



LICENSING EXECUTIVES SOCIETY
BRITAIN AND IRELAND

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Beyond Copenhagen: The Climate Change Agenda and the Role of Licensing Executives

The outcome of the Copenhagen Climate Change Conference in December 2009 was a disappointment to many. The Copenhagen Accord failed to make any binding commitments on greenhouse gas emission reductions or on technology transfer of Environmentally Sustainable Technologies (ESTs) to developing economies. Yet beyond the disappointments the negotiations under the UN's Framework Convention on Climate Change (UNFCCC) have pressed on. Many observers expect significant developments in the upcoming Climate Summits in Cancun (December, 2010) and Cape Town (December, 2011), possibly culminating with the signing of the global deal that eluded us in Copenhagen in 2009. What does this mean for Licensing Executives and the LES?

In the run-up to the Copenhagen Conference the question of patents and technology transfer from the developed to the developing world became particularly important. There have been various suggestions about institutional changes and funding arrangements that can accelerate technology transfer to the developing world. The implementation of these would have a seminal impact on the global IP and licensing environment. Members of the LES community may be particularly well positioned to help the public and private sector select and implement such measures, so it is worth considering some of these proposals. Broadly these consider the establishment of a range of institutions and initiatives including:

- a) A Technology Executive that would consider and recommend measures for the acceleration of technology transfer to developing economies.
- b) Climate Technology Centre and Network of regional centres in developing economies, which would provide advice as well as support the implementation of ESTs by providing both training and support.
- c) Global Patent Pool(s) of patents associated with ESTs, which would be made available to developing economies on preferential terms.

So what could the role of the LES community be in stimulating and facilitating the implementation of these arrangements? Many of the technology transactions from developed to developing countries may involve complex licensing arrangements regulating use of IPRs for manufacturing, assembly and final use of such technologies. Unnecessary complexity in agreements and negotiations could stand in the way of rapid technology diffusion. This deficiency could be addressed by Licensing and IP professionals that are well positioned to suggest and implement pragmatic approaches to technology transfer that both protects IP owners *and* ensures rapid technology diffusion. In addition, many of the proposals to accelerate technology transfer have become politicised in the negotiations and are being seen as untenable by some private sector stakeholders. Yet from our collective experience we can find ways in which collaborative IPR and open innovation arrangements have worked to accelerate innovation *while also* protecting the rights of IP holders. To take one example, we have now several *decades* of experience of running patent pools and industry cross-licensing agreements. We know when these work well, and when they fail. Bringing attention to pre-existing solutions and working towards pragmatic workable arrangements can sidestep or resolve many of the political barriers to a global Climate Change agreement. We are entering a period where as a community we have the opportunity to influence both industry and policy makers to move towards a pragmatic and workable IPR arrangement that will *both* facilitate mass scale technology transfer to the developing world *and* protect the rights of technology owners and innovators. It is a unique opportunity that we should not miss. This new paradigm also offers multiple opportunities for those prepared to find innovative ways of using their experience and expertise to develop solutions for technology transfer of Environmentally Sustainable Technologies.

Ilian Iliev is Founder and CEO of CambridgeIP, a technology and patent intelligence specialist, and owner of boliven.com, a free patent search engine. He is also the Head of the Renewables Committee at the LES-B&I

Ilian Iliev, Cambridge IP

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President's Report - Annual Meeting - June 2010

I took over as President in the summer of 2008. We have all faced significant challenges in the two years since then, notably the worse financial crisis in living memory. Our Society has also had a challenging time. But we have not let that deter us. We have continued to provide excellent value for our members, through our educational and networking events, our contribution to LES International, and our Newsletter; we have made progress on the three key themes I identified at the outset; and continued to prepare enthusiastically to host the 2011 LES International meeting in June next year.

I explained when I took over from Martin Sandford that the three themes on which I planned to focus were Youth, Relevance and Responsibility: to renew and grow our membership, particularly by attracting more younger members; to raise our profile with key tech transfer stakeholders; and to contribute more effectively to the broader challenges the world faces.

Taking these in turn:

Youth: The financial crisis has caused many organisations and individuals to tighten their belts. As a result, we have not been able to reverse the recent decline in membership numbers. At the initiative of Vice-President, Mark Wilson, we have however achieved significant success in attracting younger/less experienced members, by varying the timing, content and venues of our meetings - including the more "back to basics" theme of today's meeting. We have also agreed to pilot the first ever younger members congress as part of next year's LES International Conference. We need to continue to work on this, but progress has been made, and the 2011 conference presents a wonderful opportunity to bring in more, and younger, members.

Relevance: The more varied meetings programme, and the continued efforts of long-serving Council member Barry Quest with his Public Interest Group, have also helped us make our activities more relevant. Again, more can and should be done - including reaching out to the new coalition government, and getting political involvement at the LES International meeting next year. But I believe we are better placed now than we were two years ago.

Responsibility: That is also my view in relation to the third of my priorities - responsibility - thanks in large part to the work of Meredith Lloyd-Evans and Ilian Iliev - past and current chairs of the relatively new, but extremely active, Renewables Committee - and the decision of Council about a year ago to save a few trees by stopping the production of the hard copy version of our Newsletter.

We have also focussed on the internal working of the Society. Examples include: achieving smooth handovers of a number of committee chairs; focussing the debates of Council meetings and reviewing its composition; improving the website; and committing ourselves to taking on a professional marketing manager to help us raise our profile even further, particularly in the lead up to the 2011 conference.

None of these developments would have been possible without the commitment and dedication of a team of members who, often behind the scenes, contribute to the smooth running of your Society. I cannot list everyone, but in addition to those mentioned in the previous paragraphs, I want to single out the following for all their hard work: incoming Vice-President, Jennifer Pierce; fellow officers, John Roe and Raja Sengupta; 2011 organising committee chair, Anne Lane; News Exchange editor (until recently) Mary Elson; Northern Networking, particularly Jennifer Kirkcaldy; and all of the committee and regional chairs, past and present.

It has been an honour and a privilege to serve as your President, not only in the routine chairing of Council meetings and participation in our own meetings, but also representing you at international LES meetings in Amsterdam, Manila, Istanbul, Orlando, and Copenhagen. It has not been an easy period, and we have not made as much progress as I had hoped. But we have achieved many successes; and I am confident that we are well-placed to take advantage of the upturn when it comes. Please continue to support the new leadership of Mark and Jennie, and Anne Lane and her committee members in organising the 2011 LES International conference here in London, so that when we reconvene in a year's time, we will have even more to celebrate.

Thank you.

Nigel Jones

17 June, 2010

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The conflict between US e-Discovery and EU Data Protection

Despite ongoing liaison between the US and the EU there is a continuing tension between the disclosure obligations under US litigation or regulatory rules and the application of the data protection regime of the EU. As the Article 29 Data Protection Working Party Document (WP158) on pre-trial discovery for cross-border civil litigation states *"There is also the issue of the contrast between the geographical and territorial basis of the EU data protection regime and the multinational nature of business where a corporate body can have subsidiaries or affiliates across the globe. This is of particular*

relevance to the European affiliates of multinational companies which can be caught between the conflicting demands of US legal proceedings and EU data protection and privacy laws which govern the transfer of personal information."

The concepts of e-discovery and e-disclosure, particularly in relation to data held in Europe but required in relation to legal proceedings in the United States, is of increasing importance given not only the global nature of business but also the increase in cross-border regulatory investigations as a result of anti-corruption laws such as the US Foreign Corrupt Practices Act and global money laundering laws.

The above mentioned Document WP158 indicates that according to figures from the Advisory Committee on Civil Rules in the US, 92% of all information generated today is in digital form and approximately 70% of those records are never reduced to hard copy. Consequently, e-discovery is a fundamental part of litigation but as disclosure of information inevitably includes personal data there is a conflict between the US requirements to have such disclosure and the EU requirements to protect the rights of individuals in relation to personal data particularly where it is transferred from the EU to the US.

There are a number of areas of tension which have not been fully resolved and these include:

- Under US Federal Rules *"parties in litigation may obtain discovery regarding any matter, not privileged, that is relevant to the claim or defence of any party"* and further *"any party may serve on any other party a request to produce and permit the party making the request or someone acting on the requestor's behalf, to inspect, copy, test or sample any designated documents or electronically stored information."* Electronically stored information or ESI includes not only immediately transparent data but also metadata indicating the date and source of emails for example thus including personal data.
- As part of e-discovery in the US there is the concept of "pre-emptive document preservation" or "freezing" or "litigation hold". This "duty to preserve" information as part of pre-trial discovery raises the question as to how long information should be stored so that claims of wilful destruction or "spoliation" can be avoided.
- The inevitable default position of keeping information for as long as possible flies in the face of EU data protection rules which specifically state that personal data "shall only be kept for as long as is necessary".
- US style data retention or records management policies may breach EU data retention rules.
- The disclosure of personal data during e-discovery from an EU affiliate to the US parent raises issues as regards transborder data flows and in particular the restrictions under Article 25 of the Data Protection Directive which amongst other things states that personal data cannot be transferred to countries outside the EU unless those countries have adequate data protection laws. In the case of the US,

absent compliance with the US/EU Safe Harbor or some other solution like the use of EU Model Clauses or Binding Corporate Rules, such a transfer would breach EU data protection laws.

- Notwithstanding the long arm statutes of the US, several EU member states have laws which prohibit the transfer of information as part of a pre-litigation request (for example the French Blocking (Law No. 68-678 of July 26th 1968)).
- On the 21st December 2007 the French Supreme Court confirmed the decision to convict a French In-House Counsel for having communicated information to an American In-House Counsel in charge of legal proceedings in the United States against MAAF (a French insurance company) relating to the purchase of Executive Life. In this particular instance the use of “the Hague Convention on the Taking of Evidence Abroad in Civil and Commercial Matters” had not been followed.
- Notwithstanding the existence of the Hague Convention (referred to above) as a mechanism to allow transfer of information in pre-litigation disclosure, the US courts have indicated that there is no requirement that they follow the Hague Convention (see *Aerospatiale*, 482 U.S. 522, 544 (1987)).
- Notwithstanding that almost all EU Member States are signatories to the Hague Convention many have opted under Article 23 to opt-out of disclosure requirements under “letters of request” from the US to pre-litigation disclosure.
- Often e-disclosure is managed by third party service providers in relation to the secure storage of ESI. However, where those third party providers are situated outside the EU, then EU affiliates need to ensure that they are compliant with local EU law by having in place appropriate model contracts with such third party service providers as much as they would need to ensure that there were appropriate contracts with the US parent company.

Whilst there is an apparent willingness for the regulators and regulatory bodies between the US and the EU to work together in order to resolve these tensions and conflicts there is still some way to go. However following the WP158 Document adopted on 11th February 2009, the US Sedona Conference, a research and educational institute in areas such as complex litigation (www.thesedonaconference.org), published a letter on 30th October 2009 to the Article 29 Data Protection Working Party commenting upon WP158. That letter amongst other things said “We acknowledge the difficulty of harmonising diverse systems of law and regulation, but we are confident that, with appropriate cooperation and dedication, improved understanding and accommodation of competing interests is possible.”

The issues raised in this article were discussed in more detail in our recent webinar which is available at http://www.speechlys.com/IP_technology_commercial_webinars

The E-Discovery process became even more complicated recently with the publication of the Opinion in Pension Committee of the University of Montreal Pension Plan v. Banc of America Securities, Case No. 05-Civ 9016 (SAS) aka “*Zubulake Revisited: Six Years*

Later" which provides confusing standards for determining how to deal with spoliation of electronic evidence. We will be looking at this new opinion in a future article.

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Selective Distribution: Rounds 1 and 2 to the Suppliers?

Readers may remember articles in edition 125 (by Alice Proby) and edition 127 (by Susan Snedden) about the referral of questions from a French case between Christian Dior and Copad SA to the ECJ. As mentioned in the earlier articles, trade mark law relating to selective distribution seems to be developing with competition law advances concerning luxury brands. Further developments relative to that case and recent advances in competition law confirm the harmony.

The EU's new block exemption

EU competition rules prohibit agreements that have as their object or effect an appreciable restriction or distortion of competition. However, the European Commission has issued a number of "block exemption" regulations, which provide an automatic exemption for agreements that fall within their scope. Further to Susan Singletons' article in edition 128 and by way of reminder, the new EU block exemption (which applies to agreements between companies operating at different levels of the supply chain i.e. "vertical agreements") came into force on 1 June 2010. It replaces the existing block exemption, which has been in place since June 2000. The European Commission has also updated its guidelines on the scope of the block exemption and how it will review agreements that fall outside its scope.

The key change from the previous block exemption and guidelines which is particularly relevant to suppliers of selective distribution chains relates to online sales and the extent to which suppliers can limit the online activities of their distributors.

The block exemption allows suppliers to prevent distributors from soliciting business (i.e. making "active sales") from a territory or customer group that has been exclusively allocated to another distributor (or reserved to the supplier). However, suppliers cannot prevent a distributor from meeting requests from customers who approach the distributor of their own accord (i.e. making "passive sales"). In line with the previous block exemption, sales over the internet are generally regarded as passive sales (unless

they target customers by having specific banners, for example). It is therefore not usually possible for suppliers to restrict distributors from making internet sales. However, the new guidelines confirm that suppliers can:

- impose 'quality standards' in relation to distributors' websites (i.e. like those that a supplier may require of a distributor selling via shops or catalogues). For example, a supplier could impose a requirement that third party platforms are only used by distributors in accordance with standards and conditions agreed between the supplier and the distributor; and
- require their distributors to have one or more physical bricks and mortar stores or showrooms (provided that the purpose of the requirement is not to directly or indirectly limit online sales).

The Dior Case

By way of reminder, Dior brought a trade mark action against its licensee (SIL) for sale of Dior branded goods outside the agreed selective distribution network to a discounter (the sale was in breach of express terms within the licence in place between the parties). Dior also sued the discounter (Copad) for trade mark infringement.

Following the referral of three questions on Articles 7 and 8 of the First Council Directive No 89/104/EEC (the "Directive") to the ECJ, on 23 April 2009 the ECJ ruled:

- Article 8(2) of the Directive (which allows trade mark owners to invoke rights against licensees who contravene any provision in their licensing contracts which concerns certain specified key terms) allowed Dior to invoke its trade mark rights against SIL as SIL contravened a provision in the licence agreement prohibiting, on grounds of the trade mark's prestige, sales to discount stores provided, the ECJ ruled, the sales damaged the "allure and prestigious image which bestows on those goods an aura of luxury".
- Article 7(1) applies such that once goods are on the market under a trade mark with the owner's consent then the owner's rights under the trade mark are exhausted. The ECJ found that, as a general rule, where a licence to use the trade mark is in place, then the consent of the owner has been obtained unless a licence breach of the type specified in Article 8(2) has occurred.
- Article 7(2) provides exceptions to the general rule in Article 7(1). The ECJ confirmed that one of the exceptions is damage done to the reputation of a trade mark. In this instance, the national court must balance two competing legitimate interests: that of the trade mark owner (against discount stores using its trade mark for commercial purposes in a way which could damage the mark's reputation); and that of the discount store (in being able to employ resale

methods which are customary in its sector). Courts should consider who the goods were resold to and the specific circumstances in which the luxury goods were put onto the market.

Originally, the Paris Court of Appeal ruled that SIL hadn't violated trade mark law by selling Copad the Dior products (the correct claim was under contractual liability). On 2 February 2010, the French Cour de Cassation overturned this decision. It is now for the French courts to decide whether SIL's breach has, in fact, damaged the "allure and prestigious image which bestows on those goods an aura of luxury".

In Conclusion

Luxury brand owners are likely to welcome the developments whilst many on-line retailers have been highly critical of the controversial "bricks and mortar" requirement. Although:

- a) it will be up to the national courts to determine the extent of protection afforded by the Dior ECJ ruling; and
- b) under the new block exemption requirements imposed on internet sales are still subject to a number of restrictions (for example, suppliers cannot impose higher wholesale prices for products which are sold online),

both of the advances will assist the many who sell products via selective distribution networks.

By Elora Mukherjee and Alice Proby

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A case of the left hand not knowing what the right was doing

A recent decision of the High Court (Kingsway Hall Hotel Ltd v Red Sky IT (Hounslow) Ltd) highlights the importance of ensuring consistency between contractual terms and sales processes being adopted by the business.

This case is a good reminder for businesses using standard terms and conditions to ensure that their business practices reflect these terms and conditions.

Red Sky, a supplier of information technology systems, provided Kingsway Hall Hotel with the software package "Entirety" (and associated IT support) for the hotel's reservation and point of sale systems.

Kingsway started having problems with Entirety within days of installation; inaccurate room availability and frequent "screen freezing" being amongst the many problems encountered by Kingsway. Any improvements to the system by Red Sky had little material effect. Six months after installation, Kingsway rejected Entirety and set out to recover its losses from Red Sky. The documents evidencing the contract referred to Red Sky's standard terms and conditions.

Red Sky's standard terms excluded all implied terms as to performance, quality, fitness for purpose etc, limited only to the extent that "*the programmes will in all material respects provide the facilities and functions set out in the Operating Documents*". Maintenance and support cover were stated to be the sole remedy available to Kingsway for any breach by Red Sky.

Kingsway claimed that Entirety was not of satisfactory quality and not fit for its purpose. Red Sky's response was that the standard terms and conditions excluded all implied terms to the fullest extent permitted by law and that, in any event, Kingsway's only recourse was to receive maintenance and support cover.

Kingsway argued that the exclusion did not apply as it required Kingsway to have received certain documents at the time Entirety was installed, which it had not. Further, if the standard terms and conditions were to be construed to preclude normal implied terms, the exclusion would be unreasonable under UCTA.

The High Court agreed with Kingsway. It held that the exclusion could only apply had the operating documents been supplied to Kingsway before the contract was signed. As this was not the case, the exclusion did not apply. Further, even had this exclusion applied, the Court confirmed it would have been unreasonable under UCTA having regard of the circumstances which were or reasonably ought to have been known, or been in the contemplation of the parties when the contract was made.

By not providing the documents in advance, Red Sky was unable to rely on its exclusion clauses. This raises the question of whether the business (in particular the customer facing side of the business) was even aware of the need for such a course of action. Nevertheless, a few reminders for the draftsman and the business:

- prior to including a mechanism of any nature in standard terms, its feasibility should be discussed and agreed within the business;
- staff should be educated on a regular basis on the standard terms; and
- feasibility of mechanisms in standard terms should be regularly appraised.

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This article originally appeared in Bristows' Monthly Technology, Media and Telecommunications e-newsletter, The Cookie Jar.

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USE OF GOOGLE ADWORDS - A DECISION AT LAST

Background

Google's Adwords system allows advertisers to pay for keywords, including the registered trade marks of others, which, when a user enters them into Google's search engine, will bring up the advertiser's website.

The question of whether such use by the advertiser or by Google constitutes trade mark infringement has been the subject of much litigation throughout the European Union and has recently been the subject of a decision made by the European Court of Justice.

In *Google France, Google Inc v Louis Vuitton Malletier*, the advertiser paid for keywords which were the registered trade marks of Louis Vuitton. These keywords triggered an advertisement for counterfeit Louis Vuitton goods.

Louis Vuitton claimed that the use of its trade marks as Adwords constituted trade mark infringement and that, by allowing advertisers to bid for keywords which corresponded to Louis Vuitton's trade marks, Google had also infringed the trade marks in question. The case was brought against Google rather than the advertiser and after losing in the French courts Google took the case to the European Court of Justice.

The Court's Decision

In September 2009 the Advocate General (who advises the Court as to its decision) gave his opinion that Google had not committed any trade mark infringement. At that point most brand owners feared that the European Court would follow his advice.

In March 2010 the Court ruled that an internet reference service provider such as Google will not be held to have infringed the trade mark in such circumstances because it has not "used" the trade mark and has only created the technical conditions for third parties to use the trade mark. The court went on to say, however, that liability may be incurred if, having obtained knowledge of the unlawful nature of the advertiser's activities, it fails to act quickly to remove or to disable access to the data concerned.

The Court also ruled, however, that the owner of a registered trade mark will be entitled to prohibit an advertiser from using, without the owner's consent, keywords that are identical to the owner's trade marks and for goods or services that are identical to those for which the trade mark is registered in circumstances where the advertisement does not enable the average internet user to ascertain whether the goods or services being

advertised originate from the trade mark owner (or someone connected to it) or a third party.

This decision does not put an end to the uncertainty surrounding the use of Adwords because there may still be many arguments about whether the average internet user can see, without difficulty, where the goods being advertised originate from. Further, it does not address the question of what Google's position would be if, on being contacted by a trade mark owner, Google decides that the trade mark owner's complaint is unjustified.

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It's all about the cookies: OFT releases its study on online behavioural advertising and pricing

The OFT's recently published study into the use of online behaviour by advertisers and businesses makes it clear that the burden of regulation will fall on industry.

Summary

- Unlike traditional advertising, the internet can easily be used to collect data on consumers and vary the advertising accordingly.
- By 2008, online advertising accounted for £3.35bn of advertising revenue.
- Although revenue from behavioural advertising only accounts for between £64m and £95m per year, this share looks set to continue.
- Consumers have expressed significant concerns about behavioural advertising, particularly its privacy implications.
- The OFT sees a need to focus on improving and supporting self regulation of behavioural advertising.

Introduction

The use of online behavioural advertising looks set to continue, accompanied by a sense of friction between consumer and business interests. The OFT commenced its study of

Online Targeting of Advertising and Prices in October 2009. After consulting with various interested parties, it has sought to map out a provisional way forward for the regulation of behavioural targeting. The OFT has concluded that the best way forward, in the short-term at least, is to focus on improving the scope and effectiveness of self-regulation.

Extent of the study

The OFT's study focussed on two aspects of the online marketplace. The first of these is the practice of 'online targeted advertising' (often called 'behavioural advertising'), which relies on 'cookies' being placed on users' computers to track website use. This information is used to select targeted advertising for the individual user. For example, if a user frequently visits an online shoe shop, they may start to receive a higher than usual volume of ads for shoes. The fact that behavioural advertising is used is something that many consumers are aware of, but there is confusion over how the technology operates and what is done with the data.

The second aspect considered by the OFT's study is the use of online behavioural pricing. This could occur in a number of ways, for example the offering of discounts or vouchers based on previous online purchases or browsing behaviour. As acknowledged by the OFT in its report, this practice is still relatively uncommon in the UK, but is expected to increase.

The study's focus was on the extent and likelihood of consumer harm arising from the targeted practices. The study did, however, acknowledge the value of the online marketplace and the need to stimulate consumer trust and facilitate the use of this trading environment.

The OFT's findings on regulation of targeted practices

The OFT considered market based solutions (such as 'private' browsers and the use of proxy servers), self regulation and existing government regulation of the targeted practices. It concluded that market based solutions were useful but were not, in themselves, sufficient.

Existing government regulation covers some aspects of behavioural targeting, including the Data Protection Act 1998 and the Privacy and Electronic Communications Regulation 2003. In addition, the OFT expressed a view that behavioural advertising and pricing could lead to liability under the Consumer Protection from Unfair Trading Regulations, depending on what information is provided to (or withheld from) the consumer.

Notwithstanding its acknowledgement of market based solutions and government regulation, the OFT's focus is clearly on self-regulation of behavioural targeting. It commended the Internet Advertising Bureau's existing framework of good practice (the 'Good Practice Principles') which set out commitments on notice, user choice and education. Nevertheless, the OFT expressed a view that they could be improved through increased transparency, clearer guidelines on the use of sensitive information, and the possible inclusion of social networking sites within its remit.

Conclusions

The OFT's study does not purport to be the final word on behavioural advertising and pricing, nor its regulation. Indeed, it acknowledges the extent of rapid change in this area and the impossibility of mapping a definitive way forward.

It is very useful, nonetheless, to learn that the OFT is putting the pressure on industry groups to regulate themselves and to allay consumer concerns. This is in keeping with existing self-regulation of traditional advertising, which is done through the Advertising Standards Authority. The question is whether industry groups will be able to meet its expectations and introduce adequate measures to protect consumers' interests.

Suzy Schmitz

Speechly Bircham LLP

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When a perpetual licence isn't forever

Licensing parties who enter into a perpetual licence will commonly do so with little doubt as to the meaning of the term 'perpetual'. However, the High Court's decision in BMS Computer Solutions[1] has illustrated that the term may not always guarantee a never-ending licence for the licensee.

By way of background, the parties had entered into a licence agreement and related technical support agreement in respect of software for use with agricultural machinery operated by the licensee. The licence agreement provided that the licence would expire after ten years but also contained termination provisions stating the licence would terminate if and when the technical support agreement was terminated. The two agreements were amended a number of years after their commencement by a variation

agreement which then provided that the software licence would be perpetual. However, the variation agreement did not expressly remove the termination provisions of the licence agreement.

The licensee later decided to develop its own software for use with its machinery and, therefore, gave notice to terminate the support agreement. However, the licensee continued to use the licensed software in the interim and claimed it was entitled to do so by virtue of the fact the licence was perpetual. The licensor contended the licensee was not entitled to do so as the licence agreement had terminated when the support agreement was terminated.

The judge held that on the true construction of the agreements, the grant of the perpetual licence under the variation agreement did not supersede the termination provisions of the licence agreement and that by terminating the support agreement the licence agreement had also been terminated. He held that the term 'perpetual' had different shades of meaning, including "incapable of being brought to an end" and "of indefinite duration, but subject to any contractual provisions governing termination". In the present case, the latter interpretation was correct when the contract was construed as a whole.

The case illustrates how even seemingly unambiguous words can have an unintended meaning when considered in view of the broader contractual context and subjected to judicial scrutiny. Contracting parties should always ensure that agreement terms are consistent and accurately reflect their mutual intention, particular when contracting under separate yet inter-related agreements.

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This article originally appeared in Bristows' Monthly Technology, Media and Telecommunications e-newsletter, The Cookie Jar.

[1] *BMS Computer Solutions v AB Agri* [2010] EWHC 464 (Ch)

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President-Elect Pronounces

While still head of the French IP Office INPI, Benoit Battistelli spoke at one of the plenary sessions at the recent LES Pan-European conference in Budapest. From his analysis of problems facing all intellectual property offices and his account of

achievements of INPI, it gave us an opportunity to speculate as to the changes which might accompany his European presidency. Challenges facing all IPOs are: an increasing number of applications leading to a reduction in quality, greater delays and higher costs. Although their main function is to grant patents, this had to be with legal certainty (which assists fair competition) and within a reasonable time. He identified high quality novelty searches as an essential element of the first function. In connection with the second function he pointed out that an average time to grant of 32 months had been attained in France under his leadership. The use of I.T. tools and electronic filing were important; sixty percent of patent applications in France are now filed electronically. He strongly favoured ensuring that the patent system was readily accessible to all, especially SMEs and those in education. The dissemination of information was vital and he endorsed the moves towards free database access on the internet. SMEs in France have been offered a free IP audit and four thousand organisations have taken advantage of this since 2005. The proportion of patent applications from SMEs has doubled in France over the last three years. Intensive training has been provided to university teachers, so that IP can be integrated in courses for their students.

M. Battistelli believes that IPOs should create an environment which is favourable for IP rights. Where possible they should co-operate with the customs authorities. In France, the number of customs seizures has increased ten-fold in five years. To convince the consumer not to purchase counterfeit products, there has been a primetime TV advertising campaign and an exhibition in the Paris Science Museum (shades of our Wallace and Gromit exhibition?) With particular reference to Europe, he is determined to implement change, and is looking forward to substantial progress under the forthcoming Hungarian presidency of the European Union in 2011. He is launching a study of the role of patents in the field of green technologies. International co-operation is essential. China now has five thousand patent examiners (compared with four thousand at the EPO) and this number is increasing at the rate of five hundred per year. Ten different areas of co-operation have been announced between the main five IP Offices: US, Japan, EPO, China and South Korea. He believes that further equality of treatment for all applicants could be provided under the PCT system, although this would not involve progression to international grant. To those who feel that the recent changes in EPO practice on searching and divisional applications are too bureaucratic, he held out no encouragement. He supports all aspects of Raising the Bar and believes in strict adherence to the guidelines for patentability. In summary then, no imminent change of direction in the day-to-day operation at the EPO. It will be interesting to see whether the developments he has managed in France can be scaled up to the wider European stage.

Stephen Powell
Williams Powell

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An Enhanced Patent System In Europe.

The European and EU Patents Court. Progress report.

Members will recall the article in News Exchange in January 2010 reporting on the latest developments towards An Enhanced Patent System In Europe, and reporting that the European Council was again pushing for a Community Patent, now to be called the European Union patent (EU patent), and an European Patents Court, to be known as the European and EU Patents Court (EEUPC). In particular the question as to whether the proposals were compatible with the EU Treaties had been referred to the ECJ. A hearing on this took place before the ECJ in May. However their Opinion is not expected until next year, hopefully early next year.

In the meantime the language arrangements for the Court are on hold pending the ECJ's opinion. Members will recall that, while much of the arrangements can be finalised by qualified majority, this has to be agreed unanimously.

There has been some work on fees/financing of the court, and a Commission report on this is in progress. The Rules of Procedure are also being discussed, although for some reason the UK Government is not involved in these.

Robin Nott
Chairman, LES B&I Laws Committee

BRITAIN AND IRELAND * * *

Goulash, czardas and trade marks

Reporting on the LES Pan-European Conference, Budapest, 2010

From Boston to Budapest

Having barely recovered from jet lag from the recent INTA (International Trademark Association) annual meeting in Boston, USA, which included a minor speaker engagement and some committee participation, I was soon back on the road and participating in the bi-annual LES Pan-European conference held in Budapest, Hungary, June 6-8, 2010.

Pre-conference Seminar

Participants at the Budapest meeting numbered some 160 and came from around the globe, although not surprisingly a good percentage came from the home territory. A full day of training in the fundamentals of Intellectual Asset Management, which included

mock negotiations for in-licensing and out-licensing IP, preceded the meeting proper. There were 41 participants registered for this, including several members of the Hungarian Patent Office (one of whom was the Head of Trade Marks, Dr. Imre Gonda), who were there to learn about 'the commercial side' of IP which they were rarely exposed to in their daily work. However, the preliminary session, which the writer co-presented with Alan Lewis, Partner of Adams & Adams in South Africa and President-elect of LES International, was an introduction to IP, which the officials of the Hungarian Patent Office dutifully but patiently listened to. They were at hand to comment on anything that was peculiar to the Hungarian IP System, which everyone, trainers included, could learn from.

Conference proper

The official opening reception of the conference, which followed this day seminar, included a full concert by the internationally renowned Franz Liszt Chamber Orchestra at the conference venue, the Marriott Hotel overlooking the River Danube. Wine kept flowing as the conference centre became flooded with the sounds of Antonio Vivaldi, Franz Liszt and Béla Bartók.

After the opening of the conference by the President of LES Hungary, Michael Lantos of Danubia patent & law firm (who with his committee so successfully organised this pan-European event), and the President of the Hungarian Patent Office Dr. Miklós Bendzsel, the Monday morning plenary session included a presentation by the President-elect of the EPO, Benoit Battistelli, who told us about latest developments there. We were very much looking forward to listening to the President-elect of OHIM, Antonio Campinos. Sadly he wasn't able to come at the last moment, but having another President in his place, that of the Portuguese Patent Office, presenting on the licensing aspects of EU trade marks and designs, was also a treat. To add to the list of luminaries, the current President of LES International from the New York law firm Finnegan, Patrick O'Reilly (known to many affectionately as 'the admiral' for his commanding presence, authoritative and sonorous voice, and not least his former naval career) gave a magisterial commentary on issues to do with Open Innovation. Finally, on the opening morning, and to accompany and to complement the freebie Rubik cube that we had in our delegates' bag (no doubt for trade mark attorneys who get fidgety during talks on patents), we had the celebrity himself, the Hungarian inventor Mr. Ernó Rubik who told the audience about how important the intellectual property system, including trade marks, has been to his world-wide business, and the dangers and pitfalls if business people ignore this system.

The remainder of the two day conference included legal updates on patents and trademarks, new ways of doing technology transfer, issues and case studies in university-industry co-operation, and compulsory licensing. There was even a special session devoted to Supplementary Protection Certificates for those involved in the pharmaceutical industry.

Trade mark work shops

The first afternoon also included two sessions on trade marks with international panels who looked at trade mark licensing, franchises, other permitted forms of third party use of protected trade marks, in particular comparative advertising, and what constituted genuine use if foreign character marks are used in transliterated form (case study from Japan). In the first workshop, which the writer was privileged to help organise and participate in, the first trade mark licensing case to be decided by the ECJ, *Copad vs Dior Case C-59/08*, 23 April 2009, was presented and discussed. This established, inter alia, that breaching a contract term which restricted the distribution network, in this case for luxury products, such that the prestige value of the product was diluted or harmed, would also amount to trade mark infringement despite permission for use in the licence grant. This was based on Article 8(2) - on licensing - of the European Trade Mark Harmonisation Directive and the determination (for the first time by the Court) that the psychological aspect of a brand which gives it its allure of prestige is part of the product's (intrinsic) quality. Perhaps no coincidence that the Advocate General who advised the Court was female, and that the product in question was luxury lingerie!

And a few extras

With the gala reception at the world famous Gunder's restaurant, so many presidents (including LES US & Canada President Ada Nielsen), presidents' men and presidents' wives to rub shoulders with, not to mention so many stimulating and friendly co-delegates to network with, and a delegate bag full of souvenirs including a stunning photographic album of the sights of Budapest, this was a most enjoyable and most memorable conference experience. Add to that also a visit to the Hungarian State Opera House for a performance (in Hungarian) of Handel's Xerxes, hearing the Czardas played by one of the best local gypsy violinists at the Carpathia restaurant in town, plenty of tastings of authentic home-made Goulash (not good for 'waist' management), and a last evening Elton John concert at the city Stadium (a performer who gives value for money, has lasted the pace and doesn't mime), you couldn't ask for more on a (business?) trip.

BRITAIN AND IRELAND

Roman Cholij

Co Chair Brands Committee

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LES B&I Committees...

Brands Committee

Brand Licensing Survey Results

Towards the end of April 2010 the Brands Committee carried out a survey of LES B&I members to find out, amongst other things:

- Ø What level of experience members had of licensing brands
- Ø How important members perceived brands and trade marks to be to their respective businesses, and
- Ø What aspects of brand licensing members would like to hear about at forthcoming LES events

The survey was carried out using SurveyMonkey, (an online resource which facilitates both the creation of the survey questionnaire and the marshalling of replies) and a link was sent to all members inviting participation -- if you do not remember receiving an invitation to participate please check that your membership is up to date and that we have your current email address!

Although we had hoped for greater participation (sadly only 24 members actually completed the survey) we were delighted that 92% of respondents took less than 8 minutes to complete it and that the quality of the responses is such that we can now plan an interesting programme for the remainder of this year and next packed with topics that we know members are interested to hear about!

We were heartened to learn that nearly 70% of respondents regarded brands and trade marks as highly or very important in their work but noted that the vast majority of respondents felt that they were either inexperienced or only moderately experienced at licensing brands. Royalty audits and the collecting of evidence of use appear to be the primary areas of concern to respondents, along with brand valuation techniques and keeping up-to-date with legal developments. Other important areas highlighted were the monitoring of brand licenses, identifying and managing both brand risk and conflict. Our calendar of forthcoming events will therefore focus on these topic areas.

General comments and suggestions from respondents indicate that members would ideally like to see more presentations and events relating to brand licensing topics especially in London! The Brands Committee has taken these comments on board and is in the process of arranging a combined event with the Institute of Trade Mark Attorneys to be held in London in mid-November (provisionally 16 November), and a further event early in the New Year. More details of these and other events will follow in due course.

In the meantime, the Committee would like to thank everyone who took part in the survey - thank you for your time and your valuable comments - they are very much appreciated. A special thank you too, to committee member David Abrahams for his work in preparing the survey, analysing the results and producing the charts!

If, for any reason you were not able to participate in the survey but there are particular topics that you would like us to address at future events please do not hesitate to get in touch.

Belinda Isaac
Co Chair Brands Committee
Education Committee

LES Britain & Ireland is planning to extend the pool of LES-approved trainers to present the LESI courses which are held in the UK and Ireland. This is not only the well-established three days "Fundamentals" course, but also a one day LESI course on licensing, and a number of one day workshops currently in preparation by LES B&I. To present LESI courses, a prospective Trainer must first him or herself be trained. If any member would like to take part in this training and be notified when it is next available, or receive further information on what is involved, please contact Chris Bartlett, Chair of the Education Committee, at the contact details on the LES B&I web site.

Chris Bartlett
Chair Education Committee

LICENSING EXECUTIVES SOCIETY
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Members Page

New Members:

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

- **Mr Jacob Saah, Saah Partners**

Jacob is interested in the following business sectors:
Renewable Energy, Telecommunications and Energy

- **Mr Ilian Iliev, Cambridge IP Ltd**

Ilian is interested in the following business sectors:
Aerospace/ defence, Healthcare, Biotechnology, Pharmaceutical, Transportation, University, Computer software, Renewable energy, Energy, the internet

- **Mr Philip Slingsby, Page White and Farrer**

Philip is interested in the following business sectors:
Telecommunications, Consumer Goods and Electronics

- **Ms Helen Rose, Bristows**

Helen is interested in the following business sectors:
Biotechnology, Pharmaceutical and Computer Software

- **Mr Thomas Riordan, Elan Pharma International Ltd**

Interests not specified

- **Mr Gabriel Cosgrave, DTS Licensing Ltd**

Interests not specified

- **Ms Deirdre Kilroy, LK Shields Solicitors**

Interests not specified

- **Ms Helena Walsh, William Fry Solicitors**

Interests not specified

- **Mr Steve Gotz, Invent DCU Ltd**

Interests not specified

- **Mr Paddy O'Boyle, Invent DCU Ltd**

Interests not specified

- **Dr Carolyn Hughes, Invent DCU Ltd**

Interests not specified

- **Ms Emma O'Neill, Invent DCU Ltd**

Interests not specified

- **Mr Richard Stokes, Invent DCU Ltd**

Interests not specified

- **Mr Neville Walker, IP Consult**

Interests not specified

- **Ms Hannah Alphey, Morisons LLP**

Hannah is interested in the following business sectors:

Internet, Multimedia and Computer Software

- **Mr Iain Russell, Intellectual Assets Centre**

Interests not specified

- **Mr Simon Bradbury, Cadbury Plc**

Simon is interested in the following business sectors:

Biotechnology, Pharmaceutical and Animal Plant Food Science

- **Mr Peter Conlon, Nova UCD**

Interests not specified

- **Mr Peter O'Fegan, Enterprise Ireland**

Interests not specified

- **Dr Guy Hill, Biocamtech**

Guy is interested in the following business sectors:

Healthcare, Biotechnology, Pharmaceutical, Bio-based industrial products and Bioenergy

- **Mr Martin Lindsay, B&W Group Ltd**

Martin is interested in the following business sectors:

Electronics and Multimedia

Members on the Move >>>

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"Advancing the Business of Intellectual Property Globally"

Moving Company/ Changing Address?

Please remember to tell our administrator, Jennifer Kirkcaldy, if you change your office address so that we can continue to send you LES information.

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Please also remember to change your contact details in the membership directory on the LESI website (www.lesi.org). As a service to our members the editor will print any change of company and location in newsXchange™. Please contact Jennifer Kirkcaldy, les@northernnetworking.co.uk

Membership

Enquiries should be addressed to Jennifer Kirkcaldy at the LES Administrative Office:

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Email: les@northernnetworking.co.uk

The membership application form may also be found on the LES B&I website: www.les-bi.org



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