

# International Intellectual Property

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The U.S. Congress continued the debate over the diversion of patent fees for non-Patent and Trademark Office (PTO)-related purposes and patent cases focused on claim interpretation and the issue of prosecution history estoppel. Meanwhile, in Europe, a European Union-wide patent was under acrimonious debate, despite having been close to a final agreement in 2003.

Along with U.S. implementation of procedures for filing under the Madrid Protocol and adherence by the European Union to the Madrid System, non-traditional trademark disputes dominated the international trademark news in 2004. These disputes included: sound marks, color marks, three-dimensional (3-D) and four-dimensional (4-D) marks, and even tactile marks. Domain name issues continue apace, including generic mark and free speech issues. The Internet Corporation for Assigned Names and Numbers (ICANN) is adding more top level domains, and controversy continues over disclosure of the identities of infringers.

The Internet was at the forefront of major developments in copyright law in 2004. Courts addressed liability for infringement online, including secondary liability of service providers and statutory damages. Countries and international organizations are struggling with issues of digital rights management and broad issues of protecting traditional knowledge that does not fit easily into traditional IP categories.

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## I. International Patent Law

### A. UNITED STATES

The Federal Circuit held that assertion of the attorney-client privilege for legal opinions and advice concerning non-infringement or patent invalidity does not give rise to an adverse inference of willful infringement. The court overruled all precedent to the contrary, declaring that to allow such an adverse inference would “distort the attorney-client relationship.”<sup>1</sup>

Claim construction questions were before the courts in 2004 and will continue into this coming year as the Federal Circuit rehears *Phillips v. AWH Corp.*<sup>2</sup> At the rehearing, the court will consider whether the primary source for interpreting a claim should be dictionaries, the patentee’s specifications, or whether the two sources should be used in some combination.<sup>3</sup> In the original opinion, the dissent argued that the majority, in concluding that the term “baffle” as used in the claim was narrower than the dictionary definition, had “limit[ed] the claims to the preferred embodiment,” and thus had contradicted the Court’s earlier decision in *Liebel-Flarsheim Co. v. Medrad, Inc.*<sup>4</sup> For the rehearing, the Federal Trade Commission, the U.S. Department of Justice and the U.S. Patent and Trademark Office have jointly filed an amicus brief urging the Federal Circuit to adopt a methodology for interpreting patent claims that gives primary consideration to the patent’s specifications (description of the invention) rather than to dictionary definitions.<sup>5</sup>

Also in 2004, the Federal Circuit re-examined the doctrine of equivalents in *Honeywell International Inc. v. Hamilton Soundstrand Corp.*<sup>6</sup> In that case, the Federal Circuit again addressed *Festo* and held that there was a presumption of prosecution history estoppel when: (1) dependent claims were rewritten into independent claims, (2) the original independent claims were cancelled, and (3) the dependent claims included limitations not found in the cancelled claim or “circumscribed” a limitation in the cancelled claim.<sup>7</sup> The court declared that the proper inquiry is whether the amendment narrowed the overall scope of the claimed subject matter.<sup>8</sup>

### B. JAPAN

Japanese employee-inventors increasingly took advantage of an existing law that allowed employee-inventors to receive “fair compensation” from their employer in exchange for patent rights.<sup>9</sup> This compensation could take into account the revenues that the employer

1. *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 383 F.3d 1337, 1344 (Fed. Cir. 2004).

2. *See Phillips v. AWH Corp.*, 376 F.3d 1382 (Fed. Cir. 2004), *granting reh'g on banc to and vacating* 363 F.3d 1207 (Fed. Cir. 2004).

3. *Id.* at 1383.

4. *Phillips v. AWH Corp.*, 363 F.3d 1207, 1216 (Fed. Cir. 2004) (Dyk, J. dissenting in part) (citing *Liebel-Flarsheim Co. v. Medrad, Inc.*, 358 F.3d 898 (Fed. Cir. 2004)).

5. *See* Press Release, Federal Trade Commission, Commission Approval of Amicus Brief Filing (Sept. 28, 2004), available at <http://www.ftc.gov/opa/2004/09/fyi0456.htm>.

6. *Honeywell Int'l, Inc. v. Hamilton Sundstrand Corp.*, 370 F.3d 1131 (Fed. Cir. 2004).

7. *Id.* at 1134 (applying *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabashiki Co.*, 535 U.S. 722 (2002), *remanded to* 344 F.3d 1359 (Fed. Cir. 2003) (*en banc*)).

8. *Id.* at 1140-41.

9. *See* Paul Morico & Thomas Morrow, *Smart Pills: Shifting the Balance*, IP LAW AND BUS. (June 2004), at <http://www.ipwww.com/texts/0604/smartpills0604.html>.

realized as a result of the patent. One court awarded \$1.5 million to an employee who invented optical disc technology for Hitachi Limited and another allowed an employee to collect \$190 million from Nichia Corporation in exchange for the patent rights to a blue light-emitting diode.<sup>10</sup> Japanese law had contemplated such compensation for many years, but 2004 saw an increase in the amount of litigation and the size of the awards.<sup>11</sup> This trend may have an impact on corporate decisions regarding future research and developmental activities in Japan.

### C. INDIA

The Indian government has declared that it will bring its patent laws into compliance with World Trade Organization (WTO) requirements and permit product patents in addition to process patents.<sup>12</sup> India's patent system had not included product patents for fear that it would increase the price of drugs.

## II. International Trademark Law

Implementation of the 2003 U.S. accession to the Madrid Protocol is the most significant change in American trademark practice since the Lanham Act amendments of 1988.<sup>13</sup> As a result, U.S. trademark owners can file a single international application at the PTO and designate more than 60 countries in the application for a single set of fees that corresponds to the number of the countries designated for coverage.<sup>14</sup> U.S. membership in the Madrid Protocol gives applicants the option not to retain a domestic representative in any of the designated countries, at least prior to encountering a legal obstacle to registration in a particular country.<sup>15</sup> In adherence to the Protocol, the U.S. law provides a reciprocal right to foreign owners of international registrations to extend coverage of their registrations into the United States without having to designate a domestic representative.

The European Union (EU) as an "entity" became a member of the Madrid System on October 1, 2004.<sup>16</sup> A trademark applicant can now file a European Community trademark application, and has six months to designate other countries from within the seventy-odd members of the Madrid System. In addition, Madrid System countries can now designate the EU in their Madrid application.<sup>17</sup>

### A. ABSTRACT COLOR MARKS (COLORS WITHOUT BORDERS)

#### 1. Single Color

In *Libertel Group BV v. Benelux-Merkenbureau*,<sup>18</sup> the European Court of Justice (ECJ) provided general limits on the registrability of single color marks. Now the ECJ has fleshed

10. *Id.* ¶ 1.

11. *Id.* ¶ 3.

12. See India News Online, *The Government Has Promulgated the Patents (Amendment) Ordinance 1999* (Jan. 16-31, 1999 Issue), available at [http://www.indianembassy.org/inews/January\(2\)99/patent.htm](http://www.indianembassy.org/inews/January(2)99/patent.htm).

13. See Goodwin Procter: IPTech Alert, *U.S. Senate Ratifies Madrid Protocol* (Nov. 2002), available at [http://www.goodwinprocter.com/publications/IP\\_MadridProtocol\\_11\\_02.pdf](http://www.goodwinprocter.com/publications/IP_MadridProtocol_11_02.pdf).

14. *Id.*

15. *Id.*

16. See Office for Harmonization in the Internal Market, *Madrid Protocol*, at <http://oami.eu.int/en/mark/madrid/default.htm> (last visited June 12, 2005).

17. *Id.*

18. Case C-104/01, *Libertel Groep BV v. Benelux-Merkenbureau*, 2003 E.C.R. 03793.

out the “capable of identifying” and “distinguishing” limitations for color marks.<sup>19</sup> The Court held that “in the case of a colo[r] per se, distinctiveness without any prior use is inconceivable save in exceptional circumstances” and explicitly held that a color mark that lacks such acquired distinctiveness must cover a “very restricted” “number of goods or services” for a “very specific” market.<sup>20</sup>

## 2. Color Combination

On June 24, 2004, the ECJ held that under article 2 of the First EEC Council Directive<sup>21</sup> and the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement<sup>22</sup> that (1) an abstract combination of two colors is capable of graphic representation and (2) an abstract color mark is a “sign” sufficiently distinctive to be capable of indicating origin.<sup>23</sup> Nevertheless, as the ECJ noted in an earlier case, “the relevant public’s perception is not necessarily the same in the case of a sign composed of a colo[r] per se as it is in the case of a word or figurative mark, where the sign is independent of the appearance of the goods which it identifies.”<sup>24</sup> Indeed, “while the public is accustomed to perceiving word or figurative marks immediately as signs identifying the commercial origin of the goods, the same [does] not necessarily [hold] true where the sign forms part of the external appearance of the goods.”<sup>25</sup>

## 3. Secondary Meaning

A record may have been set for the speed in which a mark acquired sufficient “secondary meaning” in order to fulfill the distinctiveness requirements for registration. The Swiss Federal Commission of Appeal for IP Rights recognized that two days of intense publicity, plus other public acts, created sufficient secondary meaning of the “SWISS” logo to distinguish it as a trademark, within just one day of its first commercial use.<sup>26</sup>

# B. THREE-DIMENSIONAL MARKS

## 1. Candy Shape

The ECJ held that proof of sales is not sufficient to prove secondary meaning for the intrinsically non-distinctive shape of the “Werther’s Original” candy shape—“a hollow with an impression in the center of the sweet and rounded sides”<sup>27</sup>—although market share

19. *Id.* ¶ 66.

20. *Id.*

21. Council Directive 89/104/EEC, 1988 O.J. (L40) 1.

22. Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakech Agreement Establishing the World Trade Organization, Annex 1C, LEGAL INSTRUMENTS—RESULTS OF THE URUGUAY ROUND vol. 31, 33 I.L.M. 81 (1994), art. 15(1).

23. See Case C-49/02, Heidelberg Bauchemie GmbH, 2004 E.C.R. 00000, 2004 E.C.J. 227.

24. Case T-173/00 P, KWS Saat AG v. Office for Harmonization in the Internal Market, 2002 E.C.R. 03843, 2002 E.C.J. 3641, at ¶ 29.

25. *Id.*

26. J David Meisser & Bettina Bochsler, of Meisser & Partners, Klosters, *SIA Airlines*, TRADEMARK LAW REP. (Sept. 10, 2004) (subscription required) (on file with author).

27. Case T-396/02, August Storck KG v Office for Harmonization in the Internal Market, 2004 E.C.R. 00000, 2004 E.C.J. 544, at ¶ 48, available at <http://curia.eu.int/jurisp/cgi-bin/form.pl?lang=en&Submit=Submit&alldocs=alldocs&docj=docj&docop=docop&docor=docor&docjo=docjo&numaff=&datefs=&datefe=&nomusuel=&domaine=&mots=August+Storck&resmax=100>.

information could be taken as valid evidence. Placing a two-dimension (2-D) illustration of the 3-D shape on the product package does not help create secondary meaning.<sup>28</sup>

## 2. *Bottle Shape Marks*

Addressing a bottle color and shape mark, the EU Court of First Instance held that “the way in which the relevant public perceives trade marks is influenced by its level of attention, which is likely to vary according to the category of goods or services in question.”<sup>29</sup> Nevertheless, the Court determined that “it is not appropriate to apply more stringent criteria when assessing the distinctiveness of three-dimensional marks comprising the shape of the goods themselves or the shape of the packaging of those goods than in the case of other categories of marks.”<sup>30</sup>

## 3. *Soap Shape*

In *Procter & Gamble Co. v. Office for Harmonization in the Internal Market*, the ECJ held that the parallel piped shape of a soap bar was not sufficiently distinctive from other parallel piped soap shapes and that it would be perceived as having a utilitarian function.<sup>31</sup> Although the court said 3-D shapes should be considered just like any other sign, it still held that when the shape of the product is the sign, the public is more likely to perceive the shape as identifying the source of the product.<sup>32</sup>

## C. TEXTURE MARK

Apparently, the world’s first texture or tactile mark was registered in Ecuador. On April 28, 2004, the texture of the OLD PARR bottle was registered by the Ecuadorian Trademark Office, which found that the crinkle-glass texture was intrinsically distinctive and that it was recognized by the consuming public.<sup>33</sup> A texture mark is different from a 3-D shape, in that a tactile mark involves a 2-D surface with an uneven topology.<sup>34</sup> The graphic representation requirement was satisfied by publication of the texture in low relief along with all the other applications in the *I.P. Gazette*.

## III. Cybersquatting and Domain Name Developments

The number of top-level generic domains continued to increase in 2004, as ICANN granted preliminary approval to the introduction of .MOBI, .JOBS, .POST and .TRAVEL.<sup>35</sup> Russian domain names (i.e., those ending with the .RU extension) increased by 40 percent

28. See *id.* at ¶¶ 52, 58, 63.

29. Case T-393/02, *Henkel KGaA v Office for Harmonization in the Internal Market*, 2004 E.C.R. 00000, 2004 E.C.J. 568 at ¶ 34.

30. *Id.* at ¶ 35.

31. Case T-63/01, *Procter & Gamble Co. v. Office for Harmonization in the Internal Market*, 2002 E.C.R. 05255, 2002 E.C.J. 3746, at ¶¶ 42-51.

32. *Id.*

33. See Inter-American Law Committee Section of International Law and Practice: American Bar Association, *Latin American Legal Developments*, at 6 (Apr. 2004), available at <http://www.abanet.org/intlaw/hubs/publications/LACApril04.pdf>.

34. *Id.*

35. See Press Release, ICANN, ICANN Officially Designates .JOBS & .TRAVEL (Apr. 8, 2005), available at <http://www.icann.org/announcements/announcement-08apr05.htm>.

and over 4,000 new domain names were registered in the Indian country code, .IN.<sup>36</sup> The total number of disputes resolved under ICANN's Uniform Dispute Resolution Policy (UDRP) surpassed 13,000, with 81 percent decided in favor of the trademark holder.<sup>37</sup> Demands for increased competition in the management of top level domain registries abounded, as ICANN entertained bids to take over the operation of .NET from Verisign, which receives \$6 for every .NET registration, amounting to about \$30 million annually.<sup>38</sup>

In the United States, recent federal courts of appeal decisions reflected a reluctance to stifle First Amendment expression in the face of challenges by trademark owners under the Lanham Act and the Anticybersquatting Consumer Protection Act (ACPA). The Ninth Circuit reversed a summary judgment granted to a car manufacturer against an individual named Nissan who registered the name for operation of a computer business despite the fame of the car manufacturer's mark.<sup>39</sup> The Sixth Circuit affirmed a grant of summary judgment to a registrant who created a website to detail complaints against Lucas Nursery.<sup>40</sup> The Court held that the "paradigmatic harm" sought to be eradicated by the ACPA was lacking where the trademark owner did not have an online location and the registrant never sought to mislead consumers regarding sponsorship of website, never offered to sell the domain name to the trademark owner, provided no misleading contact information, and never acquired additional domain names (which would indicate an intent to sell names to entities whose trademarks were identical or similar, or to exploit the names for other uses).<sup>41</sup> The Fifth Circuit ruled the same way in a similar case.<sup>42</sup>

The Federal and Fourth Circuit Courts addressed and rejected ".com" trademark registrations that were insufficiently distinctive, including "patents.com"<sup>43</sup> and "freebie.com."<sup>44</sup> At the same time, the Sixth and Eighth Circuit Courts refused to accept the spurious assertion of a right to free expression as an excuse for profiting from, or *diverting attention from*, websites belonging to legitimate trademark owners, affirming a judgment against the registrant of 4ADODGE.COM,<sup>45</sup> and affirming a judgment against an anti-abortion activist who registered domain names containing famous marks, respectively.<sup>46</sup>

The Second Circuit affirmed an order enjoining a company from using automatic tracking and registration software to quickly obtain newly-expired domain names, often coming at the expense of lawful trademark owners who unintentionally allow their domain names to lapse.<sup>47</sup>

36. See generally ICANN Official Website, at <http://www.icann.org> (last visited June 12, 2005).

37. See ICANN, Uniform Domain-Name Dispute-Resolution Policy: General Information, at <http://www.icann.org/udrp/udrp.htm> (last visited June 12, 2005).

38. See Press Release, ICANN, Advisory Concerning Verisign Global Registry Services' ".com/.net Promotion" (Dec. 12, 2001), available at <http://www.icann.org/announcements/announcement-08apr05.htm>.

39. Nissan Motor Co. v. Nissan Computer Corp., 378 F.3d 1002 (9th Cir. 2004).

40. Lucas Nursery & Landscaping, Inc. v. Grosse, 359 F.3d 806 (6th Cir. 2004).

41. *Id.* at 810.

42. TMI Inc. v. Maxwell, 368 F.3d 433 (5th Cir. 2004) (reversing district court judgment for trademark owner, holding that lower court erred in finding against registrant who created website to express dissatisfaction with trademark owner's service).

43. *In re Oppedahl & Larson LLP*, 373 F.3d 1171 (Fed. Cir. 2004).

44. Retail Serv. Inc. v. Freebies Publ'g, 364 F.3d 535 (4th Cir. 2004).

45. DaimlerChrysler v. The Net, Inc., 388 F.3d 201 (6th Cir. 2004).

46. Coca-Cola Co. v. Purdy, 382 F.3d 774 (8th Cir. 2004).

47. Register.com v. Verio, Inc., 356 F.3d 393 (2d Cir. 2004) (affirming order preliminarily enjoining provider of website development services from accessing plaintiff's computers by use of automated software programs performing multiple successive queries and using data obtained from plaintiff's database to solicit registrants for sale of services).

## IV. Intellectual Property Rights and the Internet

### A. UNITED STATES

In 2004, copyright issues were at the forefront of the more significant cases that specifically involved Internet activities.<sup>48</sup> The technical developments in peer-to-peer (P2P) file sharing have vexed owners of music and film copyrights. Despite the industry's embrace of the sale of copyrighted material over the Internet, there is continuing litigation to combat illegal P2P copying.

At the end of the U.S. Supreme Court's term in late June 2005, the Court handed down its unanimous decision in the "Grokster" litigation, reversing the Ninth Circuit's ruling that the distributor of the popular Grokster P2P file sharing software was not liable for the copyright infringement by Grokster users.<sup>49</sup> Internet users utilized the Grokster program to exchange unauthorized copies of sound recordings and other copyrighted works without the need for a central server (unlike Napster). The Supreme Court's opinion rejects the Ninth Circuit's reasoning that Grokster's "substantial noninfringing uses" precluded contributor infringement liability, but the opinion appears to let stand the Court's seminal case of *Sony Corp. of America v. Universal Studios, Inc.*, in which the Court held that VCR manufacturers were not liable for infringement by their customers.<sup>50</sup> Future P2P services will find solace in the Grokster ruling by dicta that they face no liability for (a) knowledge of potential or actual infringement; (b) product support or technical updates; or (c) failure to take affirmative steps to prevent infringement (except where there is other showing of intent).

Two other federal courts of appeal decisions addressed the liability of service providers for the conduct of their users. The Ninth Circuit held that America Online (AOL) was not entitled to summary judgment for noninfringement on claims of contributory liability, and therefore had to stand trial for a user's infringement where the copyright owner had attempted to alert AOL to the problem and AOL "should have been on notice" of the infringing activity.<sup>51</sup> The Court also held that AOL's mere provision of online services could constitute the "material contribution" element of the test for liability as a contributory infringer.<sup>52</sup> AOL was not, however, vicariously liable as a matter of law.<sup>53</sup> The Court held that the general availability of infringing material on a subscription service is not a "direct financial benefit" unless such material "constitutes a draw for subscribers, not just an added benefit."<sup>54</sup> Finally, the court held that factual questions regarding AOL's policy for termination of repeat infringers precluded summary judgment of AOL's protection under the safe harbors of the Digital Millennium Copyright Act (DMCA).<sup>55</sup>

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48. Gartner G2 & THE BERKMAN CENTER FOR INTERNET AND SOCIETY AT HARVARD LAW SCHOOL, COPYRIGHT AND DIGITAL MEDIA IN A POST-NAPSTER WORLD (v.2 Jan. 2005), at <http://cyber.law.harvard.edu/media/files/wp2005.pdf> (Dec. 2004).

49. *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 125 S. Ct. 2764 (2005).

50. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 418 (1984).

51. *Ellison v. Robertson*, 357 F.3d 1072, 1077 (9th Cir. 2004).

52. *Id.*

53. *See id.* at 1078-80.

54. *Id.* at 1079.

55. *See id.* at 1080-82 (applying Limitations on Liability Relating to Material Online, 17 U.S.C. §512(i) (2005)).

A few months later, the Fourth Circuit held that a service provider could not be held *directly* liable for infringing acts of its users, absent a direct “volitional” act by the service provider. Rather, only theories of secondary liability, with their attendant requirements, were available.<sup>56</sup> The Court further held that the mere *screening* of material did not constitute a volitional act that could trigger direct liability.<sup>57</sup>

The efforts of the recording industry’s trade association—the Recording Industry Association of America (RIAA)—to get fast and easy access to records of alleged P2P copyright infringers have not been successful. The court of appeals for the District of Columbia Circuit held in *RIAA v. Verizon*<sup>58</sup> that subpoenas sent by RIAA to Internet service providers (ISP) under the provisions of the DMCA are not enforceable. The Court pointed out that § 512(h) of the DMCA “does not authorize the issuance of a subpoena to an ISP acting solely as a conduit for communications, the content of which is determined by others.”<sup>59</sup> The same issue arose in the Eighth Circuit in *RIAA v. Charter Communications, Inc.*,<sup>60</sup> with the same result.

## B. CANADA

A Canadian court dealt with the issue of disclosing the identity of alleged infringers by ruling against the copyright holders.<sup>61</sup> The Court did point out that a different result might be required if and when Canada implements the World Intellectual Property Organization Performances and Phonograms Treaty (WPPT).<sup>62</sup> Unlike Canada, the United States has already implemented the treaty as of May 20, 2002.<sup>63</sup>

## C. GERMANY

A municipal court in Potsdam held that eBay, as an online service provider, was an “indirect accessory” to identity theft because it failed to prevent the fraudulent use of plaintiff’s name and address in an online auction, even after receiving notice.<sup>64</sup> This result is consistent with article 14 of the EU E-Commerce Directive that imposes a duty on ISPs to stop illegal activity after being made aware of it.<sup>65</sup>

## D. WIPO

The Second Internet Domain Name Process of the World Intellectual Property Organization (WIPO-2) recommended that two categories of domain identifiers should be pro-

56. CoStar Group, Inc. v. LoopNet, Inc., 373 F.3d 544, 550-52 (4th Cir. 2004).

57. *Id.* at 556.

58. Recording Indus. Ass’n of Am. v. Verizon Internet Serv., Inc., 351 F.3d 1229 (D.C. Cir. 2003).

59. *Id.* at 1231.

60. Recording Indus. Ass’n of Am. v. Charter Communications, Inc., 393 F.3d 771 (8th Cir. 2005).

61. BMG Canada, Inc. v. John Doe, [2004] F.C. 488 (Can.), available at <http://decisions.fct-cf.gc.ca/fct/2004/2004fc488.shtml>.

62. *Id.*

63. Treaties Database Contracting Parties, World Intellectual Property Organization, at [http://www.wipo.int/treaties/en/ShowResults.jsp?country\\_id=ALL&start\\_year=ANY&end\\_year=ANY&search\\_what=C&treaty\\_id=20](http://www.wipo.int/treaties/en/ShowResults.jsp?country_id=ALL&start_year=ANY&end_year=ANY&search_what=C&treaty_id=20) (last visited June 12, 2005).

64. See Press Release, Cobbetts Law Firm, Identity Theft—Service Provider Liability (Feb. 13, 2005), available at <http://www.cobbetts.co.uk/main/cms/cmRender.asp?j=1310>.

65. *Id.*; see also Council Directive 2000/31/EC, art. 14, 2000 O.J. (L178) 1, available at [http://europa.eu.int/eur-lex/prl/en/oj/dat/2000/L\\_178/L\\_17820000717en00010016.pdf](http://europa.eu.int/eur-lex/prl/en/oj/dat/2000/L_178/L_17820000717en00010016.pdf).



tected against abusive registration as domain names: the names and acronyms of international governmental organizations (IGOs) and country names.<sup>66</sup> While this may seem to be a relatively straightforward proposal, it represents a giant step forward in international trademark law. The WIPO-2 proposal assumes that the names of countries and IGOs are entitled to protection as trademarks,<sup>67</sup> a proposition that does not have support in the trademark law of many nations. The WIPO-2 proposal would alter the procedures of ICANN's UDRP for this kind of case by making these claims the subject of binding arbitration.

The Government Advisory Committee of ICANN proposed that ICANN amend the UDRP as proposed by WIPO-2. ICANN, recognizing that the recommendations would make a radical change in the UDRP, referred the question to a special task force.<sup>68</sup> The report of the task force reflected total disagreement among the members regarding the recommendations.<sup>69</sup> The matter now resides back at the Board of Directors of ICANN, and it has been referred to the ICANN staff for further study.

In addition to WIPO-2, ICANN is embroiled in controversy over its protocol known as "WHOIS," used as the means of finding the identity of domain name holders. Current ICANN policies require the principal domains to disclose personal identification data regarding domain name registrants to any person making a WHOIS request.<sup>70</sup> Because this policy likely violates the EU policy directives on privacy,<sup>71</sup> ICANN has created a number of task forces to study the matter.<sup>72</sup> Unfortunately, no results are expected from the task force in 2005. If, however, the eventual outcome is an increased level of personal privacy, the ability to enforce trademark rights against cybersquatters may be compromised because of the difficulty in identifying the holder of an allegedly infringing domain name.

## V. U.S. Copyright Developments

Major developments in U.S. copyright law in 2004 revolved around liability for online infringement, including secondary liability of service providers and statutory damages.

### A. SECONDARY LIABILITY

Several controversial bills dealing with secondary liability were introduced and discussed in the U.S. Congress, though none passed this session. The most notable bill, commonly known as the "Induce Act," would have created a new form of liability based upon "intentionally inducing" the copyright infringement of another.<sup>73</sup>

66. World Intellectual Property Organization (WIPO), *The Recognition of Rights and the Use of Names in the Internet Domain Name System: Report of the Second WIPO Internet Domain Name Process*, at v (Sept. 3, 2001), available at <http://arbitrator.wipo.int/processes/process2/report/pdf/report.pdf>.

67. See *id.* at vii-viii.

68. See Press Release, ICANN, President Appoints Joint Working Group for WIPO-2 Process Issues (Oct. 10, 2003), available at <http://www.icann.org/announcements/announcement-06oct03.htm>.

69. See JOINT WORKING GROUP FOR WIPO-2 PROCESS ISSUES, FINAL REPORT (July 2004), available at <http://www.icann.org/committees/JWGW2/final-report>.

70. See ICANN, *Whois Privacy*, at <http://gnso.icann.org/issues/whois-privacy/index.shtml> (last visited June 12, 2005) [hereinafter *Whois Privacy*].

71. See Council Directive 2002/58/EC, 2002 O.J. (L201) 37, available at [http://europa.eu.int/smartapi/cgi/sga\\_doc?smartapi!celexplus!prod!CELEXnumdoc&lg=en&numdoc=32002L0058&model=guichett](http://europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexplus!prod!CELEXnumdoc&lg=en&numdoc=32002L0058&model=guichett).

72. See generally, *Whois Privacy*, *supra* note 70.

73. *Inducing Infringement of Copyrights Act of 2004*, S. 2560, 108th Cong. (2004).

## B. DMCA

U.S. courts addressed manufacturers' attempts to use the DMCA's anti-circumvention provisions to exclude competitors, particularly in "aftermarkets" (markets for replacement components). The Sixth Circuit vacated a preliminary injunction against a manufacturer selling a computer chip for replacement ink toner cartridges compatible with the plaintiff's printers.<sup>74</sup> The Court rejected the plaintiff's assertion that a simple software routine constituted a "technological [protection] measure" under the DMCA that the defendants' replacement cartridges unlawfully circumvented.<sup>75</sup> Similarly, another court held that the DMCA did not prevent the manufacturer of a universal garage door opener from selling products that were compatible with (and could be used to operate) plaintiff's garage door systems.<sup>76</sup>

## C. STATUTORY DAMAGES

The Maryland District Court affirmed a \$19.7 million award (including \$18.9 million in statutory damages) for a corporation's copying of over 200 issues of a small financial newsletter.<sup>77</sup> Each issue constituted a "work" under the Copyright Act, qualifying for an independent award of statutory damages.<sup>78</sup> Noting that the Copyright Act expressly authorized a jury to award from \$750 to \$150,000 per work infringed and that Congress had recently (and often) examined and amended this provision, the court refused to limit the award based upon the defendant's allegation that the plaintiff's actual losses were minimal—less than \$100,000.<sup>79</sup> The First Circuit similarly applied the express language of the statutory damages provision, holding that the plaintiff was entitled to recover statutory damages for each copyrighted work that was infringed, rather than the number of infringing works that the defendant produced or the number of copies made.<sup>80</sup> Thus, the plaintiff could recover up to \$150,000 for each of the two songs infringed, rather than separate awards for each of the sixteen infringing albums that included those songs.<sup>81</sup>

## VI. Anti-circumvention and digital rights in the European Union

Legislation on anti-circumvention differs widely throughout the EU.<sup>82</sup> For example, while the Netherlands and Denmark do not penalize anti-circumvention, violators in the United Kingdom can face imprisonment.<sup>83</sup> In accordance with the eEurope 2005 Action Plan, the Commission of the European Communities established a High Level Group of

74. *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 387 F.3d 522 (6th Cir. 2004).

75. *Id.* at 546-47.

76. *Chamberlain Group, Inc. v. Skylink Technologies, Inc.*, 381 F.3d 1178 (Fed. Cir. 2004).

77. *Lowry's Reports, Inc. v. Legg Mason, Inc.*, 302 F. Supp.2d 455 (D. Md. 2004).

78. *Id.* at 458-59.

79. *Id.*

80. *Vegas-Hernandez v. Sonolux Records*, 370 F.3d 183 (1st Cir. 2004).

81. *Id.* at 191-95.

82. See Digital Media Project, EUCD—Collection of Materials, at [http://cyber.law.harvard.edu/media/eucd\\_materials](http://cyber.law.harvard.edu/media/eucd_materials) (last visited June 12, 2005) [hereinafter Digital Music Project].

83. See *id.*

Digital Rights Management (DRM) Issues in March 2004.<sup>84</sup> The Plan emphasizes the importance of DRM, ensuring and enhancing consumer choice and competition. Bringing these words into practice, the Commission began an investigation into a joint acquisition by Microsoft and Time Warner of a DRM company, ContentGuard, and delivered a Statement of Objections to the acquisition last November.<sup>85</sup>

In April, the Commission drafted a Communication entitled "The Management of Copyright and Related Rights in the Internal Market,"<sup>86</sup> expressing the need for more common ground on several features of collective management. In response, the Berlin Declaration on Collectively Managed Online Rights was drafted, which calls for a well-balanced evaluation of all possible solutions when considering DRM, including alternative compensation systems.<sup>87</sup> The INDICARE project, funded by the Commission to make digital rights more acceptable to consumers, also recently released a report.<sup>88</sup>

In April, the District Court of Paris ruled that, under French law, the private copying of a DVD is a privilege rather than a right.<sup>89</sup> In Belgium it was ruled that private copying is a legally granted immunity against prosecution rather than a right.<sup>90</sup> In another case, the Court of Appeal of Versailles ruled that the omission of a statement on a CD label expressing the incompatibility of the CD with certain devices such as car stereos misleads the consumer and is therefore unlawful.<sup>91</sup>

## VII. Digital Sampling of Music

The U.S. and U.K. copyright statutes may require very different tests to determine whether digital sampling of sound recordings constitutes infringement. Sampling is the incorporation of a (usually altered) portion of the audio segment of an original sound recording into a new work. Frequently, it is inserted repetitively. In the United States, a plaintiff has had to establish that it owns a valid copyright in the sound recording, that the defendant reproduced the sound recording itself—not merely the underlying musical work—without permission, and that there is substantial similarity of a quantitatively significant amount of protected material. In the United Kingdom, a plaintiff has been required

84. See HIGH LEVEL GROUP (HLG) ON DIGITAL RIGHTS MANAGEMENT, FINAL REPORT (Mar.-July 2004), available at [http://europa.eu.int/information\\_society/eeurope/2005/all\\_about/digital\\_rights\\_man/doc/040709\\_hlg\\_drm\\_2nd\\_meeting\\_final\\_report.pdf](http://europa.eu.int/information_society/eeurope/2005/all_about/digital_rights_man/doc/040709_hlg_drm_2nd_meeting_final_report.pdf).

85. See Todd Beals, *European Commission Formalizes Concerns Over ContentGuard's New Ownership Structure*, DRM WATCH, Nov. 11, 2004, at <http://www.drmwatch.com/legal/article.php/3434861>.

86. See *The Management of Copyright and Related Rights in the Internal Market*, Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee, COM(2004) 261 final, at [http://europa.eu.int/eur-lex/en/com/cnc/2004/com2004\\_0261en01.pdf](http://europa.eu.int/eur-lex/en/com/cnc/2004/com2004_0261en01.pdf).

87. See Wizards of OS, *Berlin Declaration on Collectively-Managed Online Rights: Compensation Without Control* (June 21, 2004) at <http://wizards-of-os.org/fileadmin/2004-WOS3/text/BerlinDeclaration-ACS.pdf>.

88. See INDICARE, DIGITAL RIGHTS MANAGEMENT AND CONSUMER ACCEPTABILITY: STATE-OF-THE-ART REPORT (Natali Heldberger ed. Dec. 2004), available at <http://www.indicare.org/soareport>.

89. See Legalis, Stéphane P., *UFC Que Choisir v. Societe Films Alain Sarde et autres*, Tribunal de grande instance de Paris 3ème chambre, 2ème section (Apr. 30 2004) (Fr.), at [http://www.legalis.net/jurisprudence-decision.php?id\\_article=722](http://www.legalis.net/jurisprudence-decision.php?id_article=722).

90. See L'ASBL Association Belge des Consommateurs Test-Achats v. SE EMI Recorded Music Belgium, Tribunal de première instance de Bruxelles, 2004/46/A (May 25, 2004) (Belg.), du role des referes, at <http://www.juriscom.net/documents/tpibruxelles20040525.pdf>.

91. See SA EMI Music France v. Association CLCV, Cour d'Appel de Versailles, 1ère chambre, 1ère section (Sept. 30, 2004) (Fr.), at <http://www.juriscom.net/jpt/visu.php?ID=579>.

to establish that it owns a valid copyright, that the defendant made an unauthorized copy, and that the copy incorporated into the new work is a substantial part of the original work.

Although the tests are not identical, each can allow *de minimis* copying—either because not every technical violation of a copyright is quantitatively significant enough to support a finding of substantial similarity (United States) or because substantial copying is an element of the case to be proved by plaintiff (United Kingdom). The Sixth Circuit in the United States has recently departed from this shared analysis.<sup>92</sup> The Court found infringement even though the sample was just two seconds of the original work and even though no one would recognize the source of the sample without being told where it came from.<sup>93</sup> The two-second sample was copied from a guitar solo, the pitch was lowered, and the piece was looped and extended to 16 beats. The sound recording was digitally sampled for use in the recording “100 Miles,” which in turn was included in the sound track of a movie released by the defendant, No Limit Films. It appears in 100 Miles in five places.<sup>94</sup>

The lower court granted summary judgment to No Limit Films, but the Sixth Circuit reversed.<sup>95</sup> The Court distinguished between infringing the copyright in a musical composition and infringing the copyright in a sound recording. While the lower court assumed that the same analysis pertained to both (i.e., substantial similarity of a quantitatively significant amount of protected material), the Sixth Circuit found that with respect to a sound recording, as distinct from the underlying composition, the plain language of the Copyright Act makes the amount taken and the similarity of the works irrelevant. Rather, the only issue that matters is whether any portion of the recording was used without permission.<sup>96</sup>

Whether this interpretation of the Copyright Act will find favor with other U.S. courts remains to be seen. If it does, then U.S. and U.K. law will diverge sharply on the issue of music sampling in cases where only a small amount of the original sound recording was taken. Unlike the U.S. Copyright Act, the U.K. Copyright, Designs and Patents Act requires that the copying be of “the work as a whole or any substantial part of it.”<sup>97</sup> Thus a *de minimis* taking of a sound recording is not actionable under the U.K. statute.

It is less clear whether the analyses would diverge with respect to the Sixth Circuit’s other point that substantial similarity is not a relevant inquiry in sound recording infringement. By holding that copying need not result in a recognizable appropriation in order to constitute infringement, the Sixth Circuit holding aligns with the holding in the U.K. case of *Hyperion Records Ltd. v. Warner Music (UK) Ltd.*<sup>98</sup> The court in *Hyperion* noted that due to alteration of the original sound recording (e.g., through the overlay of other sounds), the copied sound recording might not be easily recognized.<sup>99</sup> Nevertheless, if the amount of material taken is “substantial” within the meaning of the U.K. statute, infringement has occurred even where the distortion of the original is significant. Therefore, it is possible that both the United States and the United Kingdom will move away from a requirement that the original sound recording be recognizable in the second recording.

92. *Bridgeport Music, Inc. v. Dimension Films*, 383 F.3d 390 (6th Cir. 2004).

93. *Id.* at 396.

94. *Id.* at 394.

95. *Id.* at 395.

96. *Id.* at 396-97.

97. Copyright, Designs and Patents Act, 1998, c.48, § 16 (U.K.).

98. *Hyperion Records Ltd. v. Warner Music (UK) Ltd.*, Chancery Division (May 17, 1991) (U.K.), available at [http://uea.ac.uk/n045/courses/2004/IP/copyright\\_cases\\_04\\_05\\_02.pdf](http://uea.ac.uk/n045/courses/2004/IP/copyright_cases_04_05_02.pdf).

99. *Id.*

## VIII. Regional Developments

### A. EU AND GERMAN IP HIGHLIGHTS

EU countries have made progress in implementing the EU Copyright Directive's provisions into national copyright laws. In addition, nine of the ten new members either have already aligned their national laws with the Directive's requirements or introduced legislative measures to do so in 2004.<sup>100</sup> In addition to the Copyright Directive, a new directive on the enforcement of intellectual property rights has been adopted to ensure a homogeneous level of protection in the internal market.<sup>101</sup> The new directive will provide minimum standards on the enforcement of intellectual property rights and will also offer procedures regarding evidentiary questions.<sup>102</sup>

Registrations of Community Designs and Community Trademarks (CTM), effective May 1, 2004, will automatically apply in the ten new member states.<sup>103</sup> The registrations of CTM will not be subject to opposition, cancellation or invalidation on the basis of prior rights in those states unless the CTM applications were filed after October 31, 2003.

On October 1, 2004, the European Community also joined the Madrid Protocol.<sup>104</sup> Consequently, a CTM application or a registered CTM can now be used as the basic trademark for an international application and can obtain worldwide protection in seventy-seven countries.<sup>105</sup> The EU Commission has presented a working document discussing a "made in EU" label to create an awareness of a growing number of harmonized provisions creating a common market.<sup>106</sup> The label is expected to stand for equal quality standards of products from any EU member state and is also expected to help prevent product and trademark piracy.<sup>107</sup> In addition, the European Parliament adopted an EU Commission resolution on a community framework for collective management societies in the field of copyright and related rights.<sup>108</sup>

On June 1, 2004, the new German Utility Model Act ("*Geschmacksmustergesetz*") came into force.<sup>109</sup> The Act implements Directive 98/71/EG of October 13, 1998, on the legal protection of designs into German national law.<sup>110</sup> Prior to the amendment, the former version of the *Geschmacksmustergesetz* had been the oldest statute in the fields of German

100. See Digital Media Project, *supra* note 82. The stage of Cyprus' implementation process is unknown.

101. See Council Directive 2004/48/EC, 2004 O.J. (L195) 16, available at [http://europa.eu.int/eur-lex/prl/en/oj/dat/2004/l\\_195/l\\_19520040602en00160025.pdf](http://europa.eu.int/eur-lex/prl/en/oj/dat/2004/l_195/l_19520040602en00160025.pdf).

102. *Id.*

103. See generally, Office for Harmonization in the Internal Market, Frequently Asked Questions Concerning the Community Trade Mark System, at <http://oami.eu.int/en/mark/marque/question.htm> (last visited June 12, 2005).

104. Press Release, World Intellectual Property Organization, WIPO Hosts Conference on Accession of European Community to International Trademark System (Oct. 7, 2004), available at <http://www.wipo.int/wilma/pressinfo-en/200410/msg00003.html>.

105. *Id.*

106. European Commission, Made in the EU Origin Marking—Working Document of the Commission Services (Dec. 12, 2003), available at [http://trade-info.cec.eu.int/doclib/docs/2005/may/tradoc\\_115557.pdf](http://trade-info.cec.eu.int/doclib/docs/2005/may/tradoc_115557.pdf).

107. *Id.*

108. See European Commission, Industrial and Intellectual Property Bulletin EU 4-2004, available at <http://europa.eu.int/abc/doc/off/bull/en/200404/p103055.htm>.

109. Gesetz zur Reform des Geschmacksmusterrechts (Geschmacksmusterreformgesetz) v. 1.6.2004 (BGBl. 1/2004 S.390) (F.R.G.), available at <http://www.transpatent.com/gesetze/gschmg.html>.

110. *Id.*

intellectual property law. The new Act transforms the mandatory provisions of the Directive with respect to prerequisites, scope, and the maximum period for the protection of design models.<sup>111</sup>

Germany dealt with the implementation of the EU Copyright Directive in two legislative packages.<sup>112</sup> The first package, the so-called "first basket," entered into force on September 13, 2003, and implemented the mandatory provisions of the Copyright Directive. The non-mandatory provisions in the Directive are to be dealt with in the "second basket," which is the subject matter of a draft law that has just been presented to the public by the German Minister of Justice.<sup>113</sup>

The "first basket" permits private copies of copyrighted materials in digital form. It also prohibits circumvention of copy protection.<sup>114</sup> This is the result of a very practical consideration: prohibitions and restrictions of copying in the private sector are non-enforceable and therefore useless. Therefore, private copies are forbidden only if the original was *produced* in an illegal manner.

The draft of the "second basket" mainly extends the protection of copyright to prohibit, and make subject to prosecution, the making of private copies of illegally *used* originals to a significant extent.<sup>115</sup> This is an important draft provision for file-sharing (P2P) networks on the Internet. It emphasizes that private copies may not circumvent copy protection. The draft also provides for a procedure of general reimbursement for the use of equipment and storage media for permissible private copies.<sup>116</sup>

## B. CHINA AND ASIA: IP HIGHLIGHTS

### 1. *China*

Copyright holders successfully sued end-users of pirated software in China, in some cases for the first time. For example, Autodesk was awarded US \$180,000 by the Beijing Number 2 Intermediate Court, IP Chamber, in a suit against an end user, Beijing's Lonfa Architecture & Engineering Company, for infringement of Autodesk's AutoCAD 14.0 program. Similarly, Warner Music HK successfully sued an infringer of one of its compact discs, Beijing Chinatown Entertainment Co., a karaoke user.<sup>117</sup> The Beijing Number 2 Intermediate Court, IP Chamber granted damages and ordered a public apology.

The Chinese State Intellectual Property Office (SIPO) enacted Provisions of the SIPO on Electronic Patent Filing, which permits the filing of patent, utility model and design applications online after signing a User Agreement with the SIPO.<sup>118</sup>

111. *Id.*

112. See Foundation for Information Policy Research, Germany—Implementation of the Directive, at <http://www.fipr.org/copyright/guide/germany.htm> (last visited June 12, 2005).

113. *Id.*

114. *Id.*

115. *Id.*

116. *Id.*

117. See Baker & McKenzie, *PRC—Warner Music Successful in Copyright Infringement Claims*, PRC/HONG KONG/VIETNAM IPG NEWSLETTER (Apr.-June 2004), at <http://www.bakernet.com/newsletters/Newsletter.asp?NLSID=46&EditionID=479>.

118. See China Patent Electronic Application System, at <http://cponline.gov.cn> (last visited June 12, 2005).

The Supreme Court of China was quite active in promulgating IP explanations, including the Interpretation of Several Issues Relating to the Application of Law to Trial of Cases of Dispute over Copyright on Computer Network.<sup>119</sup>

The Interpretation clarifies that jurisdiction over these disputes is with the court in either the defendant's residence or the place of occurrence, including the Internet service instrument where the action took place and the place of the computer equipment terminal.<sup>120</sup> If any of these locations is unclear, the place of the computer terminal where the plaintiff discovered the infringing contents can be regarded as the place of occurrence.<sup>121</sup> Protected products include all those specified in article 3 of the Chinese Copyright Law, expressed in digital form.<sup>122</sup> If application is difficult to determine, the Court is supposed to protect other unique written, artistic or scientific intellectual creations that can be copied in tangible form.<sup>123</sup>

The Supreme Court also issued a Notice on November 30, 2004, entitled the Interpretation on Certain Issues of the Application of Law in Cases Involving Technology Contract Disputes ("Technology Contract Interpretation").<sup>124</sup> This Technology Contract Interpretation, effective January 1, 2005, deals with various matters, including trade secrets related to technology, which it defines as technical information of commercial value maintained in confidence by its owner that is not in the public domain.<sup>125</sup> Unfortunately, it places restrictions on technology contracts reminiscent of the long-discredited Law on Importation of Technology. Article 10 of the Technology Contract Interpretation interprets the Contract Law, article 329: Illegal Monopoly of Technology and Hindering Technical Improvements. It deems illegal certain restraints found in technology contracts, such as non-reciprocal provisions for technology improvements, the requirement of the licensee to share any improvements in the technology the licensee makes on its own, and restraints on the licensee acquiring competing technology.<sup>126</sup> Furthermore, article 10(6) deems illegal contractual restrictions or conditions on challenges by the licensee to the validity of the licensed technology.<sup>127</sup> Since Chinese corporations are generally the recipients or licensees of foreign technology, the question arises as to whether these restrictions are WTO-compliant. This appears to be a back-door attempt to reintroduce the old Import Technology Law, which was clearly not WTO-compliant.

The State Council also promulgated regulations governing customs' protection of IP rights, which provide that the IP rights holder can apply for detention of any goods suspected of infringing, and which require the sender or receiver of goods to be aware of and respond to questions related to goods they shipped or are to receive.<sup>128</sup>

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119. Interpretation by the Supreme People's Court of Several Issues Relating to Application of Law to Trial of Cases of Dispute Over Copyright and Computer Network, *adopted* Nov. 22, 2000, *amended* Dec. 23, 2003, *entering into force* Jan. &, 2004 (P.R.C.), *available at* <http://www.cphakltd.com/Archives>.

120. *Id.* art. 1.

121. *Id.*

122. *Id.* art. 2.

123. *Id.*

124. Feng Wenjun, *The Supreme People's Court's Newest Judicial Interpretation on Technology Contracts*, KING & WOOD CHINA BULLETIN (Jan. 2005), *available at* [http://www.kingandwood.com/Bulletin/China%20Bulletin/Issue%20Jan%202005/bulletin\\_2005\\_1\\_en\\_en\\_fengwenjun.htm](http://www.kingandwood.com/Bulletin/China%20Bulletin/Issue%20Jan%202005/bulletin_2005_1_en_en_fengwenjun.htm).

125. *See id.* ¶ 4.

126. *See id.* ¶ 5.

127. *See id.*

Temporary Measures Concerning Trademark Agency Service Providers from Hong Kong and Macao SAR were promulgated by the State Administration for Industry and Commerce, effective January 1, 2005.<sup>129</sup> Pursuant to the Closer Economic Partnership Agreement (CEPA), these new Temporary Measures permit trademark agents from Hong Kong and Macao SAR to establish agencies in Mainland China as wholly owned corporations or joint ventures.

## 2. *Taiwan*

Taiwan's new Patent Act came into effect on July 1, 2004.<sup>130</sup> This new law completes the decriminalization of patent infringement acts, a process that was effective in reducing rampant piracy in Taiwan. The standards for patentability have also been reduced substantially, so that now the term invention refers to a creation which cannot "be easily accomplished by a person having ordinary knowledge in the art."<sup>131</sup> As to utility models, the Patent Act requires that they cannot be easily accomplished by persons possessing average knowledge in the relevant technical field.<sup>132</sup> The formal examination of utility models has been instituted in place of the substantive examination that previously existed. While this is in line with worldwide trends, particularly with the rapid developments in this field, there is some question about its desirability.

## 3. *Japan*

The Prime Minister of Japan chairs a committee that formulated the 2004 IP Strategic Program.<sup>133</sup> Japan's government has decided to assist its citizens whose IP rights are violated in other countries,<sup>134</sup> playing a role somewhat like that of the USTR in the United States. Similarly, all Japanese embassies will have officials that deal with IP enforcement.<sup>135</sup> The Japanese government is also promoting cooperation with the Chinese, Korean, European Union and other governments to improve enforcement.<sup>136</sup>

## 4. *Hong Kong*

Hong Kong promulgated section 40 of the Patent Ordinance on the restoration of lapsed standard patents, providing for applications for a standard patent (twenty years) or short-term patent (eight years) for inventions.<sup>137</sup> In addition, section 64 of the Patent Ordinance

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128. Regulations of the People's Republic of China Regarding Customs Protection of Intellectual Property Rights, *adopted* Nov. 26, 2003, *entering into force* Mar. 1, 2004 (P.R.C.), *available at* <http://www.cphakltd.com/Archives>.

129. See Trademark Office: State Administration for Industry and Commerce, People's Republic of China, SAIC Framed Temporary Measures Concerning Trademark Agency Service Providers from H.K. and Macao SAR in Mainland, *at* <http://sbj.saic.gov.cn/english/show.asp?id=217&bm=sbyw> (last visited June 12, 2005).

130. Patent Act, *amended and promulgated* Feb. 6, 2003, *entering into force* July 1, 2004 (Taiwan), *available at* <http://www.tipo.gov.tw/eng/laws/patlaw-e.asp#>.

131. *Id.* art. 22(3).

132. *Id.* art. 94.

133. See JAPAN PATENT OFFICE, ANNUAL REPORT 2004, ch. 2, *available at* [http://www.jpo.go.jp/shiryoku\\_e/toushin\\_e/kenkyukai\\_e/annual\\_report2004.htm](http://www.jpo.go.jp/shiryoku_e/toushin_e/kenkyukai_e/annual_report2004.htm); *see also* Intellectual Property Strategic Program 2004 (Japan), *trans. available at* [http://www.kantei.go.jp/foreign/policy/titeki/kettei/040527\\_e.html](http://www.kantei.go.jp/foreign/policy/titeki/kettei/040527_e.html) [hereinafter Japan IP Strategic Program].

134. Japan IP Strategic Program, *supra* note 133, ch. 2.

135. *Id.* ch. 2(5).

136. *Id.* ch. 2(5)(5).

137. Patents Ordinance, 2004, L.N. 40 of 2004, c. 514, § 40 (H.K.), *available at* [http://www.legislation.gov.hk/blis\\_ind.nsf/e1bf50c09a33d3dc482564840019d2f4/57f784e85906b02648256e9a000bf3bf?OpenDocument](http://www.legislation.gov.hk/blis_ind.nsf/e1bf50c09a33d3dc482564840019d2f4/57f784e85906b02648256e9a000bf3bf?OpenDocument).



provides for compulsory licensing if, after three years from the granting of a standard patent that is capable of being commercially worked in Hong Kong, the patent is not being so worked to the fullest extent possible, or a demand in Hong Kong is not being met on reasonable terms.<sup>138</sup> The provisions seem bound to involve the courts in all sorts of potential litigation that they are ill equipped to handle.

#### 5. Macao

The China IP Bureau and Macao SAR Economic Bureau entered into an Agreement for Cooperation in IP Matters, promulgated on March 16, 2004. The Macao Industrial Property Rights Legal System will receive assistance from the China IP Bureau in patent application examination, and Macao will have the right to offer protection to holders of mainland patents.

### IX. Intellectual Property and Traditional Knowledge

The World Intellectual Property Organization (WIPO) Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge (TK) and Folklore was formed four years ago to serve as an international forum to consider the interplay between intellectual property and traditional knowledge, genetic resources, and traditional cultural expressions.<sup>139</sup> The Sixth Session of the Committee met in March and conceded that existing IP laws may be applied in a complementary manner with *sui generis* systems along with customary law, contractual arrangements, and international codes of practice in order to protect traditional knowledge.<sup>140</sup> The Committee recognized that legal provisions contained in national systems of law relating to traditional knowledge would need to incorporate “existing IP mechanisms, the repression of unfair competition, the grant of exclusive *sui generis* rights and/or the application of prior informed consent requirements.”<sup>141</sup> By way of example, the Committee considered that unfair competition principles as applied in past judicial decisions in Costa Rica, Peru, Portugal, and the United States may give effect to the same principles that would protect TK rights-holders.<sup>142</sup>

The Committee is considering a submission by Switzerland to amend the regulations under the Patent Cooperation Treaty to “explicitly enable the national legislature to require the declaration of the source of genetic resources and traditional knowledge in patent applications.”<sup>143</sup>

138. *Id.* c. 514, § 64.

139. WIPO, Traditional Knowledge, Genetic Resources and Folklore, at <http://www.wipo.int/tk/en/#> (last visited June 12, 2005).

140. *Revised Version of Traditional Knowledge: Policy and Legal Options*, WIPO, Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore, 6th Sess., at 3-4, WIPO/GRTKF/IC/6/4 (Feb. 19, 2004), at [http://www.wipo.int/documents/en/meetings/2004/igc/pdf/grtkf\\_ic\\_6\\_4\\_rev.pdf](http://www.wipo.int/documents/en/meetings/2004/igc/pdf/grtkf_ic_6_4_rev.pdf).

141. *Id.* at 10.

142. *Id.* at 11.

143. *Further Observations by Switzerland on its Proposals Regarding the Declaration of the Source of Genetic Resources and Traditional Knowledge in Patent Applications*, WIPO, Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore, 7th Sess., at 1, WIPO/GRTKF/IC/7/INF/5 (Oct. 18, 2004), available at <http://www.wipo.int/wilma/globalissues-fr/200410/msg00003/WIPO-GRTKF-IC-7-INF-5.pdf>. The comments concern the use of terms, the concept of the source of genetic resources and TK, the scope of obligation to declare the source in patent applications and possible legal sanctions for failure to disclose the source in applications under the PCT. *Id.*

In February 2004, the Conference of Parties to the Convention on Biological Diversity (CBD) met to address the interrelation of accessing genetic resources and meeting disclosure requirements contained in intellectual property rights applications.<sup>144</sup> Concern was raised that WIPO measures to ensure prior informed consent and mutually agreed terms may not relate to disclosure requirements contained in the CBD.<sup>145</sup> A measure was adopted to invite WIPO to examine and address the interrelation of access to genetic resources and disclosure requirements in IPR applications.<sup>146</sup>

In support of indigenous rights, the Food and Agriculture Organization of the United Nations (FAO) International Treaty on Plant Genetic Resources for Food and Agriculture recognizes the contribution that farmers and indigenous groups have made and continue to make to the conservation of plant genetic resources.<sup>147</sup> Such recognition furthers the protection of traditional knowledge as it relates to equitable benefit sharing arrangements and national decision-making on the conservation of plant genetic resources.<sup>148</sup>

In India, the latest amendment to the country's 1970 Patent Act, effective January 1, 2005, brought the law into compliance with the TRIPS Agreement.<sup>149</sup> As a result, India's existing *sui generis* system of laws protecting plant varieties will now also allow biotechnological processes to develop unique plant varieties to be covered by patent. The amended law may be applied by certain indigenous groups to protect recorded traditional knowledge contained in novel genetic resource plant varieties.

The Secretariat of the Pacific Community developed a regional framework for the Protection of Traditional Knowledge and Expressions of Culture for its member states.<sup>150</sup> Those states may use the framework to enact legislation for the protection of traditional knowledge by creating a new range of statutory rights for traditional knowledge owners.<sup>151</sup> The approach attempts to create new rights in traditional knowledge more regularly considered under intellectual property law as part of the public domain—namely, traditional cultural rights and moral rights.

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144. See *Report of the Seventh Meeting of the Conference of the Parties to the Convention on Biological Diversity*, U.N. Environment Programme, Convention on Biological Diversity, at para 74, U.N. Doc. UNEP/CBD/COP/7/21 (2004), available at <http://www.biodiv.org/doc/meetings/cop/cop-07/official/cop-07-21-part1-en.pdf>.

145. *Id.*

146. See Decision VII/16(H), *Decisions Adopted by the Conference of Parties to the Convention on Biological Diversity at its Seventh Meeting*, Annex, U.N. Environment Programme, Convention on Biological Diversity, at 280-82, U.N. Doc. UNEP/CBD/COP/7/21 (2004), available at <http://www.biodiv.org/doc/decisions/COP-07-dec-en.pdf>.

147. International Treaty on Plant Genetic Resources for Food and Agriculture, opened for signature Nov. 3, 2001, entered into force June 2004, art. IX, at <ftp://ext-ftp.fao.org/ag/cgrfa/it/ITPGRe.pdf>.

148. *Id.*

149. Patent (Amendment) Rules, 2005, of the Ministry of Commerce and Industry, New Delhi, 28 Dec. 2004, entering into force Jan. 1, 2005, available at [http://www.laws4india.com/intellectual/patent/The%20Patents%20\(Amendments\)%20Rules%202005%20\(ENGLISH\).pdf](http://www.laws4india.com/intellectual/patent/The%20Patents%20(Amendments)%20Rules%202005%20(ENGLISH).pdf).

150. See Secretariat of the Pacific Community, Legal Protection of Traditional Knowledge and Expressions of Culture, at <http://www.spc.int/culture/activities%5Flegal.htm> (last updated Nov. 8, 2004) [hereinafter Legal Protection]. The Secretariat was founded by Australia, New Zealand, France, the United Kingdom, and the United States. Its member countries include American Samoa, Cook Islands, Federated States of Micronesia (FSM), Fiji Islands, French Polynesia, Guam, Kiribati, Marshall Islands, Nauru, New Caledonia, Niue, Northern Mariana Islands (CNMI), Palau, Papua New Guinea (PNG), Pitcairn Islands, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu, and Wallis and Futuna. See Secretariat of the Pacific Community, The Organization's History, at <http://www.spc.int/AC/history.htm> (last visited June 12, 2005).

151. See Legal Protection, *supra* note 150, ¶ 7.