

OWNERSHIP

THE INTELLECTUAL PROPERTY ROUNDUP FROM BLAKE MORGAN – ISSUE 2

ARE YOUR TRADE MARKS INVALID?

BREXIT AND TRADE MARKS

EUROPEAN COPYRIGHT LAW


COUNTERFEITING AND TRADE MARK INFRINGEMENT

WHAT'S IN A NAME?

CALCULATION OF DAMAGES: SOME HELPFUL GUIDANCE

WHAT IS A TRADE SECRET AND HOW IS IT PROTECTED?

CHINA RAMPS UP IP PROTECTION



**THE
ROBOTS
ARE COMING**

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WELCOME



WELCOME TO THE SECOND EDITION OF OWNERSHIP, THE INTELLECTUAL PROPERTY ROUNDUP FROM BLAKE MORGAN.

Brexit uncertainty remains and Jill Bainbridge, our Head of IP, shares her thoughts on its likely impact on trade marks. Continuing with Europe, we explore

European Copyright law and some recent judgements.

Recent legislation highlights the need to actively protect Trade Secrets, and we have suggested some steps that can be taken to fully protect such valuable assets. We have also included guidance to help trade mark owners avoid the pitfall of a mark being declared invalid as a consequence of filing an over-wide specification during the application process.

Moving farther afield, we explore the strengthening of Chinese IP Rights, and we direct a spotlight at China's Specialised IP Courts and Tribunals to witness an unprecedented level of investment in Chinese start-ups starting to emerge from the shadows of an uncertain past. China may be cleaning up its act, but counterfeiting and trade mark infringement is a global issue and we consider a range of anti-counterfeiting strategies.

We delve into the value of names and how high-profile scalps have been taken in challenges to some individuals continuing to use their own names in association with the brands for which the name is synonymous, or for which the name is the brand.

There is no escaping the onward march of the machine, and we probe the challenges presented by Artificial Intelligence (AI).

In an increasingly global marketplace and as focus potentially shifts away from the EU, we are delighted to be able to draw upon the expertise of IP specialists around the world through our association with TAGLaw.

If you have any queries or would like to discuss the issues raised, please do not hesitate to contact any of the contributors. After reading the article on AI you may be relieved (or disappointed!) to hear that we are human, at least for now.

Chris Williams

Chris Williams,
Editor



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BREXIT AND TRADE MARKS

ON 25 SEPTEMBER 2018 THE UK INTELLECTUAL PROPERTY OFFICE (IPO) UPDATED ITS GUIDANCE ON BREXIT AND ITS IMPACT ON TRADE MARKS, SPECIFICALLY EUTMs.



Whilst the UK Government and the EU have been negotiating, for some time to agree upon the manner in which the UK leaves the EU, no such agreement has been reached. Both parties have previously made clear that any deal will involve the owners of registered EUTMs being automatically granted equivalent UK registrations at no cost.

However, with the likelihood of a 'no deal' Brexit increasing, the IPO's latest guidance covers the impact on EUTMs if there is no deal. Before 29 March 2019 EUTMs will be unaffected and will continue to provide protection across the EU (including the UK).

After March 2019 the UK government have confirmed that all existing registered EUTMs will continue to be protected in the UK through the granting of equivalent UK registrations. Whilst the process for granting such equivalent rights hasn't yet

been published, it will be an automatic process, but with an opt-out for any rights holders that may not want a UK registration, and will not involve any cost on the part of the rights holder.

The resulting UK registration will, thereafter, be subject to renewal in the UK, can form the basis for proceedings in the UK, can be challenged for invalidity/non-use in the UK and can be assigned and licensed independently from the EUTM from which it originated.

Perhaps the biggest impact will be felt by the holders of EUTM applications that are pending at Brexit (i.e. after March 2019). Such applicants will not be automatically granted an equivalent UK application and, instead, will have a period of nine months to file an equivalent UK application which will benefit from the same filing/priority/seniority date as the EUTM from which it originated. Importantly

however the holder will need to pay for this new UK application.

If there is a two-year transition period, then the nine-month period within which to apply for UK marks based on the EUTM (that was pending upon Brexit) will run from the end of the transition period - expected to be 31 December 2020.

It is expected that International Registrations, designating the EU, will be dealt with in the same way as EUTMs, but whilst the UK government is discussing the matter with WIPO the details of those discussions have not yet been revealed.

In summary, if there is no deal then:

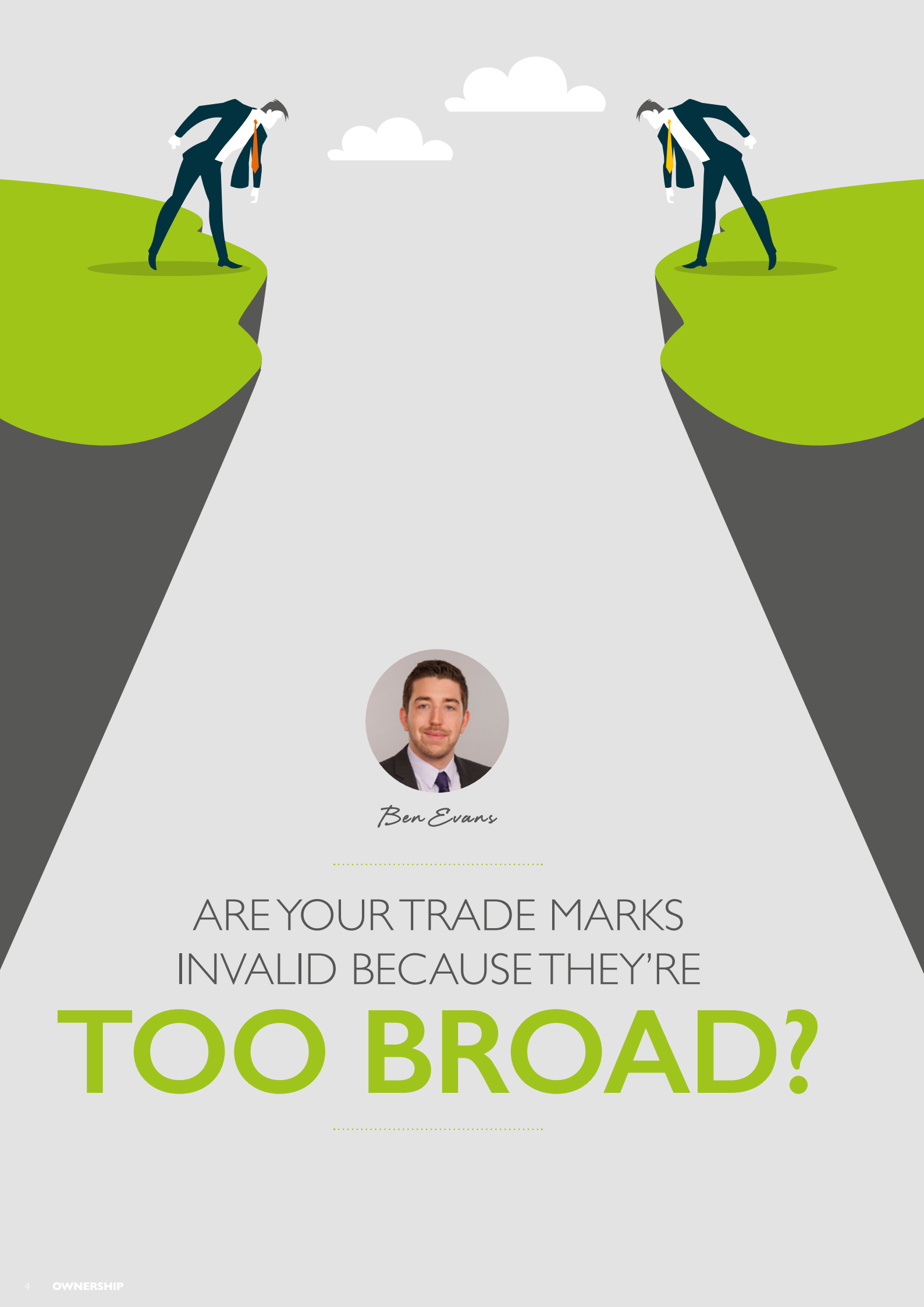
- EUTMs continue to apply in the UK up until 29 March 2019
- After March 2019:
 - the holders of registered EUTMs will automatically be granted an equivalent UK registration, at no cost

- the holders of pending EUTM applications will have 9 months (i.e. until the end of 2019) to apply for an equivalent UK application taking advantage of the same filing/priority/seniority date as the EUTM from which it originated, and this will need to be paid for as per any UK application

- For the owners of International Registrations designating the EU it's a case of watching this space ●



Jill Bainbridge



Ben Evans

ARE YOUR TRADE MARKS
INVALID BECAUSE THEY'RE

TOO BROAD?

In *Sky v Skykick* [2018] EWHC 155 the High Court considered the issue of very broadly-drafted trade mark specifications (i.e. the list of goods/services), and the question of whether or not that puts the trade mark at risk of cancellation.

The dispute

Sky is a well-known broadcaster in the UK and owns a large portfolio of trade marks for the word SKY, and derivatives thereof, across a wide range of goods/services, including 'computer software'.

Skykick has been spun out of Microsoft and provides cloud management products which, broadly, are computer software.

In May 2016 Sky issued proceedings against Skykick for infringement of its trade marks and passing off. Skykick counterclaimed, seeking to have Sky's marks invalidated (either wholly or partially) on the grounds that the specifications were:

- insufficiently precise; and
- so wide that Sky couldn't have had a genuine intention to use the marks for the goods/services for which they were applied.

Skykick drew the court's attention to the fact that 'computer software' covered such a wide span of goods, certain of which will have had entirely different uses, users and functions, and complained that such terms were not clear and precise (which is a requirement of trade mark specifications).

Furthermore Sky's marks covered a range of different classes of goods/services, the Judge (Arnold J) noting that the specifications of some of the applications ran to over 8,000 words, and included the likes of 'whips' and 'bleaching materials' which didn't appear relevant to Sky's business.

The decision

Arnold J dismissed Sky's passing off claim but, in respect of trade mark infringement, accepted that if the marks were validly registered then the average consumer would likely see Skykick as a sub-brand of Sky and, as such, that Skykick would infringe Sky's registrations.

Moving to the issue of validity of Sky's marks Arnold J commented that whilst affording a proprietor a monopoly over the term 'computer software' was contrary to the public interest, it did not necessarily follow that the term itself was insufficiently clear and precise. Even if it was insufficiently clear and precise it, again, did not necessarily follow that a registration can be challenged because of such a finding.

As to bad faith and the wide drafting of Sky's specification, Arnold J found that Sky did not intend to use the marks in relation to all of the goods/services covered by the application, but that it did intend to use the marks for some of the goods/services.

Kicked upstairs

Unfortunately for trade mark owners Arnold J felt obliged to refer the key issues to the Court of Justice of the European Union (CJEU) to rule on four key questions:

1. Can an EU trade mark be found partly/wholly invalid on the ground that some or all of the terms in the specification are lacking in sufficient clarify/precision

to enable competent authorities/third parties to determine the extent of protection conferred by a trade mark?

2. If YES – does 'computer software' lack sufficient clarify/precision to enable competent authorities/third parties to determine the extent of protection?
3. Was an application made in bad faith if there was no intention to use the mark in respect of specified goods or services?
4. If so, can we conclude that the applicant made the application partially in bad faith and partially in good faith if the applicant had an intention to use in respect of some of the goods or services?

The wheels of the CJEU turn extremely slowly and, at best, we'll be looking at a decision by the end of 2019. In reality it may be that we need to wait longer. In the meantime trade mark owners are left in limbo as to whether or not their marks are likely to be deemed valid if challenged, and whether having filed a slightly wide specification at the outset will now come back to haunt them.

Prediction

If the CJEU were to find that the filing of an over-wide specification rendered the entire trade mark invalid then that would be catastrophic for businesses. The practice of filing over-wide specifications has become commonplace, particularly amongst large corporations, and it is difficult to see the CJEU rendering a

decision that would put whole portfolios in doubt.

Rather we would expect to see marks being deemed to have been made partially in bad faith if they have been filed for an over-wide specification and, accordingly, for those marks to be susceptible to partial invalidity. That would appear a balanced outcome.

When considering new applications, and reviewing existing portfolios, trade mark owners (and their representatives) should adopt a narrower style of drafting to ensure that, regardless of the CJEU's decision, their portfolio remains secure.

As for 'computer software', it is likely that this particular term has had its day, and going forward trade mark owners would be well-advised to further specify the nature of the computer software that they supply, or intend to supply ●



As to bad faith and the wide drafting of Sky's specification, Arnold J found that Sky did not intend to use the marks in relation to all of the goods/services covered by the application



WHAT'S IN A NAME?

UNFORTUNATELY, UNLIKE ROMEO'S ROSE, THE NAMES OF INDIVIDUALS OFTEN LEAVE A BAD (RATHER THAN SWEET) SMELL WHEN IT COMES TO INTELLECTUAL PROPERTY.





As far as the law is concerned, a name is a commodity like any other, and can be bought and sold as part of a business transaction.



There have been several cases of individuals falling victim to their own success and losing the right to use their own name, the most highly publicised of which involve fashion designers:

- **Karen Millen** was prevented from using her own name for homeware and accessories following her sale of the well-known clothing line to an Icelandic consortium. The Supreme Court went further than the restrictive covenants in the sale agreement and extended the prohibition to the word 'Karen' alone, preventing her from using even her own first name.
- The late **Kate Spade** resorted to changing her name entirely following the sale of her iconic fashion brand to Liz Clairborne in 2007. Upon the launch of her new accessories label, Frances Valentine, she legally changed her own surname to Valentine (a family name) to avoid falling

foul of any restrictions in the Kate Spade sale agreement.

- The US menswear designer **Joseph Abboud** sold his menswear company, JA Apparel Corp. for \$65.5 million in 2000. When his contract with the purchaser came to an end Abboud launched a new collection under the name 'jaz' adding the strap lines 'a new composition by designer Joseph Abboud' and 'by the award-winning designer Joseph Abboud'. The US courts prevented him from using this (or any similar) wording as it would likely cause confusion among consumers and therefore infringe the trademarks which he had sold.
- Co-designer of Princess Diana's wedding dress **Elizabeth Emanuel** lost the rights to her name when the Plc which she had incorporated assigned its rights to a new company (Elizabeth Emanuel International Ltd), which then assigned them on to Oakridge Trading Ltd. Oakridge applied to register the Elizabeth Emanuel name as a trademark and Ms Emanuel opposed the application. The matter was referred to the European Court of Justice (ECJ) which decided that the mark could not be opposed on the grounds that it would mislead the public as the right had been assigned with the business which made the goods to which the mark relates.

It is not however only those in the fashion industry who encounter these problems. When **Jose Mourinho** moved from Chelsea to Manchester United he had to negotiate the right to use his name going forward. The name 'Jose Mourinho' was registered to Chelsea Football Club Limited.

Even those in the legal profession have been known to argue over the use of names. **Taylor Bracewell LLP** was involved in embittered legal proceedings with former partner, Ms Bhayani for continuing to use the trading name 'Bhayani Bracewell' following her departure. The court found in favour of the LLP, noting that the acts performed by Ms Bhayani had been during the course of her employment and as such the goodwill in the name vested in her employer. The Judge noted that the decision would be different if Ms Bhayani was now employed by another law firm and the dispute concerned the use of her full name, stating "the goodwill associated with the name of the solicitor, now vested in firm B, would provide a cause of action."

On certain facts, there may alternatively be an action for injurious falsehood."

Contrast the case of **Tamara Mellon**, chief designer of **Jimmy Choo**, who was responsible for the brand's ever popular shoes designs. As she had not designed under her own name she was able to capitalise on her reputation at Jimmy Choo when she parted company with the brand and began designing under her own name – until she sells that brand and then attempts to move on that is!

The lesson to be learnt? As far as the law is concerned, a name is a commodity like any other, and can be bought and sold as part of a business transaction. If it is your name that is involved, be sure that you understand the restrictions which are placed upon its use in the future and the real consequences of those restrictions ●



Joanna Corbett-Simmons

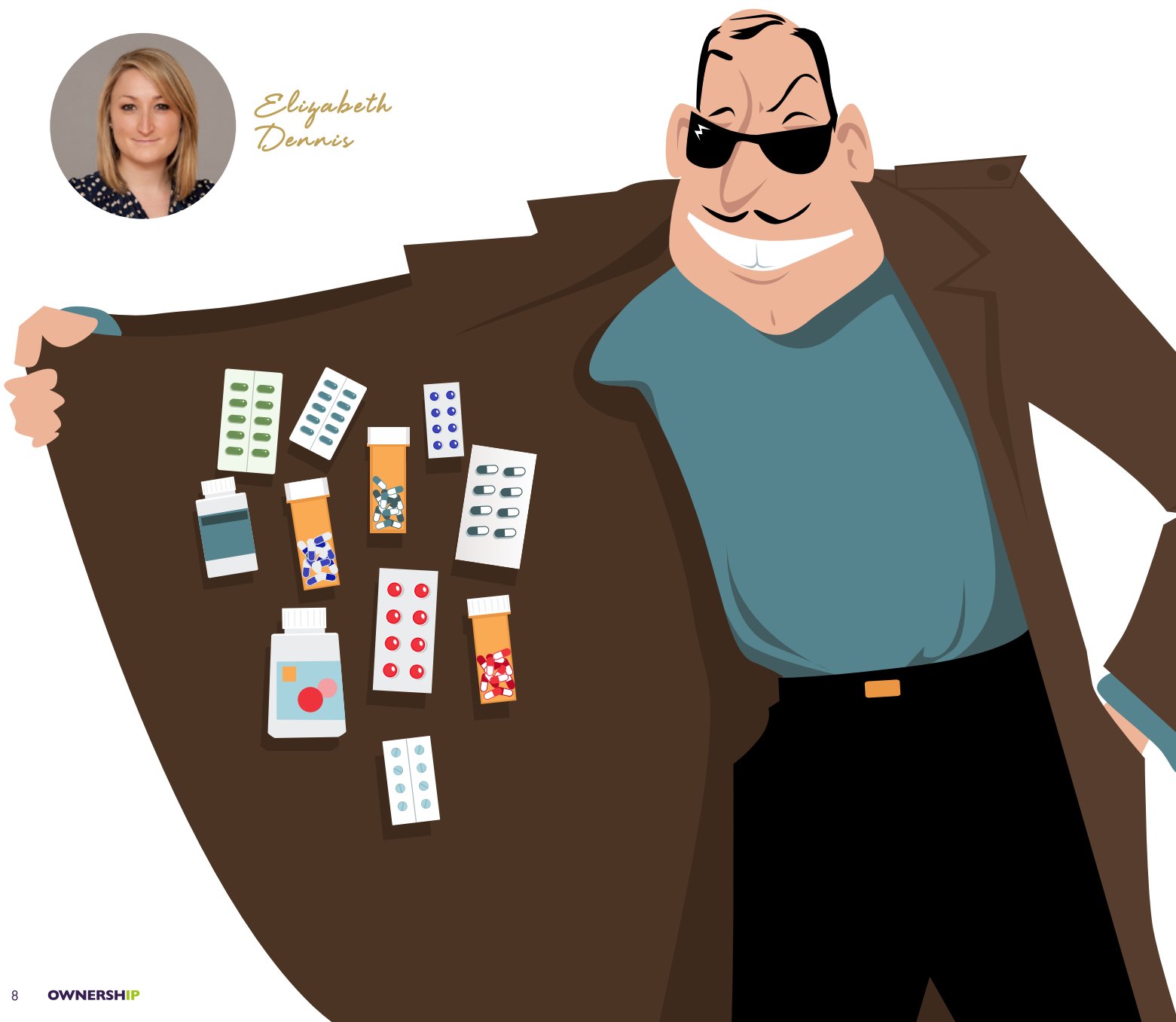
COUNTERFEITING AND TRADE MARK INFRINGEMENT:

VIGILANCE NEEDED IN A PROLIFERATE MARKET

The production, sale and distribution of counterfeit products is an industry that continues to evolve, and is a problem that retailers and brand owners continually face.



*Elizabeth
Dennis*



The term 'counterfeit' is used to describe goods and products that imitate genuine ones, using the intellectual property of well-known brands without their requisite authority. The rise in the online marketplace has had a dramatic impact on facilitating the sale and marketing of counterfeit goods and has increased opportunities not only for large and established organisations but also for individual retailers. It is now true that no matter the size of a counterfeit enterprise, such retailers now have a wide consumer reach with fewer restrictions associated with marketing of their goods. Although it is often the case that counterfeit products are aimed at deceiving the consumer into believing that such products are authentic, some consumers are in fact wise to the true nature of the goods they are purchasing and willingly buy counterfeit products in order to demonstrate their status, or due to a lack of funds. Both deceptive and non-deceptive counterfeit consumption have a significant impact on brand owners, often leading to a loss of profits and diluting the goodwill associated with their brand.

Some industries are more affected by counterfeit products than others, with fashion, music and film, software and pharmaceuticals being easy targets. There has also, more recently, been a sharp rise in counterfeit beauty products, with rapidly changing trends and the role of social media as key contributors. Alongside the financial impacts and illegality of the counterfeit industry, counterfeit fashion, pharmaceutical and beauty products give rise to serious health and safety concerns with products not always having undergone regulated testing or meeting specific hygiene requirements.

The production, sale and distribution of counterfeit goods gives rise to both criminal and civil remedies. In

respect of civil remedies, this can take the form of statutory intellectual property protection and common law passing off. Statutory protection includes trade mark infringement, infringement of copyright and infringement of design rights. More specifically, trade mark infringement arises pursuant to Section 9 and 10 Trade Marks Act 1994 (TMA). Such statutory provisions confer on the owner of a registered trade mark the right to prevent unauthorised use of that trade mark by third parties, in respect of the goods and/or services for which the trade mark is registered. Sections 10(2) and 10(3) TMA specify that infringement of a registered trade mark will arise in the following circumstances:

Section 10(2): A person infringes a registered trade mark if he uses in the course of trade, a sign where:

- a) the sign is identical with the trade mark and is used in relation to goods or services similar to those for which the trade mark is registered, or
- b) the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark.

Section 10(3): A person infringes a registered trade mark if he uses in the course of trade, [in relation to goods or services,] a sign which:

- a) is identical with or similar to the trade mark, or
- b) where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

As such, the use of a given registered trade mark by a

third party on goods for which the mark is registered, without the requisite authority of the proprietor, gives rise to trade mark infringement and allows them to seek enforcement against the third party infringer. In respect of the production, sale and distribution of counterfeit goods, it is likely that trade mark infringement will take place not only on the product itself but also in advertisements and marketplace webpages. The remedies available to a trade mark proprietor whose trade marks are being and have been infringed include seeking an injunction against the infringing seller, damages or an account of profits, orders for the removal of infringing trade marks from relevant goods and the delivery up and destruction of infringing items.

In order to protect their businesses from the production, sale and distribution of counterfeit products, it is important for brand owners to have and to implement an anti-counterfeiting strategy. The first step for a brand owner to take, if they become aware of counterfeit goods being sold by an unauthorised third party would be, if possible, to carry out a test purchase. A test purchase will allow the brand owner to determine the specific products being sold and whether they are genuine or not. Such evidence can in turn provide key information and evidence should future action be taken against the third-party seller. Test purchases and records of the same can also assist brand owners in identifying patterns in the market and identify specific goods which are being targeted. Although it is not always possible for brand and trade mark owners to carry out test purchases, border protection and trading standard authorities can also assist in monitoring goods, identifying potentially counterfeit products and notifying brand owners or their representatives accordingly. It is often the case that such

authorities review the UK Intellectual Property Office trade mark register, in order to determine the legitimate proprietor. Additionally, the EU Intellectual Property Office also offers a free Enforcement Database which can be used by rights holders, police forces and customs, allowing a direct line of communication between them in order to identify and verify counterfeit and genuine goods. Intellectual property rights holders simply need to register an account and input the details of their registered intellectual property rights. The authorities will then have an easy line of communication in order that swift action can be taken. An active involvement with border control and customs, in tandem with internal or outsourced online monitoring of popular online auction sites and marketplaces, will contribute to an effective approach in tackling third-party sellers of counterfeit goods.

It is also important for brand owners to ensure that they have registered the relevant intellectual property rights where possible, and that they are clear on the specific intellectual property rights that are in place. It is often the case that swift and effective action will need to be taken as third-party sellers, particularly in the online marketplace, will quickly be able to change their profiles and continue selling the counterfeit products under a different guise. With the constant evolution and increasing levels of organisation associated with the production, sale and distribution of counterfeit goods, alongside the disheartening increase in demand for counterfeit products, whether intentionally deceptive or not, it is important for brand owners to take a robust approach in both protecting and defending their intellectual property rights, as well as considering consumer perceptions and motivations associated with such practice ●

CALCULATION OF DAMAGES: SOME HELPFUL GUIDANCE





Jill Bainbridge

Two recent cases have provided some helpful guidance on the approach the court will take to calculating damages. The first case concerns an enquiry into damages in a trade mark infringement and passing off case. The second involves a data breach.

In the case of *LinkUp Mitaka Ltd v Language Empire Ltd & Yasar Zama* 2018 EWHC 2633 the Claimant had UK and EU trade marks for TheBIGWord, and the Defendants' use of 'bigwordtranslation' in the domain names of their websites was found to be passing off and trade mark infringement, given that both the Claimant and Defendants' business provided translation and interpretation services.

When it came to considering the appropriate level of damages the court found that the number of enquiries that the defendant said they had received did not represent a full and complete list and showed only a sample of cherry-picked enquiries. The court considered what increase there had been in traffic to the Claimant's website once the Defendants' websites were taken down, and it was noted there was a 50% increase. It followed that the Defendants' websites had diverted significant numbers of potential customers away from the Claimant's website and that 75% of traffic would have

converted to sales. Lost profits from the sales were therefore assessed at £106,533. The court went on to consider the loss to sales from future repeat business from new customers and then applied an uplift of 33% to the damages, giving a total award of £142,044.

The court set out the following factors which are to be considered in an enquiry as to damages:

1. the successful Claimant is entitled, by way of compensation, to a sum of money to put them in the same position they would have been in had they not sustained the wrong
2. the burden of proving loss is on the claimant
3. damages should be liberally assessed because the Defendants were the wrongdoers but should not be punitive
4. the Claimant is entitled to recover loss that was foreseeable, caused by the wrong and that is not excluded from recovery by public or social policy
5. the tort had to be the cause of the loss but not necessarily the sole or dominant cause
6. the court should assess what would have happened if the tort had not been committed and compare that with what actually happened
7. the causal link between the Defendants' wrong and the Claimant's loss had to be determined on the balance of probabilities
8. where quantification of the Claimant's loss depended on future uncertain events, such questions would be decided on the balance of probability but on the court's assessment, often expressed in percentage terms, of the loss eventuating, that might depend in part on the hypothetical acts of a third party
9. where the claim was for past loss and it depended on hypothetical acts of the third party, the Claimant only needed to show that he would have had a substantial chance, rather than a speculative one, of enjoying the benefit conferred by the third party.

Once past that hurdle, the likelihood that the benefit or opportunity would have occurred was relevant only to the quantification of damages.

These guidelines are a helpful starting point when considering what damages may be available to a Claimant. ●



The court considered what increase there had been in traffic to the claimant's website once the defendants' websites were taken down.





THE ROBOTS ARE COMING

WILL THEIR IP
BE PROTECTED?



David Moore

A brief overview of the cutting-edge world of artificial intelligence and some of the intellectual property considerations for this brave new world.

It sounds like a bit of a nonsensical question. It sounds like a faraway distant future. The mind may conjure up a mental image of a mechanical humanoid creating a new and futuristic invention and running (do robots run?) to the IPO to get it registered, maybe on behalf of its human master...

But we are much farther advanced than we may think ourselves to be. As a case in point; how are you accessing this magazine? It may be on the screen of a computer, tablet or phone. The idea of a non-printed magazine a mere 20 years ago was entirely futuristic. In fact, a significant amount has happened in 20 years. By way of example, when referring to the large-scale data breach suffered by British Airways in September 2018, BA CEO Alex Cruz called it the worst breach since British Airways launched its website 20 years ago.

Imagine that. Just 20 short years ago and we all booked our flights, transport, hotels, everything in a completely different way. It's incredible to think what differences could be made to our lives in the next 20 years.

The rate of development is incredible. You may have booked a flight (or train, or taxi) using a voice recognition digital personal assistant (Siri, Alexa, Cortana et al); you now think nothing of ordering products online using an app on your phone or tablet and driverless cars seem to be an ever-increasing inevitability on our roads.

The Brave New World

In 2016, a project between Dutch museums and universities with financial and technical backing (from ING

and Microsoft, respectively) created an entirely new artistic piece. Whilst on its own this may not sound entirely surprising, the portrait itself was created by a computer upon analysing thousands of works by the prominent 17th Century artist, Rembrandt Harmenszoon van Rijn and was entitled 'the next Rembrandt'. The ambition was to see if "the great master [could] be brought back from the dead to create one more painting." (See for yourself at www.nextrembrandt.com).

This gives rise to a number of challenges in the context of Intellectual Property. To whom (or what) would copyright in the newly created painting belong?

We consider below how the expanding world of artificial intelligence (AI) may fit within the framework of certain existing intellectual property protections.

Copyright

As it stands, copyright protection can be afforded only to the 'person' who creates the work. There is provision in current copyright legislation for computer-generated works, where the author (and, therefore, the owner of any copyright – subject to any agreement to the contrary) is the person who undertakes the necessary arrangements for creation of the work. That is, the human author who orchestrated the creation of the work through the medium of the computer-aided generation of it.

This creates a potential problem for computer-generated works that are created with little input from a person making necessary arrangements for the creation of the work. What

if the computer has machine-learned the skills to create the work? Is the input of the human author in the original software still going to be considered enough to qualify for copyright protection? The answer, at least from a UK perspective appears to be "yes", given that there is provision for protection of computer-generated works, even if the legislation was written (well) before BA even had a website.

However, there could be some hard decisions to be made if the work was the outcome of a collaboration of a number of different software developers and computer programmers, or even machine learnt software implementation. If and when these questions do get asked, case law is likely to provide some answers, and the UK's common law system is well placed to adapt to advancements in technology in allocating protection in newly developed works.

So, the answer to the question: will the Robot's IP be protected appears to be "yes" – but not so as to provide protection to the 'robot' itself, but the human person who would ultimately be considered to have created the work (at least, under current legislation).

Patents

If machines are able to learn and create, it may be possible that they are able to invent. Patent law is clear that protection is afforded only to humans and indeed the inventor of any creation must be a person.

If a similar position to copyright was to be brought into patent legislation, protection could be given to the owner of the software that was used to invent the patent,

the computer programmer, the user of the software/computer that generates the invention, or the observer or analyst of the machine-led invention.

Ultimately, the tests of obviousness (to the person skilled in the art) and sufficiently disclosable to enable the person of ordinary skill in the art to understand the invention are (certainly currently) likely to keep the enterprise of inventing within the realm of human endeavour.

Infringement

Another thorny consideration could come in the infringement of existing intellectual property rights by artificially intelligent systems or programmes. Liability cannot currently be attached to a non-legal person (which computer programmes and systems or, indeed, robots currently fall within). It is therefore likely that any infringement of copyright in source code or breach of data would attach liability to the ultimate human operator of the AI. That could become an ever more difficult investigation to carry out as the abilities of AI to act alone increase.

Conclusion

As technology continues to move forward at a significant pace, more and more legal questions will be asked to ensure the law keeps up to date with the rapidly developing technological landscape. We have not even touched upon the potential regulatory and criminal legal challenges that may result from the modern and future world.

Perhaps AI itself will be on hand and willing to assist with these challenges... ●

EUROPEAN COPYRIGHT LAW

RE-USE INTERNET CONTENT AT YOUR
PERIL AND CURRENT DEVELOPMENTS



The Internet and Copyright

In the last 20 years or so the Internet has become ubiquitous. Whether we access it via a PC or a smart device, all of us regularly browse, download, provide links to and share content taken from the Internet. Much of this content will be protected by copyright or database right – text as literary works, images as artistic works, music as musical works and so on. Most of us give little thought as to whether our online habits may infringe copyright, but if we do, we find that online copyright law is a veritable minefield. This is because the Internet works by copying and communicating works to the public – two key copyright rights which rights owners can control. Add to this that authors have moral rights in their works which also apply online (the right to be identified and to object to derogatory treatment of their works), and an over-cautious user might decide to turn their smart device off all together.

Of course in reality the Internet generally functions well despite the copyright issues noted above – this is for various reasons. First, legislators and the courts have developed exceptions to copyright which allow users to browse the Internet and to access and use copyright works for certain fair use/fair dealing purposes.



There are occasions where copyright can unwittingly bite Internet users – relying on an implied licence in particular may be dangerous.



Second, it is reasonable to assume that where copyright owners put content up online, they must either expressly or impliedly be granting rights by way of a licence to users to use it (although unless there are terms clarifying the licence granted its scope will be uncertain). Third, even if technically infringement is occurring, unless the infringement is causing commercial damage, many rights owners may turn a blind eye or be simply unaware of what is happening. Of course the Internet is also used to facilitate piracy, but that is another matter.

Download at your peril!

There are occasions where copyright can unwittingly bite Internet users – relying on an implied licence in particular may be dangerous. This happened in a recent German copyright case which went all the way to the European Court of Justice (ECJ) – the case is *Land Nordrhein-Westfalen v Dirk Renckhoff*. Here a German secondary school used an image of Cordoba taken from another website in its own website. The image used was lawfully available on another website (a travel website/portal) – a student had downloaded it to illustrate a presentation (giving credit to the portal) and the school then posted the pupil's presentation on its site. Perhaps surprisingly (given the context of the use) legal action by the photographer (Dirk Renckhoff) followed. The school (strictly speaking the German state responsible for the school) was held to infringe the right's holders copyright. The ECJ held that the uploading of the photograph by the school constituted a communication of the work to the public which was protected by the photographer's copyright. However the court also noted in passing (based on the court's earlier *Svensson* ruling) that had a hyperlink to the photo been provided this would not have infringed copyright

law – it was the fact that the photograph was downloaded and then uploaded onto a new website which amounted to a communication to the public protected by copyright law.

This case is controversial – many lawyers (including the Advocate General who provided an opinion to the ECJ in this case) feel it goes too far. In particular the Advocate General focused on the availability of the image copied without restriction on use, the lack of a profit motive and the citation of the source as factors that should find against copyright infringement. The Advocate General also felt the use should benefit from the educational purposes exception under Article 5(3)(a) of the Information Society Directive. However the case now forms part of UK copyright law, which will remain in force following Brexit so cannot be ignored. It highlights the perils of not thinking about copyright when material is posted online. The safest course of action is always to check you have the clear right to post – cutting and pasting an image or text is not a risk-free activity. Of course you might benefit from a copyright exception (fair dealing or similar) but these exceptions are narrowly drawn.

Current European Copyright Developments

The ECJ case here is one of a significant number of ECJ cases which in recent years have addressed online copyright issues – can Internet content be lawfully browsed, what is the legal status of hyperlinks, and so on. These cases address the scope of the reproduction right and communication to the public right. In addition to the ECJ's rulings, the European Commission itself has been proposing a range of copyright reforms primarily addressing the need for a single digital market in Europe. There are already laws in place dealing with the portability of online content (so you can watch

Netflix in Spain whilst on holiday on the basis of your UK Netflix subscription for example) and others will come into force soon or are likely to do so. The most controversial is the proposed Directive on Copyright in the Digital Single Market, which if enacted as proposed will create a new press publication right and will require platform operators to do more to prevent online copyright infringement. Whatever the outcome of Brexit, the UK will stay aligned with EU copyright law after Brexit at least in the short term – longer term we may see divergence – but for now at least cases like *Land Nordrhein-Westfalen v Dirk Renckhoff* will need to be digested by those advising on copyright in the UK. One recently decided European copyright case (*Levolo Hengelo BV v Smilde Foods BV*) has determined that the taste of cheese and other food products cannot be protected by copyright. But it leaves open what other sorts of 'work' might be protected. We live in interesting times for copyright ●



Simon Stokes

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WHAT IS A TRADE SECRET AND HOW IS IT PROTECTED?



The success of a business can rest upon how well it keeps its secrets. High profile examples include the formula for Coca-Cola and WD40.



Chris Williams

But many companies have their own 'crown jewels' which may constitute a trade secret, from an engineering process to an algorithm to an unpublished patent application, or even to customer information.

In June 2018 a new law concerning trade secrets was introduced, the Trade Secrets (Enforcement, etc.) Regulations 2018 (SI 2018/597) which implemented the EU Trade Secrets Directive (2016/244/EU). The new law recognises that businesses typically favour certainty across the markets in which they operate and is intended to achieve greater homogeneity across the EU. For example, a single definition of a trade secret will apply across all member states. A trade secret is defined as information that:

a) is secret in the sense that it is not, as a body or in the precise configuration of its components, generally known among, or readily accessible to, persons within the circles that normally deal with the kind of information in question

- b) has commercial value because it is secret
- c) has been subject to reasonable steps under the circumstances, by the persons lawfully in control of the information to keep it secret.

A trade secret is essentially valuable information that is being actively protected.

Haven't trade secrets long been protected? What's new?

Within the EU, different states have historically relied upon their own individual laws. In the UK for example, the protection was established by reference to case law (the outcome of previous decisions) and known as the law of confidence, which protected and provided remedies in the event that confidential information (which includes trade secrets) was unlawfully obtained by others. This long-established body of law provided what was arguably one of the most robust safeguards for protecting trade secrets, at least within Europe. The recent development is less of a radical change for the UK than some other member states whose previous levels of protection were less well developed. It's important to remember that the new law provides a minimum level of protection, and some countries may choose to include additional protections. Businesses will at least have the comfort that the minimum level of protection exists

throughout the EU. While the relative certainty brought about by the new law may be welcome, in some cases it will be preferable to rely upon the protection provided by the law of confidence rather than the narrower definition set out in the new law (particularly as it imposes an obligation for reasonable steps to have been taken to keep the information secret), or indeed to seek to rely upon both regimes. Look upon it as something that gives but takes nothing away.

The new law also includes various procedural provisions applicable to proceedings commenced pursuant to the Regulations, including rules for preservation of trade secrets during court proceedings and provisions dealing with interim remedies available to a trade secrets holder.

Action points

Businesses will need to ensure that 'reasonable steps' have been taken to protect the secret. Keep the number of people who know the details of the secret to a minimum in terms of employees, suppliers and contractors, and ensure that appropriate and enforceable contractual safeguards are in place – such as written non-disclosure agreements. Consider where the secret is actually kept, if online ensure that it is securely encrypted, and consider whether it even needs to be stored electronically. Ensure that all measures taken to keep the information secret are documented. The formula for Coca-Cola for example is stored very securely in a vault in Atlanta. If a business cannot demonstrate that reasonable safeguards are in place, the protection could be lost and the consequences devastating.

The introduction of the new law presents an opportunity for businesses to carry out an audit of their IP rights to ensure some of their most valuable assets are properly protected ●



It's important to remember that the new law provides a minimum level of protection, and some countries may choose to include additional protections.



CHINA RAMPS UP IP PROTECTION

SPOTLIGHT ON CHINA'S SPECIALISED
IP COURTS AND TRIBUNALS





Xiao Hui Eng

Strengthening of IP rights in China

China is not unfamiliar with criticism that it does not sufficiently protect IP rights. With huge venture capital investment being poured into the Chinese technology sector, China is seeking to reassure both local businesses and the international community that it has been taking steps to reform IP protection, cracking down on IP infringement, and marking out specific areas for improvement in enforcement of IP rights, both on the level of substantive law and on a procedural level. It sees this as key to promoting economic development, particularly in the fields of science and technology.

To create a more fertile environment for innovation, the government has established a national IP strategy, signalling its intention to establish more appropriate valuation of IP rights, and to strengthen penalties for infringement. This reflects a gradual trend in Chinese courts towards awarding higher levels of damages that make it more worthwhile for businesses to pursue rights enforcement, and that form more of a deterrent to infringing IP rights.

China has also announced its intention to incorporate international IP standards into Chinese IP law, and to seek to enhance the credibility of Chinese judiciary in the field of IP, as well as standardising judgments in IP cases.

Developments in the Specialised Courts

One of the key measures implemented in China's national IP strategy to achieve the aim of better protection of IP rights was the establishment of new judicial institutions to deal with IP cases. Specialised IP Courts were set up in Beijing, Shanghai and Guangzhou in 2014, and in 2017, four new Specialised IP Tribunals were set up in Nanjing, Suzhou, Chengdu and Wuhan, cities that are seeing a high degree of technology innovation and economic growth. Collectively, the new courts and tribunals provide a good geographical spread across the country. By removing IP cases from local jurisdiction, the Chinese authorities have thus sought to deflect the perception that there is a bias towards local parties in litigation where the forum is a municipal court.

The Specialised IP Courts and Tribunals all have a high degree of IP expertise, and are presided over by the most experienced IP judges. The IP Courts are equipped with technical investigators to assist judges in their understanding of complicated technology, the aim being to maintain greater neutrality than expert witnesses called by the parties might have.

A number of improvements to ensure robustness of IP protection have been observed in the functioning and decisions of the Specialised IP Courts. This includes awarding significantly higher damages than were previously available, particularly for patent infringement. The Specialised IP Courts have been more willing to impose maximum statutory damages, contrary to a more cautious approach previously adopted by the general courts, and to award punitive damages for intentional infringements.

Further, they have been more willing than the general courts to provide interim relief such as interim injunctions to protect claimants.

The Specialised Courts have also shaken up evidentiary procedure which had previously put a high onus on claimants. Without court intervention, disclosure of defendants' accounts and invoices were a frequent difficulty that claimants met in trying to show an account of profits. The current approach sees the burden of evidential proof fall on the defendant once the claimant has made reasonable efforts to show an account of profits from an infringement.

The Courts have also sought to improve evidentiary procedure by being more willing to make orders for preservation of evidence and to summon witnesses. Where the defendant fails to disprove a claimant's account, the court may find for the claimant and adopt the claimant's account. These measures send a clear message that IP infringers can no longer rely on the claimant's lack of evidence to be easily let off the hook.



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The approach taken by the Specialised Courts and Tribunals seems to indicate a forceful shift towards strengthening and harmonising IP protection. Further positive infrastructural measures may be implemented in the not-too-distant future, such as the creation of a unified appeals court, with aims being to ensure uniformity of judgments, and to eliminate any perception that there is potential protectionism shown by High Courts of different provinces showing favour to particular parties.

China hopes that as jurisprudence builds up in the Specialised Courts and Tribunals, businesses may be reassured by the shift in approach towards IP infringement, and that investment will boom as a result. With investment in Chinese start-ups already reaching previously unseen levels, greater confidence in IP protection could see China as a leading hub for technological innovation and investment in the near future ●

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