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Intellectual Property and Entertainment Law

Newsletter of the International Bar Association Legal Practice Division

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IBA 2016 18–23 SEPTEMBER WASHINGTON DC

The 2016 IBA Annual Conference will be held in Washington DC, home to the federal government of the USA and the three branches of US government – Congress, the President and the Supreme Court. Washington DC is also an important centre for international organisations and is home to the International Monetary Fund and the World Bank. As well as being the political centre of the USA, Washington DC is home to some spectacular museums and iconic monuments clustered around the National Mall.

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This newsletter is intended to provide general information regarding recent developments in intellectual property and entertainment law. The views expressed are not necessarily those of the International Bar Association.



From the Co-Chairs

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Dear members of the IP and Entertainment Law Committee, we hope that our new mid-year newsletter finds you all well.

As promised in our last newsletter in December 2015 we have picked up on many suggestions from you to have at least three Committee newsletters per year, instead of just one prior to the Annual Conference.

We hope that helps all of us to stay up to speed with IP and Entertainment law developments around the world, and to share our expertise and experience within the IP and Entertainment Law Committee.

Your contributions

Please find in this newsletter contributions from around the world, from Brazil, Italy, Japan, Mexico, Spain and the US, to name a few.

A warm thank you to all contributors for sharing their insights and knowhow with us.

And to all of you who have something to share with us and all members of our Committee, please feel encouraged to send your contributions for the September newsletter, just in time for the Annual Conference which this year will take place in Washington, DC. Please send what you want to share directly to our Newsletter Editor Caroline Berube (cberube@hymasialaw.com).

Word Life Science Conference

The 4th Annual IBA World Life Science Conference was a two day IBA conference, primarily organised by current and former officers of the IP and Entertainment Law Committee. So, it's no surprise that a substantial part of the conference topics were somewhat IP-related.

The conference took place in San Francisco, USA from 3–4 June 2016. Please see www.ibanet.org/Conferences/conf702.aspx for details.

If you have any questions about the conference, please do contact the organisers, Bill Bunker (bill.bunker@knobbe.com) and Özge Atılgan Karakulak (ozge.atilgan@gun.av.tr) who did an excellent job. This may well be a good opportunity to establish contacts

in view of the 5th Annual IBA World Life Science Conference.

Preparation for the IBA Annual Conference in Washington, DC

Although the next IBA Annual Conference to be held in Washington, DC from 18–23 September 2016 still seems somewhat far away, the IP and Entertainment Law Committee officers are already heavily involved in preparatory work.

Round table topics

As in previous years, we will have a round table discussion session on the Monday morning of the Annual Conference week. This will give you a chance to discuss in small groups what is topical in the world of IP – and as we are joining forces with the Technology and the Communication Committees – what is topical in the tech and communication world, at least from the perspective of representatives of the legal profession.

If you would like to join the round table discussions, pencil Monday 18 September 2016 (10.45–12.30) into your diary and come along. If you feel that more involvement would be the right thing for you, ie if you would like to moderate a round table discussion, please drop Chris Jordan, Committee Co-Chair and our programme officer (cjordan@davies.com.au) a line and let us have your CV plus a short description of your expertise and field of interest. There is no guarantee that we can involve you right away, but we will certainly try and it will help us to get in touch.

Washington, DC session: speaking opportunities

Please do have a look at the preliminary programme of Annual Conference. As you will see on p 41, the above-mentioned round table discussion is not the only interesting session which you should come to. There are an additional eight sessions that we are either organising or supporting, together with our fellow IBA Committees.

A number of our Committee officers (in particular our Sub-Committees' Chairs and Co-Chairs) are organising these sessions. Please note that there may still be a few speaker slots available. Therefore, if you are interested in speaking at the Annual Conference this year, or other future annual or more specialised IBA conferences with an IP angle/focus, please get in touch with us. Again, do drop us a line and send us your

CV with a short description of your expertise and field of interest. We will see how we can involve you. The right person to contact is Chris Jordan, Committee Co-Chair and our programme officer (cjordan@davies.com.au).

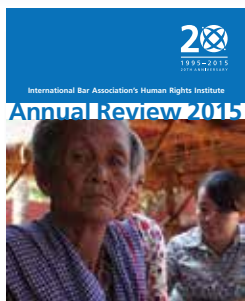
This is all for the moment. Now, please take your time to read through and enjoy this IP Committee Newsletter and let us get or stay in touch!

The International Bar Association's Human Rights Institute

The International Bar Association's Human Rights Institute (IBAHRI), established in 1995, works to promote and protect human rights and the independence of the legal profession worldwide. The IBAHRI undertakes training for lawyers and judges, capacity building programmes with bar associations and law societies, and conducts high-level fact-finding missions and trial observations. The IBAHRI liaises closely with international and regional human rights organisations, producing news releases and publications to highlight issues of concern to worldwide media.



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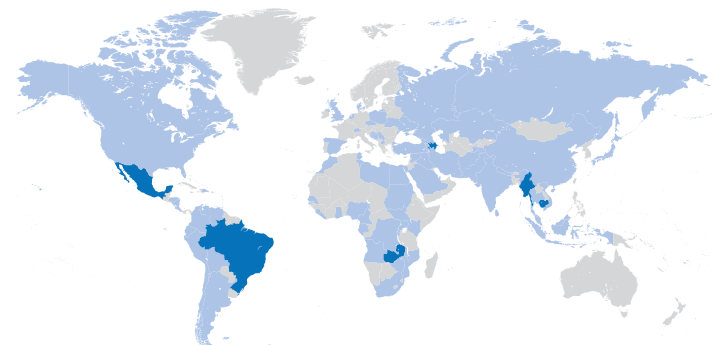


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To read more on IBAHRI activities, download the IBAHRI Annual Review 2015 at <http://tinyurl.com/IBAHRI-AnnualReview2015>.



Our work around the world

 Work carried out in 2015  Work carried out prior to 2015





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IBA 2016 18–23 SEPTEMBER
WASHINGTON DC

ANNUAL CONFERENCE OF THE INTERNATIONAL BAR ASSOCIATION

IP and Entertainment Law Committee sessions

Monday 1045 – 1230

Around the tables, breakfast and a taste of hot topics in the Intellectual Property, Communications and Technology Section

Presented by the Intellectual Property, Communications and Technology Section

The format is interactive networking, and topics are selected to be of current interest and likely to stimulate a lively debate. Moderators on each table introduce the topic and the participants do the rest.

Background knowledge or experience within the areas for discussion is not required. You will have the opportunity to discuss four topics: at scheduled turnover times the participants move around the tables to the next topic of their choice.

Our menu will include hot and 'late breaking' topics in the areas of intellectual property law, internet law and mobile technologies, technology contracting and dispute resolution, arts law and space law.

The discussion is usually around the interface between law, business and technology with a global focus. Many topics for discussion are often the subject of considerable topic and media interest and this will be the case again. By participating in the table topics you will gain a greater insight into these areas and be able to add your own comments. In addition, a 'degustation' breakfast buffet will be hosted in the room so that no time is wasted for those who want to boost their energy levels before or during the session. The session will provide you with a great opportunity to meet many other lawyers and discuss topics of mutual interest with them: don't forget your business cards. We welcome new participants in these discussions. We will also be soliciting your views about your areas of interest and other suggestions, to enable the Section to programme future activities accordingly.

Monday 1430 – 1730

Digital life after death. Now is the time to think about your post-mortem digital assets

Presented by the Intellectual Property, Communications and Technology Section

Facebook mortality is currently running at about 300,000 per month. This is just one facet of a much bigger issue. Many people now use various cloud and social media platforms as the primary, indeed often exclusive, repositories for their correspondence, photos, music, documents and other materials with actual or potential value.

From a legal perspective, in addition to specific inheritance or succession considerations, disputes are likely due to inconsistent IP treatment

of offline and online content. Physical copies of books and musical recordings that are sold and can then be transferred to others, whereas e-books and online music are generally subject to limited licences.

The terms of service of many cloud providers typically restrict or prohibit transfers of content and even disclosure of passwords to third parties such as next-of-kin or executors and trustees.

Moreover, due to the commingling of information about deceased and living individuals, digital assets will also give rise to complex privacy and data protection issues.

This session will address not only the legal challenges but will also explore possible solutions, including the emergence of digital memorialisation services and potential roles for commercial 'digital registrars' as well as individual agency arrangements relating to online content.

Tuesday 1045 – 1200

See you later, arbitrator! Is arbitration a suitable alternative to resolve intellectual property disputes?

Presented by the Arbitration Committee and the Intellectual Property and Entertainment Law Committee

There appears to be an increase in the number of IP disputes that are resolved by arbitration. What makes that way so attractive? Are there obstacles to overcome, in particular regarding jurisdiction and public policy? Are certain disputes better handled by state courts? What is the perspective of the users from the industry? Have the recent modifications of various arbitration rules (including WIPO) brought some helpful features that make arbitration even more attractive? Arbitrators and counsel specialising in intellectual property as well as in-house counsel frequently dealing with IP disputes will try to give their answers to these questions.

Tuesday 1045 – 1230

Money for old rope: obtaining and enforcing patents relating to new uses of known products

Presented by the Intellectual Property and Entertainment Law Committee

The issue of obtaining and enforcing patents for new uses of known products is a controversial one. On one side of the argument, those opposed to the grant of such patents say that new patent protection should not be given to known products. On the other side of the debate,

Continued overleaf ➔



those seeking such patents say that they are entitled to protection in circumstances where they have invested heavily in investigating and developing new uses for known products and have spent vast sums of money obtaining regulatory approval to market such products.

The other significant challenge relating to patents for new uses of known products is the enforcement of such patents. Generally speaking, the manufacture alone of a product covered by a 'new use' patent will not infringe that patent. It is only when the product is put to the patented use that an infringement occurs. This presents a range of enforcement challenges, including issues associated with identifying infringers and taking action for indirect and contributory infringement.

This session will discuss the competing interests and viewpoints in relation to this very topical issue.

Wednesday 1045 – 1230

Champagne from New York, mon Dieu, quelle horreur

Presented by the Intellectual Property and Entertainment Law Committee and the International Sales Committee

Proponents of strong protection for geographical indications have long believed that geographical indications act as an indicator that a product has particular characteristics or qualities due to the origin of that product. Those proponents have fought hard to protect geographic indications through the use of international treaties and other means.

Opponents to the protection of geographic indications say that many names of products that are said to be geographic indications are in fact generic descriptors of particular types of products. Some also say that whilst agricultural products and their direct derivatives may be entitled to be protected as geographic indications that the system of protecting geographical indications goes too far when it protects manufactured goods.

This session will examine 'Made in...' product labelling and geographical indication protection in cross-border sales transactions. It promises to be a lively debate between those in favour of protecting geographic indications for both agricultural and manufactured goods and those who believe that geographic indications should not be protected, or should at least not be protected in relation to manufactured goods.

Wednesday 1430 – 1730

The brave new world, doing more (or at least as much) with less. Challenges facing intellectual property, in-house counsel and outside counsel in the world of smaller budgets (but with the business wanting the same outcomes)

Presented by the Intellectual Property and Entertainment Law Committee and the Asia Pacific Regional Forum

Intellectual property in-house counsel balance a competing set of priorities: they must manage, enhance and protect their companies' IP to drive overall shareholder value and maintain their companies' competitive edge. At the same time, in-house counsel must achieve aggressive cost savings and continually demonstrate their value to the organisation. In addition, they must balance all these priorities in an increasingly complex global IP legal landscape of trademarks, patents, copyrights, rights of publicity and trade secrets.

Our panel of in-house and outside IP counsel will discuss:

- how in-house counsel can manage these challenges through internal

tools and resources that scale and by effective cost management;

- how in-house counsel can cultivate closer partnerships with their business stakeholders by demonstrating a return on the company's investment in IP;
- how outside counsel can partner with their in-house clients to deliver practical, cost-effective advice and assistance; and
- what mechanisms outside counsel can create for their in-house clients to manage, enhance, and protect those companies' IP.

Thursday 1045 – 1230

Sell me your data: sales, protection and commercial exploitation of databases in cross-border transactions

Presented by the International Sales Committee, the Healthcare and Life Sciences Law Committee, the Intellectual Property and Entertainment Law Committee and the Technology Law Committee

Databases and big data are of central importance in the global information society. Huge amounts of data are more easily accessible due to improvements in electronic access to information and global communications. This session will deal with the protection and possible exploitation of databases at national and international level, as well as regulations and contracts regarding the sales of databases and related commercial aspects.

Thursday 1045 – 1230

The antitrust/intellectual property interface: how are courts and competition authorities around the world are dealing with standard essential patents and FRAND commitments?

Presented by the Antitrust Committee, and the Intellectual Property and Entertainment Law Committee

This programme will consider recent developments in antitrust issues raised by SEP and FRAND and how these issues are addressing the interplay, including the European Court of Justice decision in *ZTE v Huawei*.

Thursday 1430 – 1730

Throwing the baby out with the bath water: old and new challenges associated with protecting confidential, secret and proprietary information

Presented by the Intellectual Property and Entertainment Law Committee and the International Franchising Committee

Protecting confidential information, trade secrets, know-how and proprietary information has always been challenging. These challenges have included problems in identifying the information said to be secret (and establishing that it is secret) as well as seeking redress for misuse without disclosing what is sought to be protected.

New issues in relation to the protection of confidential information, trade secrets, know-how and proprietary information have arisen as a result of the EU Trade Secrets Directive and the Trade Secrets provisions of the Trans-Pacific Partnership and proposed Transatlantic Trade and Investment Partnership.

This session will look at these old and new issues relating to confidential information, trade secrets, know-how and proprietary information, including how entities manage this type of information (including the concept of confidentiality clubs), and what to do when everything goes wrong and there is an actual or threatened misuse.

FEATURES

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Fight against counterfeiting: Italian criminal case against counterfeiting of the brand

Introduction

Counterfeiting is a pervasive, global activity often conducted and controlled by criminal networks and it affects all business sectors, from clothing to pharmaceuticals and cosmetics, food, design items, toys and mechanics.

In this sense, counterfeiting not only alters the rules of operations of the competitive market to the detriment of companies which operate legally, but also represents a major risk to the health and safety of all consumers.

Counterfeiting also damages the economy as a whole since it deprives people of employment and the government of tax revenues.

To make a final summary, it is obviously recognised that the juridical preservation for the intellectual propriety of those forms of products which, in view of their originalities and well-known characteristics, have an immediate impact on the consumer as being a distinctive mark.

Counterfeiting of the brand registered by BIC: an Italian criminal case

Italian customs office supervisors, during their regular controls, noticed that a container coming from China and destined for an Italian company contained a great amount of ballpoint pens, which slavishly reproduce the form brand regularly registered by BIC, and specifically the CRISTAL ballpoint pens model.

Following this, the customs office supervisors introduced new controls on the brand and the model of the ballpoint pens as mentioned above, and informing, following Regulation CE 22/07/2003 No 1383, BIC company, which is the exclusive owner and licensee of the brand, on the finding of the counterfeited goods.

A BIC brand expert then carried out a cross-examination on a sample of the goods taken at the customs office and reported the following conclusion:

‘The goods I have examined are to be reported in terms of counterfeited material, as they illegally reproduce the qualifying elements of the BIC Cristal ballpoint pens (as an example, plastic-shaped frame and measures similar to the original products), which constitute the object of the internationally-shaped brand as well as the BIC SA society’s community brand, which BIC is the Italian subsidiary and the exclusive distributor for Italy. These products can be clearly confused with those of BIC’s. The reproduction form methods, in fact, are done in such a way to deceive the purchaser on the origin, source and authenticity of the product’.

In view of this, the customs office proceeded with the seizure of the goods kept in the container mentioned above carrying 129,600 ballpoint pens, whose model and shape are similar to those registered by BIC. Following the above mentioned facts, it undoubtedly emerges the counterfeiting of the brand form which is regularly registered by the BIC Company and the subsistence of the criminal act as reported in Article 474 of the Criminal Code.

In regard to this, we would like to point out that the main branch of the BIC Company – whose well-known reputation cannot be challenged – is the holder of the rights on the internationally-shaped brand no 637977, registered on 14 June 1995 and on the community-shaped brand no 0483453, registered on 11 April 2000, whose object is BIC ‘Cristal’ ballpoint pens, as well as the community figurative brand no 415067 registered on 3 March 2007.



As it is clearly shown in the patents mentioned above, the object of the registration and the safeguard is a 'shape brand', characterised by a hexagonal-shaped exterior case (in a plastic-made stem), a black-pointed cap and a small stud set in the lower part having the same colour as the cap.

Italian Supreme Court decisions

The Supreme Court has recently strongly confirmed that 'the safeguard of the form-brand, if it could have raised some doubts under the previous law concerning the safeguard of brands (RD n 929 del 1942), does not give rise to any doubts after the Code of the Industrial ownership has come into force, adopted with DLgs n 30 of 2005, as Art 7 includes even this kind of brand among those which can be registered' (sentence n 22050, 27 May 2009).

Consequently, according to the Supreme Court, when the brand form registration has taken place, that is to say if that brand which is clearly stated in the 'external characteristics bearing personalised effectiveness elements, and that is to say, able, by virtue of their distinctive capacity, to link the product to a certain company' (Sentence by the Supreme Court n 3478, 12 February 2009), 'must carry out the privacy laws as stated in the criminal code and must, thus, criminally sanction the conducts of slavish reproduction of the 'brand-form' registered [which is] meant to deceive the public domain'.

As stated by the law, 'the shape form of the Coca Cola or Campari bottle, the form of a bar of chocolate, the materials used by Vuitton, Gucci for their various products, are brands as they have a distinctive function and are, in a certain way, visible qualities of the product'.

The registering of the trademarks is expressly recognised even on a community level (Article 4 Regulation 40/94 CE on the community trademark), in which the form acquires – as is the case – a distinctive capacity.

To make a final summary, it is obviously recognised that the juridical preservation as for the intellectual propriety of those forms of products which, in view of their originalities and well-known characteristics, have an

immediate impact on the consumer as being a distinctive mark.

The three-dimensional trademark registered by BIC, as mentioned above, undoubtedly bears some characteristics of originality which make it a real distinctive mark, so that the real shape of that ballpoint pen is immediately linked to the manufacturer by the public domain.

As for the case mentioned, the ballpoint pens seized had been manufactured bearing certain characteristics meant to give the same visual impression as one may get when examining an original BIC product (in other words, they have the same brand form).

The crime as stated in Article 648 of the Criminal Code

On this matter it is worth stressing the fact that the correct reception of the counterfeited seized goods gives the defendant good ground for being charged for the crime as per Article 648 of the Criminal Code.

The United Sections of the Supreme Criminal Court (The Supreme Court SU, 9 May 2001, Ndiaye Papa) have clearly established that 'then handling of stolen goods can be outlined as for the conduct it has and as per the counterfeited signs or trademarks, establishing between the two cases a concurrence of crimes'. In fact:

'the two conducts ontologically, as well as structurally, are different and are, as well, not contextual: in fact, Article 648 of the Criminal Code punishes the purchasing or, more generally speaking, the reception of crime-related objects terms, whereas Article 474 of the Criminal Code punishes the possession for the selling of counterfeited goods and the moment of the detention of the product is not contemplated'.

Consequently, the defendant who, perfectly aware of the criminal nature of the incoming object has purchased a certain quantity of goods with a counterfeited brand and holds them with the aim of selling them, is charged according to the criminal laws and punished following Article 474 and Article 648 of the Criminal Code.

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The new EU trade mark regulation at a glance

Regulation (EU) No 2015/2424 of the European Parliament and the Council amending the Community trade mark regulation entered into force on 23 March 2016.

This regulation, which followed a review process that started more than seven years ago, introduces relevant changes in respect of the classification of products/services, taxes, procedures and substantive law.

Overview of the most important changes for the European trade mark regime

First of all, the community trademark will be renamed ‘European Union trade mark’ and the Office for Harmonisation in the Internal Market (OHIM) will change its name to ‘European Union Intellectual Property Office’ (EUIPO). We are certainly glad of this change in the nomenclature, which is in line with the nature of the activities of the office, as opposed to its previous name (Office for Harmonisation in the Internal Market).

Fees for electronic applications

Until now, the fees to be paid for a community trade mark application amounted to €900 for the first three classes. With the new regulation, the fee for filing an EU trademark in one class will be reduced to €850, the fees for filing a mark in two classes will remain the same (€900) and the fees for filing a mark in three classes will be increased (€150 for every additional class beyond two).

On the other hand, renewal fees will also be reduced to €850 for the first class. Additional classes cost the same as for filing (€50 for second class; €150 for every additional class beyond two).

Certainly, the new fees structure will discourage applicants to protect a trademark for goods and/or services which are not of special commercial interest, reducing

examination time and unnecessary opposition proceedings.

Classification

According to the new regulation, general indications are in principle admitted, although they cover all goods/services included in their literal meaning, as opposed to the practice of the OHIM prior to the ECJ case *IP TRANSLATOR (C-307/10 Chartered Institute of Patent Attorneys v Registrar of Trade Marks)*. As you may recall, before *IP TRANSLATOR*, it was considered that class headings of the ‘Nice Classification’ covered all goods or services listed in the alphabetical list of that class.

In this sense, according to Article 28 of Regulation (EU) No 2015/2424, the use of general terms, including the general indications of the class headings of the Nice Classification, shall be interpreted as only including all the goods or services *clearly covered by the literal meaning* of the indication or term.

Owners of existing registrations filed before 22 June 2012 which were granted with respect of the entire heading of a Nice class may declare that their intention on the date of filing had been to seek protection in respect of goods or services beyond those covered by the literal meaning of the heading of that class, provided that the goods or services so designated are included in the alphabetical list for that class in the edition of the Nice Classification in force at the date of filing. The time window for this is 23 March–24 September 2016. After this date, the protection will remain limited to the literal meaning.

Registration procedure

The Regulation also introduces some important changes in the registration procedure.



For instance, priority claims must be made at the moment of filing the application, and cannot be raised after that moment. On the other hand, disclaimers in order to overcome absolute ground for refusals are abolished.

Absolute ground for refusal or invalidity of shape marks is amended to apply also to ‘other characteristics’ that are essentially functional.

Traditional terms for wine, traditional specialities, plant varieties’ names constitute absolute grounds for refusal, which are independent of consumer perception.

Additionally, in order to allow the registration of non-traditional trademarks, the requirement of graphic representation disappears, although marks still need to be represented in the Register (this change will only come into force on 1 October 2017).

Finally, evidence of use of the prior right in opposition or cancellation proceedings must be provided by the opponent, during the five years prior to the *application* or priority date (and no longer before the publication date).

Renewals

Concerning renewals, the request for renewal shall be submitted in the six-month period prior to the expiry of the registration, and no

longer at the end of the month during which expiry occurs. A renewal can still be requested in the period six months following the expiry of the registration, provided an additional fee for late payment is paid within this period.

Certification trademarks

The revised Regulation will also include a new set of rules allowing for the registration of certification marks at EU level, ending with the discussion whether they are more appropriately registered as individual or as collective marks. This will, however, only come into force on 1 October 2017.

According to Article 74, an EU certification mark is described as a mark capable of distinguishing goods or services which are certified by the proprietor of the mark in respect of material, mode of manufacture of goods or performance of services, quality, accuracy or other characteristics, with the exception of geographical origin, from goods and services which are not so certified.

Any natural or legal person, including institutions, authorities and bodies governed by public law, may apply for EU certification marks provided that such person does not carry on a business involving the supply of goods/services of the kind certified.

Entertainment through web TVs in Brazil – legal aspects

Overview

The Brazilian regulated television market is divided into two major segments: (1) open broadcasting TV, which is regulated under Law 4,117/962 (Telecommunications Code) and Decree 52,795/1963, and is submitted to the control of the Ministry of Communications and subordinated to the President of the Republic; and (2) pay television service (Pay TV), which is considered to be a telecommunication service by Law 12,485/2011 and is submitted to the National Agency of Telecommunications (Anatel) and the National Agency of Cinema (Ancine), which operate under the authority of the Ministry

of Communications and the Ministry of Culture respectively, the authorities responsible for defining public policies.

On the other hand, Web TVs are not under regulatory control yet. This is because, from the standpoint of the Brazilian Telecommunications Law, internet applications, as offered in different forms, are considered value-added services (VAS). VAS is not considered a telecommunication service; however, the provider thereof is classified as user of the telecommunication service providing support thereto, with the rights and obligations inherent in such condition.

In 2015, Anatel and Ancine announced that they were reviewing the regulation so as to encompass certain VAS (ie, VOD and OTT).

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It means that in the near future, Web TV may be subject to license requirements and/or regulatory obligations.

Among other obligations, Ancine is considering imposing national content quotas on Web TV's, which implies that channel programmers that broadcast mainly movies, series, cartoons, documentaries (the so-called channels of qualified space) will be required to dedicate 30 hours and 30 minutes per week of their prime time programming to airing Brazilian audio-video contents, with no less than half of them being produced by independent Brazilian producers. At present, national content quotas are imposed on Pay TV's under the terms of Law 12,485/2011.

Another obligation under discussion concerns payment of the Tax on the Development of the Domestic Film Industry (CONDECINE) which is payable to Ancine. All telecommunication companies are currently subject to CONDECINE, but that tax was instituted by Provisional Measure 2,228-1/2001 concerning the promotion of activities related to the development of the audiovisual sector in Brazil.

However, apart from such prospective obligations, it is important to highlight that the different offerings of Web TV's are currently subject to some rules of civil and administrative nature.

The Internet Bill of Rights

The Brazilian law is founded on the principle of inviolability of the right to life, liberty, equality and security, as provided by the Brazilian Federal Constitution in the following terms:

- the expression of thought is free, and anonymity is forbidden;
- the right of reply is ensured, in proportion to the offence, as well as compensation for property or pain and suffering or for damages to image;
- freedom of conscience and of belief is inviolable, the free exercise of religious creeds being ensured and, under the terms of the law, the protection of places of worship and their rites being guaranteed;
- no one shall be deprived of any rights by reason of religious belief or philosophical or political conviction, unless he/she invokes it to exempt himself from a legal obligation required of all and refuses to perform an alternative obligation established by law;

- the expression of intellectual, artistic, scientific, and communications activities is free, regardless of censorship or licence;
- the privacy, private life, honour and image of persons are inviolable, and the right to compensation for property or pain and suffering resulting from their violation is ensured; and
- the secrecy of correspondence and of telegraphic, data and telephone communications is inviolable, except, in the latter case, by court order, in the cases and in the manner prescribed by law for the purposes of criminal investigation or criminal procedural finding of facts.

Based on all of these constitutional rights, Law 12,965, known as *Marco Civil da Internet* or the Internet Bill of Rights,¹ was enacted in 2014 in order to establish principles, guarantees, rights and obligations concerning the use of the internet in Brazil, including by internet applications providers,² and also to provide guidelines for the Public Administration on the matter.

One of the principles governing the use and provision of services is the freedom of business models promoted on the internet, provided they do not conflict with other provisions established in the Law.

In addition to compliance with all constitutional rights aforementioned, the Law sets the following rules on the responsibility of internet application providers:

- The internet application provider must keep the application access logs under confidentiality in a controlled and safe environment for no less than six months; that period can be extended upon the requirement of the police authority, the administrative authority or the Public Prosecutor, as a precautionary measure.
- In any operation of collection, storage, retention and treating of personal data or communications data by connection providers and internet applications providers where, at least, one of these acts takes place in the national territory, the Brazilian law must be mandatorily observed, also in regard to the rights to privacy, protection of personal data, and secrecy of private communications and of logs. The infringement of such rule can result in the following sanctions, imposed either separately or cumulatively: (1) a warning, which shall establish a deadline for adoption of corrective measures; (2) a fine of up to ten per cent of the gross



income of the economic group in Brazil in the last fiscal year, taxes excluded, considering the economic condition of the infringer, the principle of proportionality between the gravity of the breach and the size of the penalty; (3) temporary suspension of activities; or (4) prohibition to perform activities.

- Connection logs and access to internet applications logs, as well as personal data and contents of private communications may only be disclosed upon court order for the purpose of creating evidence in civil or criminal legal proceedings.

In order to ensure freedom of expression/speech and to prevent censorship, the internet application provider is not subject to civil liability for damages resulting from content generated by third parties (ie, videos or publications inserted into the platform by its users), unless upon a specific court order, it will have failed to both take any action within the framework of its service, and make unavailable the content identified as being unlawful within the time fixed in the court order.

Considering the recent enactment of Law 12,965/2014, there are not as yet many court precedents on the matter, but Brazilian state courts have been applying the Law in order to force providers (mainly Google and Facebook) to disclose the IP (Internet Protocol) of the infringer and also to remove content (in any media, ie, videos, websites, posts or profiles) which infringes constitutional rights, produces or leads to a behaviour specified as a felony or violates copyrights law.

Content rating for audiovisual works

In order to guarantee the effective protection to children and adolescents, the Brazilian Constitution requires that previous information be given on the age bracket recommended for each audiovisual work (ie, films, entertainment shows and electronic games). In the case of a Web TV, whose product is distributed by VOD and real streaming, the company is the one responsible to give it a rating – age rank and content descriptors – following the rating standards of the Ministry of Justice. There is no need to request a rating from the Ministry.

Under Ordinance 368/2014 of the Ministry of Justice, the criteria that guide the public policy for content rating are based on three broad themes: sex, drugs and violence, which

is the content considered inappropriate to the upbringing of children and adolescents. The analysis is made counterbalancing the frequency, relevance, context, intensity and importance to the plot of scenes, dialogues and images containing violence, drug use and sex/nudity. This margin of subjectivity ensures flexibilities that are critical to the process and to the rating result.

The Practical Guide for Content Rating provided by the Ministry of Justice establishes the following rating, which must be indicated in the Portuguese language:

- *Livre* (All ages admitted): this rating applies to works which contain predominantly positive contents and which do not bring unsuitable elements subject to age ranges higher than ten, such as the ones listed below:
 - violence: fantasy violence; display of arms with no violence; deaths with no violence; bones and skeletons with no violence;
 - sex and nudity: non-erotic nudity; and
 - drugs: moderate or suggestive use of legal drugs.
- *Não recomendado para menores de dez anos* (Not recommended for minors under ten): the following contents are accepted for this age range:
 - violence: display of arms with violence; fear/tension; distress; bones and skeletons with signs of violent acts; criminal acts without violence; derogatory language;
 - sex and nudity: educational contents about sex; and
 - drugs: references to the use of legal drugs; discussion on the issue ‘drug trafficking’; medicinal use of illegal drugs.
- *Não recomendado para menores de doze anos* (Not recommended for minors under 12): the following contents are accepted for this age range:
 - violence: violent act; body injury; violence references; sight of blood; victim’s pain; natural or accidental death with violence; violent act against animals; exposure to danger; showing people in embarrassing or degrading situations; verbal aggression; obscenity; bullying; corpses; sexual harassment; overvaluation of physical beauty; overvaluation of consumption;
 - sex and nudity: veiled nudity; sexual innuendo; sexual fondling; masturbation; coarse language; sex references; sex simulation; sexual appeal; and
 - drugs: use of legal drugs; inducing the use of legal drugs; medication misuse; illegal drugs references.

- *Não recomendado para menores de catorze anos* (Not recommended for minors under 14): the following contents are accepted for this age range:
 - violence: intentional death; social stigma/prejudice;
 - sex and nudity: nudity; erotisation; crude language; sexual intercourse; prostitution; and
 - drugs: suggestive use of illegal drugs; references to the use or trafficking of illegal drugs; discussion on the ‘decriminalisation of illegal drugs’.
- *Não recomendado para menores de dezesseis anos* (Not recommended for minors under 16): the following contents are accepted for this age range:
 - violence: rape; sexual exploitation; sexual coercion; torture; mutilation; suicide; gratuitous violence/trivialisation of violence; abortion, death penalty, euthanasia;
 - sex and nudity: intense sexual intercourse; and
 - drugs: production or trafficking of any illegal drug; use of illegal drugs; inducing the use of illegal drugs.
- *Não recomendado para menores de dezoito anos* (Not recommended for minors under 18):

the following contents are accepted for this age range:

- violence: violence of high impact; exaltation, glamorisation and/or praising of violence; cruelty; hate crimes; pedophilia;
- sex and nudity: explicit sex; complex/strong impact sexual intercourse (incest, group sex, violent fetish and pornography overall); and
- drugs: praising of the use of illegal drugs.

It bears to mention that sports, advertisement and journalistic programmes are not subject to content rating.

Any citizen is qualified for inspecting compliance with content rating rules and denouncing the infringer before the Ministry of Justice children’s protection authorities, which may commence administrative proceedings in order to ascertain the unlawful act.

Notes

- 1 Available in English at: www.cgi.br/pagina/marco-civil-law-of-the-internet-in-brazil/180.
- 2 The law defines internet application as a set of functionalities that can be accessed through a terminal connected to the Internet. This definition applies to web TV platform.

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Ambush marketing in the Olympic Games in Brazil

The 2016 Olympic Games will soon be held in Rio de Janeiro, Brazil, and all sorts of challenges arise from this major type of event, including the use and protection of commercial and intellectual property rights.

The magnitude of the upcoming event surely has an appealing effect on business, whether attracting the investment of sponsors and/or motivating people to commercially use signs and advertising in relation to the Olympics. As a result, on the one hand there are the interests of the organisers together with the sponsors, which is clearly to generate greater revenue by the sponsors’ investments in exchange of the sponsors’ exclusivity in relation to the event, and, on the other hand,

the local businesses wanting to profit from the importance of the event.

This situation leads to a cycle, either virtuous or vicious, in which the organisers and sponsors pursue measures to shield and assure their rights while the non-sponsor local businesses seek means to associate their products/activities to the event in a way that may lead to unauthorised advertising and undue association with the name, symbols and any distinctive sign of the event. This unauthorised practice can be defined as ambush marketing.

Considering that Brazil is the host of the Olympic Games and, as most countries, it does not have specific legislation addressing ambush marketing, the Brazilian authorities



were led to enact special legislation in cooperation with the International Olympic Committee (IOC), the International Paralympic Committee (IPC), the Rio 2016 Organising Committee (ROC) and the Brazilian Trademark Office (BTO). The existing Brazilian legislation may be applied subsidiary to the specific laws and regulations.¹

For this purpose, the 2014 football World Cup was a positive influence since the legislation developed for that event helped to guide the Brazilian authorities to create the Olympic Act (Federal Law No 12,035/2009), which concisely sets special rules, including infringement issues.

Taking into account that the Olympic Act is a summarised law, on 6 October 2015, the Executive Branch proposed the Law Bill No 3,2221/2015 to specifically regulate activities related to the Olympics, such as: (1) the special temporary protection of the organisers' registered trademarks and related symbols, names and distinctive signs, which will have famous status until 31 December 2016; (2) the cooperation of the Federal Government along with the states and cities where the Games will take place to guarantee the exclusive rights of the organisers and sponsors; (3) the access to the event and broadcasting rights exclusively owned by the IOC and IPC; (4) civil penalties, including losses and damages from unauthorised and undue advertising, commercial promotion and ticket commercialisation; (5) criminal penalties in view of undue use of official symbols and ambush marketing; (6) ticket sales, among other matters. This Law Bill has already been approved by the House of Representatives and is pending approval by the Senate in order to become a Federal law.

In accordance to these legal provisions, the ROC and the BTO have also issued guidelines on the use and registration of the organisers' trademarks, names and symbols. The ROC has provided on its website² guidelines for brand protection in relation to advertising, marketing,³ tickets,⁴ and the tourism, hotel and leisure sector.⁵

The BTO, on 19 January 2016, issued a technical note prohibiting non-authorised third parties to misappropriate and misfile expressions, symbols and abbreviations related to the Olympic games, namely, Jogos Olímpicos, Jogos Paralímpicos, Olimpíadas, Paraolimpíadas, Jogos Olímpicos Rio 2016, Jogos Paralímpicos Rio 2016, XXXI Jogos Olímpicos, Rio 2016, Rio Olimpíadas, Rio

Olimpíadas 2016, Rio Paraolimpíadas and Rio Paraolimpíadas 2016.⁶ This limitation applies in view of the clear risk of undue association with this event, regardless of the gender of the covered goods and services. Notwithstanding, as to the adjective word Olympic and its variations, even in other languages, the BTO may accept its registration in case it is ideologically different or directly/indirectly not associated with this sports event.

Additionally, the IOC issued Rule 40 Guideline prohibiting athletes and any official participant in the Olympic Games to use their images or any related reference in individual advertising campaigns during this event ('blackout period'), unless it involves an official sponsor. This rule intends to prevent ambush marketing by companies that may sponsor teams and/or individual players but are not an official sponsor, as occurred, for example, with Adidas, an official sponsor of the 2014 World Cup, when the Brazilian soccer player Neymar took his shirt off at the end of a match and, accidentally or not, revealed part of his underwear disclosing the brand Blue Man, owned by a Brazilian swimwear and underwear company that unduly used this image to promote its products and trademarks on its Facebook page.

These specific regulations to protect the Olympics, the organisers and its sponsors could be considered as restrictive in view of the non-sponsor local businesses. However, the competent authorities should bear in mind that the relevant legislation must be limited in time and reasonably balanced in respect to the rights of competition and free initiative guaranteed by the Brazilian Federal Constitution in order to avoid risk of abuse and overreaching.

The heritage of Brazil as a host of a major event such as the Olympics is not only the material outcome from construction structures and urban development, but also an intangible influence contributing to the discussion of intellectual property issues and educating people about the significance of protecting immaterial rights and the legal consequences of undue use and infringement.

Notes

- 1 The Brazilian Intellectual Property Law No 9,279/96; Brazilian Sports Law No 9,615/1998 (known as the Pelé Law); the Nairobi Treaty (Decree Law No 90,129/1984); the Brazilian Copyright Law No 9,610/98; the Brazilian Civil Code (Law No 10,406/2002); the Brazilian Consumer's Code (Law No 8,078/1990) and the Brazilian Advertising Self-Regulation Code.

2 See: www.rio2016.com/en/copyright.

3 See: www.rio2016.com/sites/default/files/users/flavio/brand_protection_guideline_for_advertising_market.pdf.

4 See: www.rio2016.com/sites/default/files/users/rio2016_files/guia_legal_de_ingressos_ingles.pdf.

5 See: www.rio2016.com/sites/default/files/users/flavio/brand_protection_guideline_for_turism_and_event_segment.pdf.

6 Corresponding English translation: Olympic Games, Paralympic Games, Olympics, Paralympics, Olympic Games Rio 2016, Paralympic Games Rio 2016, XXXI Olympic Games, Rio 2016, Rio Olympics, Rio Olympics 2016, Rio Paralympics and Rio Paralympics 2016.

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Collaborative innovation: intellectual property considerations

Collaboration benefits innovative endeavours in many technological areas. With software, medical devices, biotech, mobile devices, aerospace, and other technologies, the expertise and creativity of each collaborator can produce valuable innovations. However, collaborative innovation can also lead to disputes over ownership and control of those resulting innovations. To ensure the benefits of such efforts inure to the intended beneficiaries, it is important to understand some aspects of IP law. This article touches on three such issues: (1) sharing information with your collaborator; (2) identifying the inventors of the innovation; and (3) ensuring proper ownership of the innovation. Regardless of the specific type of technological endeavour, these IP issues are important to collaborative innovation.

Sharing information – understand the pre-collaboration IP belonging to each collaborator

Each collaborator typically brings know-how to the table. It is important to identify this pre-collaboration IP, whether it is patentable inventions, trade secrets, copyrights, or other know-how relevant to the innovation. Clarity from the beginning will help prevent or resolve future disputes, such as with inventorship or ownership. This is especially true with joint innovation, where the starting know-how on both sides will be augmented with further IP.

The pre-collaboration IP belonging to each party can be identified in the agreement or contract covering the collaboration. Such

collaboration agreements come in many forms, such as a joint development agreement, a consulting agreement, a licence agreement, or a manufacturing agreement. These agreements will define each party's role in the collaboration, often also including who will own the IP generated during the collaboration. This is also a good forum to include what each party separately owned beforehand.

These agreements can identify the pre-collaborative IP of each party in a number of ways, which will depend on the nature of the particular IP. Appendices to the agreement may be provided where existing devices or devices currently under separate development prior to the collaboration are identified with engineering drawings. Software may be identified with functional descriptions, flowcharts, or code. Manufacturing, testing or other broad capabilities may be described in writing, tables, charts, etc.

The pre-collaboration IP may also be identified by patents and patent applications. A utility patent application will clearly identify the subject matter possessed, with enabling written description and informative drawings. The pre-collaboration filing date of the application will also facilitate proving prior possession of the IP.

Some IP is best not disclosed to the public (in a patent application for example) but is better kept as a trade secret. Accordingly, before negotiation of the collaboration it is common to enter into an initial non-disclosure agreement (NDA), sometimes called a confidential disclosure agreement (CDA). An NDA is a written, contractual agreement to keep confidential the information to be



shared. Such agreements will provide recourse for breach of contract, should the other collaborator disclose your trade secrets to third parties. Further, confidentially sharing pre-existing know-how before executing the collaboration agreement will identify any limitations or duplications of technical capabilities. The NDA should also reference or be included in the collaboration agreement or other document, such as a term sheet.

Identifying the inventors – understand each collaborator’s contribution to the developed IP

In addition to identifying the pre-collaboration IP, it is important to understand how each party contributed to the IP developed during the collaboration. Patentable inventions may be developed by one party alone, or jointly by both parties, and this can in turn affect who owns the rights to these patentable inventions. Further, proper identification of inventors is necessary for the validity of any resulting patent.

To be an inventor of a patentable invention, conception is the cornerstone. An inventor is not one who merely reduces the idea to practice, such as technicians or manufacturers performing their typical roles. The inventor instead must contribute a ‘definite and permanent idea of the complete and operative invention’, such that an ordinary engineer could practice the invention.

Joint inventorship results when the ideas of multiple individuals are combined to produce an invention. In any patent application filed pursuant to the collaboration, the scope of the invention is described in the numbered listing of ‘claims’ at the end of the patent document. To qualify as a joint inventor, a person need not have participated in the conception of all inventive variations by contributing to every one of the claims. Contribution to just one claim is enough.

Joint inventorship may also result with seemingly non-inventive collaborators, such as consultants, manufacturers, assemblers or testers. For instance, if the idea as originally conceived does not work, a technician implementing the idea who changes it to make it work may be an inventor. However, to be a joint inventor, a person’s contribution to the claimed invention must help distinguish the invention from prior art. It must be more than a contribution of an existing idea or an obvious modification of the invention. The analysis is necessarily contextual. For

instance, conceiving of screws to fasten parts together does not typically help make an idea patentable. But in the context of regenerative scaffolds secured to tissue or bone, the use of a particular screw may qualify as an inventive contribution.

Verifying ownership – understand who owns the IP developed during the collaboration

Under US law, the inventors of patentable inventions are owners until they transfer their ownership to another party. However, inventors are usually under an obligation to assign ownership of their developed IP to their employers. In collaborations, assignments to another party may be desirable. Be clear as to whether such assignments are directly from the inventors to that party or indirectly via the inventor’s employer. For instance, biotech research sponsors may use researchers at contract research organisations (CRO) under a fee-for-service contract. The sponsor will typically indirectly receive assignments from the researchers via the CRO. What if the researchers execute assignments with both the CRO and the sponsor? When collaborating, look out for such conflicting agreements, as they introduce uncertainty with ownership.

Be aware also that inventions can be assigned *before* they are conceived. For example, employment, consulting, or other such agreements can include language where the inventor both agrees to assign and *presently does* assign inventions made during their employment and/or their participation in the collaboration. This makes it possible to make present assignments of future inventions. In collaborations, this can be used to proactively address allocation of ownership, but it can also present unforeseen issues where one party or the other does not appreciate the scope of the language in an IP assignment clause.

For example, an auto assembler may partner with a contract manufacturer to develop and supply a suspension component. Typically, a joint development agreement will outline who owns what. Ownership of expected improvements may be straightforward, but who will own unexpected spinoffs? Say the auto assembler is inspired by the suspension component invention and invents a new shock absorber. Or, say the contract manufacturer collaborator invents a new tool to make the suspension component. Ownership of such

related inventions will depend on the language of the assignments and the collaboration agreement. Broadly-drafted provisions – including present assignments – should be incorporated, if capturing ownership in such situations is desired.

Where employees from both parties to a collaboration make inventive contributions, joint ownership by the parties is the default position absent specific contractual language to the contrary. While joint ownership may be desirable in certain limited situations, some important and often undesirable consequences of joint inventorship on patent rights should be understood. Joint owners of a patent may make, use, sell or license the patented invention without the consent of and without accounting to the other owner(s). Therefore, a joint owner may unilaterally grant to a licensee the right to make and sell the invention, and the licensee's payments need not be shared with the other joint owner(s).

Joint ownership can also adversely affect enforcement of patent rights. Under US law, all joint owners of a patent must be joined as plaintiffs in any lawsuit for infringement. Further, an accused infringer may protect himself from a lawsuit by getting a license from a co-owner. This may occur where a previously-unidentified inventor, who did not assign away his ownership rights, grants a license to the accused infringer. Additionally,

all joint owners must act together as a composite entity in patent matters before the Patent Office. Any friction among the group may create delay and increase the costs for such matters.

Conclusion

Collaboration can be great for many types of innovations. To fully realise the benefits, consider these three IP issues: sharing information, identifying inventors and verifying ownership. First, identify and agree to the pre-collaboration IP possessed by each party. If possible, file a patent application before making any disclosure. Regardless, agree to keep any disclosed know-how confidential. Second, proper identification of inventors in collaborative efforts can be difficult but is necessary for the validity of the patent. Inventors must have conceived an inventive contribution to at least one of the patent claims. Third, the default owners of inventions are the inventors. Ownership is transferred using written assignments. To capture ownership of unanticipated IP, use broadly-drafted provisions in non-conflicting assignments and joint development agreements. If joint ownership is being considered, understand that joint owners can unilaterally use and profit from the patent, and that joint ownership can complicate enforcement of patent rights.

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The legal reality for reality shows in Mexico

Reality shows dominate in Mexico. The most popular shows, such as 'Top Chef México', 'La Voz... México', 'Big Brother', 'Acapulco Shore', have huge ratings. Most of them are based on formats that have proved successful and have been popular in other countries. From country to country, the law varies and includes a wide array of practice areas such as intellectual property, regulatory, copyright and contracts.

Companies in Mexico operating reality shows or television programmes from the pre-production, production, post-production,

distribution, broadcasting and/or exhibition have to take into account the following:

- publicity and image rights;
- obtain permits, authorisations or notices with the federal or local administrative authorities related to media and entertainment, such as the General Direction of TV, Radio and Cinematography (RTC), when the reality shows include any kind of competition or challenge;
- copyright registration of works;
- obtain and preserve rights, in order to protect the names and titles of publications,



THE LEGAL REALITY FOR REALITY SHOWS IN MEXICO

fictitious or symbolic human characters, artistic groups and advertising companies, among others, through a reservation of rights certificate;

- file for the registration of trademarks, commercial advertisements and trade names;
- obtain permits to advertise products subject to health regulation;
- handle matters in connection with Collective Management Associations;
- privacy policies; and
- negotiate licence agreements; media, entertainment, musical, sports and artistic agreements; commercial agreements; sponsorship agreements; and confidentiality agreements.

As for copyright, Mexico follows the international trend in terms of copyright protection. The Berne Convention is in force in Mexico and the provisions of this international treaty are incorporated into the national legislation. Therefore, artistic or literary works are protected at the time they are fixed into a material support, and a copyright registration, in theory, is not strictly necessary to achieve copyright protection in Mexico.

The practice has demonstrated, however, that copyright registration before the National Copyright Institute is an action necessary to enforce copyright in Mexico, since the Certificate of Registration constitutes proof of the existence of the work and of the ownership of the copyright. In addition, the Certificate of Copyright Registration is usually requested by the Mexican Institute of Industrial Property and the Federal Prosecutor Office (depending on whether the action is of an administrative or criminal law nature), when an action is brought against a copyright infringer.

A lot of producers are interested in protecting an original 'idea' regarding a new concept of a TV programme or a reality show in Mexico. However, the Federal Copyright Law (FCL) in Mexico expressly excludes ideas, concepts and methods from copyright protection and in turn, authorises the use of ideas present in works for industrial or commercial purposes.

In regards this issue, the format of a TV programme or a reality show could be considered as an idea, concept or method and, therefore, without being able to obtain

protection under the copyright law in Mexico, regardless if a copyright registration for the script has been obtained.

Based on these ideas, copyright protection over a TV programme would be focused to prevent others to use, distribute or communicate the episodes of the programme for obtaining an illegal income and without proper authorisation from the copyright owner.

Deriving from the above comments, a copyright registration for a TV programme before the National Copyright Institute, which is the national competent authority in Mexico in copyright matters, could be handled in two separate ways:

- by registering the script to try to create copyright protection over the format; or
- by registering the episodes that will create a copyright registration over audiovisual works.

However, we are of the opinion that although the television script as a literary work or the television series or the reality show as an audiovisual work or a television programme could be registered before the National Copyright Institute, the protection the MCL grants upon this kind of work refers to the original manner in which the dispositions of the information or the ideas are placed and to prohibit a third person from copying the works.

TV shows involving sweepstakes (game shows) and other similar shows where prizes are offered and delivered and where 'games of chance' are involved and broadcast, may be held as long as the promoters obtain the prior authorisation from the Ministry of Interior along with the authorisation from the General Direction of TV, Radio and Cinematography (RTC).

In Mexico, sweepstakes and promotions are regulated by the Federal Gaming and Sweepstakes Law, official standard NOM-028-SCFI-2000, and the Federal Consumers' Protection Law and its regulations.

We believe it is important for media and entertainment companies to have proper legal advice when entering into the pre-production, production, post-production, distribution, broadcasting and/or exhibition of a reality show in Mexico, since as mentioned at the beginning of this article, many practice areas of the law are involved in the production of a reality TV show.

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Police in Japan arrest online gambling users of foreign licensed operators

Introduction

In March 2016, the Kyoto prefectural police arrested Japanese resident users of an online gambling site operated by a Philippine-based operator. This is the first arrest in Japan of Japan-resident users of an online gambling site operated by a foreign-licensed operator. The arrests have come as a surprise to many online gambling site operators who operate their websites based on licenses granted outside Japan, and dispelled the belief that online gambling sites operated by foreign-licensed operators are safe harbours from law enforcement in Japan.

Gambling legislation in Japan

Gambling is, as a general principle, prohibited under Article 185 of the Penal Code of Japan, except when carried out in connection with:

- the four public sports permitted – all of which are run by local governments or government-linked corporations – under special laws:
 - horse-racing;
 - bicycle-racing;
 - powerboat-racing; and
 - motorcycle-racing;
- the public lottery; and
- the Japanese Football Pools.

Article 185 of the Penal Code provides that ‘a person, who bets something on an event of winning or losing to be decided by chance or accident, shall be punished by a fine of not more than ¥500,000 or a petty fine of the same amount; provided, however, that the same shall not apply to a person who bets something which is provided for momentary entertainment’.

It should be noted that the reference to ‘decided by chance or accident’ under Article 185 is generally interpreted as not requiring every aspect of winning or losing in an activity to be determined solely by chance or accident. In other words, as long as any aspect of winning or losing is affected by chance

or accident, even in cases where winning or losing is determined in part by the skills or techniques of participants in the activity, the relevant activity will be deemed gambling and therefore prohibited.

Additionally, the reference to ‘something provided for momentary entertainment’ is generally understood to mean something of very small value that will not unduly foment a desire for gambling in a person. The Supreme Court of Japan has ruled, however, that cash, regardless of the amount, falls outside the definition of ‘something provided for momentary entertainment.’

Article 186, Item 2, of the Penal Code further provides that: ‘[a] person who opens a gambling house or assembles gamblers for gain shall be punished by a prison term of between three months and five years.’ The mere establishment of a gambling house in Japan, such as a casino, would therefore constitute a crime in Japan, even if no gambling actually takes place.

In addition to the above, aiding in and solicitation of gambling activities also constitute crimes under Articles 61 and 62, respectively, of the Penal Code.

Territorial jurisdiction and online gambling

Punishment for the abovementioned crimes is not limited to acts carried out in Japan. Whilst the Penal Code applies to acts ‘within the territory of Japan’ (Article 1), this has been interpreted to include acts outside Japan that aid and abet the commission of a crime by the principal offender based in Japan (9 December 1994 ruling by the Supreme Court).¹ Accordingly, any gambling-related activity outside Japan that could be deemed to be aiding and abetting a crime committed in Japan could potentially be in breach of Articles 61 and 62 of the Penal Code.

Based on several Japanese judicial precedents, a person residing outside Japan who solicits, aids in or engages in conspiracy in connection with the commission of



a crime may only be indicted when the crime is committed in Japan and where the perpetrator commits such crime in Japan as a result of the first person's solicitation, aid or conspiracy. In such cases, the person residing outside Japan may be indicted even if the solicitation, aid or conspiracy was carried out outside Japan. Based on the foregoing, a foreign online gambling site operator is indictable notwithstanding that it is located outside Japan, if the offer of online gambling services constitutes a crime.

Online gambling and enforcement by the police

Under the Penal Code, Japanese residents who carry out online gambling will be deemed to be engaging in conduct falling within the meaning of 'gambling' and therefore in breach of Article 185 of the Penal Code. The crime will be deemed to be committed in Japan because the gambling will be considered to be carried out in Japan by residents of Japan when they place a bet online.

Since 2006, police in Japan have raided numerous internet cafes that operate casinos by using online gaming services licensed under the laws of the Philippines. Strictly speaking, these internet cafes are not operators in Japan. In reality, however, these cafes play a major role in facilitating online gaming services offered by foreign operators because they are able to acquire gaming points at discounted prices and sell them at market rate to customers for cash (and customers in turn are able to convert their winnings in online games for cash at the cafes). Essentially, therefore, the police in Japan are taking enforcement action against those entities in Japan that play a major role in facilitating online gambling services, such as the aforementioned internet cafes.

With regard to operators not located in Japan, but with a nexus to Japan, there have been two cases to date that are directly relevant to the issue of liability of a foreign company. The first is a 1992 case involving Manning, a UK bookmaker, and the second is a 1996 case involving SSP, a UK booking agent.

Possible impacts of the 'Casino Bill'

It is unclear whether the arrest of users of online gambling sites by the police in Japan points to a conscious decision by Japanese law enforcement to target online gambling operators licensed in foreign countries. Foreign-licensed online gambling operators that offer services targeting Japanese customers should, however, be aware of the potential legal risks they face going forward.

Japan is now in the midst of heated parliamentary debates on whether to legalise casinos in designated areas of the country. The 'Integrated Resort (IR) Bill' (or so-called 'Casino Bill') had been submitted to the 2014 and 2015 Japanese Diet sessions with a view to legalising casino resorts in Japan. Due to the focus in the two Diet sessions on more pressing issues (such as national security-related bills), however, the operation of casinos remains unpermitted under Japanese law for the time being. Due to the lack of debate on this issue, the likelihood of casinos being legalised in Japan is at present still unclear. In the event that casinos are legalised, however, existing gambling establishments that have not been officially legalised (such as 'pachinko' parlors and online gambling sites) may experience harsher crackdowns.

Note

1 Keishu Volume 48-8, 576.

SURVEY QUESTIONNAIRES



Gary Assim

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Member of IBA since 2015

What was your motivation to become a lawyer?

I really wanted to be an air force pilot but my eyesight was not good enough, so I joined a bank as a graduate management trainee just for a job. Part of the training included six months in the legal team and from that I decided I wanted to do law. I then joined a practice well known for corporate and banking. After a couple of years the partner I worked for received an IP dispute to deal with. He knew nothing about IP and neither did I, but he asked me to resolve it. I continued acting for the same client on multiple IP matters for another two years (and still act for them 22 years later!) and got hooked!

What are the most memorable experiences you have so far as a lawyer?

Working for one of the most pre-eminent corporate partners in London as a trainee. Most nights he would entertain me with stories of his past deals and give me tips on how to be a great lawyer. The best tip he ever gave me, which I pass on to my younger associates to this day, is if you think you have done something so badly wrong that you may get fired just talk to one of your colleagues who is more experienced than you – there is always a solution it's just you do not know what it is (yet).

What are your interests and/or hobbies?

I used to play football in the winter and cricket in the summer but now I am too old and so watch both and indeed most sports. I now play golf and try to do some exercise. I also like socialising with friends and travelling.

Share with us something that the IBA members would be surprised to know about you.

I love gadgets! Travel adapters with multiple USB ports, wifi phone & laptop chargers, the Go Pro is my current favourite and I would love a drone to go with it!

As this survey will be published in the IBA Newsletter, do you have any specific message for IBA members?

I have come late to the IBA party having been a longstanding INTA attendee, but I am sure there are a number of friends from INTA in this committee and it would be great to meet up in what is for me a new environment.



Lisa Mueller

Michael Best, Chicago

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Member of IBA since 2015



What was your motivation to become a lawyer?

I have always been interested in the law and legal systems throughout the world. I was looking for a profession where I could combine my scientific background with my interest in law.

What are the most memorable experiences you have so far as a lawyer?

I have had the privilege of meeting and working some of the most brilliant scientific minds in the world. In addition, I have had been fortunate to have had opportunities to develop the international intellectual property strategy for a number of pharmaceuticals and biopharmaceuticals that have changed and saved people's lives.

What are your interests and/or hobbies?

I love deep sea fishing, long distance cycling and spending time with my seven nieces and nephews.

Share with us something that the IBA members would be surprised to know about you.

During my first semester in college, my father decided to leave his job and purchase a small machinery business that bought, sold, installed and serviced baling machines (for compacting cardboard), conveyors and scissor lifts. While home on my first summer break, one of the company's two employees became seriously ill and left on medical leave (never to return). Shortly thereafter, my father ended up in the hospital. Given the circumstances, I taught myself how to drive a forklift and to repair and install the machines, conveyors and lifts throughout the New York Metropolitan area. Although physically and emotionally demanding, I learned a lot from the experience.

As this survey will be published in the IBA Newsletter, do you have any specific message for IBA members?

Thank you to everyone who has reached out to me to make me feel so welcome!



Sophie Denman

Mourant Ozannes, Guernsey

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Member of IBA since 2015

What was your motivation to become a lawyer?

My dad lost his eye in an accident at work when I was very young. As I got older, I became fascinated by the attribution of fault in his case and this sparked my interest in the law in general. I then went on to study law at A Level and university. My love of the subject strengthened my desire to become a lawyer and is the reason I am where I am now.

What are the most memorable experiences you have so far as a lawyer?

As a trainee, I took part in the Yorkshire Three Peaks challenge with five of my colleagues to raise money for charity. It was an excellent way to get to know everyone and despite it being a long and grueling walk, I enjoyed it immensely (somewhat more than some of my colleagues!)

Another distinct memory I have from my time as a trainee is of running to Birmingham New Street train station to deliver a sandwich and some papers to a partner who was sitting on a train that was about to leave the station. Unfortunately, I failed in my mission; the train left the platform just as I arrived!

What are your interests and/or hobbies?

I enjoy films, reading and Bikram yoga.

Share with us something that the IBA members would be surprised to know about you.

I can ride a unicycle and used to compete internationally as a gymnast.

International Bar Association Conferences 2016



3 JUNE 2016 KUALA LUMPUR REGIONAL CENTRE FOR ARBITRATION, KUALA LUMPUR, MALAYSIA

APAG Training Day – Best Practices in International Arbitration

3–4 JUNE 2016 THE FOUR SEASONS HOTEL, SAN FRANCISCO, USA

4th Annual World Life Sciences Conference

5–7 JUNE 2016 PALAZZO MONTECITORIO, ROME, ITALY

4th Mediterranean Conference

6–7 JUNE 2016 SOFITEL GRAND, AMSTERDAM, THE NETHERLANDS

27th Annual Communications and Competition Conference

7–8 JUNE 2016 THE PLAZA, NEW YORK, USA
15th Annual International Mergers & Acquisitions Conference

9–10 JUNE 2016 MANDARIN ORIENTAL, MIAMI, USA

IBA/ABA 9th Annual US-Latin America Tax Planning Strategies

15–16 JUNE 2016 OECD, PARIS, FRANCE

14th Annual Anti-Corruption Conference

15–19 JUNE 2016 KIEV/LVIV, UKRAINE
FAIRMONT GRAND HOTEL KIEV (15–17 JUNE)
ARENA LVIV (18–19 JUNE)

IBA ECA Forum

23–24 JUNE 2016 HOTEL CONTINENTAL, OSLO, NORWAY

Opportunities and Challenges for the Oil & Gas Business: from a North Sea and Atlantic Perspective

27–28 JUNE 2016 PARK HYATT, VIENNA, AUSTRIA

Balkan Legal Forum 2016

29 JUNE – 1 JULY 2016 THE MILLENIUM HOTEL MAYFAIR, LONDON, ENGLAND
2nd Annual IBA Investing in Africa Conference

16–17 JULY 2016 THE UNIVERSITY OF HONG KONG, HONG KONG SAR
Law Students' Committee Conference 2016: Financial and Corporate Law in Asia

18–23 SEPTEMBER 2016 WASHINGTON MARRIOTT WARDMAN PARK, WASHINGTON, DC, USA
IBA Annual Conference 2016



OFFICIAL CORPORATE SUPPORTERS



14–16 OCTOBER 2016 ST REGIS, FLORENCE, ITALY
20th Annual Competition Conference

17 OCTOBER 2016 TOKYO, JAPAN
Evolution or revolution – Growth and international expansion of law firms in Asia

18 OCTOBER 2016 MOSCOW, RUSSIA
8th Annual 'Mergers and Acquisitions in Russia and CIS' Conference

27–28 OCTOBER 2016 TEL AVIV, ISRAEL
2nd Annual Mergers and Acquisitions in the Technology Sector Conference

3–4 NOVEMBER 2016 MIAMI, USA
3rd Annual Corporate Governance Conference

3–4 NOVEMBER 2016 SEOUL, KOREA
IBA Anti-Corruption Conference

12–13 NOVEMBER 2016 LONDON, ENGLAND
IBA-ELSA Law Students' Conference 2016

16 NOVEMBER 2016 LEVEL 39 CANARY WHARF, LONDON, ENGLAND
IBA European Start Up Conference

17 NOVEMBER 2016 FOUR SEASONS PARK LANE, LONDON, ENGLAND
IBA Private Equity Transactions Symposium 2016

17–18 NOVEMBER 2016 MILAN, ITALY
2nd IBA Litigation Committee Conference on Private International Law

17–18 NOVEMBER 2016 AMSTERDAM, THE NETHERLANDS
The New Era of Taxation: What you need to know in a constantly changing world

1–2 DECEMBER 2016 HONG KONG SAR
Mediation v Arbitration: Best Friends or Best Enemies? A View from Asia

Full and further information on upcoming IBA events for 2016 can be found at:
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