

LOVELL WHITE DURRANT

Intellectual property law

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In this issue

Major items of interest

- 1 Trade marks registry rejects Lady Diana applications
- 2 No real winners in comparative advertising battle
- 3 M&S chastised for infringing copyright
- 4 Court rules on breadth of injunctions in patent cases
- 5 Intellectual property actions under the civil justice reforms

Special Report

- 6 Jurisdiction of the UK court over foreign disputes

Lovell White Durrant's intellectual property services include advice on the protection and exploitation of rights, drafting and negotiation of licences and assignments (often as part of a corporate acquisition or restructuring) and advice on the subsistence, ownership, validity and infringement of rights. The firm offers a trade mark filing service in France, the Czech Republic, Hong Kong, China, Vietnam, Laos, Myanmar (Burma) and Cambodia, and through its associates in countries around the world.

This Newsletter is written in general terms and its application in specific circumstances will depend on the particular facts. If you would like to follow up any of the issues which it raises, please contact Robert Anderson, Quentin Archer, Michael Golding, Nicholas Macfarlane or Lindy Golding in London (UK and EC), David Latham in New York (USA), Milan Chromecek in Paris (France and EC), Tomas Bettelheim in Prague (Central and Eastern Europe) or Henry Wheare or Stephen Hayward in Hong Kong (Hong Kong, China and Indo-China).

The firm's New York office does not practise US intellectual property law nor does its Tokyo office practise Japanese law. We do however have close connections with firms of US and Japanese lawyers enabling us to obtain advice quickly on questions affecting intellectual property in those countries.

Details of the firm's foreign offices appear in the rear inside cover of this Newsletter.

Trade marks and passing off

Trade Marks Registry rejects Lady Diana Applications

The Trade Marks Registry has rejected the applications by the late Princess of Wales's memorial fund to register her face as a trade mark. This decision will be welcomed by the many businesses which have been waiting to find out if they can legitimately produce Princess Diana souvenirs.

The applications consisted of 52 different photographs of the Princess, which were designed to encompass as wide a range of the Princess's moods, ages, outfits and angles as possible. The fund hoped, that, by submitting this range of images, it would be able to prevent others from producing not only two-dimensional but also three-dimensional likenesses of the Princess.

At least three living people in the UK have registered their images as trade marks, namely Jacques Villeneuve, Damon Hill and Eric Cantona. They all managed to persuade the Registry that they were trading on their image in a commercial way, ie, in such a way that the public would, on seeing the relevant mark, assume that the goods had some connection with the personality concerned.

Unfortunately, we can only guess at the Registrar's decisions for refusing the applications, since the fund will not consent to publication of the report. The Registrar may have had in mind the Elvis trade mark case (see our March 1997 issue), where Laddie J refused to register Elvis Presley's name and signature as trade marks, essentially because neither brought to mind any trade source of goods, but simply served as a reminder of the man himself. He went on to say that Elvis did not own his own appearance and would not (subject to issues of

copyright) have been able to prevent others using pictures of him.

Michael Golding

Trade mark held invalid on ground of descriptiveness

For over 30 years, the pharmaceutical company, Merck & Co Inc, carried out extensive research in relation to mumps vaccines. This led to the development of a live, attenuated, mumps virus, which constitutes the active ingredient in Merck's monovalent and trivalent vaccines, MUMPSVAX and M-M-R II. Merck named this active ingredient JERYL LYNN, which it registered as a trade mark in 1996.

In time, SmithKline Beecham ("SKB") developed its own mumps vaccine which, it claimed, contained a derivative of JERYL LYNN. SKB wanted to mention this in written materials about its vaccines, and applied to have the JERYL LYNN registration declared invalid on a number of grounds under the Trade Marks Act 1994.

Mr Justice Laddie gave judgment on 4 December (Re Trade Mark No 2,023,940, *The Times*, 18 December 1998). He held that the fundamental issue was whether JERYL LYNN, when used in relation to a mumps virus or vaccine, was a trade mark at all, or whether it was no more than the accepted technical term for a particular strain, or family of strains, of virus. The central question, he said, was whether the "sign" was capable of distinguishing the goods or services of one undertaking from those of another. Put simply, did the sign indicate whom the product or service came from, or did it only tell the customer what the

product or service was? If the latter, the "sign" could not be a trade mark.

Merck based its case on a number of submissions. In particular it argued that for around 30 years the designation JERYL LYNN had been used exclusively for a world-renowned, man-made product, whose specification was unique: no other product had the same characteristics or could be supplied by any other producer. The name JERYL LYNN served as a guarantee that all goods bearing it had originated under the control of a single undertaking responsible for their quality, and there would be serious and substantial deception if it were to be used for a live attenuated mumps virus which did not have this pedigree.

Mr Justice Laddie did not accept this argument. In a case of this kind, he said, where the name had been used for many years before the application to register, four questions needed to be answered to determine whether it had the relevant capacity to distinguish:

1. What was the product to which the word had been applied?

Merck submitted that JERYL LYNN had been applied to commercial vaccine preparations, rather than viruses as such. The judge did not accept this and held that it had been applied to viruses generally. As such, it merely described one of the "ingredients" of Merck's mumps vaccines.

2. Had the word been used exclusively in relation to that product?

The judge decided, on the evidence, that the words JERYL LYNN had been used to describe a family of virus strains, only one of which (the "B level strain") had been used by Merck in its vaccines. He rejected Merck's argument that references in scientific literature to JERYL LYNN had always been intended to refer exclusively to its own commercially produced preparations.

3. Had it been used exclusively on the product by the proprietor as a designation of origin?

Mr Justice Laddie noted that, until the application for registration, Merck had not

indicated in any of its literature that the words JERYL LYNN were being used as an indication of trade origin by the use of a symbol such as "TM". This was in contrast to the Merck vaccines MUMPSVAX and M-M-R II which had been clearly designated as such. Since registration, there had been a change, but he had to consider the position as at the date of registration. Whilst stating that the use of such symbols was not conclusive, the Judge suggested that there was no reason why a customer should think that a mark was indicative of origin if the trader did not suggest it.

4. Had JERYL LYNN come to be recognised as a designation of origin rather than an indication of type by the relevant public?

On the basis of the evidence submitted by SKB, the Judge decided that there was no alternative name for the virus other than JERYL LYNN. He said that it was necessary to use the strain name in literature relating to a vaccine containing such a virus and there was no reason why any person looking at the literature would think that the name was being used for any other purpose other than to identify accurately and specifically a particular type of virus rather than a virus from a particular trade source.

In summary, Mr Justice Laddie did not accept Merck's argument that it was possible for one phrase to be used both for a type of virus and a trade mark. He stated that, even if it were true that JERYL LYNN strain viruses could only ever be obtained from Merck, this would not affect the descriptive impact of the words. He gave the example of the word "banana", stating that the word could not be a trade mark even if all supplies of the fruit were controlled by a single company.

An appeal has been lodged against this decision.

Louise Zafer

No real winners in comparative advertising battle

The latest battle in the ongoing vacuum cleaner marketing war between Electrolux Ltd and Dyson Appliances Ltd came before the High Court at the end of January. Each party claimed that the other's promotional materials constituted malicious falsehood and trade mark infringement.

The Judge, Mr Justice Jonathan Parker, expressed some strong views on the parties' behaviour and the way both seemed determined to win at any cost. As to malicious falsehood the Judge concluded having examined the promotional leaflets in detail, that almost all of the representations were false to a material extent, but that none had been made maliciously. He found that, although many of the misstatements were careless (some very careless indeed), they had not been made recklessly deliberately.

On the issue of trade mark infringement, the Judge held that both parties' claims for infringement succeeded. Both sides had relied on the "comparative advertising" defence in section 10(6) Trade Marks Act 1994. This section permits use of a competitor's trade marks in comparative advertising, with the proviso that the use will infringe if it:

- (a) is not in accordance with honest practices in industrial or commercial matters;
- (b) is made without due cause; and
- (c) takes unfair advantage of or is detrimental to the distinctive character or repute of the competitor's trade mark.

Having concluded that each party had made false statements about the other in its promotional materials, the Judge held that use of each other's trade marks could not be an honest practice and therefore the defence failed.

Comparative advertising is by its nature intended to cause financial loss to competitors, if only by increasing the advertiser's sales at the competitor's expense. In this case, damages are yet to be assessed, although the Judge expressed the view that

it would be difficult to prove that any one comparative advertisement in the context of a heavy marketing offensive had resulted in any specific loss of sales. There was a real risk that an enquiry as to damages would be expensive, time consuming and very likely to produce a negligible award of damages. As the Judge pointed out, in those circumstances at the appropriate time, the court might well exercise its discretion to refuse an enquiry as to damages. Although both parties achieved a victory of sorts, it was a pretty hollow one.

Patrick Wheeler

Chocosuisse appeal fails

On 25 February, the Court of Appeal heard Cadbury's appeal in *Chocosuisse v Cadbury Ltd*. The plaintiffs (well known Swiss chocolate makers and an association acting in the interests of the Swiss chocolate industry) had obtained an injunction restraining Cadbury from selling its "Swiss Chalet" chocolate on the grounds of passing off. Cadbury's chocolate was made in the UK, and its packaging showed the Matterhorn, with a chalet beneath it and the words "Swiss Chalet" in large letters.

The Court of Appeal dismissed the appeal, holding that the judge had been entitled to find that, as at October 1994, the words 'Swiss chocolate' were taken by a significant section of the public in England to mean chocolate made in Switzerland.

Caroline Clarke-Jervoise

Copyright

M&S chastised for infringing copyright

The retailing giant, Marks & Spencer Ltd, recently became the subject of unwelcome publicity in relation to its internal press cuttings service. M&S had been copying and distributing to its staff newspaper cuttings about the company and its products, and other subjects of interest, for example fashion trends and its competitors' activities.

Since 1996, the Newspaper Licensing Agency has been operating a collective copyright licensing scheme on behalf of a large number of newspaper publishers. Under this scheme, the majority of national, and many regional, publishers have assigned their typographical copyright (ie the copyright in the physical layout on the page of newspaper items, rather than their content) to the NLA. In return, the NLA licenses press cutting agencies and others to make copies from these newspapers for a set fee, based on the licensee's size and the volume of press cuttings it copies. The NLA then distributes royalties thus earned to the publishers in the scheme.

M&S did not belong to this scheme and, in July 1997 (in its first High Court action), the NLA commenced proceedings against M&S for copyright infringement, claiming that the company unlawfully made around one quarter of a million copies of press cuttings per year.

M&S raised two defences. First, it argued that a press cutting was not a substantial part of a newspaper. Mr Justice Lightman disagreed, finding that each article in a newspaper was a complete work in itself. Secondly, the company contended that, even if it was wrong on the first point, its

copying constituted "fair dealing" for the purpose of reporting current events under the Copyright Designs and Patents Act 1988. Again the judge disagreed, finding that the copying by M&S went beyond what was necessary to report current events to its employees. He therefore found the company liable for infringement.

Lindy Golding

Court of Appeal considers extent of fair dealing defence

In our December 1997 issue, we reported on *Pro Sieben Media AG v Carlton UK Television Ltd*. A German television company, Pro Sieben, was granted the exclusive right to broadcast an interview with Mandy Allwood, a single mother who had undergone fertility treatment and was found to be carrying eight embryos.

Subsequently, Carlton UK Television Ltd and another television company produced and broadcast a programme about chequebook journalism. This included a 30-second extract from the plaintiff's broadcast, as well as interviews with other individuals who had also sold their stories to the media.

Pro Sieben sued the television companies for copyright infringement. Mr Justice Laddie upheld their claim and held that the defendants could not rely on the defence of fair dealing under the Copyright, Designs and Patents Act 1988. The defendants appealed and, at the end of 1998, the Court of Appeal allowed their appeal (*The Times*, 7 January 1998).

The Court had to grapple with the defence of fair dealing under s 30(1) and (2) of the Act. These provide that "fair dealing" with a copyright work either for the purpose of (1) criticism or review (of that or another work) or (2) reporting current events, does not infringe any copyright in the work, provided it is accompanied by a sufficient acknowledgement of the copyright owner's rights.

The Court held that it was not the case that the defence was made out simply if the infringer held the sincere belief, however misguided, that he or she was criticising a work or reporting current affairs. Whilst the alleged infringer's motives for using the copyright work were relevant, the Court was not required to put itself in the infringer's shoes to ascertain its motives when publishing the offending piece. The Court had to look at the matter objectively. The Court found that Laddie J had erred in principle by concentrating too much on the defendants' motives and purposes when putting together their programme, and too little on the programme's likely impact on the audience.

The programme had been made for the purposes of criticising chequebook journalism and, in particular, the media's treatment of the Allwood story. The defence under s 30(1) had therefore been made out by the defendants.

Had it been necessary to consider the point, the Court would also have found that the appellants' use of the extract fell within s 30(2) of the Act. The media interest surrounding Ms Allwood was itself a current event, as was the fact that the interview had been sold.

Richard Lindsay

Springsteen shows who's boss

In December 1998, Bruce Springsteen, the world-famous rock star, won his High Court action for copyright infringement against two music companies and their directors. The action concerned 19 songs which Springsteen had composed and recorded in the early 1970s.

Springsteen claimed that Flute International Ltd had, without his consent, released two albums of his songs ("Unearthed" and "Unearthed II") in 1996. He also contended that another company, Masquerade Music Ltd, had unlawfully imported 75 copies of a further album of his songs ("Before the Fame") in 1997 and threatened to release copies. Springsteen sued the companies and the two men who were seen to be the directing minds and will of the two companies, namely Robert Tringham (Flute) and Ronald Winter (Masquerade).

Mr Justice Ferris rejected the defence's attack on Springsteen's claim to title, holding that he owned the copyright in the music and words of all the compositions and the copyright in the sound recordings of 14 of the 19 recordings. The sound recording copyright in the remaining recordings was found to be vested in Sony Music Entertainment Inc (who had been added as defendants but who took no part in the proceedings) so this did not assist the defendants.

The judge held that Flute had infringed Springsteen's copyright although, since the company had been compulsorily wound up, he could make no order against it. However, he also found that, despite the fact that he had never been formally appointed, Tringham was the de facto sole director of Flute. By s 16(2) Copyright, Designs and Patents Act 1988, it is an infringement to authorise another to infringe, and on this basis, he found Tringham personally liable for Flute's infringement. The judge ordered additional damages against Tringham under s 97(2) of the Act for the flagrancy of his infringement.

Ferris J granted an injunction against Masquerade Music carrying out its threat to infringe the plaintiff's copyright, although he did not award additional damages against Masquerade, finding that its infringement was relatively minor. Again, he found the director personally liable as well.

Darren Heath

Progress on Draft Copyright Harmonisation Directive

In our March 1998 issue we reported that the European Commission had published its proposal for a directive for the harmonisation of certain aspects of copyright throughout the EU. On 20 January 1999 the European Parliament's Committee on Legal Affairs completed its first reading of the directive. As a result a number of changes were made, broadly strengthening the proposal to the benefit of copyright owners. In particular, the circumstances in which temporary copies can be made and the extent of any exemption for private use have been restricted. The telecoms industry, which will be hit by the restrictions on temporary copying are preparing to lobby in the next round.

Lindy Golding

Designs

Court of Appeal rules on validity of design right

In *Farmers Build Ltd v Carrier Bulk Materials Handling Ltd* (The Times, 23 December 1998) the Court of Appeal gave its first decision in relation to the law of design rights, since these unregistered rights were introduced by the Copyright, Designs and Patents Act 1988.

The plaintiff manufactured an agricultural rotary screen slurry separator ("Target"). It sued the defendant for infringement of its design rights in the machine. The defendant argued that the combination of the parts making up Target made it commonplace under s 213 of the Act, and that the design was not original and was therefore invalid.

At trial, Mr Justice Rattee held that the defendant's product did infringe the plaintiff's design right, but that, since the plaintiff had delayed in bringing the action, it had acquiesced in the defendant's infringement and was not entitled to relief. The plaintiff appealed and the defendant cross-appealed.

The Court of Appeal held that the decision on whether a design was original or commonplace could be reached by the following five stage test:

1. The Court should compare the design of the article in which the design right is claimed with the design of other articles in the same field, including the alleged infringing article, as at the time of its creation.
2. The Court must be satisfied that the design for which protection is claimed has not itself been copied from the design of an earlier article.

However, it should not forget that, in the field of designs of functional articles, one design may be very similar or even identical to, another design and, nevertheless, may still not be a copy since it may be an original and independent shape and coincidentally may have the same or similar configurations. If the Court believes that the design has been slavishly copied from an earlier design, it will not be an "original" design in the "copyright sense" and the "commonplace" question will not arise.

3. If the Court does not believe that the design has been copied from an earlier design, it will be "original" in the "copyright sense", so the Court will then have to decide whether it is "commonplace". It will then be necessary to ascertain just how similar that design is to the design of other similar articles in the same field made by other manufacturers.
4. The comparative exercise at 3 above should be carried out objectively, taking all the available evidence into account including evidence from experts in the field which highlights the similarities and differences and explains their significance.
5. If, however, there are aspects in the plaintiff's article which cannot be found in any other design in the field in question, but are found in the defendant's design, the Court may conclude that the design in question was not "commonplace" and that there was a good reason for protecting it during the limited period laid down in the Act. (Note that this would be so even though the design in question may not satisfy any requirement of "novelty" in registered designs legislation.)

The Court held that Mr Justice Rattee's decision had been consistent with this approach and that he had reached the correct conclusion on the issue of design rights. However, as a matter of law, it was wrong to conclude that, by taking no steps to pursue a claim for infringement of unregistered design until a late stage, it was unconscionable for the plaintiff to claim an account of profits or an enquiry as to damages. He therefore allowed the appeal and dismissed the cross-appeal.

Mr Justice Rattee has since followed the Court of Appeal's approach in another design right case. In *Round Imports v PLM Redfearn Ltd* (unreported 11 January 1999), he held that, whilst the plaintiff's long-necked beer bottle design was original in the copyright sense (ie had not been copied) it was still commonplace, since it was not significantly different from other contemporary long-necked beer bottles.

Christine Jackson

Court rules on exclusive licensee's right to sue

In February, the High Court ruled on an unusual point in relation to exclusive licences under intellectual property rights (*Oren v Red Box Toy Ltd*, unreported, 2 February 1999).

The plaintiffs, an Israeli citizen and an Israeli company, sued for the infringement of a registered design relating to a foldable mattress. The first plaintiff owned the registration and the second plaintiff was his exclusive licensee under a contract. The plaintiffs contended that an exclusive licensee could sue for infringement, provided that the infringer had been given notice of the exclusive license, since the latter would, from the moment he had notice, be guilty of the tort of interference with contractual relations by unlawful means.

Mr Justice Jacob dismissed the second plaintiff's claim. He held that, on the facts, the defendants' activities did not amount to an interference with contractual relations. Although the infringement might have rendered the licence less successful commercially, the contractual relations between the parties remained completely unaffected.

Furthermore, he went on, the statutory right to sue under an intellectual property right was governed by the statute concerned. In the case of the Copyright Designs and Patents Act 1988, Parliament had expressly re-conferred the right to sue on a copyright exclusive licensee and an exclusive licensee under an unregistered design right. It did not, however, create an independent right to sue on a registered design exclusive licensee, and it was not for the courts to invent what Parliament had not created. It followed that the second plaintiff had no cause of action.

Caroline Clarke-Jervoise

Patents

Court rules on breadth of injunctions in patent cases

In the United Kingdom, it has long been established that a successful patentee is entitled to a restraining injunction which is not limited to the particular type of infringement proved or admitted, but restrains the defendant from infringing the patent as a whole. *Coflexip SA v Stolt Comex Seaway MS Ltd* (The Times, 4 February 1999) indicates that the Courts may now be moving away from this position.

In this case, Laddie J indicated that, in his view, such wide injunctions give the patentee an unfair monopoly extending beyond the patent as granted, so that most defendants decide to steer clear of the patent in toto, for fear of contempt proceedings, rather than seek to change their products to avoid infringement. A more limited form of relief might therefore be appropriate in some cases.

The judge indicated that the injunction granted should protect the plaintiff from a continuation of the infringing acts, but should be fair to the defendant and provide certainty: the outer limits of many patent claims are often difficult to determine, so the relief granted should be expressed "in terms which meet the precise needs of the plaintiff", and no more. In particular, when deciding whether to grant the usual, broad, injunction or a narrower one, the Court would consider whether or not there was a threat of future or different infringement. For example in *Frayling Furniture v Premier Upholstery Limited* (21 January 1999, unreported), the Court declined to grant an injunction in respect of a design right infringement which had happened inadvertently five years previously, and had not been repeated. Instead, the plaintiff was given leave to apply for an injunction if there was any threat of infringement in the future.

Given the importance of this decision, it may well be appealed and Laddie J gave leave to do so.

Simon Harper

The relevance of commercial success to obviousness

Laddie J's decision on 15 January in *Haberman v Jackel International Ltd* (unreported) is interesting, as it seems to turn on the commercial success of a patented product when determining whether the invention was obvious. Previously, the Courts have been reluctant to give weight to such secondary considerations.

The patentee sought leave to amend her patent for a non-drip infant training cup, to make it clear that the invention operated by lip pressure alone. The defendants challenged the validity of the patent, arguing inter alia that it was obvious. The judge held that the inventive concept was the use of a simple slit valve to prevent leakage of fluid from the outlet of the training cup. The parties agreed it was well known at the priority date that (a) teats from feeding bottles could and had been made drip resistant by incorporating slit valves in the end (b) training cups were prone to leak, which was viewed as a problem.

The judge acknowledged that it was not difficult to see how someone in the art could have arrived at Mrs Haberman's design from the prior art or from common general knowledge alone. However, the question was what would an ordinary man in the art "steeped in the folk law, perceptions and prejudices of the trade" have done. He commented that

evidence of commercial success could give some insight into the thinking of those in the art at the priority date, although the mere existence of large sales said nothing about the problems being tackled by those in the field at the time.

He then went on to list other factors which, taken together, might point towards or away from inventiveness, for example, what problem was the patented development aiming to address and how long had it existed? On the basis of all of these, he held that the success of the plaintiffs' product was due principally to the technical development. Although Mrs Haberman had taken a very small and simple step, no-one in the trade had taken it. If it had been obvious it would have been discovered by others much earlier.

Sarah Turner

Miscellaneous

Intellectual property actions under the Civil Justice Reforms

Few can be unaware of the reforms about to affect the UK's civil justice system. These changes are the culmination of a huge consultation exercise, begun by Lord Woolf in 1995, on the deficiencies in our legal system.

On 26 April, a new set of procedural rules will come into force, which are designed to lessen the delay, uncertainty and complexity which Lord Woolf found to be endemic in the current system. The new rules will place far greater responsibility for the conduct of litigation, from beginning to end, on the courts, rather than the parties.

The new rules, which are coupled with other reforms to the public funding of litigation, will apply throughout the county court, High Court and Court of Appeal. However, Lord Woolf acknowledged that some types of proceeding, for example patent actions, would require a customised version of the rules. Accordingly, a practice direction has been drafted to deal with intellectual property litigation, although this has not yet been finalised.

Lovell White Durrant has produced a note for clients on the reforms generally. If you would like a copy, please contact our Publications Unit.

Caroline Clarke-Jervoise

Overseas news

First IP appeal in Hong Kong since handover to China

Towards the end of last year, the Court of Final Appeal in Hong Kong considered its first intellectual property case since Hong Kong's handover to China in July 1997.

Oriental Press Group Ltd owned the copyright in a scoop photograph breaking the news that famous Canto popstar Huang Fei was pregnant. A rival newspaper, Apple Daily, scanned the cover of Oriental's magazine showing the photograph. It then published the photo on the front page of its entertainment section the same day as Oriental published its "scoop".

Oriental sued for copyright infringement, arguing that damages should be based on a notional licence fee for the use of the photograph, plus a premium to reflect the fact that it would not willingly have granted a licence to a competitor to publish a scoop photograph. Mr Justice Rogers rejected this argument and awarded damages by reference to a licence fee of HK\$1,000 that Oriental had paid for a series of stills from a video of Princess Diana and Major Hewitt. He awarded damages for infringement of HK\$5,000 (and "conversion damages" of HK\$3,000, as the case was decided under the 1956 Copyright Act).

Oriental's appeal to the Court of Appeal failed. The Court of Final Appeal allowed its subsequent appeal, and awarded it damages of HK\$30,000, using the notional licence fee as a starting point. It commented that the amount of damages awarded by the trial judge had been inordinately low. The Court also found the idea of a premium for an unwilling licensor misguided, ie a fair price could not be increased on the ground that the notional

licensor would never have granted a licence. Instead, the strength and weaknesses of the positions of the parties had to be considered. A newspaper which had a scoop photograph could reasonably expect to receive more for a licence, especially from a competitor, than if the photograph had been of no special interest to potential readers.

Gabriela Kennedy
(Hong Kong)

Mattel Inc has huge success against counterfeiters in China

On behalf of Mattel Inc, Lovell White Durrant's Hong Kong office carried out a successful raid on a factory in Shantou, China, which had been manufacturing counterfeit BARBIE doll clothes over five years. Apart from the large quantities of infringing items seized (over 100,000) the case is important in that it attracted the attention of the Beijing administrative authorities who, together with the Shantou administrative authorities imposed an unprecedented large fine of RMB3.5 million (approximately US\$450,000). This is reportedly the largest fine ever imposed by the administrative authorities in China for any trade mark infringement. The client was also (unusually for China) invited to claim damages.

Gabriela Kennedy
(Hong Kong)

Special report

Jurisdiction of the UK court over foreign disputes

In *Pearce v Ove Arup Ltd* (The Times, 10 February 1999), the Court of Appeal confirmed that it is possible to bring proceedings concerning Dutch copyright, that has been infringed by acts done in Holland, before an English Court when at least one of the Defendants is domiciled in the UK.

The plaintiff was an architect, who had produced plans and paintings of a design for a Town Hall for the Docklands Development in London in the course of his architectural training in 1985/1986. He claimed that the defendants had infringed his copyright in these, when they had designed the Kunsthal building in Rotterdam in the early 1990's.

Pearce brought a copyright infringement action against four defendants in England. The first defendant was a UK domiciled civil engineering firm, responsible for the construction of the Dutch building. The second defendant might have been domiciled in UK and the third and fourth defendants, were designers domiciled in the Netherlands. The second, third and fourth defendants applied to strike out the claims on the ground that infringement of Dutch copyright was not an act which could constitute a tort which would be actionable under English law. They also claimed that Pearce's allegations were speculative.

The High Court Judge, Mr Justice Lloyd, did not strike out the allegations of infringement of Dutch copyright on the ground that these were not justiciable under English law. However, he found that the claims themselves were speculative and struck the case out on that basis.

Pearce appealed against the decision. Roch LJ dealt first with the issue of Abuse of Process. He held that the defendants had not been able to show that the infringement action was bound to fail, since Pearce had pleaded a case of similarity which might be sufficient for a case of graphic copying. The Plaintiff's claims could therefore not as a whole be regarded as speculative.

Roch LJ went on to examine the Jurisdiction question. He held that the Berne Convention for the Protection of Artistic and Literary Work does not deal with jurisdiction in relation to copyright infringement. Therefore it does not exclude the application of the Brussels Convention 1968, (enacted in UK by The Civil Jurisdiction and Judgments Act 1982) to a copyright case. The main principle of Brussels Convention is that a person should be sued in the state where he is domiciled, regardless of his nationality, unless the case deals with registration or validity of patent, trade mark, design or similar right, when the Court of the state of registration has jurisdiction. Since registration or validity is not an issue in relation to copyright, the main principle applies. Ove Arup are domiciled in England and could therefore be sued here. The foreign defendants could also be sued in England under art 6(1) of the Brussels Convention, which allows the Court of a contracting state to hear a case against Defendants that was domiciled in another contracting state if the action is directed against many Defendants and any one Defendant is domiciled in the state of the Court.

The Court also examined the longstanding double-actionability rule. This rule provided that for a foreign tort to be actionable under English law the tort should be actionable both under:

- (a) English law; and
- (b) the law where the tortious act was done.

Roch LJ reiterated that this rule has to do with the applicable law and not with jurisdiction. In any event, the rule is now abolished by the Private International Law Act 1995 which makes clear that the applicable law is the law of the place where the tortious act occurred. However, this Act did not apply in the present case because the allegedly infringing acts were committed before the Act was implemented.

The Court of Appeal concluded that part a) of the double-actionability rule did not apply, because if it did a case such as this would always be fatal since foreign IP rights are never actionable under English domestic law. Instead, Dutch law applied. This is in line with the policy which was adopted by Parliament in the 1995 Act.

This judgment demonstrates English law's former exclusionary approach to foreign intellectual property rights is inconsistent with the Convention's objectives.

That claims such as foreign copyright infringement are now admissible has great practical significance in allowing Plaintiffs to proceed in an infringer's home jurisdiction and thereby to consolidate different claims against several foreign infringements.

This case also illustrates the need for greater flexibility. For the future, it is not a question of whether English Courts should or should not exclude foreign intellectual property claims, but when they should do so.

For the future, if a Plaintiff's IP rights are being infringed both in England and other Convention countries and the parties infringing the Plaintiff's foreign IP rights in those countries are not the same entity as the one infringing the English IP right, it may be possible to bring proceedings for infringement of the foreign IP rights against them in England pursuant to Article 6(1) of the Convention if the English and foreign IP rights are practically identical.

The result of this case is that it could allow the Plaintiff to forum shop. He has the potential to commence English proceedings for infringement of his IP right in every jurisdiction in which it was

infringed. Correspondingly, a Defendant can, in cases where jurisdiction was obtained pursuant to Convention and the IP right was registered (within the limits of the place where the proceedings were commenced and the place where the IP right is registered), forum shop by deciding whether to attack the validity of the IP right in his defence.

Nicola Dagg