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Trade-mark case law at the ECJ

Legal and Regulatory Update

This section of the Journal looks at marketing, data protection, technology and ecommerce issues, providing an overview of recent key legal developments in these areas.

So you have a bit of a reputation

Toby Headdon

Journal of Direct, Data and Digital Marketing Practice (2009) **10**, 365–368.
doi:10.1057/dddmp.2009.9

The European Court of Justice (ECJ) has provided useful guidance on factors relevant in determining whether a well-known trademark has been harmed because someone else has used an identical or similar mark, but in relation to different goods/services (Intel Corporation Ltd v CPM United Kingdom Ltd (Case C-252/07)). Its decision is of considerable relevance to owners of well-known trademarks.

Under UK and EC law, well-known trademarks are protected against the use of other marks which cause, or are seriously likely to cause, detriment to or take unfair advantage of their distinctive character or repute (sometimes referred to as dilution and tarnishment of the brand).

The ECJ explained that in such cases it is necessary to demonstrate that the ‘relevant section of the public’ would make a ‘connection’ between the later mark and the well-known mark and that ‘harm’ would occur. In summary:

- The relevant section of the public depends upon the harm under consideration. For ‘detriment’ harm, it is the average (reasonably well-informed, observant and circumspect) consumers of goods/services covered by the well-known mark. For ‘unfair advantage’ harm it is the average consumers but of goods/services covered by the later mark.
- The connection is assessed globally taking into account all factors relevant to the circumstances. The ECJ set out a list of some of these factors that it felt would be relevant to this global assessment.
- Establishing a connection is not enough. It must be shown that the well-known mark has been, or is seriously likely to be, harmed. The harm element is also assessed globally, taking into account all factors relevant to the circumstances. In particular, the ECJ

suggested that to prove detriment to the distinctive character of a well-known mark, evidence is required of a change/serious likelihood of a change in the economic behaviour of the average consumer (although it is not necessary to show that the owner of the later mark gained any commercial benefit from its similarity to the well-known mark).

From a practical point of view this case is likely to present difficulties to owners of well-known trademarks. It is easy to allege that harm is seriously likely to occur, but harder to prove this. It is also easy to envisage many reasons why an average consumer would change their economic behaviour (particularly in the current economic climate) and so establishing that such a change is attributable to use of the later mark is likely to present a significant evidential barrier.

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Pulling the plug on a supplier? Check the contract first

Jonathan Dickson

Termination of contracts

The High Court has just given a useful reminder into the dangers of terminating a contract without checking it carefully first.

Marks and Spencer (M&S) decided to terminate a software support agreement with one of their suppliers, Data Direct. Unfortunately, they misinterpreted the notice they had to give to Data Direct in order to terminate. Data Direct claimed that no effective termination had occurred, and sued M&S for a year's maintenance fees (around £136,000). The High Court agreed with Data Direct's interpretation and awarded damages against M&S.

Particularly in the current climate, when customers are frequently trying to pull the plug on contracts and suppliers are trying their hardest to stop them, it is vital to look at the agreement to work out the correct way of terminating. This needs considering in good time — often there is a cut-off date which, if missed, ties the customer in for another year. It's also worth having a think, before signing up to an agreement, whether you'd be happy for it to automatically 'roll over' for another year unless terminated, or whether you'd rather the onus be placed on you to extend it for a further term.

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More guidance on internet defamation

Ian De Freitas

In *Carrie v Tolkien* (15 January 2009) two key questions arose: if a Claimant fails to remove a defamatory posting from his own blog site, can he complain about its continuing publication? Where the posting only appeared on the Claimant's blog site for a few hours before he discovered it, can he bring a claim for that?

In answering these questions, Mr Justice Eady ruled that once the Claimant was aware of the posting to his blog and failed to remove it then he consented to its continuing publication. No claim could be brought in this respect. In reaching this conclusion the Judge noted that there was no dispute that the Claimant had it within his power to remove the posting.

Dealing with the second question, the Judge held that the posting had appeared on the blog site for just over four hours, at most, before the Claimant saw it. He said the Claimant had produced no evidence that anyone had viewed the posting, despite the site being under the control of the Claimant. Therefore, there was insufficient evidence of anything other than minimal (if any) publication.

Accordingly, the claim was struck out.

The lessons from this case are clear for anyone operating a website where third parties post defamatory material about the operator — remove that material as soon as you see it. In relation to publication that has taken place up to that point, retain any evidence that you have demonstrating that other people have seen it (eg further discussion on the topic or hits to the relevant page). Do not assume that the court will simply infer that there must have been publication to third parties.

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Government publishes draft Payment Services Regulations

Alex Lundie

On 10 February, the Government published the Payment Services Regulations 2009, which are due to enter force on 2 March 2009 (with the regulatory regime to be established by 1 November 2009).

The impact of the Payment Services Regulations will extend to all users of payment services. Payment services include credit and debit cards, direct debits, standing orders, electronic money, online auction

houses and money remittance — in short, the Regulations will affect many businesses and how they trade with customers.

The Regulations are the final chapter in the long-awaited implementation of the European Union (EU) Payment Services Directive, which is intended to deliver greater competition, efficiency gains and innovation in payment services markets across the EU. Making payment services more efficient (therefore cheaper) and more certain is intended to further help trade in Member States.

The Regulations establish a category of business known as ‘payment institutions’, these are payment services providers that are not banks or building societies or electronic money issuers. Payment institutions will include certain money transmitters, companies providing bill payment services, ATM operators and mobile phone operators.

The Regulations have three main components:

- an authorisation regime for payment institutions (other than banks and credit institutions) including a ‘single passport’ right enabling payment institutions authorised in one member state to operate in other member states without the need to comply with additional licensing requirements;
- conduct of business rules for all payment providers and customers, which set out the rights and obligations of both parties. These rules will require payment services providers to provide customers with specified information on transactions to help build trust in payment systems and enable customers to use different payment systems with confidence; and
- measures to ensure equal access to payment systems.

The Regulations include a separate light touch regime for small payment service providers making payment transactions of less than £3 million per month.

The Financial Services Authority (FSA) is due to issue guidance on the application of the Regulations in the near future.

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