In essence, the common factor that perpetuates a vicious cycle in any counterfeiting industry, whether it is the sale of clothes or CDs, is the participation in the distribution and sale of these drugs by the public. If people stop making offers, companies producing these bogus and hazardous drugs will stop their production. The surge in counterfeit drugs is in response to the demand by innocent people who are unaware of the conditions, and the quality that these drugs are manufactured in. However, the difference between the purchasing of a counterfeit CD compared to counterfeit drugs lies in its consequences. With counterfeit drugs one is jeopardising his/her own health, a compromise that should not be made at any cost.

## **EU seeks views on its future patent policy**

The European Commission has launched a public consultation on how future action in patent policy to create an EU-wide system of protection can best take account of stakeholders' needs. While the Community Patent remains a priority, the Commission is also seeking views on what measures could be taken in the near future to improve the patent system in Europe.

All interested stakeholders, including industry and individuals, are encouraged to reply. The closing date is 31 March 2006.

Internal Market and Services Commissioner Charlie McCreevy said: "Good intellectual property rules are essential: by stimulating innovation and leading to the successful development of new products, they help to generate growth and jobs. We want to maximise these benefits in Europe by making the single market for patents a reality. This is why I am asking businesses and individuals alike to give me their views on how we should move forward to achieve this. Meanwhile we will of

course continue to strive for the Community Patent, which remains central to our policy."

The consultation focuses on three major issues: the Community patent; how the current patent system in Europe could be improved; and possible areas for harmonisation. The Commission is also seeking views on what action could be taken while work on the Community patent is continuing, in particular within the framework of the existing European patent system, or by bringing national patent systems more closely in line with each other through either approximation of laws or mutual recognition of national patents. The legal framework for jurisdiction over patent disputes is an area of significant interest in this context.

The feedback obtained from stakeholders will form the basis of a hearing, which the Commission intends to organise in Brussels on 13 June 2006.

Source: [www.publictechnology.net](http://www.publictechnology.net), 17 January 2006

## **Commission drops investigation into ETSI**

A decision by the European Telecommunications Standardisation Institute (ETSI) to change its rules on using patented techniques in its standards has convinced the European Commission to close its investigation.

The rules now adopted by ETSI mean that members must inform its standards-setting committees of the existence of patents they hold when making submissions. This move is designed to reduce the risk of users of the standard being ambushed later with unexpected demands for royalty patents.

The Commission's investigation of ETSI's rules was triggered in June by concerns that these rules did not adequately protect against the risk of patent ambush during ETSI standard-setting procedures. An example of a patent ambush is where, during the development of a standard, a company intentionally conceals that it has essential intellectual property for that standard, and then declares and identifies it holds patents after the standard has been agreed. In this way, the Commission said, the company can gain control over the standard and erect a potentially unjustified barrier to entry.

At its General Assembly of 22 November 2005, ETSI unanimously approved changes to its standard-setting rules which the Commission said it had put forward, and which minimise the risk of patent ambush occurring.

Source: [www.iee.org](http://www.iee.org), 14 December 2005

## Patent Office Opinions: a new step in ADR

**Maria Udalova-Surkova** looks into the Patent Office's new scheme.

The Patent Office's current consultation paper sets out proposals for amending the Patents Rules 1995 as part of the implementation of Patents Act 2004 provisions. The purpose of the consultation is to seek views on the changes and implementation of those changes. The most significant change under the 2004 Act is the new alternative dispute resolution (ADR) procedure whereby the Patent Office will be able to issue opinions in relation to patent validity and infringement. This pilot scheme commenced in October 2005 and is also known as "Patent Office Opinions".

It is a known fact that the resolution of patent disputes involves some very costly litigation, the bill at times rising up to £1 million. Even when the dispute has been resolved, the enforcement of the patent caused its own problems. The Patent Office's consultation paper came up with three main suggestions: firstly, that the Patent Office should hear infringement disputes if both parties to the disputes agree; secondly, that applications and patents should be re-examinable on request; and thirdly, that the Patent Office would cut down non-binding examination for infringement.

**"The new ADR procedure allows anyone to request an opinion on novelty, inventive step or infringement and thus benefit from a quick, affordable, impartial assessment"**

The new ADR procedure allows anyone to request an opinion on novelty, inventive step or infringement and thus benefit from a quick, affordable, impartial assessment. It allows parties to negotiate, identify key issues, test the strength of their arguments and get insurance where appropriate. Further, users are able to find other users as the scheme runs online and is publicly accessible, which is a world-first.

A request can be made provided the applicant has a new arguable case. The application must be in writing on Form 17/77, include a fee of £200 and set out the question upon which the opinion is sought, submissions on that questions, any factual evidence and, where applicable, details of any other interested parties and ongoing proceedings. Following the filing of the application, the request is then sent to the parties and an advertisement appears on the

Patents Office website. During the first four weeks any general public observations can be filed electronically and the requester has two weeks to file observations in reply. Within 12 weeks from the application the Patent Office issues an opinion, copies of which are sent to the requester, the patent proprietor, exclusive licensee where appropriate and to any party who submitted observations.

An issued opinion is generally not appellable but a review is possible where patentee so requests following finding of invalidity or an interpretation that leads to non-infringement. The Patent Office can refuse any request that is frivolous or vexatious, for instance when used to harass an opponent.

It is clear that the scheme will be of tremendous benefit to all parties in a patent dispute. It is a simple, cheap and quick method of getting an opinion, there is no evidence filing, cross-examinations and huge litigation costs. It is also open to public, so anyone can comment. But it is this last point that makes me think that there is a slight drawback in this new ADR service. The Patent Office in its consultation paper made it clear that it wishes to keep the scheme non-confidential. I fear that the case might be that patentees may come across an application and realise that the patent in question actually infringes their own patent and cause them to enter into a dispute. Similarly, the findings of an infringement in an opinion might entice a reader who knows of an infringement but is concerned about the cost to go through the litigation process in the hope of success. There also might be some consequences for the insurance industry. Patent insurance generally covers the costs of litigation, for instance agreements, defence and pursuits. Surely, fewer patentees will take out insurance where they have gained the Patent Office's opinion of validity of their patent or where they can get an invalidity decision against their opponent for £200. Lastly, the final drawback is that, like with any non-judicial dispute resolution, the Patent Office's opinion is non-binding and the parties may end up in court anyway.

The scheme was launched on the 1 October 2005 and the Patent Office has received several requests already, including some from private patentees. It is going well so far and it is hoped that the service will become very popular.

If you think that patentable inventions are all about lady shavers and special bag handles, think again. **Alexandra Webster** and **Gemma Martland** found a few out of the ordinary...

### **"Sanitary appliance for birds"**

This invention relates generally to a garment to be worn by birds and more particularly to a garment having a patch of material especially adapted to be supported about the crissum of a bird for the purpose of receiving its excremental discharge. Nice...

### **"Sound playing condom"**

A force-sensitive sound-playing condom, comprising: a condom body, and force-sensitive sound-playing means for emitting a predetermined sound, said force-sensitive sound-playing means being attached to said condom body, said condom being donnable upon an erect penis without activating said force-sensitive sound-playing means, said force-sensitive sound-playing means being designed to emit said predetermined sound in response to a predetermined external force created during the act of sexual intercourse.

### **"The no-contact jacket"**

The No-Contact Jacket is a piece of serious personal-defence technology. If the wearer feels threatened in any way, she (so far it's only for women) can activate a switch in either palm that blasts an 80,000-volt electrical pulse through the jacket's material. That's enough to knock anybody back a few paces. Powered by a regular 9-volt battery, the jacket is fully insulated, so the wearer won't feel a thing. Even when it's not in use, it crackles with tiny, visible electrical arcs that send a message.

# Fame and Fortune?

Graham Williams explains why it is difficult to use trademarks to protect celebrity brand.

Celebrity sells, indeed it always has done. One need only open any magazine, to see some form of celebrity endorsement. It is commonly accepted that most celebrities make use of their position, to supplement their other incomes, but how easy is it to protect their brand, from being linked to products other than their own chosen lines?

**“The ruling in the Picasso case has shown that, paradoxically, the more famous one becomes, the harder it becomes to protect the associated trademark rights.”**

Over the years, there have been countless lawsuits brought to protect the celebrity brand, ranging from the Elvis Presley trademark cases, through to Diana Princess of Wales, Linkin Park, Amberleigh House, Alex Ferguson, and perhaps most recently, Picasso.

The ruling in the Picasso case (Ruiz - Picasso and others v Office for Harmonisation in the Internal Market (Trade Marks and Designs)) has shown us that, paradoxically, the more famous one becomes, the harder it becomes to protect the associated trademark rights. This is especially true, when a celebrity is famous in a particular field, and the opposed trademark is for a different field, leading Judges to often believe, that there is little chance of confusion between the names amongst the public. Indeed, it is unlikely that “the mark would be seen as designating the commercial origins of the goods or services” [Macleod & Wood, Entertainment Law Review 206].

The Picassos attempted arguments in objecting to the registration of “Picaro” by Daimler-Chrysler, in class 12 (vehicles and parts thereof, omnibuses). The first argument was based on an earlier word

mark “Picasso”. They objected to the initial decision that there was sufficient conceptual difference between the two; they also argued that the CFI had failed to consider the distinctiveness of the Picasso mark. The ECJ was unable to consider the last point, and ruled, that if the CFI had sufficiently considered the distinctiveness, there was nothing further they could do. The third argument was that the CFI had not considered the likelihood of post-sale confusion, instead only considering point of sale confusion. It is perhaps worth considering, that there is some speculation over the motivation for the case brought by the Picassos, as they had already granted a license to Citroen, for the use of Picasso in class 12.

Although this case highlights the difficulty in protecting the celebrity brand entirely, one should note, that it becomes easier for celebrities to protect their brands, in contexts closer to those, which make them famous.

**“It is possible for celebrities, and their teams, to protect their brands with careful protection strategies, ranging from the use of signatures and nicknames, and the registration of faces and likenesses as trademarks. However, there is some question as to effectiveness of such a strategy.”**

Another recent example relates to Arsenal Football Club (Arsenal Football Club PLC v Reed 2003), in which, the football club complained infringement of certain trademarks they held. The defendant sold merchandise to fans, carrying various club related marks, but argued that this was not an infringement on the basis of an indication of origin, rather a badge of support and loyalty. The uncertainty of the eventual decision highlights the uncertainty of the area, as

the ECJ ruled that the question was, whether the infringement was likely to jeopardise the guarantee of origin, and therefore, in this case, the claim would be successful. However, this was reversed by the Court of Appeal, which ruled that no infringement had occurred.

It is possible for celebrities, and their teams, to protect their brands with careful protection strategies, ranging from the use of signatures and nicknames, and the registration of faces and likenesses as trademarks, all of which are popular amongst sporting celebrities. However, there is some question as to effectiveness of such a strategy, as the public are unlikely to associate the origin of goods, particularly in other areas, with the celebrity. It is indeed difficult to completely protect the rights of celebrities in this area, especially if their name is a common one, and it may be necessary to create a nickname, or link them to something, for which they are particularly well known, to create a registerable logo. Perhaps some of the most famous examples of these, include a stylised image of David Beckham taking a free kick, and a depiction of Michael Jordan and his winning NBA slam dunk from 1988. These can be particularly effective, as they grab the attention of the public, and are associated with particular successes. From a branding point of view, this is particularly strong, because of the thoughts and memories such logos can evoke, but from a trademark point of view, they are even stronger, as there is almost no defence for infringement. Another successful plan for celebrities, is for them to create their own brand, particularly if they are marketable, since all rights created in such production are likely to be negotiable, and also likely to be of better quality and more appealing to the public than unofficial brands.

## Chloé sues KOOKAI over copycat handbag



The internationally renowned fashion business Chloé International SA is suing the high street chain Kookai for selling what amounts to a copy of its exclusive ‘Silverado’ handbag, sold by Kookai as the

‘Whip Stitch Pocket Bag’. Proceedings have been issued in the High Court alleging that Kookai has infringed Chloé’s design right in the bag. The Silverado retails at £1,026 and the Whip Stitch Pocket Bag at

£35. Chloé’s President and Managing Director, Ralph Toledano said: ‘We regret that our earnest efforts to settle this matter with Kookai have come to nothing and we are left with no other option than to take

*court action to protect our intellectual property rights over the design of the Silverado bag. We are asking the court for an injunction to stop the sale of this copycat bag in the UK’.*

Source: ACID news, Issue 24

## Fashion Designs – are you sure you are a one off?

By Alexandra Webster

There is no doubt that innovation in the textile and fabric industry has revolutionized its three main sectors – clothing, home and technical textiles – over the last fifty years. As a result there is a tremendous value of intellectual capital in the textile and fabric industry.

Yet many small and medium-sized enterprises pay little attention, if any, to protecting their intellectual assets. Innovation and creative expressions are the primary source of competitive advantage for all businesses in the current market and all those involved in the business should identify, which should be protected and leveraged by the intellectual property system.

### Ways to use IP as protection for designs

Protection of industrial designs is vital to the fashion and clothing industry as huge investments are made each season to create new and original designs. However little investment is made in national design law to register and protect these designs. The argument used...it's too expensive given the short product life cycle. However, countries and trading areas such as the United Kingdom and the European Union (EU) offer an unregistered form of protection for industrial designs for a relatively short period of time. Unregistered design protection is extremely useful for fashion designers or small businesses with limited budgets, and for all those that wish to test or market new designs before deciding which to register. The unregistered community design right of the EU offers protection for a maximum period of three years, starting from the date on which the design is first made available to the public in any of the 25 countries of the EU. It should also be noted that many countries permit the registration of a large number of different designs (10, 20 or even 50) in a single application provided they all relate to the same product or "class" of products. While fashion trends may come and go in the blink of an eye, some never pass. For fashion items with a long life span, filing an application for a registered industrial design may be the best way to prevent others from using the design. It is possible to request at the time of filing – not after – that the publication of the application be deferred for up to 30 months. This is a

particularly useful feature, offered under the Hague System, the EU community mark, and many national systems, for those who may want to keep their design secret until it comes to market.

### Ways to use IP as protection for patents

*"In technical textiles, innovation is forced both by fierce competition and by the requirements of customers – the development of a new car or aircraft often triggers an invention step by the suppliers of the technical textiles that will go into them."* Lutz Walter, European Apparel and Textile Organisation, Euratex

Technical innovation – protected by patents – is one way to put a textile producer ahead of the competition. A portfolio of patents signals a company's technical superiority and can help attract business partners or investors.

Example: Novozymes, a Danish, biotech company specializing in enzymes and microorganisms, pioneered the use of enzymes in the treatment of fabrics. Though not previously involved in the textile industry, in 1987 the company developed and patented a technology for the treatment of "stone washed" denim jeans. This technology is based on an enzyme called cellulase, which removes some of the indigo dye from denim so as to give the fabric a worn look. Within three years, most of the denim finishing industry was using cellulase under license from Novozymes. Today, Novozymes' technology for improving production methods and fabric finishing has been licensed worldwide. The company holds more than 4,200 active patents and patent applications, and pursues a proactive licensing strategy to maximize royalty revenue from these IP assets.

### Sustainability: industry buzz word or actual substance?

Going green is on the rise, so the textile industry has to recognize the rapidly expanding popularity of ecologically-friendly design, to mark themselves out from the competition.

Example: Swiss textile manufacturer Rohner Textil AG made headlines, cut costs and

won new business when they became involved in producing a biodegradable upholstery fabric that they describe as "safe enough to eat." Although Rohner had already been complying with all the Swiss environmental regulations, its fabric trimmings had been declared hazardous waste. In producing their new fabric, Climatex® Lifecycle™, a fundamental re-design took place in every aspect of production, from the factory work space, to the elimination of all toxic dyes and chemicals, to the use of organically grown materials. As a result, the factory waste water now tests cleaner than the water coming into the plant, and the fabric trimmings can be processed into felt for upholstery interliners or gardening mulch. The company stated that, "Not only did our new design process bypass the traditional responses to environmental problems (reduce, reuse, recycle), it also eliminated the need for regulation, something that any businessperson will appreciate as extremely valuable."

### Patent documentation

Patent documents may hold information that can lead to further improvements in the product or shorten the time taken to get the product to market or increase the quality of the output. Enterprises in the textile industry may license in patented technology to gain a competitive advantage or form a strategic partnership with a company to gain access to its technology. Patents contain information on the state-of-the-art, which can help an enterprise to avoid wasting resources, in terms of money and time. Aside from checking whether an invention is patentable, timely and effective searching of patent databases may provide very useful information and intelligence on the market.

### Three routes for protection intellectual property

1) National route: One may seek protection by applying separately to the national IP office of each country in which protection is required.

2) Regional route: Certain regional agreements enable the registration of

# INTELLECTUAL PROPERTY EXPLAINED

designs in a group of countries that are signatories to that agreement.

3) (a) International route: industrial designs – Companies that wish to register their designs internationally in several countries can also save time and money by using the mechanism offered by the WIPO-administered Hague System.

3) (b) International route: patents – The WIPO-administered

Patent Cooperation Treaty (PCT) offers the option of filing a single patent application to protect an invention in any or all of the PCT member countries. For a business to be eligible to use the PCT, it must have a real and effective industrial or commercial presence in one of these countries.

The fashion industry is driven by creativity and by the intellectual capital invested in it.

## Can I copy that?

Laura Hickman explains what copyright is all about.

Have you ever had one of those office jobs where you have felt chained to the photocopier? Where you have had to copy masses and masses of information? Or what about that last essay you wrote; did you wonder why you had to be so careful when citing quotations? The consequences of acts such as this are often not given much consideration and perhaps you are asking why they should be but think of it on a bigger scale...copyright is a very powerful and very lucrative tool and breach of it can have serious effects.

Copyright is an intellectual property right that subsists in certain works and gives the creator exclusive rights in relation to the work. By

**“Whilst primary copyright applies to your typical paintings and theatrical play scripts it is much more extensive than you may think.”**

controlling the way in which the work can be used it seeks to protect aesthetic creations and forms of expression.

Copyright is governed by the Copyright Designs and Patents Act 1988 and can be split into two categories, primary and secondary. Primary copyright arises in original literary, dramatic, musical, and artistic works. Whilst primary copyright applies to your typical paintings and theatrical play scripts it is much more extensive than you may think. Anything that is original and in a fixed form gives rise to the right. To be

original the only requirement is that labour, skill and effort has been applied and in the past, case law shows that primary copyright has arisen in designs for car exhausts, stills from films and even betting slips. Secondary copyright protects sound recordings, films, broadcasts, computer generated work and typographical arrangements of published editions. The aim is to protect those who invest in promoting and using copyright works. Both types of copyright arise automatically upon creation of the work. There is no requirement that it needs to be registered.

Once you have the right what use is it? Most importantly it means that no one can copy work you have created without your permission. It is a reward for the time you have spent on creating your work. Why should someone else be able to just copy it? It also means you can make money from it. Copyright can be sold or assigned completely to someone else who wishes to use it or a fee can be charged each time someone wishes to reproduce a piece of work. Primary copyright lasts for the duration of the lifetime of the author of the work plus seventy years and secondary copyright lasts for seventy years from the date the work is created. That's not a bad earner if you create something of interest to others!

Breach of copyright can occur when even just a part of a work is reproduced (even if you didn't intentionally set out to copy a piece of work) but the right can also be infringed in other ways. Importing or dealing with unauthorised copies or even allowing your premises to be

used for the creation of a copy are infringements. The law aims to prevent the creation of a market for illegal copies. As with most areas of law there are

**“Some view copyright as a romantic notion that protects an author's connection with work created, others see it in more monetary terms as a mechanism to encourage authors to exploit their work.”**

defences for breach of copyright which include allowing limited copying for educational and research purposes and reproducing parts of a work for review and criticism –fair dealing being the concept that underpins each defence. There is also a number of sanctions for breach of copyright. Common sanctions include injunctions to stop unauthorised copying, damages and the right to seize infringing copies.

Like other areas of Intellectual Property law, the law regarding copyright is developing at a fast pace with more and more people, from the individual to the multi-million pound company, becoming aware of the power of the right. Some view copyright as a romantic notion that protects an author's connection with work created, others see it in more monetary terms as a mechanism to encourage authors to exploit their work. Whichever view you take, the impact and potential of copyright law should not be underestimated.