

World Intellectual Property Report

International Information for International Businesses

Monthly news and analysis on IP law, regulation and policy from around the world

Volume 25, Number 9

September 2011

Focus

Late-Executed Assignments in PCT Applications Can Impact Rights Across Different Jurisdictions. Delayed execution of patent assignments after filing of PCT application may jeopardize patent rights in some jurisdictions. (Page 50)

News

Fake Apple Stores Closed in Kunming. Three of five stores selling Apple computer products but which did not have legitimate retail licenses have been shut down in southwestern China after a blog post detailed how the stores had elaborately copied the layout of official Apple Stores. (Page 9)

Supreme Court Rules Star Wars Helmets Do Not Infringe Copyrights. The UK Supreme Court has confirmed that utilitarian articles do not attract copyright protection as “sculptures”, but the door is open to international IP litigation in the English courts. (Page 26)

Plans to Compel Blocking of Copyright Infringing Websites Dropped. The UK has dropped controversial legislation that would have required ISPs to block websites suspected of containing unlawful copyrighted content. (Page 24)

“Smurfs” Lawyers Review IP and Contract Issues in Movie Deal. Raymond Kurz, co-head of the US IP practice at Hogan Lovells and colleague Celine Crowson, talk to BNA about balancing IP concerns and relationship management in negotiating “The Smurfs” movie deal. (Page 29)

Japan Changes IPR System to Keep Abreast of Globalization. Japan moves to reinforce its IP protection structure, including an updating of its patent laws and the expansion of its PPH network. (Page 21)

Yahoo! Italia Not Liable for Copyright Infringement: Court Annuls Injunction. The Court of Rome has revoked an injunction against Yahoo! Italia for failing to remove links to allegedly infringing material. (Page 19)

Indirect Patent Infringement and Copyright in PI. The Australian Federal Court has found liability for indirect patent infringement and held that copyright can subsist in pharmaceutical product information documents. (Page 3)

Access to Genetic Resources and Associated Traditional Knowledge. Access to Brazilian genetic resources or traditional knowledge depends on government authorization, and their use and commercialization are subject to inspection, restrictions and the sharing of benefits. (Page 4)

Special Report

CJEU Determines Extent of Duty for Marketplace Websites to Prevent Trade Mark Infringement. By Rachel Fetches, Bird & Bird, London. (Page 47)

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Overview of IP Issues in China. By Tom Carver and Edith Ruan, Wragge & Co, Guangzhou. (Page 38)

Twentieth Century Fox v. BT — ISP Ordered to Block Access to Copyright Infringing Website. By Serena Tierney, Wragge & Co, London. (Page 36)

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“Society is not served by this ruling and it would be absurd if interpretation of the law should clash so fundamentally with how millions of people use the internet every day.”

In the only modification from the original judgment, the Chancellor of the High Court Sir Andrew Morritt said that only in very few cases would users of a service such as Meltwater News not be required to hold a license. “There cannot not be many of them,” he said.

“Temporary” Copies Not Exempt

Ben Allgrove, an attorney at Baker & McKenzie’s London office, said that the most “profound” implication came from the High Court’s decision to uphold the previous judgment that users making a copy of a webpage on their computer screen will not have a defense under s 28A of the Copyright, Designs and Patents Act 1988 simply because they have been browsing. Instead, according to the ruling, the user will have to affirmatively demonstrate that it was lawful for them to have made the copy.

“The consequence of that is that every time a commercial browser goes to a website, a copy of the content is sent to the user’s computer and the fact that it is only temporary — until say they turn the computer off — is no exception,” Allgrove said. “This gives a lot of power back to newspapers and publishers.”

On average, a business can expect to pay up to GB£10,000 a year for a web license although this amount can reach GB£30,000 in some cases. For an individual customer, a license costs GB£500 a year, according to Allgrove.

Professor Lionel Bently at the University of Cambridge’s Faculty of Law, who also advised Meltwater in the proceedings, agreed that the Court of Appeal failed to engage with the defendants’ criticism concerning making the downloading of temporary copies without a license an infringement.

“The Court seems to have missed the fundamental point that browsing — looking at a web-page — does not involve an infringement and is perfectly lawful (unless in breach of some sort of security provision),” Bently wrote on the IPKat blog.

Bently underlined that Article 5 of the European Union’s Information Society Directive (2001/29/EC) is “intended, amongst other things, to ‘enable’ such legal acts of browsing: temporary copies created to facilitate such browsing are deemed non-infringing.” However, the Court of Appeal decided instead to adopt NLA’s claims that these acts failed to meet any of the conditions in Article 5, he said.

In support of the ruling, Toby Headdon, a senior associate in the intellectual property group at Berwin Leighton Paisner LLP in London, said in a statement to BNA that the notion has been dispelled that the copyright exception for temporary copies made as part of a technological process provides internet users “with a carte

blanche to access material on a website as they please.” BLP also represented NLA.

Headlines Considered Literary Works

Upholding another key provision in November’s ruling, Morritt dismissed the defendant’s contention that in all but the most exceptional cases headlines are not capable of being literary works separate from the works of which they are the headline.

In his ruling, Morritt argued that each time Meltwater produces an edition of its news for a client, depending on the search term or agent, a large number of extracts are taken from a variety of publications, in some cases several from the same article.

“Given the principles to be applied it seems to me to be inevitable that some of them will constitute a substantial part of the original so as, when copied by the client, prima facie, to amount to an infringement of copyright in the original literary work,” he said.

September Decision Awaited

According to Allgrove, the real test on the ruling’s main implications will come when copyright holders decide how exactly they are going to enforce copyright infringement.

In the meantime, the Copyright Tribunal is scheduled to rule on the fairness of NLA’s licensing scheme in September. The NLA said that following the Copyright Tribunal’s decision, it will begin invoicing end users that will be backdated to January 2010.

Lyseggen said his organization was confident that the “last word in this case has not been said” and that the Copyright Tribunal will in fact find NLA’s scheme “overreaching and unreasonable”.

By Ali Qassim

UNITED STATES

Intellectual Property

“Smurfs” Lawyers Review IP and Contract Issues in Movie Deal

“The Smurfs” movie premiered in the United States on July 29. While the famous blue characters and their TV cartoon enjoyed huge popularity throughout the 70s and 80s, staging their comeback on the big screen would involve its share of delays and legal challenges. Raymond Kurz, co-head of the US intellectual property practice at Hogan Lovells, who has represented the Smurfs rights holders for nearly 30 years, and IP partner colleague Celine Crowson, talk to BNA about balancing IP concerns and relationship management in negotiating the movie deal.

BNA: *In negotiating the agreement for the Smurfs movie be-*

tween the rights owners and the movie studios, what were the major intellectual property considerations and potential stumbling blocks?

RK & CC: The IP we were focusing on here was of course the copyrights and trademarks in the well-known characters “Smurfs”. The rights owners were not interested in merely letting money drive a deal — they wanted to make a movie, but not at the expense of losing control of the Smurfs image and legacy. That’s to say, what was of vital importance to them was that they should retain ownership of their Smurfs rights and that the characters should remain true to the image created in 1958 by the late Belgian cartoonist, Pierre “Peyo” Culliford. Details like their size (three apples high), their trademark hat and trousers, their particular “Smurf blue” color, their nature and character all had to be maintained.

Movie studios on the other hand, prefer owning the rights to their movie characters, and having complete control, given the expense and investment involved in making a major motion picture.

So when talks began with Paramount, one of the challenges was agreeing how the integrity of the characters would be preserved while providing the studio with the necessary rights and the freedom it needed to make the movie.

The discussion in the end comes down to negotiating licensing and contractual details yes, but the crucial ingredient is nurturing the relationship between the parties.

What happened here demonstrates the point. Paramount eventually assigned the deal to Sony, and from the time they came onboard, we never looked back.

An executive at Sony was a huge Smurfs fan. When I (RK) attended the premiere, it was obvious on seeing the film that the movie producer’s and the studio’s efforts to keep the characters true to the original went beyond just a literal compliance with the written terms — the spirit of the agreement was also embodied. And this can happen when the parties have a good relationship between them.

BNA: *Given the location of the rights owners and the movie studio, was the question of jurisdiction — in the event of any dispute — an important component in the discussions?*

RK & CC: With the rights owners being based in Belgium and the studio in the US, the question of jurisdiction would certainly have been contemplated and provided for. Generally speaking, whenever you have parties based in different locations, it is worthwhile to agree on terms governing jurisdiction should any dispute arise.

There are three things to consider: which law should apply, where the dispute should be resolved and how.

When the parties come to the table, they can opt for what specific law is to apply, whether this is law from one party’s jurisdiction or the other, a mixture of both, or even law from another jurisdiction altogether.

Now it is of course difficult to say with any certainty ahead of time what dispute, if at all, would arise in the

future. So it follows that there would be equal difficulty in pinpointing what specific law would be most advantageous to resolving a dispute which neither party, at the time of the agreement, knows might be about. An arguably more important point therefore is to look at the form and locus of dispute resolution, that is, the where and how.

It should be kept in mind that selecting *where* the dispute should be resolved is distinct from selecting necessarily the law that applies in that place. *How* relates to methods for dispute resolution such as mediation, arbitration. . .etc.

BNA: *With reference to the IP considerations here, for example, the holders wanting to retain control over the image, usage rights negotiated over the course of years with one studio then subsequently transferred to another. . .etc, how typical would you say your experience was in movie making negotiations?*

RK & CC: Both of us are first and foremost IP and not per se entertainment lawyers, so it might be a presumption to comment beyond this scope. But suffice to say, movie making is a very involved process that can take a long time; balancing the interests of the various parties, studios taking options and so on are things that happen and it is a question of working with clients to manage them.

BNA: *As a practical note, what would you say are the main points that parties to these agreements should give weight to?*

RK & CC: Going into the negotiations, it is fairly natural that each party would be focused on their own issues and requirements. But the key to a successful transaction, is that each side should to try and solve the other side’s problems — what do they want, what are their concerns. Adopting this approach can be all the difference between deal-making and deal-breaking.

Another point is to make sure you understand your goals clearly. It may seem obvious to say, but this is about knowing what the client ultimately wants to achieve and not getting sidetracked by issues that might be nice-to-have but in the end secondary, or letting your own priorities as a lawyer take precedence over your client’s goals.

UNITED STATES

Copyrights

Brazilian Injunction Against Variations of Zynga’s Games Temporarily Restrained

The US District Court for the Northern District of California granted on August 11 a temporary restraining order allowing a competitor to Zynga Inc to ignore a Brazilian court’s injunction for copyright infringement (*Zynga Inc v. Vostu USA Inc*, ND Cal, No. 5:11-cv-02959-EJD, 8/11/11).

The competitor, Vostu Ltd, makes games similar to Zynga’s popular online games in Portuguese-language versions. They are played by Portuguese-speaking users in