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Contents

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Antitrust

United States

U.S. Court of Appeal revives Loestrin suits

By Nicole Daniel

On February 22, 2016 the First Circuit vacated the district court's dismissal in a case involving Loestrin and revived the suits against Acativs, holding that reverse payment settlements may be anticompetitive even if they do not involve cash payments.

The decision by the First Circuit restores suits thrown out by a district court judge in September 2014. These suits concerned so-called reverse payment settlements, as follows:

In 2009 Watson Pharmaceuticals agreed drop a challenge to a patent serving to protect Loestrin, a contraceptive pill, under the condition that it could market its own version six months before expiration of the patent. Warner Chilcott in turn agreed not to market its own generic version of the drug for six months. Both companies are now owned by Actavis.

In turn, a number of drug buyers sued and argued that these companies had agreed to divide up the market for Loestrin at the expense of the consumer. By holding that a reverse payment not made in cash or in a very close analogue is not illegal, a district court judge dismissed the suits.

The FTC urged the Court of Appeals for the First Circuit to revive the suits. On December 7, 2015 oral arguments were heard in Boston.

The First Circuit revived the suits with an unanimous three-judge panel decision. Writing for the panel, Judge Juan R. Torruella wrote that the lower court erred in holding that the agreement in question did not constitute a payment merely because it was not in cash.

The First Circuit referred to the 2013 *Actavis* decision, in which the Supreme Court held that large, unjustified payments serving to delay generic entry can be anticompetitive. The First Circuit noted that even though "*Actavis* does contain references to money…the key word used throughout the opinion is 'payment', which connotes a much broader category of consideration than cash alone." Accordingly, antitrust scrutiny applies not only to reverse payments made purely in cash, but also to other forms of reverse payments which induce the manufacturer of the generic drug to drop a patent challenge.

This position is consistent with the FTC's position on this issue as well as with a Third Circuit decision made in June 2015 holding that a similar deal over Lamictal, an epilepsy drug, can be challenged under *Actavis*.

The First Circuit also made references to the plaintiffs' struggle to assign a monetary value to the reverse payment by stating that even though a monetary value could be hard to calculate, it is not impossible. Antitrust litigation requires courts to make complex judgments on market practices. However, at the complaint stage plaintiffs are only required to show that their allegations are plausible. The Court stated that requiring them to show precise figures and calculation at this stage would be a high burden imposing a nearly impossible bar to overcome.

The First Circuit then stated that the question of whether the plaintiffs adequately alleged that the settlement agreements were unlawful under the antitrust rules has to be left for another day.

Antitrust

European Union

EU Court of Justice rules on restrictions of competition imposed by an online booking system used by travel agents

By Gabriele Accardo

On January 21, 2016 the Court of Justice of the European Union ("CJEU") handed down its preliminary ruling in a case which posed the issue of whether and in what circumstances the implementation of a maximum discount level, via technical means by the administrator of the Eturas computer reservation system used by several travel agencies, amounts to a concerted practice in breach of Article 101 of the Treaty on the Functioning of the European Union ("TFEU"). The question was referred to the CJEU by the Lithuania Supreme Administrative Court.

In 2010, the Lithuanian Competition Council launched an investigation into the Eturas system, stating that the travel agencies were coordinating among themselves the discounts offered on bookings made through a common booking system licensed by Eturas.

As discussed in a previous column (see Newsletter 4-5/2015, p. 12), the Competition Council found that the system's administrator posted a notice informing its users that the discounts applicable to clients would be restricted to a uniform maximum rate, and that a technical restriction on the choice of a discount rate would be applied.

In particular, on 27 August 2009, the administrator of the Eturas system used the internal messaging system to send, to at least two of the travel agencies concerned, a "Message concerning the reduction of the discount for online travel bookings, between 0% and 3%". The message read as follows: "Following an appraisal of the statements, proposals and wishes expressed by the travel agencies concerning the application of a discount rate for online travel bookings, we will enable online discounts in the range of 0% to 3%. This "capping" of the discount rate will help to preserve the amount of the commission and to normalize the conditions of competition. For travel agencies which offer discounts in excess of 3%, these will automatically be reduced to 3% as from 2:00 pm. If you have distributed information concerning the discount rates, we suggest that you alter that information accordingly."

The following day, the websites of eight travel agencies displayed advertisements with a discount of 3% on the travel packages offered.

The Competition Council determined that the travel agencies which used the Eturas booking system and which had expressed no objection [to what?] were liable for a competition law infringement, since they could reasonably assume that all the other users of that system would also limit their discounts to a maximum of 3%. The Competition Council inferred from that that those agencies had informed each other of the discount rates which they intended to apply in the future and had thus indirectly — by way of implied or tacit assent — expressed their common intention with regard to conduct on the relevant market. This conduct was characterized as constituting a "concerted practice," and the court concluded that Eturas played a role in facilitating that practice, even though it was not active on the market in question.

The referring court sought clarification as to the correct interpretation of Article 101(1) TFEU and, in particular, as to the allocation of the burden of proof. It had doubts as to the existence of sufficient factors capable of establishing, in the circumstances, the participation of the travel agencies in a horizontal concerted practice.

In particular, the referring court asked whether Article 101(1) TFEU must be interpreted as meaning that, where the administrator of an information system, intended to enable travel agencies to sell travel packages on their websites using a uniform booking method, sends to those economic operators, via a personal electronic mailbox, a message informing them that the discounts on products sold through that system will henceforth be capped and, following the dissemination of that message, the system in question undergoes the technical modification necessary to implement that measure, it may be presumed that those operators were aware or ought to have been aware of that message and, in the absence of any opposition on their part to such a practice, it may be considered that those operators participated in a concerted practice within the meaning of that provision.

The CJEU concluded that the referring court cannot presume, from the mere dispatch of a message such as that at issue in the main proceedings, that the operators which used the system were aware, or ought to have been aware, of the content of that message. Yet, in the presence of other objective and consistent indicia, the dispatch of that message may justify such a presumption. In any case, the operators should have the opportunity to rebut the presumption, for example by proving that they did not receive that message or that they did not look at the section in question or did not look at it until some time had passed since that dispatch.

The CJEU further held that, in the light of the circumstances of the case, a travel agency may be presumed to have participated in the concerted practice if it was aware of the content of that message. In particular, the CJEU referred to the characteristics of the information system put in place by the system administrator, as well as the technical restriction concerning the applicable discount. The system did not prevent travel agencies from granting discounts greater than 3%, but required them to take additional steps in order to do so. However, an anticompetitive concerted practice requires, in addition to the participating undertakings coordinating with each other (albeit tacitly), subsequent conduct on the market and a causal connection between the concerted practice and the market conduct.

Still, the CJEU held that if it cannot be established that a travel agency was aware of that message, its participation in a concerted practice cannot be inferred from the mere existence of a technical restriction implemented in the system at issue in the main proceedings, unless it is established on the basis of other objective and consistent indicia that it tacitly assented to an anticompetitive action.

Finally, the CJEU noted that in the peculiar circumstances of the case, a travel agency may rebut the presumption that it participated in an anticompetitive concerted practice by means other than publicly distancing or reporting to the administrative authorities.

In circumstances such as those at issue in the main proceedings, which do not concern an anticompetitive meeting, a travel agency is not aware of all of the competitors which were the addressees of the message sent by the system administrator, and therefore, the CJEU determined that the referring court may accept that a clear and express objection sent to the administrator of the ETURAS system is sufficient to rebut that presumption.

In addition, the court concluded that the presumption of the causal connection between the concerted practice and the market conduct could be rebutted by evidence of a *systematic* application of a discount exceeding the cap introduced by means of the technical restriction.

Antitrust

European Union

Google wins fight against Streetmap

By Nikolaos Theodorakis

Google secured a legal victory on February 12, as a London court ruled that a clickable map display box on the company's search page did not harm competition.[1] In essence, the court rejected Streetmap's allegations that the thumbnail display resulted in granting preferential treatment for Google Maps.

A London High Court handed down the judgment following a two-week preliminary trial in November. Streetmap, a UK provider, accused Google that it abused its power via bundling Google Search with Google Maps. In fact, Streetmap alleged that its traffic drastically dropped following Google's action to automatically display a clickable thumbnail map once someone searches for a specific address or venue. This practice began in 2007, and Streetmap associated it with a huge loss of traffic and, consequently, profit. It claimed that its market share significantly shrunk, and is not on the verge of collapsing, as a result of Google's policy.

Streetmap argued that, by using the thumbnail display, Google did not compete on the quality of its map service and that it should have displayed third-party maps in its search results. Google counter-argued that it bears no obligation to incorporate other maps in its results. It argued that in fact, thumbnail maps benefit consumers and form an integral part of its search service. Such conduct improves the quality of its service and makes Google more appealing to customers. It also argued that thumbnail maps do not amount to bundling or unjustified discrimination.

Mr. Justice Roth ruled that Google's introduction of the new-style Maps OneBox in 2007 was "not reasonably likely appreciably to affect competition in the market for online maps" and that Google's conduct was "objectively justified". The judge found that, assuming that Google held a dominant position, it did not commit an abuse. His argument was that "…on consideration of all the evidence that the introduction of the new-style Maps OneBox in June 2007 did not in itself have an appreciable effect in taking customers away from Streetmap." Further, "if contrary to my primary finding, it was likely to have such an effect, Google's conduct in that regard was objectively justified."

The judge also held that Streetmap did not appear to regard the thumbnail maps as a threat to its ability to compete for several years. Since the party most closely involved in the market, and hence most at risk, did not pursue a case earlier, they are unlikely to be actually affected by Google's policy. In other words, if Streetmap was actively affected by the thumbnail map practice, it would have reacted sooner.

In reaction to the decision, Google said that the court recognized that the company

[1] Link to the case available here: http://www.bailii.org/ew/cases/EWHC/Ch/2016/253.html

is trying to improve the quality of its services and that the decision altogether promotes innovation. Streetmap, on the other hand, argued that the subject matter of the case belongs to a new field of competition law that merits further legal exploration. Streetmap further suggested that the judge did not apply the appropriate tests to determine whether there has been an effect in the relevant markets and if Google rightfully did so.

In terms of future steps, Streetmap plans to turn to the Court of Appeal since the High Court judge dismissed its entire claim and declined permission to appeal the judgment. The company asked for 35 days to bring the case before the Court of Appeal and further challenge the case.

In particular, Streetmap wishes to appeal the judgment on two grounds: first, Streetmap claims that the decision is unfavorable for small businesses since it raises the threshold of information required to prove causal effect. If the standard of proof rises from probability to appreciable effect, then a complainant needs to have information that will, under normal circumstances, only be known to the dominant company. In other words, raising the burden of proof will make it more difficult to establish a violation. Second, Streetmap suggests that Google is not compliant *vis-à-vis* its legal obligations since it did not conduct a UK test when introducing Google Maps to examine what would the effects be on the market. Instead, it relied on the effects its service had on the U.S. market, which does not necessarily reflect the UK market reality.

This case settles Google's obligations in connection with its dominant position in the mapping context, at least for now. On a relevant note, Google is facing two ongoing antitrust investigations with the European Commission: one into allegations that the company gives preference to its own services in search results, and the other into alleged restrictions on its mobile-operating system, Android.

Intellectual property

United States

Selfies, species, and public domain

By Marie-Andrée Weiss

Naruto, a male crested macaque living in a reserve in Indonesia, is actively engaged in self-exploration. In 2011, he took several photographs of himself using a camera which British nature photographer David Slater had set on a tripod to capture the images of crested macaques in the wild. Naruto became an international sensation, when, whether by chance, Naruto's sheer genius, or Slater's settings of the camera, one of these photographs turned out to be very good.

The photograph taken by Naruto was in fact so good that Slater was able to license it. But not everybody agreed that Slater owned the copyright: website *Techdirt* took the view that the picture was in the public domain, and so did *Wikipedia,* which put it in its Commons. Slater claimed that he owned the copyright to the selfie and asked *Wikipedia* to take it down. *Wikipedia* refused.

There is no doubt that photographs are protected by U.S. copyright. In 1884, the Supreme Court held in *Burrow-Giles Lithographic. Co. v. Sarony* that "the Constitution is broad enough to cover an act authorizing copyright of photographs, so far as they are representatives of original intellectual conceptions of the author." The Copyright Act, however, does not define "author." Who is the author of the "monkey selfie"?

Arguing for Slater: is the great ape the author of the selfie?

Slater declared in a 2011 interview that the picture was serendipitous, describing how one of the macaques "must have accidentally knocked the camera and set it off because the sound caused a bit of a frenzy… and it looked like [the monkeys] were already posing for the camera when one hit the button. The sound got his attention and he kept pressing it."

If this is how the photograph was taken, Slater would not be considered, under U.S. Copyright law, as the copyright owner. Indeed, Section 306 of the Compendium of U.S. Copyright Practices declares that "[t]he copyright law only protects the fruits of intellectual labor that "are founded in the creative powers of the mind, *Trade-Mark Cases, 100 U.S. 82, 94 (1879*)."

However, Slater said in a later interview that he had placed the camera on a tripod, framed the shot, and calculated the exposure so that "all you've got to do is give the monkey the button to press and lo and behold you got the picture." If he can prove this to be the case, he may be able to convince a court he owns the copyright.

Arguing for Naruto: is the macaque the author of the selfie?

Section 313-2 of the Compendium of U.S. Copyright Practices explains that the

Copyright Office "will not register works produced by nature, animals, or plants" and gives as such examples a "photograph taken by a monkey." This quote, added in the Third Edition of the Compendium, published in 2014, was directly inspired by the "monkey selfie."

However, in September 2015, the People for the Ethical Treatment of Animals (PETA) and Dr. Antje Engelhardt, a primatologist and ethologist, acting as Naruto's next friends, filed a complaint in the Northern District of California for copyright infringement against Slater, Blurb Inc. and Wildlife Personalities. Ltd.

Blurb had published and sold in the U.S. a book by Slater reproducing the famous selfie, as well as other pictures taken by Naruto. The book identifies Slater and Wildlife Personalities as the copyright owners.

The complaint asked the court to rule that all proceeds from the sale, licensing, and other commercial uses of the selfies, including Defendants' disgorged profits, must be used for the sole benefit of Naruto, his family and his community. It is hard to deny that this money would have been used for a very good cause, since Naruto's species is endangered.

Naruto took the position that he is the author of the selfie and that he had used "*a camera left unattended by defendant David John Slater*" to take the famous selfie. He argued that he had:

"the right to own and benefit from the copyright in the Monkey Selfies in the same manner and to the same extent as any other author. Had the Monkey Selfies been made by a human using Slater's unattended camera, that human would be declared the photographs' author and copyright owner. While the claim of authorship by species other than homo sapiens may be novel, "authorship" under the Copyright Act, 17 U.S.C. § 101 et seq., is sufficiently broad so as to permit the protections of the law to extend to any original work, including those created by Naruto."

Naruto quoted Defendant Slater, who had written in the book in contention that crested macaques are "intelligent – artistic – complex." The complaint also explained that crested macaques, as all primates, "have stereoscopic color vision with depth perception and are vision dominant."

Only Homo Sapiens can be authors under U.S. copyright law.

On January 28, 2016, District Judge Orrick granted defendants' motion to dismiss, because animals have no standing under the Copyright Act. Judge Orrick quoted the Ninth Circuit *Cetacean Community v. Bush* case, a case filed by a "self-appointed attorney for all of the world's whales, porpoises, and dolphins," on behalf of the Cetaceans, for violations of the Endangered Species Act, the Marine Mammal Protection Act, and the National Environmental Policy Act. The Ninth Circuit held in this case that "if Congress and the President intended to take the extraordinary step of authorizing animals as well as people and legal entities to sue, they could, and should, have said so plainly."

Judge Orrick reasoned the Copyright Act does not "plainly" extend the concept of authorship to animals, and quoted several cases where the courts referred to human beings as the authors of works protected by copyright. For instance, in *Cmty. for Creative Non-Violence v. Reid*, the Supreme Court explained that "[f]or copyright purposes… a work is copyrightable if copyrightability is claimed by the first **human beings** who compiled, selected, coordinated, and arranged [the work]" (emphasis added by Judge Orrick).

Judge Orrick also noted that Section 306 of the Compendium of U.S. Copyright Practices and Section 313-2 of the Compendium of U.S. Copyright Practices both state that the Copyright Office does not accept to register works produced by an animal. He concluded that Naruto is not an "author" within the meaning of the Copyright Act.

Would the outcome of this case be different in the European Union?

Judge Orrick did not, however, specifically award authorship of the selfie to Slater, and so the selfie is probably in the public domain in the U.S. Nevertheless, Slater has declared in an interview that he will now sue Wikipedia for copyright infringement, not in the U.S., but in the European Union. Indeed, he may have a better chance to prove he is the owner of the copyright there, as the European Court of Justice held in *Eva Maria Painer. v. Standard Verlags* that "a portrait photograph can… be protected by copyright if, which it is for the national court to determine in each case, such photograph is an intellectual creation of the author reflecting his personality and expressing his free and creative choices in the production of that photograph."

If Slater can prove that he deliberately set the camera on a tripod, at a certain angle and a certain time of the day, such "free and creative choices" may supersede the mere fact that it was the monkey which clicked the camera. So the monkey selfie may not be in the public domain in the European Union.

In any event, the question of whether animals may be authors seems to be in the *zeitgeist*. The owners of a British horse that photobombed a selfie to yield an award-winning photograph have complained to the contest sponsor., The prospective of representing animals is certainly intriguing for copyright attorneys…

Intellectual property

United States

Federal Court finds prohibiting registration of disparaging marks violates First Amendment

By Marie-Andrée Weiss

On December 22, 2015, the Federal Circuit held that the disparagement provision of § 2(a) of the Trademark Act violates the First Amendment and ruled in favor of Simon Tam, a musician seeking to register the name of his group, THE SLANTS, as a trademark. The Federal Circuit vacated the holding of the Trademark Trial and Appeal Board (TTAB) which had held that Mr. Tam's mark was unregistrable. The case is *In re Simon ShiaoTam*.

The Slants is a rock band composed of Asian-American musicians. Mr. Tam chose the name of his group "to make a statement about racial and cultural issues in [the U.S.] (p. 4) and to "reclaim" and "take ownership" of Asian stereotypes (p. 11). Its repertoire includes songs with lyrics inspired by "childhood slurs and mocking nursery rhymes" (p. 11).

Mr. Tam applied to register THE SLANTS as a trademark in 2011, but the U.S. Trademark and Patent Office (USPTO) denied it because it found that THE SLANTS has "long been a derogatory term directed towards those of Asian descent." As scandalous, immoral or disparaging trademarks cannot be registered under § 2(a) of the Trademark Act, the USPTO denied the registration.

The Trademark Trial and Appeal Board (TTAB) affirmed. Mr. Tam then appealed to the Court of Appeals for the Federal Circuit. A panel affirmed the TTAB, finding THE SLANTS to be disparaging. But the Federal Court ordered, *sua sponte*, a rehearing *en banc*, and the majority held that § 2(a) is unconstitutional.

The prohibition on registering disparaging trademark

The majority opinion described § 2(a) as "a hodgepodge of restrictions" (p. 7) Indeed, it forbids the registration of trademarks consisting of or comprising "immoral, deceptive, or scandalous matter," and also prohibits the registration of deceptive marks, such as marks falsely suggesting a connection with a person.

While deceptive speech is not protected by the First Amendment, the prohibition of immoral, deceptive and scandalous matter is a restriction "based on the expressive nature of the content" (p. 7). But such restriction does not serve the two main purposes of trademarks, that is, (1) protecting consumers against confusion as to the origin of the goods or services, and (2) protecting the investment of trademarks holders. Instead, § 2(a) "[o]n its face… is aimed at the suppression of dangerous ideas" (p. 50).

The panel had held that Mr. Tam could not argue that § 2(a) violates the First Amendment, because he is not barred from using the mark without trademark protection, and therefore refusing to register his mark does not implicate the First Amendment. The panel relied on *In re McGinley*, where the United States Court of Customs and Appeals held that the USPTO's refusal to register a mark it considered scandalous did not infringe on the appellant's First Amendment rights, because the "refusal to register appellant's mark does not affect his right to use it. … No conduct is proscribed, and no tangible form of expression is suppressed. Consequently, appellant's First Amendment rights would not be abridged by the refusal to register his mark."

The government, relying on *McGinley*, argued that the disparagement provision of § 2(a) does not ban speech, because a disparaging mark may be protected at common law and used in commerce. However, the majority opinion noted that while *The Slants* may indeed continue to use its chosen name, denying the group the benefit of a federal trademark registration prevents it from benefiting from the "truly significant and financially valuable benefits upon markholders" provided by such registration (p. 28). The court further noted that holders of a disparaging mark are likely not to use in commerce, and even to abandon it: speech is thus suppressed.

The majority opinion noted that *McGinley* had been decided "at a time when the First Amendment had only recently been applied to commercial speech" and that its analysis "was cursory, without citation to legal authority" (p. 16). That finding had triggered the *sua sponte* decision to review the case *en banc*.

Strict scrutiny, and intermediate scrutiny are two different First Amendment standards of review

The majority opinion found that "§ 2(a) regulates expressive speech, not commercial speech, and therefore strict scrutiny is appropriate" (p. 56).

Strict scrutiny is applied by the courts when reviewing a law restricting speech based on its content.

However, commercial speech only warrants an intermediate scrutiny review. The Supreme Court defined commercial speech in *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council, Inc*. as the "dissemination of information as to who is producing and selling what product, for what reason, and at what price." It is protected by the First Amendment, and the constitutionality of a regulation of commercial speech is reviewed under the *Central Hudson* intermediate scrutiny standard, under which a regulation must be narrowly tailored to directly advance a substantial government interest. Under the *Central Hudson* test for commercial speech, commercial speech (1) must concern lawful activity and not be misleading; (2) the asserted governmental interest must be substantial; (3) the regulation must directly and materially advance the government's asserted interest; and (4) must be narrowly tailored to achieve that objective.

The disparagement provision of § 2(a) does not survive strict scrutiny

For the majority opinion, the disparagement provision of § 2(a) discriminates on the basis of the message conveyed by the mark, and thus suppresses viewpoints from the marketplace of ideas (p. 19).

The majority opinion wrote:

"The government cannot refuse to register disparaging marks because it disapproves of the expressive messages conveyed by the marks. It cannot refuse to register marks because it concludes that such marks will be disparaging to others. The government regulation at issue amounts to viewpoint discrimination, and under the strict scrutiny review appropriate for government regulation of message or viewpoint, we conclude that the disparagement proscription of § 2(a) is unconstitutional" (p. 4).

The majority opinion also noted that USPTO has rejected marks referring to a particular group in a negative way, but has allowed marks referring to a group in a positive way to be registered, and gave as example two registered marks referring positively to people of Asian descent, CELEBRASIANS and ASIAN EFFICIENCY (p. 21). This makes § 2(a) facially unconstitutional.

However, the majority opinion reasoned that § 2(a) does not aim at regulating the commercial component of speech. While some of its provisions restrict deceptive speech, such as a mark falsely suggesting a connection with a person or institution, the disparagement provision of § 2(a) prevents registration of speech based on the expressive nature of the content, and thus discriminates on the basis of the content of the message. Therefore, § 2(a) had to satisfy strict scrutiny to be found constitutional (p. 26).

The majority opinion concluded that denying the benefits of federal registration to marks that the government finds disparaging has a chilling effect on speech and violates the First Amendment (p. 38).

The disparagement provision of § 2(a) does not survive under the *Central Hudson* test

The majority opinion also found that even if a mark would be considered mere commercial speech, § 2(a) would still be considered unconstitutional under the *Central Hudson* test for commercial speech

Applying this test, the majority opinion reasoned that "[t]here is nothing illegal or misleading about a disparaging trademark like Mr. Tam's mark." (p. 57). The government had claimed it had a "compelling interest in fostering racial tolerance" (p. 59), but the majority opinion quoted *R.A.V. v. St Paul*, where the Supreme Court explained that, while communities have "the responsibility, even the obligation… to confront [virulent notions of racial supremacy] in whatever form they appear" this cannot be achieved by selectively limiting speech (pp. 59-60).

The majority opinion also noted that § 2(a) does not advance the interest of fostering racial tolerance nor is it is narrowly tailored to achieve that objective (p. 60). Since the government could not prove its substantial government interests in the disparagement provision of § 2(a), it could not satisfy the *Central Hudson* test, and the Federal Circuit held the disparagement provision of § 2(a) unconstitutional under the First Amendment (p. 61).

The rippling effects of this case

The case was remanded to the TTAB. Should the TTAB once more prevent THE SLANTS to be registered as a mark, the case is likely to make its way to the Supreme Court. Meanwhile, the majority decision is likely to allow several disparaging trademarks, which the USPTO had previously refused, to be registered, whether they were chosen to convey a message of hate or to reclaim a hurtful term.

Indeed, in a case currently on appeal in the Fourth Circuit, Pro-Football, Inc., which owns THE REDSKINS trademark for football exhibitions, and five other related trademarks, had unsuccessfully argued on defense in the Eastern District of Virginia that § 2(a) of the Lanham Act violates the First Amendment. Plaintiffs in this case were five Native Americans who successfully claimed the marks disparaged Native Americans.

In the *ShiaoTam* case, the Federal Circuit "recognize[d] that invalidating [the disparagement provision of § 2(a)] may lead to the wider registration of marks that offend vulnerable communities" (p. 61). If the answer to hate speech is more speech, will the voices of the more vulnerable communities be heard as powerful corporations retain multi-million dollar trademarks?

Intellectual property

United States

Michigan's public interest privilege trumps Rosa Parks' right of publicity claim

By Marie-Andrée Weiss

The Eleventh Circuit held on January 6, 2016, that Target did not infringe Michigan's right of publicity law when selling books, a movie, and a plaque which used Rosa Parks' name and likeness. The case is *Rosa and Raymond Parks Institute for Self-Development v. Target Corporation.*

Rosa Parks is a revered figure of the Civil Rights Movement. She courageously refused to give up her seat on the bus to a white rider at a time when segregation was still enforced in her city of Montgomery, Alabama, leading to her arrest, and the Montgomery Bus Boycott. This protest led to the Supreme Court finding that the Montgomery segregation law was unconstitutional.

Rosa Parks was awarded the Congressional gold medal in 1999. When she died in 2005, her body laid in state in the Capitol to allow thousands of people to pay their respects. There is no doubt that Rosa Parks is an American icon.

It is therefore not surprising that, in 2011, Target chose to sell seven different books, some for adults, some for children, and one movie about Rosa Park, online and in some of its 1,800 stores, along with a plaque, designed by professional artist Stephanie Workman Marrott.

The plaque featured, in a collage-like arrangement, the title "Civil Rights," a picture of Rosa Parks with Dr. Martin Luther King, Jr., Rosa Parks' name, her year of birth and year of death, a picture of the bus she made famous, an image of her congressional medal, the word "CHANGE" and a Rosa Parks quote explaining why she had refused that day to give up her place on the bus: she was "tired of giving in." Ms. Marrott testified that she wanted to "convey an inspirational message about standing up for what you believe is right and what you believe in."

The Rosa and Raymond Parks Institute for Self-Development (the Institute) is a Michigan non-profit which has been assigned Rosa Parks' right of publicity, and thus owns the right to her name and likeness. It filed a complaint against Target in November 2013 in the United States District Court for the Middle District of Alabama, claiming that Target had infringed Rosa Park's right of publicity by selling the books, the movie, and the plaque. Target moved for summary judgment, claiming the items sold where protected by the First Amendment as biographical works of public interest. The District Court dismissed the complaint. The Institute appealed, but the Eleventh Circuit affirmed.

The Eleventh Circuit, siting in diversity, applied Michigan's right of publicity law to the case, as the injury occurred in that state. Michigan's common-law right of privacy protects against appropriation, for the defendant's advantage, of the plaintiff's name or likeness. This right is given to anybody, whether famous or not. The District Court had extensively cited *Ruffin-Steinback v. DePasse*, where the Eastern District of Michigan held that Michigan's right of publicity does not extend to cases where defendant has depicted someone's life-story without his or her permission.

In *Ruffin*, the Eastern District of Michigan had quoted the Restatement (Third) of Unfair Competition § 47 (1995), in which comment c explains that "[t]he use of a celebrity's name or photograph as part of an article published in a fan magazine or in a feature story broadcast on an entertainment program, for example, will not infringe the celebrity's right of publicity."

The Eleventh Circuit did not take that route and instead concluded that Michigan's right of publicity is not absolute because Michigan's Constitution guarantees that "[e]very person may freely speak, write, express and publish his views on all subjects, being responsible for the abuse of such right; and no law shall be enacted to restrain or abridge the liberty of speech or of the press." This has allowed Michigan courts to recognize a qualified privilege to communicate on matters of public interest as a defense in defamation suits. This right is broad as it "extends to all communications made bona fide upon any subject-matter" if the party communicating has an interest or a duty to a person having a corresponding interest or duty, even if this duty "is not a legal one, but where it is of a moral or social character of imperfect obligation" *Bacon v. Mich. Cent. R. Co*., 33 N.W. 181, 183 (Mich. 1887).

The Eleventh Circuit noted that "Michigan courts and courts applying Michigan law have found the qualified privilege to extend to issues concerning even general topics of public concern" and that "it is beyond dispute that Rosa Parks is a figure of great historical significance and the Civil Rights Movement a matter of legitimate and important public interest" (p. 13). The books and movie sold by Target discussed Rosa Parks' role in the Civil Rights Movements, and the plaque was designed so as "to convey a message concerning Parks, her courage, and the results of her strength" (p. 13). All of these items are of important public interest.

The Eleventh Circuit found that even though Michigan's qualified privilege "is not invincible," the Institute had not argued why the Michigan public interest privilege would not apply to the items sold by Target, "in light of the conspicuous historical importance of Rosa Parks. Nor can [the Eleventh Circuit] conceive of any." The court reasoned that it is necessary to use Rosa Parks' name and likeness to discuss the Civil Rights Movements and that it would be "difficult to conceive of a discussion of the Civil Rights Movement without reference to Parks and her role in it." As a result, the books, movie and plaque are protected by Michigan's public interest privilege (p. 14).

Interestingly, the Alabama District Court had analyzed the legality of the plaque separately from the books and the movie, because it was “less of a biographical work and more akin to a work of art” (p. 13, Alabama). It found that the plaque was protected by the First Amendment, quoting *Battaglieri v. Mackinac Ctr. for Pub. Policy*, where the Court of Appeals for Michigan held that “the First Amendment bars appropriation liability for the use of a name or likeness in a publication that concerns matters that are newsworthy or of legitimate public concern.”

Regardless of which law protects the right to use, even in commerce, the name and likeness of a person of great public interest, the outcome of this case is welcome, as ruling in favor of plaintiff would have given a single entity control over the use of the name and likeness of an American icon. It would have been a great loss for the public.

Intellectual property
European Union

Is streaming of copyrighted content from unauthorized sources legal? CJEU asked to rule on the lawfulness of temporary copies made by end users

By Martin Miernicki

On October 5, 2015, a Dutch court (Rechtbank Midden-Nederland) lodged a request for a preliminary ruling in *Stichting Brein v. Wullems* (C-527/15). The case will clarify whether end users infringe the exclusive reproduction right when copyrighted content which was uploaded to third-party websites, without the right holder's authorization, is streamed online.

The questions referred

The national court asked the CJEU to give its opinion on the following questions[2] (paraphrased form):

Does an end user who makes temporary reproductions during the streaming of a copyrighted work from a third-party website carry out an act which is not a "lawful use" within the meaning of article 5(1)(b) of the Copyright Directive, if that work is offered without the right holder's authorization?

If the answer to the previous question is in the negative, is such an act contrary to the "three-step test" referred to in article 5(5) of the Copyright Directive?

Case law: status quo

The CJEU has repeatedly dealt with temporary reproductions and streaming in connection with article 5(1), (5) of the Copyright Directive. Relevant case law includes *Infopaq Int'l v. Danske Dagblades Forening* (C-5/08, "Infopaq I"), *Football Association Premier League v. Media Protection Services* (C-403/08 & C-429/08), *Infopaq Int'l v. Danske Dagblades Forening* (C-302/10, "Infopaq II") and *Public Relations Consultants Ass'n v. Newspaper Licensing Agency* (C-360/13). While these judgement address a number of questions related to the interpretation of article 5 of the Copyright Directive, neither the concept of "lawful use" nor the role of the three-step test has been clarified with regard to streaming from unauthorized sources.

What can be expected?

The judgement will shed light on the legal status of acts very common for many internet users, but will also be relevant for online platforms offering streaming

[2] The Dutch court furthermore asks the CJEU to interpret the concept of "communication to the public". These questions are not directly relevant for acts carried out by end users and are therefore omitted.

services. However, even if streaming of unauthorized content is deemed copyright infringement, right holders will suffer enforcement problems. On the other hand, if no infringement is found, right holders will have to consider how to make profits from their works in the online environment. It is possible that the CJEU will reach a compromise, e.g. permitting the streaming of protected content while requiring that right holders receive some sort of remuneration (e.g. through a levy), or holding that streaming is only allowed in situations where it is not apparent that the streamed content was uploaded without the right holder's authorization. It is hard to predict the decision of the court, especially in light of its rather ambiguous statements as regards the relationship between article 5(1) and the three-step test (*Infopaq II*, C-302/10, paras 55-57 and *Public Relations Consultants Ass'n,* C-360/13 paras 53-63).

It will also be interesting to see whether the CJEU's rulings on the requirement of a lawful source in connection with the "private copying exception" (*ACI Adam v. Stichting de Thuiskopie*, C-435/12; *Copydan Båndkopi v. Nokia Danmark*, C-463/12), referred to in article 5(2)(b) of the Copyright Directive, influence its assessment of the case at hand.

Intellectual property

European Union

Adidas & Coca Cola: Two decisions of the EU courts dealing with the Community trade mark

By Gabriel M. Lentner

In an Order of the Court of 17 February 2016 in Case C-396/15 P *Shoe Branding Europe BVBA v. adidas AG*, the Court of Justice of the European Union decided that the sports company Adidas may oppose the registration, as a Community mark, of parallel stripes placed on the side of sports shoes.

Background & Facts

In 2009, Shoe Branding filed an application, pursuant to Regulation No 207/2009, for registration of a Community trade mark with the Office for Harmonisation in the Internal Market (OHIM) for the mark depicted below:

Adidas opposed the registration of that mark, relying primarily on a Community figurative mark, registered on January 26, 2006, reproduced below:

The OHIM dismissed the opposition, after which Adidas sought annulment of OHIM's decision before the General Court. The Court decided that the OHIM was incorrect in finding that the marks were visually dissimilar when the overall impression produced by the marks was, to a certain extent, similar given that there were elements clearly common to the two marks (parallel sloping stripes, equidistant, of the same width, contrasting with the base color of the shoe, placed on the outside of the shoe). In its order of February 17, 2016, the CJEU upheld the General Court's judgment in favor of Adidas, holding that the difference between two and three stripes placed on a shoe is not sufficient to affect the similarities arising from the configuration of the signs at issue and from their position on the side of the shoe. The General Court took account of the difference in the length of the stripes resulting from their angle and found that that difference did not influence the overall impression produced (para 59).

Image Credit: © European Union, http://eur-lex.europa.eu/, 1998-2016.

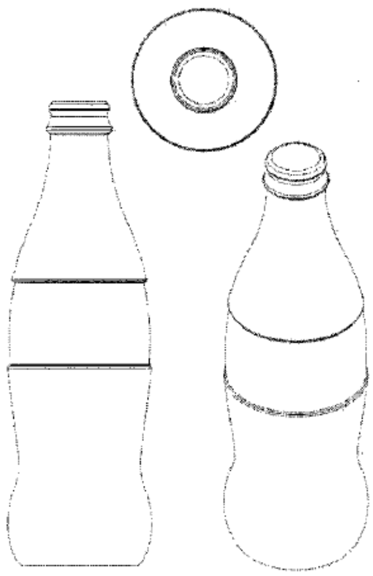
The Coca-Cola Company v. The Office

for Harmonisation in the Internal Market (Trade Marks and Designs)

In its Judgment of 24 February 2016 (Case T-411/14), the General Court of the EU dismissed an action brought by the Coca-Cola Company (Coca-Cola) seeking registration of a contour bottle without fluting as a Community trade mark, holding that the mark sought is devoid of distinctive character.

Background & Facts

In December 2011, Coca-Cola sought registration as a mark for the three-dimensional sign for, *inter alia*, metallic, glass and plastic bottles depicted below:



In March 2014, the OHIM rejected the application on the ground that the mark sought was devoid of any distinctive character required for registration under the Community trade mark regulation (Regulation (EC) No 207/2009) in respect of the goods covered by the application, and dismissed the argument that the mark sought should be regarded as a natural evolution of its famous contour bottle with fluting. Coca-Cola sought an annulment of this decision, but the General Court declined and upheld OHIM's conclusions, confirming that the characteristics of the desired mark are indistinguishable from other bottles available on the market. It further rejected Coca-Cola's argument that the sign had acquired distinctive character through use.

Changes in the legal framework

The Community trade mark establishes a unitary right that is effective throughout the territory of the European Union. This right is conferred by registration with the "Office for Harmonisation in the Internal Market (Trade Marks and Designs)". When Regulation (EU) 2015/2424 takes effect on Mar 23, 2016,, OHIM will become the EU Intellectual Property Office and the Community trade mark will be renamed the European Union trade mark. All existing Community trade marks and applications will automatically become EU trade marks and applications.

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