

*MASTER PROGRAMME*

**EUROPEAN**

**INTELLECTUAL PROPERTY LAW**

**MODULE 1**

**2004**

HOME EXAM

Answers can be written in the following languages: Danish English, French, German or Swedish.

**You are not supposed to have special knowledge of national law for the purpose of the exam.  
You should, thus, give your answers with references to European directives and regulations and, if relevant, to European and international conventions/treaties.**

*Send the assignment to Erik Sandgren by fax or mail before 9:am (Swedish time)  
on March 30, 2004*

## **YOUR TASK**

*Your task is to write a memorandum of law that identifies the legally significant facts and legal issues, references the relevant sources of law, applies the law to the relevant operative facts, and draws logical and well-documented conclusions.*

*The memorandum should cover the questions emphasised in italics, be objective and should identify both the strengths and weaknesses of your conclusions. Any further legally relevant observation is welcome! Each issue should be treated separately. Excessive overlapping of thought in the discussion indicates that you have not identified the issues with sufficient precision.*

*Among the issues that you should discuss in your memo is who can be sued, in which country or countries can suit be brought, what legal claims are relevant, what if any grounds for defence are applicable, and what sanctions are available. You can ignore any conflict of interest issues.*

*The teaching staff will take into consideration both the substantive treatment of the facts and issues as well as the more formal aspects of the memo, namely, the correct treatment of sources, the use of clear and concise legal language and brevity. So please, do not exceed five pages (single space, normal margins.)*

**GOOD LUCK!**

*Marianne Levin*  
Stockholm, March 25, 2004

### ***THIS IS THE BACKGROUND “PLOT”:***

Fiona’s Fabulous Face AB, based in Stockholm, is an established leader in its field with subsidiaries in the other Nordic countries, the U.K. and Germany. The Company is specialised in “face lifts” without surgery, such as face gymnastics, activating creams, masks, injections, permanent lip-, eye- and eyebrow-liners. In view of the least said growing interest in looking young forever, Fiona finds that the company needs a stronger international presence. Therefore, she strikes a deal to acquire Lise’s Natural Lifts A/S, a Norwegian company with a similar activity that also is a well-known player in the Nordic countries.

Neither company has so far been a technological powerhouse with a large arsenal of patents. Fabulous Face has a powerful, well-known trade mark registered in the EU. Lise’s Natural Lift mark is not famous, but the company has a solid reputation and has achieved trade mark registrations for its house mark (LISE’S NATURAL LIFTS) in the countries where it operates, *i.e.* Denmark, Finland, Norway and Sweden. Both companies have an extensive array of computer software for face analyses – some licensed from third parties and some developed in-house.

In an effort to save money – and an obvious unawareness of the importance of intellectual property (I.P.) – the companies do not seek advice on their I.P. situation in connection with the merger. Dear Henry, the new company’s general counsel is a good man, but he has no idea of the I.P. problems awaiting him.

The first I.P. issue that arises is what to call the new company and which trade (house) marks to use. Ultimately, the companies decide to combine their two names to become “F&L FABULOUS LIFTS”. By then, however, the news of the likely collaboration is public and people have begun speculating that the company will be known as either “F&L Fabulous Lifts” or “F&L Natural Face”.

Dear Henry hires a trade mark attorney to file applications for the dominant of the new name, Fabulous Lifts. He declines the trade mark attorney’s offer to conduct searches in the various countries in which the company will do business, believing that the longstanding use of FIONA’S FABULOUS FACE and LISE’S NATURAL LIFTS should be sufficient to ensure that the mark FABULOUS LIFTS also will be available. The two leading ladies have also decided to have their initials attached to all product names in the future. Therefore, they order Dear Henry to see to the protection of FL and F&L.

Several months after filing the trade mark applications, Dear Henry receives reports from the trade mark counsel saying that he has met some problems both at OHIM and at the Norwegian Patent Office. ***Henry cannot understand why and needs some explanation, and perhaps some advice, on how to possibly remedy the situation.***

Dear Henry also discovers that the company’s domain names of choice – *fl.com* and *fabulouslifts.com* – have already been reserved by Cyber Sammy, a law student from Athens, who claims having registered the names for his own and his father’s businesses. Sammy is planning to help fellow students to “find law” he says, and his father is in the elevator business. But he probably dreams of becoming rich when F&L Fabulous Lifts approaches him to purchase the domain names. Angry about

Cyber Sammy's bad faith registration of the two domain names, Dear Henry ***contemplates how to proceed, and your advice would be welcomed.***

In the meantime, to launch the company, the website address *fl.se* is used, where the new company presents its new structure plans, and not least, gives examples of successful results showing how it has worked with various patients' faces with before-and-after pictures and instructive films revealing some of its working methods. After some time an angry Lise tells Fiona that when doing some searches on the Internet she hazardously has found that an Italian competitor, B&L Bella Donna, has linked (by so-called deep-link) to the F&L website, and that the uninformed viewer obviously must believe that B&L has achieved the results F&L have produced by its unique methods. Bella Donna has a long-lasting standing in the business, but has lately seemed to decline. ***What could they do and what possible problems could they face?***

During the purchase agreement negotiations, the information technology departments of both Fiona's Fabulous Face and Lise's Natural Lift inventoried their respective software installation bases and determined what consents and licenses the new company would need. During the transition period after the purchase agreement went into effect, the new head of Fabulous Lift's IT department, IT Ingrid, was concentrating on combining the software arsenal and training Lise's employees. Frustrated with the IT Ingrid's slow response to their expanding needs, some of the IT-skilled persons in the company made a number of new programs, upgrading the existing software themselves, and distributed them to the operating units of the new company. Their main external software licensor, Big Bear Software, Ltd., hears of this and sends the company a letter alleging copyright infringement and claiming damages due to the company's use, copying and unauthorised alterations of Big Bear's software without licenses covering such activities. Similar letters have been received by the subsidiaries in Denmark and Finland, as well as in Norway and the U.K. The question is now only where and when Big Bear will strike with a court action, and how the defence by Fabulous Lifts should be focused. ***After having analysed the situation, you are supposed to help with the defence strategy.***

With additional expansion plans the now more muscular joint company realises that the special in-house knowledge can be used to make some more money. But then, they have to get protection for their working methods and developments. Fiona and Lise therefore feel the need to protect the company's working methods, and start to consider the patenting opportunities. It has lately developed three new products, and Fiona and Lise are very hopeful to promote these products to real hits. They have so far had many positive reactions when presenting the product to possible distributors outside the own company.

One is the F&L Miracle Cream that seems to be very promising after some 30 tests on customers. It takes away up to 50 percent of the wrinkles. Another product is the F&L Fabulous Face Deep, a massage method, which was originally used in Lise's firm, but which the two companions now have refined and combined with electric impulses from cathodes that give contractions in the face muscles. In other words, a real natural face-lift. The third product, they have put much hope to, is the F&L Painless Fill, a very special flat-curved needle to inject and fill out small cavities etc., which is

operated with electronic impulses that makes the injection so rapid that it is hardly noticed by the patient.

Dear Henry is enthusiastic about all this. But now, due to the bad experience with the trade mark applications, he realises that he needs some I.P. specialist in beforehand and *relies on you for advice on the protection options for these inventive products. What kind of pitfalls could possibly hinder their protection and how could Dear Henry overcome them (if at all)? Specify for each of the products.*

*The drafting of which part of the application can be deemed critical, should Henry have to proceed to enforcement procedures? And how far could he rely on securing a harmonised treatment in all of the chosen countries by applying for protection through the EPO?*