

FRIDAY FORTNIGHTLY: THE IP & COMPETITION NEWSLETTER (ED. 2021 WEEK 42 NO. 17)

Dear Readers,

In this edition, you will find an overview of the key developments in Competition, Copyright, Design, Patents and Trademarks for the period Sep-Oct 2021.

The Innovation 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,

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1. Competition law

1.1 Dutch competition authority fines Samsung for *indirect* resale price maintenance

On 14th September, the Dutch competition authority, Autoriteit Consument & Markt (ACM) fined Samsung Electronics Benelux 39.9 million euros for “coordinating the retail prices of Samsung television sets” with retailers from January 2013 to December 2018 (para 1, ACM).



Samsung actively followed the retail prices of its TV sets both online and offline, and following a deviation from the recommended price, it actively reached out to the retailers to adjust the price to the recommended level. To track the online prices, Samsung used “spider software” and closely followed these “price fluctuations” (para 3, ACM). This conduct, in the opinion of the ACM, was a clear violation of Section 6 of the Dutch Competition Act and Article 101 of the Treaty on the Functioning of the European Union (TFEU). It may be useful to add here that both the EU

and the Dutch competition law permit “non-binding price recommendations” so long as the retailers can freely set their own retail prices. In this case, Samsung’s “systematic coordination” across the value chain obstructed the “downward price spiral”. This in turn led to a first of its kind fine by the ACM for *indirect* Retail Price Maintenance (RPM).

Samsung on its part, plans to appeal the decision of the ACM, as it only recommended and followed the prices, and following non-adherence, did not impose any penalty on the retailers.

News Source: ACM (both English and Dutch), 14 September 2021, available [here](#). de Volkskrant (in Dutch), 29 September 2021, available [here](#). Pinsent Masons, 7 October 2021, available [here](#). Wolters Kluwer, 1 October 2021, available [here](#).

Image Source: Getty Images, available [here](#).

1.2 Subsidiaries liable for damage caused by parent company: CJEU

On 6th October, the Grand Chamber (Court of Justice of the European Union, CJEU) ruled on a set of questions submitted by the Audiencia Provincial de Barcelona (Provincial Court in Barcelona, Spain). The proceedings arose from the 2016 Commission decision (*Case AT. 39824*), wherein 15 truck producers in Europe, including Daimler, were found in breach of Article 101 TFEU for entering into collusive agreements on prices for trucks in the European Economic Area (EEA). As Mercedes-Benz Trucks España is a subsidiary of Daimler, the key question was whether the subsidiary could be held liable for damages caused by its parent company Daimler, and if the answer to this were in the affirmative, what requirements be met for a finding of liability?



The CJEU concluded that a subsidiary can indeed be held liable for damages caused by its parent company, whereby both the undertakings formed part of a single economic unit. For this, however, following two conditions must be met. First, the economic, organizational, and legal links between the parent company and subsidiary must be established. Second, the victim

should clearly establish that the finding of anti-competitive conduct of the parent company “concerns the same products as those marketed by the subsidiary” (para 52). The Court also added that following such a proceeding, the subsidiary retained its rights of defence to show that it was not a part of the undertaking, and in case of “no decision” by the Commission under Article 101 TFEU, the subsidiary could even challenge that the alleged conduct “amount[ed] to an infringement” in the first place (para 67).

News Source: Baker McKenzie blog, 14 October 2021, available [here](#). CJEU decision, 6 October 2021, available [here](#).

Image Source: Getty Images, available [here](#).

1.3 General Court stands still by the Commission on ‘gun jumping’ in Altice/PT Portugal

On 22nd September, the General Court (GC) delivered its decision on the issue of gun jumping in the telecommunications merger between Altice Europe and PT Portugal. Though the Commission had conditionally cleared the merger in April 2015, the 2018 gun jumping fine followed from the exchange of information that took place between the parties, prior to the Commission’s clearance decision.



As per the provisions of Article 4(1) and 7(1) of Regulation 139/2004, merging parties cannot implement a concentration, unless they have received the necessary approval from the European Commission. Non-compliance of this standstill obligation is referred to as gun jumping. The GC was of the opinion that there were “numerous and broad infringements” including exchange of commercially sensitive information and monetary threshold specified in the Sale Purchase Agreement (SPA) was ridiculously low. These factors overall contributed

to the exercise of decisive influence by the acquirer prior to the Commission’s approval of the transaction. With this decision, it emerges that the GC endorses the Commission’s broad interpretation on gun jumping. This is somewhat in contradiction to the restrictive interpretation of the standstill obligation in the 2018 *Ernst & Young P/S v. Konkurrenserådet*.

News Source: Freshfields Bruckhaus Deringer blog, 14 October 2021, available [here](#). GC decision, 22 September 2021, available [here](#).

Image Source: Getty Images, available [here](#).

2. Copyright

2.1 City of Vernon, Canada transfers copyright in Ogopogo to indigenous people



In 1953, Arthur G Seabrook registered the copyright for “Ogopogo”, a mythical lake creature, that arguably either looked like a horse or a serpent (*see image*). Initially a marketing gimmick by Seabrook, three years later, he transferred the copyright to City of Vernon, Canada. In October 2021, the City assigned all the copyright and trade mark related rights in “Ogopogo” to the Okanagan National

Alliance (ONA) for a sum of Canadian \$1. The assignment and transfer include “all copyright, title, interest and property including trademark rights” from the commercial and non-commercial use of “Ogopogo”.

ONA, an alliance of indigenous nations, considers “Ogopogo” as part of their spiritual heritage, that dates back to thousands of years, when the natives referred to the mythical creature as “N’ha-a-itk” in their Sylix language, meaning literally, the “spirit of the lake”.

The city, at the time of the assignment to ONA, added that it had never economically benefitted from the name; and only twice gave permission for its use in children’s books.

News Source: Global News, 16 October 2021, available [here](#). Ogopogo Quest, 22 October 2021, available [here](#). Castanet, 8 October 2021, available [here](#).

Image source: The Canadian Encyclopedia, available [here](#). City of Penticton, available [here](#).



2.2 Cher sues Mary Bono over Cher and Sonny Bono’s music royalties



Cher and Sonny Bono were a 1960’s and 70’s hit pair that together created and performed “certified Gold” Billboard number one hits such as “I Got You Babe”. The pair were also married for well over a decade between 1964 and 1975. As per their divorce settlement agreement, Sonny “irrevocably assigned in perpetuity”, a share of fifty per cent of the “musical composition and record royalties during their collaboration and marriage” to Cher.

In 1998, Sonny Bono passed away leaving behind his trust “Bono Collection Trust” (BCT), principally in charge of his then (fourth) wife Mary Bono. Shortly after his death, Mary Bono sponsored the legislation “Sonny Bono Copyright Term Extension Act”, that extends the term of protection for copyright protected works by up to 20 years. The Act allows cancellation of transfer of copyright and reclaim them after a period of 35 years. In 2016, the BCT sent notice of termination to various music publishers, and alleged that this also terminated Cher’s rights in the Trust.

In October 2021, Cher initiated legal proceedings against Mary Bono, for denying her the 50% share of royalties as per the afore-referred divorce settlement between Sonny Bono and herself. Cher is seeking a declaratory judgement that her rights cannot be terminated and that she be awarded \$1 million in damages for willful breach of the divorce agreement.

News Source: Reuters, 15 October 2021, available [here](#). The Guardian, 15 October 2021, available [here](#). Los Angeles Times, 14 October 2021, available [here](#).

Image source: Vogue.fr, available [here](#).

2.3 Australian Copyright Tribunal allows Meltwater’s licensing agreement

On 15th October 2021, the Copyright Tribunal (Australia) accepted in entirety, the terms of Copyright License Agreement proposed by the Oslo-based media intelligence platform, Meltwater. Meltwater, in addition, was also allowed an expanded geographic reach spanning across the entire Asia Pacific region. In addition, the Tribunal agreed with the proposed “press clip rate” of \$1.39 (instead of the current \$1.31 per clip).

In 2017, Meltwater initiated proceedings to set a uniform set of rules and a new price standard for the industry. Other leading media monitoring agencies, such as iSentia (since Access



Intelligence) and Stream were also part of the proceedings. Stream subsequently entered into a licensing agreement with the Copyright Agency, however, Meltwater and iSentia continued participation in the hearings before the Tribunal.

As a next step, the Copyright Agency may appeal the Tribunal's decision, as the Agency believes that the Agreement does not reflect the fair value of news.

News & Image source: Mumbrella, 17 October 2021, available [here](#). Decision of the Australian Copyright Tribunal, available [here](#). Mumbrella, 21 January 2021, available [here](#).

3. Design

3.1 Sony threatens *dbrand* with legal action over PS5 plates

In February 2021, *dbrand Inc.* introduced “Darkplates” faceplates for Sony’s PlayStation 5 (PS5) console. It launched the product with the tag line: “Go ahead, sue us”. Shortly thereafter, Sony paid heed to *dbrand*’s advice. *dbrand* received a cease-and-desist letter from Sony claiming that it had infringed Sony’s intellectual property rights by selling faceplates for the PS5 console without first seeking its permission. As per the letter, *dbrand* reproduced Sony’s “protected product design” and infringed its trade mark and copyright. Additionally, Sony claimed infringement of a recent Canadian patent that covered the shape of PS5’s “side panels”. The letter also alleged that *dbrand* was illegally selling skins for Sony devices that featured the PS Family Mark. *dbrand* responded immediately and declared that it had promptly removed the “Darkplates” from the market.



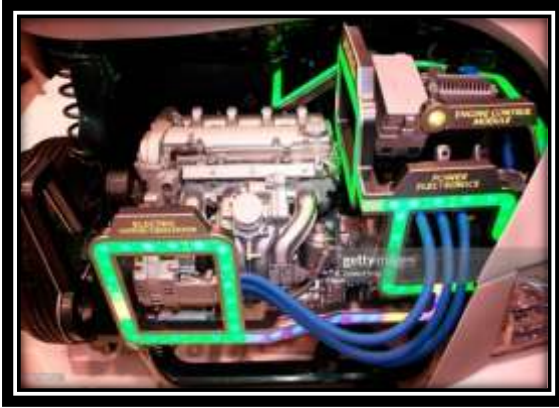
News Source: Techradar, 16 October 2021, available [here](#). Tech Times, 16 October 2021, available [here](#). “Kotaku”, 17 October 2021, available [here](#).

Image Source: Getty Images, available [here](#).

4. Patent

4.1 Nippon Steel files JPY 20 billion patent lawsuits each against Toyota and Baosteel

On 14th October, Japanese steel giant, Nippon Steel filed two simultaneous lawsuits before Tokyo District Court against top automaker Toyota and steel manufacturer Baosteel for infringement of its steel sheet patent. In each of the lawsuits, Nippon Steel requested compensatory damages of up to JPY 20 billion (app. EUR 150 million). In its lawsuit against Toyota, Nippon, has in addition, also requested “preliminary injunction” to prohibit manufacture and sale of motor-driven vehicles that use “non-oriented electrical steel sheets infringing Nippon Steel’s patent”.



The disputed patent relates to “non-oriented electrical sheets”, that are an indispensable material to electrify automobiles. Nippon Steel alleged that Toyota, in its motor-driven vehicles, uses the patented non-oriented electrical steel sheets manufactured by the vendor Baosteel.

Both Toyota and Baosteel, however, denied the alleged infringement.

Nippon Steel has filed numerous ‘non-oriented electrical steel sheet’-related patent applications worldwide, including dozens of them across

Europe. These sheets are a notable technical innovation and are expected to significantly contribute to CO₂ reduction, and thereby help inch towards a carbon neutral society.

News Source: REUTERS, 15 October 2021, available [here](#). Official website of Nippon Steel, 14 October 2021, available [here](#).

Image source: Getty Images, available [here](#).

4.2 EU and South Africa seek a middle ground on vaccine patent deadlock

The EU and South Africa are in "intensive negotiations" to address access to vaccines to underdeveloped nations. The negotiations will help resolve the year-long global impasse. The two have been on opposite sides of the argument at the World Trade Organization (WTO). Whereas on the one hand, South Africa advocates a complete waiver of intellectual property rights (IPRs), then on the other, the EU opposes this call and claims that the present framework offers sufficient flexibility. This includes the system of compulsory licensing.



Last week, Antonio Fernandez-Martos, head of Unit, Multilateral Affairs and WTO, DG Trade at European Commission, informed the European Parliament's trade committee that the EU did not favour a wide waiver of IPRs. He added that the parties were in “serious negotiations to enable “compulsory licensing”. Ngozi Okonjo-Iweala, Director-General, WTO, expressed optimism as members engaged in “informal discussions” to amicably resolve the issue.

It is expected that an agreement shall be reached at the forthcoming WTO ministerial summit in Geneva, scheduled from 30th November to 3rd December.

News and Image Source: Opera News, 20 October 2021, available [here](#). Reuters, 15 October 2021, available [here](#).

4.3 CareDx v. Natera: US district court on the patent eligibility of medical diagnostics

In *CareDx v. Natera*, the US district court of Delaware (district court) held three patent claims invalid, as the subject matter therein lacked patent eligibility under § 101, 35 U.S. Code. The said patents shared a single written description and all of them related to non-invasive methods for diagnosis or prediction of transplant status in a subject that had received a transplant. In particular, they disclosed methods to determine “organ transplant rejection”, that helped doctors

identify the “rejection through blood tests and without invasive biopsies”. Amongst the three patents, Pat '652 was a national phase application and the other two, Pat '497 and Pat '607 were its continuation applications.

In the post-Alice era, the United States Patent and Trademark Office (USPTO) uses the *Alice/Mayo* two-part test, that incorporates the inventive concept, to evaluate the eligibility of claims under examination. The US district court also applied this test and simplified the two steps of the *Alice* as a single inquiry: “whether the asserted method uses more than one standard or conventional techniques of detection” when the patent claimed “a method for detecting a natural phenomenon”. Based on this simplified inquiry, the court denied the patent eligibility of the invention as the detection methods were described in the specification as conventional (that is “standard and routine”) and the patentee was bounded by the use of words therein.



Shortly after the decision, some US-based patent attorneys were of the opinion that the decision was unreasonable, as the patent eligibility of the (entire) method that resulted in the quantification of the cfDNA could not be refused by relying only on the description of its detection (as “standard and routine”).

News Source: The National Law Review, 16 October 2021, available [here](#). IP Watchdog, 13 October 2021, available [here](#). Memorandum Opinion of the Court, 28 September 2021, available [here](#).

Image source: Getty Images, available [here](#).

5. Trademarks & GI

5.1 Three Stripes and Adidas is out in appeal against H&M

On 8th October, the 25-year-old legal dispute between Adidas and H&M was finally settled as the Dutch Supreme Court dismissed Adidas’ appeal.

The dispute first started in 1997, when H&M began selling a work-out line with two parallel vertical stripes. Adidas requested preliminary injunction, claiming that H&M’s two stripes were an infringement of their Benelux trademark comprising of three parallel stripes. Adidas argued that the use of the two stripes was likely to confuse consumers about origin of the product. H&M’s key argument was that generic patterns should remain available to the public and this should be taken into account when assessing the likelihood of confusion test, especially in light of non-distinctive signs which acquire distinctiveness through use. A series of court decisions followed, and in 2008, the Dutch Supreme Court requested the CJEU for a preliminary ruling. The CJEU sided with Adidas, claiming that the banality of a pattern was irrelevant in the likelihood of confusion test; instead, it was consumer perception that was relevant. The matter returned to the national courts to determine the perception of the average consumer on the two patterns. Another decade long litigation followed.

The district court of Hague decided in favour of Adidas and held that there was indeed a likelihood of confusion for consumers, especially in light of Adidas’ reputation. H&M appealed the decision to the Hague Court of Appeal, stating that the protection claimed by Adidas was too broad. Adidas’ original claim protected, “the use of 2 colour-contrasting parallel vertical

stripes”. This was then changed to, “two [equidistant] vertical and parallel stripes of equal width” with roughly the same distance between the stripes as their width. Following this change in scope, the Court of Appeal held that the similarity between the two signs was of a very narrow degree, since the space between the stripes on the H&M clothing was narrower than that between the Adidas stripes.

The decision was appealed by Adidas to the Dutch Supreme Court. However, as there were no questions of law, the Court dismissed the appeal and upheld the decision of the Court of Appeal and ordered Adidas to pay the costs.



News Source: Hoyng Rokh Monegier, 12 October 2021, available [here](#). World Trademark Review, 11 October 2021, available [here](#). The Fashion Law, 11 October 2021, available [here](#). Dutch Supreme Court, 8 October 2021, available [here](#).

Image Source: The Fashion Law, available [here](#).

5.2 Florida Court dismisses Frida Kahlo trade mark dispute

On 10th September 2021, the US District Court of the Southern District of Florida dismissed a trade mark infringement case relating to Frida Kahlo’s legacy and image.

The Frida Kahlo Corporation, formed in 2004, has as its primary objective the “licensing and commercialization of the Frida Kahlo brand worldwide”. The dispute was between the Isolda Pinedo Kahlo, Kahlo’s niece and her daughter Maria Cristina Romeo Pinedo (the defendants) and the Frida Kahlo Corporation (the plaintiff). The dispute erupted following Mattel’s release



of a Barbie doll depicting Kahlo. Her relatives claimed in a Mexican court that Matel did not enter into any licensing agreement and did not have the right to use Kahlo’s image to make such a doll. Mattel retaliated and argued that the permission was given by the Frida Kahlo Corporation, which owned the right to her image. However, the Mexican court ordered the toymaker and department stores in Mexico to cease the manufacture and sale of Frida-inspired doll.

In response, the Frida Kahlo Corporation brought a suit against the Pinedos in a Florida Court. The suit claimed trade mark infringement, on the basis that the defendants had set up a website which offered

Frida Kahlo trademarked goods. In response, Pinedos argued that as they were both Mexican citizens and the case concerned two Panamanian corporations, therefore, Florida’s interest in the dispute was minimal. The judge agreed, citing that although the Frida Kahlo Corporation claimed to have an office in Florida, the plaintiff failed to demonstrate the impact of the defendant’s alleged infringement in the State, and thus, Florida’s interest did not extend beyond a general interest of enforcing federal law. Accordingly, the judge was of the opinion that either the Mexican or the Panamanian courts were a more suitable forum to hear the dispute.

Sources: ARTnews, 30 September 2021, available [here](#). The Art Newspaper, 29 September 2021, available [here](#). United States District Court for the Southern District of Florida, 10 September 2021, available [here](#).

Image source: Getty Images, available [here](#).

5.3 Advertising of goods & services provided outside of Taiwan: A trade mark use?

As per Article 5 of the Taiwanese Trademark Act, a trade mark is said to be used and applied for marketing purposes, when it helps the consumer identify the source of the goods. This may include use of trade mark on commercial documents or advertisements or a use on the articles relating to the service provided, amongst others. The Act is however, silent on whether this use should relate to goods or services sold within the Taiwanese territory, or whether it can also include goods and services sold outside the territory. Earlier this year, this issue came up for consideration before the Taiwanese Intellectual Property and Commercial Court (the IPC Court).



The Japan-based Tokyu Corporation registered its trade mark (in Chinese characters) in May 2016 in Taiwan. In February 2020, a third party challenged the mark on grounds of “non-use”, as the mark was not used for well over three years. In its defence, Tokyu submitted evidence of use, which included participation in international trade exhibitions in Taiwan and dispatch of marketing and advertising material to potential customers in Taiwan. Following a series of appeals, the matter reached the IPC.

In light of the territorial nature of the Taiwanese Trademark Act, the IPC Court was of the opinion that use following registration should be demonstrated through use of the mark on goods and services sold or offered for sale in the territory of Taiwan. The expression “marketing purpose” connotes the possibility of entering into a real market transaction following the marketing of the product or service. The use of a trade mark is said to result only when it leads to an economically significant outcome, such as through an “actual business transaction”. Considering that in the case of Tokyu, in Taiwan, it “only advertised” its department store service offered in Japan, it seemed difficult to reconcile the use as a “source-identifier”.

As a next step, the case is currently pending trial before the Supreme Administrative Court of Taiwan. The decision of Court is expected to offer further guidance on the scope of Article 5 and the territorial nature of the Act.

News Source: Lexology, 13 October 2021, available [here](#).

Image Source: Seek Vector Logo, 17 May 2018, available [here](#).