



LICENSING EXECUTIVES SOCIETY
BRITAIN AND IRELAND

newsxchange™

The Newsletter of the Licensing Executives Society Britain and Ireland

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BSkyB –v– EDS

Background

In 2001 Electronic Data Systems (now Hewlett Packard or HP) (“EDS”) agreed to supply a Customer Management System to British Sky Broadcasting (“BSkyB”). It didn’t work. BSkyB therefore sued EDS. BSkyB (successfully, as it transpired) claimed that EDS salesmen had made negligent and fraudulent representations during the course of the negotiations. Although many claims were made by EDS, the main one that succeeded was in respect of fraudulent misrepresentations regarding EDS’ ability to perform the project within the timescales stated by EDS. The importance of the “fraudulent” claim was that, if successful, the contractual limitation of liability to £30m would not apply. In the end the court decided that negligent and fraudulent misrepresentations had indeed been made. BSkyB could therefore claim all the damages that have been caused by EDS’ misrepresentations, without any limit. In retrospect, the statement by an EDS spokesman, given at the outset of the dispute, that BSkyB’s claim was “absolutely outrageous” seems a little unfortunate, to say the least.

Why is the case so important?

It has been the law for some years that one cannot limit liability for fraudulent misrepresentations. The case therefore shows how a customer can avoid a supplier’s limitations of liability in a spectacular manner. Limitations of liability are of critical importance in all IT cases because the value of the claim (£700m in this case) is often disproportional to the monies paid (£48m in this case) and the agreed limit of liability (£30m in this case). The case is important because it will undoubtedly encourage dissatisfied buyers of large IT systems to “have a go”, even where limitations of liability have previously been agreed in the contract.

The case is an example of how the English litigation system is not for the faint hearted. The final costs have yet to be assessed but it has been estimated that the total costs to be borne by the losing party (EDS, now HP) will be about £70m - far greater than the costs of the system (£48m)! The case exemplifies the protracted nature of litigation in England:

- Some 500,000 documents were reviewed by the lawyers.
- The court hearing involved some 70 witnesses and lasted for about a year of real time (109 days in court).
- The case started in summer 2002, and the judgment was given in January 2010: however it was nearly 18 months after the trial ended before the judge was able to give his decision.
- The judgment is 468 pages long!

The damages claimed were £700m. The parties have yet to have further arguments about the amount of damages that will be actually awarded. As a minimum, damages of £200m are likely. Weighed against the likely damages, the total costs of £70m are still significant.

Final Comments

One reason that the costs were so high was because the case was, in part, a “who said what to whom and when” dispute. Therefore, the credibility of witnesses became most important. One of EDS’ main witnesses, Joe Galloway, the managing director of the relevant part of EDS, gave evidence that he had obtained an MBA from Concordia College, St. Johns, US Virgin Islands. He stated that he had studied there for about a year. It transpired that he had bought the MBA on the internet. Counsel proved this in open court by buying a degree with an identical glowing reference, but with better marks, for his dog Lulu!

Given the monies at stake, an appeal is likely. However, the basic findings of fact, namely that EDS was fraudulent in some of its representations, can only be overturned should the Court of Appeal redefine what constitutes a “fraudulent misrepresentation” in law or decide that the judge applied the incorrect test as to what constitutes a “fraudulent misrepresentation” in law. Although anything is possible, a Court of Appeal reversal of the original decision must be considered unlikely.

Dai Davis, Partner, Brooke North LLP

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President’s Diary

I will focus in this report on the meetings at which I have represented you in the first few weeks of the year. Some focus on our local chapter, others have a more international flavour – reflecting the mix of benefits LES membership brings to those able and willing to participate in the full range of our Society’s activities.

Firstly, the London meetings - despite the snow (which caused major disruption to many of us), two fascinating and well-attended meetings took place in central London on 13 January. The first was a workshop for IAM practitioners explaining how the *IPScore™* developed by the European Patent Office can help evaluate patent rights. The format was a mix of lecture and breakout groups, and was clearly enjoyed by all participants. It brought in a broader range of members than usual, as well as attracting new members. Later in the day Mark Wilson, our vice-President, led a workshop on valuation, building, in part, on the afternoon’s discussions, but also broadening the perspective. In an experiment which all participants agreed had worked extremely well, the venue was a local pub with liquid and solid refreshment available before and after, helping oil the wheels of discussion. The somewhat rudimentary equipment (thanks, Jenny, for the origami screen!) did nothing to dilute the continued high quality of presentation and debate, nor did the inclement weather curtail the post-workshop networking opportunities.

Next, I spoke at the inaugural meeting of the new LES Chapter in Turkey, held on 28 and 29 January in Istanbul. Once again, snow threatened (but thankfully failed) to interrupt proceedings (heavy snow falling in central Istanbul on the eve of the Conference). There were over 100 delegates, significant press interest, a broad range of interests represented (including a welcome contingent of students from one of the local universities, who made significant contributions to the discussions and debate, as well as helping with the organisation), and plenty of networking opportunities. If anyone would like to know more about opportunities for licensing in Turkey, I will be happy to put you in touch with the President or other officers of LES Turkey, or people I met at the Conference (including the chief executive of Turkey’s only biotech company, which is clearly thriving). The Conference was followed by a weekend of meetings of Chairs of LESI Committees and International Presidents, discussing the future of the Society, and providing further opportunities for myself and the other delegates from Britain & Ireland to raise awareness of the 2011 International Conference we will be hosting in London.

Sadly, I was unable to attend the next event in our calendar, namely Burns supper in Glasgow - with the intriguing title “A Knight to Die For” Scottish IP in the 21st Century - coming as it did immediately after the Istanbul meeting. I am

assured that it was as big a success as ever. At this event Caroline Sincock formerly handed over the Chair of LES Scotland to Stephen Robertson. Caroline has presided over a very successful period for LES in Scotland her innovative thinking and enormous energy have been instrumental in the great meeting programme that they put together each year. On behalf of the Society I would like to thank Caroline for all she has done for the Society and wish her success in the many other projects in which she is involved.

Finally, I attended a lively discussion at a meeting of your Society's Officers early in February. In a break from the usual protocol, we abandoned the formal agenda, and instead had a fascinating brainstorming session on the key objectives on which we need to be focussing, and how to achieve them. Improving our marketing emerged as key objective, and we will be considering investing in a paid consultant to help us with this. If any member has suggestions for people we should interview for this, please let me know. I am pleased to report that we continue to have an enthusiastic and dedicated group of officers leading your Society, and that we are all optimistic about the future we can build together.

As I write this, the finishing touches are being put to this year's meetings programme, and Jennifer Pierce, as incoming vice-President, is already working on the programmes for the next few years. As always, all contributions (topics and speakers) would be welcome – please Mark Wilson or Jennifer Pierce with your thoughts.

Nigel Jones

President, LES Britain and Ireland

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IP Licences – Termination on Insolvency

Butters and others v BBC Worldwide Limited and others [2009] EWCA Civ 1160

The Court of Appeal has reversed an earlier decision by the High Court given in August of last year. The High Court had held that a provision for automatic termination of an IP licence on the insolvency of one of shareholders of the licensee's parent company could be struck down under the "anti-deprivation" rule as offending against public policy.

The anti-deprivation rule is based on the principle that there cannot be a valid contract that a man's property shall remain his until his bankruptcy, and on the happening of that event shall go over to someone else, and be taken away from his creditors.

The IP licence in question was linked to the joint venture agreement which set up the licensee's parent company. By way of a very simplified summary, the joint venture agreement provided that should one of the founding joint venture parties become insolvent, the other joint venture party could buy its shares for their current market value. Clauses in an IP licence to the joint venture's subsidiary were linked to this provision and stated that should one of the joint venture parties become insolvent and the other serve a notice to buy its shares under the joint venture agreement then the IP licence would automatically terminate. As the IP licence was the main asset of the subsidiary this meant that the market value of the insolvent party's shares in the licensee's parent company were worth significantly less than they would have been had the licence still been in place.

Originally, the High Court struck out the provision in the IP licence on the basis of the anti-deprivation rule. However, the Court of Appeal reversed the High Court decision. The relevant provisions in the joint venture agreement effectively provided for the insolvent party's shares to be acquired at market value. These provisions were not in themselves objectionable. In addition, the provisions in the IP licence which entitled the licensor to terminate the licence in the event of the insolvency of one of the shareholders of the licensee's parent are, in principle, not objectionable (they provide an exception to the anti-deprivation rule). As the provisions were independently acceptable on their own the Court saw it difficult to see how they could be objectionable because they exist together.

In particular, the Court of Appeal felt it ultimately up to Parliament to legislate against anti-avoidance devices in the insolvency field and that it could only be very rarely, if ever, that it would be right for the court to invent its own anti-avoidance policies.

Thus, with careful drafting of IP licences, the anti-deprivation principle can be circumvented.

Alice Proby, Charles Russell

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Roman Cholij



Belinda Isaac



David Abrahams

Brands Committee gets into Action

The new Brands Committee convened for the first time on 27th January 2010, and were able to set targets and make plans for 2010. **Belinda Isaac** was formally introduced as co-chair of the committee and will in future share the work of leading the committee and sharing the responsibilities of the chair with **Roman Cholij**. **David Abrahams**, also a founding member of the committee, will play a vital role in steering the direction of our activities.

The committee aims to contribute to the programme of the Annual Conference (details of which are still being finalised); to provide support to a joint LES/ITMA presentation later in the year, and to organise a separate event focusing on branding issues to be held at a venue outside London (possibly in Birmingham).

One subject discussed at the meeting was the possibility of canvassing the views of members on what branding issues are of particular interest and relevance to them, so that the themes chosen for the workshops and seminars will be pertinent to members of LES. To this end the committee, under David's guidance, has decided to undertake an internet survey to give members the opportunity to express their views. We hope to have this published in the coming weeks and strongly encourage members to take a few minutes to complete the survey as soon as it is received.

The committee also intends to keep members updated on current trade mark and branding issues with regular contributions to the NewsXchange

An opportunity to contribute to the activities of LES International (LESI) presented itself unexpectedly earlier this month in the form of a questionnaire circulated by the Max Planck Institute in Leipzig, Germany, which has been tasked by the EU Commission to gather views on how the trade mark system is fairing within Europe. LESI is coordinating responses from the brands committees of European LES chapters, and our committee was able at short notice to gather from interested parties useful comments on various aspects of the Community Trade Mark and its interaction with national trade mark systems.

Roman Cholij, Co-Chair LES B&I Brands Committee

New Co-Chair of the Brands Committee, Belinda Isaac, comments:

*I am delighted to be joining Roman as Co-Chair of the Brands Committee. Given the central role brands play in today's society and the pivotal role of licensing to many brand owners, I believe that LES is ideally placed to lead the debate on many of the current 'hot topics' and act a spokes person for industry concerns, as well as providing a forum for knowledge sharing and development. I am looking forward to working with Roman and other members of the committee to raise the awareness of brands and branding issues within LES and to arranging interesting and relevant events for members. To this end, **I would welcome, and indeed positively encourage, members to get in touch with suggestions as to branding themes or current issues of concern that they would like us to address at forthcoming events** – just email me at belinda.isaac@isaacandco.com. I look forward to hearing from you.*

Belinda is Principal of Isaac & Co Solicitors, a firm specialising in intellectual property that she founded in January 2007. Belinda's work is primarily, though not exclusively, in the healthcare and retail sectors. She has a doctorate in law

from King's College in London concerning the legal issues relating to branding and is author of *'Brand Protection Matters'* published by Sweet & Maxwell (2000).

Meeting News

Dr. Roman Cholij, co-chair of the Brands committee, has been invited by the Institute of Trade Mark Attorneys, of which Roman is a member, to be a keynote speaker at their Annual Spring International Conference, London, March 24-26, 2010, the theme of which is *'The Magic of Trade Marks'*. Roman will be delivering a talk entitled 'Marks with reputation and what is needed to prove it – The state of the law after the ECJ decisions.' The event is normally well attended by delegates from Great Britain and Ireland and from many other countries around the world.

For further information about the conference see www.itmaconference.com.

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A case of controversy: the ONEL/OMEL Opposition

Rarely does a decision of the Benelux Office for Intellectual Property (BOIP) provoke debate and speculation on (UK) IP blogs, statement on the official registry website of OHIM and other EU member states but, such was the concern at the potential ramifications of the BOIP decision that people and organisations were quick either to a line or distance themselves from the decision - few, it seems, were content to remain silent.

Stated simply, the decision concerned an opposition to registration of the trade mark OMEL in the Benelux in classes 31, 41 and 45 based on the prior registration of a Community Trade Mark ONEL in classes 35, 41 and 42. The Opponent had used its mark for over 40 years in the Netherlands in connection with the provision of trademark attorney services directed principally at Dutch mid-sized companies.

Whilst it was generally accepted that the Opponent had genuinely used its mark in the Netherlands, the Applicant argued that this did not amount to *'genuine use'* of a Community Trade Mark within the meaning of Article 15 of the Community Trade Mark Regulation 40/94 (now Regulation 207/2009) ('CTMR'). As the Applicant intended to use the mark in Norway and Sweden and possibly other Scandinavian countries and to use the CTM as a base registration for the purposes of obtaining international protection via the Madrid Protocol, it also argued that the marks would not be confused as they would not be used in the same territories.

Although owners of the ONEL mark relied on the Joint Statements of the European Commission and the European Council emphasising that the CTM was a unitary system that would be undermined if use had to be shown throughout the Community in order to maintain validity, the BOIP rejected this argument on the basis that the statements were not legally binding and, in any event, were at odds with the second third and sixth recitals to the CTMR. In rejecting the opposition the BO IP held that use of a mark in one country alone was insufficient to constitute *'genuine use'* within the Community. To hold otherwise, it said, would be to enable owners of marks to register and gain protection throughout the 27 Member States on the basis of use of the mark in one (possibly small) country only. This would result, it said, in the creation of unacceptable barriers to the free movement of goods.

Although the Court of Justice of the European Union has yet to express a view on this issue (and doubtless it will be a while before this case comes before it for consideration), it has considered similar issues concerning the extent of use in previous cases such as that of PAGO v Tirolmilch (of 6 October 2009) where the

existence of a reputation for PAGO in Austria alone was held to be sufficient to constitute a significant part of the EU.

Within a few days of the BOIP decision and, it was said, in response to the controversy that it had engendered in IP discussion groups on the web, OHIM issued a statement confirming its intention to continue its practice of applying the principle of unitary character of the CTM and ignoring the boundaries of Member States when assessing *'genuine use'* within the EU.

A week or so later, the Hungarian Patent Office issued a statement on its official web site supporting the decision of the BOIP and its reasoning and calling for a reconsideration of the '*disputable practice*' of assessing genuine use of marks within the Community.

The decision of the BOIP in the ONEL/OMEL case has drawn attention to an issue that has been simmering for some time according to the submission of the OHIM to the European Study on the functioning of the trade mark system in Europe being carried out by the Max Planck Institute. A footnote to the OHIM submission points to a conference held in Budapest in November 2009 at which members of both the Hungarian Patent Office and the BOIP spoke on the issue of territoriality and the issue of 'genuine use', which may account for the decision of the latter to issue a statement.

Other organisations (including LESI) have also been invited to contribute to the Commission Study and to join in the debate as to what should be regarded as the measure of 'genuine use'. Should it be a national assessment or a Community wide assessment? Should businesses that are unlikely to trade beyond the borders of one country be advised to register nationally only, or should use in one territory, however small, be sufficient to maintain a CTM?

Personally, I think that use in one Member State should be sufficient to maintain a CTM, given the intention to create a single market, but I would be very interested to hear members views on this issue so please send me an email and let me know what you think.

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Not Only US Users Dislike Online Behavioural Advertising

A number of recent studies and draft legislation point towards a heightened awareness amongst consumers and regulators of the intrusiveness of personality profiling in the Web 2.0 environment. Research conducted by the University of Pennsylvania and the Berkeley Centre for Law and Technology has found that 60% of adults US citizens do not want advertising to be tailored to what advertisers think are their interests as a result of profiling.

The Chairman of the sub-committee on communications technology and the internet, Rick Boucher (D -Va.) has also announced plans to introduce a measure which will extend the set of privacy rights to internet users and limit online behavioural advertising activities in the US. Add that to the current draft recommendation from the EU Council of Ministers in relation to the protection of individuals as regards profiling and you have a recipe for serious debate on the pros and cons of online profiling and behavioural advertising.

The internet has created an environment where more personal data than ever is available for collection analysis and further processing. Businesses that rely on personal information know well that many consumers will trade their personal information for a chance to win competitions, to get discounts on goods or indeed to get other rewards. Whilst users may not like the concept of profiling they still do not fully understand the extent which their personal data is processed, analysed and utilised in Web 2.0.

Hot on the heels of the above studies and draft legislation comes the All Party Parliamentary Communications Group report (apComms) published in the UK in the second half of October 2009. The report entitled "Can we keep our hands off the net?" is the result of several months of consultation and hearings with regulators, industry, academics and consumers on future regulations of the internet and in particular privacy, online behavioural advertising and child abuse.

Amongst other things the apComms report addresses the issue of online behavioural advertising and quotes statistics from the Internet Advertising Bureau (IAB), the UK trade body for digital advertising that UK behavioural advertising currently makes up between 10-15% of all online display advertising which is likely to grow to 30% by 2013.

The apComms report spends sometime focusing on the Phorm phenomenon, commenting that ISPs are aware of the negative effect of too much profiling and also highlighting that despite requests for Google to be involved in the process they did not participate.

The apComms report recommends, amongst other things, that:

- Good practice principles such as those published by IAB should be adopted as widely as possible. The IAB good practice principles are:
 - Clear and unambiguous notice must be given when data is collected for online behavioural advertising purposes;
 - An opt-out mechanism must be provided at the very least and in some circumstances informed consent must be obtained;
 - Users must be provided with clear and simple information about the use of their data for online behavioural advertising and how they can opt-out.

Specific focus in the apComms report related to children's privacy online and marketing to children. A recommendation of the report is that e-Security should be part of the national curriculum.

Finally the apComms report recommends that the UK government review the existing legislation applying to behavioural advertising and bring forward new rules as needed to ensure that the systems are only operated on an explicit informed opt-in basis. Furthermore, the report suggests that the UK counsel for child internet safety should consider how behavioural advertising that is aimed at children and young people should be regulated.

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"What are you thinking?" New Edinburgh Study.

What is brain imaging? Functional magnetic resonance imaging is an evolving area for neuroscientists and psychologists; but one which has not really attracted the wide attention of lawyers and commercialisation teams. But perhaps it should....



Source: Wikimedia Commons under "[GNU Free Documentation License](#)".

Can brain imaging assist in predicting future behaviour - is this relevant to insurance? Can brain imaging suggest that there was no choice available to an individual when they undertook a criminal act – is this relevant to the necessary mental element for there to be an offence? To sentencing? Or should it be irrelevant... How does this relate to arguments for personal responsibility and development? Are law students, juries and business persons properly trained to evaluate data and its impact on their practice, lives and business?

Underpinning these questions lies, of course, technology. If a patent is obtained for key technology, could this lead to control of the results? How effective is software which evaluates results – and what if the owner of the copyright declines to make it widely available? Should patents be granted for such technologies? What data protection and privacy issues arise in relation to the results of brain imaging – including data which had not been the aim of the scan? Is this taken account in developing business models and licensing practices? Some guidance was set out in the United States in 2004 by the President's Council on Bioethics, but the issue has not been approached in detail in the UK - and should all these matters be approached the same way in all countries in any event?

An initial exploration of some of these issues took place at a multidisciplinary and international workshop held in Edinburgh in December 2009 under the umbrella of the Information Technology Think Tank, supported by the AHRC/SCRIPT Centre for Law and Technology at the University of Edinburgh. Building on this, research funding was awarded in 2010 by the Institute for Advanced Studies to investigate "What are You Thinking? Who has the Right to Know? Brain Imaging and its Impact on Society". The research team includes the University of Edinburgh (amongst others, Burkhard Schafer and Dr Abbe Brown (Law) and Professor Joanna Wardlaw and Dr Janet De Wilde(Neuroscience)) and the Futures Forum of the Scottish Parliament. Meetings will be held involving scientists, lawyers, religious leaders and other groups, with a view to determining wider challenges and possible policy objectives.

Further details are available here

<http://www.instituteforadvancedstudies.org.uk/NewsFeatures/Announcements.aspx> and updates will be posted on the website of the AHRC/SCRIPT Centre <http://www.law.ed.ac.uk/ahrc/research/itforesightforum/>, as well as elsewhere. If you would like further information about this project, particularly if you are working in technology development and transfer in relation to brain imaging, please contact Burkhard Schafer (B.Schafer@ed.ac.uk) or Dr Abbe Brown (abbe.brown@ed.ac.uk) at the AHRC/SCRIPT Centre at the University of Edinburgh.

Dr Abbe Brown, Lecturer in Information Technology Law, University of Edinburgh, Associate, AHRC/SCRIPT and Committee Member LES (Scotland).

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LES B&I Regions...

"Burns' Supper - A Knight to Die For"

The LES Scottish Branch welcomed more than 60 people to its February 2010 "Burns' Supper with a Difference" event in Glasgow – an event which humorously explored historic Scottish intellectual property and its place in the 21st Century. The event was hosted by outgoing Chair Caroline Sincock and featured three speakers more than capable of providing an interesting, IP-related, take on the subject of the Scottish bard.

First to speak was Professor Hector MacQueen, Professor of Private Law and Co-Director SCRIPT/AHRC Centre University of Edinburgh, and Commissioner of the Scottish Law Commission, with an entertaining review of Scottish privacy laws.

Professor MacQueen discussed how the relationship between Robert Burns and Agnes (Nancy) McLehose, led to an exchange of letters – known as The Clarinda letters – between the two and inspired Burns to pen a number of poems, the best-known one being 'Ae Fond Kiss'. Following the death of Burns in 1796, a Scottish publisher obtained the letters by fraud and printed them without McLehose's consent, ostensibly to assist the poet's impoverished family. As a married woman (albeit separated when she had met Burns) McLehose was anxious to protect her reputation in Edinburgh society.

After a legal case which raised a variety of thorny issues - from breach of confidence and privacy, to copyright and international publishing piracy - the end result was a successful action to prevent the Clarinda Letters publication in Scotland. The action did not prevent the publication of the letters in Ireland and America shortly afterwards, but it was, according to MacQueen "one of the first breach of confidence cases in Scots law and one where the real story behind the publishing of the letters is likely to remain unsolved".

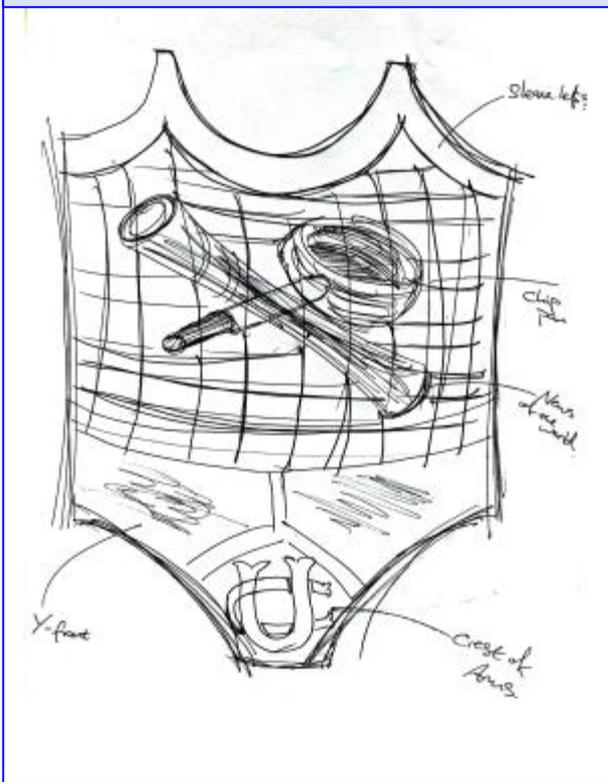
The assembled company was then treated to a rendition of 'Ae Fond Kiss' in song by the highland singer Dr Rena Gertz, University of Glasgow, with accompanist guitarist Kenneth Graham.

Next up was David Ogilvie, managing director of Borders textile firm Lochcarron of Scotland, who offered his opinion on the matter of the "IP in tartan – is it worth it, after all Burns never wore the stuff!"

Tartan and the Scottish identity, said Ogilvie was essentially "Scotland's free intellectual property" – IP which was worth a fortune to the country and useful in a range of international markets, from America to Australia and Japan.

For Lochcarron, a company comfortable with being home to the world's largest collection of tartans and supplier to some of the biggest names in fashion such as Vivienne Westwood, Ralph Lauren and John Paul Gaultier, taking advantage of tartan's reputation could involve anything from designing a tartan suitable for a giant Hollywood ogre (named Shrek) or kitting out the Royal Ballet for its interpretation of Macbeth.

Rab C Nesbitt's Coat of Arms



With tartan even now possessing two national registers, including the Scottish Government's national repository of tartan designs known as the Scottish Register of Tartans and industry body the Scottish Tartans Authority, the IP in tartan covered both the traditional side of design rights and the tartan itself. As Ogilvie concluded: "There's goodwill in this particular bit of IP, in Scottish people and culture, so we should definitely use it."

The subject of after-dinner speaker Roderick Macpherson, of Rutherford & Macpherson Messengers-at-Arms in Glasgow, was "Pye-coated guardians of escutcheons - For a' that, and a' that".

According to Macpherson, Robert Burns, usually viewed as a nationalist and a radical, was in fact an unlikely admirer of the art of heraldry, developing his own personal colourful coat of arms. It incorporated a holly bush, a Shepherd's pipe, crook and a perched woodlark, with the motto - 'Better a wee bush than nae Meld' – proclaiming the value of even a small amount of shelter in the barren wilds of Ayrshire.

A coat of arms, noted Macpherson, was an intellectual creation and should be viewed as a unique piece of

property – one which represents its owner and cannot be appropriated or utilised by third parties. "In the world of heraldry, the best motto is usually 'less is more' – a motto which could also potentially be applied to the concept of intellectual property."

The Burns Supper event concluded with an interactive challenge for attendees who were asked to devise a new heraldic device for a significant Scot – all without the aid of coloured pencils. The winning coat of arms, referencing BBC Scotland comedy star Rab C Nesbitt, was produced by table 6 and is reproduced, of course with permission, below. Features included the rolled up copy of the News of the World newspaper, chip paper, Y-fronts, and of course the simett (or vest!)

Last Words

I would like thank to Darran for his expert journalist skills and for this faithful write-up of the 2010 LES (Scotland) Burns Supper. The MC-ing of this colourful, entertaining and enlightening event was my last duty as LES (Scotland) Chair after ten years in the role – and with the accompanying strong emotion (not too much strong drink, I promise) I would have struggled to have captured the evening so lucidly.

This year, at the time of annual election of the Committee members and Officers, the shuffling of papers halted and the cast-down eyes were raised as I was delighted to announce that I could retire (I think that I perhaps prefer the expression 'step-down') as another had put their name forward (and more of this saviour in detail below) with Seona Burnett kindly volunteering to stand as Secretary once again.

I was proud to stand down at an event which exemplified what LES (Scotland) has striven over the years to achieve – a community of those involved in the management and leverage of IA and IP, meeting with real friendship and welcoming those who are new to the area as much as those of us who are well versed, fostering open debate and knowledge sharing, and inspiring and encouraging those putting their toes into the IP waters. As a Committee we have endeavoured to provide informative and relevant events, but delivered with informality and entertainment, encouraging re-attendance and participation by all. LES (Scotland) is always prepared for the next events and the Committee's interest and hard work meant that, on the night, we able to look forward to workshops (on IP Due Diligence and IP insurance) and a Green Cream tea in May on the IP issues in renewables.

I would like to take this opportunity to thank once again all the Committee members – and indeed our stalwart attendees – for their amazing imagination, humour and sheer hard work over the years. I have been extraordinarily honoured to have received such resounding support and feel very fortunate in their friendship. Thank you.

I know that LES (Scotland) will continue to thrive under the new Chair, Stephen Robertson of Metis Partners Ltd. Stephen will be well known to many but I want to introduce Stephen more formally:

Stephen qualified in law and then as a Chartered Accountant in 1992 with Deloitte & Touche in Glasgow. He has worked in a variety of Corporate Finance roles including banking, business angel investment and the plc sector. He spent four years as Regional Manager of the Scottish office of the London Stock Exchange plc before joining DSL stockbrokers to set up ScotX. He founded Metis Partners in 2003 to focus on assisting companies with the discovery, assessment and exploitation of intellectual property. He has advised on many licence deals and structures both for licensees and licensors and latterly has been advising banks on the value in having security over IA and IP often with a licence at the heart of these business structures.



Stephen Robertson

Caroline Sincock (Chair)

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LES B&I Laws Committee

Over the past few months the Laws Committee has been working hard on your behalf. They have put in papers on the following:

1. EU Patent Reform and the European and EU Patents Court (EEUPC) to the UK IPO (Patent Office) to help guide their approach to the negotiations in Europe;
2. Submitted a paper to the UK Ministry of Justice on the proposals for criminal penalties for the knowing or reckless use of personal data;
3. Submitted a paper to the UK Ministry of Justice on the proposals to alter the multiple publication rule in defamation, recommending that the status quo – that any publication, whenever made, was a new potentially defamatory statement – be retained; and
4. Submitted a paper to the UK IPO on the suggestions on Intellectual Property litigation in the Jackson Review of Civil Litigation.

I would like to thank the Laws Committee for all their hard work on behalf of the Society:

Mr Robin Nott, (Chairman)
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Laws Committee

Mr Michael Burnside

Ms. Jane Cornwell, McGrigors

Dr. Duncan Curley, Innovate Legal

Mr Dai Davis, Brooke North LLP

Mr. Paul Joseph, Freshfields Bruckhaus Deringer

Dr. Richie Paul, Elan Pharma International Limited

Mr. Barry Quest, Ipc²

Mr. Colin Sainsbury, BCM Hanby Wallace

Mr. Dennis Schubauer, Linklaters.

Ms Susan Singleton, Singletons

Mr. Simon Smith, Blake Laphorn Linnell

Mr. Richard Willoughby, Howrey

Latest News ...

With reference to my article, “An Enhanced Patent System In Europe” published in the last edition of NewsXchange: Members interested in some of the economics advantages claimed for the UPLS may like to see the article ‘Economic Cost-Benefit Analysis of a Unified and Integrated European Patent Litigation System’ by Prof. Dietmar Harhoff, Ph.D. of the Ludwig-Maximilians-Universität (LMU), Munich, Institute for Innovation Research, Technology Management and Entrepreneurship (INNO-tec) to be found at http://ec.europa.eu/internal_market/indprop/docs/patent/studies/litigation_system_en.pdf.”

Mr Robin Nott, (Chairman)
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Latest News from LES in Euope...

LES in France

LES France has elected its new Board for the year 2010. The 16 members of the Board have been re-elected Alfred Chaouat (Senior Vice-President Licensing of Technicolor, formerly Thomson) as President of LES France, while Emmanuel Gougé (French Avocat and Solicitor in England and Wales, of EGAocats) becomes Vice-Chairman, together with Marc Bethenod (Patent Attorney with Novagraaf) as Secretary, Catherine Lafarge (Life Science Manager at FIST) as Vice-Secretary, Henri Coppens as Treasurer and Elisabeth Thouret-Lemaître (Past President LES France) as Vice-Treasurer.

Other members of the Board are Claire Jolibois (Paris Sud University), H el ene Santacruz (Sanofi-Pasteur), Andr e Bourgouin (Ipsen), Fr ed eric Caillaud (L’Oreal, Past President LES France), Andr e Pascal Chauvin (Alliaccine), Philippe Gorry (Bordeaux University), Francois Jamet (France Telecom), Arnaud Michel (Gide, Past President LES France), Fabirama Niang (Groupe Total) Patrick Pierre (Avenium).

LES FRANCE has already started the year 2010 with series of conferences, amongst which the January conference was dedicated to Remuneration of Inventions in private and public sectors, which will be followed by a number of different topics, including a conference focusing on “the Innovation system in China”, a conference on “elasticity in royalty deals”, a life science workshop on “incubators and bioclusters” and a conference on “IP Cartography”.

We will also set an IAM 100 session in Lyon in the second part of the year following the one of last year which had a great success, especially with SMEs and academics.

LES in Germany

LES Germany started the year 2010 with the election of the Board for the next two years term. We welcome Prof. Christian Klawitter as new President. Christian Klawitter is 55 years old and has served as member of the Board and

Secretary since 2001. He has been a lawyer specializing in Intellectual Property law for more than 20 years and is a Partner of the IP and media law firm KNPZ Rechtsanwälte.

Frank Zacharias, Patent Attorney and General Patent Counsel of Porsche AG, was elected President Elect. Peter K. Hess, Patent Attorney and Partner of Bardehle Pagenberg Dost Altenburg Geissler, follows Christian Klawitter as Secretary. Christian W. Appelt, Patent Attorney and Partner of Boehmert & Boehmert, will be the new Treasurer. Further members of the Board are Thomas Ahrens, Ingo Brückner, Klaus-Dieter Langfinger, Hermann Mohnkopf and Thomas Schöck. We wish the new Board a successful and entertaining term.

LES Germany is proud to report that there are many projects ahead, among others, the traditional spring meeting in Königswinter on 25./26. March 2010 on current issues of technology transfer. The German LES group is delighted to welcome **Pat O'Reilley**, President of LES International, who will join the spring meeting and make a presentation on University-Industry Collaboration in the US.

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World News ...

Decision in the Australian Federal Court could have implications for musicians world-wide

Music Trolls

The legal men have been hard at work down under. You will have read that the Australian Federal Court has found in favour of the laughing Kookaburra, leaving Down Under down and out in a case of iconic excess. The case has been widely reported. Judge Jacobson ruled that the flute riff in Men at Work's iconic Australian song Down Under contained a 'substantial' part of Kookaburra up the old Gum Tree, the rights to which have been owned by Larrikin Music Publications since 1990.

The judge found sufficient similarity between the riff and part of the Kookaburra song, relying on fascinating expert musical evidence (the music is in a different key, tempo and "feels" different, even in the view of the claimant's expert). The judgement is worth reading for this expert debate alone. The judge also found that a substantial part of Kookaburra had been copied. Given that it has only eight bars, this was unsurprising. One has to wonder how few notes would be deemed to be "insubstantial" in such a short composition.

The song, a round, was originally written for a competition held by the Australian organisers of the 1934 Girl Scout world jamboree. Marion Sinclair, a music teacher, entered her song and won the competition. Poor Marion must be turning in her grave. She, the author, had no gripe with EMI or Men and Work and their use of her tune. Indeed she was alive until 1988, 7 years after the song Down Under had reached iconic status. Nor was she likely to have objected to their use of Kookaburra as it is rumoured she herself had lifted the tune from a Welsh folksong, to which she added her own truly Australian words.

So how did Larrikin become aware of this heinous crime? Seven years after they had acquired the rights to Kookaburra, an Australian TV musical quiz show involving musicians drew the comparison in 2007. Even the rights owner hadn't noticed, and the composer may not have noticed either. However Larrikin are now seeking up to 60% of all royalties in reparation for this obvious theft. Compensation has yet to be set.

What are the implications of this decision?

The ramifications could be huge for musicians globally.

This could change the meaning of originality. Does this mean that Mozart was not original? His music echoes with the sounds of his contemporary influences, as do the works of all great musicians. It also means copyright owners will want to trawl through song looking for phrases – maybe only a bar or two – on which to hang a lawsuit. Watch out for the trolls!

This means, too, that publishers will be even more anxious about the provenance of music, especially if this judicial approach takes root.

What has yet to be tested – and perhaps the most interesting aspect of this case so far – is whether the long period of non-enforcement by the composer meant that the copyright was actually sold to Larrikin with an implied licence to Men at Work. In other areas of IP, like patents, rights you don't enforce once you know someone else is using them attract an implied licence. It's not clear what the facts are here, but it should be explored.

There are also consequences for the move to lengthen copyright term for sound recordings in the EU. Here the argument has been made specifically around providing better benefits to musicians. The Australian case is a long way off in every sense, but the music industry will not want the view to develop anywhere that long copyrights are an opportunity for the rapacious, rather than a benefit for the hard working musician.

Elizabeth McNabb & Ian Fletcher
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New Members:

Council are pleased to welcome the following new members to the Society:

• **Susan Foster**, of Mintz Levin

Susan is interested in the following business sectors:

Biotechnology, Pharmaceutical, University, Renewable Energy, The Internet, Computer Software

• **Cora Griffin**, of Arrow Therapeutics

Cora is interested in the following business sectors:

Healthcare, Pharmaceutical

• **Conor Johnston**, of Medimmune

Conor is interested in the following business sectors:

Biotechnology, Pharmaceutical

• **Tracey Ko**, of Fasken Martineau LLP

Tracey is interested in the following business sectors:

Healthcare, Biotechnology, Pharmaceutical

• **Tim Marshall**, of Brandsworth/Cleantech Law

Tim is interested in the following business sectors:

Biotechnology, Environmental, Green Chemistry, Bio-Based industrial products, Renewable Energy, Bioenergy

• **Deirdre O'Brien**, of IP Pragmatics Ltd

Deirdre has not listed her business sector interests.

• **Sam Pearson**, of Abel & Imray

Sam is interested in the following business sectors:

Biotechnology, Bio-Based industrial products, University

• **Jeffrey Poulter**, of Biomass Heating Solutions

Jeffrey is interested in the following business sectors:

Jeffrey has not listed his business sector interests.

• **Mark Shipley**, of Liverpool Science Park

Mark is interested in the following business sectors:

Mark has not listed his business sector interests.

• **Graham Thomas**, of Ploughshare Innovations Ltd

Graham is interested in the following business sectors:

Aerospace defence, Electronics, Telecommunications and Armours

• **Louise Waddell**, of Burness LLP

Louise is interested in the following business sectors:

Multimedia, Consumer goods, Telecommunications, Computer software, The Internet

• **David White**, of Schlumberger

David is interested in the following business sectors:

Healthcare, Chemical, polymers and associated industries, energy

• **Natalie Wood**, of Curemark LLC

Natalie is interested in the following business sectors:

Biotechnology, Healthcare, Pharmaceutical

Members on the Move>>>>

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LESI Meeting San Francisco 2009



Members of LES B&I at the LESI Meeting in San Francisco in October 2009.

L-R Jenny Pierce, Roman Cholij, Barry Quest, Anne Lane and Hayley French.

Thanks to Roman Cholij for the photograph.



LICENSING EXECUTIVES SOCIETY
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