INTELLECTUAL PROPERTY
BALTIC LEGAL UPDATE

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EU NEWS

Draft Directive on Audiovisual Media Services supported

The Commission in its Communication to the European Parliament of 18.10.2007 supported the second draft of the Audiovisual Media Services Directive ('the AVMS Directive'). The AVMS Directive aims at updating the Television without Frontiers Directive (Directive 89/552/EEC, as amended by Directive 97/36/EC) ('the TWF Directive').

In view of the developments in audiovisual technology as well as new trends in advertising, the AVMS Directive differently addresses such main issues as: (i) product placement, allowing placement of specific products in a defined range of programmes under specific rules, thus enabling commercial broadcasters to increase advertising revenue, (ii) the principle of country of origin, paying more attention to enforcing the rules of the country of the broadcaster's location, (iii) improvements to access by disabled people to media services, by putting special provisions into binding legislation, (iv) protection of children, establishing a special code of conduct and ensuring them higher protection, (v) frequency of commercial breaks.

The regulatory scope of the AVMS Directive will be extended if compared to the scope of the TWF Directive. The AVMS Directive will apply to all audiovisual media services, including "on-demand" services, which did not benefit from the internal market in matters regulated by the TWF Directive.

It is expected that the AVMS Directive will enter into force at the end of 2007 or the beginning of 2008 and will be implemented by Member States within two years.

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ECJ case law: absence of genuine use of a trade mark

On 14.06.2007 the ECJ adopted a preliminary ruling in case No. C 246/05 between Armin Häupl and Lidl Stiftung & Co. KG. The court addressed two questions: the meaning of "the date of completion of the registration procedure" and "proper reasons for non-use" of a mark in the light of First Council Directive 89/104/EEC of 21.12.1988 to approximate the laws of Member States relating to trade marks.

As for the first question, the Court stated that the "date of completion of the registration procedure" within the meaning of Article 10(1) of the First Council Directive must be determined in each Member State in accordance with the procedural rules on registration in force in that State.

Elaboration on the second question is of greater significance in this case and provides an interpretation of the meaning of "proper reasons for non-use" in view of Article 12(1) of the First Council Directive. The Court established that Article 12(1) must be interpreted as meaning that "proper reasons for non-use" are obstacles (i) having a direct relationship with a trade mark (ii) which make its use impossible or unreasonable and (iii) which are independent of the will of the proprietor of that mark.

The Court noted that that the obstacle concerned need not necessarily make use of a trade mark impossible in order to be regarded as having a sufficiently direct relationship with the trade mark, since that may also be the case where it makes its use unreasonable. If an obstacle is such as to seriously jeopardise appropriate use of the mark, its proprietor cannot reasonably be required to use it none the less, and "it does not appear reasonable to require the proprietor of a trade mark to change its corporate strategy in order to make the use of that mark none the less possible". Whether a change in the strategy of the undertaking to circumvent the obstacle under consideration would make use of that mark unreasonable must be assessed on a case-by-case basis and is the task of the national court or tribunal.

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ESTONIA

Movie script held to be copyright-protected work

The Estonian Supreme Court ruled in a recent copyright case on author's rights deriving from a movie script. Specifically, the court found that a movie script is in itself a copyright-protected work and does not merely form part of a copyright-protected movie. Thus the right to amend a script is the author's moral right and any amendments to the work are subject to the author's consent. The court also explained that if the author's moral rights are infringed, e.g. by way of amending a movie script without the author's consent, then the author is entitled to claim compensation for both non-patrimonial as well as material damage. In a situation where the author has already been paid a license fee for the script and assignment of economic rights to it, subsequent infringement of

author's moral rights does not entitle the author to demand a retroactive increase of the license fee. The court argued that there is no causal link between infringement of author's moral rights and an allegedly underpaid license fee.

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Guidelines for assessing the similarity of goods and/or services in trade mark infringement matters

The Supreme Court delivered a verdict in a recent trade mark infringement matter concerning assessment of similarity of services offered under disputed trade marks.

The plaintiff in this matter used the trade mark "K-RAUA" for designating its retail and wholesale services. In offering its own services, the respondent used the trade mark "K-RAUTA". Both the plaintiff and the respondent operated in the area of selling construction materials. The plaintiff's trade mark was a registered mark, whereas the respondent claimed its own trade mark to be a well-known mark. The court had to decide, based on the similarity of the relevant services, on whether the plaintiff's registered trade mark entitled the plaintiff to legal protection and consequent prohibition of the respondent from using the trade mark "K-RAUTA" in offering its own services.

The Supreme Court ruled that in assessing the similarity of services offered under the two marks in dispute, certain aspects have to be taken into account: namely, the price, value, characteristics, method of use, and end-users of the services. It is also important to evaluate general associations with the particular trade mark and the level of similarity. The court found that even existence of one of these aspects would be sufficient in order to hold the services to be similar. However, in order to apply legal protection under the Trade Marks Act, the competent court should, in determining the similarity of services, also assess the likelihood of confusion of the marks under which the services are offered.

The Supreme Court based its conclusions in this matter on a number of landmark cases of the European Court of Justice, such as Sabel v Puma, Rudolf Dassler Sport, and Canon Kabushiki Kaisha v Metro-Goldwyn Mayer Inc.

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Trade mark applications move on-line

The Estonian Patent Office has opened an Internet portal for registering trade mark applications. This development marks a new step towards simplifying trade mark application procedures, following the example set by the Estonian Electronic Commercial Register enabling company formation on-line. The technological evolution on both accounts depends on the well-founded Estonian system of digital signatures, which enable an applicant's identity to be verified.

Although this development further simplifies the trade mark registration process, we note that this novel possibility applies to Estonian-based persons only, because digital signatures in their current format are only recognized in the local jurisdiction.

Additionally, the Patent Office has introduced a free electronic database of utility models registered in Estonia, available for public use since September 2007. However, the data in the database are to be considered purely informative and cannot be relied upon for legal effect.

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LATVIA

Remuneration for photocopying of copyrighted works to be collected

Amendments to Latvian Copyright Law are soon to be passed by the Latvian parliament.

The amendments would require possessors of equipment for reprographic reproduction (photocopying) who provide photocopying services to third parties to pay remuneration for copying of copyrighted works to the authors and publishers, regardless of whether the service is paid or not.

So far, the Copyright Law provides that only manufacturers of equipment used for reprographic reproduction and persons who import such equipment into Latvia must pay such remuneration. The law stipulates that the amount of remuneration to be paid for reprographic reproduction, and the procedure for its collection and payment, shall be determined by Latvian Cabinet of Ministers. However, corresponding regulations of the Cabinet of Ministers were never passed. As a result, remuneration for photocopying of copyrighted works has so far not been collected in Latvia. This means, among other things, that so far Latvia has failed to implement Directive 2001/29/EC of the European Parliament and of the Council of 22.05.2001 on harmonisation of certain aspects of copyright and related rights in the information society.

Under the new amendments, possessors would have to enter into an agreement with the relevant copyright agency and pay them remuneration for photocopying copyrighted works. The copyright agency would be responsible for distributing to authors and publishers the remuneration collected.

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New requirements for patent applications

At the beginning of next year, a new legislative act establishing requirements for patent applications will come into force in Latvia.

Until now, Latvian patent legislation has provided no clear requirements regarding the form and content of patent applications. Applications were filed in free form and thereby failed to comply with international requirements. This created problems not only in the context of Latvia's international obligations in the field of patent law, but also in cases where applicants also wanted to file their applications in other countries.

The new Patent and Patent Application Regulations would state clear and strict rules to be observed when drafting patent applications. These rules would concern, e.g., the description of an invention, claims, and drawings. The regulations would also stipulate technical requirements as to distribution of text and drawings in applications.

Importantly, under the draft regulations the description of an invention must be clear and complete from the point of view of a person skilled in the art. For the purposes of the draft regulations, a person skilled in the art is a person having the required knowledge in the relevant field of engineering. It is assumed that this person has access to relevant technical means of general application, and has the means to perform experiments in order to put the invention into practice. If application of the invention concerns several fields of engineering, a person skilled in the art is considered a hypothetical person or group of persons having overall knowledge in all the relevant fields. This provision would contribute not only to patent registration but also to patent litigation by making it easier to evaluate and find a patent infringement by comparing patent claims.

Further, the regulations would govern the procedure for filing amendments to patent applications, filing divisional applications, providing authorizations, transfer of registered patents and patent applications, and filing translations of European patent claims.

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LITHUANIA

Law on Patents amended

Recently, instruments implementing the new version of the Law on Patents (as of 19.05.2007) came into force. The Law Amending the Law on Patents introduces two main changes.

First, Article 59-2 is supplemented and now introduces a fee for publishing a translation of applications for a European patent application. The Law on Patents provides that a European patent is granted temporary protection in Lithuania from the day of publication of translation of applications of the respective European patent application. To implement this amendment, Procedure EP/01/2006 for Filing European Patent Applications and for the Effects of European Patents in the Republic of Lithuania was amended accordingly as of 22.06.2007, while the Law on Fees for Registration of Industrial Property Objects of the Republic of Lithuania was amended as of 29.05.2007 to set the fee for publication at app. EUR 46 (LTL 160).

Second, new Article 38-1 is introduced in the Law on Patents regarding compulsory licensing of pharmaceutical patents. The new Article is aimed at efficient local implementation of Regulation (EC) No 816/2006 of the European Parliament and of the Council of 17.05.2006 on compulsory licensing of patents relating to the manufacture of pharmaceutical products for export to countries with public health problems. The amendment reflects the results of long discussions and negotiations between members of the World Trade Organisation (WTO) on balancing the public health interest of countries with insufficient or no manufacturing capacity in the pharmaceutical sector and the interests of IPR holders, and the compulsory license system created by the Decision on implementation of paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health adopted on 30.08.2003 by the WTO General Council.

From Lithuania, as an EU Member State, medicines under compulsory licence may only be exported to countries in need. Accordingly, the competent Lithuanian institution may only issue compulsory licences for export. The competent institution should be nominated by the Lithuanian Government in the near future. It is expected that the institution would be the Ministry of the Economy.

The EU has been a WTO member since 01.01.1995, and Lithuania since 31.05.2001.

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Anticipated accession to the Hague System of international registration of industrial designs

On 03.10.2007 the President of Lithuania sent the Geneva Act of the Hague Agreement Concerning the International Deposit of Industrial Designs to the Lithuanian Parliament for ratification.

The Geneva Act, adopted in 1999, is one of the acts constituting the Hague System of international registration of industrial designs. The Hague System applies among countries party to the Hague Agreement.

The Hague System enables the owner of an industrial design to protect the design in several countries by filing one application with the International Bureau of WIPO in one language and paying the set of fees in one currency (Swiss Francs). The Geneva Act of the Hague Agreement simplifies maintenance of validity and transfer of design procedures, thus allowing design owners to save on costs. Until now, industrial designs in Lithuania could be protected either by national registration under the Lithuanian Law on Design or by Community Design registration under Council Regulation No. 6/2002 on Community Designs.

In view of anticipated ratification, on 11.09.2007 a draft Law Amending and Supplementing the Law on Design of the Republic of Lithuania was sent to the Parliament for consideration and adoption. The draft law introduces changes needed for proper adoption of the Hague System. Another novelty in the law would enable the applicant to postpone publication of registration up to 30 months. The draft law also simplifies the power of attorney requirements for an applicant's representative.

Estonia and Latvia have been members of the Hague System since 23.12.2003 and 26.07.2005 respectively. The European Community is joining the Hague System from 01.01.2008 in accordance with Council Decision 2006/954/EB.

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OTHER

Increase in .com and .net domain name fees

Announced on 15.04.2007, increase in .com and .net Domain Name Fees took place on 15.10.2007.

The basic registry fee for .com domain names was increased from $6.00 to $6.42, while the registry fee for .net domain names was increased from $3.50 to $3.85. This is the first registry fee increase for .com and .net since the fee structure was put in place by the Internet Corporation for Assigned Names and Numbers (ICANN) in 1999. The increase was justified by the aim of upgrading existing DNS systems and to install infrastructure that can help defend against cyber attacks.

Due to the increase of basic fees, a number of domain registrars, including those operating in the Baltics, increased their fees as well.

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Contributed by Triin Toomemets, Estonia; Inese Rendeniece, Latvia; Renata Berzanskiene, Vyte Danileviciute, Ieva Rasimaviciute, Lithuania. Edited by Renata Berzanskiene, Lithuania.

A WORD OF ADVICE

Converting a Community trade mark into a National trade mark

Currently, interest is growing in using the possibility made feasible by Council Regulation (EC) No 40/94 of 20.12.1993 on the Community trade mark (Community Trade Mark Regulation, CTMR) to convert a Community trade mark (CTM) registration or application into a national filing in any Member State.

This option can be used in order to preserve certain rights acquired by filing a CTM application in cases when registration of a CTM is refused. Registration can be refused as not meeting the requirements for CTM established by the CTMR (for example, it turns out that the applied trade mark consists exclusively of a word which has become customary in a language of any Member State, or the trade mark is contrary to public policy in any Member State) or as a result of opposition proceedings initiated by the proprietor of an identical or similar well known trademark or national trade mark registered earlier, or the applicant for registration of an identical or similar national trademark. These obstacles to registration of a CTM are often difficult to identify prior to filing a trade mark application. Absent the possibility to convert, the applicant would be required to file entirely new applications under the national procedures of the Member States where no obstacles to registration of the particular trade mark exist and would "lose" the date of filing of the CTM application. This is important in terms of protecting an applicant's rights to a trade mark acquired as of the application date.

An already-registered CTM can also be converted into a trade mark application under the national procedure in any Member State if the proprietor of the CTM has missed the deadline for renewing the trade mark. Additionally in this case, a national filing made on the basis of conversion would retain the filing date of the CTM application.

The benefit of conversion also lies in the fact that a national filing made on the basis of conversion retains the same priority and seniority, where applicable, as the related CTM registration or application. If a CTM application has been accorded priority, this means that it has been filed as a subsequent application to an earlier identical national or international filing. According to trade mark law, applicants have exclusive rights to file identical trade mark applications to those filed in one contracting state of the Paris Convention also in other contracting states or as a CTM for a period of six months following the date of first filing. The effect of priority is that the date of priority (date of first filing) counts as the date of filing the CTM, thus further extending retroactively the date of national filing made on the basis of conversion (up to six months prior to actual filing for a CTM to be converted). Retaining seniority of a CTM in the context of conversion means that if an identical international trade mark is registered for the Member State in which the conversion takes place and this is reflected in the initial CTM application, then the rights of the owner of the converted trade mark in that Member State would be protected as of the date of international registration.

The conversion procedure involves filing a conversion request with the CTM registration authority (EU Office for Harmonization in the Internal Market) within three months after refusal or failure to renew a CTM. The conversion request must indicate the Member State in which the CTM or trade mark application should be converted. In addition, some simple requirements of the respective national trade mark registration authority must be complied with (e.g. filing a translation of the conversion request in the national language of the relevant Member State). Additionally, national fees must be paid. For instance, the application fee in Latvia for one class of goods/services is LVL 60 (app. EUR 85). Upon registration of a converted trade mark in Latvia, the applicant would have to pay a registration fee of LVL 65 (app. EUR 92).

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Trade in original works of art in Lithuania

The amendment to the provision of the Law on Copyright establishing the right of the author to a share in the returns from the resale of an original work of art (or original manuscript) was adopted almost year ago; however, the practical application of it is still remains not clear.

Following the provision of the Law on Copyright, the author has an unwaivable right to a share in the returns from each sale of an original work of art or an original manuscript of a literary or musical work, when the sale takes place subsequent to the first transfer of the right of ownership in the work by the author himself. The remuneration must be paid if the price of the sold work of art or original manuscript after taxes is not less than EUR 300. The Law on Copyright establishes also the remuneration proportion which is calculated in accordance with the sum paid for the original work of art; however, following the established proportion the calculated remuneration cannot exceed the sum equal to EUR 12,500. The right to a share is applicable to each resale of the original work of art if the sale is executed through art salons, art galleries, museums, antiquarians, art auctions organizers, other persons involved in the selling of the art works and activities related. The responsibility to pay such remuneration to the author rests upon the sellers, also the agents or sales representatives.

Nevertheless, the provisions of the Law on Copyright do not establish more detailed criteria of execution of it, also there is no certain practice, thus it is advisable to conclude written agreements while purchasing original works of art. It is also advisable to regulate in the purchase agreement that it is the purchaser's responsibility to pay the remuneration to the author, especially if the purchased work of art has great value.

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NEWS IN SORAINEN

Recent deals

Representing YouTube LLC in pan-Baltic trade mark infringement dispute
Representing YouTube LLC – the leader in online video – in a pan-Baltic trade mark infringement dispute where local companies had registered the domains youtube.ee, youtube.lv, youtube.lt without the proprietor's consent and offered on their websites services identical to services associated with the YouTube trademark. We succeeded in having the domain name transferred to our client without resorting to litigation. The case was handled by senior associate Triin Toomemets and associate Anneliis Lett in Estonia, partner Agris Repps and associate Inese Rendeniece in Latvia and partner Renata Berzanskiene and legal assistant Vyte Danileviciute in Lithuania.

Advising largest global producer of generic drugs in pan-Baltic patent disputes
Advising the world's largest producer of generic drugs regarding patent disputes in the Baltics as well as assisting in other pharmaceutical patent law matters related to cases including study of court decisions on pharmaceutical patents and patents in general, as well as decisions of various state authorities involved in the registration of patents or medicines. The Estonian aspect was handled by senior associate Triin Toomemets and associate Mart Angerjarv, the Latvian by partner Agris Repps and associate Inese Rendeniece, and the Lithuanian by partner Renata Berzanskiene and legal assistant Vyte Danileviciute.

Assisting PKN ORLEN S.A. in launch of new Baltic petrol stations trade mark
Advising the leader in the Central and Eastern Europe oil market on launch of new Baltic trade mark for petrol stations. The advice involved consultation on the use of state symbol in trademarks. Vilnius office partner Renata Berzanskiene headed the case, which also involved senior associate Triin Toomemets, associate Ieva Berzina-Andersone, and legal assistant Vyte Danileviciute from Tallinn, Riga, and Vilnius offices respectively.

Representing Playboy Enterprises International, Inc. in trade mark infringement case
Tallinn office represented Playboy Enterprises International, Inc. In a trade mark infringement case where an unauthorised Estonian reseller was trying to create the impression of a store being an official outlet for Playboy products. The case was successfully settled and all infringing activities stopped without resorting to litigation. The client was advised by partner Carri Ginter and senior associate Triin Toomemets.

Representing Gulf International Lubricants Ltd in trademark infringement claim
Assisting major global oil company Gulf International Lubricants Ltd in a trademark infringement claim against unauthorised local resellers in Estonia. In a landmark judgment, the Estonian Supreme Court recognized for the first time that a trademark proprietor is entitled to prohibit the use of its trademark in a domain name of a third person. After the Supreme Court victory, the lower courts ruled in favor of the client on all grounds, including domains and other infringing activities. The client was advised by partner Carri Ginter and senior associate Triin Toomemets.

Acting for Jukkola Food Oy in dispute with Latvian dairy producer
Acting for Jukkola Food Oy, the Finnish dairy producer, with respect to a dispute with a Latvian dairy producer. The dispute concerned licensing of know-how and unpaid compensation under a licensing agreement. After substantial pressure, the opponent agreed to pay licence fees and entered into a new agreement for know-how licensing, which secures our client's position. Finally we prepared a new licensing contract for the client to launch their product in other European countries. The case was handled by Riga office associates Inese Rendeniece and Ieva Berzina-Andersone.

Advising in copyright dispute regarding software platform for Latvian court information system and Companies Registry
Riga office represents the Latvian Court Administration Agency of the Ministry of Justice and the Companies Registry in a copyright dispute regarding software on which the Latvian court information system and Companies Registry is based. We successfully rebutted the claimant's attempts to obtain significant know-how and software information. The court decision secured important IT information as evidence. The case is handled by partner Agris Repss.

A case of illegal distribution of lawn tractors in Latvia
Riga office acted for a client of Haver & Mailänder Rechtsanvalt and assisted MTD Products Aktiengesellschaft AG in a case concerning unfair competition, consumer protection, and trade mark protection due to grey imports of lawn tractors produced by MTD. We managed to stop distribution and sale of these products imported into Latvia and to negotiate an agreement with the local seller that they will stop selling lawn tractors in Latvia. The case was led by partner Agris Repss.

Advising Sodra Latvia in protecting business name
Advising Sodra Latvia in matters related to protecting its business name. We prepared an opinion on available remedies and a strategy for the client against an infringer who had registered a similar trademark. The client was advised by associate Ieva Berzina-Andersone.

Advising in transfer of SUPERNETTO trademark
Advising Kesko Oyj, a Finish retail company operating in the Nordic, Baltic, and Russian regions, on transfer of the SUPERNETTO trademark to ICA Baltic AB. The case was handled by Riga office senior associate Brigita Terauda.

Assisting in Project for creating Lithuanian trade mark
Assisting DDB Vilnius – Lithuania's leading advertising agency - in a Project for creating a Lithuanian trade mark, including evaluating legal issues concerning tender and certain aspects of similarity of trade marks. We also advised the client on a number of agreements on advertising video clips, labels, and other intellectual property matters. Partners Renata Berzanskiene and legal assistant Vyte Danileviciute were involved.

Employees

Inese Rendeniece joined Sorainen Riga office in May 2007 as an associate. Her key areas of expertise are Intellectual Property Law and Finance & Securities. Before Sorainen, she worked as an associate in the law firm Loze, Grunte & Cers for five years and has substantial work experience with international clients from the financial market sector as well as in trademark and other intellectual property matters. She graduated from the Riga Graduate School of Law (LL.M in International and European Law) and Concordia International University Estonia (LL.B.).

Our team now includes a patent agent
To raise our IP practice to a new level of excellence and improve the efficiency of client service, Tallinn office has employed patent agent **Indrek Eelmets**. Mr. Eelmets is an expert in intellectual property law at our Tallinn office, specialising in the field of trademarks, domain names, industrial designs, copyright, and geographical indications. Before joining Sorainen in October 2007, he worked with Patent and Trade-mark Agency Lasvet. Mr. Eelmets is an Estonian and European Trademark Attorney entitled to practice before the Estonian Patent Office, the Board of Appeal of Industrial Property, and in Community trademark and design matters before the Office for Harmonization in the Internal Market. During his seven years of practice he has represented clients in domestic and international trademark matters in trademark and industrial design disputes in courts and in anti-counter-feiting matters.