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Intellectual Property and e-commerce Bulletin

The Newsletter of the PLG Intellectual Property and e-commerce International Network

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Database Right - the first reported UK case on the European Directive on the legal protection of databases

The recent case of *British Horse Racing Board Limited and others -v- William Hill Organisation Limited 2001* was groundbreaking in that it was the first English case to define what constituted an infringement of database right on the Internet.

The brief facts of the case were that the British Horse Racing Board ("BHB") invested considerable time and money in producing an extensive database of horse racing statistics. This database was licensed to third parties prior to race meetings. Some third parties themselves sub-licensed this BHB database to their customers. One such third party was Satellite Information Services ("SIS").

One of SIS's clients was William Hill Organisation Limited ("William Hill"), who own and operate betting shops and an internet betting service.

SIS had not licensed William Hill to publish the database of statistics on its website, merely to display such information in its betting shops.

William Hill subsequently published the statistics derived from SIS on its website and BHB promptly alleged infringement of its database right.

Database right exists to protect the investment made by an individual or entity in the obtaining, verifying or presenting of a database. Such right is infringed by someone who, without the consent of the owner, extracts and reutilises all or a substantial part of the database. (It is useful to note, that repeated and systematic extraction of what constitutes "insubstantial" parts of [the contents of] the database may amount to the extraction or reutilisation of a "substantial" part and consequently, be infringing e.g. if you repeatedly took small parts of a large database this could amount to an infringement.)

It was held in this case that William Hill had extracted and reutilised a substantial part of BHB's database in reproducing parts of it on its website and that, in doing so, BHB's database right was infringed.

This case was referred to the European Court of Justice ("ECJ") as to the interpretation of the database right directive. However, notwithstanding the ECJ's decision, it is clear that database right is here to stay, and that it can be used to protect what, in many cases, will be a company's most valuable asset; the databases of information such as customer lists, etc. This case also recognises the value of databases to companies, and, together with good business practice, is a further weapon in a company's arsenal to protect its assets and the considerable time and effort which has been invested in creating and maintaining the same.

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Cybersquatting: Domain names and famous people

Cybersquatting is the term used to describe the registration of domain names for "illegitimate" commercial gains. Cybersquatters register domain names with potential value, (e.g. well know trademarks or names, such as the names of artists), with the sole intention of selling them to the "rightful" owners.

In Canada and the United States, where statutory and common law principles in relation to trade marks form the basis of protection from cybersquatting, there have been a number of recent cybersquatting cases.

The domain name *www.juliaroberts.com* was registered and owned by a third party and the issue was whether the actress had any trademark rights in her name. Under both the Uniform Domain Name Resolution Policy ("UDRP") and the Anti-Cybersquatting Consumer Protection Act ("ACPA"), in order to bring a successful claim, Julia Roberts needed to prove the existence of the three following elements:

- The domain name is identical or confusingly similar to a trade-mark in which the complainant has prior rights
- The holder of the domain name has no rights or legitimate interests in respect of such name
- The domain name has been registered and is being used in bad faith.

In this case, the issue was not proof of bad faith (this was evident because the domain name was established solely for the purpose of selling it to the actress or others and, further, the respondent had established a pattern of conduct by registering many other "famous" domain names) but demonstrating that the actress had common law trademark rights in her name. In doing so she needed to prove that her name had acquired a "secondary meaning". Secondary meaning is a legal term which means that, although a name or a design is not a registered mark, the public has come to associate that name or design with a particular person or company or goods or services. The Panel decided that there was an identification in the minds of the public between the actual name and the actress, even if she had no actual registered mark.

Although Julia Roberts won her case, this was not so in the Sting case.

British pop singer Gordon Sumner alias "Sting" failed to convince World Intellectual Property Organization that the *www.sting.com* domain owner, a computer gamer who used "sting" as his gaming alias for eight years was not entitled to a domain name. Mr Sumner alleged that the computer gamer had registered the domain name in bad faith. However, this was not upheld and the computer gamer was allowed to keep his domain name.

As the decisions of cybersquatting cases concerning famous people are not conclusive, we suggest that if you have a brand or personality which you want to protect, you should register it as a trademark and as a domain name at your earliest opportunity. Such registration will afford some protection for your brand, and assist in preventing third parties from benefiting from the goodwill which you have built up in your brand over time, and consequently serves to protect your company's investment.

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Deeplinking and "kranten.com"

On 22 August 2000, the president of the District Court in Rotterdam passed judgment in the summary proceedings instituted by several Dutch daily newspapers against Eureka Internetdiensten. Eureka Internetdiensten runs an Internet site, with so-called "deep links" to various daily newspapers; *www.kranten.com*.

On websites, links can be made to other websites. If you click on this link with your mouse, you are connected through to the linked site. "Deep links", link to pages of another website other than the homepage. By clicking on these links, the internet user is taken deep into the website and bypasses the homepage. This is potentially damaging to the company who owns the website which is being deep linked into, as all advertising and a great deal of company information is contained on the homepage. Also, the link may be framed in the page of another website and may appear to belong to that third party site. In doing so, the third party site is effectively passing off the material of the linked site as its own which is also potentially very damaging.

Every day, *www.kranten.com* lists headlines of articles that were available on various newspapers' sites on the web. These lists are taken from the pages of the newspapers. By clicking on a headline, the page with the corresponding article is directly opened in a window on the *www.kranten.com site*.

The newspapers argued that Eureka, by taking over the lists and using the deep links, infringed the newspapers' copyright and database right, and further that Eureka acted wrongfully because it profited unjustly from the efforts of the newspapers, as a result of which they suffered damage. This damage consisted, in particular, of advertising receipts, since the entire advertising for each newspaper site appeared on the respective homepages.

The newspapers sought an order from the Court which would forbid Eureka from copying and placing titles and title lists of the newspapers, and using links to pages other than the homepages of the newspapers' respective sites.

The president of the District Court ruled that the title lists were not protected by the Databases Legal Protection Act because the requirement of a substantial investment in the gathering of data had not been fulfilled.

Further, the president ruled that there had been no careless acting. Moreover, there had also not been any (imputable) damage. On the contrary, the links made by *www.kranten.com* to the newspaper websites had a beneficial effect. In addition, the newspapers did not use the technical means available to prevent the deep linking, and chose themselves to place advertisements in particular on the homepage. Accordingly the president ruled that the damage, in so far as it existed, was effectively the result of a personal choice.

The newspapers' claims were therefore rejected and Eureka continued to operate their site *www.kranten.com*.

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The Keljob Case: Infringement of database right and trademarks

On September 5, *2001 the Tribunal de Grande Instance*[1] of Paris gave a judgment in the case of Cadremploi and Keljob. This is the first decision concerning the potential infringement of database rights by a search engine.

Keljob is a search engine specialized in collating job offers collected from various web sites, and shown as hypertext links, which enables the user to search within a defined target and then to access details of various job vacancies from the site. Access to the details of the vacancies is made through hypertext links to third party sites.

Cadremploi which owns the trademark "Cadremploi" and operates a database made of job offers, disputed Keljobs right to post extracts of its advertisements on its site as well as its trademark "Cadremploi".

By a provisional interim order dated January 8, 2001, the President of the *Tribunal de Grande Instance* of Paris had taken measures, accompanied with a coercive fine, prohibiting Keljob from using the trademark "Cadremploi" as well as the elements of the database thereof as the Court considered that a search engine *"does not merely send users visiting its site to job vacancy sites according to the searched criteria; that Keljob does give a list of job vacancies in its site, for instance the offers of Cadremploi, of course without giving any detail but by taking the elements of the database created by Cadremploi and as such the investments of the company, for the purpose of the development of its own image and of its own business, which is in fact directly competing with Cadremploi"*.

On May 25, 2001 the Court of Appeal of Paris, set aside the order dated January 8, 2001 considering, on the one hand, that the trademark "Cadremploi" was not being infringed as it was only quoted by Keljob to enable the user to go to the site "Cadremploi" and also that the search engine was not downloading the database of Cadremploi but only querying part of the said database from time to time and thus was not infringing the database rights of Cadremploi.

The judgement given on September 5, 2001 adopted a different solution considering that there had been an interference with the rights of Cadremploi to its database, as well as an infringement of the trademark "Cadremploi", but the Court refused to consider the installation of deep hypertext links as an ingredient of an act of unfair competition harmful to Cadremploi.

In the first instance the Court held that Cadremploi, in operating, controlling and updating its database, had made a significant commercial investment in the database, which consequently enabled Cadremploi to bring a claim against Keljob.

The Court held that the creator of the database had the right to prohibit the extraction of a significant part of the content of the said database, whether it appears to be significant with regard to quality or to quantity, and that, in this respect, the elements taken from the "Cadremploi" site (job title, business field concerned, geographic area, date of publication in the site "Cadremploi", URL address) were of a significant amount with regard to quality even if the whole content of the job offer was not reproduced in the site Keljob.

In the second place the Court held that the reproduction of the trademark "Cadremploi" in the Keljob site was use of the mark in a business context as the mark was not quoted for information purposes, but was used within the framework of the activity of inventory and selection of job offers. This was therefore in direct competition with the business of Cadremploi.

Further, Cadremploi considered the installation by Keljob of deep hypertext links to its own site to be an alteration of the site's nature and harmful to its integrity. The Court dismissed this claim stating that the user is informed through an intermediate page that he/she is being connected to the Cadremploi site, that the site is clearly identified, and that consequently therefore, no chance of confusion in the user's mind between the two sites i.e. Cadremploi and Keljob can exist.

Keljob has lodged an appeal against this decision according to which it had been ordered to pay damages for a total amount of one million French francs.

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[1] *Regional Court*

Liability for deep linking in Germany

Global omnipresence is probably the most outstanding feature of the virtual world. In this context, hyperlinks are the essential tool to weave data, information and content quickly into a truly "world wide web". Whilst most homepage operators generally do not object to being linked, some cases turn around hyperlinks between competing companies where users are linked to foreign content by circumventing the homepage of the market competitor ("deep links"). Particular problems may arise when those links lead to copyrighted content. The following discussion gives a brief update on recent developments in German law regarding the liability for those deep links.

The case decided by the Court of Appeals of Celle:

This case involved two competitors who operated domains with general content, data and information about various areas of interest, such as, culture, economy, sports, automobiles etc. In one of his interest groups, the defendant had included links which lead to domains of the plaintiff´s clients. The links were technically designed so that they would circumvent the plaintiff´s homepage and lead directly to his sub-page and, consequently, the clients´ homepage.

The court decided that the direct linking to the plaintiff´s clients, by circumventing his homepage, constituted unfair competition. The judges held that the defendant had taken advantage of the product of the plaintiff´s labour, thereby saving its own costs and work. Furthermore, the court expressly found that the fruits of such labour deserved protection because the plaintiff had invested considerable expense, time and effort in the acquisition of new clients (which were represented on his Internet platform). Finally, the court stressed the fact that the links were taken over by the defendant in a way so that they appeared to be his own clients, without any clarifying remark or note.

In a recent case, the District Court of Berlin had to decide again on the legality of deep links - albeit turning on questions of copyright.

In this case, the plaintiff published the newspaper *"Main Post"* and also operated a domain with various news categories concerning different regions and different subject areas. The defendant similarly operated a news service on the Internet. His computer searched the plaintiff´s homepage automatically every five minutes and included the plaintiff´s index lists as well as the corresponding news reports entirely in his own program, thereby indicating the source.

The court dismissed the claim. The judges first expressed serious doubts as to the copyright protection of the mere news headlines as well as the short news reports of the plaintiff. Furthermore, the judges assumed in favour of the plaintiff that his news reports constituted a data bank in the sense of sec. 87a German Copyright Act. Nevertheless, the court held that the inclusion of the plaintiff´s news reports did not affect and unduly burden the interests of the data bank owner. According to the court, the data bank owner - by unconditionally making accessible his news reports to the public - had consented to the possibility of others using his reports, even when circumventing the homepage. The judges argued in favour of a free flow of information on the Internet and found no crucial difference between the defendants´ service and any other search machines. Finally, the court expressly stated that the circumvention of the plaintiff´s advertisement did not lend sufficient basis to assume unfair competition because the plaintiff was free to allocate his advertisements so that web-ads would also appear on sub-pages.

The above decisions demonstrate that - at least under German law - deep linking touches not only on issues of unfair competition but also on copyright matters, in particular the sui generis protection of data banks according to sec. 87a et. seq. German Copyright Act. Also, it can be seen that the matter still needs to be discussed further. The two main interests involved are basically the free flow of information on the one hand and individual interest on the other hand. While the Internet showed a more altruistic character in its early years, mostly serving as a network of information, the economic component - generally called "e-business" - has gained much ground, thereby shifting the focus from freely disseminating information to earning money in the virtual "El Dorado". Striking the right balance is difficult and will depend on the specific facts and circumstances of each case. The decisive factors should certainly be:

- The motivation of the parties, i.e., is the link designed to generate revenues
- How much effort was spent on compiling/generating the linked content
- Does the link clearly show the source.

Generally speaking, not every form of deep linking should be prohibited. The right balance will therefore need to be struck between the need for linking and any form of obvious free riding.

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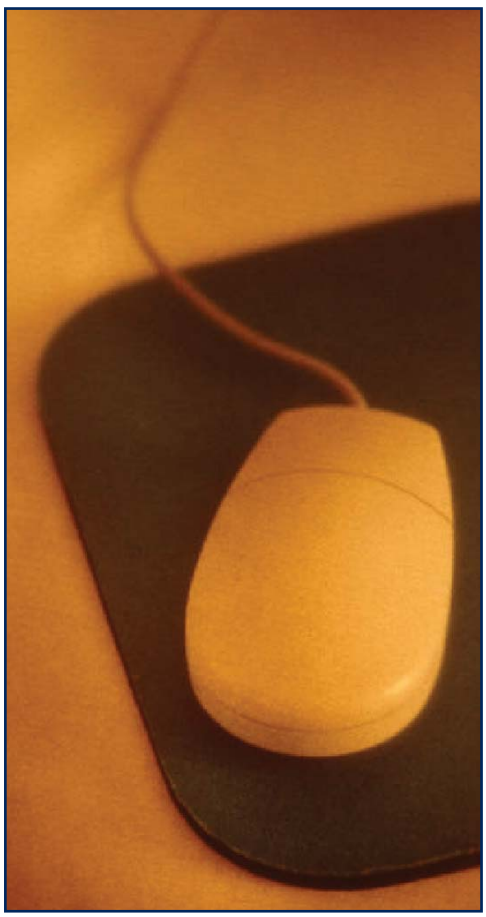

Data Protection - EU directives and guidelines and implementation in Portugal

Databases allow companies to ascertain the preferences of their customers, and, therefore, enable them to define their commercial goals and targets.

In compiling such databases, companies must have regard to the law relating to data protection and the respective rights of the individuals, about whom they collect and compile personal information.

The Law 67/98 (implementing EU Directive no. 95/46/CE) defines the legal framework of data protection, as well as the transfer of such data both to EEA member states and beyond.

The Portuguese Commission for the Protection of Personal Data, ("CNPD") is the body responsible for the implementation of Law 67/98. In doing so, one such duty is to approve the processing of data by companies who must submit details of their databases to the CNPD for approval prior to processing.

Practically, the CNPD may take several months before notifying the approval of the database to the applicant. This situation has caused some companies to unlawfully collect and process personal data information, thus potentially incurring heavy legal penalties.

Personal information, for the purposes of the legislation, is any type of information relating to an identified or identifiable natural person (the data subject).

According to Portuguese Law, authorisation to collect and process certain personal data depends on the nature of the entity making the application as well as on the type of data involved.

The CNPD does have the power, in certain circumstances, to exempt entities from having to notify their databases of personal data if set criteria are met.

The information society has introduced new issues regarding the protection of personal data. One such issue is *spamming*.

The EU Commission has released several studies regarding the economical implications of *spamming* as well as some studies on technical solutions to the problem.

Despite the international effort to reduce *spamming* the Portuguese legal system has yet to include specific provisions in this regard.

When visiting a website, the user is supplying his/her profile to the website owner, e.g. the sort of products he is looking for, other websites visited, etc. This information is kept inside the user's computer in the form of temporary files (cookies) that allow an immediate profile of the owner of the computer.

The importance of such information is that it allows the website owners to build databases with personal data from each user and helps a company to market and sell more efficiently, such databases are potentially a very valuable company asset.

However, though the compilation of such databases is no doubt beneficial to the website owners, the potential to infringe the rights of the individual under data protection law is immense and, consequently, legal advice should be sought by all website operators prior to such database compilation being undertaken.

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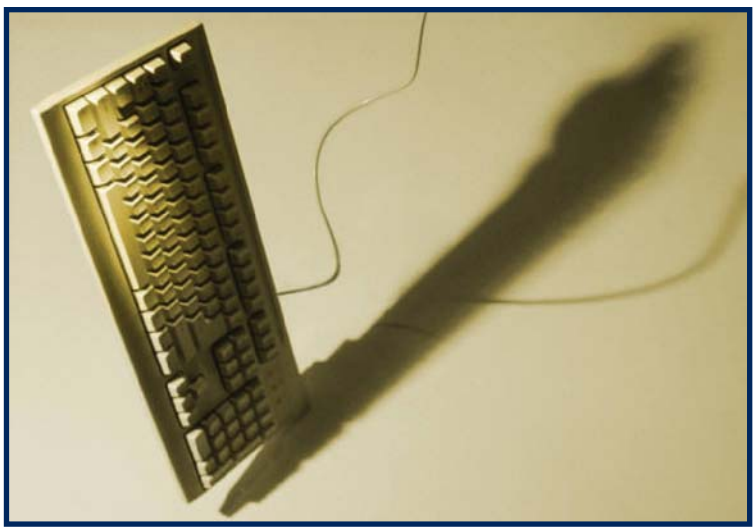

Pannone Law Group

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Insider news...

Rubbish in our e-mail account: spamming

Every day we come across "unsolicited advertising" : in the street, in our house, in our mailbox, by telephone, and in our e-mail account. This type of advertising has the same objective as a traditional advertisement: to promote the sale of goods and services; but such unsolicited advertising is different in that it can be very intrusive to the individuals or companies being targeted.

Among the different kinds of this type of advertising is "spamming". "Spamming" is defined as the sending of mass commercial e-mail messages offering goods or services. Such unsolicited advertising can be problematic, as they create a nuisance to the recipient, cost money and resources to delete and deal with generally, and can cause delays to ISP's whose services are slowed down due to the sheer volume of emails.

Spamming can constitute an infringement of an individual's fundamental right to privacy. Companies engaged in spamming gather data and compile lists of e-mail addresses, even including a detailed personal profile of individuals, with a view to selling this data for profit. Law 15/99, on Protection of Personal Data, considers this activity as an illegal practice, which can be penalized by fines.

We can apply technical and legal solutions, for example, there is a range of different software available that filters all messages and can delete or return spam messages, and current legislation assists in the fight against spamming by:

- Forcing the sender to expressly declare that what is being sent is Advertising e-mail
- Forcing the spammer to identify itself in the email
- Including "opt-in" clauses or "opt-out" clauses which require the effective consent of the recipient for such emails
- Allowing the Internet Service Provider ("ISP") to sue the "spammer" company if it infringes ISP policy.

In Spain, the Draft Law of Society of Information and Electronic Commerce Services Act obliges a supplier of goods and services, who sends unsolicited commercial communications via electronic means, to clearly identify those communications at the moment at which they are sent and to provide means which permit the recipient to be able to opt out of receiving such communications if they so wish.

In summary, we can see that the different measures set out above should help to prevent spamming and to also ensure that we only receive emails which we have agreed to receive.

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TO OUR READERS

This Newsletter is intended to introduce and explain on regular basis new areas of European, North and South American intellectual property law and eCommerce of general interest to all of our clients. It is jointly written and produced by PLG's Intellectual Property and eCommerce International Network which includes legal practitioners in several PLG firms and their contacts worldwide. We always welcome comments and questions on any matters raised in PLG Intellectual Property and eCommerce News. Further information is available on all topics but nothing in PLG Intellectual Property and eCommerce News is to be regarded as a definitive statement of the law or as specific legal advice and reliance should only be placed on particular advice obtained from the relevant practitioners in the light of all relevant facts and circumstances. Readers are requested to direct their enquiries to the author of the relevant article.

Readers having suggestions for further articles or general comments on this Newsletter or requiring legal advice and assistance on any particular problem should refer directly to the appropriate PLG practitioner in the relevant country or contact the PLG Secretariat at the above address.