FRIDAY FORTNIGHTLY: THE IP & COMPETITION NEWSLETTER (ED. 2022 WEEK 2 NO. 22)

Dear Readers,

Hope you have had nice winter holidays.

We are back with the latest edition of Friday Fortnightly. In this edition, you will find an overview of the key developments in Competition, Copyright, Design, Patents and Trademarks for the period December 2021-January 2022.

The Innovator's Legal Aid Clinic's (TILC) information initiatives - Friday Fortnightly and IP Talks - are open to contributions by students and alumni from the intellectual property law programmes offered at the Faculty of Law, Maastricht University.

We very much look forward to your feedback, inputs and suggestions.

With kind regards,

A. Dubois, C. Annani, C. Coutier, D. Baltag, D. Kermode, M. Koci, S. Van Zuylen van Nyevelt, Y Lu and K. Tyagi

Email: a.dubois@student.maastrichtuniversity.nl & k.tyagi@maastrichtuniversity.nl

TILC

Serving innovative start-ups pro-bono with the wisdom of intellectual property laws

1. Competition law

1.1 Google is a platform of paramount significance, *says* Bundeskartellamt

On 5th January, the German Competition Authority, Bundeskartellamt (BKartA) affirmed that Google met the threshold to be declared a "platform of paramount significance across markets". This assessment was based on a number of factors: such as Google's dominance as a general search engine, its position of dominance in online advertising and its control over gatekeeper services such as YouTube and Android Play Store. This declaration is a pre-requisite for further investigations under Section 19a of the German Competition Act, Gesetz gegen Wettbewerbesschränkungen (GWB). Section 19(a) was added to the GWB last January to offer to the BKartA additional investigative powers against digital platform operators (*Kindly see Friday Fortnightly, Week 4, Ed. 4, News Item 1.3, available here*).
BKartA's finding is valid for a period of five years. During this period, Google is subject to provisions under Section 19 a (2) GWB. Identification of Google as a platform of significance empowers BKartA to take more immediate action, in case it comes across any anti-competitive behavior by Google. On its part, Google does not contest its status as a "norm addressee" under Section 19a (1) GWB.
In May 2021, BKartA had already initiated investigations against Google's data processing terms and its News Showcase service. In addition to Google, the BKartA is also currently conducting investigations against Amazon, Apple and Meta, formerly Facebook.
It may be useful to add that the scope of Article 19a GWB overlaps with the Digital Markets Act and it may be interesting to see the interplay between the two, once the latter enters force.

Sources: Bundeskartellamt, 5 January 2022, available here. TechCrunch, 5 January 2022, available here. Euractiv, 5 January 2022, available here.
Image source: Pixabay, available here.

1.2 UK's mandatory national security investment filing regime enters force

On 4th January, UK's mandatory notification regime under the National Security and Investment Act (NSI Act) entered force. As per the Act, in case a target entity is active in one of the following "17 designated sectors" in the UK, it may be deemed as a "Notifiable Acquisition". These seventeen designated sectors are mentioned in Schedule 1-17 of the NSI (Notifiable Acquisition) (Specification of Qualifying Entities) Regulations 2021, and include advanced materials, advanced robotics, artificial intelligence, civil nuclear, communications, computing hardware and satellite and space technology, amongst others.
Following an investment in one of these sectors, the deal must be notified to the UK's Investment Security Unity (ISU) online. Any transaction closed without notification and/or approval of the ISU shall be deemed *void*. Failure to notify shall invite civil and criminal penalties.
Notifications will initially be subject to a screening review. This Review Period may last up to 30 working days. In case of concerns, this initial review period may be extended by another 30 working days, with another possible extension of up to 45 days. The total assessment period in case of complex transactions may last up to 105 working days.

The term "national security" is not defined in the Act, and the UK Government will use the following three criteria to exercise its "call in" powers: target risk (1); acquirer risk (2) and control risk (3). Target risk refers to the nature and activity of the target. Acquirer risk concerns whether the acquirer's profile may lead to national security concerns. Control risk assesses the use of control such as a possibility of post-acquisition access to sensitive information to the acquirer. The "call in power" is applicable to deals closed on or after 12 November 2020, and may be exercised up to five years following the completion of the deal.

Sources: National Security and Investment Act 2021 available here. Willkie, Farr & Gallagher, 4 January 2022, available here.
Image Source: Getty Images, available here.

1.3 Commission unconditionally clears Microsoft's acquisition of Nuance

On 21st December 2021, the European Commission unconditionally cleared Microsoft's US $ 16 billion acquisition of Nuance Communications. The transaction was notified to the Commission on 16th November 2021. Both Microsoft and Nuance are US-headquartered global technology companies. Whereas Microsoft has a strong business portfolio in productivity, business process and personal computing solutions; Nuance offers more focused AI-based healthcare and voice and digital engagement solutions. The Commission assessed the horizontal and non-horizontal effects of the transaction. Commission's assessment indicated that post-merger, the merged entity would face competition from other market players. The merger neither offered an incentive, nor an ability to foreclose competition in the "markets for healthcare transcription, enterprise communication, customer relationship or productivity software solutions". Further, as contractual restrictions and data protection laws limited Nuance's ability to use health-related data, the merger did not offer any distinct advantage over competing healthcare software providers. As no competition concerns were identified, following a phase-1 review, the merger received the Commission's unconditional clearance.

Sources: European Commission, 21 December 2021, available here. Europa Nu, 21 December 2021, available here.
Image Source: Getty Images, available here.

2. Copyright

2.1 Activision files complaint against online cheat code seller

On 4th January, US-based Activision, owner and publisher of *Call of Duty* (CoD) video games, filed a lawsuit against EngineOwning, a website selling cheating codes for online games including the CoD games. The civil action seeking damages and injunctive relief was filed before the district court of California.
EngineOwning offers "a portfolio of malicious cheats and hacks for popular online multiplayer games", including for (but not limited to) the CoD Games (p.2 of the Complaint). As per the complaint, EngineOwning is accordingly in breach of Section 17 U.S.C. § 1201(b)(1) of the Digital Millennium Copyright Act (DMCA), as the said provision prohibits sale, importation or provision of technologies that "circumvent or evade anti-cheat technologies [used by Activision] to protect the integrity of the [CoD] Games" (p.3 of the Complaint).
Earlier in October 2021, Activision had introduced the 'anti-cheat system' *Ricochet* that successfully detects and bans users cheating on its games. Activision has lately actively pursued legal proceedings against cheat developers and distributors.

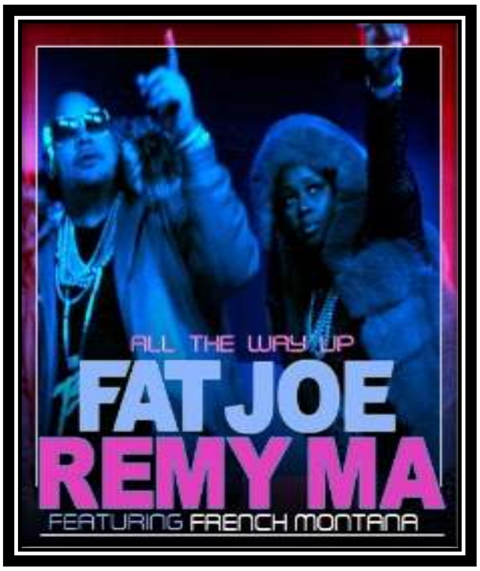
Source: TheVerge, 4 January 2022, available here. GameSpot, 5 January 2022, available here. PCGamer, 4 January 2022, available here. TorrentFreak, 6 January 2022, available here. Complaint via TorrentFreak, 4 January 2022, available here.
Image source: Dreamstime, available here.

2.2 China bans exclusive copyright deals for digital music platforms

In its meeting on 6th January, with China's leading digital music platforms, record and songwriting companies, the National Copyright Administration of China (NCAC) ordered the digital platforms to refrain from entering into exclusive copyright agreements. In the opinion of the NCAC, such exclusive agreements offer digital platforms a position of strength in the upstream market for music library resources. This position, can in turn, be easily leveraged to gain dominance in the downstream market. This general industry-wide ban follows an earlier ban against Tencent Holdings. Last year, the Chinese administration had imposed one such ban against Tencent, whereby it was ordered to terminate all its exclusive music copyright agreements. Global streaming services such as Spotify are currently not allowed to operate in Mainland China. The move is seen as a measure to regulate unfair and anti-competitive conduct by the tech industry and is accordingly, expected to impact the conduct of leading Chinese tech companies, such as, Xiaomi, China Mobile and Netease.

Source: Reuters, 6 January 2022, available here. Gizmochina, 7 January 2022, available here.
Image source: Tasmeemme, available here.

2.3 Fat Joe wins authorship dispute 'All the Way Up'



In 2016, Fat Joe and Remy Ma released "All the Way Up". The song quickly climbed the charts to be amongst the top 10 on Billboard's Hot R&B/Hip-Hop songs. Following the success of the song, Eric Elliott filed a complaint before the US District Court of New York. As per complaint, he was a co-author of the song and was unfairly deprived of rightful compensation and ownership rights in the song. Fat Joe and others argued that Elliott had no rightful claim, as he had earlier "signed a 'piece of paper' and received $5000 as compensation". On 5th January 2022, New York district judge Naomi Reice Buchwald dismissed Elliott's complaint and stated that as he had accepted a lump sum $5,000, his claims against Fat Joe, Remy Ma and others were unsustainable. As per the agreement, Elliott had waived his copyright rights "throughout the universe and in perpetuity" and agreed to forgo any further royalty payments. As per the judge, "the threshold issue" in the case was the admissibility of the draft signed between Fat Joe and Eric Elliott in their March 2016 meeting. This draft agreement was held to be "admissible as a duplicate of the original" and "evidence of the contents of the [original] agreement". She further added that even if Elliott was subsequently unhappy and dissatisfied with the amount received, he could not change his mind and disclaim this earlier transfer of rights. Overall, the "Draft Agreement" not only resolved the issue of ownership and authorship, it also sufficed to discredit Elliott's other claims such as unjust enrichment, negligence and fraudulent inducement.

Sources: Billboard, 5 January 2022, available here. Bloomberg Law, 6 January 2022, available here. Elliott v. Cartagena et al, available here.
Image source: Sens Critique, available here.

3. Design

3.1 Nikola and Tesla settle claims of patent infringement

In 2018, the upstart electric truck-maker Nikola filed a lawsuit against Tesla seeking at least $2 billion in damages. Nikola alleged infringement of its design patents, utility patents and trademarks. The said patents concerned "wrap-around windshield and doors to the cab" that helped reduce wind resistance and increase the performance range of its battery-electric and hydrogen fuel cell trucks. Tesla filed a countersuit in response. As per Nikola's complaint, Tesla commenced designing trucks only after seeing its concept truck in 2016. Nikola, however, first managed to bring its "first [commercial] electric truck" in December 2020.The company is meanwhile

embroiled in federal criminal charges, against its founder and executive chairman for deceiving investors, who was accordingly forced to resign in July 2020. Tesla, on the other hand, has soared in valuation to well-over $ 1 trillion and today is more valuable than the world's largest automobile manufacturers. Despite this commercial success, Tesla is yet to release its first semi-truck.
To settle the patent infringement lawsuits, Nikola and Tesla entered a settlement on 6 January. As per the settlement, both the parties will drop and abandon their lawsuits against each other.

Source: CNN Business, 5 January 2022, available here. Tech Times, 6 January 2022, available here.
Source and Image Source: Reuters, 5 January 2022, available here.

4. Patent

4.1 Description need not be aligned with amended claims: *says* Boards of Appeal

In its decision T 1989/18 dated 16th December 2021, the Boards of Appeal (BoA) of the European Patent Office (EPO) stated that there was no legal basis, in particular under Article 84 (claims clarity) and Rule 48(1)(c) (obviously irrelevant or unnecessary matters) of the European Patent Convention (EPC), for mandating applicants to amend the description in line with claims intended for grant. This is in stark contrast to current EPO Guidelines for Examination (March 2021 edition) and the EPO's prior case law. As per the Guidelines, "[t]he description must be brought into line with amended claims by amending it as needed to meet the requirements set out in F-II, 4.2, F-IV, 4.3 (iii) and F-IV, 4.4" (H-V, 2.7). In T 977/94, the BoA had earlier stated the fundamental importance of bringing the description into line with amended claims within the meaning of Article 84, second sentence ("[The claims shall] be supported by the description").

In T 1989/18, however, the BoA held a different view and reasoned as follows. First, that Article 84 required that the claims be clear and the description is used for the mere purpose of checking whether the claims therein are well supported. The description *per se* "cannot be relied upon to resolve a clarity issue in a claim" and particularly the claims' clarity is "not affected if the description contains subject-matter which is not claimed". Second, that Rule 48(1)(c) EPC, was applicable to patent applications rather than the contents of granted patents. Moreover, Rule 48(1)(c) is a sub-clause of Rule 48, which is based on Article 21(6) and Rule 9 PCT regarding morality or public order or any such matters. Thus, neither Article 84 EPC nor Rule 48(1)(c) EPC can serve as a legal basis for bringing the description into line with amended claims.

Sources: EPO, 16 December 2021, available here. The IPKat, 26 December 2021, available here.
Image source: Getty images, available here.

4.2 China experiences big surge in patent and trade mark applications in 2021

On 6th January, the director of China National Intellectual Property Administration (CNIPA) released initial data on 2021 intellectual property prosecution and enforcement in China. The data indicates a big surge in intellectual property activities in China. A detailed annual report is expected to follow in April 2022.

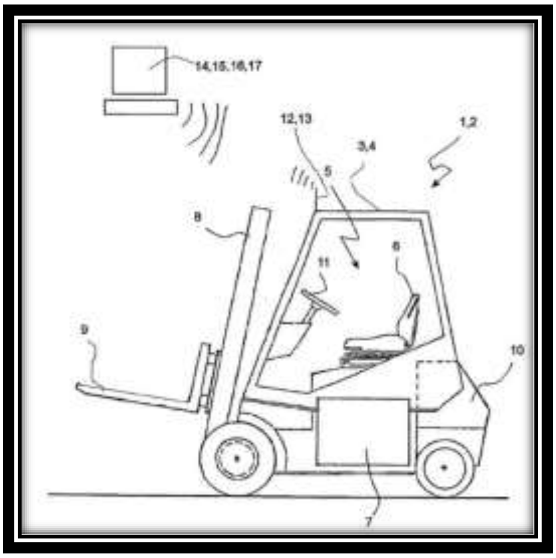
In 2021, over 696,000 (invention) patents and 3,120 million utility models (each an approximate 31% increase from 2020) and 786,000 design patents were granted. The average duration of patent examination was reduced to 18.5 months. The number of high-value invention patents (高价值发明专利) reached 7.5 per 10,000 people (*Kindly see Friday Fortnightly Week 40 Ed. 16, News 4.1, available here*). The CNIPA also received over 73,000 PCT international patent applications in 2021. As regards trademarks, over 7,739 million trademarks were registered and another 5,928 international trademark applications were received via the Madrid system.

In March 2021, EU- China bilateral agreement on geographical indications, that protects around 200 products, also entered force.

Enforcement-wise, the CNIPA dealt with 49,800 patent infringement cases (about a 17.4% increase from 2020). China offers the possibility of both - court litigation and administrative adjudication (before the CNIPA) - for patent infringement. Though administrative proceedings are faster and more efficient, CNIPA can award only injunctions but no damages to the aggrieved parties.

Sources: National Law Review, 9 January 2022, available here. Official Report of CNIPA (Chinese Only), 7 January 2022, available here.
Image source: CNIPA official site, available here.

4.3 Calculating fees from data is not an inventive step: *says* Technical Boards of Appeal



In its decision T 0199/16, the Technical Boards of Appeal confirmed that a method for calculation of fees was a business method and could not be deemed as an inventive step. The European patent application concerned a method to "record usage data for an industrial truck". This data was then transferred to a central processing unit for the calculation of fees.

The invention as defined in claim 1 (in *German*) comprised of the following features. Whereas (A) to (G) defined features on collection, recording, transmitting, measuring and evaluating variables from the truck to the central calculating apparatus; feature (H) determined usage fee from the usage data.

The Examining Division was of the opinion that the application lacked inventive step, since the subject-matter of the claim related to a business method, and not a new technical feature. In the appeal stage, D4 was determined as "the closest prior art" for claim 1. D4 entailed features (A) to (G) and accordingly, could not be considered as an inventive step. D4 did not encompass feature (H). However, feature (H) in itself was held to be a "purely commercial, non-technical feature". As the subject-matter of the claim "did not involve an inventive step" within the meaning of Article 56 EPC, the Board dismissed the appeal in entirety.

News & Image Source: EPO, available here. Mondag, 2 January 2022, available here.

5. Trademarks

5.1 General Court rejects Zara's appeal

On 5 March 2010, the applicant Industria de Diseño Textil SA (Inditex) filed for an EU trade mark for the word "ZARA" in Classes 29, 30, 31, 32, 35 and 43. Ffauf Italia SpA filed a notice of opposition, on the basis of their 11 earlier marks, including the figurative mark (*see image on right*). On 19 December 2014, the Opposition Division "partially upheld the opposition", and thereby, refused registration in Classes 29-32 and 35, as there was a "likelihood of confusion" (GC at para 10). On appeal, the Board of Appeal (BoA) identified a likelihood of confusion between the marks in Class 29-30, 35 and 43 (GC at para 19). The BoA however, "partially annulled the decision of the Opposition Division" and allowed registration of the mark applied for in Class 31 and 32 (GC at para 26). The applicant moved the General Court (GC), and requested that the BoA's contested decision be partially annulled and that it be allowed registration for Classes 29-30, 35 and 43 as well.
The GC was of the opinion that BoA had "correctly assessed the facts of the case" and that the intervenor had offered sufficient evidence to confirm that the earlier figurative mark "ZARA" was genuinely used in respect of dry pasta of Italian origin during the relevant period (GC at paras 87-88). On the issue of "likelihood of confusion", the GC opined that it could exist in case the relevant public was "likely to be misled" about the commercial origin of the goods in consideration (GC at para 153). The BoA was correct to conclude that there existed a likelihood of confusion between the marks, as the "goods or services covered by them either displayed a certain degree of similarity or were identical" (GC at para 156).
Based on the foregoing, the GC on 1st December 2021, rejected Inditex's appeal in entirety.

Sources: Kluwer Trademark Blog, 22 December 2021, available here. Kluwer Trademark Blog, 23 September 2020, available here.
Judgment and Image Source: Judgment of the General Court of 1 December 2021, available here.

5.2 *"Ugg"*: A generic term worldwide?

In Australia, *"ugg"* is used as a generic term that refers to the traditional Australian fleeced-lined sheepskin boots. Petitioner Australian Leather manufactured and sold boots under the generic name *"ugg"* boots since 1990s. The petitioner also sold to the US consumers mainly via the internet. In 2006, the Respondent, Deckers Outdoor Corporation received a US trade mark *"UGG"* for use on boots and other products. Deckers subsequently sued Australian Leather for trade mark infringement. In 2018, the US district court opined that even though the

word *"ugg"* had a generic connotation in Australia, this "generic usage" was insufficient to confer a "generic meaning in the United States". The decision was subsequently upheld by a federal jury in Chicago and awarded a damage of $450,000 to Deckers.

The petitioner requested for a petition for review before the Supreme Court of the United States (SCOTUS). The Australian government joined in the request. In its amicus brief, the Australian government requested that in order to reach a well-balanced outcome, it was paramount that the "doctrine of foreign equivalents" be applied to the case at hand. Further, even though the doctrine was principally applied to "generic terms originating in non-English speaking countries, the concerns behind the doctrine are not tied to language" (p. 4 of the Brief). A failure to do so invited the danger of preventing "all competing producers" from using the generic term in the US markets. On 6th December 2021, however, the SCOTUS turned down the petition to review trade mark protection for *"ugg"*.

Sources: Reuters, 7 December 2021, available here. Amicus Curiae, 5 November 2021, available here.
Image source: Istock, available here.

5.3. Bacardi challenges the registration of HAVANA CLUB

On 28 December 2021, Bacardi filed a lawsuit against the United States Patent and Trademark Office (USPTO) at the district court of Virginia. The trade mark "HAVANA CLUB" was earlier declared "cancelled/expired" as Cubaexport had failed to pay the required filing fee in time, as required by the Lanham Act (para 1 of the Complaint). As per the complaint, the renewal of the mark by the USPTO prejudiced Bacardi's interest as Bacardi had in 1990's acquired rights in the HAVANA CLUB from JASA, and had since been selling HAVANA CLUB rum in the United States (para 16 of the Complaint).

The mark was first registered in the name of Cubaexport in 1976. The company however, failed to get a license from the US Treasury Department's Office of Foreign Assets Control (OFAC) in 2006. In 2016, the OFAC finally gave the license to Cubaexport. The USPTO renewed the registration shortly thereafter. This renewal by the USPTO about a decade later is also likely to impact the outcome in Bacardi's pending application for its "HAVANA CLUB" mark.

Bacardi accordingly requested that Cubaexport's "HAVANA CLUB" trade mark be removed from the USPTO's registry.

Sources: Reuters, 29 December 2021, available here. Complaint, 28 December 2021, available here.
Image source: Adobe Stock, available here.