

LUXURY LAW

Jurisdictional Comparisons 2016

Edited by Fabrizio Jacobacci, Jacobacci & Associati

THE
GLOBAL LEGAL POST

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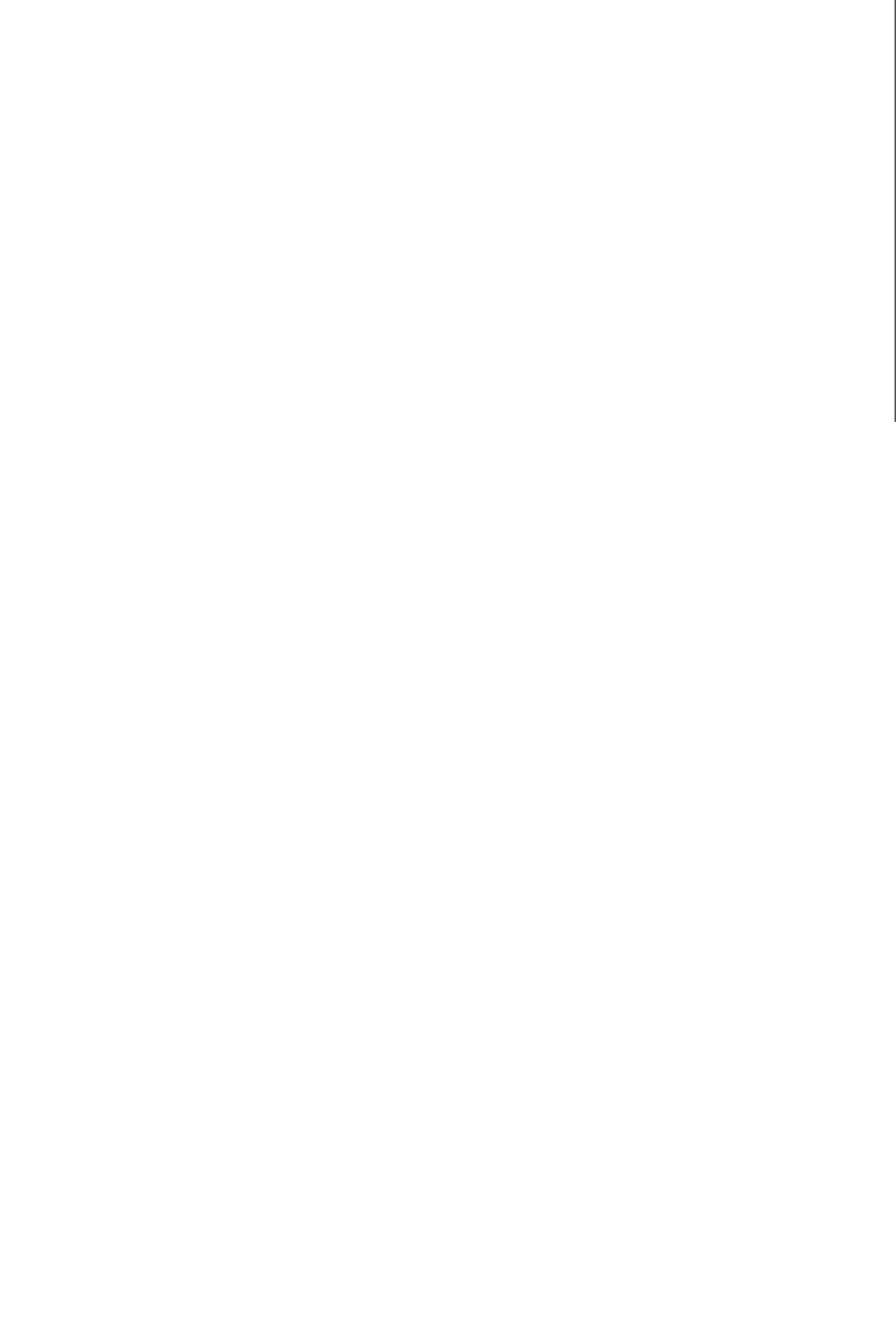
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FOREWORD

Annick de Chaunac
Hermès International

The Luxury Business Industry is very successful and attracts many students. Nevertheless there is no exhaustive program at a university devoted to these topics. We certainly have a luxury industry and we have luxury products; let's start from there.

What does a luxury product mean for you and how can we protect its tangible and intangible features?

Luxury products evoke several elements: quality, celebrity, reputation. It is a contract of trust between the brand and the clients. When you buy luxurious products you acquire part of the style and culture of the brand, which mix the past (the history) and the future (the creativity).

Defending what I called the tangible and intangible features of these products amounts to defending the core of the industry of luxe. Doing it well is the key to protecting the most valuable assets of the business.

This book, which aims to be very easy to use and to read, contains all the questions that you wanted to ask but never did. It will help lawyers (but also designers) to understand, and to protect in the most appropriate way, the tangible and intangible assets of the luxury business in a wide range of countries.

Over the last two decades, the internet has presented new challenges to the luxury industry: it has been a new and dynamic opportunity to develop business and to recruit new customers, but also an endless source of concern for maintaining brand image in the face of unsupervised use on a scale unimaginable twenty years ago.

This book will help luxury brand managers and legal practitioners to adopt a strategy to deal with the multiple volatile facets of the e-commerce market and social media, and will represent the reference book for all those who are in need of a quick overview of the law in the main countries.

Coco Chanel stated: "For me, copy equals success. There is no success without copy and without imitation. It just doesn't exist." Even if this is true, never forget that your brand's image and reputation are your core business.



CHINA

Lian Yunze & Erica Liu
Hylands Law Firm

1. TRADE MARK

1.1 Sources of law

In the People's Republic of China, the principal sources of trade mark related law and regulation include international treaties, laws, regulations, administrative rules, judicial interpretations, administrative interpretations, and others, such as local regulations, judicial replies, administrative replies, and so on.

In the event of a conflict, the provision of the international treaty prevails over the national laws, except those on which the People's Republic of China has announced reservation; and the law in force supersedes the regulations, rules, judicial interpretations and administrative interpretations. Judicial and administrative interpretations are of parallel legal force, but implemented by the courts and administrations respectively.

1.2 Substantive law

The 2013 *Trade Mark Law of the People's Republic of China* distinguishes well-known trade marks and trade marks with a reputation, but does not refer to famous trade marks.

For a well-known trade mark which is not registered in the People's Republic of China, in identical or similar goods or services, it could prohibit registration and use of a trade mark which is a reproduction, an imitation or a translation of it, if it is liable to create confusion. To a well-known trade mark which has been registered in the People's Republic of China, in non-identical or dissimilar goods or services, it could prohibit registration and use of a trade mark which is a reproduction, an imitation or a translation of it if it misleads the public and the interests of the registrant of the well-known trade mark are likely to be damaged by such use.

As to the trade marks with reputation, it could prevent registration of an identical or similar trade mark in identical and similar goods or services which is applied for registration in bad faith.

Trade marks belonging to the "luxury industry" do not enjoy a broader range of protection apart from that provided by law. The "aura of luxury" surrounding these trade marks does not play a role when it comes to enforcing them.

1.3 Enforcement

To establish that a trade mark has become well-known in the People's Republic of China and is entitled to broader protection, factors that shall be taken into consideration include:

- the degree of awareness of the trade mark among the relevant public;
- the duration of use of the trade mark;
- the duration, extent and geographical scope of all publicity operations carried out for the trade mark;
- records of protection provided for the trade mark as a well-known trade mark; and
- others relating to the trade mark's well-known status.

Oral testimony or an affidavit do not have high probative force unless made by an official organization such as a professional or trade association, government offices, or such like. External evidence is better, for example, favorable decisions or judgments made by the China Trade Mark Office, Trade Mark Review and Adjudication Board, or courts; an auditing report concerning advertisements and sales of the products bearing the well-known trade marks; official receipts; contracts; and so on.

In addition, the evidence should form a chain to prove the trade mark has been used and advertised extensively in the People's Republic of China and has obtained great fame among the relevant public.

To get broader protection as a well-known trade mark, the owner of a well-known trade mark should prove the trade mark has been used in the People's Republic of China for at least 3 years before registration or use of the trade mark in question.

To get broader protection as a trade mark with reputation, it is only necessary to prove that the trade mark has been used with reputation before registration or use of the later trade mark. There is no requirement for how long it has been used. However, it is necessary to prove the bad faith of the later trade mark owner.

In the People's Republic of China, when there is a conflict between different kinds of right like trade mark, domain name and trade name, the basic principle is to protect the prior right. The protection of trade mark is stronger than other rights like domain name and trade name.

According to 2013 *Trade Mark Law of the People's Republic of China* and relevant judicial interpretations, a registered trade mark could be enforced against a domain name when the domain name is identical with or similar to the prior registered trade mark and the domain name is being used to conduct electronic commerce on the trading of the goods or services relevant to those of the registered trade mark (which is liable to cause misidentification among the relevant public). A well-known trade mark could be enforced against a domain name which is an imitation, copy, translation or transliteration of the well-known trade mark. A registered trade mark could be enforced against a trade name if the trade name is identical with, or similar to, the prior registered trade mark and the trade name is being used for identical or similar goods or services prominently (which is liable to cause misidentification among the relevant public).

The 2013 *Trade Mark Law of Peoples Republic of China* introduced Article 58 which states that "whoever constitutes unfair competition by using a registered trade mark or an unregistered well-known trade mark of another party as the trade name in its enterprise name to mislead the public shall be dealt with in accordance with *Anti unfair Competition Law of the People's Republic of China*".

A registered trade mark or a well-known unregistered trade mark can be enforced against its unauthorized use in social media if such use has constituted use of the trade mark in respect of identical or similar goods or services or such use has caused confusion or harmed the interests of the owner of the trade mark.

A registered trade mark, or a well-known unregistered trade mark, can be enforced against its unauthorized use in comparative advertising if the comparative advertising does not reflect the facts or it has constituted an unfair competition deed.

No specific provisions clearly indicate that a registered trade mark or a well-known unregistered trade mark can be enforced against its unauthorized use in parody. But if such parody is made by the competitors, the owner of trade mark could stop such use according to *Anti Unfair Competition Law of People's Republic of China*.

A trade mark owner is entitled to choose between taking action claiming either trade mark infringement or unfair competition for the same set of facts, but not both.

2. COPYRIGHT

2.1 Sources of law

In the People's Republic of China, the principal sources of copyright related law and regulation include international treaties, laws, regulations, administrative rules, judicial interpretations, administrative interpretations, and others, such as local regulations, judicial replies, administrative replies, and so on. In the event of a conflict, the provision of the international treaty prevails over the national laws except those on which the People's Republic of China has announced reservation; and the law in force supersedes the regulations, rules, judicial interpretations and administrative interpretations. Judicial and administrative interpretations are of parallel legal force, but implemented by the courts and administrations respectively.

2.2 Substantive law

In the People's Republic of China, an open list of the copyrightable works is provided and the copyrightable works include, among other things, works of literature, art, natural science, social science, engineering technology, which are created in any of the following forms like written works; oral works; musical, dramatic, quyi (ancient Chinese performing art), choreographic and acrobatic art works; works of fine art and architecture; photographic works; cinematographic works and works created in a similar way to cinematography; drawings of engineering designs and product designs, maps, sketches and other graphic works as well as model works; computer software; and other works as provided for in law and administrative regulations.

Objects of industrial design are copyrightable if they meet the requirements of copyrightable works on original, reproducible, and artistic characters, such as works of applied art.

The rights covered by copyright in the People's Republic of China include the rights of publication, authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcast, information network dissemination, production, adaptation, translation, compilation and other

rights which shall be enjoyed by the copyright owner. The rights of publication, authorship, alteration and integrity are moral rights. However, the rights covered by copyright of computer software include the rights of publication, authorship, alteration, reproduction, distribution, lease, information network dissemination, translation and other rights which shall be enjoyed by the copyright owner.

Except for the works created in the course of employment (such as engineering design plans, product design plans, maps, computer software and so on, which are created primarily with the use of materials and technical resources of the legal entity and for these works the legal entity bears responsibility), the copyright in the works created by employees, consultants, shareholders, directors, and suppliers for the legal entity is enjoyed by the individual who created the works. To acquire the rights in the works, the legal entity should sign an agreement in writing with the author agreeing on who enjoys the rights in the works. This copyright assignment agreement should include the name of the work; the type of rights transferred; geographical scope; transfer price; date and method for payment of transfer price; default liability; and any other contents deemed necessary by both parties to be agreed. It is important to include the transfer price and to pay such amount to the author.

The author cannot transfer or waive his or her moral rights.

No time limit is set on the term of protection for an author's rights of authorship and alteration and his right to protect the integrity of his work.

In respect of a work of a citizen, the term of protection of the right of publication and the rights of reproduction and other rights to be enjoyed by the copyright owner is the lifetime of the author and 50 years after his death, expiring on December 31st of the 50th year after his death. In the case of a work of joint authorship, the term shall expire on December 31st of the 50th year after the death of the last surviving author.

In respect of a work of a legal entity or other organization or a work for hire in which the copyright (excluding the right of authorship) shall vest in a legal person or other organization, the term of protection of the right of publication and the right of reproduction and other rights to be enjoyed by the copyright owner shall be 50 years, expiring on December 31st of the 50th year after the first publication of such work. However, any such work that has not been published within 50 years after the completion of its creation shall no longer be protected in the People's Republic of China.

In respect of a cinematographic work, a work created by a means similar to cinematography or a photographic work, the term of protection of the right of publication and the right of reproduction and other rights to be enjoyed by the copyright owner shall be 50 years, expiring on December 31 of the 50th year after the first publication of such work. However, any such work that has not been published within 50 years after the completion of its creation shall no longer be protected in the People's Republic of China.

In respect of works of applied art, the term of protection of the right is 25 years.

2.3 Enforcement

Copyright recordal is possible in the People's Republic of China, but not compulsory. A Copyright Recordal Certificate is considered as preliminary evidence to prove ownership of copyright, while further solid evidence is also required to prove the creation date, publication date, and so on. Neither copyright deposit nor notice is required.

To have industrial designs protected by copyright, it should be proven that the industrial designs are works under the *Copyright Law of the People's Republic of China*, which means that the industrial designs should be original and artistic. Evidence such as judgement and a copyright registration certificate proving the industrial designs have already been protected as copyrighted works in other member countries of the Berne Convention is helpful. Acceptance of oral testimony, affidavit, and expert evidence is at the judge's discretion.

Substantial similarity and contacts are sufficient to establish copyright infringement.

In the People's Republic of China, copyright can be enforced against a trade mark, domain name, a trade name, a registered design patent, and other distinctive signs on the grounds of copyright infringement or patent infringement or unfair competition.

Copyright can be enforced against its unauthorized use in social media, comparative advertising, and parody unless the use could be considered as "fair use" according to the law.

The defences available to an alleged infringer are fair use, expiration of term of protection, and statutory licence.

In the People's Republic of China, the following uses are considered as "fair use":

- use of another person's published work for the purpose of the user's own personal study, research or self-entertainment;
- appropriate quotation from another person's published work in one's own work for the purpose of introduction of, or comment on, a work, or demonstration of a point;
- inevitable reappearance or citation of a published work in newspapers, periodicals, radio stations, television stations or other media for the purpose of reporting current events;
- reprinting by newspapers or periodicals or other media, or rebroadcasting by radio stations or television stations or other media, of the current event articles on the issues of politics, economy and religion, which have been published by other newspapers, periodicals, radio stations or television stations or other media, except where the author has declared that publication or broadcasting is not permitted;
- publishing in newspapers or periodicals or other media, or broadcasting by radio stations or television stations or other media, of a speech delivered at a public assembly, except where the author has declared that publication or broadcasting is not permitted;
- translation or reproduction, in a small quantity of copies, of a published work for use by teachers or scientific researchers in classroom teaching

or scientific research, provided that the translation or reproduction is not published or distributed;

- use of a published work by a State organ within the reasonable scope for the purpose of fulfilling its official duties;
- reproduction of a work in its collections by a library, archive, memorial hall, museum, art gallery or similar institution, for the purpose of the display or preservation of a copy of the work;
- performance of a published work free of charge, that is, with respect to the performance, neither fees are charged from the public nor the remuneration is paid to the performers;
- copying, drawing, photographing or video-recording of a work of art located or on display in an outdoor public place;
- translation of a work published by a Chinese citizen, legal entity or organization, which is created in the Han language (Chinese), into a minority nationality language for publication and distribution within the country; and
- transliteration of a published work into Braille for publication.

In addition, anyone who compiles or publishes textbooks for the purpose of implementing the nine-year compulsory education or State education planning may, without the permission from the copyright holder, except where the author has declared in advance that the exploitation is not permitted, compile published fragments of works, short written works or musical works, a single work of fine art, or photographic works into the textbooks. However, he shall pay the remuneration as provided, mention the name of the author and the title of the work, and shall not infringe upon other rights which the copyright holder shall enjoy in accordance with *Copyright Law of the People's Republic of China*.

In respect of the computer software, the prescriptions on "fair use" include:

- owners of legal duplicated copies of computer software are entitled to load the software into such devices having information processing capacity as computer according to the operational need; to make back-ups to avoid damaging to the copies, but the back-ups should not be provided to other persons for use in any way and the back-ups should be destroyed once the holder loses the ownership of the legal copies; to make necessary modifications in order to use the software in the practical application environment for computers or to improve the functions of the software, but the software so modified may not be provided to the third party without the license of the software copyright owner, unless otherwise stipulated in the contract;
- using computer software for learning and studying the design idea and principle of the software in the form of loading, display, transmission or storage.

A valid copyright that is unenforceable is mainly due to the following reasons:

- a work with weak original creation; or
- other fair uses of such work as mentioned above.

For the same set of facts, a copyright holder is not allowed to take action claiming both copyright infringement and design infringement and/or unfair competition. The copyright holder is entitled to choose either copyright infringement or design patent infringement or unfair competition claim.

3. DESIGN

3.1 Sources of law

The principal sources of law relating to designs are:

- *Patent Law of the People's Republic of China* (last amended in 2008), which sets out the requirements for patent prosecution, rights and legal remedies.
- *Implementing Rules of the Patent Law of the People's Republic of China* (last amended in 2010) and the *Guidelines for Patent Examination* (last amended in 2010), which provide detailed requirements and procedures on patent litigation proceedings.
- *Civil Procedure Law of the People's Republic of China* (last amended in 2012) (CPL) and the *Interpretation of Application of the CPL* (effective 4 February 2015), which set out most of the up-to-date court procedures for patent litigations in the People's Republic of China. However, there have been cases where Chinese courts have been reluctant to look to the CPL for authority, when the Patent Law was unclear.
- *Administrative Procedure Law of the Peoples' Republic of China* (last amended in 2014), which is the authority for administrative lawsuits.

The People's Republic of China is party to the following international treaties relating to patents and patent litigation:

- WIPO Paris Convention for the Protection of Industrial Property 1883 (Paris Convention);
- Patent Cooperation Treaty 1970; and
- WTO Agreement on Trade-Related Aspects of Intellectual Property Rights 1994.

In the event of conflict, the international treaties take precedence over domestic statutes unless the People's Republic of China has announced reservation; and the law in force supersedes the regulations, rules, judicial interpretations and administrative interpretations. Judicial and administrative interpretations are of parallel legal force, but implemented by the courts and administrations respectively.

3.2 Substantive law

All industrial products, as long as its appearance is a new design, are protectable by way of registered design in the People's Republic of China. An unregistered design is not protected under Chinese law.

To be granted for patent design, the design should neither be an existing design which is known to the public, both domestically and abroad before the date of application, nor be identical with the prior design application/registration. In addition, the design should be distinctly different from the existing designs or the combinations of the features of existing designs and should not be in conflict with the others' prior legal rights.

To file an application for design patent registration, the owner should file drawings or pictures with six side views including top, bottom, front, rear, left, and right views. For a flat product, two side views are sufficient.

For designs created by employees, shareholders, or directors in the course of performing the duties of an employee, or mainly by using the material and

technical resources of an entity employer, the entity enjoys the right to apply for a design patent registration unless both parties have contrary agreement on ownership of the design patent.

To acquire the rights in the designs created by its consultants or suppliers, the entity should sign an agreement with the consultants or suppliers who enjoy rights in the designs in principle.

The patent assignment agreement will be effective once it is signed by both parties, but the assignment can be effective only after the assignment request is registered before the China Patent Office.

When drafting a design assignment agreement with consultants or suppliers, it should be included that the rights to both the current and modified products should be assigned at the same time. If the designer's name should not be shown on the products, it is advisable to clearly state this in the agreement.

The designer could waive his or her moral rights in the designs. The registered design protection lasts for 10 years from the application date of the design.

3.3 Enforcement

The scope of protection of a patent is assessed based on patent claims interpreted in light of the patent description and diagrams. If all the technical features of the claims can be established by the alleged infringing technology or product, the alleged infringement will be deemed to fall into the scope of protection of the patent. The alleged infringement and the patented technology do not necessarily have to be in the same technology domain when establishing an infringement. A patent infringement can be further identified as either a literal infringement or an equivalent infringement (*Guidelines for Judging the Patent Infringement by the Beijing High People's Court in September 2013*):

- **Literal infringement.** The alleged infringing product must have been applied with all the technical features from the claims of the patent. Even if the alleged product comprises an additional feature, which is not disclosed in the claims, the alleged infringement must still be considered to be within the scope of protection of the patent. However, if a literal interpretation of the claims shows that the additional technical features have actually been excluded from the patent, the alleged infringement is not deemed to fall into the scope of protection of the claims.
- **Equivalent infringement.** This is often a second option, for when the establishment of a literal infringement has failed. The equivalent features of the alleged infringing product must be able to specifically substitute one or more features of the claims. However, it must fail if the entire technical solution of the claims can be replaced by equivalents. The court will not consider there to be an equivalent infringement if the claims have multiple features equivalent to the alleged infringement and the combination of equivalent features enables the alleged infringer to develop a technical solution that departs from the original concept of the claims OR the alleged infringement achieves an unexpected technical result.

Extra attention is required where the claim contains a feature in terms of its function. If the alleged infringing product operates an identical function

by using structures or methods defined in any embodiment (not in the claim) from the patent, there will be an established infringement. It is also equally important to assess the type of infringement in terms of the infringing activities, for example, direct infringements and indirect infringements, which will then be assessed for particular remedies to be awarded.

Substantial similarity is sufficient to establish infringement and only registered designs are protectable as mentioned above.

A design can be enforced against a trade mark, a registered design patent to oppose a trade mark application, invalidate a trade mark registration, and to invalidate a registered design patent.

The common defences available to an alleged infringer are non-infringement, that the design patent should be invalidated, prior use, and prior art.

There are no grounds on which an otherwise valid registered design can be deemed unenforceable.

Infringement proceedings must be brought within two years of the date on which a patentee knew or should have known of the infringement. After the limitation period has expired, the claimant can still initiate litigation. However, the claim will not be enforced by the court. The only exception is where the infringement is still continuing at the time the case is filed. In these circumstances, the court will order the defendant to cease infringing the patent during the period of its validity, and the amount of damage suffered as a result of the infringement will be calculated over a period of two years, counting backwards from the date that the claim was filed.

For the same set of facts, a design holder is not allowed to take action claiming design infringement and copyright infringement and/or unfair competition. The design holder is entitled to choose design infringement or copyright infringement or unfair competition claim.

4. RIGHT OF PUBLICITY

The right of publicity, which is the right of an individual to control the commercial use of his or her name, image likeness, or other unequivocal aspects of one's identity, is not recognized by Chinese law.

In practice, "the right of publicity" is recognized and protected as right of personal name, right to portrait, right of reputation, copyright, trade mark right, and so on.

In September 2015, a judgement recognizing the right of publicity of "KUNG FU PANDA" was issued by the Beijing Higher People's Court which makes the final decision to all the trade mark registration, cancellation, and invalidation cases in the People's Republic of China.

In the judgement, the court holds that "when the name of a film or the character and its name in a film is so famous that it is not only connected to the film itself, but also connected to the commercial entity or commercial activity of a specific goods or services, the relevant public of the film projects its awareness and emotion onto the name of film or name of character in film who likes the goods or services connected to the name of film or name of image in film due to the film,

the film owner will get commercial values and trading opportunities. Under such circumstances, the name of film or the character and its name in a film could enjoy the prior 'right of publicity' which is protected as 'prior rights' pursuant to Article 31 of 2001 *Trade Mark Law of the People's Republic of China*".

5. PRODUCT PLACEMENT

In the People's Republic of China, there are no laws and regulations prohibiting product placement. In practice, it is common to have product placement in TV drama or movies. Product placement is considered as a kind of advertisement which should be applied to *Advertisement Law of the People's Republic of China*.

Pursuant to the *Notification Concerning Strict Control of Smoking Scene in Film and TV Drama issued by the State Administration of Press, Publication, Radio, Film, and Television of the People's Republic of China* in 2011, in film and TV drama, tobacco brand name, its relevant information, and tobacco advertisements is prohibited. Scenes showing smoking at the non-smoking area, plots showing young people purchasing tobacco, other plots connecting young people to tobacco, and scenes showing young people smoking are all prohibited.

The brand owner could include stop of the communication and damages compensation as remedies in the agreement to be signed. As long as such remedies are included in the agreement, the brand owner could have the communication stopped if the other party fails to perform the agreement.

6. PROTECTION OF CORPORATE IMAGE AND REPUTATION

In the People's Republic of China, the laws regarding right of publicity and/or privacy could not extend to legal entities/corporations.

In general, for the purposes of protecting the corporate image and reputation, it is allowable to include specific clauses in an agreement aimed at protecting the corporate image or reputation of one of the parties, for example, prohibition to sell the products to re-sellers whose image is below a certain defined standard, prohibition to sell below a certain price or to do so outside of specific time periods, prohibition to buy non original – but otherwise legitimate – spare parts and components.

There are no liquidated damages or stipulated fines clauses for breach by a party of any provisions protecting the reputation or corporate image of the other party permissible in the People's Republic of China.

However, the parties signing such agreement should avoid violating Article 13 and 14 of the *Anti-monopoly Law of the People's Republic of China*, namely:

- competing undertakings are prohibited from concluding the following monopoly agreements which are designed to eliminate or restrict competition: on fixing or changing commodity prices; on splitting the sales market or the purchasing market for raw and semi-finished materials; on restricting the purchase of new technologies or equipment, or the development of new technologies or products;

- undertakings are prohibited from concluding the following monopoly agreements which are designed to eliminate or restrict competition with their trading counterparts: on fixing the prices of commodities resold to a third party; on restricting the lowest prices for commodities resold to a third party.

AUTHOR BIOGRAPHIES

Lian Yunze

Mr. Lian is a senior partner of Hylands Law Firm and the Head of Patent and Trade Mark Group. His contribution on IP makes Hylands a leading IP firm, ranked by MIP, Legal 500, Chambers Asia-Pacific and World Trade Mark Review. In 1982 he started his legal practice, specializing in trade mark, copyright, unfair competition, domain names and IP litigation. He has extensive experience in trade mark prosecution and enforcement. As an expert on anti-counterfeiting, he has successfully carried out thousands of investigations and raid actions against counterfeiters of many international well-known trade marks. He is a frequent speaker in many international conferences on anti-counterfeiting.

Erica Liu

Erica Liu is partner and trade mark attorney in Hylands Law firm. She practices as attorney-at-law and trade mark attorney in the Patent and Trade mark Group of Hylands Law Firm's Beijing Office.

Erica Liu began her professional legal career as an attorney-at-law and trade mark attorney in Hylands Law Firm in 2006, following graduation from studies. She is now Partner and Head of the Trade Mark Department of the firm. Having handled an extensive range of cases for clients, Erica Liu is experienced in all matters relating to trade mark law and practice in connection with contentious and non-contentious matters including trade mark filings and trade mark strategy, oppositions, reviews, cancellations, negotiation for trade mark assignment and co-existence, anti-counterfeiting through the courts and customs and local Administration for Industry and Commerce (AIC), infringement litigation and administrative litigation against Trade Mark Review and Adjudication Board (TRAB). She also deals with matters pertaining to copyright, unfair competition and domain names such as advising on domain name disputes and domain name strategy.

Erica Liu is a co-author of the following books published by European publishers and articles published: *Trade Mark Litigation the 2nd Edition* (European Lawyer Reference Series), Thomson Reuters (2013); *Getting the Deal Through – Domains & Domain Names*, Law Business Research Ltd (2014); *Does OEM constitute trade mark use in China?*, *Managing Intellectual Property* (2014); *Protecting Intellectual Property at Exhibitions in China* | Legal Studio (2015); *Copyright Litigation the 2nd Edition* (European Lawyer Reference Series) | Thomson Reuters (2015); *Domain Name Law and Practice* | Oxford University Press (2015)



DENMARK

Janne Glæsel and Søren Høgh Thomsen
Gorrissen Federspiel

1. TRADE MARK

1.1 Sources of law

The principal sources of law in relation to trade marks in Denmark are:

- the *Danish Consolidated Act on Trade Marks* (no. 109 of 24 January 2012) which *inter alia* implements the Directive (2008/95/EC) of the European Parliament and of the Council to approximate the laws of the Member States relating to trade marks; and
- the Council Regulation (2009/207/EC) on the Community trade mark.

Furthermore, Danish and European case law are of high importance when interpreting the legislation. The following guidance is generally based on the *Danish Consolidated Act on Trade Marks* (no. 109 of 24 January 2012) which also acknowledges trade mark right through use (unregistered trade marks). For the sake of completeness it should be noted that the Council Regulation (2009/207/EC) and the Directive (2008/95/EC) will be changed as part of the EU trade mark law reform which enters into force on 23 March 2016. Following adoption of the new directive member states will be granted a certain period to implement the changes in their national legislations.

In addition hereto, Denmark has also adopted a number of international treaties, including the following: the Paris Convention, the Madrid Protocol, the Nice Arrangement and the Singapore Treaty on the Laws of Trade Marks.

The order of priority of the sources of law when a conflict arises is national and international legislation, preparatory works, case law and legal literature. In general, national legislation takes precedence over international legislation, however, as an exception, EC Regulations apply directly in Denmark and may thus take priority over national legislation in case of any conflict. Furthermore, Danish courts are obliged to interpret the *Consolidated Act on Trade Marks* (no. 109 of 24 January 2012) in a manner that conforms to the Directive in case of any ambiguity.

1.2 Substantive law

The term “famous trade marks” is not a legally recognized term in Denmark, even though sometimes used for or as a collective name for well-known trade marks (as defined in the Paris Convention and TRIPS) and reputed trade marks (as defined in the *Consolidated Act on Trade Marks* no. 109 of 24 January 2012 and the EC Regulation). On that note, Danish trade mark law provides and grants enhanced protection to well-known trade marks and reputed trade marks compared to trade marks in general. Accordingly, protection of a well-known or reputed trade mark is not limited to those situations where there is a risk of confusion with another trade mark or sign, but instead extended to those situations where use of a sign, designation or trade mark would take unfair advantage of, or be detrimental to the distinctive character or the repute of the reputed or well-known trade mark.

The *Consolidated Act on Trade Marks* (no. 109 of 24 January 2012) distinguishes between well-known trade marks and trade marks with a reputation. With respect to well-known trade marks the reputation of said mark must be indisputable in order to be considered a well-known mark. This is not a requirement for a trade mark to enjoy protection as a reputed trade mark even

though the owner would have to prove that the trade mark is reputed. In both cases the trade marks enjoy an enhanced protection (see above).

From a general perspective, trade marks belonging to the “luxury industry” do not enjoy a broader scope of protection than that provided by law and there are no specific provisions in the Danish legislation in this respect. However, an assertion made by the trade mark owner that a certain use of a sign or designation would take unfair advantage of, or be detrimental to the distinctive character or the repute of the trade mark (in case of a reputed trade mark) would probably be considered to carry more merits with respect to luxury brands than with respect to a trade mark used for more standard products (for example, fast moving consumer products). Accordingly, this may affect the trade mark owner’s ability to enforce its trade mark against infringements and ease the burden of proof for the trade mark owner if it can be established that a certain sign or designation takes unfair advantage of the “luxury brand” (for example, in case of products bearing the infringing sign being sold in discount stores or similar).

1.3 Enforcement

It is common in the Danish judicial system to use a wide range of evidence to establish that a trade mark is entitled to broader protection. Essentially, there are no limitations as to the form of evidence as such. Normally, the following types of evidence will be used or relied on in trade mark litigations:

- written documentation;
- oral testimony;
- expert witnesses, including industry statements;
- product samples; and
- expert reports.

Affidavits can be used, however, would generally need to be confirmed and elaborated during an oral testimony.

There is no specific test or threshold that must be reached to establish that a trade mark is entitled to broader protection. However, the trade mark owner must be able to show that the trade mark is reputed or well-known. Relevant elements (not exhaustive) for the court’s decision would be:

- reputation;
- market share;
- intensity of use;
- consumer/user perception and brand awareness; and
- geographical scope.

Pursuant to the *Consolidated Act on Trade Marks (no. 109 of 24 January 2012)*, the owner of a trade mark is entitled to prohibit any person not having the owner’s consent from using any sign in the course of trade if:

- that sign is identical with the trade mark, and the goods or services for which the sign has been put to use are identical with the goods or services for which the trade mark is protected; or
- the sign is identical with or similar to the trade mark, and the goods or services are identical or similar, provided that there exists a likelihood of confusion including a likelihood of association with the trade mark.

Accordingly, if these requirements are met the trade mark owner may prevent the unauthorized use of a domain name, a trade name and any other signs. Furthermore, the trade mark owner may prevent the use of the trade mark as a metatag by someone not authorized, if certain additional requirements are met, including those established by the European Court of Justice. Accordingly, any use of a metatag that seeks to establish a connection with the trade mark owner would constitute infringement.

Danish law only provides the trade mark owner with the right to enforce its trade mark against unauthorized use in the course of trade. In contrary hereto, any use of a trade mark for private purposes cannot be prevented by the trade mark owner. Furthermore, the principle of freedom of speech would also prevent a trade mark owner from enforcing the trade mark against use of the trade mark under certain circumstances. However, use of trade marks on social media is a borderline question and the Danish courts will take all circumstances into consideration when assessing whether a certain use on social media will constitute trade mark infringement or not, including elements such as how the trade mark is used and/or if the use seeks to establish a connection with the trade mark owner.

Pursuant to the *Danish Consolidated Marketing Practices Act* (no. 1216 of 25 September 2013), which is partly based on EC directives, comparative advertising is permissible if a number of requirements are met, that is, that the advertisement:

- is not misleading;
- concerns products or services meeting the same needs or intended for the same purpose;
- in an objective manner compares one or more specific, relevant, verifiable and representative features of these products and services, which may include prices;
- does not create confusion in the market between the advertiser and a competitor or between the advertiser's trade marks, trade names, other distinguishing marks, products or services and those of a competitor;
- does not discredit or denigrate the trade marks, trade names, other distinguishing marks, products, services or activities of a competitor;
- with respect to products with designation of origin, it relates in each case to products with the same designation;
- does not take unfair advantage of the reputation of a trade mark, trade name or other distinguishing marks of a competitor or of the designation of origin of competing products; and, finally
- does not present products or services as imitations or replicas of products or services bearing a protected trade mark.

If these requirements are met a trade mark owner cannot enforce its trade mark against use hereof in comparative advertising. On the other hand, if these requirements are not met, a trade mark owner may enforce its trade mark against such use in comparative advertising and the advertiser would in that case have infringed the trade mark owner's right and also infringed the *Danish Marketing Practices Act* (no. 1216 of 25 September 2013).

DENMARK

Pursuant to Danish law, a trade mark owner may enforce its trade mark against unauthorized use in parody, provided that such use causes, or is likely to cause, damage to or be detrimental to the trade mark. The trade mark owner must be able to establish that such damage (or likelihood of damage) exists and that such damage is significant and cannot be disregarded as being non-material. Furthermore, relevant case law shows that the courts will base their decision on (in addition to the above):

- the level of humour and the context hereof;
- the degree of similarity between the sign used and the trade mark; and
- the principle of freedom of speech.

It is generally permissible under the *Danish Administration of Justice Act* (no. 1308 of 9 December 2014) to take action claiming both trade mark infringement as well as unfair competition based on the same set of facts.

2. COPYRIGHT

2.1 Sources of law

The *Danish Consolidated Act on Copyright* (no. 1144 of 23 October 2014) is the principal source of law relating to copyright in Denmark. Furthermore, Danish and European case law is of high importance when interpreting the legislation.

Furthermore, Denmark has adopted a number of international treaties and conventions, for example, the Directive (2001/29/EC) on the harmonization of certain aspects of copyright and related rights in the information society and the Directive (2004/48/EC) on the enforcements of intellectual property rights. Denmark has also adopted a number of directives in relation to cable and satellite transmissions, databases, computer programs, rental and lending rights and use of orphan works. On a more general note, Denmark has also adopted the following: the Berne Convention, the Universal Copyright Convention, the Rome Convention, the WIPO Copyright Treaty, the WIPO Performance and Phonograms Treaty and the TRIPS Agreement.

When a conflict arises the relevant sources are prioritized as follows: national and international legislation, preparatory works, case law and legal literature. However, as an exception, EC Regulations apply directly in Denmark and may thus take priority over national legislation, and EC Directives may also in certain cases take precedence over national sources (see also 1.1 above).

2.2 Substantive law

The *Danish Consolidated Act on Copyright* (no. 1144 of 23 October 2014) protects works that are (in a broad sense) of literary or artistic nature, including industrial designs and software. The moral rights of the author are also protected under Danish law (see below).

In order to obtain copyright protection, the work has to meet the originality requirement, that is, the work has to be the result of an intellectual creation made by the author and expresses his or her free and creative choices with the exception of “neighbouring rights” (see below). Copyrightable works can either be works that are of a literary or artistic nature. Literary works can be anything

that can be expressed in writing whereas works of an artistic nature may be works with a musical or dramatic character. However, as further elaborated below, Danish law also acknowledges copyright in industrial products/designs, provided that such products or designs fulfil the originality requirement. Accordingly, Danish law does not include an exhaustive list of works that may enjoy copyright protection.

“Neighbouring rights” do not have to meet the requirement of originality in order to be protected. However, only a selected group of rights are comprised by this definition. The provisions on neighbouring rights encompass:

- the performance of a copyright protected literary or artistic work by an artist;
- recordings of sound and moving pictures;
- radio and television programmes;
- photographic pictures; and
- catalogues and databases.

Pursuant to Danish law objects of industrial design may be copyrightable, pursuant to the same requirements as other works of an artistic or literary nature, provided that the work is considered “original” and as such expresses an intellectual creation. The scope of protection for industrial designs might, however, be more limited than compared to the protection offered to “classical works of art”.

As a general rule, the right to a copyright protected work belongs to the author and any assignment or transfer will require an agreement to that effect between a legal entity (or other assignee or transferee) and the individual author(s). However, an assignment or transfer may be considered implied or follow from the nature of the relationship between an author and the legal entity. For example, in case of an employment relationship, the employer (the legal entity) would as a starting point, unless anything else is agreed, obtain the copyright to a work which was created by the employee (the author), if such work has been made within the ordinary cause of business of the employment and on behalf of the employer (the legal entity). Other rules apply for some types of work, for example, ownership of copyright to computer programmes is provided for in a separate provision of the Act, according to which the employer, as a general rule, will retain the copyright.

With respect to consultants, shareholders, suppliers, directors (if not considered employees) the copyright would normally belong to the author, however, the specific nature of or conditions for the relationship may reverse this starting point. The starting point may also be reversed if an implied assignment or transfer can be interpreted into the relationship.

It would normally be advisable to agree on the specific terms for an assignment or transfer of copyright and not rely on implied terms or the nature of the relationship, if certainty is required.

Under Danish law an intellectual property right, whether it is a copyright or any other right, is a proprietary right which the proprietor/author may transfer in full or in part, however, with respect to copyright, the moral rights, for example, *droit morale* cannot be assigned in full but only to a limited extent. Any

assignment or transfer agreement may be made in writing or orally, although the former would be preferable for obvious reasons.

When drafting an assignment agreement a number of important issues should be considered. The assignment agreement should be very specific as to what part of the intellectual right is being transferred, for example, the whole right or only partially (license, and in this case, the scope and grant hereof), any continued (limited) use by the assignor, whether the assignee may re-assign the right, any warranties from the assignor, indemnities with respect to third party infringements, compensation to be paid to the assignor (if any), ancillary obligations (further severance or perfecting of documentation), and whether any reassignments are allowed. Finally, tax implications should also be considered.

Pursuant to Danish law an author may only to a certain extent transfer his or her moral rights. The moral right of the author cannot be waived except in case of use of the work which is limited in nature and extent.

The copyright protection will, as a starting point, expire after 70 years of the year of the author's death (50 years in case of photography). If the work has two or more authors the year of death of the last surviving author will be decisive. With respect to cinematographic works, the copyright will last for 70 years after the year of death of the last of the following:

- the principal director;
- the author of the script;
- the author of the dialogue; and
- the composer of the music specifically created for use in the cinematographic work.

If a work is published without naming the author, either by name, generally known pseudonym or signature, the copyright of the work will last for 70 years after the year that the work was made public. When a work consists of volumes, instalments, issues, or episodes, a separate term of protection will run for each of these.

The copyright for a foreign work is also 70 years in Denmark, unless the period of protection is shorter in the homeland of the work in which case this shorter period of protection will apply.

2.3 Enforcement

There is no requirement for registration of copyright in Denmark. Copyright exists from the moment the work is created, provided that the work fulfils the originality requirement. Use of the copyright notice © is not a legal requirement in Denmark, even though it may be advisable to include such notice on copyright protected works.

It is common in the Danish judicial system to use a wide range of evidence to establish that objects of industrial design are entitled to copyright protection. From a general perspective there are no limitations as to the form of evidence as such. Normally, the following types of evidence will be used or relied on in copyright litigations:

- written documentation;
- oral testimony;

- expert witnesses, including industry statements;
- product samples; and
- expert reports.

Affidavits can be used, however, would generally need to be confirmed and elaborated during an oral testimony.

Infringement of a copyright is assessed by considering whether two works of art appear to have the same abstract identity, that is, whether the alleged infringing work has retained the identity of the original work, which in most cases is a matter of comparing the two works. In addition, the plaintiff must establish that the alleged infringer has been acquainted with the original work before creating the allegedly infringing work. In practice, however, this is often established by a mere comparison of the two works. A high degree of similarity in itself will shift the burden of proof whereby the alleged infringer must then establish that the infringer was not acquainted with the original work and that the allegedly infringing work has been developed independently from the original work.

As a general rule, the copyright holder has the exclusive right to control the work by reproducing it and by making it available to the public, whether in the original form or in an amended form. Any direct or indirect, temporary or permanent reproduction, in whole or in part, by any means and in any form, will be considered as reproduction and thus infringing the copyright, unless such use is specially exempted in the *Consolidated Act on Copyright* (no. 1144 of 23 October 2014).

Copyright may be enforced against unauthorized use in social media; however, the *Consolidated Act on Copyright* (no. 1144 of 23 October 2014) includes an exemption with respect to use in connection with quotations. Such exemption may be applicable with respect to social media, provided that the requirements under the quotation exemption are complied with, for example, loyal reference to the owner and limited use of the protected work.

Pursuant to the *Consolidated Marketing Practices Act* (no. 1216 of 25 September 2013), comparative advertising between different products or competitors' products is permissible if a number of requirements are met (see also 1.3 above). However, use of a copyright protected work in comparative advertising would require that the use hereof is limited and in accordance with good marketing practice and thus falls within the exemptions for copyright use.

Pursuant to Danish law, copyright protected work cannot be enforced against unauthorized use in parody, provided that such use falls within the definition of "parody" (see also the principles laid down in the decision by the Court of Justice of the European Union in *Deckmyn*).

The doctrines of "fair use" or "fair dealing" are generally not applied as such under Danish law. However, Danish law does include similar principles, including the principle of *de minimis non curat lex* that may allow for a very limited use to be acceptable or due to the identity of the original work not being conveyed to the spectator of the allegedly infringed work of art and the right of use in quotations, as mentioned above.

Since copyrights are not registered in Denmark, the most common defence is usually to claim that the work, especially with respect to industrial designs,

does not meet the originality requirements (unless this is clearly not the case). Secondly, it would normally be argued that there is no infringement on the basis that the scope of protection should be limited (this would be very common with respect to industrial designs). Finally, it is sometimes also argued that the allegedly infringing work has been developed independently from the copyright protected work. Obviously, the more similarity there is between the two works the more difficult this argumentation becomes.

Under Danish law, misconduct of a copyright holder cannot lead to the copyright being unenforceable from a general perspective. However, pursuant to the *Statute of Limitation* (no. 1063 of 28 August 2013), a claim for damages will generally be time-barred after a three year period. This means that claims for compensation might be time-barred if no action is taken within said period. Furthermore, the general rules regarding time elapse may prevent a copyright owner from enforcing its rights if such right owner has accepted or will be deemed to have accepted use of the copyright protected work by another party.

It is generally permissible under the *Danish Administration of Justice Act* (no. 1308 of 9 December 2014) to take action claiming both copyright infringement as well as unfair competition and design infringement based on the same set of facts.

3. DESIGN

3.1 Sources of law

The *Consolidated Act on Design* (no. 102 of 24 January 2012) and the Council regulation (2002/6/EC) on Community Designs are the primary sources of law in relation to designs in Denmark. Furthermore, Danish case law is of high importance when interpreting the legislation. As mentioned previously Denmark has also adopted the Paris Convention, the TRIPS Agreement and the Locarno Agreement.

The order of priority is national and international legislation, preparatory works, case law and legal literature. However, as an exception, EC Regulations apply directly and may thus take priority over national legislation and EC Directives may also in certain cases take precedence over national sources.

3.2. Substantive law

Pursuant to the *Consolidated Act on Design* (no. 102 of 24 January 2012) a “design” has been defined as the appearance of a product or part of a product resulting from the features of the product itself or its ornamentation, in particular with respect to lines, contours, colors, shape, texture or materials. “Products” has been defined under the Act as being any industrial or handcrafted item, including *inter alia* parts intended to be assembled into a complex product, and also packaging, get-up, graphic symbols and typographic typefaces, however excluding computer programs. The scope of the protection is centered on the 2 and 3 dimensional elements of the product, for example, the decoration and the ornamentation. This applies to both registered and unregistered designs.

Pursuant to Danish law a design right may be obtained if the design is new and has an individual character. A design shall be considered new if no identical design has been made available to the public before the date of filing of the application or, if priority is claimed, the date of priority.

A design shall be considered to have individual character if the overall impression which the design conveys to the informed user differs from the overall impression conveyed to a user by any design which has been available to the public before the date of filing of the application or, if priority is claimed, the date of priority.

There are a number of exceptions. For example, a design right may not be obtained with respect to the features of the appearance of a product which:

- are solely dictated by the technical function of the product; or
- must be reproduced in their exact form and dimensions in order to permit the product to which the design relates to be mechanically connected to or placed in, on, around or against another product so that either product may perform its function.

Notwithstanding the above, a design right may be obtained to a design which is new and has an individual character, provided that the design allows the multiple assembly or connection of products within a modular system consisting of mutually interchangeable parts.

The *Consolidated Act on Design* (no. 102 of 24 January 2012) does not include any rules which regulate the relationship between a legal entity and its employees. Pursuant to case law and legal theory, it is the general rule that the right to a design developed by an employee in the performance of his or her duties, or in accordance with instructions, belongs to the employer. With respect to Community designs and pursuant to the EC regulation, a design right created as part of an employment relationship belongs to the employer.

With respect to consultants, shareholders, suppliers, directors (if not considered employees) the design right would normally belong to the creator. However, the specific nature or conditions of the relationship may change this starting point. The starting point may also be changed if an implied assignment or transfer can be interpreted into the relationship.

It would normally be advisable to agree on the specific terms for an assignment or transfer of a design right and not rely on implied terms or the nature of the relationship.

Any assignment or transfer agreement may be made in writing or orally, although the former would be preferable for obvious reasons.

When drafting a design assignment agreement a number of important issues should be considered. The assignment agreement should be very specific as to what part of the intellectual right is being transferred, for example, the whole right or only partially (license, and in this case, the scope and grant hereof), any continued (limited) use by the assignor, whether the assignee may re-assign the right, any warranties from the assignor, indemnities with respect to third party infringements and so on, compensation to be paid to the assignor (if any), ancillary obligations (further severance or perfecting of documentation), and whether any reassignments are allowed. Finally, tax implications should also be considered.

Pursuant to Danish law, there are no moral rights with respect to design rights, except that the creator may require that his or her name is included in the design register. However, to the extent that the design may be protected by copyright also, the provisions on moral rights with respect to copyright will apply.

Pursuant to Danish law a design registration is valid for five years from the date of filing the application, however renewable for every fifth year up to a total of 25 years. For “must match” designs, that is a design of a component which is used for the repair of a complex product in order to give the product its original appearance, the design registration can only be upheld for 15 years.

The unregistered design right is protected for three years after the date it was made public.

3.3 Enforcement

Pursuant to Danish law, a registered design may be enforced against other designs or products that do not convey to the informed user a different overall impression. In assessing the scope of protection, the degree of freedom of the designer in developing the design must be taken into consideration. As such, a substantial similarity may be sufficient to establish infringement with respect to a registered design.

With respect to unregistered designs, the right holder would have to prove actual copying in order to establish infringement.

Pursuant to the *Consolidated Act on Design* (no. 102 of 24 January 2012), unauthorized use of a design may be prohibited, except in case of private use and acts carried out for experimental purposes. This includes for example, the production, offering, distributing, importing, exporting or use of a product to which a design relates, or stocking such a product for those purposes.

If these requirements are fulfilled with respect to any of the listed items or other products, the design owner may enforce its design right against such unauthorized use, unless such use is specially exempted in the *Consolidated Act on Design* (no. 102 of 24 January 2012) or the EC Regulation.

A design may also be enforced against its unauthorized use in social media; however, the *Consolidated Act on Design* (no. 102 of 24 January 2012) and the EC Regulation include a general exemption for use in connection with quotations. Similar considerations as those listed under 2.3 above would apply in this situation.

Pursuant to the *Consolidated Marketing Practices Act* (no. 1216 of 25 September 2013) comparative advertising between different products or competitors' products is permissible if a number of requirements are met (see also 1.3 above). However, use of a design right in comparative advertising would require that the use hereof is limited and in accordance with good marketing practice and thus falls within the exemptions for design use.

There are no rules in the *Consolidated Act on Design* (no. 102 of 24 January 2012) that prohibits the use of design in parodies, and in general, a rights holder would not be able to prevent such use. Similar considerations as those described in 2.3 above would apply.

In general, a design right does not comprise features of appearance of a product which are solely dictated by their technical function or which

necessarily must be reproduced in their exact form and dimensions in order to permit the product in which the design is incorporated or to which it is applied to be mechanically connected to, or placed in, around or against another product so that either product may perform its function (must fit).

Pursuant to Danish law, the misconduct of a design owner cannot lead to the design being unenforceable from a general perspective, except if the design owner does not renew the design registration. However, pursuant to the *Statute of Limitation* (no. 1063 of 28 August 2013), a claim for damages will generally be time-barred after a three year period. This means that claims for compensation might be time-barred if no action is taken within said period. Furthermore, the general rule regarding time elapse may prevent a design owner from enforcing its rights if such rights owner has accepted or will be deemed to have accepted use of the design by another party.

It is generally permissible under the *Administration of Justice Act* (no. 1308 of 9 December 2014) to take action claiming design infringement as well as copyright infringement and unfair competition based on the same set of facts.

4. RIGHT OF PUBLICITY

4.1 Sources of law

Danish law recognizes the right of an individual to control the commercial use of his or her name, image, likeness, or other unequivocal aspects of one's identity. This applies to all individuals, however, would, from a general perspective, be more relevant with respect to celebrities or well-known individuals who may enjoy a higher degree of protection in this respect.

The principal sources of law in relation to the right of publicity are the *Marketing Practices Act* (no. 1216 of 25 September 2013), the *Consolidated Act on Trade Marks* (no. 109 of 24 January 2012), the *Act of Names* (no. 1098 of 7 October 2014), the *Act on Certain Commercial Undertakings* (no. 1295 of 15 November 2013), the *Media Liability Act* (no. 914 of 11 August 2014) and the *Penal Code* (no. 973 of 9 July 2015).

4.2. Substantive law

Pursuant to Danish law, the right of publicity is inherent and there are no specific requirements for an individual to enforce his or her right in this respect. However, an individual may not prevent the use of his or her name, for example, in connection with public events, provided that no commercial misuse are taking place and provided that such use would not be considered disloyal towards the individual.

The right of publicity will survive the death of the individual and the heirs of the deceased individual will succeed in the right of publicity over that individual's name, image, likeness, or other unequivocal aspects of his/her identity. However, use of the name or image of a long-dead person will, as a starting point, not be considered unlawful, provided that such use is not in conflict with general public interests.

The right of publicity is a personal right, however, an individual may assign or license his or her name, picture or similar in whole or in part.

An individual may license his or her right of publicity and the license may be either exclusive or non-exclusive.

Any assignment or transfer agreement may be made in writing or orally, although the former would be preferable for obvious reasons.

When drafting an assignment or license agreement, one should be very specific as to what part of the right that is being transferred, for example, the whole right or only partially (license, and in this case the scope and grant hereof), any continued (limited) use by the assignor, whether the assignee may re-assign the right, any warranties from the assignor, indemnities and so on, compensation to be paid to the assignor (if any), ancillary obligations (further severance or perfecting of documentation), and whether any reassignments are allowed. With respect to right of publicity drafters should also carefully consider the need for provisions setting forth actions and remedies for the individual and the assignee/licensee in case of any abnormal behaviour or similar on the part of the individual or the assignee/licensee which may inflict on either party's interest in being associated with such individual or company, respectively. Finally, tax implications should also be considered.

Pursuant to the principle of freedom of contract, any withdrawal of consent would have to be subject to the licence agreement, or if the agreement would be considered invalid and not enforceable pursuant to the *Contracts Act* (no. 781 of 26 August 1996) or Danish law in general (for example, unfair/unreasonable, against public order, in case of misrepresentation, and so on).

The legal consequences of the death of a licensor or assignor will depend on the wording of the license agreement. However, as a general rule, the heirs of the licensor will succeed in the deceased's legal position in terms of rights and obligations. Accordingly, a license agreement will remain in force and bind the successors, unless provided otherwise in the license agreement. In the event the heirs have an independent right over the deceased individual's name, image, likeness, or other unequivocal aspects of identity they would have to respect the assignment or license agreement in this respect.

Danish law does not provide a fixed period as to when the rights of publicity expire as such, however, the rights of publicity will expire at some point (see above in this section). As a general rule, the rights of publicity will not expire before at least 70 years after the death of the individual in question and this period may in many cases be even longer.

4.3 Enforcement

The holder of the right of publicity may file a complaint in case of infringement of the right. With respect to the licensee, the general rule would be that it is the right of the licensor to ensure that the right is enforced and maintained. This will, however, depend on the wording of the license agreement. It may be that both the licensee and the licensor have the right to initiate proceedings.

Under Danish law, an individual's right of publicity may be enforced only against commercial use, however, this definition is construed rather broadly.

Accordingly, the right may be enforced against not only strict commercial use but also in other circumstances which fall within the borderline of commercial use and editorial use.

It is not a requirement to prove that an individual's name, image, likeness, or other unequivocal aspects of one's identity have a commercial value to obtain an injunction or other remedies for the unauthorized use; however, it would certainly be an important element and would influence the level of damages awarded.

It could be argued that public interest and the freedom of speech may allow for *inter alia* a person's picture or name to be used for other purposes than strict commercial purposes.

5. PRODUCT PLACEMENT

Product placement is permitted under Danish law subject to the fulfilment of certain requirements. In general, all advertising must be made in such a way that it will be understood as advertisement irrespective of its form and medium. Accordingly, a programme featuring product placement would have to inform the viewers/users that advertising has been included within the programme. The same principles apply with respect to references to certain products on blogs, social media, and so on.

There are certain restrictions with respect to the type of products, for example, tobacco, alcohol and so on, which may not be featured in advertisements. Furthermore, advertisers should show a great deal of care with respect to advertisements aimed at young people under 18 years of age.

6. PROTECTION OF CORPORATE IMAGE AND REPUTATION

The right of publicity does, to a certain extent encompass legal entities also. Pursuant to the *Marketing Practices Act* (no. 1216 of 25 September 2013) legal entities must not use designations that do not belong to them, nor use their own designations in a manner likely to cause confusion with those of others.

In order to invoke the rights under the *Marketing Practices Act* (no. 1216 of 25 September 2013) on designations, the designations would have to be distinctive to a certain extent.

It is generally possible to include specific clauses aimed at protecting the corporate image/reputation of one of the parties in agreements, however, subject to the scrutiny of competition law (see below).

As a member state of the EU, Article 101 and 102 of the Treaty on the Functioning of the European Union apply in Denmark. Furthermore, Danish competition law includes identical prohibitions against agreements or actions that may restrict competition or be considered as misuse of a dominant position. Accordingly, the Block Exemption (Commission Regulation (EU) No 330/2010 of 20 April 2010) with respect to vertical agreements applies in Denmark and pursuant to the Block Exemption selective distribution systems are allowed, provided that the specific requirements in the Block Exemption are

fulfilled and that the market share does not exceed 30 per cent. On this basis, a restriction on the sale of products to certain re-sellers (that are not part of the selective distribution system) may fall within the Block Exemption, and if these requirements are met, such prohibition on such sales may be allowed.

Including a restriction preventing selling below a certain price or to do so outside of specific time periods in an agreement would be considered a “hardcore restriction” and thus not exempted under the Block Exemption (or any other applicable exemption). Furthermore, such a restriction would in general be considered a serious violation of Danish competition law.

If the requirements for the application of the Block Exemption are fulfilled, a restriction on the purchase of other suppliers’ products, and thus also non original spare parts and components, is allowed.

Liquidated damages are generally permissible under Danish law. However, such clauses should be clearly and carefully drafted in order to avoid a declaration of unenforceability by the Danish courts. The protection of a corporate image or reputation would generally be considered a legitimate reason for such clauses. On that note, the amount of liquidated damages should also be carefully considered and the Danish courts will decrease the amount of liquidated damages if the amount is considered to be too high taking all considerations and elements into consideration.

AUTHOR BIOGRAPHIES

Janne Glæsel

Janne Glæsel is partner in Gorrissen Federspiel’s IP & Technology Group. Janne is highly specialized in intellectual property law, focusing on trade marks, copyright, domain names and marketing law issues. She is widely experienced within IP-litigation, including injunction cases and regularly represents clients, including brand & domain name owners in landmark court cases before the Maritime and Commercial Court, the Supreme Court and administrative boards. Moreover, she has experience with taking cases to the EU Courts. Janne also has a long track record with e-commerce, internet related issues and data protection law, including international data transfers. She is member of INTA’s famous mark committee.

Søren Høgh Thomsen

Søren Høgh Thomsen is a senior associate in Gorrissen Federspiel’s IP & Technology Group. He is highly experienced within intellectual property and other commercial areas, in particular drafting and negotiation of commercial contracts and intellectual property transactions. The main areas of focus within intellectual property are trade marks, copyrights, design rights, unfair competition and general marketing practice law. Furthermore, he is highly regarded for his work in relation to franchising law and other chain-operated organisations. He has extensive experience with working on international matters, including in particular cross-border transactions.

FRANCE

Jean-Mathieu Bertho & Olympe Vanner
Jacobacci Avocats

1. TRADE MARK

1.1 Sources of law

In France, trade marks are governed by both national and supranational rules.

The main national source of law is the *French Intellectual Property Code* (IPC), Part I, Book VII (Article L.711-1 *et seq.* and the corresponding articles in the regulatory section), resulting from the original codification of IP rules in 1992 and later modifications, the last of which arise from the law of 11 March 2014 which reinforces the provisions against counterfeiting.

As France is a member state of the European Community (EC), its national law must comply with the relevant Community instruments, as interpreted by the Court of Justice of the European Union (CJEU).

The main European regulatory instruments concerning trade marks are:

- EC Directive No. 2008/95/EC of 22 October 2008 to approximate the laws of the Member States relating to trade marks (replacing EC Directive No. 89-104-EC of 21 December 1988);
- EC Regulation No. 207/2009 of 26 February 2009 concerning Community trade marks for industrial property titles covering the whole EU territory (replacing EC Regulation No. 40/94 of 20 December);
- EC Directive 2004/48/EC of 29 April 2004 on the enforcement of intellectual property rights;
- EC Regulation No. 608/2013 of 12 June 2013 concerning customs enforcement of intellectual property rights and repealing Council Regulation (EC) No. 1383/2003.

France is also party to several International agreements concerning trade marks, mainly:

- the Paris Convention for the Protection of Industrial Property of 20 March 1883, as revised and amended;
- the Madrid Agreement of 14 April 1891 concerning the International Registration of Marks and the Madrid Protocol of 27 June 1989 relating to the Madrid Agreement concerning the International Registration of Marks, as revised and amended;
- the Marrakech Agreement on Trade-related Aspects of Intellectual Property Rights of 15 April 1994;
- the Trade Mark Law Treaty of 27 October 1994, aimed at the simplification and harmonization of national and regional trade mark registration procedures, completed by the Singapore Treaty on the Law of Trade Marks of 27 March 2006.

When in conflict, the different applicable sources are prioritized as follows: the French Constitution, ratified international treaties in their scope of application including European law, French laws and then regulatory acts.

Statutory law supersedes case law, which is not binding on other courts but may have a persuasive effect for similar cases.

1.2 Substantive law

Under French law, trade mark protection requires a registration and the scope of protection is limited to the goods and services covered.

However, pursuant to Article L.713-5 of the IPC, there are two specific cases in which a sign can benefit from a broader protection:

- a registered trade mark with a reputation (that is a trade mark that has acquired a reputation for the covered goods and services) which enables goods and services not covered to benefit from the protection;
- an unregistered well-known trade mark pursuant to Article 6 bis of the Paris Union Convention, which benefits from a protection for goods and services for which it is well-known.

Case law has specified that for this purpose, a trade mark is famous when it is “known by a significant part of the relevant public for the products or services it covers” (CJEU, *General Motors*, 14 September 1999, C-375/97; Court of Appeal of Paris, pole 5, ch. 2, 19 November 2010, No. 09/22653).

Thus, registered trade marks with a reputation and well-known trade marks as per Article 6 bis of the Paris Convention, can be protected against reproduction or imitation that constitutes an unjustified exploitation of the sign or is likely to cause prejudice to the owner of the mark.

This derogative protection only applies when the right holder demonstrates fault and prejudice, which basically covers two main hypotheses:

- a use that either causes dilution of the trade mark and is therefore detrimental to its distinctiveness, or that causes the trade mark to be tarnished, thus affecting its reputation: the reproduction or imitation of the sign is therefore faulty because of the harm suffered by the trade mark owner;
- the use can also be reprehensible (even if not directly harmful for the trade mark) when a third party unfairly takes advantage of the reputation of the sign by reproducing or imitating it, similar to parasitism or the ‘free-riding’ phenomena.

Beyond the specific protection for famous trade marks, there are no particular rules governing trade marks that exist in the luxury industry. However, the “aura” of luxury surrounding them can facilitate the proof of their reputation for the application of the provisions of article L.713-5 of the IPC.

1.3 Enforcement

Strictly speaking, there is no objective test to prove that a trade mark is renowned; instead, the reputation of a trade mark is assessed on the basis of all relevant objective elements, so that the claimant has to provide a body of evidence showing that their trade mark has an independent and autonomous power of attraction.

In particular, it may be useful to highlight elements such as the use of the trade mark for commercially successful products and services, and in particular the market share held by the trade mark, the intensity, geographical extent and duration of use of the trade mark, the scale of the investments made by the undertaking in promoting the trade mark, the reference to the trade mark in press articles, and so on (see CJEU, *General Motors*; Court of Appeal of Versailles, ch.12, 27 April 2006, No. 05/03166; Court of Appeal of Paris, pole 5, ch. 2, 11 March 2011, No. 10/06428; Court of Appeal of Paris, 6 October, 2004 ‘*Desperados*’, ch. 4 A).

Oral testimony, affidavits and expert evidence can be admitted even though they are not the most relevant elements used to prove the renown of a trade mark before French courts. Furthermore, claimants often produce surveys, which may be taken into consideration by national judges (Court of Appeal of Paris, pole 5, ch. 2, 11 March 2011, No. 10/06428), but are not always considered to be good indications of the notoriety of the trade mark, since they might not be formulated objectively and the interpretation of the results is quite subjective. This is all the more true since the CJEU has stated that the degree of knowledge required in order to benefit from the protection of Article 5§2 cannot be defined as a predetermined percentage of the public (aforesaid CJEU, *General Motors*).

Once the reputation of the trade mark has been demonstrated, the owner can “enforce it against all uses ‘in the course of trade’” including against a domain name (Court of Appeal of Paris, pole 5, ch. 2, 19 November 2010, No. 09/22653), a trade name (Court of Appeal of Paris, pole 5, ch.2, 11 May 2012, No. 11/12836), or other distinctive signs. On those grounds, it is also conceivable to enforce a trade mark against an unauthorized use in social media, provided it is ‘in the course of trade’.

Furthermore, if, on principle, the owner of a trade mark cannot enforce it against its use as keyword(s) in a search engine as this use is not considered as being ‘in the course of trade’ (CJEU, 23 March 2010, C236/08 à C238/08, *Google*; Court of Cassation, Commercial chamber, 25 September 2012, No. 11-18.110, 904), the owner of a famous trade mark can do so, provided this unauthorized use enables the competitor to take unfair advantage of the distinctiveness or repute of the renowned mark. Such behaviour can indeed provoke a dilution or tarnishing of the well-known trade mark that is prejudicial to its owner as per Article 5§2 of the Directive or Article L.713-5 of the IPC (CJEU, 22 September 2011, C-323/09, *Interflora*). The same reasoning should apply to metatags.

With respect to comparative advertising, the use of a trade mark which is disparaging, takes unfair advantage of the reputation of the trade mark or creates a risk of confusion, could be prohibited. This is particularly the case when the behaviour of the third party directly aims to benefit from the marketing efforts made by the owner of a trade mark with a reputation in order to create and maintain the mark’s image and of its subsequent power of attraction (CJEU, *L’Oréal/Bellure*, 18 June 2009, C-487/07).

In the same way, the use of a trade mark in parodies for criticism, controversy or mere humour is considered a legitimate exercise of freedom of speech, valid as long as the use is limited to what is necessary for the needs of free expression, and that it remains “outside of the course of trade” (which, for example, is not the case when a well-known trade mark is used with a humorous comment on the front of tee-shirts offered for sale) and does not create a risk of confusion for consumers.

It has to be noted that the right holder cannot simultaneously make claims on both grounds of trade mark infringement and unfair competition for the same set of facts.

However, unfair competition and parasitism claims can be made before the court in charge of the trade mark dispute in addition to the infringement claims

when the surrounding facts, aside from the mere use of the trade mark, amount to separate unfair practices and worsen the harm suffered (under specific conditions, the French distributor of the right holder can also make claims for acts of unfair competition and parasitism).

2. COPYRIGHT

2.1 Sources of law

The main source of law governing copyright is the *French Intellectual Property Code (IPC)*, which, in 1992, codified the previous statutory law on copyright of 1957 and the law on related rights of 1985, both as revised and amended.

Copyright is also subject to supranational provisions contained either in Community legislation (France being a member state of the European Community relevant Directives and Council Regulations apply) or in international treaties regarding copyright of which France is a contracting party, mainly:

- the Berne Convention for the Protection of Literary and Artistic Works of 9 September 1886;
- the Geneva Universal Copyright Convention of 6 September 1952;
- the Geneva WIPO Copyright Treaty of 20 December 1996.

When in conflict, the different applicable sources are prioritized as follows: the *French Constitution*, ratified international treaties in their scope of application including European law, French laws and then regulatory acts.

2.2 Substantive law

There is no copyright registration in France: original works of the mind are protected as of their creation.

French copyright law may cover any works of the mind independently of their type, form, merit or purpose – except for certain documents for which protection is expressly dismissed either by the IPC or courts (such as official documents like texts of laws or court rulings).

An indicative non-exhaustive list of the works of the mind that may be protected by copyright law is provided by Article L.112-2 of the IPC which notably mentions:

- Works of applied art.
- Creations of seasonal industries of dress and articles of fashion. (Industries that, by reason of the demands of fashion, frequently renew the form of their products, particularly the making of dresses, furs, underwear, embroidery, fashion, shoes, gloves, leather goods, the manufacture of fabrics of striking novelty or of special use in high fashion dressmaking, the products of manufacturers of articles of fashion and of footwear and the manufacture of fabrics for upholstery shall be deemed to be seasonal industries.)

In any event, the work must be formalized enough to be past the stage of a mere idea and original – meaning that it must result from arbitrary choices reflecting the personality of the author – to be eligible for the protection granted by Books I and III of the IPC.

In addition, to be protectable, its features must not be exclusively dictated by functional purposes.

Industrial design objects are classified as works of applied art, and as such are eligible for copyright protection so long as their features are original and not exclusively dictated by functional purposes.

When a work is eligible for copyright, the author is entitled to claim both moral and economic rights on this work of the mind.

The author has the following moral prerogatives on the work:

- right of disclosure: the exclusive right to disclose the work to the public and to determine the conditions of this disclosure;
- right of withdrawal and reconsideration: the right to reconsider or withdraw the work after it was first disclosed;
- right of paternity: the right to be identified as the author of the work;
- right of integrity: the right to defend the form and spirit of the work against all modifications.

These moral rights of the author are perpetual, inalienable and imprescriptible.

The economic prerogatives of the author include the exclusive right to authorize or forbid the reproduction of the work through any means enabling its communication to the public (that is, the right of reproduction) and the performance of the work in public (the right of public performance).

Economic rights expire at the end of a time-period of 70 years starting on the first day of the year following the death of the author (with exceptions, in particular for collective work for which the time period starts on 1 January of the year following the first disclosure).

In accordance with the IPC, the author is the creator of the work and there is a presumption in favour of the person under whose name the work has been disclosed to the public, unless otherwise proven.

The author is therefore conceived as the natural person who has created the work of the mind.

Despite this definition, a legal entity can be the initial owner of the copyright when the work was made in a collective manner – that is, according to article L.113-2 of the IPC, provided that the work was created on the impulse of the legal entity who then proceeded with its production, publication and disclosure under its name and provided that the personal contributions of the authors merge together so that no distinct right can be granted to any of them on the work as a whole.

Furthermore, when no claim of authorship has been made by a third party, a legal entity is presumed to be the owner of the copyright on the work it commercializes under its name, for the purpose of suing alleged counterfeiters.

In any event, it is often in the best interest of a legal entity to acquire the rights on the work each time it has not been created collectively but results from the work of an employee, a consultant, a director or another member of the staff of the legal person.

Indeed, pursuant to Article L111-1 of the IPC, employment contracts are of no effect regarding the copyright ownership of works created by employees who remain the copyright owners: a transfer of the rights must therefore normally be considered.

Any copyright assignment agreement with an author must comply with specific requirements that add up to those of general contract law, in particular:

- the general assignment of future works of the mind is not valid and, consequently, assignment contracts must have a limited object;
- the contract must distinctly mention each assigned right and the scope, destination, geographical extent and time period for which the right is assigned;
- specific assignment contracts providing for the publishing, the public performance or the audio-visual production of the work must be made in writing; however, this formal requirement is highly recommended for all assignment contracts so as to evidence the precise specification of the assigned rights;
- the author cannot waive its moral rights.

Therefore, when drafting such contracts, particular care must be paid to the precise determination of the scope of the contract. In addition, in the event where the author is an employee, there must be a clear and distinct payment in addition to the employee's normal wages for the transfer of the copyright and it is preferable to underline the standard industry practices in the contract.

Companies frequently include in employment contracts an acknowledgment by the employee that the works will be classified as collective works developed by all the contributors under the supervision of the employer in order to try to benefit from the very favourable status of the collective works explained above; however, even though such a practice allows a company to strengthen its position, it also must be capable of providing evidence demonstrating the collective character of the work.

2.3 Enforcement

Since there is no copyright registration in France, for each dispute that arises, it is necessary to demonstrate:

- the original character of the works, including objects of industrial designs, on which copyright is claimed: it may be evidenced by any means, including oral testimony, affidavits, expert reports, and so on;
- the reproduction of the original features protected by the copyright; substantial similarity is enough to establish an infringement and is assessed by the Court in respect of the resemblances – and not the differences – between the litigious object and the copyrighted work.

The right holder has a monopoly that is enforceable notably against trade marks, registered designs, patents, domain names, trade names, pseudonyms or other distinctive signs, any use in social media or in comparative advertising, as long as they reproduce the original characteristics of the work.

The only limits to these prerogatives are the legal exceptions of article L.122-5 of the IPC, including:

- private and free performances exclusively carried out within the family circle;
- copies or reproductions reserved strictly for the private use of the copier and not intended for collective use;

- analysis and quotations provided that they are justified by the critical, polemic, educational, scientific or informatory nature of the work they are extracted from;
- press reviews;
- publishing or the broadcasting of speeches as long as they are considered as current news;
- reproduction of works in catalogues of judicial sales, available for the public prior to the sale, held in France for the sole purpose of describing the works of art offered for sale;
- reproduction or performance of a work extract used as an illustration for an educational purpose;
- parody, pastiche and caricature;
- acts necessary to access the contents of an electronic database for the purposes of and within the limits of the use provided by contract.

In any event, the acts in question must not be prejudicial to the normal use of the work and must not cause any unjustified harm to the legitimate interests of the author; in addition, most of the exceptions listed above can only apply as long as the source, including the author's name, is indicated.

These exceptions are restrictively listed and precisely specified, so that the doctrines of 'fair use' or 'fair dealing' do not apply as such.

The usual way to defend oneself against infringement claims is to challenge either the copyrightable character of the work (due to lack of originality or expiry of the protection), the ownership on the copyright, or the similarities between the litigious object and the copyrighted work.

In particular cases, an otherwise valid copyright might, however, be deemed unenforceable if the claimant abuses their right to bring a claim (in particular, judges may order any appropriate measure in the event that the heirs obviously abuse the disclosure right after the death of the author) or in the case of the work being reproduced within a trade mark, if the copyright owner has tolerated the use for five years. In any case, the copyright holder cannot initiate any action if the prescription period has expired, that is, three years for criminal actions and five years for civil actions.

It has to be noted that the right holder can bring an action claiming both copyright and design infringement for the same set of facts, since the purposes and requirements of these rights are not the same; so, an object of industrial design may be eligible for each of these protections. In all cases, unfair competition and parasitism claims can be made before the court in charge of the copyright dispute in addition to the infringement claims when the surrounding facts (aside from the mere use of the work) amount to separate unfair practices and worsen the harm suffered (under specific conditions, the French distributor of the right holder can also make claims for acts of unfair competition and parasitism).

3. DESIGN

3.1 Sources of law

Designs are mainly regulated by Book V of the legislative and regulatory parts

of the *French Intellectual Property Code* (IPC), which, in 1992, codified earlier texts such as the law of 1909 on designs and the statutory text adopted on 25 July 2001 to transpose the EC Directive 98/71/EC of 13 October 1998 on the legal protection of designs.

Community designs are governed by the Community Regulation No. 6/2002 of 12 December 2001 (hereafter 'ECR').

When in conflict, the different applicable sources are prioritized as follows: the *French Constitution*, ratified international treaties in their scope of application including European law, French laws and then regulatory acts.

3.2 Substantive law

All national designs must be validly registered at the French Industrial Property Office (INPI) while Community designs may either be registered at the Office for Harmonization in the Internal Market (OHIM) or unregistered – these being subject to a different set of rules.

All designs are conceived as protecting the appearance of the whole or a part of a product resulting from the features of, in particular, the lines, contours, colours, shape, texture and/or materials of the product itself and/or its ornamentation.

Both the IPC and the ECR define said products as “any industrial or handicraft item, including *inter alia* parts intended to be assembled into a complex product, packaging, get-up, graphic symbols and typographic typefaces, but excluding computer programs”.

A design may therefore be considered for a wide range of products, apart from features of appearance of a product which are solely dictated by its technical function and apart from interconnecting parts.

Also excluded from design protection are appearances of products that are contrary to public policy or morality.

The appearance of a product can be covered by a valid design each time two requirements are satisfied:

- The design must be new, meaning that no identical design has been made available to the public before either the date of filing of the application for registration (or the date of priority, when applicable) for national or registered Community designs, or, for unregistered Community designs, the date on which the design for which protection is claimed has first been made available to the public. The design is not considered as being made available to the public when the disclosure is attributable to the designer, its successor or a third party informed by them within a 12-month time period preceding the filing for registration (or date of priority) or when said disclosure is the result of an abuse. Disclosure is also not established when the claimed use could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the Community.
- The design must also have individual character, meaning that the overall impression the design produces on the informed user differs from the overall impression that may be produced on such user by any design which has been made available to the public before.

For registered designs, the duration of the protection is 5 years renewable 4 times for 5 years (up to 25 years), whereas the protection for unregistered design is granted for 3 years after the first disclosure of the design within the European Union. The owner of the design is the registrant or the person under whose name the unregistered design was disclosed.

If the creation protected by registered/unregistered design is also eligible for copyright protection, the owner of the copyright could challenge its validity. Therefore, it is necessary to secure (and evidence) the transfer of any, and all, possible copyrights from the author (employees, authors, design agencies, and so on).

Usual rules of contract law apply to design assignment, but to be enforceable against third parties, said agreement must be in writing and published on the register of the French or EU Office.

Again, it is necessary to pay attention to the conditions of transfer of any copyright between the possible author and the owner of the registered/unregistered design.

Strictly speaking, the designer is not entitled to a moral right on the appearance of the product; however, article 18 ECR provides that the designer has the right to have their name cited as such before the Office and in the register.

3.3 Enforcement

A design may be enforced against all designs that do not produce a different overall impression on the informed user.

Registered designs are protected against unauthorized uses by third parties, in particular against the making, offering, putting on the market, importing, exporting or using of a product in which the design is incorporated or to which it is applied, or storing such a product for these purposes.

For registered designs, this also applies against slavish copies and similarities.

Unregistered Community designs enjoy the protection against uses described above when they result from purposely copying the protected design.

The right holder can enforce the design against any kind of infringement, including infringement arising from use of the design in trade marks, registered designs, patents, domain names, trade names, pseudonyms or other distinctive signs or IP rights.

There are nonetheless a few exceptions to the protection, notably private use with no commercial purpose or, under certain conditions, use for experimental or illustrative purposes (quotes, for example).

Furthermore a valid design might be deemed unenforceable in the case where the design is reproduced within a trade mark and the design owner has tolerated the use for five years.

In defence, the alleged infringer may challenge the validity or ownership of the design right invoked (for example, citing the expiry of the protection, the existence of prior art that removes novelty or the purely functional features of the design).

Another way to defend oneself would be to show that the litigious design does not produce a similar overall impression on the informed user or that the design invoked is not enforceable, due to the expiration of the prescription period (if the claim is filed more than five years after the facts relating to the infringement arose).

Furthermore, Article 8.2 ECR for Community design provides the repair clause that excludes protection of the Community design from a component part used for the purpose of the repair of a complex product.

The owner of the design is possibly entitled to claim both copyright and design infringements for the same set of facts.

In all cases, unfair competition and parasitism claims can be made before the court in charge of the design dispute in addition to the infringement claims when the surrounding facts aside from the mere use of the design amount to separate unfair practices and worsen the harm suffered (under specific conditions, the French distributor of the right holder can also make claims for acts of unfair competition and parasitism).

4. RIGHT OF PUBLICITY

Private individuals are entitled to control the use of their name, image and other aspects of their identity.

Although case law acknowledges the existence of a right for individuals to defend their personal attributes, uncertainties remain as to the grounds on which this right is based. Some claim it is a mere derivation of the right of privacy granted by Article 9 of the *French Civil Code* to all living private individuals, without condition of legal capacity, while others consider this right as an application of the civil liability principles governed by Article 1382 *et seq.* of the same Code.

This distinction is not merely theoretical, it is also decisive in categorizing the right to defend oneself against unauthorized commercial uses of one's personal attributes either as a plain patrimonial right (as exists in common law with the right of publicity), or as a simple derivation of the extra patrimonial right of privacy based on renouncing the right to enforce one's right to privacy.

Despite the absence of clarity as to the most appropriate legal basis, the trend in favour of acknowledging the existence of a patrimonial value of one's image, name or other elements of identity seems to be well established and judges are more and more inclined to order compensation to private individuals for the illicit use of such personal aspects and information.

Contractual freedom entitles individuals to enter into assignment or licensing agreements (that may or may not be exclusive) in order to make money out of the use of their right of publicity, as a whole or in parts (in particular, see French Court of Cassation, civil chamber 1, 11 December 2008, No. 07-19494; Court of Appeal of Versailles, chamber 12, 22 September 2005).

This freedom prevails as long as such contracts remain within the limits of the principle of human dignity and public order. However, the proximity between the right of publicity and the individual personality of a private person forbids the general and definitive assignment of one's right to oppose the use of their image or personal attributes, so that such contracts should only be in the form of temporary concessions.

No specific provision under French law governs contracts for the use of one's personal attributes, which are therefore regulated by the common rules of contract law.

Consequently, when drafting such contracts, special attention should be paid to demonstrating the valid consent of the contracting parties, the existence of compensation (not necessarily a financial compensation) and the sufficient delimitation of the scope of application of the contract, in particular as regards its duration, geographical scope, the subject matter and uses covered, the forbidden uses, and so on.

Indeed, the right of publicity being a sensitive matter, case law is particularly protective of the consent of the person in this context and has developed a principle of specificity of consent that imposes a strict interpretation of all authorizations concerning the use of one's personal attributes. The limitations and scope of application of the commercial use allowed should therefore be stipulated with particular care.

Another peculiarity due to the inherently personal nature of these contracts is that they can be revoked unilaterally and without justification by the person whose attributes are concerned, as long as this revocation is not abusive. The licensor may however be obligated to compensate the licensee for the harm suffered as a consequence of the revocation of the licensing agreement.

Unless otherwise specified, the contract remains binding until the agreed term has expired, including for the heirs of the person whose personality rights are the subject matter of the contract.

If no distinction of the qualities of the individual is made as regards the existence of the right of publicity, in practice a person's name, image or likeness is considered to be more valuable when their activity or reputation has made them famous as compared to the average anonymous individual, so that the demonstration of a violation of their patrimonial right of publicity is easier and enables higher compensation.

The commercial value of one's attributes may be evidenced by various elements, including press articles or, possibly, expert evidence or affidavits or existence of assignments or licencing agreements.

Even though individuals are best positioned to bring an action for a violation of their right of publicity individually, the exclusive or non-exclusive licensee or assignee suffering harm as a result of the illegitimate use of personal features covered by the contract would also be entitled to act, on the grounds of Article 1382 of the *French Civil Code* in order to obtain compensation for his own loss (see for example, Court of Appeal of Versailles, chamber 12, 22 September 2005).

In defence, the alleged infringer may dispute the infringement to one's right of publicity on several grounds.

Firstly, the defendant may oppose the fact that the person has authorized the specific use of the personal attributes that is the subject of the dispute.

This consent may expressly result from contractual provisions or, in very specific situations, be the tacit consequence of the person's unequivocal behaviour; however this authorization cannot arise from the mere absence of protest from the person.

The authorization given for a specific use cannot be invoked to support a commercial use of one's personal attributes that is different from the one allowed.

Moreover, freedom of speech can also legitimize the use of one's personal attributes, when this use is in direct link with a debate of public interest or is necessary to illustrate current events.

However, in such hypotheses, the use is made in the interest of the right of the public to be informed, rather than for commercial purposes.

In any event, this exception remains subject to the condition that the use of the person's attribute(s) (generally one's image), is appropriate and proportionate in respect of said event.

Actually, the most efficient defence is often most effective in an attempt to reduce the compensation to be awarded following a finding of unauthorized commercial use.

For this purpose, the defendant can rely on the fact that the person whose image or name was used without their consent did not suffer any consequent harm from the commercial use, for example, because the amount of money they could have earned by authorizing the use would have been very low.

Lastly, the issue of the transmissibility of the personal attributes of a deceased person to the heirs, and, if applicable, of the scope of such a transmission, remains debated.

It is rather admitted that heirs of a deceased person can obtain compensation when the right of publicity of the deceased was breached before the death. Similarly, the rights and obligations provided by assignments or licensing agreements entered into by the deceased persons before their death should be transmissible to their heirs.

However, it is not clear whether heirs can enter into agreements on the use of the personal attributes of a deceased person after the death, or claim damages for the "unauthorized" use of the image of the deceased person after the death. Some Courts have found such claims admissible (Court of Appeal of Paris, 1st Chamber, 10 September 1996) but others ruled to the contrary (Court of Appeal of Paris, Pole 5, 4th chamber, 6 November 2013). The question was recently placed before the French Cour de Cassation, which however dismissed the recourse on other grounds and did not resolve the issue (Cass. Civ 1, No. 14-11458, 4 February 2015).

5. PRODUCT PLACEMENT

Under French law, product placement is governed by provisions of article 14-1 of Law 86-1067 of 30 September 1986 and mainly by the regulatory provisions defined by the public authority in charge of audio-visual matters, the Superior Council of Audio-visual (CSA) in its decisions No. 2010-4 of 16 February 2010 and No. 2012-35 of 14 July 2012.

All product placements must comply with the common rules governing all commercial audio-visual communication as well as satisfy the requirements governing this specific matter:

- only cinematographic works, audio-visual fictions and video clips can host product placement;
- product placement is forbidden for all programs aimed at children;

- product placement is forbidden for beverages with an alcohol level above 1.2 degrees, tobacco, tobacco products and similar substances defined by law (medicines, firearms and ammunitions unless under specific circumstances and infant formulae);
- the products and services of the sponsor of a program cannot be subject to product placement in said program;
- product placement shall not endanger the editorial independence of the media service provider nor directly encourage the purchase of the good or service;
- product placement must be clearly identified as such to avoid all risk of confusion for viewers and for that purpose in particular, a predefined pictogram must appear during the broadcasting in a precise manner specified by law;
- a written contract must be concluded to govern the relationship between the producer, the editor and the advertiser concerning the product placement for all programs produced, co-produced or pre-purchased by the editor.

The CSA ensures that these conditions are complied with and, in the event a violation is identified, has the power to impose sanctions such as the infliction of monetary fines, the withdrawal of the broadcasting authorization or the suspension of the broadcasting of a program or an advertising sequence, even though most proceedings never get past the stage of the letter of formal notice.

If civil jurisdictions have the authority to forbid the broadcasting of a program, such a measure is only contemplated when the circumstances are particularly severe and would certainly be deemed disproportionate if only based on the mere breach of a product placement contract or trade mark infringement.

There are no specific remedies provided in the event a products placement contract is breached, but the injured brand owner is entitled to seek compensation through standard civil proceedings.

6. PROTECTION OF CORPORATE IMAGE AND REPUTATION

A company may defend its image or reputation on the grounds of defamation, unfair competition, and denigration.

Moreover, the 'aura of luxury' of prestigious and luxury trade marks is deemed to play a role in their ability to identify goods and services and to be part of the actual quality of the goods they cover, so that the elements contributing to this 'aura of luxury' can be protected by means of selective distribution agreements.

Therefore, players in the luxury goods industry may resort to the execution of selective distribution agreements requiring that distributors comply with high-end standards for their points of sale and the displaying of the goods so as to protect their reputation.

Such agreements may lawfully include protective provisions such as:

- clauses prohibiting any reselling by operators that do not reach the high quality requirements necessary to preserve the prestige of the luxury

goods, such as discount stores (CJEU, *COPAD/Christian Dior*, 23 April 2009, C-59/08; French Court of Cassation, commercial chamber, 4 October 2011, No. 10/20914, *Chanel*).

- liquidated damages clauses for breach by a party of contractual provisions are permitted, unless the set amount is obviously excessive or derisory, in which case the judge may, even on their own motion, increase or decrease the amount of damages (article 1152 of the *French Civil Code*).

However, in all cases, competition law forbids clauses that would be too restrictive or not legitimate in view of the principle of free competition, such as:

- imposing a minimum resale price to distributors;
- prohibiting the purchase of non-original but otherwise legitimate spare parts or components by the distributor.

Finally, the owner of a trade mark with a reputation may benefit from broader protection since the latter can claim trade mark protection against a third party who might be selling the covered products outside of the agreed network or a licensee breaching the requirements of the selective distribution agreement, if this behaviour is a real impairment to their reputation.

AUTHOR BIOGRAPHIES

Jean-Mathieu Bertho

Jean-Mathieu Bertho is a partner of Jacobacci Avocats and manages its Paris office. He is an experienced IP lawyer and specializes in copyright, registered designs and trade mark enforcement, litigation, customs surveillance and has an extensive practice in competition law. He works alongside his team to provide comprehensive advice, support and litigation skills to clients both locally and internationally. His clients operate in a diverse range of sectors such as (mainly luxury) fashion and design. Jean-Mathieu graduated from the University of Rouen with a post graduate degree in International Law in 1998. He lectured at the University of Rouen in Civil Law from 1998 to 2000, and in Customs Law (customs' role in the enforcement of Intellectual Property) and International Law from 2004 to 2008. He was admitted to the Paris Bar in 2002. He is a member of APRAM.

Olympe Vanner

Olympe specializes in trade marks, copyrights and registered design rights enforcement and litigation. In particular, she assists local and foreign clients with setting up Customs surveillance for their IP rights, as well as for subsequent proceedings and litigation. She also offers expertise in information technology matters, providing comprehensive advice to clients in particular with respect to their e-business and data protection issues. Olympe graduated in law in 2005 from Université Paris 2 – Panthéon-Assas (France) with a Post-graduate Degree in Multimedia Law and Information Technology. She was admitted to the Paris Bar in 2006.

GERMANY

Dr. Wolfgang Kellenter, Dr. Andrea Schlaffge,
Dr. Astrid Harmsen & Dr. Matthias Berberich
Hengeler Mueller

1. TRADE MARK

1.1 Sources of law

The principal sources of law and regulation relating to trade marks are as follows.

National sources. The *German Trade Mark Act (Markengesetz, GTA)* contains the requirements for trade mark protection of a German trade mark, the legal framework for opposition and nullity proceedings and for determining trade mark infringement. Further details, particularly of application procedure and opposition proceedings, are set out in the *German Trade Mark Regulation (Markenverordnung)*.

European Community sources. The following Community Law is particularly relevant:

- Community Trade Mark Regulation 207/2009/EC;
- Trade Mark Directive 95/2008/EC;
- Enforcement Directive 48/2004/EC;
- Customs Enforcement Regulation 608/2013/EC.

International sources. Germany is a party to, in particular, the following major treaties:

- Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) of 15 April 1994;
- Paris Convention for the Protection of Industrial Property of 20 March 1883;
- Madrid Agreement concerning the International Registration of Marks of 14 April 1891;
- Protocol relating to the Madrid Agreement Concerning the International Registration of Marks, adopted at Madrid on 27 June 1989;
- Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957.

Court decisions. German law does not recognise the concept of binding precedents. However, the courts of the lower instances in practice usually follow the decisions of the courts of higher instances, in particular of the Federal Supreme Court (Bundesgerichtshof, BGH).

The European Court of Justice (ECJ) decides on the interpretation of Community law in a binding manner. As the GTA implements to a great extent the Trade Mark Directive the German courts have to comply with the decisions of the ECJ regarding the interpretation of the GTA.

In the event of a conflict, Council Regulations of the European Community have immediate effect in Germany and prevail against any national law. Community Directives need to be implemented into national law. Even if the national implementation act has not yet been passed, the national law has to be interpreted in accordance with the Directive.

International treaties require national implementation acts which must be interpreted in accordance with the underlying treaty. The GTA prevails against the *German Trade Mark Regulation*.

1.2 Substantive law

German law does not distinguish between famous and well-known trade marks and trade marks with a reputation. The *German Trade Mark Act* provides for special provisions regarding the infringement of a trade mark with reputation in section

14(2) no. 3 and with regard to opposition and nullity proceedings in section 9(1) no. 3. The trade mark with reputation enjoys a broader scope of protection as a danger of confusion is no requirement to assume an infringement. The younger sign has to be identical with or similar to the trade mark with reputation in relation to goods or services which are not similar to those for which the trade mark is registered, and the use of the younger sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the reputation of the trade mark.

According to the BGH, sections 9(1) no. 3 and 14(2) no. 3 of the GTA have to be applied accordingly in cases in which the other trade mark or sign is protected or used for goods or services which are similar to the goods or services for which the trade mark with reputation is protected.

The “aura of luxury” of a trade mark created by its owner is a relevant factor to determine whether the use of the younger sign takes unfair advantage of, or is detrimental to, the reputation of the trade mark.

1.3 Enforcement

The *German Trade Mark Act* does not contain a definition of ‘reputation’ of the trade mark. According to the ECJ and the BGH the trade mark has to be known by a ‘significant’ part of the public. The ECJ has so far refrained from defining the meaning of the term ‘significant’ and stated that the trade mark does not have to be known by a given percentage of the public. Hence, account must be taken not only of the degree of awareness of the mark, but also of any other factors relevant to the specific case, in particular the relevant public, the goods and services covered, the market share, the intensity of the trade mark’s use (turnover), the geographic scope, the time and duration of its use, nature and size of promotional activities and the extent to which the mark is exploited through licensing, merchandising and sponsoring. Frequent reports about the trade mark in the media can also be one of the criteria.

The trade mark owner might provide an opinion poll/survey to evidence the reputation of a trade mark. However, this is not a requirement and should not be the only piece of evidence. Other factors to establish the reputation of a trade mark can be evidenced by documents (for example, extracts from commercial documents, overviews of advertising expenditure, advertising material, press articles and so on), or an affidavit, but the trade mark owner has to offer oral testimony by a witness who can confirm the statements contained in the documents and the affidavit.

The owner of an older trade mark can enforce its rights against a domain name provided that the owner of the domain name does not have a right to use such name, in particular a name right. The GTA does not protect a trade mark against a conflicting domain name which is registered but not used in the course of trade.

There is no trade mark infringement if the contested sign is exclusively used as a trade or company name. The use of a trade name might under certain circumstances be considered as infringing use of a trade mark, for example, if the trade name is used on the goods or in the advertisement for goods or services.

The protection of a trade mark against the use of other identical or similar distinctive signs depends on their sort. In most of the cases the use of an

identical or similar sign as title for a work does not constitute trade mark infringement as the title for the work is not used as a designation of the origin.

A trade mark can be enforced against a metatag.

A trade mark can be enforced against its unauthorized use in social media provided that the general requirements to establish an infringement are fulfilled. In particular, the other sign has to be used as a trade mark, in the course of trade and not for private purposes.

A trade mark can be enforced against its use in comparative advertising if the comparison takes unfair advantage of, or impairs, the reputation of a distinguishing mark used by a competitor. "Unfairness" requires more than the naming of the trade mark. Rather, there must be additional unfair circumstances. An impairment of the reputation requires that the trade mark is denigrated. However, if the unauthorized use of a trade mark satisfies the conditions for the lawlessness of comparative advertising the advertisement cannot be prohibited on the basis of trade mark law.

A trade mark with reputation can be enforced against its use in parody provided that the use without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the reputation of the trade mark. The fundamental right of artistic freedom and freedom of opinion of the other party has to be considered. However, it is not allowed to expose the trade mark to ridicule or to denigrate it.

According to traditional court practice, the trade mark law pre-empted the unfair competition law. However, the Directive 29/2005/EC regarding Unfair Commercial Practices led to a change of the traditional German path so that in some cases trade mark law and unfair competition law are both applicable. This in particular applies with regard to a commercial practice vis-à-vis consumers that in connection with the marketing of goods or services, including comparative advertising, creates a risk of confusion with the trade mark or other distinguishing mark of a competitor. Therefore, in some cases it is possible to base a claim on trade mark infringement and unfair competition law in the same proceedings.

2. COPYRIGHT

2.1 Sources of law

The principle source of copyright law in national German law is the *German Copyright Code (Urheberrechtsgesetz, CC)*, accompanied by more specific acts such as the *Publishing Act (Verlagsgesetz, dealing with publisher's licenses)* and the *Collective Licensing Act (Wahrnehmungsgesetz; laying down the regulatory framework for collecting societies)*.

Several EU Directives cover various fields of copyright law, among them:

- Information Society Directive 29/2001/EC, harmonising a great part of substantive copyright law;
- Enforcement Directive 48/2004/EC;
- other Directives for more specific subject matter, such as computer programs, databases, cable retransmission, performers' rights, broadcasters' rights, and so on.

The most significant international treaties are:

- Berne Convention for the Protection of Literary and Artistic Works of 9 September 1886;
- WIPO Copyright Treaty of 20 December 1996;
- TRIPS agreement of 15 April 1994.

EU and national law must in general be construed in line with these treaties, although they have no direct effect.

As set out in 1.1, there is no strict concept of binding precedents, and courts' interpretation of the CC usually follows the EU Directives.

The priority of law for copyright follows a similar order as set out for trade marks: National law must be interpreted in the light of EU Directives, which need to be implemented into national law.

2.2 Substantive law

The CC sets out an open list of protected works. Copyrightable subject matter includes every "personal intellectual creation". This requires certain originality ("*Schöpfungshöhe*"). Such protected works include, for example, literary works (including speeches and computer programs), musical works, choreographic works, architectural works, works of fine arts, architecture, applied arts, photographic works, cinematographic works, scientific and technical works (including drawings, plans or maps).

The CC also confers related rights upon, for example, photographers, performing artists, phonogram, broadcast, database and film producers, and (just recently) publishers of press products. The exclusive rights granted for that subject matter are narrower than for copyright and exhaustive.

Objects of industrial design/applied arts are, in principle, copyrightable. While courts have previously set out a higher threshold for protection, under the new BGH approach such works follow similar rules as other copyrightable works. Their design must reach originality to consider them, in the view of circles of the public concerned with art, as "artistic". However, to the extent that a design is required by a technical or other function, it cannot confer originality. A low level of originality will normally result in a narrower scope of protection.

Copyright grants the author an exclusive right over all forms of the work's exploitation, including reproduction, dissemination, public performance, making publicly available, broadcasting, and new forms not yet mentioned in the CC. Exploitation rights for related rights are exhaustively listed.

The CC also recognises moral rights, explicitly setting out the right to first publication, author's recognition and his work's integrity.

Only natural persons can be copyright holders. Copyright as such cannot be assigned but only transferred *mortis causa*. Any 'transfer' of copyright amounts to a full exclusive license. Legal entities therefore have to take licenses over all use rights, which always leads to a licence chain back to the author.

Copyrights in employees' works are commonly understood to be fully licensed to their employer by virtue of their employment contract and under statutory interpretation rules, unless the nature of the employment relationship indicates otherwise. For computer programs the CC explicitly sets out that the employer

is exclusively entitled to exercise all commercial exploitation rights, unless agreed otherwise. However, there are no such general rules for consultants, freelancers, shareholders, directors or suppliers so a legal entity needs licensing clauses for safe exploitation. Courts are willing to read implied licenses into contracts whose clear purpose was the commercial exploitation of works. In case of uncertainty, however, such license will be construed narrowly and only to the extent necessary for the purpose of the contract. Therefore, a licensing contract should explicitly set out the scope of licenses and forms of use.

The CC does not set out special requirements for copyright licenses to be valid. Written form is only required for licences in unspecified future works and over currently unknown forms of use.

Moral rights cannot be transferred, but waived to some reasonable extent, although uncertainty remains to what extent this can be done. It is acknowledged that the author's naming right cannot prevail where the exploitation (for example, on the radio) would preclude the recognition of authors. The right to prevent distortion of works can also be waived to allow certain forms of use.

Copyright protection lasts 70 years until the (last) author's death.

2.3 Enforcement

Copyright is valid and fully enforceable without registration. The CC offers an official register only for anonymous or pseudonymous works (which will affect their term of protection), and for works that are out of print (which may facilitate their licensing by collecting societies). Individual enforcement of copyright does not depend on any registration. Neither is a copyright deposit or copyright notice required. Such a notice, however, affixed on the work may lead to a presumption of authorship that the infringing party has to rebut.

The enforcing party must establish and prove all requirements of copyright, including originality and entitlement as author or licensee. It is usual to introduce a work in the proceedings, for example, a picture or sample so that the court can form an opinion on whether its elements confer sufficient originality. In principle, all forms of evidence are permissible (see 1.3 above), but rather rarely used where courts themselves can assess originality (as a matter of law) on the basis of their own perception of the work's appearance (as a matter of fact). Where original elements cannot be ascertained by the court (for example, computer programs) or where originality is excluded by certain technical functions (for example, industrial design and applied art) or where only specific elements confer originality (for example, partial copying), the claimant must specifically establish where originality lies, which is usually done by expert evidence.

To show copyright infringement, the claimant must establish and prove that at least original parts of the work have been copied, performed, broadcasted, made available and so on. If the infringing work was not actually copied but merely shows substantial similarity, the copied elements must be the ones that convey originality.

Copyright can generally be enforced against all infringing uses of the works, regardless of whether they may be protected by other IP rights. It is possible that an author could enforce his copyright against a third party who has registered the work as a trade mark. However, given that short word combinations like

typical word marks, domain names, trade names and pseudonyms are seldom copyrightable there is often no infringement in such cases.

Social media deserves no special treatment. If a work is made available over the internet and no limitation (for example, citation) applies, the uploading user can – in theory – be held liable as infringer. A secondary liability arises for the platform operator. Details will depend on the type of platform provider and are intensively litigated. As a rough guidance, a mere host provider enjoys safe-harbour rules until he has received actual knowledge of the infringement, mostly by a notice-and-take down-letter. The regime for content providers is stricter. A host provider may, however, lose his privilege if he “appropriates” the content (for example, by presenting user’s content as his own and assuming control over it, for example, by a license for full economic exploitation). The scope of duties to end the current infringement and prevent further infringements (for example, filtering) is also litigated.

Generally, copyright can also be enforced against the unauthorized use of works in comparative advertising. However, there may be some arguments (but no settled case law) that copyright cannot be used to prevent permissible comparative advertising if the use of a copyrighted work is required for that purpose.

Without parody as a specific limitation, courts – taking into account the freedom of expression – tend to accept parody as free use of a work which does not copy sufficient original elements, if the new work keeps an “inner distance” to the previous work so that the latter’s original elements “fade away”. That may be the case if the work is used in an “antithetic context” and the public acknowledges its character as parody.

The alleged infringer may rely on a broad scope of defences. While the CC does not acknowledge a general “fair use” or “fair dealing” defence, it sets out an exhaustive list of copyright specific defences including – to mention the most significant – ephemeral reproductions in online transmissions, use in legal proceedings and by authorities, use in churches, schools and education, public speeches, news reports, citations, some library, private copying, reproduction of works located in public places.

Only exceptionally, a valid copyright is unenforceable. Such cases may include, for example, abuse of dominant market power, misconduct of the copyright holder or, as a recently discussed case in the context of the internet, *venire contra factum proprium* (see BGH GRUR 2010, 628 *Vorschaubilder*: uploading images to the internet as implied consent to their use as thumbnails in search engines unless technically prevented).

Claims from copyright infringement are in general time-barred. Claims must be enforced within three years, such term beginning at the end of the year where the claim came into existence and the rightholder became or should have become (without gross negligence) aware of the infringement.

It is possible to bring proceedings under various IP rights, which will require presenting a set of facts that meet the respective requirements for infringement. A mere copyright infringement will not necessarily (but may) be unfair competition under additional circumstances (for example, consumer confusion, abuse of reputation, or appropriation of trade secrets).

3. DESIGN

3.1 Sources of law

The principal sources of law and regulation relating to designs are as follows.

National sources. The *German Design Act (Designgesetz)* governs the requirements for the protection of German designs, their scope and for determining design infringement. The *German Design Regulation (Designverordnung)* governs details of the proceedings before the German Patent and Trade Mark Office (DPMA), for example, concerning design applications and cancellation actions.

European Community sources. The following community law is particularly relevant:

- Design Directive 98/71/EC;
- Community Design Regulation 6/2002/EC.

International sources. The most important international treaties are the following:

- Hague Agreement of 6 November 1925;
- Common regulations under the 1999 Act, the 1960 Act and the 1934 Act of the Hague Agreement;
- TRIPS.

The order of priority of the relevant sources is independent of the respective IP right. For details please refer to 1.1.

3.2 Substantive law

A design is a two-dimensional or three-dimensional appearance of the whole or a part of a product resulting from the features of, in particular, the lines, contours, colours, shape, texture or materials of the product itself and/or its ornamentation (section 1(1) *Design Act*). Section 3 of the *Design Act* sets out exclusions from the design protection, for example, designs cannot be protected with respect to features of appearance of a product that are dictated solely by the product's technical function.

Protection for designs can be obtained with regard to industrial or handcrafted products, including packaging, features, graphical symbols and typographical characters as well as with regard to single parts which may be assembled to a complex product. Protection further requires that the design is new and has individual character. The *Design Act* only recognizes registered designs.

In order to obtain a valid registered design right, the owner has to file a formal application with the DPMA containing certain minimal information and representations of the design. Applicants for designs can be private persons or legal entities.

The review of the DPMA is limited to the fulfilment of the formal requirements and does not comprise the material requirements for design protection, that is, whether the design is new and has individual character.

The right to the design belongs to the designer or his successor in title. As exception to this rule, section 7(2) of the *Design Act* provides that if a design is developed by an employee in the execution of his duties or following instructions given by the employer, the right to the design will be owned by the employer.

If the designer is a consultant, shareholder, director or supplier the design belongs to the respective designer. However, the designer can freely assign the

design rights to a new owner. The assignment of design rights or grant of a license to the principal can also be included in a contract for works and services.

The assignment of designs does not require a particular form. The registration of the transfer of title in the design register of the DPMA is not constitutive but only of declaratory nature.

In case of an assignment agreement with employees it would be prudent to stipulate that all design rights shall be assigned to the employer at the time of their creation. The assignment agreement should provide that the parties will make any declarations necessary in order to effect the registration of the transfer of the design in the design register. The designer can freely assign the design rights.

A registered German design can be protected for a total maximum term of 25 years from the date of filing. In order to extend the protection to the full term, it is necessary to renew the registered design by paying a renewal fee every 5 years. The *German Design Act* only protects registered designs.

3.3 Enforcement

Assessing whether there is an infringement is dependent on the overall impression created on the informed user by the registered design on the one hand and the attacked design on the other hand. There is a design infringement if the attacked design does not produce another overall impression on the informed user than the registered design so that a substantial similarity is sufficient to establish infringement. The degree of design freedom of the designer in the development of his design is taken into consideration in assessing the scope of protection. It is irrelevant whether the third party using the design without permission has knowledge of the registered design.

A design can be enforced against a trade mark if the general requirements to assume a design right infringement are fulfilled. In this case, the design owner can claim the cancellation of the trade mark pursuant to the provisions of the GTA if the registered design has a better priority than the registered trade mark.

A registered design can be enforced against another younger registered design.

A claim against a patent would only be possible in case the patented invention is protectable as design. The patented invention would be excluded from design protection if the appearance of the product is solely dictated by the product's technical function. If the design protection is possible, the registered design can be enforced against a younger patent.

The enforcement of a registered design against domain names, trade names or similar IP rights is not possible as the use of those rights do not constitute an infringing use as design.

A design can be enforced against its unauthorized use in social media. However, a design owner cannot assert claims with respect to non-commercial acts or which are reproductions for the purposes of citation or teaching.

A design can be enforced against its use in comparative advertising. In particular, the two-dimensional depiction of a design in advertising, for example, in a catalogue, might be considered as an infringing act. However, if comparative advertising fulfills the requirements to be considered as permissible there are strong arguments that the advertisement cannot be forbidden on the basis of design law.

A design can be enforced against its unauthorized use in parody. However, the fundamental rights of artistic freedom and freedom of opinion of the other party have to be considered, so that the use of the design in parody might be permissible.

An alleged infringer may raise the defence that there is no infringement due to a deviating overall impression of the registered and the attacked design.

He may raise the defence of invalidity of the design by either applying for a declaration of invalidity before the DPMA or – in case of a pending infringement claim – by filing a counter-claim challenging the validity of the design.

The alleged infringer may also bring forward a so-called “repair clause” (section 73 *Design Act*). Design rights may not be asserted in connection with acts that relate to the use of a component for the repair of a complex product with a view to recreating its original appearance. This repair clause only relates to so-called must match parts whereas so-called must fit parts are excluded from design protection anyway. Must fit parts are products which must necessarily be reproduced in the exact form and dimensions, and need not to be adjusted with regard to its design.

Apart from this distinction between certain spare parts, the *Design Act* provides that a design right cannot be enforced in respect to the importation of spare parts and accessories for repairs and for the carrying out of repairs to ships and aircrafts.

A valid registered design can be deemed unenforceable if the statutory limitation period of 3 years has passed or if there is an exhaustion or forfeiture of design rights following the long-time inactivity of the design holder in knowledge of the infringement.

The *Design Act* provides that claims based on other statutory provisions remain unaffected. Therefore, it is possible that a claim is based on design infringement and copyright infringement and/or unfair competition law in the same proceedings.

4. RIGHT OF PUBLICITY

4.1 Sources of law

German law recognizes certain individual's rights such as the right to one's name, the right to one's image, the moral right as well as the protection of honour. In addition, the general right of personality is (under certain conditions and following a weighing of interests of others) protected; in particular against commercial use.

The following sources of law are particularly relevant:

- Section 12 *German Civil Code* – BGB (right to one's name);
- Section 12 – 14 CC (moral rights);
- Section 22 et seq. *Copyright for Works of Art Act* – *KunstUrhG* (right to one's image);
- Section 185 et seq. *Criminal Code* – StGB (protection of honor);
- Section 823 BGB (general right of personality).

4.2 Substantive law

Each living human owns a right of publicity. When considering whether the right of publicity survives the death of the individual it has to be distinguished between infringements of non-commercial and commercially exploitable

elements of publicity rights. The non-commercial elements are not transmissible *mortis causa*. However, the deceased remains protected against infringements of their human dignity and serious infringements of their honour or distortion of their image. The relatives of the deceased (and not the heirs) are entitled to claim for injunctive relief and revocation. Claims for damage compensation are excluded. A special provision with regard to the right to one's image is contained in section 22 s. 4 *KunstUrhG* which grants the relatives the right to consent to the usage of the image of the deceased for a period of ten years.

The commercially exploitable elements of publicity rights, for example, the unauthorized use of the deceased's name or image for commercial purposes, are transmissible *mortis causa* to the heirs. The claims of the heirs also comprise claims for damage compensation. According to the BGH the commercially exploitable elements of publicity rights are protected for a period of 10 years following the death.

The assignment of the right of publicity in whole is not possible under German law as it contains personality rights which are inseparable from the individual. However, as German courts acknowledge that the commercially exploitable elements of publicity rights can be inherited, it is intensely discussed whether this leads to the conclusion that the commercially exploitable elements of the right of publicity can be assigned to third parties. In an older decision of 1993 the BGH decided that an individual cannot assign their name to a third party. Until now, the BGH has not decided on the question whether the right to one's image, or any other commercially exploitable elements of the right of publicity, can be assigned.

The non-commercial elements of the right of publicity cannot be licensed whereas a license of the commercially exploitable elements is possible. German law does not provide an explicit provision regarding the licensing. It is undisputed that an individual can grant non-exclusive licenses to use the commercially exploitable elements of their name or image, in particular for advertising purposes. However, it is still under discussion whether the grant of an exclusive license is possible. Predominantly, an exclusive license of the name is considered not to be possible, but there is a strong body of opinion favouring exclusive licenses of the commercially exploitable elements of the image and the name.

Any license agreements of certain elements of the right of publicity shall not unduly restrict the personality. Furthermore, the scope of the license must be sufficiently determined or at least determinable, in particular with regard to the licensed object (for example, the individual's name or image). A license agreement regarding the name right is invalid if the license grant misleads and disappoints the public which associates a certain quality with the name.

The license agreement should be in written form and concretely define the scope of the merchandising or other exploitation of the right of publicity, in particular with regard to the business, the merchandising products, the territory and the duration of the license. The licensee should be obliged to provide the licensor with samples of the merchandising products for review and consent before series production and for quality control.

Withdrawal of the licensor's consent is possible for serious cause, for example, in case of the change of the inner attitude so that the licensor cannot be reasonably expected to be further bound to its consent. All circumstances relevant for the case have to be considered.

If not otherwise stipulated in the license agreement it does not automatically terminate with the death of the licensor and binds the successors.

As described above, only the commercially exploitable elements of the right of publicity are heritable and can be licensed to a third party. However, the heirs are bound by the restrictions resulting from the non-commercial elements and have to respect the dignity of the deceased safeguarded by the deceased's relatives.

According to the BGH the commercially exploitable elements of the right of publicity are protected for a period of ten years after the death. The term of protection of the non-commercial aspects can be longer and depends on the reputation of the deceased.

4.3 ENFORCEMENT

Only the individual has the right to sue, but an authorization to the licensee is possible. With regard to the non-commercial elements an authorization of third parties to sue is not possible.

The right of publicity is protected against commercial and non-commercial use. Regularly, an infringement can only be assumed following a weighing of the various interests concerned, for example, the freedom of opinion or the press or the artistic freedom of the infringer or the general interest of the public to receive information. The scope of protection is broader in cases of sole commercial use by a third party so that it is not allowed to use the individual's name or image in the advertisement without prior consent.

The right of publicity of each individual is protected independently of its commercial value, so that each individual has a claim for injunctive relief and removal, including a claim for revocation, against the infringer. In case of severe infringements of the non-commercial elements of the rights of publicity (like infringements of a person's honour or dignity) the courts have imposed a pecuniary compensation.

In case of a claim for damage compensation or unjust enrichment based on the infringement of the commercially exploitable elements (for example, the unauthorized use of a person's image), the concrete amount of damage compensation depends on the commercial value of the infringed right, so that celebrities can claim higher amounts than ordinary people.

The commercial value can be evidenced by documents (for example, press articles about the person, merchandising or license contracts with third parties), and supported by oral testimony. Expert evidence is also possible. An affidavit is possible but can only replace a witness hearing in preliminary injunction proceedings and should be supported by documents.

The defences depend on the infringed right of publicity. In case of the infringement of the right to one's image, the special provisions of section 22 et seq. *KunstUrhG* apply. The infringer might raise the defence that the person has

(impliedly) consented to the publishing of the picture. The defendant can argue that one of the exceptional cases listed in sections 23 or 24 *KunstUrhG* applies, in particular that the picture relates to contemporary history.

In case of the infringement of an individual's name the defendant might deny the infringement arguing that he has the older rights or that the name used by the defendant is not similar to the individual's name. Furthermore, each person has the right to use their own name. However, a fair balance of the interests has to be created so that the owner of the rights to the younger name might be obliged to add distinctive elements when using the name in business.

In case of an encroachment on the general right of personality a balance of interests and all circumstances relevant to the case has to be undertaken in order to assume whether the encroachment is unlawful. Therefore, the defendant might raise the defence that the encroachment was not intense and/or that the freedom of opinion, the press, the science, the research or teaching or the artistic freedom prevail the protection of the general right of personality.

5. PRODUCT PLACEMENT

The legal framework for product placement is not entirely consistent, ranging from detailed sector-specific rules (especially for radio and TV broadcasts) to press publishing principles to general unfair competition law. While German courts have considered product placement as an illegal practice for a long time, the general approach has changed with the European Audiovisual Media Services Directive (AVMSD). Although the AVMSD only deals with audio visual media, its liberalising approach on product placement may arguably influence other media as well.

For **all media**, German law requires a strict distinction between editorial content and advertising. Under some press laws, the newspapers must mark advertising as such. In the area of public electronic information and communication services, the *Telemedia Act* also requires advertising to be clearly separated from the rest of the service. Regardless of the form of media concerned, German unfair competition law (in line with Annex I no 11 of the EU Unfair Commercial Practices Directive) follows the same approach: using editorial content in the media to promote a product is unlawful where a trader has paid for the promotion without making that clear. This will in general preclude any form of product placement that gives consumers the false impression that they are seeing independent editorial content, such as producer-financed positive product "reports".

Further requirements of permissible product placement vary with the specific circumstances and type of media concerned:

A special set of detailed rules exists for **broadcasting**. Implementing the AVMSD and applicable to programs produced after 19 December 2009, the German Interstate Broadcasting Treaty (IBT) distinguishes between product placement (which must be marked as such) and surreptitious advertising (which is not marked and may confuse customers about the advertising nature). The non-advertising use of products for a real depiction of life without consideration and undue prominent placement is, in general, admissible.

The legal framework for product placement in broadcasts distinguishes between public and private broadcasters and whether there is consideration or not:

- For **private** broadcasters, identified product placement for **consideration** (that is, additional payment or high-priced goods) is permissible only in some specific broadcasting formats comprising, for example, films and series, sports and light entertainment, but not children's, consumer and other information programs.
- For **public** broadcasters, product placement for **consideration** is ruled out for programs produced by the broadcaster itself or affiliates, but only allowed in broadcasted third party productions (for example, cinema movies).
- **Without consideration** (that is, low-priced goods or services are provided without paying an extra amount, for example, prizes in quiz shows) the threshold is lower for both public and private broadcasters. Product placement is forbidden only in some programs such as news, current affairs, consumer advice, children's or religious programs.
- In **all cases**, the editorial responsibility and independence must be safeguarded, the product placement must not directly encourage a purchase and the product must not be unduly prominently placed, that is, the advertising purpose shall not dominate the broadcast. Most importantly, clear information on the placement must be given. For programmes produced by the broadcaster itself or affiliates, this is usually done by showing a "P" in the screen corner with a further explanatory note at the beginning, at the end and after advertising breaks of a programme. In case of third party productions, such information must only be given where product placement can be ascertained with reasonable efforts.

Product placement in other media, for example, cinema, follows the general rules and must not conceal the advertising nature of commercial practices. Given that the general public arguably expects cinema movies to be less objective and is aware of common product placement practices, the requirements might be considered as less stringent than under the IBT. Problematic cases still involve prominent or massive placements, which may be to some extent dealt with by adequate information nowadays.

Product placement for some goods in audio visual media, among them tobacco and medicinal products under prescription, is prohibited.

As opposed to early case law, which considered product placement contracts illegal in some cases, nowadays a contract for lawful product placement is valid and enforceable. If the placing party fails to perform or performs poorly, the brand/product owner can in general claim specific performance or damages. He may also terminate or withdraw from such a contract in case of breach, which in general requires setting a cure period that may be dispensable for serious breaches. No case law exists on whether the brand owner can prohibit the use of the brand in that case. If the placing party places a product in its programme without a specific contract, such placing might be prohibited if such use harms the product, infringes IP or causes other detriments.

6. PROTECTION OF CORPORATE IMAGE AND REPUTATION

According to consistent German court practice, the rights of publicity and privacy extend to legal entities and civil law corporations but not to public law corporations.

The civil law corporation does not have to fulfil certain conditions to enjoy the right of publicity and privacy, but it is only protected in its function as business enterprise or employer against direct infringements, for example, against untrue statements with regard to the quality of its products or defamatory statements made by third parties which directly address the corporation. German law does not recognize a claim for pecuniary compensation of the corporation in cases of infringement of the non-commercial elements of its right of privacy/publicity.

It is generally possible to include specific clauses in agreements aimed at protecting the corporate image and reputation of the parties. However, such agreements have to comply with antitrust law and in particular should not run contrary to the ban on restrictive agreements under article 101(1) TFEU. Certain clauses might be block exempted under the Commission Regulation (EU) No. 330/2010 of April 2010 regarding vertical agreements. The European Commission provides additional guidance in the Guidelines on Vertical Restraints.

In order to protect the corporate reputation during product distribution, producers would usually establish a system where the supplier undertakes to sell the contract goods only to qualified distributors selected on the basis of specified criteria and where these distributors undertake not to sell such goods or services to unauthorised distributors (in effect, a selective distribution

AUTHOR BIOGRAPHIES

Dr. Wolfgang Kellenter

Wolfgang Kellenter is a partner in Hengeler Mueller's Düsseldorf office and co-head of the IP Group. He has more than 25 years' experience in all areas of IP law, including trade mark, design and unfair competition law. Wolfgang Kellenter is, inter alia, specialised in trade mark infringement litigation and licence agreements. In IP matters, he has been working for leading global companies in the fashion and luxury goods, footwear, food and beverage and automotive sectors. Wolfgang Kellenter is author of various publications on intellectual property law and lecturer for intellectual property and Internet law at the Düsseldorf Law School and Heinrich Heine University of Düsseldorf.

Dr. Andrea Schlaffge

Andrea Schlaffge is a counsel in Hengeler Mueller's Düsseldorf office and part of Hengeler Mueller's IP Group. She has considerable experience in the field of trade mark, design and unfair competition law, in particular anti-counterfeiting and preliminary injunction proceedings. She has a broad experience in strategic trade mark advice as well. Andrea Schlaffge has been advising and representing companies from various industries, in particular the fashion and luxury goods, travel, food and beverages as well as the automotive and sanitary sectors. Andrea Schlaffge is author of various publications on intellectual property law.

system). Within a selective distribution system conforming to these basic criteria, certain restrictions are allowed that are otherwise considered problematic under EU competition law.

In a selective distribution system, the resellers must be prohibited from selling products to other resellers that are not part of the system. However, they cannot be prevented from cross-supplying other resellers within the system.

Even in selective distribution systems, it is strictly impermissible to prohibit a commercial customer from reselling products below a certain fixed price. Producers may, however, recommend sales prices but shall refrain from enforcing these prices through any kind of pressure or incentive.

A prohibition to buy non-original spare parts would have to be assessed in accordance with the specific circumstances of the case. If such a clause is implemented by a producer with market power or if the clause amounts to a covenant not to compete or to a boycott of a specific producer, it may have anticompetitive effects and may, therefore, be illegal or require safeguarding duration limits.

Generally, the permissible types of clauses protecting the reputation or corporate image of the other party may also be supported by stipulated penalties or liquidated damages. However, such clauses are usually embedded in agreements that are considered to be general terms and conditions and, in this case, shall not be disproportionate. Therefore, they should be precise with respect to the triggering events, should not be triggered by breaches of minor provisions and should not be excessive with respect to the amount of fines or damages.

Dr. Astrid Harmsen

Astrid Harmsen is counsel in Hengeler Mueller's Düsseldorf office and part of Hengeler Mueller's IP group. She is, in particular, specialised in trade mark infringement litigation and unfair competition law and dealt with numerous cases relating to the internet. She has also considerable experience with regard to license agreements, strategic trade mark law advice, and border seizure measures.

She has been advising and representing companies from various industries including the luxury goods, food and beverages, steel and sanitary sectors.

Astrid Harmsen is author of various publications on intellectual property law.

Dr. Matthias Berberich

Matthias Berberich is senior associate in Hengeler Mueller's Berlin office and part of Hengeler Mueller's IP/TMT group. He is specialised, inter alia, in IP litigation with a focus on copyright, licensing, e-commerce, and media / internet regulation.

He has been advising and representing companies and associations from various industry sectors, including media, IT, telecom, internet platforms, publishing, and events. Matthias Berberich is author of various publications on intellectual property law and visiting lecturer for intellectual property and e-commerce law at the Humboldt University Berlin and the University Wrocław (DPRS).



HUNGARY

Dr. Katalin Szamosi
SBGK Attorneys at Law

1. TRADE MARK

1.1 Sources of law

The main source of law relating to trade marks is *Act XI of 1997 on the protection of trade marks and geographical indications (Trade Mark Act)*.

Hungary is a member of the European Union and therefore certain EU Regulations and Directives influence the governing laws on trade marks, such as:

- Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (CTMR);
- Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (TMD); and
- Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights (Enforcement Directive).

Hungary is also member of several international conventions relating to trade marks. The Paris Convention for the Protection of Industrial Property and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) are the most important. Other important conventions are the Madrid Agreement Concerning the International Registration of Marks and the Trade Mark Law Treaty which was adopted at Geneva in 1994.

When a conflict arises between the sources of law, the first thing to determine is whether there is a EU Regulation or Directive. If a Hungarian act or statute conflicts with a regulation of the Council of the European Union or the European Commission, the regulation prevails. The order of priority is: sources of primary and secondary laws of the European Union, Hungarian acts and statutes.

1.2 Substantive law

The trade mark proprietor has the exclusive right to use the trade mark in connection with the goods and services for which it is registered either directly or through third parties by way of a licence. The proprietor has the right to prevent third parties from using an identical or similar mark in relation to identical or similar goods or services without permission. Registered trade marks with a reputation have a wider protection; they are also protected in relation to the use of an identical or similar later mark on dissimilar goods and services if such use is without due cause and would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark. Unregistered trade marks with reputation are protected by the *Trade Mark Act* and can be relied upon as a ground for opposition. In addition, pursuant to Article 6 of *Act LVII of 1996 on the prohibition of unfair and restrictive market practices (Competition Act)* they can be used as grounds for a passing off action.

In Hungary the trade marks belonging to the luxury industry do not enjoy broader protection than other trade marks and they cannot be enforced in a different way either.

1.3 Enforcement

The trade mark proprietor has the right to prevent others from using, without his consent, any sign that is identical with, or confusingly similar to, the trade mark or without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.

A trade mark has a reputation if it is well-known among Hungarian consumers (in the case of national trade mark) or within a substantial part of a Community (in the case of Community trade mark). Reputation may be proved by various means of evidence such as:

- invoices proving sales or marketing expenditure;
- online and offline promotional materials;
- consumer survey and expert evidence analysing such surveys.

Oral testimony or affidavit are not enough to prove the extent of use the trade mark, however they may be used to supplement other means of evidence.

There is no certain threshold of reputation in percentage or territory that must be reached by the trade mark, all relevant facts and circumstances are taken into account by the competent authorities, such as:

- market share of the products/services bearing the trade mark;
- the extent, territory and time of use; and
- the costs incurred in advertising the mark to the public.

The trade mark proprietor may also prevent others from using a sign that is identical or similar to the mark as a domain name if such use is in the course of trade. The registration of a domain name in itself does not amount to use in the course of trade, but, if the registrant is a company, then it is assumed that the company will use the domain name in the course of business.

Unauthorised use by a third party of a company name, trade name or shop name which is identical or similar to an earlier mark in connection with the marketing of goods which are identical or similar to those in relation to which that mark was registered constitutes use which the proprietor of that mark is entitled to prevent, where the use is in relation to goods in such a way as to affect or be liable to affect the functions of the mark.

Without the express prior consent of the competitor, goods of a fungible nature (hereinafter referred to as “goods”) or services may not be produced, placed on the market or advertised with such distinctive appearance, packaging or marking (including the indication of origin). Furthermore, any such name, marking or indication of goods may not be used by which the competitor or its goods and/or services are normally recognized. This means that distinctive signs which are unregistered trade marks are afforded protection under Article 6 of *Competition Act*, however a registered trade mark with earlier priority than the date when the sign became distinctive can be enforced against such sign.

A trade mark can also be enforced against its use as a metatag. The use of the metatag in the source-code or link of a website is an infringement, because the customers are able to perceive the trade mark, and the customers can reach the website if they search for the trade mark on the internet.

A trade mark can also be enforced against its unauthorized use in social media, if the use is made within economic activity.

A trade mark can be enforced against its use in comparative advertising if the comparative advertising is detrimental to the reputation of the trade mark, or is likely to cause confusion between the compared products or trade marks, or the advertising leads to unfair profit. It may, however, be indispensable, in order to make comparative advertising effective, to identify the goods or services of a competitor, making reference to a trade mark or trade name of which the latter is the proprietor. Such use does not infringe the trade mark if it complies with the conditions laid down by Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 concerning misleading and comparative advertising. Namely if the use of the third party's trade mark is made solely to distinguish between the compared products or services and thus to highlight differences objectively.

Trade mark rights cannot be enforced to restrict free speech or parody as long as they are not used in economic activity: Article XI of the *Fundamental Law of Hungary* protects free speech.

A trade mark owner may take actions claiming both trade mark infringement and unfair competition for the same set of facts. For example, if the infringer copies the product's packaging or appearance, the trade mark proprietor may initiate trade mark and unfair competition proceedings in parallel and separate proceedings before the competent court where the infringer is domiciled. It means that the Metropolitan Court has exclusive jurisdiction over trade mark infringement actions, while over the unfair competition claim the General Courts have jurisdiction, depending on the domicile of the alleged infringer.

2. COPYRIGHT

2.1 Sources of law

The principal source of law is the *Act LXXVI. of 1997 on Copyright (Copyright Act)* and there are also several ministerial statutes. As a member of the European Union, the resolutions of the Council of the European Union and the European Commission, further the directives also have influence on the Hungarian laws. Hungary is also member of international conventions related to copyright, for example the Universal Copyright Convention, the WIPO Copyright Treaty, or the Berne Convention for the Protection of Literary and Artistic Works.

2.2 Substantive law

In Hungary, artistic works, literary works, and academic works are copyrightable. The *Copyright Act* contains an open list of copyrightable works that includes, for example, public speeches and computer programs.

Objects of industrial designs are expressly listed in the *Copyright Act* and are protected if they fulfil the same criteria of originality as other copyrightable works.

Copyright protection bestows on the owner both moral rights as well as economic rights. Moral rights include the right to be identified as the author, and the right of integrity of the work.

A legal entity can acquire rights in the works created by its employees. Employees works created by state officials may be acquired by the state. The employer will be entitled to the work if the employee's job is to create copyrightable work. The employer acquires the rights over the work when the employee hands the work over to the employer. The employee can restrict the employer's acquisition of the work by written contract. The employee has a right to an appropriate remuneration. Authors are entitled to appropriate remuneration if the employer authorizes a third person to use the work or assigns the economic rights in connection with the work to a third person. Authors are entitled to receive the remuneration that they are due after the assignment of use rights pursuant to *Copyright Act*, even in the event of the employer acquisition of the right. These provisions shall not apply to software and databases.

The authors' rights over the work are also limited. The employer has the right to publish the copyrightable work after the employee has handed it over. Before the hand-over, the employee has the right to publish the work. The right to be identified or right of paternity cannot be transferred to, and must be respected by, the employer. The employer has the unlimited right to change the work, but must exercise its right in good faith. If an employee creates a copyrightable work and doing so does not fall within the scope of his/her employment duties, the employer is not entitled to the assignment of the copyright in the work.

In the Hungarian system the assignment of copyright is prohibited unless allowed by law (for example in the case of database or software). License and assignment agreements must be in writing and must identify the parties, the author and the user, the work, the compensation for the author and the scope of the grant. The agreement must also define the measure of the utilization, which means the duration and the territory of the use, further the range of uses which are in particular the reproduction of a work, distribution of a work, public performance, presentation to the public by broadcast or some other manner, retransmitting broadcast works to the public through an organization other than the original, adaptation and exhibition.

If the employee creates a copyrightable work, and he hands it over to the employer, the employer acquires the rights over the work (if it is the employee's duty to create a work according to the employee's field of activity). Therefore, it is important to define the employee's field of activity in the labour contract. The employer and the employee can draft a contract in which they can limit the employer's right to acquire the copyright. In this case, it is prudent to define which right the employer and which right the employee can exercise. If creating a copyrightable work is not the employee's duty, the employer does not acquire any right with the hand-over. In this case, the parties can agree to enter into a license contract according to the general rules.

The author cannot transfer his or her moral rights, but the licensee shall be entitled to take action in defence of an author's specific moral rights if the author has given his/her express consent to such in the license agreement. The author cannot waive his or her moral right either.

The term of copyright protection is 70 years post mortem of the author. The 70-year period starts to run from the first day of the year following the author's death. In the case of joint-works, the 70-year period starts the first day of the next year after the last surviving author dies. If the author of the work cannot be determined, the protection time also lasts 70 years, but it starts to run from the first day of the year following the first publication of the work. However, if the identity of the author is subsequently established the protection time is counted according to the general rules. If the work was published in separate parts, the year of publication must be counted separately for each portion. When a work was created by joint-authors the time of protection also lasts 70 years and it starts to run from the first day of the year following the first publication. The term of protection in case of cinematographic works starts to run from the first day of the year following the last author's death. In the case of cinematographic works, the director, the screenwriter, the author of the dialog, and the author of the soundtrack, if the music was expressly composed for the film, are considered authors.

2.3 Enforcement

In Hungary no registration is necessary for a work to enjoy protection under copyright law. The protection starts with the creation of the work. There is no need for any registration, deposit or notice to enforce the copyright. However registration of work at the Hungarian Intellectual Property Office is beneficial, since, in case of litigation, it can prove the ownership in favour of the registrant.

Industrial designs are protected by copyright like any other work and do not need to satisfy specific aesthetic requirement, although they cannot be purely functional and the owner must establish that the work is of personal intellectual creation. In most cases, the judge cannot decide whether the work is original, therefore, the Council of Hungarian Copyright Experts is called to determine originality.

Copyright infringement is assessed by Hungarian courts based on substantial similarity. One-to-one copying is not necessary. If the judge cannot decide on substantial similarity, for example in case of copyright infringement in relation to software, he will ask the Council of Hungarian Copyright Experts to provide expert opinion on substantial similarity.

Copyright may be enforced against other intellectual property rights if the subject matter of the other right is substantially similar or the same as the protected work. Obtaining a registration for an industrial property right does not exclude the infringement of an earlier copyright. Additionally, in case of trade mark and industrial design application, an earlier copyright is considered a prior right on which opposition or cancellation may be based.

Everybody can use the copyrightable works for their private usage, therefore everyone can use copyrightable works in social media as long as the intention is not to gain profit from it.

Rules regarding unauthorized use of trade mark in comparative advertising by analogy apply for copyright as well, since under product or sign to which the comparative advertisement refers can be any immaterial right, including

other intellectual property rights (also design right) may be understood. Due to overlaps between rights on the same subject matter one cannot exclude copyright or design right from scope of the rules of comparative advertising.

Parody is an expression of the freedom of speech and it is a limit to copyright. However, it must satisfy certain requirements to be considered a legitimate exercise of free speech instead of copyright infringement. The first requirement is that the public has to be able to recognize the original work, which means that the public associate to the original work. Parody has to be a result of individual creating activity, and it has to be original. If these requirements are fulfilled, then the original author cannot enforce his or her copyright against the parody.

As a defense to a claim for copyright infringement, the alleged infringer can argue that he or she was free to use the copyrighted work. There are exceptions to copyright that enable its use without the author's permission, such as quoting, borrowing, school exercises, copying for private use, certain organization's copying for private use, copying for educational reasons, temporary copying and digital copying and so on. In these cases the user can use the work for free and without permission.

There are no other rules that could bar the copyright holder to enforce its right. The general 5 year statute of limitation also applies to copyright infringement.

Copyright and design infringement actions, as well as unfair competition actions may be taken simultaneously and parallel to each other. However, according to the latest practice of the courts, they have to be filed before different courts. The Metropolitan Court has exclusive jurisdiction in design and copyright infringement matters, while unfair competition case must be brought before the General Court where the seat of the defendant is located.

3. DESIGN

3.1 Sources of law

The principal sources of international law and regulation relating to designs are the Paris Convention for the Protection of Industrial Property, several Hague Agreements, Locarno Agreement Establishing an International Classification for Industrial Designs. Besides the *Act XLVIII of 2001* on design protection (*Design Act*), the protection of Community registered and unregistered designs is provided by Regulation (EC) No 6/2002 of 12 December 2001 (CDR)

3.2 Substantive law

A product can be any industrial or handicraft item, including *inter alia* parts intended to be assembled into a complex product, packaging, get-up, graphic symbols and typographical typefaces, but excluding computer programmes. Design rights do not protect naturally occurring or living organism. Moreover, features solely dictated by technical functions and features which must fit another product and designs which are contrary to public policy or to accepted principles of morality are expressly excluded from design protection.

Design protection shall be granted to any design that is new on a worldwide level, thus differing from any existing design more than in immaterial details, and has individual character, thus producing a different overall impression on the informed user from any existing design. In assessing individual character, the degree of freedom of the designer - taking into consideration the nature of the product to which the design is applied or in which it is incorporated, and in particular, the industrial or handicraft sector - in developing the design must be taken into account.

The rights conferred by a design may be assigned, transferred and encumbered, with the exception of the rights of the designer stemming from the design. Under a contract of exploitation (design license contract), the holder of the design shall give authorization for the exploitation of the design, and therefore the licensee shall be required to pay a fee. Design licensing contracts are governed by the relevant provisions of the *Patent Act* pertaining to patent license contracts.

Service design means any design developed by a person in the execution of his duties stemming from employment that includes working out solutions within the domain of the design. In connection with service designs, the right to the design shall vest in the employer. Employee design means any design developed by a person who is not required to do so under his contract of employment, however, the utilization of such design falls within the sphere of activities of his/her employer. In connection with employee designs, the right to the design shall vest in the designer; however, the employer shall be entitled to exploit the design. The employer's right of use is non-exclusive, and the employer may not license the use of the design. The provisions of the *Patent Act* governing service and employee inventions shall also apply to service and employee designs and to the appropriate remuneration of designers.

The designer cannot waive or transfer his/her moral rights.

Upon registration, a design shall be protected for a period of five years as from the date of filing of the application. The right holder may have the term of protection renewed for up to four periods of five years each. In the case of renewal, the next term of protection shall commence on the day immediately following the day of expiry of the previous one. Protection may not be renewed beyond twenty-five years from the date of the filing of the application.

A design which meets the requirements under Section 1 CDR shall be protected as an unregistered Community design for a period of three years from the date on which the design was first made available to the public within the Community.

3.3 Enforcement

Any person who unlawfully exploits a protected design, commits infringement of design protection. The holder of the design protection may have recourse to civil remedies against the infringer in the same way as a patentee, by virtue of the *Patent Act*, may have recourse thereto against the infringer of his design. Actual copying is not required by law, however the accused product only infringes the asserted design if they are identical or do not produce a different

overall impression on the informed user. Unregistered Community design only confers right against copying to the right holder, thus the accused infringer may escape infringement, if they can present that the infringing use resulted from an independent work of creation by a designer who may be reasonably thought to be unfamiliar with the design made available to the public. Recent ruling of the CJEU implied that burden of proof may shift to the accused infringer (to prove independent work of creation), if copying can be presumed or is substantiated by the right holder, thus national courts shall provide for the burden of proof to be adjusted or lightened towards the right holder (cf. CJEU C-479/12 - *H. Gautzsch Großhandel GmbH & Co. KG v Münchener Boulevard Möbel Joseph Duna GmbH*)

Design right may be enforced against other intellectual property rights if the subject matter of the other right does not produce a different overall impression on the informed user. A registered right does not preclude the infringement of an earlier design right. Additionally, in case of trade mark and industrial design applications, design right is considered a prior right on which opposition or cancellation may be based. Also, in case of a patent application, a disclosed design may be capable of influencing the novelty or inventive step of the patent.

The rights conferred by a design shall not be exercised in respect of acts done privately and for non-commercial purposes; thus if the use in social media falls within private and non-commercial use the design right cannot be enforced.

Parody under design law is not fair use as in copyright law. The right holder can enforce its design right against such use.

A protected design shall not entitle the holder to prohibit a third party from using such design for the purpose of repairing a complex product in order to restore its original appearance, where the design is applied to or incorporated in a product which constitutes a component part of a complex product upon whose appearance the protected design is dependent, provided he uses it in accordance with honest practices in industrial or commercial matters.

There are no other rules which could bar the right holder from enforcing its right. The general five year statute of limitation applies to design infringement.

Copyright and design infringement actions, as well as unfair competition actions may be started simultaneously and parallel to each other. However, according to the latest practice of the courts they have to be filed before different courts. The Metropolitan Court has special jurisdiction in design infringement cases, while copyright and unfair competition cases must be brought before the General Court where the seat of the defendant is located.

4. THE RIGHT OF PUBLICITY

4.1 Sources of law

The main source is *Act V of 2013 of the Civil Code* which contains the regulations on the protection of name, image, likeness and other aspects of the identity.

4.2 Substantive law

The legal capacity is the only requirement to enjoy the right of publicity.

Only natural persons may have the majority of the rights. But there are some exceptions according to which also legal persons may have such rights.

Each person, if born alive, shall have legal capacity retroactively from the day of conception.

The right of publicity ends with the death of the person. Should the entitled person grant a licence regarding the use for his/her name, image, likeness or other unequivocal aspects of his/her identity during his/her lifetime, the licensee shall be entitled to exercise these right and enforce infringement claims.

Authors cannot assign or waive their moral rights or assign them to another person in any manner, since they are personal rights.

Generally, any kind of infringement of the right of the publicity is an unlawful action. It is not possible to completely assign the right of publicity. However the consent of the owner rules out the unlawfulness. Such consent is a special type of license of use which is permission to use his/her name, image, likeness or other unequivocal aspects of his/her identity.

This special type of license must be in writing, it has to be explicit and it shall not be interpreted extensively.

Based on 2:51. § of *Act V of 2013 of the Civil Code* a person whose personality rights have been violated shall have the right to demand within the statute of limitation based on the infringement as appropriate by reference to the circumstances of the case:

- a court ruling establishing that there has been an infringement of rights;
- to have the infringement discontinued and the perpetrator restrained from further infringement;
- that the perpetrator make appropriate restitution and that the perpetrator make an appropriate public disclosure for restitution at his own expense;
- the termination of the injurious situation and the restoration of the previous state, and to have the effects of the infringement nullified or deprived of their unlawful nature;
- that the perpetrator or his successor surrender the financial advantage obtained by the infringement according to the principle of unjust enrichment.

The agreement shall be considered valid after one of the parties' death, since the rights shall be deemed as transferred to the heirs. The agreement will be terminated upon death or dissolution of the obligor without succession, if it concerns a service that can be performed personally; or upon death or dissolution of the obligee without succession, if the service is to be performed specifically for the obligee by virtue of its very nature.

4.3 Enforcement

Based on 2:50. § *Act V of 2013 of the Civil Code*, in the case of any violation of the memory of a deceased person, the relative and/or the person having been named heir apparent in the will of the deceased shall be entitled to bring court action.

If somebody breaches the personality right of someone else in a public place and third parties experience it, restitution is up to the measures of the publicity

and the damage which suffered from the violation. In this case it is enough to prove the fact of the violation and the representative of the entitled will give details about the losses and the commercial value. Regarding the above, the legal representative may use any kind of evidences like oral testimony or affidavit.

For the alleged infringer any options for defence shall be available which is in accordance with the Hungarian civil procedure.

5. PRODUCT PLACEMENT

Product placement has been permitted in Hungary since 2011. It was legalized by the new *Act CLXXXV on Media Services and on the Mass Media*.

There are several limits relating to product placement. The requirements of product placement are the following:

“(2) Product placement in programs shall be admissible:

- a) in cinematographic works intended for showing in movie theatres; cinematographic works, films and series made for media services; sports programs and entertainment programs;
- b) in programs other than the ones mentioned in Paragraph a), provided that the manufacturer or distributor of the product in question, or the supplier or agent of the service does not provide the producer of the given program with any financial reward either directly or indirectly with the exception of making available a product or service free of charge for the purpose of placement.

(3) Product placement shall be prohibited:

- a) in news programs and political information programs;
- b) save where Paragraph b) of Subsection (2) applies, in programs made specifically for minors under the age of fourteen;
- c) in programs reporting on the official events of national holidays;
- d) in programs of religious or ecclesiastic content.

(4) Programs shall not contain product placement with respect to the following products:

- a) tobacco products, cigarettes or other products from companies whose principal activity is the manufacture or sale of cigarettes and other tobacco products;
- b) products that may not be advertised pursuant to this Act or other legislation;
- c) pharmaceutical products, therapeutic products or processes available only on prescription;
- d) gambling services provided without the state tax authority’s authorization”.

If the other party fails to perform the agreement properly, then the communication is qualified as trade mark infringement. The entitled of the trade mark may have the same recourse of actions as in case of trade mark infringement.

6. PROTECTION OF CORPORATE IMAGE AND REPUTATION

Part of the law relating to right of publicity and/or privacy extend to legal entities as well. The entities also have legal capacity. The legal capacity of entities shall cover all rights and obligations that do not inherently pertain solely to natural persons.

Legal persons may be established in a form defined by law, for the pursuit of activities and objectives which are not prohibited by law. Each legal person shall have their own name, seat, shall have their own assets and representative body.

In principle it is possible to include specific clauses to protect corporate image and reputation of the legal person if those are in accordance with rules of competition law.

AUTHOR BIOGRAPHY

Dr Katalin Szamosi

Katalin Szamosi is the managing partner of SBGK Attorneys at Law. Dr Szamosi is a board member of the National Board Against Counterfeiting, the Hungarian Association for Innovation and the Hungarian Association for the Protection of Industrial Property and Copyright; vice president of the Hungarian Trade mark Association; and a member of the International Trade mark Association, the European Communities Trade mark Association, the International Association for the Protection of Intellectual Property, the International League of Competition Law and the Licensing Executives Society. Her practice areas include advice and contract drafting in technology transfer matters; contentious patent, trade mark, industrial design and copyright-related matters; representation before the General Court; arbitration in domain disputes; mediation; and advice on consumer protection and antitrust matters.



ITALY

Fabrizio Jacobacci
Jacobacci & Associati

1. TRADE MARK

1.1 Sources of law

In Italy, trade marks are governed by national and European Union law as well as international conventions.

The main source of law relating to trade marks in Italy is Law No. 30 of 10 February 2005, the *Code of Industrial Property* (“CIP”), which repealed and reorganized all prior legislation on industrial property, including the old *Trade Mark Law*. The CIP entered into force on 19 March 2005.

The CIP also contains a number of rules relating to trade mark litigation that complement those set forth in the *Code of Civil Procedure*.

In addition, Italy is party to a number of international treaties:

- the Paris Convention for the Protection of Industrial Property of 20 March 1883, as revised and amended;
- the Madrid Agreement of 14 April 1891 concerning the International Registration of Marks, and the Madrid Protocol of 27 June 1989 relating to the Madrid Agreement concerning the International Registration of Marks, as revised and amended;
- the Marrakech Agreement on Trade-Related Aspects of Intellectual Property Rights of 15 April 1994 (the TRIPs agreement).

Moreover, as a Member State of the European Union, Italian trade mark law is also affected by Community legislation. In particular, by Directives (such as the implemented EC Directive No. 2004/48 on the Enforcement of IP rights and Directive No. 2008/95 to approximate the laws of the Member States relating to trade marks (“the Trade Mark Directive”)) and Regulations (such as Regulation No. 40/94 on the Community trade mark and Regulation No. 510/06 concerning Geographical Indications).

Court decisions are not binding for future cases between different parties. However, they may certainly have a persuasive effect for future decisions, especially in similar cases, if they are issued by higher courts, and if they represent consistent case law.

1.2 Substantive law

Under Italian law, trade mark protection can be obtained either by way of registration or by way of use. However, only use on a scale that is not merely local is acceptable to qualify for protection in a form that is comparable to that of a registered trade mark. In either case, the scope of protection is limited to the goods and services identical or similar to those for which the trade mark is used or registered.

However, pursuant to Articles 12.1(e) and 20.1(c) of the CIP, a registered trade mark having a reputation in Italy (that is, a trade mark that has acquired a reputation for at least some of the goods and services for which it has been registered) is also protected in relation to goods and services dissimilar from those for which it has been registered, provided that:

- the two marks are similar;
- the use of the latter mark could be detrimental to the repute or distinctiveness of the earlier mark, or it enables the user to draw an unfair advantage from them;
- the use is without due cause.

The interpretation of these provisions, as well as of the corresponding article in the Trade Mark Directive, has caused much debate and has produced a substantial number of court decisions.

According to the decisions of the CJEU and Italian courts, a trade mark has a reputation if it is “known by a significant part of the relevant public for the products or services it covers” (CJEU, *General Motors*, 14 September 1999, C-375/97).

Italian law also protects trade marks having a well-known status – which differs from a trade mark having a reputation – in accordance with Article 6bis of the Paris Union Convention. A well-known trade mark is an unregistered mark (or at least unregistered in the country where protection under Article 6bis is sought) that is well-known by the public in Italy even though the mark in question is not used in the country and it has therefore acquired the well-known status for reasons other than its use.

According to Article 12.1(a) and (f), a well-known trade mark may be invoked to prevent the registration of a later identical or similar mark for identical or similar goods and services, and if the mark in question (in addition to being well-known) also has a reputation. The same will apply for dissimilar goods and services.

Courts occasionally use the adjective “famous” to designate a trade mark having a particularly high reputation, but the acknowledgement of this status has no significant consequence in terms of protection.

In short, there are no particular rules governing the trade marks of the luxury industry, nor protecting the “aura” of luxury surrounding them in a way that differs from that of a trade mark having a reputation belonging to another industry. However, the proof that a trade mark not only has a reputation, but also has an “aura” of luxury, may be helpful in establishing the additional conditions that must be satisfied by the proprietor to stop third parties from using a similar mark, namely, the detriment to the repute or distinctiveness of the mark or the unfair advantage gained from its use.

1.3 Enforcement

There is no recognized test to prove that a trade mark has a reputation. This is assessed based on a number of concurring factors, and the trade mark proprietor should submit as much evidence as possible proving that the trade mark is well known by a substantial portion of the relevant public.

In particular, the following is usually very helpful, if not necessary, to prove reputation:

- sales details from the 5 years preceding the litigation;
- details of advertising expenditures during the 5 years preceding the litigation;
- market share data researched and created by independent and reliable agencies;
- copies of advertisements (videos, magazine ads, online, radio broadcast, and so on);
- market surveys produced by independent well-established agencies;
- documents and materials relating to promotional/sponsored events, such as sport/cultural events.

The purpose of the above is to provide a full picture of the intensity, geographical extent, and duration of use of the trade mark; as well as the scale of the investments made by the undertaking in promoting the trade mark, the market share, and so on (see CJEU, *General Motors*).

To the extent this is possible, facts should be proved by documentary evidence that must be as objective as possible. For example, a mere spreadsheet recapitulating sales is not relevant evidence, while the same spreadsheet accompanied by a declaration made by an external auditor that he/she has verified the accuracy of the spreadsheet is persuasive evidence. Oral testimony is best used to confirm the origin and content of documentary evidence, thus in case of doubt, the external auditor can be heard as a witness.

Affidavits (sworn declarations) have no greater evidentiary value than a simple declaration. Statements under oath can be usefully rendered only during testimony in court and not by way of affidavit.

Courts are willing to consider expert evidence even though they do not give it substantial evidentiary weight to prove the reputation of a trade mark.

Market surveys are often used to support a number of claims, from acquired distinctiveness of a trade mark, to the actual existence of confusion between two signs or, more often, to prove the share of the public who know the trade mark and associate it with a specific undertaking.

When resulting from the activity of one of the parties, survey evidence is given some value by the courts as long as the questionnaire appears to have been drafted in such a way as to avoid leading questions, and the survey has been carried out by a respectable, recognized entity. Such evidence may be held in higher regard if the party applies to the court to obtain an order for survey evidence and this survey is carried out by an expert appointed by the court. In general, however, Italian courts very rarely resort to survey evidence carried out by experts in trade mark disputes.

In case one of the parties produces a survey, the same shall provisionally bear the costs associated therewith, whereas these costs will normally be charged to the losing party at the end of the proceeding (though the court has some discretionary power in the allocation of costs). Although market surveys may have some impact in determining the outcome of the case, they are usually not considered the most relevant means of evidence. Further, there is no established threshold of recognition beyond which a trade mark is considered to have a reputation, so establishing that a certain percentage of the public knows a certain mark is not overwhelming evidence of reputation (CJEU, *General Motors*).

Once the proprietor has proved the reputation of the trade mark together with the detriment or unfair advantage, he can stop any use of an identical or similar mark made in the course of trade, that is, intended for any commercial purpose.

The above includes domain names, trade names, company names and other signs used in trade. The platform on which they are used is not relevant and may well include social media, as long as such use qualifies as commercial use.

Metatags pose a different range of problems. The traditional approach of Italian courts is that the use of a third party's mark as a metatag does not

amount to trade mark infringement, but rather qualifies as unfair competition (Tribunal of Rome, 18 January 2001, Tribunal of Milan, 8 February 2002 and Tribunal of Naples, 28 January 2001).

More recent decisions have ruled that the use of trade marks as key words (metatags have technically become obsolete), may amount to trade mark infringement if the use is likely to confuse the public because of the manner in which it is made (Tribunal of Milan 26 February 2009 and Tribunal of Palermo, 7 June 2013).

The use of a trade mark in comparative advertising that may be detrimental to the reputation of the mark, takes unfair advantage of it, or creates a risk of confusion, amounts to trade mark infringement. The Tribunal of Milan held that presenting the compared product as identical, yet bearing a different mark, to the product of reference is an attempt to attract consumers thanks to the reputation of the competitor's mark and not by an objective comparison between the respective product characteristics (Tribunal of Milan, 27 June 2013).

The use of a trade mark in parody for the purpose of criticism, controversy or mere humour is a legitimate exercise of freedom of speech, as long as the use is not for commercial gain. On the contrary, if the parody is not the end result, but a mere means to convey a commercial message, then the use may amount to trade mark infringement. The circumstances that the original mark has been distorted for the purpose of parody may exclude confusion and therefore infringement. However, in the case of a trade mark having a reputation, the same is not only protected if there is a likelihood of confusion, but also if the use may be detrimental to the mark or may enable the user to draw an unfair advantage.

Lastly, under Italian law, trade mark infringement is a form of unfair competition and the two actions are often bought together before the same court.

2. COPYRIGHT

2.1 Sources of law

The main Italian law regulating copyright is Law No. 633 of 22 April 1941 (known here as the *Italian Copyright Law* ('ICL')) on the protection of copyright and other rights related to its exercise, as supplemented and amended by a number of subsequent laws.

A few residual provisions concerning copyright are also contained in the *Italian Civil Code* (Articles 2575-2583).

In addition to the above mentioned national legislation, Italy is a member of the European Union and, therefore, it is influenced by Community legislation and, in particular, by a number of directives enacted in the copyright field and implemented in Italy.

In addition, Italy is party to a number of international treaties regarding copyright law, generally aimed at setting common rules and a minimum level of protection in the Member States. They include:

- Berne Convention for the protection of literary and artistic works of 1971;
- International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations of 1961;

- WIPO Copyright Treaty of 1996;
- WIPO Performances and Phonograms Treaty of 1996; and
- Universal Copyright Convention of 1952-1971.

Court decisions are not sources of law in Italy, and they are not binding for future cases between different parties. However, they may have a persuasive effect on future decisions, especially if rendered by higher courts and if they form part of consistent jurisprudence. According to well established principles and the Italian Constitution, EU and international law prevail over national legislation.

Within national legislation, statutes and other sources having similar binding force (such as legislative decrees) prevail over secondary sources (such as executive regulations).

Finally, legislation prevails over case law.

2.2 Substantive law

According to Articles 1 and 2 of the ICL, copyright protects creative works belonging to literature, music, fine arts, architecture, theatre and cinematography, irrespective of their form of expression, as well as computer programs, databases and – provided they have an artistic value – objects of industrial design.

The protection of objects of industrial design has been hotly debated in Italian courts over the past 15 years. The highly subjective character of the artistic value requirement has caused commentators and courts to issue diverging opinions. Recently, case law seems to have found a criterion to establish if an object of industrial design is copyrightable, namely, by ascertaining if the same has been recognized as a work of (applied) art in the relevant circles. Therefore, objects that have become part of permanent collection in museums or that have enjoyed the attention of art critics and, more generally, have been able to move through and transcend the time in which they were created, are usually recognized as having an artistic value (Tribunal of Milan, 13 September 2012). This approach however fails to take into account that the work is protected by copyright as of its creation and not when the public or museum curators perceive it as a noteworthy object of design. Courts have recognized this limitation and have stressed that the inclusion of the object in dispute in museum collections or in a temporary exhibition is a mere confirmation of its original artistic value (Tribunal of Milan, 9 January 2014).

It is disputed whether the list of copyrightable works provided in the ICL is closed or open, but the prevailing opinion is that it is open.

Italian copyright law covers both economic and moral rights.

Economic rights are the rights to make any type of use of the work such as, without limitation, the right of publication, reproduction, transcription, public performance, broadcasting, making available or otherwise communicating to the public, distribution, elaboration, translation, rental and loan. These rights may be assigned or licensed in whole or in part, or waived, and they have a limited duration of 70 years from the death of the author.

Moral rights consist in the author's right to:

- be recognized as the author, the so called 'right of paternity';

- oppose any distortion, mutilation or other modification of the work that could damage its honour or reputation, the so called 'right of integrity';
- withdraw the work from the market in case the work no longer represents the author's views, the so called 'right of repentance'.

All these rights are perpetual and may not be waived or assigned. The relatives of the author may, after his/her death, exercise the right of paternity and the right of integrity. These rights, however, are not acquired by the relatives *mortis causa*, but are a right of personality belonging to them in their unique capacity as relatives that may not coincide with the rights of heirs.

Finally, the ICL also provides for specific and limited economic rights – that is, related rights – concerning specific kinds of works that are granted to certain categories of beneficiaries, such as phonogram producers, producers of cinematographic or audiovisual works, radio or TV broadcasting companies, performers, authors of 'simple photographs' (photos that are not creative enough to be considered works of art), and makers of non-creative databases.

Individuals create artworks, either alone or in a group. The general rule prescribes that the author of the artwork is also the owner of all economic rights, but the rules suffer from an important exception. The copyright in works created by employees in the performance of a employment contract belong to the employers. On the contrary, works created by consultants or suppliers belong to them, unless the agreement stipulates otherwise or they have been created under the direction and for use by the principal, in which case the principal acquires the right to use the work for which it paid. However, such right does not include the right to license third parties or to make copies of the work for use by third parties.

The position of directors of a company may pose a delicate problem if the work has been created in the performance of the director's duties using the company's resources. In this case, it seems that the copyright should belong to the company. This approach cannot be applied to shareholders who have no duties *vis-à-vis* the company.

The contract by which copyright is assigned in whole or in part or is licensed must be proved in writing (Article 110 ICL) and not by way of testimony. Pure oral agreements are, therefore, valid, but unenforceable in the event one party denies their existence. As a consequence it is a sound precaution to specifically regulate the assignment of copyright in writing within the frame of commercial agreements the performance of which may lead to the creation of copyrightable works. Such assignment must be drafted bearing in mind that the law, in order to protect the author, provides that the contract by which an author agrees to assign the copyright in all his future works or in all categories of work is null and void if the author's obligations are not limited to a specific period of time.

2.3 Enforcement

The creation of the work is the only necessary requisite for obtaining a valid copyright. While authors can obtain a notice of copyright by registering a variety of works with the SIAE (the main Italian collecting society), registration is not necessary for the right to come into existence. The use of the copyright notice has no legal value and failing to affix it has no consequence.

In the absence of a registration system that provides a presumption of ownership, copyright enforcement requires producing evidence that the work was created by the party that is seeking enforcement or, in the event the enforcing party is not the author, proof of acquisition from the original author. Evidence other than proof of assignment can be given by any means, including testimony. A general rule regularly applied by Italian courts, however, is that if a party has been making public use of the copyright in a certain work for a long time without having been challenged, it is presumed that that party is the owner of the copyright, until evidence to the contrary is produced by the opponent. In other words, proof of sustained public copyright use is proof of ownership.

The proof of the artistic value of an object of industrial design can also be given by any means, including testimony and expert evidence.

To succeed in an infringement action is not necessary to prove actual copying or the intention to copy. It is sufficient to prove that essential elements of the original work have been reproduced, in whole or in part, in the copy. Case law often holds that infringement occurs when the original work can be 'read' in the subsequent version.

While the law does not expressly mention the intention to copy as a requirement for establishing infringement, the knowledge deriving from access to the original work is relevant for the assessment of damages, as no damages can be awarded where infringement was not wilful or, at least, negligent.

Copyright can be enforced against any subsequent rights, including trade marks, designs, patents and other IP rights. Since names (including names of fictional characters) are rarely protected, pseudonyms are unlikely to infringe an earlier copyright.

Differently from trade marks (that are protected against uses in the course of trade), with the exclusion of very narrow, specific cases, copyright is also protected when the alleged infringer is not making a commercial use of it.

Under Italian law, there are no general defences or exceptions based on fair use or fair dealing. The defendant may only rely on the specific exceptions provided by the ICL. The main exceptions are the following:

- articles concerning economy, politics or religion already published in newspapers, magazines or broadcasted or otherwise made available to the public, can be freely reproduced or communicated to the public provided that the source, date and author's name are specified, unless such a reproduction or usage has been expressly reserved (Article 65, paragraph 1, ICL);
- reproduction for personal use carried out by photocopy or similar means, is allowed up to 15 per cent of each volume or issue (Article 68 paragraph 3, ICL);
- public libraries can freely lend printed works (with the exception of musical scores) or phonograms/videograms containing cinematographic or audiovisual (after 18 months from the first distribution or after 24 months from the works' creation of the works if distribution has not started yet) for cultural promotion or personal study (Article 69 ICL);
- summaries, quotations, reproductions and communications to the public of mere abstracts of a work are allowed if they are carried out for criticism

or discussion purposes (provided that they are not in competition with the economic usage of the work) or for teaching or scientific research purposes (provided that they only take place for explanatory purposes and not for commercial purposes) (Article 70 ICL);

- reproduction of phonograms and videograms is allowed if it is carried out by a natural person for personal use without any profit or commercial purpose (Article 71 ICL);
- reproduction and modification of computer programs is permitted by a legitimate user in order to use the computer program in accordance with its intended purpose and to make a back-up copy.

The use of a copyrighted work for the purpose of parody has been the subject of frequent dispute in Italy. Art. 5.2(k) of Directive 2001/29 provides that Member States may provide exceptions to the right of reproduction in the case of “use for the purpose of caricature, parody or pastiche”. As a rule, a parody of a copyrighted work does not infringe the original work if it satisfies the essential characteristics for a parody. Namely, “first, to evoke an existing work, while being noticeably different from it, and secondly, to constitute an expression of humour or mockery” (CJUE, *Vandersteen*, 3 September 2014, C-201/13, Tribunal of Venice, 7 November 2015).

Although there is no statute of limitation to bring an action for copyright infringement, the claim for damages must be commenced no later than 5 years from the last act of infringement.

Also, importantly, an action for copyright infringement can be combined with other types of actions, such as design infringement and unfair competition. All these actions can be brought before the same court and decided together.

3. DESIGN

3.1 Sources of law

Italian designs are governed by the provisions contained in the CIP implemented in accordance with Directive 1998/71.

Community designs are governed by the Community Regulation 2002/6 of 12 December 2001 (hereafter ‘ECR’).

In addition, Italy is a party to the Paris Convention for the Protection of Industrial Property of 20 March 1883, as revised and amended.

Court decisions are not sources of law in Italy, since they are not binding for future cases between different parties. However, they may have a persuasive effect on future decisions, especially if rendered by higher courts and if they form part of consistent case law. According to well-established principles and the Italian Constitution, EU and international law prevails over national legislation.

3.2 Substantive law

Italian design rights can only be obtained by way of registration with the Italian Patent and Trade Mark Office (UIBM), while Community designs may either be registered at the Office for Harmonization in the Internal Market (OHIM) or unregistered, the latter being subject to a different set of rules.

The object of protection of design rights is the appearance of the whole or a part of a product resulting from the features of the product or parts thereof, in particular, the lines, contours, colours, shape, texture and/or materials of the product itself and/or its ornamentation.

Italian and Community law defines the product as “any industrial or handicraft item, including *inter alia* parts intended to be assembled into a complex product, packaging, get-up, graphic symbols and typographic typefaces, but excluding computer programs”.

Therefore, designs protect a very wide variety of features except for those features that, in the case of components, are not visible during normal use and those that are solely dictated by their function.

Appearances of products that are contrary to public policy or morality are not eligible for protection.

In order to benefit from design protection, the design must satisfy two separate requirements:

- The design must be new, in the sense that no identical design has been made available to the public before either the date of filing of the application for registration (or the date of priority, if applicable) for national or registered Community designs, or, for unregistered Community designs, the date on which the design for which protection is claimed was first made available to the public.

A disclosure of the design made by the designer, a successor or a third party based on the knowledge of the design obtained from the designer in the 12-month period preceding the filing of the design application or the disclosure made as the result of an abuse do not deprive the design of novelty.

Similarly irrelevant is disclosure that could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the Community.

- The design must also have individual character, meaning that the overall impression that the design produces on the informed user differs from the overall impression that may be produced on such user by any design which was previously made available to the public.

The maximum duration of the protection for registered designs is 25 years whereas the protection for unregistered design is granted for 3 years after the first disclosure of the design within the European Union.

The owner of the design is the registrant or the person under whose name the unregistered design was disclosed.

It is however important to remember that registered/unregistered designs are potentially eligible for copyright protection, in which case, since the rules governing ownership are not the same, the owner of the copyright, which almost unavoidably pre-dates the design, can seek a declaration of invalidity of the design. This situation can be avoided by securing the assignment of the copyrights from the author (independent designer, design agency, and so on) by way of a written agreement.

The assignment of design rights does not need to satisfy specific formalities. However, the rule to apply in order to resolve conflicts among concurring assignees is that the first to record the assignment prevails over all other

assignees, even if another assignee was the first to acquire the right. Recordation of the assignment is not necessary for its validity, but highly recommended.

Designers enjoy very narrow moral rights in relation to their creations. They are entitled to be recognised as the authors of the design in the register but cannot object to any modification or alteration of the design. As usual, this very limited moral right cannot be waived.

3.3 Enforcement

The scope of protection of design rights encompasses all identical designs as well as those that do not produce a different overall impression on the informed user. Unregistered Community designs enjoy the same scope of protection, but only in respect of designs that have been made with the intention to copy the protected design. A number of factors, including prior knowledge of the design, degree of similarity, and so on, are taken in account in order to establish if the similarity is the result of copying or coincidence.

Registered and unregistered designs are protected against any unauthorized uses by third parties, such as the making, offering, putting on the market, importing, exporting or using a product in which the design is incorporated or to which it is applied, or storing such product for these purposes.

The design proprietor is entitled to enforce its rights against any kind of infringement, including infringement arising from use of the design in trade marks, registered designs, patents, domain names, trade names, pseudonyms or other distinctive signs or IP rights, even though a lot of these instances appear to be merely theoretical.

Like copyright, there are some limited uses that do not fall within the scope of protection:

- private use with no commercial purpose;
- experimental use; or
- use for illustrative purposes such as teaching.

The most common defence to a claim for infringement is to challenge the validity or ownership of the design right and/or to argue that the litigious design does not produce a similar overall impression on the informed user or that the design invoked is actually closer to the prior art than to the alleged infringing product. In relation to an action for damages, the usual 5-year statute of limitation would also apply.

Finally, Article 8.2 ECR for Community design and Article 241 of the CIP for Italian designs provides that a component used for the purpose of the repair of a complex product is excluded from the scope of protection of design.

Actions for design infringement can be combined with both copyright infringement and unfair competition before the same court.

4. RIGHT OF PUBLICITY

4.1 Sources of law

Private individuals are entitled to control the use of their name, image and other aspects of their identity in accordance with Articles 6 - 10 of the *Italian*

Civil Code and Articles 96 – 98 ICL whether for commercial use or for any other purpose that is not permitted by the law. In addition, the relatives of said person have a more limited right to prevent the use of the person's name and image. More specifically, they may prevent the use of the name for family reasons that deserve protection and the use of the image that may be detrimental to the respectability and reputation of that person or of his/her relatives. Said relatives' rights survive the passing of the person whose name or image is used.

4.2 Substantive law

Any individual is entitled to the right to their own name, likeness and personal identity. These rights, which include the right of publicity, that is, the right to make a commercial use of one's name, are identified as rights of personality and they cease with the passing of the individual. Relatives may have some residual separate right that, however, belongs to them as relatives and not as successors.

Traditionally, personality rights could not be assigned or licensed. However, while this is still true for certain rights, like the right to one's physical integrity, the commercial use of one's name or image – the right of publicity – has become a frequent object of commercial transactions and it is well accepted that the same can be licensed, on an exclusive or non-exclusive basis, although not assigned.

There are no specific formalities required for the validity of a license concerning the right of publicity, however, concluding an oral license makes no commercial sense, although there have been instances where the agreement has been considered to have been concluded by implied consent demonstrated by positive conduct (later regretted). The law on the protection of personal data may however change this approach since it states that consent must be always express.

Although they may appear to be reasonably simple agreements, drafting a license, regarding the use of a celebrity name or image over a relatively long period of time requires a number of considerations. First, the obligations that are imposed on the licensor in terms of his/her behaviour in relation to the licensee's products and business, in general, must be clearly identified. The goodwill attached to a specific celebrity may well turn into a liability should the celebrity behave in a way that is damaging to the licensee and its business and this should be a cause for termination of the license upon notice given by the licensee.

Similar precautions should be taken by the licensor in the event the licensee is involved in practices that are contrary to the licensor's beliefs or ethical principles or, more generally, are incompatible with the way the licensor is perceived by the public. In all of these cases, the licensor should be entitled to withdraw his/her consent to the use of the name and image.

Under Italian law, the passing of the licensor extinguishes the right of publicity. In theory, the licensee could continue using the name and image of the licensor without his consent and without paying his/her successors any consideration. Therefore, these contracts usually provide that upon the passing of the licensor the licensee cannot continue using the – now exhausted - right of publicity unless it obtains the consent of the relatives. A preferred approach, however, is to register the name and image of the licensor as a trade mark that, differently from the right of publicity, can be transferred *mortis causa*.

In this case, after the death of the licensor, the relatives could theoretically object to the use of the name or image of the deceased person. However, it seems difficult to argue that such use is detrimental to the respectability of the deceased since he/she had previously consented to it.

4.3 Enforcement

As an exception to the other personality rights, Italian courts have recognised since the early 1980s that, in addition to the licensor, an exclusive licensee also has standing to sue for a violation of the right of publicity.

The right of publicity can be enforced against any unauthorised use, whether for commercial purposes or not and the typical remedy is an injunction. However, the commercial value of the image or name has an impact on the assessment of damages.

The commercial value can be proved by any means. The most obvious manner is to produce a copy of the license agreement showing that other parties were willing to pay consideration for the use of that individual right of publicity. The fame or celebrity of the individual will generally create the presumption that the right of publicity of that person has a commercial value.

The main defence used to seek the dismissal of a claim for violation of the right of publicity is to argue that the image:

- was taken at a public event; and that
- the use was not made for commercial purpose, but for the prevailing purpose of information.

The case law has made clear that the information purpose must be the prevailing purpose of the use and not a mere excuse to make a commercial use of the person in question.

5. PRODUCT PLACEMENT

Product placement is regulated by two separate legislative instruments, namely *Ministerial Decree 30 July 2004* concerning product placement in movies and *Legislative Decree No. 44/2010* for TV programmes.

Product placement in films is permitted if the placement is obvious, sincere and correct and coherent with the context of the story. Also, it is necessary that all product placement be listed in the credits at the end of the film.

Product placement is also permitted in TV programmes if the presence of promotions within the programme is announced at the beginning of the programme and after each advertisement interruption, and it is listed in the end credits.

Finally, all products that are subject to an advertising ban, such as tobacco products, cannot be objects of product placement. In addition, Article 10 of *Legislative Decree No. 44/2010* also prohibits the product placement of medicines in accordance with Directive 2007/65 and imposes limits on the placement of alcoholic beverages.

There are no specific remedies in the event a products placement contract is breached, but an injured brand owner is entitled to seek compensation for the damages suffered and the termination of the agreement.

6. PROTECTION OF CORPORATE IMAGE AND REPUTATION

Legal entities are also entitled to the protection of their image and reputation that may be damaged by third parties with an emphasis on the economic damages that may be suffered (legal entities are not capable of suffering psychological or biological damages). Having said that, the rules that apply to individuals cannot be applied to legal persons.

The name of a legal entity is a distinctive sign of the entity and as such is protected against the risk of confusion. In addition, if the company has acquired a reputation, any use in the trade of its name that may be detrimental to it can be prohibited.

The contractual protection of the image and reputation of a company is possible, but the provisions aiming at protecting it should be checked for potential violation of competition rules.

In particular, the Block Exemption (Commission Regulation (EU) No. 330/2010 of 20 April 2010), with respect to vertical agreements, allows selective distribution systems provided that the specific requirements in the Block Exemption are met and that the market share does not exceed 30 per cent.

On this basis, a restriction on the sale of products to certain re-sellers (that are not part of the selective distribution system) may be acceptable under the Block Exemption, and if these requirements are met, such prohibition on such sales may be allowed.

On the contrary, a restriction preventing selling below a certain price or outside of specific time periods in an agreement would be considered a "hardcore restriction" that can never be exempted under either the Block Exemption regulation or under Italian competition law.

Liquidated damages are generally permissible under Italian law. However, the amount of liquidated damages must be proportionate to the breach, otherwise the court has the right to reduce the amount provided in the contractual clause.

The breach of the clauses protecting the corporate image or reputation would generally be considered a legitimate ground for application of liquidated damages.

AUTHOR BIOGRAPHY

Fabrizio Jacobacci

Fabrizio Jacobacci is the senior partner of the law firm Studio Legale Jacobacci & Associati. Fabrizio specializes in litigation and arbitration, most notably in the area of intellectual property including the protection of name and image rights. Fabrizio is a frequent speaker at international conferences on intellectual property matters and is a lecturer at the WIPO post-graduate specialization course on intellectual property, jointly organized by WIPO and Turin University, and a member of the editorial board of the "European Trade Mark Reports" published by Sweet & Maxwell. His recent publications include co-author of "Pharmaceutical, Biotechnology and Chemical Inventions, published by Oxford University Press. He speaks English, French and German.



JAPAN

Koichi Nakatani, Tomoko Takemura & Laetitia Lagarde
Momo-o Matsuo & Namba

1. TRADE MARK

1.1 Sources of law

The *Trade Mark Act* and the *Unfair Competition Prevention Act* (UCPA) are the principal sources of law relating to trade marks, within which provisions reflect the 1883 Paris Convention, the 1990 Nice Agreement, the TRIPS Agreement, the Trade Mark Law Treaty and the Madrid Protocol, all ratified by Japan.

Prior court judgments do not have legally binding effect on the courts. Therefore, theoretically, courts may issue decisions differing from precedents. However, this does not mean that court precedents are not important. In particular, Supreme Court precedents substantially function as sources of law, and it is highly unlikely for lower courts to render decisions that differ from Supreme Court precedents.

Generally, treaties take precedence over domestic laws, which take precedence over government ordinances and cabinet office ordinances in Japan.

There is no hierarchical distinction between the *Trade Mark Act* and the *UCPA* as they are both legislative acts.

1.2 Substantive law

The *Trade Mark Act* provides for the categories of unregistrable trade marks (upon examination or subject to cancellation), three of which are designed to protect well-known or famous trade marks. Article 4-1-10 states a trade mark that “is identical with, or similar to, another person’s trade mark which is well known among consumers as that indicating goods or services in connection with the person’s business [shall not be registered], if such a trade mark is used in connection with such goods or services or goods or services similar thereto”.

Article 4-1-15 is considered to protect the famous and considerably well-known trade marks from a third party trying to register or that has registered a trade mark that is likely to cause confusion in connection with the goods or services pertaining to a business of the owner of such a trade mark. Article 4-1-19 prohibits the registration of a trade mark that “is identical with, or similar to, a trade mark which is well known among consumers in Japan or abroad as that indicating goods or services [. . .] if such trade mark is used for unfair purposes [. . .]”. It is also considered to protect famous and considerably well-known trade marks.

In addition, Article 64 of the *Trade Mark Act* provides that the owner of a trade mark “well known among consumers” can register it as a defensive trade mark in order to have the trade mark enjoy a broader range of protection if there is a likelihood of confusion with other goods or services. The “well known” criterion is stricter than that in Article 4-1-10 and is interpreted as requiring a higher degree of fame.

The *Unfair Competition Prevention Act* (UCPA) protects “indications of goods or business (names, trade names, trade marks, mark, containers or packaging for goods which are connected with a person’s operations, or any other indication of a person’s goods or business [. . .]),” which are “well-known among consumers” or which are “famous”. Under the UCPA, “famous” indicates a higher degree of fame than “well-known” does. On one hand, use of signs identical or similar to an indication of goods or business that is well-known among customers is

deemed unfair competition if the likelihood to cause confusion exists, whereas, on the other hand, “famous” indications of goods or business are protected even where there is no likelihood to cause confusion.

Both the *Trade Mark Act* and the *UCPA* distinguish between famous trade marks and well-known trade marks.

Under the *Trade Mark Act* (see above), although Article 64 refers to the registrability of well-known trade marks as defensive trade marks, “well-known” is interpreted as meaning “famous”. In addition, Article 4-1-10 is considered to protect both well-known trade marks and famous trade marks. Article 4-1-15 and 4-1-19 are interpreted to protect only famous and extremely well-known trade marks.

Under the *UCPA*, the difference lies in whether it is necessary to demonstrate the requirement to cause confusion (for well-known marks) or not (famous marks) in order to be deemed as unfair competition.

In Japan, trade marks that belong to the luxury industry are not supposed to enjoy a broader range of protection apart from that provided by law. The “aura of luxury” should not play a role either. In practice, courts will apply the same general principles to luxury brands and do not recognize any broader protection.

1.3 Enforcement

A trade mark is entitled to broader protection where its long and intensive use is demonstrated. According to the Examination Guidelines for Trade Marks [11th edition] (JPO Guidelines), published by the Japan Patent Office (JPO), the fact that a trade mark is well-known or famous needs to be proved by evidence such as:

- printed matter (newspaper clippings, magazines, catalogues, leaflets, and so on);
- invoices, delivery slips, order slips, bills, receipts, account books, pamphlets, and so on;
- photographs or images showing the use of a trade mark;
- a certificate by an advertisement agency, broadcasting agency, publisher or printer;
- a certificate by a trade association, fellow traders or consumers;
- a certificate by a public organization (for example, the state, a local public entity, a foreign embassy in Japan, a Chamber of Commerce and Industry);
- articles in general newspapers, trade journals, magazines and the internet; and
- outcome reports of the questionnaire intended for consumers regarding awareness of the trade mark (however, due consideration will be given to the objectivity of the questionnaire with respect to the conductor, method and respondents).

The courts of Japan also adopt a similar policy.

There is no single test or threshold that must be reached for a trade mark to be protected as well-known or famous. The JPO and the courts of Japan would take into account various factors. According to the JPO Guidelines, the JPO will judge whether a trade mark is well-known or famous based on the following factors:

- a trade mark actually in use and goods or services for which it is used;
- the start of its use, the length of its use, or the area where it is used;

- the volume of production, certification or delivery and scale of business (number of stores, an area of business, an amount of sales);
- the number of times of appearance in general newspapers, trade journals, magazines and the internet, and contents thereof; and
- the outcome of the questionnaire regarding consumers' awareness of the trade mark.

These factors are those which are generally used by the courts of Japan.

The owner of a trade mark can seek an injunction of a domain name based on the *UCPA* as well as the *Trade Mark Act* if the trade mark is registered. There is also a judgement of the district court (8 December 2005, Osaka District Court) which ruled that use of a trade mark as a metatag may constitute infringement.

On the other hand, a trade mark cannot be enforced against a trade name if the use of the trade name is in a general manner and the owner of the trade name does not have the purpose of unfair competition. In addition, a trade mark cannot be enforced against an abbreviation of a trade name if:

- such abbreviation is famous;
- the use of the trade name is in a common manner; and
- the owner of the trade name does not have the purpose of unfair competition.

Whether a trade mark may be enforced against its unauthorized use in social media is determined on a case-by-case basis under the *Trade Mark Act* and the *UCPA*. It depends on whether the use in social media is deemed as trade mark use, that is, as indication of origin for goods or services.

It is essentially difficult to enforce a trade mark against its use in comparative advertising. It depends on whether the use in comparative advertising is deemed as trade mark use, that is, as indication of origin for goods or services. However, where an advertiser displays its own trade mark and a third party's trade mark, it is usually not considered to be intended as indication of origin of an advertiser's goods or services.

Whether a trade mark be enforced against its unauthorized use in parody is determined on a case-by-case basis. Neither the *Trade Mark Act* nor the *UCPA* provide for general fair use provisions. The court only examines whether a trade mark or its use falls under one of the Articles 4 (1) (i) – (xix) of the *Trade Mark Act* enumerating “Unregistrable trade marks” or one of the acts constituting Trade mark infringement, depending on the type of the litigation.

It is possible for a trade mark owner to take action claiming both trade mark infringement and unfair competition for the same set of facts, and it is possible to bring parallel proceedings. If a trade mark owner brings unfair competition proceedings separately, these proceedings will be jointly conducted eventually.

2. COPYRIGHT

2.1 Sources of law

The substantive law relating to copyright is the *Copyright Act (Act)* (all references to articles herein shall refer to the Act, unless otherwise stated). Provisional

measures, including preliminary injunctions, in connection with copyright infringement are set forth in the *Civil Preservation Act*.

In addition, Japan has executed the following treaties with respect to copyright protection:

- Berne Convention;
- Universal Copyright Convention;
- International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (Rome Convention);
- Convention for the Protection of Producers of Phonograms Against Unauthorised Duplication of Their Phonograms (Geneva Phonograms Convention);
- WIPO Copyright Treaty;
- WIPO Performances and Phonograms Treaty; and
- WTO/TRIPS Agreement.

Prior court judgments do not have legally binding effect on the courts. Therefore, theoretically, courts may disregard precedents. However, this does not mean that court precedents are not important. In particular, Supreme Court precedents substantially function as sources of law, and it is highly unlikely for lower courts to provide opinions that differ from Supreme Court precedents.

Article 5 of the Act clearly sets forth that if there is a provision in a treaty with respect to copyrights and neighboring rights which differs from the Act, the provision of the treaty will prevail. However, the Act sets forth provisions according to the obligations of each of the above treaties; therefore, there are no conflicts at present.

2.2 Substantive law

Article 2-1-1 of the Act defines “work” to be protected by the Act as a “production in which thoughts or sentiments are expressed in a creative way and which falls within the literary, scientific, artistic or musical domain”. The following nine types are listed as “examples” of works in Article 10:

- novels, (play/film) scripts, dissertations, lectures and other literary works;
- musical works;
- choreographic works and pantomimes;
- paintings, engravings, sculptures and other artistic works;
- architectural works;
- maps as well as diagrammatical works of a scientific nature, such as drawings, charts, and models;
- cinematographic works;
- photographic works; and
- computer programs.

These are just examples, and as long as a work falls under the above definition of “work,” it is protected under the Act. In that sense, the Act’s list is not a closed list, but an open list.

Performers, producers of phonograms, broadcasting organizations and wire-broadcasting organizations each have neighboring rights with respect to “performance,” “phonograms,” “broadcasts” and “wire-broadcasts”. There is a

provision defining performance, phonograms, broadcasts and wire-broadcasts (Article 2-1), and as long as the subject matter falls under such definition, it is subject to the protection of neighboring rights under the Act.

The majority of court precedents state implicitly or explicitly that copyright is not denied by the mere fact that a work is an industrial product. So there is no objection to it as long as it fulfils the criteria of protectable copyright matter, in that such a product must be comparable in aesthetic qualities to fine arts. In many cases, copyrightability is denied on the grounds that, apart from its industrial applicability, a product in question cannot serve as an object of art. Therefore, only a very limited number of industrial products can satisfy the requirements for copyright protection.

Copyright protection may be allowed if the requirements described above are satisfied, that is, copyright protection will be allowed if a production is something in which “thoughts or sentiments are expressed in a creative way,” in other words, if the author’s “individuality” (or “originality”) is expressed in relation to the “thoughts or sentiments”. However, in order for a piece of applied art to be protected as a copyrighted work, it must be comparable in copyrightability to “fine arts”.

The Act explicitly states that works of artistic craftsmanship are protected as artistic works (Article 2.2). However, there are no provisions on other types of industrial products (works of applied art) and therefore, a decision on whether a certain product is protected is a matter of interpretation. Court decisions basically recognize it is not appropriate to grant the same level of copyright protection to industrial products as in the case of fine arts and hence copyright protection is granted to an industrial product only if it is deemed comparable to fine arts, or it has qualities of fine arts.

A decision on whether “it is deemed comparable to fine arts” or “it has qualities of fine arts” is made considering:

- whether or not the work has a high level of aesthetic expression or artistic qualities;
- whether or not it is produced only in pursuit of aesthetic expression, without substantial restrictions thereon for practical purposes; and
- whether or not it can serve as an object of art, or a complete artistic work, apart from its practicality.

As described here, the requirements for copyright protection for industrial products are different from the requirements for copyright protection for other ordinary artistic products (fine arts).

Regarding rights of **authors**, the Act sets forth the following rights as “types of rights covered by copyright”:

- right of reproduction (Article 21);
- right of performance (Article 22);
- right of screen presentation (Article 22-2);
- right of public transmission (Article 23);
- right of recitation (Article 24);
- right of exhibition (Article 25) – limited to artistic work or unpublished photographic work;

- right of distribution (Article 26) – limited to cinematographic work;
- right of transfer (Article 26-2) – work other than cinematographic work;
- right of rental (Article 26-3) – work other than cinematographic work;
- right of translation, adaptation (Article 27); and
- right of the original author in the exploitation of a derivative work (Article 28).

As for moral rights, the author has the right to offer and make available to the public any work which has not yet been made public (Article 18); the right to determine whether or not to indicate its name as the author of the work (Article 19); and the right to maintain the integrity of its work and its title (Article 20). These rights are personal and exclusive to the author and cannot be transferred (Article 59). Care is required especially with respect to the high level of the right to maintain integrity. Article 20 grants the author “the right to refuse modifications against its intent”, but this acknowledges to the author stronger protection than the “right to object to any action which would be prejudicial to its honor or reputation” set forth in Article 6-2 of the Berne Convention, and is rare worldwide. Some people point out that in the digital era, this right to maintain integrity may possibly prevent the use and distribution of works.

“Neighboring rights” refer to the rights of performers, broadcasters, and other individuals who do not author works, but play an important role in communicating them to the public.

Performers are granted the following rights:

- right to make sound or visual recordings (Article 91);
- right to broadcast and right to wire-broadcast (Article 92);
- right to make transmittable (Article 92-2);
- right to transfer sound or visual recordings (Article 95-2);
- right to offer performance by rental of commercial phonogram in which the performance has been sound recorded (Article 95-3);
- right to remuneration when the subject performance is wire-broadcast (Article 94-2); and
- right to remuneration when commercial phonograms incorporating sound recording of the subject performance are used secondarily (Article 95).

Unlike other holders of neighboring rights, performers are granted moral rights known as the right to indicate name (Article 90-2) and the right to preserve integrity (Article 90-3).

However, the right to preserve integrity as mentioned here is against modifications “that would harm its honor or reputation” and it must be noted that it is weaker than an author’s right to preserve integrity.

Rights of **producers** of phonograms:

- right of reproduction (Article 96);
- right to make transmittable (Article 96-2);
- right to transfer reproductions (Article 97-2);
- right to offer by rental of a commercial phonogram in which the phonogram has been reproduced (Article 97-3), however, this right of rental will expire upon the passage of 12 months after release and will be converted to the right to remuneration from commercial phonogram renters; and

- right to remuneration when commercial phonograms are used secondarily (Article 97).

Rights of **broadcasting organizations**:

- right of reproduction (Article 98);
- right to rebroadcast and right to wire-broadcast (Article 99);
- right to make transmittable (Article 99-2); and
- right of public transmission (Article 100).

Rights of **wire-broadcasting organizations**:

- right of reproduction (Article 100-2);
- right to broadcast and right to wire-broadcast (Article 100-3);
- right to make transmittable (Article 100-4); and
- right of public transmission (Article 100-5).

Japanese law recognizes works made for hire in the employment context by providing for the vesting of ownership in an employer for the creative works of employees made in the course or scope of employment, unless otherwise provided by contract, work rules, or similar.

Article 15(1) of the Act specifically provides that authorship of an employee “in the course of his duties” is attributed to the employer “unless otherwise stipulated in a contract, work regulation, or the like in force at the time of the making of the work”. If the employer is a “legal entity” (as opposed to a natural person), then the law will limit the copyright term to 50 years from publication of the work.

For cinematographic works, however, Japan does not maintain a specific work-for-hire presumption. Rather, under Article 16, films are works of joint authorship of the director, producer, and others unless they meet the work-for-hire criteria of Article 15.

In the case of works by consultants or independent contractors, initial ownership of such works vests in the contractor, although it can be provided otherwise by freedom to contract.

Where a shareholder is also an employee, the work for hire presumption will apply. Otherwise, express contract provisions shall provide for copyright assignment.

Where a director is also an employee, the work for hire presumption will apply. Otherwise, express contract provisions shall provide for copyright assignment.

The regime of independent contractor (defined as any supplier who is not an employee) will apply. Thus an express assignment clause should be included in any contract with supplier before any work is started.

No formalities are necessary to assign copyright. However, to assert a copyright assignment against a third party, an application to register the assignment must be filed in writing with the Agency for Cultural Affairs (or SOFTIC for computer programs). The registration has to be substantiated by submitting relevant documents providing evidence that the parties have agreed to the assignment.

Unlike moral rights, economic rights can be freely transferred or relinquished. The assignment contract itself should govern whether ownership vests in the

legal entity or the author, and the *Copyright Act* does not contain any provisions limiting eligibility to specific categories of works.

It is recommended to negotiate an assignment of IPRs created by an external consultant, before they are created. A clause that simply says that the company/ employer owns the rights but does not specifically assign the rights does not legally transfer the ownership rights.

Since an author's moral rights are exclusive to the author and cannot be transferred, the assignee should have the assignor agree not to exercise these rights against the assignee and its successors. However, as to the validity of a waiver of his/her moral rights, there is still ongoing discussion since the *Copyright Act* does not refer to it.

Moral rights are non-transferable and cannot be waived. However, it is quite common practice to include such a clause in copyright assignment contracts. Nevertheless, it must be noted that its validity could be challenged since the Act does not refer to it.

In principle, the term of copyright protection is until the end of the 50-year period following the death of the author (Article 51). There are some exceptions. First, the term of protection for anonymous or pseudonymous works and works under the name of a juridical person or other corporate body is until the end of the 50-year period following the making public of such works (Article 52, Article 53). With respect to cinematographic works, the copyright continues to subsist until the end of the 70-year period following the making public of such works, and if the work has not been made public within the 70-year period following its creation, until the end of the 70-year period following the work's creation (Article 54).

The Berne Convention adopts the principle of reciprocity with respect to the term of protection. Therefore, if the term of protection in the country of origin is shorter than above, the shorter term of protection applies (Article 58).

2.3 Enforcement

Copyright registration may be obtained at the Agency for Cultural Affairs (or Software Information Center for programming works). However, neither copyright deposit nor copyright notice is required to enforce a copyright.

The merit of registration lies in the point that a person whose true name is registered will be presumed to be the author of the work which is the subject of the registration (Article 75-3). In addition, if the author's name is indicated on the original of their work, or when their work is offered to the public, they will be presumed to be the author of such work (Article 14). Because there are no such presumptions in neighboring rights, it is necessary, in principle, for the subject to prove that they are the performer, and so on.

When copyrights and neighboring rights are transferred or a copyright is secured by pledge, unless such transfer or establishment of pledge is registered, the validity of such transfer or security by pledge may not be asserted against a third party (Article 77, Article 104).

Copyright and neighboring rights may be exercised even without such deposit or notice.

In order to verify copyrightability in a copyright infringement case it is common to use documents and affidavits. To show the creativeness requirement, sometimes witnesses are used. Cross-examination of witnesses is required.

The Supreme Court has held that “[t]he ‘copying’ of a work is the reproduction of a work based on the existing work, and from which the details and forms of the existing work can be perceived”. For copyright infringement, the infringing work must be based on an existing work, but it does not necessarily have to be a complete reproduction. If it can be acknowledged as having been based on the existing work, and is of substantial similarity from which the details and forms of the original work can be perceived, it will establish an infringement of copyright.

Copyright can probably be enforced against, for example, a trade mark, design, patent, domain name, trade name, a pseudonym and other IP rights. There are no provisions in the Act denying the copyrightability of such distinctive signs. However, in order to enforce a copyright against such rights, the latter must fulfil requirements for copyrighted work, meaning they must be a “production in which thoughts or sentiments are expressed in a creative way” and “which falls within the literary, scientific, artistic or musical domain” and often, extremely short phrases and titles of books are considered to not meet the former requirement. In addition, those that are not protected under other industrial property laws, such as utility goods and industrial goods, are often considered to not meet the latter requirement. Distinctive signs such as trade marks are often comprised of extremely short phrases, and because in most cases they are protected under other industrial property laws, such as the *Trade Mark Act*, copyrightability with respect to such signs will most likely be denied.

The use of copyright on a social networking site, provided it does not fall under the fair use exceptions mentioned in the list below, may constitute copyright infringement. The same conditions are applicable as assessing copyright infringement mentioned above. There is no particularity and the assessment will be conducted on a case-by-case basis by a comparison between original works and alleged infringing works.

Copyright may be enforced against its unauthorized use in comparative advertising if such use falls under infringement according to the *Copyright Act*.

Besides copyright enforcement, comparative advertising is regulated by the “Approach to Advertising under the Premiums and Representations Act”, exclusively enforceable by administrative authority, and can also be enforced under the *Unfair Competition Prevention Act (UCPA)* if it fulfils the requirements (such as misleading acts or acts injurious to business reputation).

The *Copyright Act* does not provide general fair use provisions or parody exceptions. Any unauthorized use will be decided on a case-by-case basis and considered copyright infringement if it meets the criteria.

The Act limits copyright and neighboring rights in the cases indicated below, for the purpose of harmonizing the economic benefits of the author and the benefits of the society which uses information:

- reproduction for private use (Article 30);
- reproduction or adaptation for incidental use (Article 30-2);

- use for evaluation by a certain prospect licensee (Article 30-3);
- use for experimental purposes (Article 30-4);
- reproduction in libraries or similar institutions (Article 31);
- quotations (Article 32);
- reproduction in school textbooks and such like (Article 33);
- reproduction in order to prepare a textbook in large print for weak-sighted students (Article 33-2);
- broadcast in school education programs (Article 34);
- reproduction in schools and other educational institutions (Article 35);
- reproduction as examination questions (Article 36);
- reproduction in Braille (Article 37);
- automatic public transmission for persons with aural disabilities (Article 37-2);
- performances not for profit-making purposes (Article 38);
- reproduction of editorials on current topics (Article 39);
- exploitation of political speeches and statements delivered in the course of judicial proceedings (Article 40);
- reporting of current events (Article 41);
- reproduction for judicial proceedings (Article 42);
- exploitation for purposes of disclosure pursuant to the Administrative Organs Information Disclosure Act (Article 42-2);
- translation when reproduction of a work is permitted for private use (Article 43);
- ephemeral recordings by a broadcasting organization (Article 44);
- public exhibition of the original of an artistic work by its owner (Article 45) – limited to artistic work and photographic work;
- exploitation of an artistic work located in open places (Article 46);
- reproduction of works in pamphlets required for exhibition of artistic works (Article 47);
- reproduction of artistic works in copyright assignment or license (Article 47-2);
- reproduction by the owner of the reproduction of a computer program (install, backup and so on) (Article 47-3);
- ephemeral reproduction for maintenance, repairs, and so on (Article 47-4);
- record of software works for protection from an error of public transmission (Article 47-5);
- record or adaptation of software works for identification of source host of the electronic information (Article 47-6);
- record or adaptation of software works for analysis of information by computer (Article 47-7);
- record of software works for execution of a program by duplication or transmission of a computer program (Article 47-8); and
- record of software works for preparation of transmission of the software works (Article 47-8).

This is a limited list, and copyrights are not limited unless indicated in the list. In that sense, although there are no general provisions with respect to fair use in Japan, cases in which the exercise of copyrights are acknowledged (although

they may be far from “fair”) are individually listed in detail, and rights are limited in only such cases. It should be noted that discussions are under way to determine whether or not the Act should be amended to include general provisions on fair use.

With respect to neighboring rights, these are limited in basically the same instances.

The right to demand compensation for damages for copyright infringement lapses by prescription if not exercised: within three years from the time when the right holder became aware of such damages and of the identity of the person who caused it; or within 20 years from the act of infringement.

Besides the above time limits, a valid copyright will not be deemed unenforceable owing to acts or misconduct by the copyright holder.

If the requirements of the Act, the *Design Act* and the UCPA are fulfilled, it is possible to bring a lawsuit claiming copyright infringement and design infringement and/or unfair competition for the same set of facts. This is because both the purpose and effects of those acts differ.

Furthermore, it might be possible to bring, on one hand, judicial proceedings based on copyright infringement and unfair competition and, on the other hand, file for administrative proceedings before the JPO. In addition, invalidity proceedings at the JPO are available for a third party to contend directly to the JPO that an issued design patent is invalid. The invalidity proceedings can be used together with, or independently from, court proceedings.

3. DESIGN

3.1 Sources of law

The *Design Act*, the *Unfair Competition Prevention Act* (UCPA) and the *Copyright Act* are the principal sources of law relating to designs. Japan is also a member of the Geneva Act of Hague Agreement Concerning the International Registration of Industrial Designs.

Prior court judgments do not have legally binding effect on the courts. Therefore, theoretically, courts render decisions differing from precedents. However, this does not mean that court precedents are not important. In particular, Supreme Court precedents substantially function as sources of law, and it is highly unlikely for lower courts to hand down decisions that differ from Supreme Court precedents.

Generally, the treaties take precedence over domestic laws, which take precedence over government ordinances and cabinet office ordinances in Japan.

There are no hierarchical differences among the *Design Act*, the UCPA and the *Copyright Act*.

3.2 Substantive law

The *Design Act* protects exclusively registered designs defined as “the shape, patterns or colors, or any combination of them, of an article which creates an aesthetic impression through the eye” as long as it does not fall under the category of unregistrable designs.

The UCPA provides protection for unregistered design by prohibiting acts of unfair competition, such as assigning, leasing, displaying for the purpose of assignment or leasing, exporting or importing goods that imitate the configuration of another person's goods for 3 years after the date the goods were first sold in Japan, regardless of notoriety of the configuration. In addition, a design which obtained a secondary meaning, and as a result is considered as an indication of goods or services and is also "well-known" among consumers, is deemed as unfair competition if the likelihood to cause confusion exists. On the other hand, a "famous" design can enjoy the same protection even if there is no likelihood to cause confusion, against identical or similar designs.

A design is also protectable under the *Copyright Act* if the design is deemed as a production in which thoughts or sentiments are expressed in a creative way, and which falls within the literary, scientific, artistic or musical domain, such as a work of craft of artistic value.

According to the *Design Act*, in order to obtain a design registration, a creator of a design is required to show the design:

- creates an aesthetic impression through the eye;
- has industrial application;
- has novelty and is not easily created (according to Article 3-2 of the *Design Act*, where, prior to the filing of the application for design registration, a person ordinarily skilled in the art of the design would have been able to easily create the design based on shape, patterns or colors, or any combination thereof that were publicly known in Japan or a foreign country, a design registration shall not be granted for such a design);
- is not identical with or similar to a part of a design which application has been filed prior to the date of filling of the said application;
- does not fall under the category of unregistrable design; and
- complies with the requirement, one application per design; and
- there is no prior application.

Under the *Design Act*, the employer shall have a non-exclusive license on design rights obtained for designs of an employee or an officer, if the design falls within the scope of the business of the employee or the officer and was achieved by an act categorized as a present or past duty of the said employee or the officer performed for the employer. Besides this non-exclusive license, a legal entity is required to execute an assignment agreement to acquire the rights in the designs created by its employee, consultant, shareholder, director or supplier.

Unless a design falls under the category of non-exclusive license for "work for hire" automatically granted to an employer (see above), any provision in any agreement, employment regulation or any other stipulation providing in advance that the right to obtain a design right, or that the design rights for any design made by an employee shall vest in the employer, or that an exclusive license for the said design shall be granted to the employer, shall be null and void.

Besides the above, there is no specific requirement in the laws for a design assignment agreement to be valid.

Under the *Design Act*, an employee or an officer is entitled to receive reasonable value where he assigns the design right or grants an exclusive license

to the employer in accordance to an agreement, employment regulation or any other stipulation. The payment of value shall not be considered unreasonable in light of circumstances where a negotiation between the employer and the employee or the officer took place in order to set, among others, standards for the determination of the said value and their disclosure, and the opinions of the employee regarding the calculation of the amount of the value received and any other relevant circumstances.

There is no moral right provided by the *Design Act* or the *UCPA*. If a design is protected under the *Copyright Act*, the designer shall obtain moral rights, which cannot be transferred. As to the validity of a waiver of his/her moral rights, there is still ongoing discussion since the *Copyright Act* does not refer to it.

Registered design protection lasts 20 years (15 years for an application filed before 31 March 2007) without the possibility of renewal.

Under the *UCPA*, if the design is considered as an indication of goods or services and is well-known or famous among consumers, there is no provision that limits the term of the protection of the said design. As to the design that is not well-known or famous, the protection lasts 3 years since the date the goods were first sold in Japan.

If a design can be protected under the *Copyright Act* the design protection lasts for 50 years following the death of the author.

3.3 ENFORCEMENT

Actual copying is not always necessary to establish infringement.

Under the *Design Act*, a holder of a design right can exercise its exclusive right to manufacture or sell an article that is identical or similar to the registered design. According to Article 24-2 of the *Design Act*, whether a registered design is identical with or similar to another design shall be determined based upon the aesthetic impression created by the designs through the eye of their consumers.

Under the *Unfair Competition Prevention Act* (UPCA), it is prohibited to assign, lease, display for the purpose of assignment or leasing, or trade in goods that imitate the configuration of another person's goods within 3 years of the date the goods were first sold in Japan (see 3.2 above). The term "imitate" is defined as "the act of creating goods of practically identical configuration to that of another person's goods, based on the configuration of said goods". In addition, if a design is considered as an indication of goods or services and is well-known or famous among consumers, an identical or similar design will constitute infringement.

A design is enforceable against a trade mark, a registered design, patent, domain name and trade name if these are infringing the design according to the *Design Act*, the *UCPA* or the *Copyright Act*.

However, the *Design Act* provides that one cannot enforce its registered design where that registered design, or a design similar to that registered design, is similar or conflicts with another person's prior right with a previous filing date (that is, registered design, patented invention or registered utility model, trade mark right, or copyright).

In general, it must be noted that rarely do trade marks, patents, domain names and trade names fulfil criteria for designs (see definition above at 3.2), and thus would not be held identical or similar to the allegedly infringed design under the *Design Act*. The same applies under the UCPA or the *Copyright Act*.

A design can be enforced against its unauthorized use in social media if such use falls under one of the categories of infringement under the *Design Act*, the UCPA or the *Copyright Act* but is determined on a case-by-case basis.

A design can be enforced against its unauthorized use in comparative advertising if such use falls under one of the categories of infringement under the *Design Act*, the UCPA or the *Copyright Act*, but again, this is determined on a case-by-case basis.

A design can be enforced against its unauthorized use in parody if such use falls under one of the categories of infringement under the *Design Act*, the UCPA or the *Copyright Act*, but this is determined on case-by-case basis.

There is no “repair clause” in Japan. The defenses that are available to an alleged infringer under the *Design Act* are general ones, such as:

- design right invalidity defense (article 41, Application *mutatis mutandis* of provisions of the *Patent Act* 104-3);
- non-exclusive license based on prior use (article 29);
- non-exclusive license based on prior application (article 29-2);
- non-exclusive licenses due to the working of the design prior to the before registration of transfer of a design right (article 29-3);
- non-exclusive license based on rights of interim user (article 30);
- non-exclusive license after expiration of duration of design right (article 31);
- restriction on effect of design right restored by retrial (article 55); and
- expiration of the duration of a design right.

In general, the design owner cannot enforce his/her design right where his/her conduct is deemed as abuse of right under the *Civil Code*.

Under the UCPA, there is a 3-year limitation after the date the goods were first sold in Japan for bringing an infringement action (see 3.2 above).

In addition, the right to demand compensation for damages for design infringement lapses by prescription if not exercised: within three years from the time when the right holder became aware of such damages and of the identity of the person who caused it; or within 20 years from the act of infringement.

It is possible to claim both design infringement and copyright infringement and bring parallel copyright proceedings and/or unfair competition proceedings. A design holder can bring these proceedings separately; however, these proceedings will be jointly conducted in the end.

4. RIGHT OF PUBLICITY

4.1 Sources of law

The right of publicity is recognized by judicial precedent only.

There is no statutory source and it is recognized through judicial precedents which refer to the *Constitution*, the *Civil Code*, the *Copyright Act*, or a combination of the three.

4.2 Substantive law

To own the right of publicity persons must be of some distinction or a celebrity, such as actors, performers, singers or sportspersons. Protection is granted to both Japanese and foreign individuals. It is not necessary for individuals to make a commercial use of their identity. It is worth noting that the Nagoya District Court (19 January 2000) recognized such protection for racehorses' names until it was dismissed by the Supreme Court (13 February 2004), which held that only natural persons can enjoy a right of publicity and damages for its infringement.

Japanese law does not provide for protection of right of publicity to extend after the individual's death, although post-mortem rights have been under discussion.

Although there are no judicial precedents officially recognizing post-mortem rights, in practice, successors of the deceased individual often require prior approval and payment of royalties to use that individual's name or image, and have indeed obtained and been paid by publishers or television production companies.

The Supreme Court recognized publicity rights ("*Pink Lady*" Judgment, 2 February, 2012) as originating from personal rights which are, in principle, not transferrable. In practice, many celebrities enter into management agreements and transfer their rights to agents or management companies. The IP High Court partially admitted transferability of publicity rights regarding a baseball team and its players (*Heisei 18(ne) No.10072*).

An individual's right of publicity can be licensed for advertising, distribution of merchandising products, derived goods or productions (films, animations, CD's, and so on). There is no restriction on whether it must be exclusive.

There are no requirements that an agreement for the assignment/license of the right of publicity must meet for validity. It is common practice to include the following clauses among others:

- the definition of licensed property (signature, voice or persona) including possible trade mark rights;
- the goods/services object of assignment and future uses;
- channels of trade;
- royalty fees, the term and termination of the agreement;
- exclusive versus non-exclusive; territory (including digital extension);
- ownership of goods produced created under license.

When drafting an assignment/license for the right of publicity, since this right is not defined by law (in particular the existence of post-mortem rights) the agreement should include a clause regarding successors/heirs and who has standing to sue for infringement (assignor and/or licensee). Japanese courts tend to reject the standing to sue of entertainment companies.

Given the particular nature of publicity rights, whenever the licensor's image, goodwill or name is objectionable, namely defamatory, obscene or unlawful and/or his reputation damaged a licensor can withdraw the consent to its use. In order to avoid this issue, a clause requiring prior written approval for usage should be included and possibility to withdraw in case of breach.

Following the death of the licensor, since post-mortem rights do not currently exist in Japan, in principle the contract becomes unenforceable. However, the agreement may provide expressly whether the agreement binds successors.

After the death of the assignor there is no set length of protection or post-mortem rights so the rights are likely to lapse.

In the event the heirs have an independent right over the deceased individual's name, image, likeness, or other unequivocal aspects of his/her identity the licensing agreement should expressly provide for how to deal with this situation. If there is no express prior clause, the licensee or assignee may be left without any rights.

4.3 Enforcement

Both the individual and the licensee may have the right to sue for infringement depending on the situation. Historically, courts did not easily recognize the licensee's right to sue although there is a need to conceal privacy information from the infringer. In practice, a lawsuit will be filed by both in case the court rejects the standing of the licensee.

Since publicity rights aim to protect financial value, it is infringed where use is made without the right-holder approval, in cases where the image is used for promoting a product to attract audience or customers (see the *Pink Lady* case).

It is not strictly necessary to prove that the individual's name, image, likeness, or other unequivocal aspects of one's identity have a commercial value to obtain an injunction or other remedies for the unauthorized use. However, case law is in favor of this requirement. For example, in the *Doi Bansu* lawsuit, the Yokohama District Court (*Hensei 1 (wa)* No.581) ruled that a poet did not have any right of publicity as poets do not control their name like a celebrity (who uses his or her name in order to attract an audience).

It is common to use documents and affidavits to establish the commercial value. To complete such documents, sometimes witnesses are used.

The issue of whether the use of a prominent person's name or likeness is actionable should be determined by weighing the interest in exclusively controlling one's name or likeness against the guarantee of freedom of expression and the burden that prominent members of society may reasonably be expected to bear.

Use in news report or literary works is guaranteed by freedom of expression. The alleged infringer must demonstrate lack of intent to "free ride" on the individual's promotional value.

Limited use of photos and names is acceptable with reasonable purpose and extent. The court will look at the use and balance various factors, such as ratio of the photos to that of the article, size of the photos, contents of article (Tokyo High Court, 27 August 2009) but also the manner in which the photographs are obtained, the nature of the individuals involved and the extent of their fame or notoriety, and the manner in which an individual uses and manages his or her own name and image.

5. PRODUCT PLACEMENT

There are no legislative provisions on product placement in Japan. It is permitted and quite common, sometimes as express reference to a trade mark and other times as a “parody trade mark.”

The use of “subliminal techniques” in broadcasting is prohibited in general in Japan, although there is no specific regulation regarding surreptitious advertising or product placement.

There are several self-regulation industry bodies which restrict advertising of certain products due to their nature and in order to protect minors. For example, the tobacco industry’s self-regulating body the Tobacco Institute of Japan, has implemented rules for its members prohibiting the advertising of tobacco products on television, radio, in cinemas and on internet websites. The self-regulating association of alcohol manufacturers has published internal rules to regulate the advertising activities of member companies, for example, advertising of alcohol products must state clearly that minors are not permitted to drink such products, and advertising of alcohol products cannot be shown during programs targeted at minors.

Assuming there is an express agreement regulating the product placement, the damaged party may sue the non-compliant party for breach of contract and IP rights infringement in order to obtain injunction order and/or damage remedies.

6. PROTECTION OF CORPORATE IMAGE AND REPUTATION

Japanese law does not provide expressly for a right of publicity or right of privacy. It must be noted that Article 13 of the *Constitution of Japan* provides for the right to “life, liberty, and the pursuit of happiness” and for the right for people to be “respected as individuals”.

According to case law, corporations or legal entities may have standing to sue for defamation or libel (Supreme Court of Japan, 28 January 1964). On the other hand, there is no case that recognizes the right of publicity for corporations or legal entities. This might be because economic rights of corporations or legal entities can be protected by other specific IP acts such as the *Trade Mark Act* or the UCPA, and there is no necessity for corporations or legal entities to claim protection for the right of publicity.

It is generally possible, under freedom of contract principles, to include specific clauses in agreements aimed at protecting the corporate image/reputation of one of the parties.

Including clauses prohibiting sale of products to re-sellers whose image is below a certain defined standard is common in a selective distribution contract, and can be included in a “right of publicity” agreement provided it does not contravene provisions of the *Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Antimonopoly Act)*.

Equally, including clauses prohibiting sale below a certain price or outside of specific time periods buying non original – but otherwise legitimate – spare parts and components is possible provided it does not constitute an infringement of the *Antimonopoly Act*.

Article 420-1 of the *Civil Code of Japan* provides that the parties may agree on the amount of the liquidated damages with respect to the failure to perform the obligation which can apply in principle to breach of publicity rights. This article provides a firm basis to uphold contractual penalties and courts will always apply it. However, if the claiming party has contributed to part of the loss suffered, the principle of contributory negligence will work to reduce the amount of recoverable damages to the claimant (*Komuro v. Sugiyama Kensetsu K.K.*, 172 Saibanshû minji 379 (Sup. Ct., 21 April 1994)). In addition, under the *Labor Standards Act*, employers are not allowed to include clauses in employment contracts which predetermine either a sum payable to the employer for breach of contract or an amount of compensation payable for damages.

AUTHOR BIOGRAPHIES

Koichi Nakatani

Koichi Nakatani is a partner of Momo-o, Matsuo & Namba. He has over 18 years of international legal experience in IP law, including litigation, enforcement, licensing, contract negotiating and counseling. He frequently represents multinational fashion brand companies. He serves as a member of mediators for Union Des Fabricants ADR Centre in Tokyo. He obtained an IP LL.M degree from University of Washington in 2007.

Tomoko Takemura

Tomoko Takemura is a senior associate with Momo-o, Matsuo & Namba, admitted to practice both in Japan and New York. She practices primarily in the areas of intellectual property, litigation and arbitration, antitrust, general corporate and commercial transactions. She was seconded to Studio Legale Jacobacci & Associati in Turin, Italy and Barnes & Thornburg LLP in Indianapolis, U.S.A. as a visiting attorney.

Laetitia Lagarde

Laetitia Lagarde is qualified as a New York and Paris lawyer, and is an associate at Baker & McKenzie in London. Having gained experience at the European IP Office (OHIM) and Studio Legale Jacobacci & Associati in Italy, she was seconded to Momo-o, Matsuo and Namba as a visiting attorney. She is involved in international IP work, in particular in relation to Community Trade mark litigation and anti-counterfeit enforcement.

SOUTH AFRICA

Louise Myburgh & Jeremy Speres
Spoor & Fisher

1. TRADE MARK

1.1 Sources of law

The principal sources of trade mark law are the *Trade Marks Act* of 1993 and the common law which is rooted in Roman Dutch and English Law. There are other statutes that have an effect on trade mark law in South Africa. These statutes are the *Counterfeit Goods Act* of 1997, *The Companies Act* of 2008 and the *Merchandise Marks Act* of 1941. *The Constitution of the Republic of South Africa Act* of 1996 will also have a bearing on trade mark law given that legislation must be read in conformity with the fundamental rights enshrined in the *Constitution*, which include free speech and personal property rights. This tension between free speech and property rights famously played out in the *Laugh it Off* case. South Africa is a signatory to GATT and became a member of the World Trade Organisation with effect from 31 January 1995. The agreement on Trade Related Aspects of Intellectual Property Rights was ratified by Parliament in April 1995, but the Treaty has not yet been made part of South Africa's domestic law, although our law is largely aligned to it. As far as case law is concerned, the Registrar of Trade Marks, who considers oppositions, cancellations, and other matters directly relating to the Register, has the power of a single judge of the High Court and presides over proceedings regulated by the Act. Infringement matters are heard before the High Court and higher appeal courts, although oppositions, cancellations and other matters relating to the Register can also be heard before the courts in certain circumstances.

Decisions of the High Court will take precedence over decisions of the Registrar of Trade Marks and the Supreme Court of Appeal's decisions will take precedence over decisions of the High Court. The Constitutional Court is the highest court in the land, but only hears matters involving constitutional issues or arguable points of law of general public importance. The Constitution would take precedence over all the other Acts that regulate trade marks in South Africa.

1.2 Substantive law

Section 35 of the *Trade Marks Act* provides for the protection of well-known trade marks under the Paris Convention. The common law protects trade marks that are not registered but have established a reputation in South Africa.

South African law does distinguish between famous trade marks, well-known trade marks and trade marks with a reputation although famous trade marks is not a term widely used. In order to rely on the common law of passing off it is required to prove that the reputation in a trade mark extends to a substantial number of people. This reputation is similar to what is required to prove that a trade mark is well-known in order to rely on the statutory provisions of the *Trade Marks Act*. This Act does not require a trade mark to be famous but only well-known.

Trade marks belonging to the "luxury industry" do not enjoy a broader range of protection apart from that provided by law. The "aura of luxury" surrounding such trade marks does not play a role when it comes to enforcing trade marks

in the luxury industry except insofar as the “aura” supports the existence of a reputation in a trade mark. The nature of the goods, being luxury and therefore of interest to a more discerning consumer, may also affect the likelihood of confusion assessment. South African law recognizes that where the goods are of interest to a more discerning customer, confusion is less likely, but this will of course depend on the nature of the infringing goods.

1.3 Enforcement

Broader protection is granted to well-known marks in the form of provisions outlawing trade mark dilution and tarnishment. In order to prove that a mark is well-known, evidence is usually adduced on affidavit, but in some circumstances, oral testimony may be required.

In order to prove that a mark is well-known and therefore entitled to protection in terms of the dilution/tarnishment provisions, one is required to show that the mark is known to a not negligible number of persons interested in the goods or services concerned.

A trade mark can be enforced against a domain name on the basis of passing off, trade mark infringement or in terms of alternative dispute resolution regulations.

A trade mark can be enforced against a trade name and registration of a trade/company name can be objected to in terms of the *Companies Act 71* of 2008.

A trade mark can be enforced against other distinctive signs if the use of the distinctive signs amounts to use as a trade mark or otherwise dilutes/tarnishes the mark.

A trade mark can in theory be enforced against a metatag, although this is untested in South African courts.

A trade mark can be enforced against its unauthorized use in social media when such use is unauthorized, in the course of trade and where such use amounts to use as a trade mark or otherwise dilutes/tarnishes the mark.

A trade mark can be enforced against unauthorized use of the trade mark in comparative advertising, although this is generally limited to circumstances involving dilution or tarnishment. In order to object to such unauthorized use, it must be proven that the mark is well-known, the use is unauthorized, in the course of trade and that it is likely to take unfair advantage of or be detrimental to the distinctive character or repute of the mark.

It may also be possible to enforce a trade mark in terms of the South African Code of Advertising Practice of the Advertising Standards Authority (ASA). The ASA code contains detailed provisions regarding the requirements for comparative advertisement, including that it must not be misleading or confusing, the facts relied upon must be capable of substantiation, claims must be verifiable and objectively determinable and no disparagement must take place.

A trade mark can be enforced against unauthorized use in parody where such use is likely to take unfair advantage of or be detrimental to the distinctive character or the repute of the registered trade mark. Such a registered trade mark must be well-known in the Republic.

A trade mark owner can take action claiming trade mark infringement and unfair [unlawful] competition for the same set of facts. However, the action for infringement will flow from the statutory rights in the trade mark itself whereas in unfair competition the use of the confusingly similar trade mark is merely a factor which has a bearing on the relief sought, given that the entire getups will be considered in terms of the law of passing off. In the circumstances, the same set of facts may be relevant but the further evidence that would be required to substantiate the claim for unfair competition may require additional evidence to be led that may not flow from the statutory rights of the trade mark itself. Although it is not necessary to bring separate proceedings, the proceedings to be instituted would depend on the relief sought.

2. COPYRIGHT

2.1 Sources of law

The principal source of law for the protection of copyright is the *Copyright Act No. 98 of 1978 (the Copyright Act)* and the common law delict of unlawful competition. Other statutes having a bearing on the enforcement of copyright include the *Counterfeit Goods Act*, the *Constitution of The Republic of South Africa Act of 1996* and the *Registration of Copyright in Cinematograph Films Act No. 62 of 1977*. South Africa's copyright law also brought about the granting of protection to foreign works on a reciprocal basis primarily by the Berne Convention on Copyright and laterally by the agreement on trade related aspects on intellectual property rights (TRIPS).

The *Constitution* would take precedence over the *Copyright Act* and its related laws. As far as case law is concerned, the Supreme Court of Appeal decisions will take precedence over High Court decisions, and decisions of the Constitutional Court would take ultimate precedence.

2.2 Substantive law

South African copyright law applies a closed list of copyrightable works, which include the following:

- literary;
- musical and artistic works;
- sound recordings;
- cinematograph films;
- sound and television broadcasts;
- programme-carrying signals;
- published editions; and
- computer programs.

In terms of the *Copyright Act*, industrial designs can be protected. There is no copyright in ideas and a copyright work only comes into existence once reduced to a material form. The industrial design must be original but no novelty is required for purposes of the *Copyright Act*. The work must, however, not be copied and must be a result of the author's own skill and labour. The author is the first creator of the work. An industrial design is not

infringed where someone without the consent of the copyright owner makes available three-dimensional reproductions or adaptations of the design where the reproductions primarily have a utilitarian purpose and are made by an industrial process. The copyright owner can, however, restrain the making of the three dimensional articles from a drawing itself which will constitute an artistic work.

The *Copyright Act* in South Africa grants exclusive rights to a copyright owner to exploit a "work" which qualifies for protection in terms of the provisions of the *Copyright Act*. Such rights are primarily centered on reproduction rights, but also include adaptation, publishing, performing and communicating to the public rights. The right to protect an author's moral rights arises from the *Copyright Act* and is separate and distinct from the copyright subsisting in a work. An assignment of copyright does not transfer the author's moral rights and the moral rights attach to the author throughout his lifetime and cannot be assigned.

In terms of the *Copyright Act* where works are created in the course and scope of employment, the employer will be the owner of the work.

A legal entity can acquire the rights in works created by consultants, shareholders, directors or suppliers by transferring the rights of copyright in a written Deed of Assignment.

A copyright assignment must be in writing, signed by or on behalf of the assignor and the copyright to be assigned must be sufficiently described in the document and objectively identifiable to any person reading the document in order for the assignment to be effective.

When drafting a copyright assignment agreement with employees, consultants, shareholders, directors and suppliers, it is necessary and prudent to clearly describe the work to be assigned in terms of the agreement as well as addressing future rights of copyright.

An author cannot transfer his moral rights. These rights are exercisable by an author and can be waived if the author undertakes not to enforce them.

The term of protection granted by copyright is typically the life of the author and a further fifty years from the year in which the author dies, or fifty years from publication if a work, or an adaptation of such work, has not been made available to the public during the lifetime of the author. Copyright protection in literary, musical and artistic works endures for a period of 50 years after the death of the author. If the works have not been published, performed, offered for sale or broadcasted before the death of the author, the term of copyright continues for a period of 50 years from the end of the year in which any of the afore-mentioned acts are done.

In the case of cinematograph films, photographs and computer programs, the copyright expires 50 years after the work is made available to the public with the consent of the owner of the copyright or after the work is first published, whichever is longer.

Sound recordings and published editions enjoy copyright for a period of 50 years from the date on which they are first published and broadcasts and program carrying signals enjoy copyright for 50 years after they are made.

2.3 Enforcement

Apart from the registration of copyright in cinematograph films, it is not possible in South Africa to obtain a copyright registration in a public register. Apart from the registration of cinematograph films, a copyright registration is accordingly not required to enforce copyright. An infringement of copyright in a work will take place when a third party does or causes someone else to do any of the acts which are designated as restricted acts in respect of the works provided for in the Act. A copyright notice is not required to enforce the rights of copyright but it is advisable for copyrighted works to be accompanied by a copyright notice given that, if the defendant was not aware and had no reasonable grounds for suspecting the subsistence of copyright, then damages may not be claimed. There are no consequences for failure to display a copyright notice.

In order to establish that industrial designs are capable of protection, evidence has to be adduced by way of an affidavit or oral testimony substantiating that the work is original and exists in a material form. If required expert evidence may be used to substantiate a claim of ownership of copyright.

Copyright is infringed by a third party misusing or misappropriating a substantial part of a work without the consent of the copyright owner. This includes making reproductions or adaptations of a work from a two dimensional form into a three dimensional form or *vice versa*. The concept of a substantial part of a work relates to the quality of what is copied and not the quantity of what is copied. It is necessary to show that actual copying has taken place to establish infringement, although inferences can be drawn.

Copyright can be enforced against a trade mark if the trade mark infringes the rights of copyright subsisting in a work.

Copyright can be enforced against a registered design/design patent if unlawful copying has taken place.

The requirements for obtaining a registered patent in South Africa are stringent and a patent is only granted for subject matter which is a new invention and involves an inventive step and which is capable of being used in trade and industry or agriculture. The *Patents Act* excludes certain subject matter from patent protection and these exclusions include works that typically qualify as copyright works in terms of the *Copyright Act*. A registered patent can therefore not be obtained for a work that will qualify for copyright protection and copyright will, in the circumstances nor be infringed by a registered patent.

Copyright in a work will be infringed by the use of a domain name if the domain name is a copy of a copyrighted work and is used without the authorization of the copyright owner, although this is unlikely given that copyright in short words or phrases is generally not recognized.

It is unlikely that copyright could be enforced against a trade name or a pseudonym given that copyright in short words or phrases is generally not recognized.

As regards any other IP rights, whenever there is unauthorized reproduction of a substantial part of a copyright work, the copyright can be enforced, subject to the statutory exceptions.

Copyright subsisting in a work can be enforced against its unauthorized use in social media and there are no particular conditions for the enforcement of copyright in social media. The normal principles applied to establish whether an infringement of copyright has taken place will be taken into consideration where the unauthorized use takes place in social media.

Copyright can be enforced against the unauthorized use of a work in comparative advertising. There are no specific conditions for the enforcement of copyright in comparative advertising.

If the use of copyright constitutes infringement in parody, the copyright can be enforced. The courts have shown a tendency to interpret legislation against infringement in cases of parody based on freedom of speech and other constitutional principles in trade mark cases (see the *Laugh it Off* case), so this may be extended to copyright infringement in future.

There are certain exemptions from copyright infringement where it is considered in the public interest that a copyright owner should not have a monopoly in particular acts in relation to his work. The exemptions are fair dealing where a literary musical or artistic work or a broadcast or published edition is used for purposes of research or private study, for the purposes of criticism or review or for purposes of reporting current events. The use of copyright in a literary, musical or artistic work, cinematograph film, sound recording, broadcast, published edition or computer program will not be infringed by using the work for purposes of judicial proceedings. Where a quotation is used and the quotation is compatible with fair practice, the copyright in a literary, or musical work or cinematograph film, sound recording, broadcast or computer program will not be infringed.

The copyright in a literary, musical or artistic work, cinematograph film, sound recording, broadcast, published additional program is not infringed if the work is used by way of illustration in a publication broadcast or sound or visual recording for teaching provided the use is compatible with fair practice and the source of material as well as the name of the author of the work is mentioned.

In terms of the *Copyright Act* reverse engineering of products are permissible once authorised reproductions have been made available to the public with the copyright owner's consent, provided they are made with an industrial process and have a utilitarian purpose. A copyright owner can restrain the making of three dimensional articles from the design drawings or prototype itself, or two dimensional reproductions of the work. What is excluded from infringement is the making of three dimensional reproductions, or adaptations from an authorised three dimensional reproduction.

Claims can prescribe after three years and an infringement action can be brought as long as the duration of the copyright has not expired.

An act of copyright infringement could constitute unfair competition as well as design infringement and the same facts could be relied on in the same proceedings but although the same set of facts may be used, it will be necessary to establish the requirements for each cause of action separately.

3. DESIGN

3.1 Sources of law

The principal source of law in respect of Design Law is the *Designs Act, 195 of 1993*, and the Design Regulations promulgated in terms of section 54 thereof. The *Designs Act* takes precedence over the Regulations in the case of any inconsistency.

The purpose of judicial decisions is to interpret and apply legislation. In limited circumstances, the validity of specific legislation may be challenged. In such a case a judicial pronouncement of invalidity will trump the legislation.

South Africa is a member of the TRIPS Agreement and the Paris Convention. Priority claims may be made from any other member states of the Paris Convention.

3.2 Substantive law

South African law does not make provision for the protection of unregistered designs.

The *Designs Act* provides for the registration of two types of designs:

- an aesthetic design, which is defined to mean a design applied to an article, whether for the pattern or the shape or the configuration or the ornamentation thereof, and by whatever means it is applied, having features which appeal to and are judged solely by the eye, irrespective of the aesthetic quality thereof; and
- a functional design, which is defined to mean a design applied to an article, whether for the pattern or the shape or the configuration thereof, and by whatever means it is applied, having features which are necessitated by the function which the article is to perform, and includes an integrated circuit topography, a mask work and a series of mask works.

In order to be registerable, an aesthetic design must be new and original; a functional design must be new and not commonplace in the art.

The South African Designs Office does not conduct substantive examinations and accordingly, provided that all formalities are complied with, a design right will be registered irrespective of compliance with the above requirements.

However, such a design right may be subject to revocation upon application by a third party.

For a legal entity to acquire the rights in designs created by employees it is usual to include provision in an employment agreement transferring the rights in and to any intellectual property created during the course and scope of employment to the employer. It is arguable that in the absence of such agreement, ownership in such intellectual property will nevertheless transfer to the employer.

In terms of section 1, proprietor is defined to mean:

- where the author of the design executes the work for another person, the other person for whom the work is so executed; or
- where a person, or his employee acting in the course of his employment, makes a design for another person in terms of an agreement, such other person.

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As such, the rights in and to a design created by a consultant executing work on behalf of a third party will automatically vest with the third party. It would, in any event, be advisable to enter into a written agreement confirming the position to mitigate the risk of future disputes. The same would apply to work created by shareholders, directors and suppliers.

A design assignment agreement must be reduced to writing in order to be valid.

Care should be taken to ensure that any assignment agreement is not in contravention of section 29(2) of the *Designs Act* which provides that any condition in a contract of employment which:

- requires an employee to assign to his employer a design made by him otherwise than within the course of his employment; or
- restricts the right of an employee in a design made by him more than one year after the termination of the contract of employment, shall be null and void.

South African design law does not recognise moral rights. As to the moral rights in the copyright, see 2.2 above.

The duration of the registration of an aesthetic design is 15 years and a functional design is 10 years.

3.3 Enforcement

Design infringement is assessed by determining the following:

- Has the alleged infringer performed an act which could constitute infringement?
- Is the alleged infringer's article included in the class in which the design is registered?
- Construe the representations and definitive statement filed in support of the application for a design, and consider, through the spectacles of the likely customer of the article, whether the alleged infringement has a substantially similar appearance as the registered design? In doing so, it may be necessary to consider what the essential features of the design are, and if these do not appear in the alleged infringing article, it cannot infringe.

A design right can be enforced against any 'article' which is defined as any article of manufacture and includes a part of such article if manufactured separately. The existence of some other right in and to the article, for example a patent, shall not prevent the enforcement of the design right.

There is no precedent in which unauthorized use in social media, comparative advertising or parody has been considered. There does not appear to be any reason why it would not be possible, provided that the alleged infringement fell within the definition of an article.

There is no exhaustive list of the defences available to an alleged infringer. An infringer may, either as a defence or as the basis of a counter claim for revocation of the design, rely upon any ground upon which the registration may be revoked. Additionally, an alleged infringer may rely on a denial of the proprietor's title to the registered design, leave and license, acquiescence, election, waiver and estoppel, and the *Gillette*-Defence as further defences.

Neither ignorance of the existence of a registered design nor a lack of intention to infringe is considered a valid defence.

There is no direct inclusion of a so-called repair clause in South African design law, however the concept of a repair clause has been accepted in South African patent law (although there is some debate as to how this should be interpreted) and accordingly it will likely be adopted as part of the design law.

There is no direct defence on the grounds of an otherwise valid registered/unregistered design being deemed unenforceable, owing to misconduct by the design owner, or for some other reason, however the *Designs Act* does provide for the grant of compulsory licenses which may provide such a defence.

There is no time limit against bringing infringement proceedings; however the right to recover damages will prescribe three years after the date of the infringing act.

There is nothing which precludes a rights holder from bringing a single suit on the basis of a number of causes of action, for example infringement of a design right and infringement of copyright.

4. RIGHT OF PUBLICITY

4.1 Sources of law

South African law does not expressly recognize the concept of a right to publicity. The basis for protection of image rights is primarily the common law of delict (tort), specifically, the *actio iniuriarum* which is an action brought for the infringement of personality rights. The basis for this protection is the concept of *dignitas* which is a collective term embracing the rights to privacy, dignity and identity. This action is often successfully relied upon where a person's image, likeness or other aspects of their identity have been reproduced or abused without consent.

The principal sources of law for the *actio iniuriarum* are the common law of delict as developed in the courts as well as the *Bill of Rights* included in the *Constitution*, including the constitutional rights to dignity and privacy.

4.2 Substantive law

The right to publicity, which is primarily protected through a cause of action arising from the infringement of personality rights in terms of the law of delict (tort), cannot be owned *per se* and is not the subject of a specific proprietary interest. Personality rights are inseparably bound up with an individual's personality and do not exist independently of the human personality and are incapable of being transferred.

Personality rights are inseparably bound up with an individual's personality and do not exist independently of the human personality and are incapable of being transferred even on death. However, if an action for infringement has been lodged and the pleadings have closed prior to death, then the heirs can persist with the claim.

The right to pursue an infringer can however be ceded to another, but only after the action has been lodged and the pleadings have closed.

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An individual can license his/her right of publicity although it will not be a licence *per se* but will amount to a waiver or an agreement not to sue. The individual can agree not to exploit his rights of publicity by, for example, using his likeness for certain purposes, which would in effect amount to an exclusive licence.

When drafting an assignment/license of the right of publicity be explicit about exactly what the other side is being permitted to do and under what circumstances.

Whether a licensor can withdraw the consent to its use would depend on the terms of the agreement between the parties, being a contractual waiver in nature.

If a licensor were to die while the license agreement is still in force the agreement will terminate given that personality rights are inseparably linked to the individual and terminate on death. The agreement does not bind the successors.

Assignments of personality rights are not possible.

Unless subject to a trade mark registration, heirs will have no independent right over the deceased individual's name, image, likeness or other unequivocal aspects of his/her identity.

4.3 Enforcement

Only the individual or a cedant of that person's claim has standing to sue for a violation of the right of publicity.

Commercial and non-commercial uses can amount to an infringement of personality rights. It is not necessary to prove that that individual's name, image, likeness, or other unequivocal aspects of one's identity have a commercial value to obtain an injunction or other remedies for the unauthorized use.

Defences that may be available to the alleged infringer include:

- consent;
- necessity – where the defendant is put into such a position by circumstances outside his control that the can only protect his legitimate interests or those of another through infringing the personality rights of the claimant;
- self-defence (rare in terms of personality rights);
- public interest – authorisation by statute or by virtue official capacity.

5. PRODUCT PLACEMENT

Product placement is generally permitted in South Africa. However, product placement in respect of certain categories of goods such as tobacco products is outlawed.

In the event the other party fails to perform as agreed with the brand owner the ordinary rules for breach of contract would apply. Specific performance of the obligation can be obtained where the breach is material, in addition to damages and legal costs.

6. PROTECTION OF CORPORATE IMAGE AND REPUTATION

The common law personality right to privacy does not protect legal entities, but the newly enacted *Protection of Personal Information Act* (not yet in force) does protect the personal information of juristic (legal) entities.

The information must satisfy the definition of “personal information” in the *Protection of Personal Information Act*.

Generally freedom of contract is respected, within limits set by statute, including but not limited to the *Competition Act*.

More specifically, a contract could possibly include a prohibition:

- to sell the products to re-sellers whose image is below a certain defined standard; or
- to buy non original – but otherwise legitimate – spare parts and components as a restrictive vertical practice in terms of the *Competition Act* if it is likely to substantially prevent or lessen competition in a market. It may also amount to an abuse of dominance in terms of the *Competition Act* and could be prohibited as a result, depending on the positions of the parties.

Minimum resale prices are unlawful in terms of the *Competition Act*, but minimum price recommendations that are not binding are permitted.

Liquidated damages and fines clauses are generally permitted, but in terms of the *Conventional Penalties Act*, if the penalty is out of proportion to the prejudice suffered by the creditor, the court may reduce the penalty to an amount considered equitable.

AUTHOR BIOGRAPHIES

Louise Myburgh

Louise Myburgh, BEcon Hons LLB, is a Partner with Spoor & Fisher. She is a South African trade mark practitioner with 20 years’ experience in trade mark prosecution and litigation as well as copyright litigation. She also deals with unlawful competition matters and domain name disputes.

Jeremy Speres

Jeremy Speres, BA LLB LLM, is a Senior Associate with Spoor & Fisher. He is a South African trade mark practitioner with 6 years’ experience in trade mark prosecution and litigation, copyright, domain name disputes and commercial IP transactions.



SOUTH KOREA

Young Joo Song, Nayoung Kim, & Dae Hyun Seo
Kim & Chang

1. TRADE MARK

1.1 Sources of law

Trade marks may be protected under the *Korean Trade Mark Act* (“TMA”), while well-known marks can be protected under the *Unfair Competition Prevention and Trade Secret Protection Act* (“UCPA”). International conventions to which Korea is a signatory, such as the Agreement Establishing the World Intellectual Property Organization, the Paris Convention for the Protection of Industrial Property, the Madrid Protocol on the International Registration of Marks and the Agreement on Trade-Related Aspects of Intellectual Property Rights, have the same legal effect as domestic laws. In principle, the TMA and treaties have equal effect.

1.2 Substantive law

The TMA effectively protects well-known marks by prohibiting the registration of marks that are similar/identical to marks that are well-known in or outside of Korea and filed in bad faith. The UCPA also prohibits the use of marks that are famous in Korea.

The law makes a distinction between “well-known” and “famous” marks. A well-known mark is considered as a mark that is recognized by a majority of customers, while a famous mark is recognized by an overwhelming majority.

Trade marks belonging to the “luxury industry” do not enjoy a broader range of protection apart from that provided by law.

1.3 Enforcement

The fame of the mark must be established in order to prove that a trade mark is entitled to broader protection in Korea. The courts generally review sales and advertising figures, sales volume and duration, global registration status, and any other evidence showing that the mark was exposed to local traders and consumers as an indication of source.

The well-known status of a mark may be substantiated by the above evidence or in an affidavit duly executed by a person who has access and knowledge of such information.

There is no test or threshold to establish that a trade mark is entitled to broader protection.

For <.co.kr> or <.kr> level domain names, trade mark owners may file an administrative proceeding with the Internet Dispute Resolution Committee (“IDRC”) or file a civil action based on the UCPA in order to transfer or de-register an unauthorized domain name that contains their trade mark. An IDRC action is similar to a Uniform Domain Name Dispute Resolution Policy proceeding, and petitioners may rely on claims under the anti-cybersquatting provision of the UCPA and the *Internet Address Resources Act* (“IARA”).

Article 18-2 of the IARA provides that:

- when use of any domain name violates rights to marks protected under the *Trade Mark Act*;
- when use of any domain name:
 - causes consumer confusion with the third party’s well-known product/business in Korea; or

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- impairs judgment or damages the reputation of the well-known mark; and
- when the registration, possession or use of a domain name obstructs the registration or use of a domain name by persons who have a legitimate source of authority or such registration, possession or use is made for the purpose of reaping illegal profits (that is, when the registrant of domain name registered the domain name in bad faith);

the IDRC can issue a decision to deregister or transfer the domain name (if the registrant does not have any legitimate right for the domain name).

The anti-cybersquatting provision of the UCPA defines the following acts as constituting unfair competition: the act of registering, maintaining, transferring or using a domain name which is similar to another person's name, trade name, trade mark or any other indicator which is widely known in Korea for the purpose of:

- selling or renting the domain name to the rightful owner of the trade mark or other indicator;
- interfering with the rightful owner's registration and use of a domain name; or
- obtaining commercial gain.

A registered trade mark can be enforced against a trade name, but TMA Article 51 limits the extension of such trade mark right if the trade name indicates the trade mark in a common way.

A trade mark can be enforced against other distinctive signs, if the sign is similar to the registered mark and perceived as a source identifier.

A trade mark cannot be enforced against its use as a metatag.

If the trade mark is used to indicate a source in social media in relation to similar/identical goods/services, then the owner may have a claim for infringement. Also, if the trade mark is used by the social media account holder to cause dilution or mislead the public as to an affiliation with the owner and account holder, then there may be claims available under the UCPA.

When considering whether a trade mark be enforced against its unauthorized use in comparative advertising the key is to establish whether the trade mark was used as a source identifier in the advertisement. Most comparative advertisements do not use a third party's trade mark as a source identifier, and thus it is generally difficult to assert infringement under these circumstances. The trade mark owner may explore other regulatory claims as well as Article 2(1)(vi) of the UCPA if any of the statements in the advertisement are false.

It is possible for a trade mark to be enforced against its unauthorized use in a parody if the parody mark is used as a source identifier. For instance, a trade mark owner may assert infringement if the parody mark is used as a source identifier, is similar to the other mark, and the goods are identical or similar. The owner may also assert likelihood of confusion over the source of the goods and/or dilution under the UCPA.

A trade mark owner can claim both trade mark infringement and unfair competition in the same civil and/or criminal proceedings. It is also possible to bring parallel and/or separate proceedings, but not necessary.

2. COPYRIGHT

2.1 Sources of law

The *Korean Copyright Act* (“CA”) is the relevant local law regarding copyrights, while Korea is also member country of the Universal Copyright Convention, the Geneva Phonogram Convention, the TRIPs Agreement, the Berne Convention for the Protection of Literary and Artistic Works, the WIPO Copyright Treaty and the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations and the WIPO Performances and Phonograms Treaty.

In principle, the CA and treaties have equal effect. However, if there is a conflict between these sources, the more recent or special laws are applied depending on the circumstances or parties involved.

2.2 Substantive law

The CA non-exhaustively lists examples of categories of protected works according to the forms they take, but even if a type of work is not included in this list, it may still be protected under the Act. The list reads as follows:

- novels, poems, theses, lectures, recitations, plays, and other literary works;
- musical works;
- theatrical works, including dramas, dances, pantomimes, and so on;
- paintings, calligraphic works, sculptures, crafts, works of applied art, and other artistic works;
- architectural works, including architecture, architectural models, and design drawings;
- photographic works including photographs and other works prepared by similar methods;
- cinematographic works;
- maps, charts, design drawings, sketches, models, and other diagrammatic works; and
- computer program works.

Objects of industrial design may be copyrightable as applied art. The industrial design or applied art must possess the fundamental elements of a copyrightable work, which is “creativity” and “expression of human emotion or idea,” in addition to having artistic value that is physically or conceptually separable from the function of the industrial article.

The rights of reproduction, public performance, broadcasting, transmission, exhibition, distribution, renting and making derivative works are covered by copyright. According to the CA, the copyright holder also has moral rights, which include the rights of public disclosure, preservation of integrity or identity of the work, and attribution of authorship.

The creator of the work is generally considered the author, but the CA does have special rules for works made for hire. That is, the CA deems an employing legal entity, organization, or other person to be the “author” of a work and own copyright in a work, if all of the following conditions are satisfied:

- the work is created by an employee within the scope of employment, subject to the employer’s supervision;

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- the work is published in the name of the employer (except computer programs); and
- there is no separate or particular contract or employment regulation providing that the status of the author, or ownership of the copyright in, the work-for-hire should belong to the employee.

If the above conditions do not apply, then the legal entity in question should receive an assignment of the copyright through a separate agreement with the creator (author) of the work.

Consultants are not considered an “employee” as identified in the above provision, and thus the legal entity would have to receive an assignment of the copyright to the work through a separate agreement. However, depending on the facts, the consultant’s work may be considered a work made for hire if he/she was actually working for the legal entity as an employee.

Shareholders and suppliers are not considered “employees” as identified in the above provision, and thus the legal entity would have to receive an assignment of the copyright to the work through a separate agreement.

If a director of a company was subject to the employing legal entity’s supervision, then it is possible for a director’s work to be considered a work made for hire.

As long as the parties agree to an assignment of the copyright, a copyright assignment agreement does not have to satisfy particular formalities to be valid. However, to be binding on third parties, the assignment must be officially recorded. For example, in the event that the copyright holder has executed duplicate assignment agreements, it is possible that ownership would be acknowledged only for the assignee that is recorded with the Korean Copyright Commission. Therefore, it would be prudent for a copyright assignee to record the assignment.

A separate assignment agreement is not necessary if the particular work can be construed as a work made for hire (see above). Otherwise, however, if the circumstances require the execution of a copyright assignment agreement between a legal entity and its employees, consultants, shareholders, directors and suppliers, then the entity should be cautious about entering into an agreement where there is no consideration for the assignment. Such lack of consideration may be deemed unfair and subject the agreement to validity issues.

In addition, even if there is a full assignment of a copyright, the right to make derivative works are not presumed to be included in the assignment. Therefore, if desired, the legal entity should include an express provision in the assignment agreement specifying that the copyright assignment also includes the right to make derivative works.

It is not possible for an author to transfer or waive his/her moral rights.

Copyright protection lasts for the life of the author plus a term of 70 years after death. Works made for hire have a protection term of 70 years after the work is made public, but if the works have not been made public or published within 50 years of its creation, the protection term is then for 70 years after its creation.

2.3 Enforcement

The CA provides that a protected work may be registered with the Ministry of Culture, Sports, and Tourism, which delegates its authority for registration

to the Copyright Council. Although a copyright deposit or notice is not required, a person who desires to register the copyright in a work must submit an application to the Copyright Council with specified information. Such registration is not mandatory and is not a pre-condition for copyright protection or enforcement, but it does provide certain advantages for the right holder.

As discussed in 2.2, industrial designs are capable of protection by copyright under certain conditions, and any type or form of evidence may be produced to establish the foregoing.

Copyright infringement is assessed by proving that the infringer created its work based on a third party's copyright work, and that there is substantial similarity between the compared works. Actual copying is not necessary, and substantial similarity is sufficient to establish infringement.

Despite a valid trade mark registration, if a trade mark conflicts with a copyright of a third party that existed prior to the trade mark application filing date, then the trade mark registrant is not allowed to use his/her own registered mark without the copyright owner's authorization (Article 53 of the *Trade Mark Act*).

Despite a valid design registration, if a design conflicts with a copyright of a third party that existed prior to the design application filing date, then the design registrant is not allowed to use his/her own registered design without the copyright owner's authorization (Article 95 of the *Design Protection Act*).

There is no specific provision with regard to the enforceability of a copyright against a patent, domain name, trade name, pseudonym, or other IP right. However, in principle, the copyright holder's consent is necessary if the foregoing IP rights conflict with a copyright.

A copyright may be enforced against its unauthorized use in social media, as long as the conditions identified above are met and there are no other exceptions applicable, such as fair use.

A copyright may be enforced against its unauthorized use in comparative advertising, as long as the conditions identified above are met and there are no other exceptions applicable, such as fair use.

There is no settled law or precedent with regards to the use of a third party's copyright in a parody. However, Korean courts may excuse the use of a third party's work in a parody if it is on the whole clearly distinguishable from the prior work. On the other hand, a lower court decision has acknowledged copyright infringement against a party's production of an album and music video that was alleged to be a parody of a famous song. The court applied a strict standard and reasoned that the infringer's song was neither a criticism nor satire of the original song, and did not create any additional value.

The CA provides exceptions to copyright infringement. For instance, an alleged infringer may have an available defence against infringement if use of the copyright work was for any of the following uses: private, educational, library and other archival reproduction, non-profit performance and broadcasting, current news reports, reproduction for judicial proceedings, temporary sound or visual recording by a broadcaster, exhibition or reproduction of fine art, temporary reproduction on a computer, reproduction for the handicapped, and free use of public works.

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The fair use defence is also included in the CA, and expressly permits the use of copyrighted works for the purposes of reporting, criticism, education and research, etc. to the extent that such use does not conflict with the ordinary use of the works, and does not unreasonably prejudice the legitimate interests of right holders.

A copyright holder's enforcement of its valid copyright may be held as an abuse of rights if the copyright holder's purpose behind the enforcement was to bring harm. Abuse of rights is determined on a case by case basis.

There is no time limit for seeking injunctive relief in an infringement action. However, a claim for damages must be brought within three years from when the copyright owner became aware of the infringement, or ten years from the date of infringement.

A copyright holder may claim copyright infringement, design infringement and/or unfair competition for the same set of facts. It is possible to assert the foregoing claims in one civil complaint or in separate proceedings.

3. DESIGN

3.1 Sources of law

Product designs that are registered with the Korean Intellectual Property Office ("KIPO") are protected in Korea under the *Design Protection Act* ("DA"). Unregistered designs can be protected under the UCPA and/or CA in certain circumstances. Further, Korea is a signatory to the Agreement Establishing the World Intellectual Property Organization and the Paris Convention for the Protection of Industrial Property, and thus they have the same legal effect as domestic laws.

In principle, the DA and treaties have equal effect. However, if there is a conflict between these sources, the more recent or special laws are applied depending on the circumstances or parties involved.

3.2 Substantive law

The subject matter protected by the DA is industrial designs. The DA defines "design" as "the shape, pattern, or color, or a combination of these in an article (including part of an article) which produces an aesthetic impression in the sense of sight". A typeface can also be protected under the DA, as well as moving designs and image designs (for example, computer icons, on-screen computer displays and graphic-user interface).

Unregistered designs cannot be protected by the DA, but under the "dead copy" provision of the UCPA, any act of assigning, renting, displaying, importing or exporting a product which imitates the appearance of another party's product (for example, the shape, pattern, color, or combination of such attributes) is deemed to be unlawful.

In order to obtain a grant of a valid design registration, a design must possess novelty and creativity. More specifically, prior to the filing of the design application, such a design must not be:

- identical or similar to one which has been publicly known or used in Korea or in a foreign country; or

- identical or similar to one which has been described in a publication circulated in Korea or in a foreign country.

Further, a design may not be registered where a person with ordinary skill in the particular field of design could have easily created the design from a widely known design or published design in or outside Korea.

As for unregistered design rights, the “dead copy” provision is not applicable where:

- the imitation product is manufactured more than three years after the date of manufacture of the original product; or
- the product shape is commonly used for the subject goods.

The basic principle underlying the Korean laws on in-service inventions is that intellectual property rights (including patents, utility models and designs) inherently belong to the employee who created the invention. That is, an employee has an inherent right to obtain a registration for his/her design.

There are two ways for an employer to have vested title to in-service inventions. One is to enter into a pre-invention assignment agreement with the employee, thereby the employee agreeing to assign any and all future in-service inventions to the employer. The other is to adopt an employment rule (for example, an invention compensation policy) expressly providing for employee-inventors’ assignment of any and all future in-service inventions to the employer. When an employer succeeds to the rights to the in-service invention in accordance with a contract or employment rule, the employee is entitled to “reasonable compensation” from the employer – even if the employer ultimately decides not to pursue a design registration and, instead, decides to keep the invention as a trade secret.

Consultants are not considered an “employee” as identified in the above provision, and thus the legal entity would have to receive an assignment of the design through a separate agreement. However, depending on the facts, the consultant’s work may be considered an in-service invention if he/she was actually working for the legal entity as an employee.

Shareholders and suppliers are not considered to be “employees,” and thus the legal entity would have to receive an assignment of the design through a separate agreement.

If a company director was subject to the employing legal entity’s supervision, then it is possible for the director’s work to be considered an in-service invention.

As long as the parties agree to an assignment of the design, a design assignment agreement does not have to satisfy particular formalities to be valid. However, for the design assignment itself to be valid, the assignment must be recorded with KIPO. The Korean Invention Promotion Act (“KIPA”) sets forth a set of rules governing two aspects:

- the procedural requirements for an employer to acquire ownership in and title to an in-service invention; and
- factors in determining reasonable compensation that the employee is entitled to when the employer acquires the in-service invention.

KIPO also has published guidelines in connection with in-service inventions. Therefore, KIPA rules and KIPO guidelines should be taken into consideration when drafting a design assignment agreement.

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There are no moral rights in relation to designs.

Once registered, a design is protected for twenty years from the application filing date.

As discussed above, the “dead copy” provision is not applicable if the imitation product is manufactured more than three years after the date of manufacture of the original product.

3.3 Enforcement

It is an infringement of the rights to a registered design to use an identical or similar design without authorization from the owner of the registered design. Substantial similarity is sufficient to establish infringement.

As for protection of unregistered designs under the “dead copy” provision, the compared designs must be nearly identical.

According to Article 95 of the DA, a registered design or a design similar to the registered design may be enforced against another’s trade mark, design, patent, copyright, or utility model if an application for the foregoing was filed earlier than the filing date of the registration of the design concerned. In cases of conflict between the design right and other person’s patent right, utility model right, trade mark right, copyright, the owner of the registered design in question shall not commercialize the design without permission from the owner of the relevant design right, patent right, utility model right, trade mark right or copyright, or without complying with Article 123 (trial for granting a non-exclusive license in connection with relevant design right, patent right, utility model right or trade mark right).

There must be an infringement of the registered design right for a design to be enforced against its unauthorized use in social media. A personal posting of an image of a product may not rise to the level of infringement.

There must be an infringement of the registered design right for a design to be enforced against its unauthorized use in comparative advertising.

There must be an infringement of the registered design right for a design to be enforced against its unauthorized use in a parody.

There is no “repair clause” in Korea nor are there any comparable limitations. Invalidity of the design is the most common defence raised by alleged infringers.

An otherwise valid registered design can be deemed unenforceable if there are validity issues. There is no time limit for seeking injunctive relief in an infringement action. However, a claim for damages must be brought within three years from when the design registrant became aware of the infringement, or ten years from the date of infringement.

A design holder may file one action claiming design and copyright infringement, as well as unfair competition, for the same set of facts. It is possible to bring parallel and/or separate proceedings, but not necessary.

4. RIGHT OF PUBLICITY

4.1 Sources of law

There is no law in South Korea recognizing the right of an individual to control the commercial use of his or her name, image, likeness, or other unequivocal aspect of

his/her identity. Furthermore, the lower court decisions are also split on this issue of one's right to publicity, and there is no Supreme Court precedent in this regard.

For those lower courts that have recognized the right to publicity, they have relied on constitutional laws for their reasoning, such as personal rights, the right to pursue one's happiness, or the right to own property.

4.2 Substantive law

The lower court decisions that recognize the right of publicity have at minimum, required commercial value in such right. As such, there have been instances where the court has recognized the infringement of publicity rights even for non-public figures as long as there is commercial value in their name or likeness.

There is no statute or Supreme Court decision regarding the right of publicity and whether such right survives the death of the individual. Moreover, the lower courts that have addressed this issue are inconsistent as well.

Although not a Supreme Court decision, a lower court has held that it is possible to assign one's right of publicity.

It is possible for an individual to license his/her right of publicity. Such license can either be exclusive or non-exclusive, and common practice for celebrities that enter into contracts authorizing third parties to use their name, likeness, or other aspect of their identity.

There are no set requirements for an agreement involving the assignment/license of the right of publicity to be valid.

When drafting an assignment/license of the right of publicity it would be necessary and prudent to consider whether the contracting party is the rightful owner of the subject publicity right, and whether the owner has not already contracted with a different party. It is also important to conduct due diligence to make sure that the publicity right does not conflict with other third party rights. The assignment/license contract itself should identify the right to be assigned/licensed with specificity as well as the license period and method of use.

As there is no statute with regard to the right of publicity, there are no unique conditions and the parties are free to enter into an agreement according to their desired terms.

The lower courts are split on what should happen following the death of the licensor when it occurs while the license agreement is still in force. While one court ruled that the right of publicity extinguishes upon the right holder's death, another court has recognized that such a right can be passed on to one's heirs.

There is no law or precedent in South Korea regarding the assignee's or licensee's position in relation to heirs that have an independent right over the deceased individual's publicity right.

There is no Supreme Court decision on the expiry of a right of publicity if transmissible *mortis causa*, and a lower court decision has recognized that the right of publicity term corresponds to the copyright term, while others have not.

4.3 Enforcement

A lower court has ruled that an assignee may have standing to sue for a violation of the right of publicity.

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Although not a Supreme Court decision, some lower courts have enforced the right of publicity against infringing commercial use. Further, it would be possible to assert one's constitutional rights against a third party's unauthorized use of one's name or likeness despite lacking a commercial aspect.

The right to publicity is not recognized by law or precedents, but for those cases that have addressed this issue, the commercial value of one's name, image, or likeness was generally presumed for purposes of obtaining a remedy against its unauthorized use.

The form of evidence is not recognized by statute, but in practice, the public figure's agency contract, advertisement contract, and testimony from an employee working in the advertising field would be helpful to establish one's commercial value.

In terms of defences available to an alleged infringer there is no law or precedent in this regard.

5. PRODUCT PLACEMENT

Product placement is permitted if certain requirements are met under the *Broadcast Act*.

The Enforcement Decree of the *Broadcast Act* specifies various limitations with regards to product placement (for example, type of broadcast and product, and method). For instance, product placement is only permitted on programs related to entertainment and culture, and it is prohibited to refer to the product, or recommend purchase or use. Also, the logo or brand shown on the product cannot exceed a quarter of the screen.

The owner should give the other party an opportunity to perform the agreement, and if corrective measures have not been taken, then the owner can terminate the agreement and also petition for damages incurred due to such failure to perform.

6. PROTECTION OF CORPORATE IMAGE AND REPUTATION

There is no law regarding right of publicity and/or privacy for legal entities or corporations. However, it may be considered an unlawful tort for a party to harm the reputation or credibility of a legal entity, and such party may be subject to damages.

It is generally possible to include specific clauses in agreements aimed at protecting the corporate image/reputation.

It is possible for a party to include a clause regarding re-sellers, but such condition may be perceived as an unfair trade practice prohibited by the Monopoly Regulations and Fair Trade Law ("MRFTL"). When determining if there is a risk for impeding fair business practices under the MRFTL, the Korea Fair Trade Commission will review the totality of the circumstances, including the party's intent, purpose, and the effect of the party's actions, in addition to the nature of the product in question, transaction terms, and whether the party is in a dominant position within the relevant market, as well as the contents and degree of harm on the transacting party.

The MRFTL prohibits the maintenance of resale price, but will allow a business to implement actions to prevent its products from being sold higher than a certain price as long as there are business justifications.

Prohibition against buying non-original, but legitimate, spare parts and components are generally permissible, but depending on the circumstances, such prohibition may be considered a violation of the MRFTL for possibly hindering fair trade.

It is permissible to include a liquidated damages clause for protecting the reputation or corporate image of the other party in an agreement, and such provision is considered valid by a court. However, the court may ultimately order a decrease in the payment amount if it determines that the liquidated damages pursuant to the agreement is excessive compared to the market position of the parties, the proportion between actual damages compared to the liquidated damages amount, and expected amount of actual losses.

AUTHOR BIOGRAPHIES

Young Joo SONG

Young Joo Song joined Kim & Chang in 2012 and is a trade mark attorney in the Firm's Trade mark/Design Practice Group. She received a B.A. from Yonsei University and an M.A. in Interpretation & Translation from Hankuk University of Foreign Studies. Before being admitted to the Korean Patent Bar in 2004, Ms. Song worked as an English interpreter for prominent Korean companies and banks, including Samsung Electronics. Ms. Song practiced law at Yoon & Yang before joining Kim & Chang, and is an active member of Korea Patent Attorneys Association and AIPPI Korea. Ms. Song is fluent in English and has good command of Japanese and Chinese.

Nayoung KIM

Nayoung Kim joined Kim & Chang in 2007 and is a U.S. attorney in the firm's Trade mark/Design Practice Group. Ms. Kim's intellectual property practice is focused on the areas of trade mark prosecution and enforcement, as well as disputes involving unfair competition, domain names, designs and copyrights. She counsels clients in various industries on IP portfolio management and licensing issues. Ms. Kim has been consistently ranked by Chambers Global as a leading individual for intellectual property within Korea. Prior to joining Kim & Chang, Ms. Kim was a Legal Fellow with the New York State Unified Court System.

Dae Hyun SEO

Dae Hyun Seo is an attorney in the firm's Intellectual Property Practice Group. Since joining the firm in 2009, Mr. Seo's practice primarily focuses on domestic and international IP-related disputes, including trade secret, copyright, trade mark, design, unfair competition. Mr. Seo has represented the firm's multinational clients as well as domestic clients in the civil/criminal lawsuits involving IP rights, and also has extensive experience advising the firm's clients in the GAME and IT industries on a wide range of legal issues relating to IP laws and industry specific issues.



SPAIN

Ignacio Martínez & Eleonora Carrillo
Jacobacci & Partners

1. TRADE MARK

1.1 Sources of law

The primary sources of law and regulation relating to trade marks are national and European Union law as well as international treaties ratified by Spain. The relevant national statutes are the *Spanish Trade Mark Act 17/2001* of 7 December, 2001 and *Royal Decree No. 687/2002*, of 12 July, 2002, approving the regulation for implementing the *Spanish Trade Mark Act*.

The European Regulations, applicable to Spain as a Member State of the European Union, are the Community Trade Mark Regulation No. 207/2009 and the Community Trade Mark Implementing Regulation No. 2868/95. However a new one, Regulation No. 2015/2424 shall enter into force on 23 March, 2016.

The main international treaties applicable in Spain are:

- The Paris Convention for the Protection of Industrial Property of 20 March 1883;
- The Madrid Agreement of 14 April 1891 concerning the International Registration of trade marks and the Madrid Protocol of 27 June 1989 relating to the Madrid Agreement concerning the International Registration of trade marks;
- The Marrakech Agreement on Trade-related Aspects of Intellectual Property Rights of 15 April 1994;
- The Trade Mark Law Treaty of 27 October 1994, aimed at standardizing and harmonizing national and regional trade mark registration procedures, completed by the Singapore Treaty on the Law of Trade Marks of 27 March 2006;
- The complementary sources of law are custom and the general principles of the law.

Last but not least, case law and doctrine are clarifying sources. Indeed, the case law of the Spanish Supreme Court, the Spanish Constitutional Court and the Court of Justice of the European Union complement the above when interpreting the applicable law provisions and regulations, and the doctrine of law experts can also be used for such interpretation purposes by the Spanish Courts.

The order of priority when a conflict arises is as follows:

- European Union Law and international treaties ratified by Spain;
- Spanish Constitution;
- the Spanish law provisions and regulations;
- custom;
- general principles of the law;
- case law;
- doctrine.

1.2 Substantive law

Spanish law distinguishes between trade marks enjoying a standard degree of distinctiveness, well-known trademarks within the meaning of Article 6 bis of the Paris Convention, and registered trade marks enjoying reputation or fame.

Trade marks enjoying a standard degree of distinctiveness do not benefit from the special protection acknowledged to trade marks having an enhanced

distinctive character, and are therefore protected only against later trademarks for goods/services identical or similar to those for which they are registered.

A well-known trade mark within the meaning of Article 6 bis of the Paris Convention, even if not registered, can be opposed against the registration of a later trade mark or trade name application, while unregistered trade marks having only a standard or low degree of distinctiveness cannot. However, in the case of a well-known unregistered trade mark, the protection is limited to identical or similar goods and services. Moreover, proving that the unregistered trade mark was well known in Spain by the filing or priority date of the later application is a crucial condition.

Registered trade marks which enjoy either reputation or fame have an enhanced protection in Spain. In general, both of them enjoy a broader scope of protection and can successfully be opposed and/or challenge third parties registered or unregistered trade marks and trade names, which cover or are used in connection with goods and/or services similar or different from those for which the reputed/famous trademark, respectively, is registered, provided that the use of the later mark, without due cause, may take an unfair advantage from the reputation/fame of the earlier trade mark (free-riding) or cause a detriment to it (dilution, blurring or tarnishment).

Reputed trade marks are those which are considered generally known by the relevant sector of consumers to which the products or services are destined. Trade marks with fame are those with which the public in general is familiar.

The more reputed a trade mark is, the more different the products and services of a trade mark or trade name application can be and yet allow the owner to successfully oppose further applications. Likelihood of confusion is not a requirement to apply the enhanced protection attributed to reputed/famous registered trade marks.

Trade marks belonging to the “luxury industry” do not enjoy *per se* a broader range of protection, apart from that provided by law for standard trade marks, whether well known, reputed or famous. However, very often the “aura of luxury” surrounding these trade marks plays a positive role when it comes to successfully enforcing them, actually granting them a *de facto* broader and stronger protection.

The positive effect of this almost psychological effect is often seen both among trade mark examiners and Judges’ decisions leading to a successful outcome for the luxury industry trade mark owner.

1.3 Enforcement

In order to achieve an enhanced broader protection for reputed or famous trade marks, it must be proved that they are generally known by the relevant sector of consumers to which those products or services are destined, or that they are familiar to all the public in general (of any market sector), respectively.

Sufficient proof of either of these two categories may include many kinds of evidence that can be proposed and are usually admitted by the Spanish Patent and Trademark Office (SPTO) and the Spanish Courts. In this respect, the most significant material which can be submitted includes: oral testimony, affidavits,

expert evidence, surveys amongst consumers, documentary evidence such as advertisements, sales data and market share, geographical scope and duration of use, marketing activities, advertising data investments, promotional material, advertising of any kind, references on Google or other search engines and in social media, certificates issued by chambers of commerce or well-known, famous and/or reputed trade marks associations, as well as independent published rankings of trade marks, among others. Case law precedents are also useful where prior decisions have acknowledged the reputation or fame of the concerned trade mark, although these judgments are not binding (neither for the SPTO or the Courts).

There is not a specific test or threshold that must be reached to establish that a trade mark is entitled to broader protection because it is reputed or famous. This is up to the Examiner's or Judge's interpretation, based on the analysis of evidence submitted by the trade mark owner and the arguments of both the plaintiff/opponent and defendant/applicant.

In Spain, a trade mark can be enforced against a domain name, a trade name and any other distinctive sign, as well as against company names and domain names. Enforcing a trade mark against its use as a metatag is possible too. However, not all use of a trade mark as a metatag is prohibited. The allegedly infringing use should be analyzed on a case by case basis, taking into account all the circumstances, to determine if it is fair use or indeed trade mark infringement.

A trade mark can be enforced against its unauthorized use in social media where such use is for commercial purposes, according to the general standards of trade mark infringement rules.

A trade mark can also be enforced against its unauthorized non-commercial use in social media, but generally only if such use is denigrating or detrimental to the trade mark or its owner. In any other case, use for non-commercial purposes in social media would be very difficult to successfully act against, since defense arguments concerning freedom of speech and freedom of expression would be tough to overcome.

Comparative advertising is permitted in Spain under some conditions. First of all, comparative advertising almost always requires that the trade mark is used in the market for the products or services of the competitor which are compared with the advertiser's. Accordingly, a trade mark cannot be enforced against such use, as long as it is done in accordance with the relevant regulations. Specifically, as set forth by the *Unfair Competition Act, Law 3/1991*, of 10 January, and the *General Publicity Act, Law 34/1988*, of 11 November, the compared goods or services must have the same purpose and satisfy the same needs, the comparison must be made in an objective manner between one or several essential characteristics of the products or services, which are relevant, verifiable and representative, including price. Furthermore, the depiction of the trade mark must be accurate and used in a similar way to the trade mark of the advertiser, making sure that any confusion or association risk is avoided. Among other measures, it is highly advisable to use an international symbol for trade marks, such as ® or TM, as appropriate, including a footnote

indicating that the sign is a registered/unregistered trade mark and who owns it.

Last but not least, the comparison must not infringe any of the provisions of the *Unfair Competition Act* regarding deceiving acts, denigrating statements, or the risk of taking advantage of the reputation/fame of the third party trade mark.

A trade mark can be enforced against its unauthorized use in parody only if it causes risk of confusion or association, or is denigrating or damages its reputation/fame. This is hardly ever a black or white case, and there is almost always a great deal of uncertainty about the enforceability of the earlier trade mark rights, because of the subjective component of the analysis of the parody, the way in which the trade mark is used, directly or indirectly, fully, partially or amended, and last but not least the usually broad scope of the constitutional right of freedom of speech.

A trade mark owner can take action in Spain claiming both trade mark infringement and unfair competition for the same facts within the same action and proceeding. In general, both actions are fully compatible in one single action if the defendant/s is/are the same.

2. COPYRIGHT

2.1 Sources of law

The principal sources of law and regulation relating to copyright are national and European Union law, and international treaties ratified by Spain. The relevant national statutes are the *Spanish Intellectual Property Act*, *Royal Legislative Decree 1/1996*, of 12 April 1996, and *Royal Decree 281/2003* of 7 March 2003 approving the *Regulation of the General Registry of Intellectual Property*, as currently in force after several amendments.

The main international treaties applicable in Spain are:

- the Berne Convention for the Protection of Literary and Artistic Works of 9 September 1886;
- the Geneva Universal Copyright Convention of 6 September 1952;
- the Geneva WIPO Copyright Treaty of 20 December 1996.

The case law of the Spanish Supreme Court and the Court of Justice of the European Union complement the above when interpreting the applicable laws and regulations.

The order of priority when a conflict arises is as follows:

- European Union Law and international treaties ratified by Spain;
- Spanish Constitution;
- the Spanish law provisions and regulations;
- custom;
- general principles of the law;
- case law;
- doctrine.

2.2 Substantive law

Original literary, artistic or scientific works are copyrightable under Spanish

law, which provides an open list of examples of copyrightable works. This list includes books, speeches, conferences, music (with or without lyrics), dramatic plays and musicals, choreographies, theatrical plays, motion pictures and any audio-visual works, sculptures and paintings, drawings, cartoons, comics, projects, plans, architectural and engineering designs, graphics, maps and designs in connection with topography, geography and, in general, science, photographs and software.

Industrial designs are not expressly cited, but, since the indicated list is an open one, they are copyrightable provided that they are original artistic creations. A certain degree of originality and creativity is required, so not all industrial designs are copyrightable. Even though this is a crucial assessment with many legal implications, a certain degree of uncertainty is unavoidable, since it involves the individual and personal sensibility of the examiner or Judge.

The rights covered by copyright consist of both personal or moral and economical rights, which jointly grant full disposition and exclusive right to the exploitation of the work to the author, with no limitations except those established by the Law.

The moral rights of the author, which cannot be waived, are deciding if the work is to be divulged and in what way (right of disclosure), determining if such divulgation must be made in his/her name or under a pseudonym or sign (right of authorship), or anonymously, requiring the recognition of his/her authorship of the work, respect to the integrity of the work (right of integrity), preventing third parties from changing the work in a way which may be detrimental to his/her lawful interest or his/her reputation (the interpretation of lawful interest is so broad in Spanish case law that, from a practical point of view, basically no modification whatsoever is possible without copyright infringement), altering the work respecting the rights that may have been acquired by third parties or the need to protect goods of cultural interest, and withdrawing the work from the market because of a change of the author's intellectual or moral convictions (right of withdrawal), after paying a compensation for the losses and damages to the owners of the exploitation rights.

If, later, the author decided to restart the exploitation of the work, he/she must offer the corresponding rights to the former owner of those rights and under terms and conditions similar to the original ones and, finally, the author shall have access to the only or rare piece of the work when it is under someone else's possession, so that enjoying the divulgation right is possible.

A legal entity acquires the economic rights in the works created by its employees only if this is expressly agreed in the employment agreements or, at the very least, if the object of the employment agreement includes creating such works. The same applies to consultants, so the rights will be whatever is set forth in the agreement between the entity and the consultant. The acquisition of the rights in the works created by its shareholders, directors, or suppliers would require an assignment agreement.

The requirements a copyright assignment agreement must satisfy in Spain to be valid are those of any other agreement under Spanish Law, namely free will expressed in writing with clear conveyance of the rights. The transfer of

exploitation economic rights will be limited to those expressly indicated in the agreement, as well as its duration and territory. The assignment of rights will be considered as non-exclusive, unless the exclusivity is expressly agreed.

The main precautions to consider in drafting a license of copyright are to bear in mind that the global assignment of economic rights on future works is forbidden by law, commitments not to create any future work will be null and void, assignment of economic rights will not cover any divulgation methods inexistent or not yet discovered at the time of the assignment, even if this is expressly agreed. Lack of mention of the duration of the assignment will limit it to five years, and lack of mention of the geographical scope will limit the assignment to the country in which the assignment was made.

The author can never assign or waive his/her moral rights. Moral rights are inalienable.

Copyright protection lasts during all the author's life plus seventy years after his/her death.

This seventy year period is calculated from the first day of the year after the year in which the author passes away. However, there are two moral or personal rights that are perpetual, namely, the right of acknowledgment of his/her authorship and the respect to the integrity of the work.

Copyright of authors who passed away before 7 December, 1987 has a longer protection, namely eighty years from the death of the author.

2.3 Enforcement

In Spain, it is possible to obtain a copyright registration. However this copyright registration is not required to create or enforce copyright, obtain damages for its infringement or any other relief. A copyright deposit is not required either; nevertheless both the registration or deposit and a copyright notice are highly advisable for enforcement purposes.

The consequences for failure to apply for and successfully complete a copyright deposit or registration are that the plaintiff will have to prove the copyright (namely its content, authorship and date of creation and/or divulgation) through other means of evidence different from the registration or deposit.

Failure to display a copyright notice is not crucial either, since the lack of such notice alone cannot be interpreted as a waiver to copyright, although it may be taken into account to decrease the compensation awarded to the author in case of infringement. The copyright notice together with an "all rights reserved" warning is still advisable, because it proves the awareness of third parties of those exclusive rights and, furthermore, it can be used as a principle of proof of authorship. However, if it is absent that does not have irreparable consequences in most cases.

Nonetheless, there is one exception to the above general principle: works and articles on current news divulged in the mass media can be reproduced, distributed and publicly communicated, if the works or articles were signed by the author but the reserve of rights notice was not included, simply by indicating the source and the author.

In order to prove that an industrial design is capable of protection by copyright the most advisable evidence is an expert opinion, although any other kinds of evidence may complement it.

Copyright infringement is assessed when sufficient substantial similarity exists between the two works. No actual copying is necessary to establish infringement. Proof of copying can, however, increase the economic compensation the infringer is condemned to pay the copyright owner. Furthermore, copying may also amount to or involve criminal responsibility.

Copyright can be enforced against a trade mark, a design, a patent, a domain name, a trade name, a pseudonym and any other intellectual property right.

Commercial use of copyright in social media can be enforced against, according to the general standards of copyright infringement rules.

Copyright can also be enforced against its unauthorized non-commercial use in social media, provided that such use is denigrating or abusive. In any other case, such use for non-commercial purpose in social media would be very difficult to successfully act against, since defense arguments of freedom of speech and expression would be quite difficult to overcome.

While use of a trade mark in comparative advertising is in general permitted in Spain (provided that it is done in accordance with the applicable rules and thus difficult to enforce a trade mark against it), use of copyright seems to be, in general, much easier to challenge when enforcing it, simply because its use does not seem to be necessary for the comparison of any goods or services. The need to identify the origin of the products or services allows the use of the trade mark, and it seems unlikely that a case may exist where use of copyright instead, or together, with the trade mark, could be considered acceptable under Spanish Law.

Furthermore, use of copyright in comparative advertising with other copyright, due to the nature of copyright, would be almost impossible when respecting the rules on comparative advertising, which must always focus on objective proven facts, not subjective opinions or impressions.

In general, copyright is difficult to enforce against its unauthorized use in parody because the *Spanish Intellectual Property Act* expressly admits such parody, provided it does not create a risk of confusion with the original work or damage to the work or its author. Again, this is hardly ever a black or white case. On the contrary, there is a great deal of uncertainty about the enforceability, because of the subjective component of the analysis of the parody. Therefore, enforcement of copyright against parody is in general far more difficult than enforcement of a trade mark against it.

The defences available to an alleged infringer, apart obviously from challenging the validity and/or ownership of the copyright, are the right to make a parody or quote parts of the copyright in order to analyse it, criticize it or comment on it, with educative or informative purpose. Fair use or fair dealing are practically inexistent defence strategies regarding copyright in Spain, and only the defences mentioned above can play a successful role in the defence of an alleged infringer and are usually interpreted within rather narrow limits by Spanish Courts, so all use made must be for those mentioned purposes and

be reasonable, not abusive, proportional with the result sought and, obviously, indicating the source: both the work and its author.

Other exceptions are: the right to loan copyrighted works of public museums and libraries or other bodies with a general interest of cultural character or educative institutions within the Spanish educational system, the aforementioned right to reproduce, distribute and publicly communicate works and articles on current news divulged in the mass media indicating the source, if the author of the work or article signed it and the reserve of rights notice was not included, private copies or performances of works within the family circle (never intended for collective public use), and the right to reproduce, distribute and communicate freely by means of paintings, drawings, photographs and audio-visual means, works located permanently in parks, streets, squares and public spaces.

There are no grounds on which valid copyright can be deemed unenforceable, owing to any misconduct of the copyright holder. Only an express waive of the author to the exploitation rights so that the work becomes of free use can cause a partial unenforceability.

The time limit for bringing an infringement action is five years from the moment in which it could be taken. Usually the moment in which it could be taken is considered that when the copyright owner learnt about the infringement. However, a later time may also be admitted provided that for serious reasons beyond the copyright owner's control, the action could not have been taken despite the knowledge of its existence. Furthermore, an economic compensation can only be sought for the period of five years before the filing of the infringement action.

A copyright holder can take action claiming both copyright infringement and design infringement and/or unfair competition for the same set of facts in one single legal action and Court proceeding, provided the defendant/s is/are the same.

3. DESIGN

3.1 Sources of law

In Spain, the principal sources of law and regulations relating to designs are national and European Union law, as well as international treaties ratified by Spain.

Spanish designs are protected by the *Spanish Act for the legal protection of Industrial Designs*, Law 20/2003, of 7 July 2003, and Community designs by the *Council Regulation (EC) No 6/2002*, of 12 December 2001, on Community designs.

International industrial designs are protected by the Hague Agreement constituted by three international treaties, the Geneva Act of 2 July 1999, the Hague Act of 28 November 1960 and the London Act of 2 June 1934, although this last one is frozen since 1 January 2010, so no new designation under this Act may have been or be recorded after that date.

The case law of the Spanish Supreme Court and the European Court of Justice complement the above when interpreting the applicable laws and regulations.

The order of priority when a conflict arises is as follows:

- European Union Law and international treaties ratified by Spain;
- Spanish Constitution;
- the Spanish law provisions and regulations;
- custom;
- general principles of the law;
- case law;
- doctrine.

3.2 Substantive law

All kinds of products are protectable by way of registered or unregistered design.

Specifically, pursuant to the *Spanish Design Act*, a design can be the look a product has either in whole or a part of it, in particular the lines, borders, form, texture or materials of the product itself or its trade dress.

The products for which a design can be protected can be all kinds of industrial or artisan products, including, among others, pieces destined to be assembled into a complex product, the packaging, the trade dress, graphic symbols, and typographic characters, as well as a complex product, namely, a product composed by multiple replaceable components, which allow its assembly and disassembly.

The conditions that the owner must satisfy to obtain and/or enjoy rights on a valid registered or an unregistered design right are novelty and singular character of such design.

Indeed, the design must be new and thus no identical design must have been made available to the public before the date of filing of application for registration (or date of priority, if any) for national or registered Community designs, or, for unregistered Community designs, the date on which the unregistered design was made available to the public.

The design must also have individual character and the overall impression the design produces on the informed user must accordingly differ from the overall impression that is produced on such user by any prior design.

The requirements a design assignment agreement must satisfy in Spain to be valid are those of any other agreement under Spanish Law, namely, free will expressed in writing with a clear conveyance of the rights. Furthermore, in the designs created by employees or consultants the entity must have clearly indicated in the employment or consultancy agreement who the owner of the designs will be to avoid any doubts. However, for designs created by employees where creation is the subject of their duties or were expressly ordered by the entity, or for designs of consultants or suppliers who were hired specifically to make the design, it will be presumed that the right belongs to the entity, unless otherwise agreed between the parties. The acquisition of the rights in the works created by its shareholders or directors would require an assignment agreement, unless there was a previous agreement to create the design.

Strictly speaking the designer does not have moral rights on a design, so long as they cannot be considered copyrightable. However article 19 of the *Spanish*

Industrial Designs Act and article 18 of the Community Regulation on Designs establish the right of the author of the design to have his/her name included in the application and registration in such condition.

Protection of a Spanish registered design can last up to a maximum of twenty five years from the application date, provided the maintenance fees are duly and timely paid.

Unregistered design protection lasts three years from its first divulgation in the European Union.

3.3 Enforcement

Design infringement is assessed in consideration of the general overall impression produced by the design, namely, if it is not different from the one produced by any other design which has been divulged before the filing or priority date of the design application.

No actual copying is necessary to establish infringement. Designs whose characteristics differ only in irrelevant elements will be considered identical.

The main differences between a registered and an unregistered design are basically the need to prove its authorship, date of creation and divulgation and a much shorter duration of legal protection of the latter.

A design can be enforced against a trade mark, another registered or unregistered design, a patent, a trade name, and other intellectual property rights.

Commercial use of a design in social media can also be enforced against according to the general standards of design infringement rules.

A design can also be enforced against its unauthorized use in social media if it is for commercial purposes. In the event of an unauthorized non-commercial use of a design, enforcement is also possible provided that the use is denigrating or detrimental. In any other case, such use for non-commercial purpose in social media would be very difficult to act against successfully, since defense arguments of freedom of speech and freedom of creation would be tough to overcome.

While use of a trade mark in comparative advertising is in general permitted in Spain, use of a design is easier to challenge when enforcing it, simply because its use does not seem to be strictly necessary. The need to identify the origin of the products or services allows the use of the trade mark in comparative advertising, while it would seem unlikely that a case existed where use of a design either alone, or together with the trade mark, may be considered acceptable under Spanish law, simply because it would be unnecessary for the comparison of the products or services.

Furthermore, use of a design in comparative advertising together with other design, due to the nature of designs, would be almost impossible to be done according to the rules on comparative advertising, which must always focus on objective proven facts.

In general a design is difficult to enforce against its unauthorized use in parody as long as it does not cause risk of confusion with the original work or damage to the work or its author. Once again, this is hardly ever a black or white

case, but there is a great deal of uncertainty about the enforceability, because of the subjective component of the analysis of the parody. However enforcement of design against parody is in general more difficult than enforcement of a trade mark against parody, but not as hard as copyright.

The defence available to an alleged infringer is basically lack of sufficient similarity, apart obviously, from challenging the validity or ownership of the design for whatever legal reason.

No other grounds exist under which a valid design can be deemed unenforceable, and there is not any misconduct of the design holder that can cause such unenforceability.

The time limit for bringing an infringement action is five years from the moment in which it could be taken. Usually, the moment in which it could be taken is considered that when the design owner learnt about the infringement. However, a later time may also be admitted provided that, for reasons beyond the design owner's control, the action could not have been taken despite being aware of its existence. Furthermore, an economic compensation can only be sought for the period of five years before the filing of the infringement action.

A design holder can take action claiming both design infringement, copyright and unfair competition for the same set of facts in one single legal action and Court proceeding.

4. RIGHT OF PUBLICITY

4.1 Sources of law

Spanish law recognizes the right of an individual to control the commercial use of his or her name, image, likeness, or other unequivocal aspects of one's identity.

The principal sources of law and regulation relating to the right of publicity are national and European Union law, and international treaties ratified by Spain, namely the *Spanish Constitution*, the *Spanish Publicity Act, Law 34/1988*, of 11 November, the *Unfair Competition Act, Law 3/1991*, of 10 January, and the *Organic Law 1/1982* of 5 May, for the civil protection of the right to honour, personal and family privacy and self-image.

The case law of the Spanish Supreme Court and the Court of Justice of the European Union complement the above when interpreting the applicable laws and regulations if such interpretation is needed.

4.2 Substantive law

The right of publicity is inherent to any individual, survives the death of the individual, and is transmissible mortis causa; the heirs of the deceased individual own those rights.

An individual cannot assign his/her right of publicity in whole or in part. However, an individual can license his/her right of publicity, either on an exclusive or non-exclusive basis.

The requirements necessary for an agreement for the license of the right of publicity to be valid in Spain are those of any other agreement under Spanish Law, namely, free will expressing clearly and unequivocally the licensed rights.

The main precautions to consider when drafting a license of the right of publicity are: determining precisely the scope of the license (both geographically and the kind of use), duration and causes of termination, within which, importantly, setting up the exact terms in the event of any dishonourable conduct damaging the public image of the individual. Thus, at the very least, a termination right for this cause should be established, together with compensation for the damages the licensee may suffer as a consequence of that detriment to the licensor's public image, if they affected the licensee.

The conditions under which a licensor can withdraw the consent to its use, apart from those stated in the license agreement, are difficult to determine because, in theory, the licensor's assignment of the right to publicity, which is mainly an economical part of his rights only, involves inevitably somehow his/her constitutional rights to his/her own image and intimacy. Therefore, it is possible at any time due to the very special nature of these personal rights but, of course, the licensee could claim a compensation for the losses and damages that such unilateral withdrawal without any condition agreed in the agreement may cause the licensee.

The death of the licensor does not terminate the agreement, unless this was agreed by the parties as a termination cause. Thus the agreement binds the successors and they will take over in the agreements signed by the deceased. As a result of this the licensee would have to deal with the heirs.

The right of publicity expires eighty years from the death of the individual.

4.3 Enforcement

Standing to sue for a violation of the right of publicity corresponds to the individual or his/her successors. If the damage to the image of a deceased individual is serious and there are no successors, the public prosecutor may do so as well. An exclusive or even a non-exclusive licensee may have standing to sue depending on if the license agreement stated so and in what terms and conditions. However, this is a very personal right, so even if it was agreed between licensee and licensor, a Judge may require the individual to join the proceeding as co-plaintiff.

The right of publicity can be enforced against commercial use of that individual's name, image, likeness, or other unequivocal aspects of his/her identity, such as his/her voice. It would be more difficult to enforce it against any other aspects of his/her personality, but the actual chances of success of the enforcement would depend on such aspect/s being analysed on a case by case basis, and whether or not the public recognizes the identity of the individual.

It is not necessary to prove that that individual's name, image, likeness, or other unequivocal aspects of one's identity have a commercial value to obtain an injunction or other remedies for the unauthorized use.

Even though it is true that a commercial value is not necessary to achieve those goals, when such value can be assessed and it is significant, this may allow the individual to obtain a higher economic compensation for losses and damages, besides increasing the chances of an injunction being granted. In order to prove

such commercial value, all kind of evidence may be produced and should be admitted by Spanish Courts, including oral testimony, affidavits, expert reports, or documentary evidence, among others.

The defences available to the alleged infringer are basically freedom of speech, freedom of information and expression, fair use, especially of a public figure image for informative purposes, and parody, with variable chances of success depending on the specific circumstances of the case and the kind of use made.

5. PRODUCT PLACEMENT

Product placement is permitted in Spain (by *Law 7/2010, of 31 March, General Law on Audiovisual Communication*), in motion pictures, short films, documentaries, television series, sports programs and entertainment programs, in exchange of a payment. Whenever no payment is agreed, but only the free supply of products or services, such as material help to the production or awards, the products or services must have a significant value. When the program is produced by the service supplier the public must be informed at the beginning and at the end of the program, and after advertising breaks too.

In other types of program, product placement is only permitted in exchange of free provision of the products or services, as well as economic help for the production or awards of the program.

Product placement in programs destined for children is expressly prohibited. Also certain products are not allowed for product placement, or for any other kind of advertising, such as cigarettes and any other tobacco products, pharmaceutical products, alcohol over 20°, or below 20° outside of certain times.

The brand owner can try to stop the communication by means of an injunction, but it would be very difficult to obtain it unless there are extraordinary circumstances and sufficient time for a Court to grant such injunction timely. In most cases, damages would be the only feasible remedy available.

6. PROTECTION OF CORPORATE IMAGE AND REPUTATION

The laws regarding right of publicity and privacy extend in general to legal entities and corporations and all corporations enjoy these rights of publicity and privacy without any condition.

It is generally possible to include specific clauses in agreements aimed at protecting the corporate image/reputation of one of the parties, especially if it has an "aura of luxury".

Namely, it is a common practice to include specific clauses in selective distribution agreements in order to protect the corporate image/reputation of one of the parties, such as prohibition to sell the products to re-sellers below a certain standard and maintain the distribution within high quality requirements. Other clauses, such as imposing a prohibition to sell below a certain price or to buy non original parts and components, enter into conflict with competition laws.

Liquidated damages or stipulated fine clauses for breach by a party of provisions protecting the reputation or corporate image of the other party are permissible in Spain. In order to ensure the enforceability of such clauses, the provisions must be unequivocal, so that the breach can be clearly proved based on objective facts. Furthermore, they can be strict, but it is advisable to keep them fair and reasonable to avoid a Judge's decision to decrease them for being abusively excessive, and always directly aimed at achieving the purpose of protecting the corporate image and reputation.

AUTHOR BIOGRAPHIES

Ignacio Martínez

Ignacio Martínez is a Spanish attorney at law.

Ignacio joined Jacobacci & Partners in 2009. Before that he worked for nineteen years as an IP partner at Eversheds Lupicinio in Madrid. Ignacio has also been a visiting lawyer at Nixon Peabody, Boston and Taylor Wessing, London. He has practiced Intellectual Property law for over 26 years, representing and advising Spanish and foreign clients and has an extensive experience in all IP-related matters, including patents, trademarks, copyright and unfair competition, in both contentious and non-contentious matters. Ignacio regularly attends the major IP conferences around the world. He is the author of numerous publications and has lectured on Intellectual Property including positions as IP professor at universities and post-graduate law schools. He is a frequent contributor to several IP magazines. Ignacio manages Jacobacci's Spanish offices.

Eleonora Carrillo

Eleonora Carrillo is a Spanish attorney at law, professional representative before the OHIM and an Italian trademark attorney.

Eleonora joined Jacobacci & Partners Italy in 2006. In January 2011 she transferred to the Spanish practice of Jacobacci (Madrid), where she heads the Trademark Division and has extensive experience in all trademark and design matters, including clearance, prosecution, settlement agreements, enforcement, litigation, anti-counterfeiting actions, as well as ADR proceedings and designations of origin.

Eleonora manages worldwide and national portfolios of companies, especially in the fashion and luxury sector, foodstuffs, wines and banking sector.

She is the author of various articles in international and local IP publications.

SWITZERLAND

Thierry Calame, Lara Dorigo & Jürg Simon
Lenz & Staehelin

1. TRADE MARK

1.1 Sources of law

The principal source of national law relating to trade marks is the *Swiss Trade Mark Act*. Subsidiary provisions concerning the registry and the registration procedure are set out in the *Trade Mark Ordinance*.

Switzerland is party to a number of international treaties in relation to trade marks, including the Paris Convention, the TRIPs Agreement, the Madrid Agreement and the Madrid Protocol, the Trade Mark Law Treaty (TLT), the Nice Agreement concerning the International Classification of Goods and Services, and the Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks.

The courts are, in principle, not bound by the opinions and decisions of other national courts that have dealt with similar cases. The cantonal courts are not even bound by the opinions of the Federal Supreme Court - except when a decision of a cantonal court has been remanded by the Federal Supreme Court, in which case the cantonal court in handing down a new decision is bound by the opinion of the Federal Supreme Court. In practice, however, the opinions of the Federal Supreme Court are, therefore, generally binding for lower instance courts. Although decisions of foreign courts are not binding for Swiss courts, they are generally taken into account as an important additional source of inspiration.

International treaties which Switzerland has adopted and are binding on it acquire immediate national validity (self-executing character). There is no need, therefore, to enact special laws to transform them into national legislation (although international agreements are generally ratified only after adapting Swiss national legislation, if and when this is necessary).

In the event of a conflict between international and national laws, it is generally recognized that international law takes precedence over national law. In previous rulings the Federal Supreme Court has considered that binding provisions in federal law that are contrary to international law prevail if the legislator knowingly adopted such provisions that contradict international law. In a newer ruling, however, the Federal Supreme Court seems to admit the unrestricted validity of the principle that international law takes precedence over national law.

1.2 Substantive law

Switzerland distinguishes between famous trade marks, well-known trade marks and trade marks with acquired distinctiveness. Contrariwise, a "trade mark with a reputation" is not a notion of Swiss trade mark law; the reputation alone is not sufficient to establish protection as a trade mark. However, reputation is significant for the qualification as well-known or famous trade mark and trade marks with a reputation enjoy a certain protection under unfair competition law.

Well-known trade marks enjoy a certain protection regardless of whether they are registered in Switzerland. A trade mark is well-known if it has a reputation with the relevant audience. A well-known trade mark can serve as a relative

ground for refusal of the registration of a new trade mark if it is considered as an earlier trade mark within the meaning of Article 6bis of the Paris Convention or Article 16 alinea 2 TRIPS. The protection of a well-known trade mark is limited to specific goods and services.

Famous trade marks enjoy a broader protection in Switzerland. The proprietor of a famous trade mark may prohibit others from using his trade mark for any type of goods or services (regardless of the registered goods and services), if such use threatens the distinctiveness of the trade mark or exploits or damages its reputation. The law does not define the term “famous trade mark”. Doctrine and jurisprudence require:

- an outstanding reputation in general trading circles;
 - uniqueness; and
 - a general appreciation;
- in order to qualify as famous trade mark.

Signs that are in the public domain can acquire distinctiveness in connection with goods and services for which they are used. Such distinctiveness requires that a substantial part of the relevant public associates the sign with a certain commercial origin. Signs that acquired distinctiveness can be protected as trade marks, unless there is an absolute need for availability.

No special protection is awarded to the luxury industry under Swiss law. Enforcement of trade marks is detached from the industry concerned. An “aura of luxury” may, however, be relevant under unfair competition aspects, if further criteria are met (for example, with respect to disparaging uses or imitating advertising practices).

1.3 Enforcement

The evidence for the establishment of a famous trade mark can be, but is not required to be, brought by way of a market survey. Sales figures and documents related to promotion and sponsoring can also be indicative of famousness.

In order to obtain protection as a trade mark with acquired distinctiveness, a market survey must be conducted in most cases. Documents showing the use for many years, the advertisements and high sales can serve as indices, and can be sufficient for traditional signs.

A well-known trade mark is established if it can be credibly shown with objective evidence that the trade mark is well-known to the relevant audience. The same applies with respect to trade marks with acquired distinctiveness (except for the relevant audience and the relevant geographical scope).

There are no fixed thresholds that must be met to establish a broader protection of a trade mark. However, certain benchmarks have been developed by legal practice. For a famous and a well-known trade mark at least 50% of the relevant audience should know the trade mark. In order to acquire distinctiveness, the benchmark is at 60-70% for unconventional trade marks.

A trade mark owner can enforce his trade mark against a domain name, a trade name or any other distinctive signs where such signs are confusingly similar to the owner’s trade mark, and where they are used as trade marks (and not for example, in a descriptive or decorative manner).

It is controversial whether a trade mark can be enforced against a metatag or a keyword. Use of metatags and keyword advertising is mostly considered descriptive and, thus, non-infringing use. However, metatags and keywords may be problematic from an unfair competition law point of view.

A trade mark can be enforced against its unauthorized use in social media if it is used as a mark and in the course of trade. So-called fan sites are often not used in the course of trade. Rating platforms or automatically generated profiles are informative and thus, allowed. The same applies to social discussions about trade marks where both requirements are not met. If the *Swiss Trade Mark Act* is not applicable, and the general terms and conditions of the platform operators do not contain any regulations, protection may be obtained by unfair competition law, or, in specific circumstances, copyright law or naming rights.

The use of third party trade marks in comparative advertising is permitted as informative use providing such use is constrained to what is necessary for the comparison. If a third party trade mark is used in advertising to benefit from such trade mark, or to harm such other trade mark, unfair competition law provides for certain remedies. For famous trade marks the *Swiss Trade Mark Act* gives such additional protection.

Parodies are considered to be allowed as long as the parody is evident as such and thus, a “use as a trade mark” can be excluded.

A trade mark holder can bring a lawsuit claiming both trade mark infringement and unfair competition in the same proceedings.

2. COPYRIGHT

2.1 Sources of law

The principal source of national law relating to copyright is the *Swiss Copyright Act*. Subsidiary provisions mainly concerning the Federal Arbitration Commission for Copyright (which oversees the tariffs applied by copyright collecting societies) are set out in the *Copyright Ordinance*.

Switzerland is party to a number of international treaties in relation to copyright, including the Berne Copyright Convention, the Universal Copyright Convention, the WIPO Copyright Treaty, the WIPO Performances and Phonograms Treaty, the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations, the Convention for the Protection of Producers of Phonograms against Unauthorised Duplications of their Phonograms, and the Convention relating to the Distribution of Programme-Carrying Signals transmitted by Satellite.

2.2 Substantive law

Works obtain protection under the *Swiss Copyright Act* if they are literary and artistic creations of the mind, irrespective of their value or purpose, and which possess an individual nature. “Creation of the mind” means that the work must have been created by a natural person, that is, by an author. The creation of the mind must become manifest in a certain form. Mere ideas or thoughts are not protected under copyright law. “Individual nature” means that the work has

to have features based on which the work is distinguishable from other works and stands out from common, elementary works. The level of individuality required for copyright protection cannot be defined precisely and depends on the category to which a work belongs. "Literary and artistic" has a very broad meaning. The *Swiss Copyright Act* provides for an open list that identifies the categories of works which are considered as copyrightable. They include literary and musical works, artistic works such as drawings, paintings and sculptures, works with a scientific or technical content such as drawings, plans or maps, works of architecture, works of applied art, photographic and cinematographic works, choreographic works and pantomimes. Furthermore, the Act states that computer programs shall also be deemed works.

Collections of works, which, by reason of the selection or arrangement of their content, constitute intellectual creations embodying an individual character, are protected without prejudice to the copyright in the works which are part of such collection.

Translations, audiovisual and other adaptations of copyright works are protected as such without prejudice to the copyright in the used works.

The *Swiss Copyright Act* also enumerates the sorts of works which are excluded from protection: laws, ordinances, international treaties and other official instruments; means of payment; decisions, records and reports of authorities and public administrations; patent specifications and published patent applications; official or statutory collections and translations of the aforementioned works.

An industrial design is in principle copyrightable. However, mere industrial products are rarely granted copyright protection according to Swiss jurisprudence. Typical examples of industrial design copyright are works of applied art, such as the design of products or packaging. Copyright protection of industrial designs is further recognised for furniture, lamps, textiles, embroidered textiles and to a certain extent also for watches.

If the form of the industrial design is dictated by the function or where there is no room for individual creativity, protection is limited or even excluded, because the criteria of individuality cannot be fulfilled.

In general, the copyright owner has the exclusive right to decide whether, when and how his work is to be used. In particular, the copyright owner has the exclusive right to exploit the copyright work, that is, to manufacture copies of the work and to distribute them to the public, to publicly perform the work, to record or broadcast it, to rebroadcast the work and to communicate broadcasts and rebroadcasts to the public. Furthermore, the author of a computer program has the exclusive right to rent such program. The enumeration of exclusive exploitation rights is open, so that, in the future, new technological means of exploitation vest a new exclusive exploitation right in the author.

In addition, the *Swiss Copyright Act* protects the following moral rights of authors:

- The right of paternity, that is, the right to be identified as the author of the work. When it is lawful to publish an extract, then the name of the author must be mentioned, if that name is also apparent on the source document.

- The right of integrity. It is the author's right to decide, whether, when and how the work may be altered. It is not to be assumed that this right is assigned whenever other rights are assigned. Notwithstanding any agreement enabling the other party to modify the work, the author may still oppose any distortion of the work that is damaging to his personality.
- The right to authorise the first publication of the work, that is, to decide whether, when, how and under what name the work may be published.

The *Swiss Copyright Act* also provides the following rights which may be considered moral rights: the owner of a copyright work is required to provide access to the author at any time, insofar as execution of his rights requires him to see the work. Furthermore, the author is entitled to claim a copy of the work for exhibition in Switzerland if he is able to prove an overriding interest. Moreover, prior to destroying an original work of which no other original copies exist, its proprietor is obliged to offer it to the author for an amount not exceeding the material value of the work.

Finally, the *Copyright Act* recognises neighbouring rights of performers, producers of sound recordings and audiovisual recordings, and broadcasting organisations. The owners of these neighbouring rights also have the exclusive right to exploit their performances, recordings and broadcasts, that is, to manufacture copies of them and to distribute them to the public, to publicly perform them, to record or broadcast them, to rebroadcast them and to communicate these broadcasts and rebroadcasts to the public.

This catalogue of exclusive rights is limitative.

The *Swiss Copyright Act* protects the moral right of the performer to be identified as the performer of the work.

According to the principle of "creation of the mind", the author has the exclusive right to his own work. Accordingly, employees, consultants, shareholders, directors or suppliers keep the exclusive right to his/her/their work in the absence of any contractual stipulations. The only exceptions to this rule are rights to computer programs under an employment contract in the course of discharging professional duties or fulfilling contractual obligations according to which the employer alone shall be entitled to exercise the exclusive right of use. In the case more than one person has contributed as authors to the creation of a work, copyright belongs to all such persons jointly. Subject to the non-transferable copyrights (see below), a legal entity can acquire the rights in works and especially the right to use through assignment.

The assignment of copyrights requires a valid contract and a transfer of ownership, which are both not subject to any form requirements.

Even though written form is not required for assignments, it is recommended to draft a written contract for evidentiary reasons. Precaution is required in relation to moral rights, because their transferability can be limited. Further precautions are necessary in the presence of copyright collecting societies, because an individual commercialisation can be excluded in such case.

It is disputed to what extent moral rights can be transferred. Generally it is agreed that core moral rights cannot be transferred. Excluded from transfer are the right of integrity, the right of paternity, the author's right of access and exhibition

and the protection against destruction. The dominant literature and the Federal court admit that non core moral rights, such as the right to decide on whether, when and how a work may be altered or used to create a derivative work or be included in a collected work and the first publishing, can be transferred. As an alternative to the transfer it is possible to renounce to exercise the moral rights.

In Switzerland, a work enjoys copyright protection as soon as it is created. The protection lasts 70 years from the author's death. This time period is counted from 31 December of the year of the author's death. Apart from this general rule, Swiss law provides for other special rules.

In the case of computer programs, protection expires 50 years after the death of the author.

Where the death of the author is not certain no protections shall subsist when there is reason to believe that the author deceased more than 70 years ago (or 50 years for computer programs).

The protection for collective works lasts 70 years (or 50 years for computer programs, respectively) from the death of the last surviving co-author, unless the respective contribution of each of the authors can be separated, in which case each contribution enjoys its own status.

In the case of films and other audiovisual works, the 70 year term of protection is calculated from the death of the director alone.

Where the author of a work is unknown, protection for that work ends 70 years after the first publication or, if the work was published in instalments, 70 years after the final instalment.

The protection for neighbouring rights lasts 50 years from the end of the calendar year in which the performance took place, the recording or film was made or the broadcast was initially aired.

2.3 Enforcement

Swiss law does not provide for any formal requirement for the protection of copyrighted works such as registration or fixation of the work. A copyright deposit is neither necessary nor possible.

Similarly, a copyright notice is not required. It is, however, usual and recommended to indicate the subsistence of copyright in a piece of work by placing an appropriate copyright notice on it, since the *Swiss Copyright Act* states that the indicated person is deemed to be the author of the work unless proved otherwise. There is no copyright register. Nevertheless, it is recommended to document when and where the design was created.

As a general rule, substantial similarity is sufficient to establish copyright infringement. Copyright infringement arises in the following cases:

- where the third party uses the work in an unaltered, that is, identical form;
- where the third party alters the work in a manner which is insignificant and not individual and the derived copy is, therefore, still substantially close to the original work; or
- where the third party alters the work in a manner which is individual thereby creating a derived work, but the individual features of the original work are still recognisable in the derived work.

A copyright holder can enforce his copyright against a trade mark, a domain name, a trade name, a pseudonym or any other distinctive sign where such signs are used in commerce in a manner so that the individual features of the copyright protected work are still recognisable.

A copyright can be enforced against its unauthorized use in social media under the same conditions and limitations as other copyright infringements, the private use exception playing a major role in such context (see below). The author has the exclusive right to decide whether, when and how his work is used, irrespective of whether his work is used online or not.

The Federal Government is in the process of preparing a draft bill with the aim to adapt the obligations and rights of creative artists, consumers and providers to the reality of the internet. Amongst others, such a draft shall include a statutory basis for forcing internet access providers to block access to infringing content and to extend liability for copyright infringement to the owner of the internet connection that is used to commit the infringement.

Based on unfair competition law, unauthorized use of a copyright in comparative advertising can be prohibited if the comparison is made in a deceptive, disparaging, incorrect or unnecessary referencing manner.

It is permissible to use existing works or recognisable variations thereof for the creation of parodies if:

- a parody is indeed intended (in that the original work is used in a humoristic way and is still recognisable as such);
- the parody does not impair the profitability of the original; and
- the parody comes with a new message and purpose.

If these conditions are not met, copyright can be enforced against the use of a work in “parody”.

The alleged infringer may challenge the validity of the copyright. He may, for instance, contend that the work lacks individuality and, therefore, does not constitute copyrightable subject matter.

The alleged infringer may also contest the plaintiff’s entitlement to the work. For instance, if the work was created by an employee or contractor, the alleged infringer may argue that the copyright has not been properly assigned to the plaintiff (such argument would not apply to computer programs, however, since the employer holds the exploitation rights to such programs by law).

Furthermore, the defendant may argue that the alleged infringing acts are exempted from copyright infringement. In Switzerland, no general fair use doctrine comparable to the defense developed by US courts is applicable. Instead, the *Copyright Act* lists specific limitations of copyright law that can, amongst other, serve as defense to an alleged infringer.

One important limitation is the private use exemption, that is, any use of a work in the personal sphere or within a circle of persons closely connected to each other (such as relatives or friends) is exempted from copyright infringement.

Another limitation on copyright is the use for educational purpose. Furthermore, reproduction of copies of a work in enterprises, public administrations, institutes, commissions and similar bodies for internal information or documentation is

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allowed. However, these exceptions of “fair use” do not apply in relation to computer programs.

The *Swiss Copyright Act* provides for further limitations, such as:

- the use of copyrighted works for the creation of parodies (see above);
- transmissions of broadcasts which are intended only to serve a small number of receivers (not applicable to broadcasts which cannot be received in Switzerland and customized broadcast systems such as “video on demand” and “pay per view”);
- the user/licensee of a computer program is entitled to obtain the necessary interface information by decoding the program code in order to develop an independent but compatible program if the interface information is not otherwise readily available;
- broadcasters are entitled to make their archives as well as current broadcasts available over the internet in the general interest of access to culture;
- a copy of a copyright work may be made in order to preserve it, provided the original or a copy is stored in archives not accessible to the general public and is marked as an archive copy;
- temporary copies of copyright works are allowed in a digital environment where copying is incidental and has no independent economic significance;
- copies to be made specifically for disabled people in a form they can perceive (for example, books on tape for blind people);
- published works may be quoted if the quotation serves as an explanation, a reference or illustration and the extent of the quotation is justified for such purpose, provided that the quotation is accompanied by sufficient acknowledgement;
- works forming part of a collection accessible to the public may be reproduced in a catalogue issued by the administrators of the collection (also applicable to the issue of catalogues for fairs and auctions);
- where necessary for reporting on current events, works perceived in so doing may be recorded, reproduced, presented, broadcast, distributed or otherwise made perceivable;
- for the purposes of information on current affairs, short extracts from press articles or from radio and television reports may be used, provided that they are accompanied by sufficient acknowledgement.

In addition, the alleged infringer may argue exhaustion of rights if a copy of the work has been sold anywhere in the world by the copyright holder or with the copyright holder’s consent. (Switzerland adheres to the principle of international exhaustion in copyright law, with one exception regarding audiovisual works.)

Finally, the alleged infringer may argue that the copyright holder is estopped from enforcing an otherwise valid and infringed copyright due to lapse of substantial time. This defense is, however, limited to rare cases where the copyright holder by his conduct has given the alleged infringer reasonable grounds to believe that he would not bring any claims for copyright infringement. Mere inactivity of the copyright holder even for a longer time is generally not sufficient.

All monetary claims become time-barred after ten years at the latest, unless otherwise provided by Swiss federal civil law. With respect to claims for damages, such a claim becomes time-barred one year from the date on which the injured party became aware of the loss or damage and of the identity of the person liable for it, but in any event ten years after the date on which the loss or damage was caused. If the action for damages is derived from an offence for which criminal law envisages a longer limitation period, that longer period also applies to the civil law claim.

With respect to claims for surrender of profits in the case of business conducted in the agents' interests the general 10 year limitation period is applicable.

As regards claims based on unjust enrichment, a claim for restitution for unjust enrichment becomes time-barred one year after the date on which the injured party learned of his claim and, in any event, ten years after the date on which the claim first arose.

The calculation of the period of the statute of limitation begins with the commencement of the infringement. In case of ongoing infringement the statute of limitations starts running once the infringer ceases the infringement.

There are several grounds for suspension of the statute of limitation, above all filing a court action.

The claims for injunctive relief are not subject to any statute of limitations. They are, however, subject to forfeiture (also referred to as acquiescence). There is no fixed time period after which the plaintiff forfeits his rights. This will depend on the circumstances of each individual case. However, forfeiture will normally occur if the plaintiff has knowingly tolerated infringement for well over five years.

In Switzerland, a copyright holder can bring a lawsuit claiming all copyright and design infringement as well as unfair competition for the same set of facts in the same proceedings.

3. DESIGN

3.1 Sources of law

The principal source of national law relating to designs is the *Swiss Design Act*. Subsidiary provisions concerning the procedures and standards to be applied by the Swiss Federal Institute of Intellectual Property as competent registration authority are set out in the *Design Ordinance*.

Switzerland is party to a number of international treaties in relation to designs, including the Hague Agreement Concerning the International Registration of Industrial Designs, the Locarno Agreement Establishing an International Classification for Industrial Designs, the Paris Convention and the TRIPs Agreement.

3.2 Substantive law

The appearance of a product or of parts of products characterized by the arrangement of lines, surfaces, outlines, colours or materials is protectable to the

extent it is visible and aesthetically motivated. The design and the product must be separate, therefore, texts, pictures or plans cannot be designs. Only the design of industrial or handicraft items is protectable. Therefore, only the concrete embodiment of a creative idea is capable of protection under Swiss design law. Abstract ideas, styles, theories, services, procedures, concepts or materials are excluded from protection. In particular, the following products do not meet the definition of design in Switzerland: computer programs, photographs, books, simple words, images, moving images, fragrances and smells, topographies and simple graphic symbols. Intellectual content is also not eligible for protection by a design, as it does not contribute to the appearance of a product.

The *Design Act* does not grant protection for unregistered designs. However, unregistered designs may be protected under copyright law or unfair competition law.

A design is capable of protection under the *Swiss Design Act* to the extent that it is new (formal novelty) and has individual character or is original (substantive novelty).

A design will not be considered to be novel if an identical design has been disclosed to the public prior to the date of filing of the application or, if priority is claimed, the date of priority, which could have been known to the relevant "involved public" in Switzerland. Novelty is thus assessed by comparison to all pre-existing designs reasonably similar or close to the design that protection is applied for, which have been disclosed and are considered to potentially have been known by the relevant public. It is thereby required that a design is novel from an "objective" point of view, in that, it is not sufficient if the designer individually developed the design without copying it from a third party ("subjective" novelty). The assessment of identity is performed based on the combination of the features in their entirety, that is, a dissecting assessment of the individual features is not permitted.

A design is considered to have individual character if its major characteristics (that is, the overall impression) differ substantially from those of existing designs which could have been known to the relevant involved public in Switzerland. A design will lack individual character if it is commonplace or merely reproduces pre-existing designs. The individual character is to be assessed based on the design itself and not the designer. While there is no rule for a minimal amount of individual character, it is clear that the law does not intend to protect every single minimal deviation from the known prior designs. Individual character in Swiss design law is not equivalent to individual character in Swiss copyright law. The threshold is lower in design law.

Design protection is explicitly excluded if a design:

- lacks novelty;
- is not inherently distinctive from existing designs in significant points;
- its features are solely dictated by the technical function of the product;
- it conflicts with Swiss federal law or treaties; or
- with public policy or morality.

The rights to designs resulting from an employment relationship are set out in the *Swiss Code of Obligations* and are part of the specific rules on employment

contracts. Designs produced by the employee alone, or in collaboration with others in the course of his work for the employer and in performance of his contractual obligations, belong to the employer.

With respect to designs produced by the employee in the course of his work for the employer but not in performance of his contractual obligations, the employer may reserve the right to acquire such designs by written agreement. An employee who produces such a design must notify the employer thereof in writing, whereupon the employer must inform the employee within six months if he wishes to acquire the design or release it to the employee. Where the design is not released to the employee, the employer must pay him a separate, appropriate remuneration to be determined with due regard to all pertinent circumstances (in particular the economic value of the design, the degree to which the employer contributed, any reliance on other staff and on the employer's facilities, the expenses incurred by the employee and his position in the company).

A design created by consultants, shareholders, directors and suppliers can be acquired by assignment due to the freedom of contract under Swiss law.

To be valid, a design assignment agreement must be in writing. However, it is not required that the transfer is registered in the Design Register.

Under Swiss law, not only a registered design right may be transferred but also the prospective right to a design right which has not yet been registered or not even yet been filed (as long as the future right may clearly be determined). It is therefore important to clearly define in the relevant agreement which rights are transferred. The wording should make clear that the transfer occurs automatically upon creation of the relevant designs. If the parties do not wish an automatic transfer but prefer an option right the agreement should contain respective wording. Finally, in employment agreements the right of the employer to acquire designs produced in the course of the employee's work but not in performance of his duties, should be expressly reserved.

When a design right is assigned, it is necessary to first determine who is the entitled person and thereafter to determine whether the right has in fact been transferred. Design rights may not be transferred partially, nor may singular rights out of a design be transferred individually.

The only moral right which Swiss design law grants to the designer is the right to be named as designer in the register. Such right can neither be transferred nor waived.

The protection of a design begins from the date of filing and lasts for five years, with the option to renew protection for another four five-year periods.

Thus, a design can be protected for a maximum time of 25 years.

An unregistered design might be protectable under the copyright law. For the protection period see 2.2 above.

3.3 Enforcement

Design protection is not limited to actual copying but extends to all designs which exhibit the same substantial characteristics and thus produce the same overall impression. The infringement assessment starts with the determination

of the overall impression of the registered design by combining the substantial characteristics of the deposited material to a whole. Only what leaves the observer with a lasting impression, can qualify as substantial character. The same determination of the overall impression needs then to be done with the potential infringing design. The assessment of the overall impression of the infringing design can only be related to the product in the absence of any register entry. Finally, both ascertained overall impressions have to be compared based on the overall impression with respect to its memorable characteristics. A detailed comparison between the specific substantial characteristics should be avoided.

Not only the actual infringement but also a potential infringement can lead to an infringement action. A potential infringement is however only given if there is a sincere and real existing danger of a potential infringement.

Unregistered designs may only be protected under copyright law or unfair competition law if the respective requirements apply.

If design-protected features of a product are also registered as a trademark, a design may be enforced against the use (not the registration) of such trade mark, if such trade mark use does not occur to designate the origin of the goods (no use as a trade mark), but has aesthetic purposes.

A design holder can enforce his design right against a registered design based on prior use. If two registered designs are at stake the prior right prevails.

A design can be enforced against a more recently registered patent if the design is within the application scope of the patent (and vice versa).

A design may be enforced against a copyrighted object if the latter represents an everyday item or commodity.

Given their different scope, it is not possible to enforce a design against a domain name or trade name.

The use of designs in social media is limited because the subject of design protection is the appearance of a product, which is not at the forefront of social media usage. The depiction of a design protected product in a social media context may often be of descriptive and thus fair use. However, advertisements for design protected products (or rather fakes) on social media sites can be prevented by means of design law.

Furthermore, designs in Graphic User Interfaces (GUI) can be protected by design laws on designs of monitor surfaces (and not designs of computer programmes because computer programmes miss the element of design). Therefore, images or icons on websites, as a visual result of the creation by computer programmes, can be protected and the unauthorized commercial use of such design-protected images can be prevented. The commercial purpose of websites, blogs or news forums is generally assumed, because they can be used to display advertisements for commercial purposes.

Comparative advertising is generally allowed in Switzerland, unless the comparison is made in a deceptive, degrading, incorrect or unnecessary referencing manner. However, with respect to designs it is important to note that the use of third party IP in comparisons is only allowed to the extent necessary for the comparative purpose. The depiction of a design protected product may often exceed such needs, unless the comparison regards specific design features.

There is no specific parody exception in design law; the principles set out in relation to copyrights and trade marks can be applied in design law too.

An alleged infringer may argue lack of novelty, prior user rights, non-commercial use, exhaustion or the right of joint use in case of use of the design in good faith within the time period between the last day of the deadline for payment of the renewal fees for a further period of protection and the day on which a request for further processing is submitted. In addition, the validity of a design can be challenged based on any of the nullity grounds.

In Switzerland there are no special design law provisions with regard to repair parts. In principle, design protection also extends to repair parts, thus an alleged infringer cannot rely on a repair exception as defence.

Registered designs are deleted by the Swiss Federal Institute of Intellectual Property when they expire, when the designated official fees are not paid, when the right owner explicitly requests the deletion of the design (that is, waives his right), when there is a non-appealable decision declaring the registered design invalid or when the deadline for deferment of publication expires, and the respective reproductions have not been timely submitted to the Swiss Federal Institute of Intellectual Property. The *Swiss Design Ordinance* provides for a grace period of 6 months for renewal after expiration of the term of protection, that is, the late filing of a request for renewal.

With respect to the time limit for bringing an infringement action and estoppel see 2.3 above in relation of copyrights.

In Switzerland, a design holder can bring a lawsuit claiming design and copyright infringement as well as unfair competition for the same set of facts in the same proceedings. Even though the same set of facts can amount to infringements in design, copyright and unfair competition law, each infringement is approached from the specific point of view.

4. RIGHT OF PUBLICITY

4.1 Sources of law

In Switzerland the personality of an individual is protected by law, which includes, for example, the protection of one's name, image, voice and word. The protection of one's image finds its limit if the individual becomes part of the landscape, surrounding or event or appears only indirectly on the image.

The right of protection of personality is mainly regulated in the *Civil Code*. Other relevant sources are the *Code of Obligations*, the *Federal Act against Unfair Competition*, the *Copyright Act*, the *Code of Civil Procedure*, the *Federal Act on Data Protection* and the *Victims Assistance Act*.

4.2 Substantive law

There are no specific conditions; every living person benefits from the right of the legal personality protection.

Generally, the protection of personality rights ceases with the death of the person with the consequence that the individual's identity can be economically used. However, the heirs can rely to a limited extent on their own personality

rights protection in relation to reverence of relatives, in order to acquire some protection of the personal rights of the decedents. In contrast, claims involving economic interests can be inherited. A transmissibility *mortis causa* is however discussed and requested by recent legal literature.

In relation to personality aspects protected by copyright law, protection continues for a certain time after the death of the author (see 2.2 for the specific protection period).

Generally, the legal personality protection right is personal in nature and cannot be assigned. However, a pecuniary claim resulting from violations of the personality rights can be assigned.

Personality rights can be licensed if the licensed personality aspect does not belong to the core area of personal rights and if economic interests prevail. Within these boundaries, even an exclusive license may be granted if in the specific case it does not amount to an excessive commitment.

There are no form requirements as to the license agreement. An assignment of personality right aspects or claims deriving from such rights requires written form.

The rights which shall be the object of the assignment or license should be carefully defined to avoid an overly broad commitment which could be considered excessive and an inclusion of the core personal rights. Ancillary rights, such as the right to claim damages, should be explicitly included to avoid later discussions. In license agreements, the contract period, termination events, and, possibly, a prohibition to assign the contract or any rights thereunder should be stipulated.

License agreements can be terminated at any time for important reasons, namely if it becomes unacceptable and unreasonable for one party to fulfill the contract. License agreements relating to personality rights may be more susceptible to a termination for important reasons, due to the subjective nature of such rights.

The right to protection of one's personality ceases with the person's death. According to the prevailing view, the content of the contract becomes impossible because the right to protection of personality ceases to exist and thus, the contractual relationship ends.

Heirs only have an independent right resulting from their reverence protection; they must be infringed in their personal rights in order to profit from any protection in relation to the deceased person. If the dignity of the deceased person is observed, no problems with the heirs should be encountered. However, with regard to inheritable claims involving an economic interest, the same defences, which can be invoked against the deceased individual (see 4.3 below), are also available with respect to the heirs.

In principle, personality rights cannot be transmitted *mortis causa*. The copyright provisions, to the extent applicable, remain generally reserved.

4.3 Enforcement

Any person violated in this personality rights can sue the infringer. Associations and other organisations of national or regional importance may under certain

conditions bring an action in their own name for the violation of the personality of the members of such group.

In case of license agreements, only the exclusive licensee has standing to sue. Where claims arise from assigned rights, the assignee should have the same rights as the assignor, unless the contract limited such rights.

Claims arising from personality rights can be enforced against any unlawful violation, irrespective of any commercial use of it (for instance in relation to violations by the press).

Injunctions are granted regardless of a commercial value of the personality rights at stake. The same applies for a compensation for personal suffering (satisfaction). Contrariwise, damages can only be awarded if an economic impact can be substantiated.

First of all, an alleged infringer can contest the violation or the offensive effect of such alleged violation of personality rights.

Furthermore, an infringer can argue that the allegedly infringed party consented to the infringement. No formalities are required for such consent, but it must be given voluntarily and concretely. The consent must not have been revoked at the time of the infringement and the consent must be permitted (see 4.2).

An infringer can also invoke a private or public interest to justify the infringement of the right of personality. In such case the relevant interests of both parties need to be weighted against each other.

In addition, depending on the requested remedies, further defences may be available. For example, if damages are claimed, the infringer can contest its fault and he may invoke the statute of limitations for pecuniary claims (non-pecuniary claims do not prescribe).

Finally, an infringement may also be justified by law.

5. PRODUCT PLACEMENT

Product placement is allowed in Switzerland, but some limitations apply with respect to product placement in radio or television programmes. News programmes and programmes on current political events or related to the exercise of political rights in Switzerland may not be sponsored. Furthermore, product placement is not permitted in children's programmes, documentary films and religious broadcasts, unless the sponsor merely provides goods or services of low value and free of charge, such as production aids or prizes, without any additional remuneration.

In the context of radio and television programmes, product placement is subject to certain regulatory requirements.

On the one hand, there is a declaration obligation, which requires a clear reference to the fact that product placement occurs, which is generally necessary at the start and the end of the broadcast and after advertising breaks. In addition, the sponsor must be named at the beginning or end of each programme.

On the other hand, product placement is only permitted if it is integrated in the dramaturgic course of the program. It may neither encourage the conclusion

of transactions concerning goods or services of the sponsors or of third parties nor contain statements of an advertising nature concerning such goods and services. A quantitative accumulation of a *per se* allowed product placement is prohibited, if it gives the overall impression of an illegitimate advertising.

With respect to the type of products, two limitations need to be respected. Alcoholic beverages which fall under the *Act on Alcoholic Beverages* may neither be shown nor named (for example beer can be used for product placement but not hard alcoholic drinks such as vodka). Likewise, drugs belonging to the supply categories A, B, C and D can neither be shown nor named.

The trade mark owner may request an injunction against an authorised use of its brand, in that, if his brand is used contrary to the agreement. If the broadcaster fails to perform the agreement at all, it can be put in default and the brand owner can continue to request performance or rescind from the contract. In addition, pecuniary remedies, such as damages, satisfaction, and surrender of profits are available.

If the regulatory requirements for product placement are not respected, the supervisory authority can request measures to ensure that no further violations incur and it can impose a fine against the broadcaster.

6. PROTECTION OF CORPORATE IMAGE AND REPUTATION

Legal entities have all the rights and duties of legal persons, except for rights that presuppose intrinsically human attributes, such as gender, age or kinship. Therefore, legal entities have a right of publicity and, to a more limited extent, privacy. It is, however, disputed whether legal entities under public law can also bring a lawsuit based on personality rights.

The corporation must be a legal entity under Swiss law.

Generally speaking, it is possible to include clauses in agreements which aim at protecting the corporate image and reputation of the parties. However, some limitations are imposed by antitrust law and/or unfair competition law to the extent fair competition is distorted.

A prohibition to sell products to certain re-sellers or through a selective distribution system is allowed in the boundaries of the *Cartel Act* and the *Act against Unfair Competition*. In particular, vertical agreements can be prohibited according to the *Cartel Act* if they are apt to significantly distort the market and cannot be justified by efficiency reasons. Purely qualitative selective distribution may be permitted if the selection of the re-sellers is based on objective criteria and such criteria are in relation to the quality requirement of the product.

The *Act against Unfair Competition* generally protects against unfair competition based on degrading, incorrect or unnecessary referencing statements.

Minimum price restrictions are presumed to eliminate effective competition and, therefore, are prohibited by the *Cartel Act*. Price guidelines are not prohibited *per se* but it is to be examined case-specifically as to whether they amount to price-fixing due to additional circumstances. Selling restrictions during certain times can also be relevant from an antitrust point of view, if they significantly restrict competition and cannot be justified on grounds of economic efficiency.

As long as spare parts or components are not protected by any intellectual property right, it is allowable to buy non-original spare parts and components. A contractual restriction to do so may significantly restrict competition and, therefore, violate antitrust law. To the extent such buying restriction is contained in General Terms and Conditions, such a clause would probably be considered unexpected and as a consequence non-enforceable under the applicable principles of contract and unfair competition law.

Liquidated damages clauses are principally allowed if stipulated by contract. However, such damages may not be claimed where the purpose is to reinforce an unlawful or immoral undertaking or, unless otherwise agreed, where performance has been prevented by circumstances beyond the debtor's control.

Furthermore, the court has discretion to reduce such convened penalties if it considers the amount excessive, that is, if there is a flagrant imbalance.

AUTHOR BIOGRAPHIES

Dr. Thierry Calame

Dr. Thierry Calame is a recognized expert in the field of intellectual property. He has vast experience as counsel in IP related litigation and arbitration. In addition, he advises on unfair competition law and advertising and also sits as arbitrator in IP related arbitration. Thierry Calame is permanent lecturer at the University of St. Gallen and at the Swiss Federal Institute of Intellectual Property and has published on a wide range of intellectual property topics. He was the Reporter General of the International Association for the Protection of Intellectual Property (AIPPI) from 2010 to 2014.

Lara Dorigo

Lara Dorigo is an intellectual property specialist with vast experience in intellectual property litigation and transactions. She advises on all types of intellectual property, unfair competition, personality rights issues and licensing arrangements, and represents clients before Swiss courts and arbitral tribunals in these fields. Lara holds a law degree from the University of St. Gallen and an LL.M. in Trade Regulation (Intellectual Property and Competition) from New York University School of Law. She has practiced law in Switzerland and the United Kingdom (London) and has authored several publications on intellectual property law.

Prof. Dr. Jürg Simon

Prof. Dr. Jürg Simon is considered a leading lawyer in intellectual property and related fields in Switzerland (forensic and non-forensic work). Before joining Lenz & Staehelin, he was director at the Swiss Intellectual Property Institute and partner in an IP boutique firm. He teaches intellectual property law, among others, at the University of St. Gallen.



UNITED KINGDOM

Paula Levitan

Bryan Cave

Jonathan Day

Carpmaels & Ransford LLP

1. TRADE MARK

1.1 Sources of law

The principal source of law for trade marks is statute. There are also several international treaties (the Paris Convention, the TRIPS Agreement, and so on). However, an English court would first look at the *UK Trade Marks Act 1994* (“TMA”) for UK trade marks and the EU Directive 2008/95/EC to approximate the laws of the Member States relating to trade marks (the “Directive”).

The UK is a common law jurisdiction which operates a system of precedent. When a conflict arises, the courts will follow the statute whilst also taking into account the precedent set by previous court decisions as a guide to interpretation of that statute. Any decision when a conflict arises is therefore likely to reflect both statute and case-law.

1.2 Substantive law

Marks which are not registered with effect in the UK but which are well-known (or “famous”) in the UK are protected under 6bis of the Paris Convention (see Section 56 TMA).

Marks which are registered with effect in the UK and enjoy a reputation are protected under Sections 5(3) and 10(3) of the TMA and equivalent provisions of the Regulation (Articles 8(5) and 9). These provisions allow brand owners to allege that, as a result of use of a third party sign, the relevant public perceives there to be a link with the owner’s mark and the third party’s sign, and that use of that sign has or will:

- be detrimental to the mark’s distinctive character or reputation; and/or
- take unfair advantage of the mark’s distinctive character or repute.

Clearly, these provisions are potentially very helpful to luxury brands.

There is significant authority in case law to support an argument that trade marks belonging to the “luxury industry” are more susceptible to damage (particularly from cheaper imitations which are confusingly similar) and that infringements are more likely to be detrimental to a mark’s distinctive character or reputation, and to take unfair advantage of a mark’s distinctive character or repute. See, for example, *Copad SA v Christian Dior Couture*, where the Court emphasized the prestige attached to luxury goods by stating that the quality of luxury goods results not only from their material characteristics but also from their “allure and prestigious image”, such that damage to the aura of luxury would affect “the actual quality of the goods”.

1.3 Enforcement

Enforcement can be brought before the Intellectual Property Enterprise Court (IPEC) or the High Court. The types of evidence that can be brought before both are broadly similar.

Evidence is initially provided in the form of sworn witness statements. In general, when seeking to prove reputation, or that a mark is well-known, independent evidence which shows that the relevant public is aware of a mark’s reputation is essential.

Witnesses and experts may be called to be cross-examined on their written statements during a trial. Survey evidence (usually to assess the relevant

consumers' view of a brand's reputation) can be of material assistance. However, the courts now apply a cost benefit test when considering whether to permit survey evidence. Permission to submit a survey is currently granted less often than was previously the case.

There is no specific threshold. Whether or not a mark is entitled to protection as a well-known mark or a mark with a reputation will be decided on a case by case basis.

In order to successfully enforce a trade mark against the registration of a domain name, the trade mark owner must prove that:

- the domain name is identical or confusingly similar to the trade mark;
- the domain name owner has no rights to (or legitimate interests in) the domain name;
- the domain name was registered in bad faith.

In addition, use of a domain name, which makes reference to certain goods or services or to the trade name of a company, constitutes a form of representation that is made to potential consumers and suggests to them that they will find, under that name, a website relating to those goods or services, or relating to that company. A domain name may, moreover, be composed, partially or entirely, of laudatory terms, or be perceived, as such, as promoting the goods and service to which that name refers. As such, use of a domain name can infringe trade marks.

A trade mark can be enforced against a trade name, unless the use of the trade name falls under the defence provided by Section 11(2) TMA, namely that the use of the trade name is use by a company or person of its or his own name and that the use is in accordance with honest practices.

There is no restriction on the types of signs that are capable of infringing a trade mark.

If metatags, which correspond to the names of a competitor's goods and its trade name, suggest to the internet user who searches against those names that a website is related to his search, such use is considered as a form of indirect advertising which is capable of influencing the economic behaviour of consumers. Therefore, a trade mark may be enforced against use of metatags.

There is no defence simply because a mark is being used in social media. The usual infringement test applies.

Trade mark law balances the desires to permit advertisements which objectively compare the characteristics of goods or services, while ensuring that comparative advertising is not used anti-competitively and unfairly or in a manner which affects the interests of consumers.

Use of the mark that creates a likelihood of confusion, or discredits or denigrates a mark, or takes unfair advantage of the reputation of a mark, or presents goods or services as imitations or replicas of goods or services bearing a mark, will infringe.

There is currently no parody defence available. That said, parodic use may of course entitle the alleged infringer to argue that damage (such as confusion, detriment and unfair advantage) is not likely.

In the UK there are no unfair competition laws. The closest provision that exists is the tort of passing off.

An action for passing off may be brought in conjunction with an infringement proceeding. It may also be brought separately.

It may be advisable to file a simultaneous passing-off action when the infringer is also imitating the 'get-up' of the goods or services sold under the trade mark. Get-up is not protected by infringement provisions; however, it is protected under the law of passing off.

2. COPYRIGHT

2.1 Sources of law

The principal legislation governing copyright law in the UK is the *Copyright, Designs and Patents Act* (CDPA) 1988, which has recently undergone significant amendments. UK and EU court decisions are also important in interpreting and clarifying the statute.

EU harmonization has had a significant impact on UK copyright law in recent years. This is largely due to the fact that the UK common law tradition has historically differed greatly from the civil law traditions of most European countries in the protection afforded to copyrighted works and their authors. A number of EU Directives have been published in an attempt to harmonize law and practice in relation to copyright protection across the EU. Arguably the most important of these is the Directive on Copyright in the Information Society.

UK copyright law is also subject to a number of international treaties, the most important of which are as follows: the Berne Convention on the Protection of Literary and Artistic Works; the Rome Convention 1961; The TRIPS Agreement 1994; the WIPO Copyright Treaty 1996; the WIPO Performance and Phonograms Treaty (1996); the Beijing Treaty on Audiovisual Performances (2012); and the Marrakesh Treaty for the Visually Impaired (2013).

Because England and Wales is a common law jurisdiction, both legislation and judicial precedent apply. In most circumstances, an English court will first look at the CDPA and case law.

2.2 Substantive law

Traditionally, the UK has operated a closed list system encompassing the following eight categories of copyrightable work:

- literary works;
- dramatic works;
- musical works;
- artistic works;
- films;
- sound recordings;
- broadcasts; and
- published editions (typographical works).

The closed list system has been challenged by recent decisions of the CJEU which imply that anything that constitutes an "intellectual creation" should be protected by copyright.

However, these eight categories remain the starting point for assessing whether copyright subsists in a work under UK law. Under section 16 of the CDPA 1988, the owner of a copyrighted work has the exclusive right to do the following acts in the UK:

- to copy the work;
- to issue copies of the work to the public;
- to rent or lend the work to the public;
- to perform, show or play the work in public;
- to communicate the work to the public;
- to make an adaptation of the work or do any of the above in relation to an adaptation.

The following moral rights are also protected under the CDPA 1988 (Chapter IV):

- the right to be identified as author or director;
- the right to object to derogatory treatment of a work;
- the right to object to false attribution;
- the right to privacy of certain photographs and films.

Under section 11 of the CDPA 1988, where a literary, dramatic, musical or artistic work is made by an employee in the course of his employment, his employer is the first owner of any copyright in the work subject to any agreement to the contrary.

It is important to distinguish between employees and independent contractors, for example, design agencies or other third parties, as this is not the case for the latter category. That said, if an independent designer (for example) is commissioned to create a work, then it may well be found that the commissioner rather than the designer is the equitable owner of the work. It is important to ensure that all rights (not just copyright) that relate to the project (whenever they were created) are assigned. Any assignment of copyright will need to be formalised in writing and signed by, or on behalf of, the assignor in order to be valid. No other formalities are required, no particular words must be used and the assignment does not have to be registered to be valid.

It is also possible to assign future copyright in a work, as in, to assign the copyright before the work itself is created.

Moral rights are not assignable, though they can be waived.

The length of time copyright protection can last varies, depending on the type of work in question, as set out in the table below:

Literary, musical, dramatic, artistic works Section 12(2)	Life and 70 years from the end of the calendar year of the author’s death
... of unknown authorship Section 12(3)	70 years from end of the calendar year in which the work was made OR from the end of the calendar year in which it is first made available to the public

Computer-generated works Section 12(7)	50 years from the end of the calendar year in which the work was made
Sound recording Section 13A(2)	70 years from recording OR from being published OR from being made available to the public
Films Section 13B(2)	Life and 70 years from death of last author Joint authorship – four measuring lives (set out by Directive vs. two authors only for UK commercial reasons)
Broadcasts Section 14 (2)	50 years from broadcast
Typographical arrangement of a published edition Section 15	25 years from publication

2.3 Enforcement

Copyright is an unregistered right in the UK. Further, copyright notices are not required and there are no adverse consequences of failing to display a notice.

In order to establish copyright infringement, the claimant must prove that there is a causal link between the copyright work and the alleged infringing work, that is, that the work was created through copying (including subconscious and indirect copying) a “substantial part” of the copyrighted work. This causal link can be proved either directly (that is, with actual evidence showing that copying has taken place) or indirectly (for example, by showing that the infringing work was produced later in time than, and bears a close resemblance to, the copyright work, and that the defendant is likely to have been familiar with the copyrighted work).

Copyright can be enforced against its unauthorized use in social media, provided that such use falls under one of the restricted acts outlined above.

Copyright can be enforced against its unauthorized use in comparative advertising, provided that such use falls under one of the restricted acts outlined above. This is out of keeping with the provisions for trade mark use in comparative advertising, despite the fact that copyright can subsist in a trade mark. This inconsistency was highlighted in the “*O2 bubbles*” case (*O2 v Hutchinson 3G Limited*) in 2006, but the position remains that there is no comparative advertising defence to copyright infringement in the CDPA or the Comparative Advertising Directive.

Under the recent changes to UK copyright law, a specific “parody, caricature and pastiche” exception has been introduced. Prior to the introduction of this exception in October 2014, if a person were found to reproduce a substantial part of the original copyright work when parodying it, they would be liable for infringement of the copyright in that work.

Use of a copyright work in parody must still constitute “fair dealing” in order for the exception to apply. CJEU case law has indicated that the essential characteristics of parody are, firstly, that it evokes an existing work while being noticeably different from it and, secondly, that it constitutes an expression of humour or mockery.

Even when a claimant can show *prima facie* copyright infringement, there are a number of defences that may be available to the defendant, including fair dealing for various purposes.

These include:

- quotation;
- parody;
- protection of public interest;
- making of temporary copies;
- research and private study;
- criticism or review of that or another work;
- news reporting;
- incidental inclusion of copyright material;
- making a single accessible copy for personal use;
- multiple copies for visually impaired persons;
- things done for purposes of education, instruction or examination.

If an infringer tries to rely on one of these defences, courts will take into account factors such as how the work was obtained, how much of the work has been used and whether this amount is proportionate to the purpose for which it has been used, whether the work has been used for a commercial purpose and whether the claimant has experienced any commercial loss or reputational damage as a result.

Assuming that the copyright is valid, and aside from the defences outlined above, English courts still have absolute discretion not to grant relief. This discretion is rarely exercised, but may be used, for example, if the work in question offends against public policy considerations (for example, is obscene).

3. DESIGN

3.1 Sources of law

The principal source of law for designs is statute. UK registered design rights are governed by the UK *Registered Designs Act 1949*, as amended to comply with the Community Designs Directive 98/71/EC. UK unregistered design rights are governed by the UK *Copyright, Designs and Patents Act 1988*. Registered and unregistered Community design rights are governed by the Community Design Regulation (EC) No 6/2002. The *Intellectual Property Act 2014* also has provisions pertaining to UK registered and unregistered designs and registered Community designs.

The UK is a common law jurisdiction which operates a system of precedent. When a conflict arises, the courts will follow the statute whilst also taking into account the precedent set by previous court decisions as a guide to interpretation

of that statute. Any decision when a conflict arises is therefore likely to reflect both statute and case-law.

3.2 Substantive law

Under Article 3(b) of the Community Design Regulation and the UK *Registered Designs Act 1949* as amended, the following products may be protected: any industrial or handicraft item, including *inter alia* parts intended to be assembled into a complex product, packaging, get-up, graphic symbols and typographic typefaces, but excluding computer programs.

Under Section 213 of the *Copyright, Designs and Patents Act 1988*, a protectable unregistered design right subsists in any aspect of the shape or configuration (whether internal or external) of the whole or part of an article, provided said design is original and is not commonplace in the design field in question at the time of its creation.

To obtain a UK registered design right the owner must be a citizen of the UK or any dependent territory or colony thereof, or any country that enjoys reciprocal protection, or they must be a citizen of a member state of the EU. Alternatively, they must be a body corporate or other body having legal personality which:

- is formed under the law of a part of the United Kingdom or any dependent territory or colony thereof, or any country that enjoys reciprocal protection, or is formed under the law of a member state of the EU; and
- has a place of business at which substantial business activity is carried on in the United Kingdom or any dependent territory or colony thereof, or any country that enjoys reciprocal protection, or in a member state of the EU.

To obtain a Registered Community Design (“RCD”) the owner must be an individual or legal entity capable of owning intellectual property.

In order to obtain a valid design right, there must be a “design”, the design must be “new”, the design must have “individual character”, the applicant or right holder must be entitled to the design and the design must not conflict with earlier relevant rights (such as earlier design applications, trade mark rights and copyright).

Where a UK or Community design is created by an employee in the course of his employment, his employer is the first owner of any design right in the design (section 215(3) CDPA and Article 14(3) of the Community Design Regulation).

Where a design was created in pursuance of a commission prior to 1 October 2014, the person commissioning the design is the first owner of any design right in it (section 215(2) CDPA). However, any design created in pursuance of a commission since the *Intellectual Property Act 2014* came into force on 1 October 2014 belongs by default to the individual(s) who designed it. If the consultants have been commissioned to create a design, ownership of said design would be determined by these provisions. In this respect, the *Intellectual Property Act 2014* brings UK law into line with the law for Community designs, under which commissioners of designs have no initial entitlement.

In all instances and irrespective of what the statute says, it is safest to include a clause in a contract with employees, consultants, shareholders, directors and suppliers that explicitly states who owns any designs created by them.

An assignment of design right is not effective unless it is in writing signed by or on behalf of the assignor (section 222(3) CDPA).

It is prudent to make sure that any design assignment agreement explicitly refers to the transfer both of equity and title and to pertinent rights (whether design or otherwise) that were created prior to the date of engagement.

The designer of a Registered Community Design (RCD) has the moral right of attribution – that is, he or she has the right to be identified as the designer before the Office and in the register. However, the procedural rules do not require an application to include the name of the designer(s). A designer may retain his or her anonymity and, in this sense, may waive his or her moral right of attribution.

UK registered designs and Registered Community Designs can be renewed every five years up to a maximum of twenty-five years.

UK unregistered design right expires:

- fifteen years from the end of the calendar year in which the design was first recorded in a design document or an article was first made to the design, whichever occurred first; or
- if articles made to the design are made available for sale or hire within five years from the end of that calendar year, ten years from the end of the calendar year in which that first occurred.

Community unregistered design right lasts three years from first disclosure to the public.

3.3 Enforcement

Design infringement is assessed from the perspective of the “informed user”. The test is whether the allegedly infringing article produces the “same overall impression” on the informed user.

For UK registered designs and Registered Community Designs, protection is absolute. In other words, it is not necessary to show copying to establish infringement. Independent creation is not a defence to infringement of registered UK or Community designs.

For UK and Community unregistered designs, however, the claimant must show copying to establish infringement. Whether a design has been copied is a question of fact but courts may infer copying from the circumstances of the case. Factors which may lead to an inference of copying include similarities between the designs, evidence of the defendant’s access to the claimant’s work and the likelihood or otherwise of independent creation.

Infringement of a UK registered design, a Community registered design or a Community unregistered design is defined as “the making, offering, putting on the market, importing, exporting or using of a product in which the design is incorporated or to which it is applied, or stocking such a product for those purposes” (Designs Directive, Article 12).

Infringement of UK unregistered design is defined as “copying the design so as to produce articles exactly or substantially to that design” (section 226(2) CDPA 1988) or making a design document recording the design for the purpose of enabling such articles to be made.

If a trade mark, a later registered or unregistered design or a patent meets these infringement tests, then a design may be enforced against it.

Given those definitions of infringement, however, it is difficult to see how a design could be enforced against a domain name, trade name or other IP right.

There is no parody defence to design infringement.

An alleged infringer may have a defence if the act was done privately and for non-commercial purposes; if the act was done for experimental purposes; if it was an act of reproduction for the purposes of making citations or of teaching, provided that such acts are compatible with fair trade practice and do not unduly prejudice the normal exploitation of the design, and that mention is made of the source (Designs Directive, Article 13(1) and *Intellectual Property Act 2014*).

In the case of UK registered designs only, an alleged infringer may have a defence if the act was committed prior to the grant of the registration.

In the case of UK unregistered designs, an alleged infringer may have a defence if the alleged act of design infringement is an infringement of copyright in that work (section 236 CDPA 1988).

There is a “repair clause” in the UK. The right in a registered design of a component part which may be used for the purpose of the repair of a complex product so as to restore its original appearance is not infringed by the use for that purpose of any design protected by the registration (section 7A *Registered Designs Act 1949*; Article 110 Community Designs Regulation).

A similar provision exists for UK unregistered designs: “Design right does not subsist in... features of shape or configuration of an article which (i) enable the article to be connected to, or placed in, around or against, another article so that either article may perform its function, or (ii) are dependent upon the appearance of another article of which the article is intended by the designer to form an integral part” (section 213(3)(b) CDPA 1988).

The *Limitation Act 1980* provides a time limit of six years from the day on which the cause of action arose within which an action can be brought. However, it is worth noting that in IPO cases it is likely that there will be a series of infringing actions, each of which triggers its own six-year period and so effectively resets the clock.

There is no system of unfair competition in the UK. A design holder cannot take action claiming both design infringement and copyright infringement for the same set of facts (sections 51 and 236 CDPA 1988).

4. RIGHT OF PUBLICITY

4.1 Sources of law

Technically, there is no right of publicity under English law. However, in this section we deal with a variety of separate legal mechanisms under which an individual can seek to control the commercial use of his or her name, image, or likeness. Note that this section does not deal with the right to privacy and similar laws.

The *Trade Marks Act 1994* (TMA) permits an individual to register his name, signature, or likeness as a trade mark, and thereby receive protection under the Act.

The *Copyright, Designs and Patents Act 1988* (CDPA) permits an individual to own a copyright in such “artistic works” as a signature or photograph, and in such “literary works” as an autobiography.

The common law tort of passing off enables an individual to protect the goodwill he has created in his “brand,” and his image generally, from being exploited and misrepresented. The tort is founded on the premise that “nobody has any right to represent his goods as the goods of somebody else” (*Reddaway v Banham* [1896] AC 199).

The action for breach of confidence, derived from English case law and elements of the *Human Rights Act 1998* (HRA), enables an individual to protect both confidential information, including confidential photographs or communications, and personal information relating to his private and family life (Article 8 HRA).

4.2 Substantive law

In order to gain trade mark protection under the TMA, an individual must register his mark (section 2 TMA). In order to be eligible for registration, the mark must be capable of being represented graphically and of distinguishing goods or services of one undertaking from those of other undertakings (section 1(1) TMA). Additionally, the mark must not be excluded by one of the exclusive or relative grounds for refusal in sections 3 and 5 TMA.

In order to gain copyright protection under the CDPA, there must be a work which is a sound recording, a film, a broadcast, or a typographical arrangement of published editions, or which can be categorised as one of the following: literary, dramatic, musical, or artistic (section 1(1) CDPA). Literary, dramatic, and musical works must be recorded in a “material form” (section 17(2) CDPA). Literary, dramatic, musical and artistic works must be “original” (section 1(1)(a) CDPA). Additionally, it is necessary to show that a work is sufficiently connected to the UK to qualify for protection, and that it is not excluded from protection on public policy grounds.

In order to gain protection under the tort of passing off, it is necessary for an individual to have trading goodwill associated with his “brand.” Goodwill has been described as “the benefit and advantage of the good name, reputation, and connection” and “the attractive force which brings in custom” (*Inland Revenue Commissioners v Muller & Co’s Margarine Ltd* [1901] AC 217). The necessary elements of the tort were summarised by the House of Lords in the *Jif Lemon* case as: (1) a goodwill or reputation (2) a misrepresentation by the defendant; and (3) damage or (in a *quia timet* action) will likely lead to damage (*Reckitt & Colman v Borden* [1990]RPC 826).

In order to gain protection under the law of confidence, an individual must show that the information is confidential in nature, that the defendant owes a duty of confidence, and that the defendant has used the confidential information in such a way as to breach that duty (*Coco v Clark* [1969] RPC 41).

A registered trade mark (section 22 TMA; section 24(1) TMA), a copyright (section 90(1) CDPA), and the right to goodwill (*Artistic Upholstery v Art Forma Furniture*) [1999] 4 All Er 277 are all recognised as personal property and are therefore capable of testamentary disposition (provided the rights remain valid).

In much the same way, rights of confidentiality persist as long as the information remains confidential, and may pass by testamentary disposition.

Trade mark and copyright owners may grant a license to third parties permitting them to carry out specified activities in relation to their intellectual property rights (*British Actors Film Co v Glover* [1918] 1 KB 299; *Canon Kabushiki Kaisha v Green Cartridge Co* [1997] AC 728). A license can be either exclusive or non-exclusive, as per the parties' intentions. Further, a trade mark license may be inclusive or exclusive of associated goodwill.

The right to confidence, as already discussed above, is less straight-forward. However, the implication of the House of Lords decision in *Douglas v Hello!* (2003) 3 All ER 996, is that the right to confidential information is transferable to third parties.

Under English law, licenses are recognised as contractual agreements between the licensor and licensee and the terms are therefore, on the whole, subject to their negotiation and agreement. There are very few formalities other than that the license should be in writing and be signed by or on behalf of the licensor (section 28(2) TMA; section 92(1) CDPA). There is no requirement for a license to be registered.

Absent any agreement to the contrary, it is usual for a license to be binding on successors in title of the licensor (section 28(3) TMA; section 90(4) CDPA). Whether or not the license will be terminated on the death of the licensor will be a question of construction and terms of the license as agreed by the licensor and licensee.

The rights discussed above are capable of qualifying as a *donatio mortis causa* in order to pass to a nominated individual rather than to the deceased's estate in the event that a gift of that right was made, given, and delivered by an individual immediately before he died in the honest belief that his death was imminent.

A registered trade mark will not expire as long as it remains valid under the terms of the TMA, and provided it is renewed every ten years (section 42 TMA). Rights of confidentiality persist as long as they remain valid; which will be a question of how long the information remains confidential. A copyright may remain valid for the life of the author plus seventy years from the end of the calendar year of the author's death (section 12(2) CDPA).

4.3 Enforcement

In order to infringe a trade mark, the defendant must have used the mark "in the course of trade" (section 10(1)-(3) TMA).

Similarly, in an action for passing off there must be a misrepresentation made by the defendant which deceives and confuses consumers in the relevant section of the public or market, and which is made "in the course of trade" (*Erven Warnink BV v J Townend & Sons (Hull) Ltd* [1979] AC 731).

There are two types of copyright infringement. Primary infringement does not require a commercial use, and can be any of the activities listed in sections 16-21 CDPA. Secondary infringement, covered in sections 22-26 CDPA, does require a commercial use; and broadly applies to defendants who either deal in infringing copies or facilitate infringements in a commercial context.

In actions for breach of confidence there must be an unauthorised use or disclosure of confidential information, but it is not necessary that the disclosure be on a commercial level. Whether or not the level of disclosure is sufficient to amount to an infringement will depend entirely on the circumstances of the case.

In order to obtain protection under the TMA and the CDPA, it is necessary to have a registered trade mark or copyright; both of which have inherent commercial value. Similarly, in order to obtain protection under the tort of passing off, it is necessary to prove that trading goodwill has been created; which also necessarily carries commercial value.

Conversely, it is not necessary to show that the right to confidence has commercial value in order to gain protection under the relevant laws.

Key defences to alleged trade mark infringement.

- Claimant's consent/authorisation.
- Invalid registration of the trade mark.
- Invalidity under the absolute grounds of refusal in section 3 TMA.
- Invalidity under the relative grounds for refusal in section 5 TMA.
- Registration: a registered trade mark is not infringed by the use of another registered trade mark in relation to goods or services for which the later mark is registered (section 11(1) TMA).
- Use of your own name or address (section 11(2)(a) TMA), including a company name (*Scandecor Developments v Scandecor Marketing* [2001] 2 CMLR 30).
- Descriptive uses: it is not infringing to use the mark to indicate the kind, quality, quantity, intended purpose, value, geographical origin (*Gerolsteiner Brunnen (Approximation of laws)* [2004] Case C-100/02), time of production of goods or of rendering of services, or other characteristics of goods or service (section 11(2)(b) TMA).
- Necessity: a registered trade mark is not infringed by a use which is necessary to indicate the intended purpose of a product or service (section 11(2)(c) TMA; *BMW v Ronald Karel Deenik* [1999] Case C-63/97; *The Gillette Company v LA Laboratories Ltd* [2005] Case C-228/03).
- Locality usage: a registered trade mark is not infringed by the use in a particular locality of an earlier right which only applies in that locality (section 11(3) TMA). The term "earlier right" refers to the continuous use of an unregistered sign or mark in relation to goods or services.
- Comparative advertising: the EC Directive on Misleading and Comparative Advertising permits comparison of the goods or services of one trader with those of another.
- Exhaustion: a trade mark is not infringed where the owner consents to its use within the European Economic Market (section 12 TMA).

Key defences to alleged copyright infringement.

- Claimant's consent/authorisation.
- Disclosure in the public interest (section 171(3) CDPA; *Beloff v Pressdram* [1973] FSR 33; *Lion Laboratories v Evans* [1985] 2 All ER 417; *Hyde Park Residence v Yelland* [2000] EWCA Civ 37).
- Fair dealing: there is no infringement if there is fair dealing for the purposes of research or private study, criticism or review, or reporting of current events (sections 29-30 CDPA).
- Incidental inclusion: a copyright is not infringed by its "incidental inclusion" in another artistic work or film, broadcast, or sound recording (section 31 CDPA).

Key defences to alleged passing off.

- Claimant's consent/authorisation.
- Delay by the claimant in bringing the claim (*Habib Bank v Habib Bank AG Zurich* [1981] 1 WLR).
- The mark has become generic or common place.
- The mark is no longer distinctive.
- The mark is descriptive.
- Use of your own name, including a company name (*Hotel Cipriani SRL v Cipriani (Grosvenor Street) Ltd* [2010] EWCA Civ 110; *Reed Executive Plc & Ors v Reed Business Information Ltd & Ors* [2004] EWCA Civ 159).
- Honest/concurrent use: where both the claimant and the defendant have independently built up sufficient goodwill that the law deems them both entitled to the goodwill (*General Electric Co v General Electric Co Ltd* [1972] 2 All ER 507; *Peter Waterman v CBS UK* [1993] EMLR 27; *Dent v Turpin* [1861] 2 J & H 139).

Key defences to an alleged breach of confidence.

- Claimant's consent/authorisation.
- Public interest: dissemination of information may be legal if there is public interest in that disclosure. Disclosure must be "in" the public interest, not just "of" public interest; meaning matters which affect the moral, political, medical, or material welfare of the public may be protected, whereas information which merely feeds the public's entertainment or curiosity may not.
- Freedom of expression (Article 10 HRA 1998).

5. PRODUCT PLACEMENT

The circumstances in which product placement is permitted in programmes under English law are set out in the *Communications Act 2003* (CA) and Ofcom's Broadcasting Code (OBC); both stemming from the Audiovisual Media Services Directive 2007 (AVMS). The rules encompass the placement of not only products, but also services and trade marks.

It should be noted that the definition of "programme" within section 368H(16) CA does not include radio transmissions or advertisements; although both of these are addressed in the OBC guidance.

Product placement in programmes.

Product placement is prohibited in programmes whose focus is news (section 9.7(a) OBC), religion (section 9.12(a) OBC; schedule 11A(6)(1)(a) CA), consumer advice (section 9.12(b) OBC; schedule 11A(6)(1)(a) CA), or current affairs (9.12(c) OBC; schedule 11A(6)(1)(a) CA), and in those aimed at persons under the age of 16 (section 9.7(b) OBC; schedule 11A(3) CA). As a catch-all provision; product placement will also be prohibited in any circumstances where it is deemed “unsuitable” (schedule 11A(6)(1)(c) CA).

Within permitted genres, placement of the following products is specifically prohibited; cigarette or tobacco products (section 9.11(a)-(b) OBC; section 9.13(f) OBC; schedule 11A(4)(a)-(b) CA; schedule 11A(6)(2)(a) CA), medicinal products (section 9.11(c) OBC; section 9.13(e) OBC; schedule 11A(4)(c) CA; schedule 11A(6)(2)(b) CA), alcoholic drinks (section 9.13(a) OBC; schedule 11A(6)(2)(c) CA) where the placement is aimed at persons under the age of 18 or where it encourages excessive consumption (section 368H(5) CA), food or drinks high in fat, salt or sugar (section 9.13(b) OBC; schedule 11A(6)(2)(e) CA), gambling (section 9.13(c) OBC; schedule 11A(6)(2)(f) CA), infant formula (section 9.13(d) OBC; schedule 11A(6)(2)(d) CA), and any product, service or trade mark that is not allowed to be advertised on television (section 9.13(g) OBC).

Within permitted genres, and where featuring permitted products, the following conditions as set out in schedule 11A(7) CA are imposed on product placement:

- Condition A is that the programme in which the product, service or trade mark, or the reference to it, is included, is a film made for cinema, a film or series made for a television programme service or for an on-demand programme service, a sports programme, or a light entertainment programme (also reiterated in section 9.6 OBC).
- Condition B is that the product placement has not influenced the content or scheduling of the programme in a way that affects the editorial independence of the provider of the television programme service in which the programme is included.
- Condition C is that the product placement does not directly encourage the purchase or rental of goods or services, whether by making promotional reference to those goods or services or otherwise.
- Condition D is that the programme does not give undue prominence to the products, services or trade marks concerned.
- Condition E is that the product placement does not use techniques which exploit the possibility of conveying a message subliminally or surreptitiously.
- Condition F is that the way in which the product, service or trade mark, or the reference to it, is included in the programme by way of product placement does not (a) prejudice respect for human dignity; (b) promote discrimination based on sex, racial or ethnic origin, nationality, religion or belief, disability, age or sexual orientation; (c) encourage behaviour prejudicial to health or safety; (d) encourage behaviour grossly prejudicial to the protection of the environment; (e) cause physical

or moral detriment to persons under the age of eighteen; (f) directly encourage such persons to persuade their parents or others to purchase or rent goods or services; (g) exploit the trust of such persons in parents, teachers or others; or (h) unreasonably show such persons in dangerous situations.

In addition, any programme featuring product placement must signal that this is the case by means of a universal logo at the beginning of the programme, at the recommencement of the programme after any commercial break, and at the end of the programme (section 9.14 OBC; schedule 11A(8) CA).

Product placement on the radio.

The main purpose of section 10 OBC is to ensure that there is appropriate signalling and separation of product placement from radio content; to ensure transparency of commercial communications such that consumers are not confused into thinking that the product placement forms part of the radio programme itself.

There are prohibitions on product placement in or around news bulletins (section 10.3 OBC) or in children's programmes (section 10.4 OBC). Additionally, product placement will not be permitted if it may influence the selection or rotation of music for broadcast (section 10.5 OBC).

Product placement in advertisements.

Any product placement in an advertisement must clearly signal a separation between the advert and any other programmes before or after to ensure transparency of commercial communications such that consumers are not confused into thinking that the product placement in the advertisement forms part of another programme (section 9.2 OBC).

Wherever there is an alleged breach of any condition or requirement of a licence or of the OBC generally, the usual procedure is for the brand owner to make a complaint to Ofcom. After investigation of the alleged breach, Ofcom has the power to impose statutory sanctions against the infringing broadcaster. These sanctions may include a decision to (a) issue a direction not to repeat a programme or advertisement; (b) issue a direction to broadcast a correction or a statement of Ofcom's findings which may be required to be in such form, and to be included in programmes at such times, as Ofcom may determine; (c) impose a financial penalty up to the value of £250,000 or 5% of the broadcaster's "Qualifying Revenue," (whichever is greater); or (d) shorten, suspend, or revoke a licence.

Since licensees are treated by English law as contractual agreements; the brand owner may also claim damages in the event of a breach. In addition, it will be open to him to seek equitable injunctive relief from the court; such as a prohibitive injunction preventing the broadcaster from continuing to use the featured product.

6. PROTECTION OF CORPORATE IMAGE AND REPUTATION

Legal entities/corporations may bring actions for infringement of a trade mark, infringement of a copyright, infringement of goodwill, breach of confidence

and defamation. The right to privacy arising under the *Human Rights Act*, on the other hand, is limited to natural persons.

No additional requirements are imposed on legal entities/corporations when bringing the actions listed above, except in a defamation claim where a body which trades for profit must show that the statement has caused, or is likely to cause, serious financial loss in order to meet the “serious harm” requirement (section 1(2) *Defamation Act 2013*).

In order to protect corporate image a provision prohibiting resale to resellers whose image is below a certain defined standard is possible but only through a selective distribution agreement. This is because in the case of *Pierre Fabre* [2011], the ECJ made it unequivocally clear that generally agreements aimed at maintaining a prestigious image will not be treated as a legitimate aim for restricting competition under EU competition law. Bearing in mind the strict approach of the ECJ, luxury brands seeking to protect their corporate image may still legitimately do so through the use of specific clauses in selective distribution agreements, albeit in compliance with Article 101 TFEU and Regulation (EU) No 330/2010, commonly known as the ‘Vertical Agreements Block Exemption’ (VBER).

The validity of a provision prohibiting the resale of contract goods to third party resellers who fail to meet a certain defined standard in a selective distribution agreement is contingent upon three conditions under the VBER:

- the **nature of the goods** requires that selective distribution is used to guarantee the goods are properly distributed;
- the re-sellers who do meet the defined standard must be selected solely based on a qualitative criteria that is **proportionate** to the objective of ensuring the goods are distributed under appropriate to the sale; and
- the qualitative criteria for the defined standard must be applied **objectively** and without discrimination, in order to allow any potential re-seller who meets the standard to gain access to the network.

Note that similar standards can be applied to online sales.

As can be seen above, not all prohibitions or standards are necessarily suitable. As such, quality standards will need to be applied sparingly. Where an imposed standard of clause falls outside of the specified exemptions in the VBER, it may still be legal but must be individually assessed under Article 101(3) for competitive effect.

In the context of a selective distribution arrangement, a clause enforcing a minimum retail price that can be charged by re-sellers is generally prohibited by EU Competition Law, even if no collusion or abuse of market power has taken place. This is because such clauses are treated as ‘hardcore restrictions’ of competition which give rise to a presumption that they fall foul of Article 101(1). However, there are various means by which price clauses can be incorporated into agreements.

Firstly, a clause stipulating a ‘recommended retail price’ (RRP) or a ‘maximum price’ is theoretically allowable. However, in practice if the clause operates as a de facto minimum price, the ECJ will most likely find that it violates the first ‘hardcore restriction’ on resale price maintenance under the 2010 Block

Exemption. This is illustrated in the case of *Nathan-Bricolux* [2001], where the combination of promotional discounts and a maximum price to impose a range of retail prices constituted an infringement of Article 101(1). Similarly, *JCB v Commission* [2004] demonstrates that the only way to validly incorporate an RRP or maximum price clause is to ensure that it functions as a non-binding recommendation on re-sellers. Otherwise, all forms of direct or indirect resale price maintenance (RPM) clauses are strictly prohibited pursuant to EU Competition Law.

AUTHOR BIOGRAPHIES

Paula Levitan

Paula Levitan is a partner at global law firm Bryan Cave. She is a dual-qualified lawyer in the US and UK who has more than twenty-five years of experience working on the international legal affairs of public and private retail and consumer product companies, including investment activities in the sector. She acts for numerous retailers (national and international) as well as product manufacturers, particularly in the luxury goods sector. Levitan's established career history within the retail industry means that she is frequently called upon by clients to advise as an "outside general counsel". Her senior in-house positions include as Vice President and Associate General Counsel of Gap Inc., as General Counsel of The Body Shop International Plc., and as General Counsel of Manzanita Capital Limited, the investment fund for the Fisher family (founders of Gap Inc.).

Jonathan Day

Jonathan Day is a partner at law firm Carpmaels & Ransford. He has a broad practice covering most aspects of IP law including brand protection, enforcement and management, litigation, anti-counterfeiting and enforcement strategies, advertising standards issues and comparative advertising. Recent examples of litigation matters on which Jonathan has worked include assisting a vacuum cleaner manufacturer to restrain a lookalike product in the UK, assisting a manufacturer of hard drives with an EU litigation defence strategy and leading a consortium of lawyers in a pan-EU challenge to Apple's APP STORE trade mark.



UNITED STATES

Karen Butcher, Ken Davis, John Hemmer & Jordana Rubel
Morgan, Lewis & Bockius LLP

1. TRADE MARK

1.1 Sources of law

In the United States, trademark rights are established under common law through use of a trademark to identify goods and services, with such common law rights extending where the trademark has been used. Federal law provides additional benefits through a statutory framework for registration of marks and for enforcement of both registered and unregistered marks, primarily under the federal *Lanham Act*. 15 U.S.C. §§ 1051 *et seq.* US states and territories also have statutes that address the registration and enforcement of marks at the state/territorial level.

Court decisions play an important role in the development of US trademark law, and there are differences among courts as to how certain aspects of trademark law are treated, making it important to consider forum selection in trademark litigation. Court actions to enforce rights in federally protected trademarks typically are brought under both federal law (section 32 of the *Lanham Act* for federally registered marks; section 43 of the *Lanham Act* for unregistered marks) and applicable state law. For federal causes of action, see 15 U.S.C. § 1114 (federally-registered marks) and 15 U.S.C. § 1125 (for unregistered marks). Courts will look to decisions under federal trademark law in applying corresponding state trademark law. Decisions about where to file a court action to enforce trademarks should take into account any key differences among the 12 potential federal circuits in which a case could be filed, as well as options under state law or through administrative proceedings at the US Patent and Trademark Office (USPTO).

The USPTO's Trademark Trial and Appeal Board (TTAB) handles administrative proceedings relating to federal registration (but not use) of trademarks, and may order a trademark registration to be refused, cancelled, modified, issued or shared geographically among registrants. 15 U.S.C. §§ 1067-1068. TTAB decisions may result in issue preclusion in a subsequent court action (such as one filed to address use of a trademark), but only if the TTAB has decided the same issue as is before the court. *B & B Hardware, Inc. v Hargis Indus., Inc.*, 135 S. Ct. 1293 (2015).

US trademark law has been shaped by the international treaties to which the United States is a signatory, particularly the Paris Convention for the Protection of Industrial Property (Paris Convention), the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), and the Protocol Relating to the Madrid Agreement (Madrid Protocol). The Paris Convention and the TRIPS Agreement call on each member country to provide the same benefits to the nationals of other member countries as it provides to its own. These treaties have been implemented through the federal statutory framework. For example, because of the Paris Convention, the *Lanham Act* permits nationals of other member countries to claim in a US trademark application the filing date of their first-filed non-US application for the same mark if the US application is filed within six months after that first-filed application (US nationals receive from other member countries a reciprocal ability to claim the same "Convention Priority" benefit in applications they file in those countries). The Madrid Protocol provides a streamlined process for filing trademark applications in multiple countries.

1.2 Substantive law

The strength of a trademark is a key factor in trademark protection and enforcement under US law. Generally, to succeed on a claim of trademark infringement or unfair competition in a court in the United States, a trademark owner or its exclusive licensee must prove there is a likelihood of confusion between its mark and an identical or similar mark subsequently adopted by someone else. Likelihood of confusion is also the test used by the TTAB for preventing registration of a mark based on confusing similarity. In analyzing whether there is a likelihood of confusion between two marks, US courts and the TTAB apply a multifactor test. Although the set of factors and how they are weighed varies among courts and between courts and the TTAB, the strength of the mark is always a factor. *Recot Inc. v Becton*, 214 F.3d 1322 (Fed. Cir. 2000); see also *Polaroid Corp. v Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961) (setting out the initial multifactor test in this context).

Famous marks also benefit from federal and state laws prohibiting dilution of a famous mark, which do not require proof of likely confusion. Under the *Trademark Dilution Revision Act* of 2006 (TDRA), once a mark becomes famous, its owner can stop others from subsequently using a mark or trade name in US commerce that is likely to dilute the famous mark either by blurring (an association that impairs the mark's distinctiveness) or by tarnishment (an association that harms the mark's reputation). 15 U.S.C. § 1125(c). A famous mark under the TDRA is one that is "widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner." 15 U.S.C. § 1125(c)(2)(A). Factors leading to a finding of fame under the TDRA include high and geographically broad sales figures, advertising and publicity, as well as evidence of strong consumer recognition. 15 U.S.C. § 1125(c)(2)(A)(i)-(iv). Court cases interpreting the TDRA have emphasized that the level of fame required is quite high. Fame in only a certain business niche is insufficient for purposes of federal law, although fame within a particular state may suffice under similar state statutes. Although a trademark registration is not required to bring a claim under the TDRA, it may be more difficult to prove fame without a registration.

Owners of luxury brands have been successful in establishing fame and receiving the benefits of the TDRA. See, for example, *Burberry Ltd. v Euro Moda, Inc.*, 2009 WL 1675080 (S.D.N.Y. 2009) (BURBERRY for apparel); *Chanel, Inc. v Makarczyk*, 110 USPQ2d 2013 (TTAB 2014) (CHANEL for apparel, jewelry and personal care products); *Malletier v Dooney & Bourke, Inc.*, 561 F. Supp. 2d 368 (S.D.N.Y. 2008) (LOUIS VUITTON Monogram Multicolor for handbags).

1.3 Enforcement

To establish that a registered trademark is enforceable under 15 U.S.C. § 1114 or an unregistered trademark is enforceable under 15 U.S.C. § 1125(a) of the *Lanham Act* against infringers, a trademark owner or its exclusive licensee must prove the validity of the mark, the ownership of the mark and the exclusive right to use the mark in commerce for the specified goods and services. The case then turns on whether there is a likelihood of confusion under the multifactor test discussed above.

From an evidentiary perspective, registration on the USPTO's Principal Register provides rebuttable presumptions regarding the validity and ownership of the registered mark and the owner's exclusive right to use it for the specified goods and services. 15 U.S.C. § 1057(b). These presumptions become conclusive for a trademark registration on the Principal Register that has become incontestable through continuous use for five years after the date of registration and that meets certain other criteria. 15 U.S.C. § 1065. In the absence of the benefit of a registration, a trademark owner would need to prove these facts by showing when it first used the trademark in commerce and that it has continuously used the mark in commerce.

Various types of evidence can be used to establish ownership and use of a mark and the multiple factors used to establish likelihood of confusion. Such evidence could include written documents, examples of products or advertisements featuring the mark, records showing company expenditures on advertising and promotion of the mark, and testimony by witnesses of the use. Consumer surveys conducted by experts are frequently used as evidence that a mark has acquired distinctiveness or that there is a likelihood of confusion between two marks.

Under federal trademark law, trademarks can be enforced against other trademarks, trade names and other distinctive signs to the extent they are used in commerce in connection with goods and services. See 15 U.S.C. §§ 1114, 1125(a) (statutory language covers any infringement through use of any word, term, symbol, device or combination of the foregoing). As a general principle, the standards for trademark infringement also should be applied similarly for trademarks and other source identifiers used online and should be actionable if such designations are used in commerce in connection with goods and services. This would include use of a mark in a social media user name or handle or in a hashtag.

Trademarks can also be enforced against domain names, but the standard for establishing a violation is different. In addition to proving a likelihood of confusion or dilution, a trademark owner seeking to establish that a domain name infringes must also prove that the domain name registrant intended in bad faith to profit from the owner's mark. Bad faith can be shown by evidence that the registrant provided false contact information when registering the domain name, offered to sell the domain name to the mark owner without ever having used the domain name, has a prior history of purchasing domain names containing trademarks of third parties, or is unable to demonstrate that it ever genuinely intended to use the domain name in connection with a *bona fide* offering of goods or services. Although bad faith must be shown, there is no requirement to prove that a domain name registrant is making commercial use of the domain name (which is required for infringement or dilution by use of a mark). See 15 U.S.C. § 1125(d)(1)(A).

Standards also continue to evolve to address online identifiers that are not visible to the average user, such as metatags. Because metatags describe webpage content, the use of trademarks owned by others in metatags has given rise to trademark infringement challenges. As metatags have decreased

in importance in search engine optimization, however, more cases have found in favor of a lack of infringement. Courts now tend to look at what actually takes place as a result of the use of such metatags (for example, whether the metatag diverted consumers to the website in question or otherwise increased its prominence).

The First Amendment to the US Constitution (protecting the right to freedom of expression) has given rise to defenses to trademark infringement regarding fair use of trademarks, including parody. Under the fair use doctrine, a trademarked term can be used in its ordinary, descriptive sense to describe a product or a service or when it is necessary to identify a product or service of the trademark owner. A trademark parody juxtaposes the trademark with an irreverent representation of the trademark that communicates satire, ridicule, joking or amusement. See *Louis Vuitton Malletier, S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252 (4th Cir. 2007). Demonstrating that the allegedly infringing or diluting act is a parody can be a defense to a claim for infringement or dilution as long as the parody is not likely to cause confusion with or tarnish the trademark.

Trademark enforcement actions in the United States typically claim both trademark infringement and unfair competition in the same action from the same set of facts. Under US law, actions based on the same facts must be brought in the same proceeding.

2. COPYRIGHT

2.1 Sources of law

In the United States, copyright law is governed by federal statute, specifically the *Copyright Act* of 1976, as amended. 17 U.S.C. §§ 101-810; 44 U.S.C. §§ 505, 2113; 18 U.S.C. § 2318.

Court decisions play an important role in interpreting the *Copyright Act*. There are differences among courts as to how certain aspects of copyright law are treated, making it important to consider forum selection in copyright litigation and take into account any key differences among the 12 potential federal circuits in which a case could be filed.

US copyright law has been shaped by the international treaties to which the United States is a signatory, including the Berne Convention for the Protection of Literary and Artistic Works and the Universal Copyright Convention. Works published by an author who is a national or domiciliary of any country that is a member of these treaties or that are first published in a member country, or published within 30 days of first publication in a Berne Convention country, are protected under US copyright law based on these treaties. Copyright protection may also be available for works of an author who is not a national or domiciliary of a country that is not a member of these treaties if there is a bilateral agreement or free trade agreement between the United States and such country.

2.2 Substantive law

Eight general categories of works are protectable under US copyright law: literary works; musical works; dramatic works; pantomimes and choreographic

works; pictorial, graphic, and sculptural works; motion pictures and other audiovisual works; sound recordings; and architectural works. *17 U.S.C. § 102.*

US copyright protection is not available for “useful articles,” which are objects that have utilitarian functions. *17 U.S.C. § 101.* However, copyright can protect a pictorial or graphic work that can be identified and is capable of existing separately from the utilitarian aspects of an object. *17 U.S.C. § 101.* For example, the design or shape of a piece of luggage is not protectable by copyright because it has a utilitarian function, but a floral design etched on the luggage could be protectable if it can be identified and can exist separately from the utilitarian aspects of the luggage. This “separability” test is fact specific, which has caused different courts to reach different conclusions when determining whether a design feature of a useful article has copyright protection.

The owner of a US copyright has the exclusive rights to reproduce the work, to prepare derivative works based upon the work, to distribute copies of the work to the public, to perform the work publicly, to display the work publicly, and to perform the work publicly by means of a digital audio transmission. *17 U.S.C. § 106.*

US copyright generally does not protect moral rights. The *Visual Artists Rights Act* of 1990 gives authors of certain visual art works (paintings, sculptures, drawings, prints and still photographs produced for exhibition) the exclusive right to attribution and integrity, but only if such works are single copies or signed and numbered limited editions of 200 or less. *17 U.S.C. § 106A.*

Under US law, the author or authors of a work generally own the copyright in the work. *17 U.S.C. § 201.* The exception to this general principle is a “work made for hire,” the copyright in which is owned by the employer, which can be a firm, an organization or an individual. There are two types of “work made for hire.” First, a work prepared by an employee in the scope of his/her employment is a work made for hire without any need for a written instrument or assignment; the employer automatically owns the copyright when the work is created in the scope of employment. Second, a work that is specially ordered or commissioned for certain types of uses (specifically, as a contribution to a collective work, part of a motion picture or other audiovisual work, a translation; a supplementary work, a compilation, an instructional text; a test or a test answer, or an atlas) is a work made for hire if the parties agree to that result in a signed written instrument. *17 U.S.C. § 101.*

Transferring the copyright in a work that does not qualify as a work made for hire, including, for example, a work by a consultant, shareholder, director or supplier, requires an assignment that is in writing and signed by the owner of the rights or his/her agent. *17 U.S.C. § 204.* Authors or their heirs have the right to terminate the assignment of a copyright. If the assignment did not include the right to distribute copies, the assignor may terminate the grant 35 to 40 years after the execution of the grant. If the assignment included a right to distribute copies, the assignment can be terminated during a 5 year period beginning with the earlier of a) 35 years after publication or b) 40 years after the execution of the assignment. Notice must be served no less than two years and no more than 10 years before the date of termination specified in the notice. The termination right was created to help authors to be adequately compensated for their works,

and the time period between notice and termination is intended to encourage negotiations between the author and the assignee.

To avoid questions as to whether a work constitutes a work made for hire, it is prudent for a company to include an assignment provision as a backup in any agreements with consultants, shareholders, directors or suppliers. Such a provision should expressly state that the individual or entity assigns any copyrights created in connection with the agreement to the company, and should identify to the extent feasible the specific works for which a copyright will be assigned.

For works published on or after January 1, 1978, US copyright protection lasts for the life of the author plus 70 years after the author's death if the author is an individual. For a joint work prepared by two or more individuals who did not work for hire, the term lasts for 70 years after the last surviving author's death. For works made for hire and pseudonymous and anonymous works, the copyright lasts the shorter of 120 years after creation or 95 years after publication.

For a work published prior to 1978, whether the work is protected and how long the protection lasts are complex questions depending on who the author was, where the work was first published, and whether the work complied with requirements of US copyright law then in place.

2.3 Enforcement

Copyrights can be registered in the United States, and a registration is required in order to bring a legal action to enforce a copyright in a US work (but not for a non-US work). *17 U.S.C. § 411*. The copyright registration process requires submission of a deposit copy to the Copyright Office. *17 U.S.C. § 408*. Statutory damages of up to \$30,000 per work, or up to \$150,000 per work if the infringement is wilful, are available if the registration was effective prior to infringement, or within three months of publication. *17 U.S.C. §§ 412, 504*.

Although a copyright notice is not required to claim US copyright protection, use of a copyright notice is recommended when possible to alert the public to the claim to copyright ownership and to defeat a defense of innocent infringement.

Copyright infringement in the United States is assessed under a two-part test:

- whether the alleged infringer had access to the copyrighted work; and
- whether the alleged infringement is substantially similar to the copyrighted work.

A copyright in the United States generally can be enforced against any type of work that is substantially similar to the copyrighted work. For example, a design (including a trademark in a two-dimensional design) could potentially infringe a copyrighted work. Under US law, a single word or short phrase is likely not protectable by copyright, so it is unlikely that a domain name, a trade name, or a pseudonym could infringe a copyright.

It is possible to bring in the same court an action that includes a claim for copyright infringement and a claim for trademark infringement or unfair competition. In fact, because actions based on the same facts must be brought in the same proceeding under US law, copyright and trademark claims related to the same facts must be brought in one action. Unfair competition claims

may be pre-empted by the *Copyright Act* if the essence of the claim is that the defendant reproduced, performed, distributed or displayed certain content, which are rights protected exclusively by copyright. See, for example, *Redd Grp., LLC v Glass Guru Franchise Sys, Inc.*, No. 12-CV-04070-JST, 2013 WL 3462078, at *6 (N.D. Cal. July 8, 2013) (holding that the unfair competition claims were pre-empted by the *Copyright Act* because they were exclusively tied to the copyright infringement claim). See also *Dastar Corp. v Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003) (holding that an unfair competition claim cannot be based on the defendant's false claim to be the author of a copyrighted work; that type of allegation must be brought as a copyright action).

A variety of defenses are available to a claim of copyright infringement, including, but not limited to, challenges to ownership of the copyright, the validity of the copyright (for example, whether the work is sufficiently original or otherwise protectable), express or implied license to use the copyrighted work, abandonment, and statute of limitations.

The *Copyright Act* also explicitly authorizes a fair-use affirmative defense to copyright infringement claims. Four factors are used to determine whether the use of a copyrighted work is a fair use:

- the purpose and character of the use, including whether it is of a commercial nature or for non-profit educational purposes;
- the nature of the copyrighted work (such as, fiction versus factual);
- the amount and substantiality of the portion used; and
- the effect of the use upon the potential market for or value of the copyrighted work.

17 U.S.C. § 107. The *Copyright Act* lists use of a work for purposes of criticism, comment, news reporting, teaching, scholarship or research as an example of use that may constitute fair use. 17 U.S.C. § 107. Copyright can be enforced against an unauthorized use in a parody or in comparative advertising. The defendant would have to affirmatively prove that its parody or advertising constitutes a fair use of the original work.

A valid copyright could be deemed unenforceable if the copyright owner "misused" the copyright by claiming rights or seeking to stop competition beyond that to which it is entitled based on the copyright.

There is a three-year statute of limitations for copyright claims in the United States. 17 U.S.C. § 507. There is a split among circuits as to when the clock starts running, with the majority of circuits following the "discovery" rule (starting the clock when the copyright owner discovered or reasonably should have discovered the infringement) and a minority of circuits following the "injury" rule (starting the clock when the infringement began).

3. DESIGN

3.1 Sources of law

In the United States, the primary means of protection for industrial designs is through the design patent system, which is governed by federal statute. 35 U.S.C. § 171. Federal court decisions play an important role in interpreting the

law. Selection of an appropriate forum to file a court action for design patent infringement should take into account any key differences among the available 12 potential federal circuits. Design patent rights are not recognized under state or common law, and protection is only obtained once a US design patent issues.

There is no unregistered design patent right in the United States, and the standards for protection in the United States are, in some respects, higher than in some other jurisdictions, most notably in Europe. There have been efforts to introduce US legislation to expand protection specifically for fashion designs. Typically, these bills have proposed to give designers of innovative clothing and accessories a way to stop others from using “substantially identical” designs for a shorter period of time than is currently available for a design patent. However, these efforts have so far been unsuccessful.

The United States is a signatory of the Paris Convention for the Protection of Industrial Property (Paris Convention) and the 1999 Geneva Act to the Hague Agreement Concerning the International Registration of Industrial Designs (Hague Agreement). The Paris Convention provides the right to claim priority in a patent design application filed in the US from any application filed in contracting states within six months of an earlier filed corresponding application. 35 U.S.C. § 172. The Hague Agreement offers the possibility of registration of industrial designs in member countries by filing a single application in a single language.

3.2 Substantive law

US design patents can protect new, original and ornamental designs for any article of manufacture. 35 U.S.C. § 171. As a result, US design patents may relate to a variety of luxury products, such as apparel, jewelry, motor vehicles, cosmetics, textile designs, home furnishings, technology devices and even graphical user interfaces for online boutiques. A design patent may cover the shape or surface ornamentation of an article or a combination of the two. USPTO, *Manual of Patent Examination Procedure*, 9th Ed. March 2014, § 1503.02.

Two or three dimensional designs can qualify for US design patent protection. In either case, the design must be novel and not have been obvious to a designer of ordinary skill of that type of product. 35 U.S.C. §§ 102, 103. In addition, a design must be “primarily ornamental” to qualify for design patent protection. Designs that are primarily functional rather than ornamental do not qualify and are more appropriately covered by utility patents. *Richardson v Stanley Works, Inc.*, 597 F.3d 1288 (Fed. Cir. 2010). Even if a design incorporates certain elements with a functional purpose, design patent protection may be possible if the overall design is not dictated primarily by functional considerations. *L.A. Gear, Inc. v Thom McAn Shoe Co.*, 988 F.2d 1117, 1123 (Fed. Cir. 1993).

Patent rights generally are owned by the inventors until transferred to another person or entity. Assignments of patent rights must generally be signed and in writing. 35 U.S.C. § 261. Ownership of patent rights may be transferred in ways other than by assignments, however, such as by operation of law. *Azakawa et al. v Link New Tech. Int. Inc.*, 520 F.3d 1354, 1356 (Fed. Cir. 2008) (transfer of title to a US patent may be made from an inventor to his/her heirs immediately upon

the inventor's death under Japanese law). In the United States, employers do not necessarily own the patented designs of their employees even if the design was conceived or reduced to practice during the course of his/her employment. *Banks v Unisys Corp.*, 228 F.3d 1357, 1359 (Fed. Cir. 2000). Obtaining a written assignment from an employee is, therefore, usually required in order for an employer to have legal title to a design patent. The language used in such an agreement is important. Courts have held that an agreement merely reciting a promise to assign rights to an invention in the future is not sufficiently drafted to transfer legal title to the patent. *Bd. of Trs. of Leland Stanford Junior Univ. v Roche Molecular Sys., Inc.*, 583 F.3d 832, 841-842 (Fed. Cir. 2011) (finding that "agree to assign" language in an agreement with a first entity was ineffective against "will assign and do hereby assign" language in a later agreement with a different entity).

The term for US design patents issuing on applications filed on or after May 13, 2015 is 15 years from issuance of the design patent. For US design patents issuing on applications filed before May 13, 2015, the term of the issued patent is 14 years from the issuance date. 35 U.S.C. § 173. Unlike utility patents, design patents do not require the payment of maintenance fees or annuity fees. *Manual of Patent Examination Procedure*, 9th Ed. March 2014, § 1502.01.

3.3 Enforcement

In the United States, the "ordinary observer" test is the sole test for determining whether a design patent has been infringed. This test asks whether two designs are reasonably viewed as sufficiently similar to one another such that a purchaser (familiar with prior designs in the field and giving a typical level of attention) would be deceived by the similarity and induced into purchasing one thinking it is the other. *Egyptian Goddess, Inc. v Swisa, Inc.*, 543 F.3d 665, 678 (Fed. Cir. 2008) (en banc); see also *Pac Coast Marine Windshields Ltd. v Malibu Boats, LLC*, 739 F.3d 694 (Fed. Cir. 2014); *Gorham Mfg. Co. v White*, 81 U.S. 511 (1871) (first setting out the test).

The ordinary observer test is an objective test. Actual copying is not necessary for a finding of patent infringement, although evidence of deliberate copying may be strong evidence of willful infringement. *L.A. Gear, Inc.*, 988 F.2d at 1126-27 (noting the lack of evidence to counteract evidence of copying). If proven, willful infringement may result in recovery of treble damages from an infringer. *Braun Inc. v Dynamics Corp. of Am.*, 975 F.2d 815, 822-24 (Fed. Cir. 1992) (describing the statutory scheme for damages in design patent infringement matters and finding that enhanced damages are not appropriate where a prevailing plaintiff elects to recover the defendant's profits instead of trebling compensatory damages).

Only registered design patents may be enforced in the United States. Patent applications and other nonregistered designs cannot form the basis for a design patent infringement suit. Provisional rights damages may be available to a prevailing plaintiff asserting design patents on designs that published as a result of an international filing. 35 U.S.C. §154(d).

In general, a design patent is infringed where someone makes, uses, offers to sell, sells or imports into the United States a patented ornamental design for an article of manufacture without the authority of the patent holder. 35 U.S.C.

§§271(a), 171. Though the authors are not aware of any such cases, infringement of a design patent could potentially arise from the unauthorized use of a design in connection with a trademark, in social media or in comparative advertising. Possible bases for such a claim might arise where the use meets the controlling contract law standard as an offer for sale of the patent article or where the patented design is of a two-dimensional design such as a computer generated icon or a type font. See, MPEP §1504.01(a), *Adobe Sys., Inc. v Southern Software Inc.*, 45 USPQ2d 1827 (N.D. Cal. 1998) (holding that typeface designs are entitled to patent protection).

A variety of defenses are available to a claim of design patent infringement, including noninfringement (for example, by applying the ordinary observer test described *supra*; by asserting permissible repair); challenges to the validity of the design patent (for example, whether the claimed design was anticipated by or obvious in view of the prior art, that the claimed design lacks definiteness or is driven entirely by functional considerations); challenges to the enforceability of the design patent (for example, by demonstrating that the party asserting the claimed design lacks standing to assert the patent, or that the design patent was procured through inequitable conduct by the application during prosecution).

Permissible repair defenses may arise when the owner of a product covered by a design claimed in another party's design patent is accused of infringing the patent merely by replacing worn components on the product. The defense arises from the principle that rights of purchasers of patented articles including the right to use and repair the article subject to overriding conditions of the sale. *Jazz Photo Corp. v Int'l Trade Comm'n*, 264 F.3d 1094, (Fed. Cir. 2001); *Aro Manufacturing Co. v Convertible Top Replacement Co.*, 365 U.S. 336 (1961) (holding that replacement of a convertible fabric top constituted permissible repair).

No recovery of damages can be made for infringement committed more than six years prior to the filing of a complaint or counterclaim for infringement. 35 U.S.C. § 286.

A design patent holder may take action claiming both design patent and copyright infringement and/or unfair competition for the same set of facts. See, for example, *Yurman Studio, Inc. v Castaneda*, 591 F. Supp. 2d 471 (S.D.N.Y. 2008) (granting summary judgment in part for the plaintiff on the issues of design patent and copyright infringement because certain of the defendant's jewelry products were substantially similar to the plaintiff's patented designs and/or copyrighted designs).

4. RIGHT OF PUBLICITY

4.1 Sources of law

Within the United States, the right of an individual to control the commercial use of his/her name, image, likeness, or other unequivocal aspects of identity is principally a function of state law. Approximately half of the states recognize the right of publicity under statutory and/or common law. In general, commercial use of an individual's identity is a violation of that individual's publicity right and entitles the individual to recover damages in court. The specific rights vary

state to state, and choice of law is therefore critical to any analysis. Choice of law is generally made with regard to the relevant individual's domicile and where the action was filed. New York and California have the most well-developed law in this area, and each has a right of publicity statute and recognizes the right under common law.

No federal right of publicity exists *per se*, but claims for causing false impression of sponsorship, affiliation or endorsement can be brought under Section 43(a) of the *Lanham Act*. 15 U.S.C. § 1125(a); see, for example, *Fifty-Six Hope Road Music, Ltd. v A.V.E.L.A., Inc.*, 778 F.3d 1059 (9th Cir. 2015) (affirming award of US \$350,000 in damages based on likelihood of confusion resulting from unauthorized use of Bob Marley's image on T-shirts).

4.2 Substantive law

Because the existence and parameters for claiming a right of publicity differ from state to state, and even under statutes versus common law within a single state, it is difficult to make generalizations as to the substantive law that applies in this area.

In states where the right of publicity is recognized, it typically applies not only to celebrities but also to other individuals, provided that the elements for a claim are satisfied.

There is variation among states as to whether the right of publicity survives death and is descendible/inheritable or otherwise transferable. The majority view is that rights of publicity survive death, at least in cases where the person to whom the right is tied exploited the right for commercial gain during his/her lifetime. Some states limit the right to a certain number of years after death. See, for example, *Va. Code Ann. § 8.01-40(b)* (right of publicity recognized for 20 years after death).

Whether rights of publicity can be assigned and licensed is a question under state law. In general, courts typically have found that these rights can be assigned and licensed. Considerations to take into account in connection with assignments and licenses of rights of publicity are the scope of the rights being assigned or licensed, who has the right to enforce and protect the rights (including by way of filing for trademark or copyright protection incorporating the rights), compensation, and what rights are retained by the individual. A recent case in California concluded that the right to bring an action for violation of a right of publicity can be assigned by itself, even if granted only with respect to one particular violation. *Timed Out, LLC v Youabian, Inc.*, 229 Cal. App. 4th 1001 (2014).

Actions for "false endorsement" under Section 43(a) of the *Lanham Act* generally are analyzed using trademark principles, including applying a likelihood of confusion standard and defenses such as fair use. As a result, these actions typically are more difficult to prove than violations of state right of publicity law where it is available.

4.3 Enforcement

In connection with enforcement of rights of publicity under available state law, requirements vary among states with respect to standing, elements of the claim, evidence needed, remedies and other aspects of a case.

Rights of publicity typically are limited to violations from advertising use or otherwise in commercial use. See, for example, *NY Civil Rights Law* §§ 50-51 (prohibiting use for advertising purposes or for the purpose of trade); *Cal. Civ. Code* § 3344(a) (prohibiting use on products, merchandise, goods or services or for purposes of advertising or soliciting purchase of the same). It is not generally necessary to prove that the individual's rights have commercial value to obtain an injunction and other remedies. Violations typically are found merely by showing that a protected publicity right has been used in a prohibited manner without permission (written permission is usually required).

Monetary damages and injunctive relief are available remedies for violations of right of publicity, including punitive damages in some cases. See, for example, *NY Civil Rights Law* §§ 50-51 (punitive damages may be awarded if the use was made "knowingly"); *Cal. Civ. Code* § 3344(a) (permitting an award of damages, profits, punitive damages, and attorneys' fees and costs to a prevailing party).

In general, defenses to liability under right of publicity case law are limited to exceptions for "newsworthiness" and "incidental use." The "newsworthiness" defense reflects freedom of speech considerations and a recognition that it may be appropriate to refer to an individual in connection with the reporting of newsworthy events. This defense typically is relied on by the news media, including advertising related to the sale and advertising of the news media. Incidental use applies where the use is fleeting and has no real commercial significance, such as where an individual is not recognizable.

5. PRODUCT PLACEMENT

Within the United States, brand owners can take advantage of opportunities to have their products, services or trademarks featured within a program in return for payment or other consideration, subject to consumer protection considerations. The US motion picture industry has provided many such opportunities to showcase luxury brands of apparel, jewelry, automobiles, beverage alcohol and other types of products. Product placement opportunities are continuously evolving and exist in various other media.

The details of the product placement agreement are important because a breach of contract claim is the primary means of obtaining relief if the other party fails to perform, in which case the likely remedy is money damages. The brand owner also may be able to bring a claim for trademark infringement if the other requirements for such a claim are met, for which the likely remedy is an injunction to stop the use.

From a consumer protection standpoint, if product placement does not involve any objective claims about the product, there should be no need to disclose the circumstances of the placement (for example, that it was in exchange for payment). If a product placement involves express or implied objective claims about the product, and the claims are false or misleading in any material respect, then the claims could be actionable as false advertising. See *US Federal Trade Commission Act*, 15 U.S.C. § 45 (generally prohibits unfair or deceptive acts or practices).

6. PROTECTION OF CORPORATE IMAGE AND REPUTATION

Within the United States, laws regarding rights of publicity and/or privacy generally do not extend to legal entities/corporations, although rights of publicity in certain states have been interpreted as covering musical groups or other business names that have established consumer recognition. Legal entities/corporations also may seek to enforce their rights in their trade names using trademark law.

Subject to the limited exception discussed below pertaining to resale price maintenance (RPM), it is generally permissible under the antitrust laws in the United States to include in agreements with resellers clauses aimed at protecting the image and reputation of a luxury brand supplier. In addition, liquidated damages clauses may be enforceable in the context of a breach of certain such contractual commitments unless:

- the amount of anticipated damages was easily ascertainable at the time the contract was formed; or
- at the time the contract was formed, the liquidated damages amount was grossly disproportionate to the anticipated damages that would be incurred in the event of a breach.

Moreover, except in rare circumstances, such as where the supplier is a monopolist and has engaged with another party in a prior profitable course of dealing, a luxury brand supplier may decline to do business with another party for any reason, including because its image is below a certain defined standard. See *Verizon Commc'ns Inc. v Law Offices of Curtis V. Trinko, LLP*, 540 U.S. 398 (2004). As a corollary, a luxury brand supplier generally may by agreement prohibit a reseller from selling to a retailer that does not meet certain standards of quality. From an antitrust standpoint, such a restriction would qualify as a non-price vertical restraint, meaning that it would be analyzed under the rule of reason, and, provided that the supplier has a legitimate business justification (for example, preserving the image of the brand), the restriction should survive scrutiny.

Since the United States Supreme Court's 2007 decision in *Leegin Creative Leather Products, Inc. v PSKS Inc.*, 551 U.S. 877 (2007), prohibiting a reseller from selling a product below a certain price by agreement—a practice known as RPM—is also governed by the rule of reason standard under federal antitrust law. Thus, an RPM agreement generally will be found lawful under federal antitrust law, provided that the agreement is not a mechanism to facilitate horizontal collusion at the reseller level and there is a legitimate pro-competitive justification for the practice. Although RPM agreements are governed by the rule of reason under federal antitrust law, various states regard them as per se illegal under their state antitrust statutes. Consequently, a luxury brand with distribution throughout the United States cannot practically implement RPM agreements. As such, most luxury brands have retained their pre-*Leegin* practice of suggesting a resale price (MSRP) to their resellers and unilaterally terminating those resellers that decline to comply. If executed properly, this practice should not be regarded as an agreement between the supplier and reseller and thus should escape antitrust scrutiny. See *United States v Colgate & Co.*, 250 U.S. 300 (1919).

Another frequent question for luxury goods suppliers pertains to whether to implement a contractual or other requirement that effectively dissuades purchasers from buying replacement parts from anyone other than the original supplier. This could present antitrust concerns if:

- there are high switching costs for the consumer;
- the requirement is not disclosed at the time of the original purchase; and
- the supplier changes policy and increases the price of the replacement parts once the customer is locked in.

See *Eastman Kodak Co. v Image Tech. Servs., Inc.*, 504 U.S. 451 (1992). As a practical matter, for an antitrust claim like this to be viable, there must be a feasible alternative supplier of replacement parts because harm to the competitive process is an essential requirement for a successful claim under US antitrust law.

AUTHOR BIOGRAPHIES

Karen Butcher

Karen A. Butcher heads the global IP - trademark and copyright practice at Morgan Lewis, where she counsels businesses on maximising the value of their intellectual property and related business matters. Karen and her team regularly advise luxury brands connection with transactions, litigation and business strategy in the fields of clothing, jewelry, beverage alcohol, hotel, restaurant, automotive and related businesses.

Ken Davis

Kenneth J. Davis is a patent attorney and partner at Morgan Lewis. Advising clients in such fields as consumer products, automotive technologies and home technology among others, he develops and implements worldwide intellectual property strategic plans with respect to industrial design, utility inventions and trade secrets. Ken represents clients in US federal courts and advises clients on intellectual property aspects of licensing, acquisition and other strategic transactions.

John Hemmer

John L. Hemmer is a patent attorney and associate at Morgan Lewis. He advises clients on patent portfolio management, patent strategy, technology transfer, due diligence, new product clearance, and patentability analyses with a particular emphasis on mechanical and electrical arts. He has helped clients obtain patent and industrial design protection throughout the world in areas such as consumer products, packaging, automotive technologies and the medical arts.

Jordana Rubel

Jordana S. Rubel is an associate at Morgan Lewis. She advises clients on a variety of intellectual property matters, including copyright, trademark, unfair competition, trade secrets, and false advertising. Jordana represents clients in US federal court litigation and trademark administrative proceedings. She also counsels clients on developing strategies to protect their intellectual property, including their copyrighted works and their brands, worldwide.

CONTACT DETAILS

CONTACT DETAILS

EDITOR

Fabrizio Jacobacci

Jacobacci & Associati

Corso Emilia 8

10152 Torino

Italy

T: +39 011 2413087

F: +39 011 859804

E: fjacobacci@jacobacci-law.com

W: www.jacobacci-law.com

CHINA

Lian Yunze & Erica Liu

Hylands Law Firm - Patent and

Trademark Group

Unit 1511, 15/F

Tower A, Full Link Plaza

No. 18 Chaoyangmenwai Ave

Chaoyang District

Beijing 100020

China

T: +86 10 6588 8825

F: +86 10 6561 2464

E: lianyz@hylandslaw.com

liuyuping@hylandslaw.com

W: www.hylandslaw.com

DENMARK

Janne Glæsel & Søren Høgh Thomsen

Gorrissen Federspiel

H. C. Andersens Boulevard 12

1553 Copenhagen V

Denmark

T: +45 33 41 41 41

F: +45 33 41 41 33

E: jgl@gorrissenfederspiel.com

sht@gorrissenfederspiel.com

W: www.gorrissenfederspiel.com

FRANCE

Jean-Mathieu Bertho &

Olympe Vanner

Jacobacci Avocats

23-25, rue Jean-Jacques Rousseau

75001 Paris

France

T: +33 1 79 97 02 00

F: +33 1 42 85 08 73

E: jmbertho@jacobacci-law.com

ovanner@jacobacci-law.com

W: www.jacobacci-law.com

GERMANY

Dr. Wolfgang Kellenter,

Dr. Andrea Schlaffge,

Dr. Astrid Harmsen &

Dr. Matthias Berberich

Hengeler Mueller

Benrather Straße 18-20

40213 Duesseldorf

Germany

T: +49 211 8304 0

F: +49 211 8304 170

E: wolfgang.kellenter@hengeler.com

andrea.schlaffge@hengeler.com

astrid.harmsen@hengeler.com

matthias.berberich@hengeler.com

W: www.hengeler.com

HUNGARY

Dr. Katalin Szamosi

SBGK Attorneys at Law

H-1062 Budapest

Andrássy út 113

Hungary

T: +36 1 461 1000

F: +36 1 461 1099

E: szamosi@sbgk.hu

W: www.sbgk.hu/

ITALY**Fabrizio Jacobacci***Jacobacci & Associati*

Corso Emilia 8

10152 Torino

Italy

T: +39 011 2413087

F: +39 011 859804

E: fjacobacci@jacobacci-law.comW: www.jacobacci-law.com**JAPAN****Koichi Nakatani, Tomoko Takemura & Laetitia Lagarde***Momo-o Matsuo & Namba*

Kojimachi Diamond Building

4-1 Kojimachi

Chiyoda-ku Tokyo

102-0083

Japan

T: +81 3 3288 2080

F: +81 3 3288 2081

E: nakatani@mmn-law.gr.jptomoko.takemura@mmn-law.gr.jpW: www.mmn-law.gr.jp**SOUTH AFRICA****Louise Myburgh & Jeremy Speres***Spoor & Fisher*

PostNet Suite#134, Private Bag X1005

Claremont, Cape Town

7735

South Africa

T: +27 21 673 4400

F: +27 21 683 5952

E: l.myburgh@spoor.comj.speres@spoor.comW: www.spoor.com**SOUTH KOREA****Young Joo Song, Nayoung Kim, & Dae Hyun Seo***Kim & Chang*

Jeongdong Building, 17F

21-15 Jeongdong-gil

Jung-gu

Seoul 04518, Korea

T: +82 2 2122 3900

F: +82 2 2122 3800

E: yjsong@ip.kimchang.comnkim@ip.kimchang.comdaehyun.seo@kimchang.comW: www.ip.kimchang.com**SPAIN****Ignacio Martínez & Eleonora Carrillo***Jacobacci & Partners*

28004 Genova 15

Spain

T: +34 91 4111668

F: +34 91 4113091

E: imartinez@jacobacci-law.comecarrillo@jacobacci-law.comW: www.jacobacci-law.com**SWITZERLAND****Thierry Calame, Lara Dorigo & Jürg Simon***Lenz & Staehelin*

Bleicherweg 58

8027 Zurich

Switzerland

T: +41 58 450 80 00

F: +41 58 450 80 01

E: thierry.calame@lenzstaehelin.com;lara.dorigo@lenzstaehelin.comjuerg.simon@lenzstaehelin.comW: www.lenzstaehelin.com

CONTACT DETAILS

UNITED KINGDOM

Paula Levitan

Bryan Cave

88 Wood Street

London

EC2V 7AJ

United Kingdom

T: +44 20 3207 1247

F: +44 20 3207 1881

E: paula.levitan@bryancave.com

W: www.bryancave.com/en/people/paula-lee-levitan.html

Jonathan Day

Carpmaels & Ransford LLP

One Southampton Row

London

WC1B 5HA

United Kingdom

T: +44 20 7539 4092

F: +44 20 7405 4166

E: jonathan.day@carpmaels.com

W: www.carpmaels.com/the_firm/our_people/339-jonathan-day

UNITED STATES

Karen Butcher, Ken Davis,

John Hemmer & Jordana Rubel

Morgan, Lewis & Bockius LLP

101 Park Avenue

New York, NY 10178

USA

T: +1 212 309 6194

Ken Davis & John Hemmer

1701 Market Street

Philadelphia, PA 19103

USA

T: +1 215 963 5392 and + 1 215 963 4816

Jordana Rubel

1111 Pennsylvania Ave, NW

Washington, DC 20004

USA

T: +1 202 739 5118

E: karen.butcher@morganlewis.com

kenneth.davis@morganlewis.com

john.hemmer@morganlewis.com

jordana.rubel@morganlewis.com

W: www.morganlewis.com

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Jacobacci & Associati

JAPAN

Koichi Nakatani,
Tomoko Takemura
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Louise Myburgh
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Spoor & Fisher

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Young Joo Song, Nayoung Kim,
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Ignacio Martínez
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Jacobacci & Partners

SWITZERLAND

Thierry Calame,
Lara Dorigo & Jürg Simon
Lenz & Staehelin

UNITED

KINGDOM

Paula Levitan
Bryan Cave
Jonathan Day
Carpmaels & Ransford LLP

UNITED

STATES

Karen Butcher, Ken Davis,
John Hemmer
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Morgan, Lewis & Bockius LLP

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