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The importance of clear copyright ownership clauses

Privy Council rejects appeal on breach of copyright and refuses to imply term assigning copyright in software into oral contract

Paymaster (Jamaica) Ltd & Anor v Grace Kennedy Remittance Services Ltd [2017] UKPC 40 (UK and Jamaica, Privy Council, 11 December 2017)

Comments

In this decision, the court was required to determine the ownership of copyright in a computer programme, in the absence of a written contract between the relevant parties as to the copyright ownership of the programme.

On the facts, the court found that the copyright ownership of the programme should vest in the first author of the work – in this case, the computer programmer.

This decision highlights the importance of having clear copyright ownership clauses in agreements, especially when a work has been commissioned by one party from another.

Facts

The Respondent (“**Paymaster**”) was a start-up company in Jamaica that developed a multi-payment agency system which allowed consumers to pay their bills to various utility companies and other payees in one branch or kiosk. Paymaster employed a consultant who then commissioned one Paul Lowe (“**Lowe**”), a software developer, to prepare a suitable programme (“**Paymaster Programme**”) to assist in developing Paymaster’s multi-payment agency concept. Lowe then granted Paymaster a non-exclusive licence to use the Paymaster Programme.

In March 1996, Paymaster showed its business plan to the Appellant (“**GKRS**”) on a confidential basis when it was seeking investment from the latter. Three years later, Lowe customised the Paymaster Programme for GKRS’ needs, and granted the latter a non-exclusive license for it. In April 2000, using this software, GKRS entered the market for the provision of a multi-payment agency system in Jamaica in competition with Paymaster.

Paymaster claimed that its copyright in the Paymaster Programme was infringed and had obtained an interlocutory injunction in August 2000, restraining GKRS and Lowe from using the Paymaster Programme. Paymaster sought damages, among other things, from GKRS and Lowe for breach of copyright.

Issue

One of the issues for consideration was the ownership of copyright in the Paymaster Programme.

Decision

The court rejected Paymaster's appeal on breach of copyright, concluding that a term assigning the copyright in the software could not be implied into the oral contract between Paymaster and Lowe, since Paymaster's contract with the latter was oral and informal and there had been no discussion as to the copyright ownership in the multi-payment agency software.

In order to imply a term into a contract, one must show that the term is necessary to give the contract business efficacy, in the sense that without it, the contract would lack commercial or practical coherence. In this case, the court found no scope to imply such term.

Property listing portals lock horns in IP "cross-posting" dispute

Singapore High Court clarifies principles of derivative works

PropertyGuru Pte Ltd v 99 Pte Ltd [2018] SGHC 52 (Singapore High Court, 9 March 2018)

Comments

In this decision, the Judge had to decide whether an online property-listing portal, in making alterations and adding a watermark to the photographs belonging to end-users of the portal, would have been considered to have materially altered them such that copyright could independently subsist in them as a derivative work.

The Judge clarified that alterations in the form of resizing, tweaking light balance, and softening the edges of a photograph generally would not amount to material alteration capable of constituting independently copyrightable subject matter. This was especially so in cases where a comparison between the original and the derivative photographs revealed no discernible differences. However, the Judge did not rule out the possibility that in certain instances, digital editing could constitute such material alteration creating independent original copyright.

Facts

PropertyGuru Pte Ltd ("**Plaintiff**") and 99 Pte Ltd ("**Defendant**") are competitors in the business of providing online property classifieds. The Plaintiff's website ("**PG Website**") allows end-users to list properties or search for property listings, with each listing containing information about the corresponding property along with accompanying photographs and write-ups. The Defendant, during its initial operations, took rental listings from the PG Website and listed them on the Defendant's website.

The Plaintiff claimed, among others, that the Defendant had infringed the Plaintiff's copyright in certain photographs uploaded on its website, bearing its watermark "PropertyGuru.com.sg". The Defendant denied liability in copyright infringement and counterclaimed against the Plaintiff for making groundless threats of commencing legal proceedings for copyright infringement.

Issues

The Judge had to decide two issues: (a) whether the plaintiff owned the copyright in the watermarked photographs, bearing in mind that the original photographs were taken by end-users, and that the Plaintiff's claim to ownership rests, among others, on the fact that the Plaintiff had enhanced the photographs by resizing them, altering the light balance and softening the edges of the images, and by adding the watermark ("**Alterations**"), and (b) if so, whether the defendant had infringed the copyright in the watermarked photographs.

Decision

The Judge found that the photographs that were subject to Alterations were not original works for the following reasons: (a) alterations in the form of resizing, tweaking light balance, and softening edges did not result in images substantially different from the original photographs; (b) there were barely any discernible differences between the original and the altered photographs on the facts of this case; (c) the addition of the watermark merely supplied information to the viewer of the photograph.

Although the selection of the watermark placement did involve some skill and labour, it was still meant merely to identify a photograph as one which had been posted on the PG Website. Such skill and labour were accordingly not deployed towards making a difference to the artistic nature of the photograph.

On this basis, the Judge found that the Plaintiff did not have ownership of the copyright in the watermarked photographs, and accordingly, deemed it unnecessary to consider the issue of whether the Defendant had infringed the Plaintiff's copyright in the altered photographs.

TRADEMARKS

Company's bid to register "GUCCITECH" mark goes one step too far

IPOS decides opposition action commenced by Italian fashion giant

Guccio Gucci S.p.A. v Guccitech Industries (Private Ltd) [2018] SGIPOS 1 (Intellectual Property Office of Singapore, 23 January 2018)

Comments

In this decision, the IP adjudicator was asked to determine whether the GUCCITECH trademark that contained the entirety of an earlier well-known mark, should nonetheless proceed to registration. In his examination, the adjudicator declined to examine in a granular manner the specifications of goods applied for under the application mark, taking a broader approach by viewing all the specifications within a single category of goods for the purposes of comparison. The adjudicator also found that the mere registration of a company or business name on a company registry does not by right accord its owner any right to use the name in the course of trade in Singapore, either as a company or business name or as a trade mark, or to create any defence to a trade mark opposition action.

Facts

The Applicant is a Singapore company incorporated in 2010, and engaged in the business of designing and manufacturing household appliances. The Opponent is the owner of the globally renowned Italian brand GUCCI and registered proprietor of many registered trademarks in Singapore, including the GUCCI marks. The Applicant's application to register GUCCITECH ("**Applicant Mark**") in Singapore in Class 11 (in respect of an extensive list of cooking apparatus) was accepted and published on 26 December 2014 for opposition.

Issue

The Opponent filed a Notice of Opposition in April 2015. In the opposition hearing, the Opponent sought to rely, among others, on the fact that the GUCCI Marks are well known, pursuant to Section 8(4) of the Trade Marks Act ("**Act**"), which states that if "the whole or an essential part of the trade mark is identical with or similar to an earlier trade mark", the Applicant Mark shall not be registered if the earlier trade mark is well known in Singapore.

Decision

The IP adjudicator, in ruling for the Opponent, was satisfied that the "GUCCI" word mark qualified as a mark "well-known to the public at large", considering the extensive advertising, promotion on social media and editorial coverage in respect of the Opponent's products bearing the mark. Registration of the Applicant Mark, therefore, would also dilute the distinctiveness of the Opponent's marks, their ability to identify and distinguish goods of services and also result in an unfair advantage for the Applicant due to the perceived trade connection of the Applicant's goods to the Opponent by the average consumer.

Battle over striped marks ends in victory for footwear giant

ECJ confirms Board of Appeal had sufficient reason from Adidas AG to reject registration application for similar "two-striped" position mark.

Shoe Branding Europe BVBA v EUIPO (T-629/16) EU:T:2018:108 (European Court of Justice, 1 March 2018)

Comments

In this decision, the European Court of Justice ("**Court**") had to decide whether to allow a position mark consisting of two parallel lines on the outside of a shoe to proceed to registration as an EU trade mark, in light of an intervener's opposition on the basis of its own earlier EU and German striped trade marks (the former being a figurative mark).

The Court clarified that under European Union ("EU") law, the mere designation of one mark as a position mark and the other as a figurative mark did not, by itself, have a bearing on an assessment of the similarity of the marks. The designation of the marks as position marks and figurative marks only made a difference to the scope of protection, since a figurative mark grants overall protection for the whole mark, whereas a position mark only grants protection for the way in which the mark is presented. The Court also clarified that with regard to the level of inherent distinctiveness of an earlier mark for the purposes of assessing detriment to its distinctive character, a mark with an inherently weak distinctive character may nonetheless acquire a normal distinctive character in circumstances where such weakness is compensated by the earlier mark's consistent use over time on a large scale.

Facts

This case concerned an appeal brought by Shoe Branding Europe ("**Applicant**") relating to opposition proceedings between Adidas AG ("**Intervener**") and the Applicant.

The Applicant's mark, published in the Community Trade Marks Bulletin of 14 June 2010, was described as:

"... a position mark...consisting of two parallel lines positioned on the outside surface of the upper part of a shoe. The parallel lines run from the sole edge of a shoe and slope backwards to the middle of the instep of a shoe..."

The opposition was based on the Intervener's earlier rights of (a) an EU figurative trade mark ("**Earlier EU Mark**"), registered on 26 January 2006, and described as "[consisting] of three parallel equally spaced stripes applied to footwear, the stripes positioned on the footwear upper in the area between the laces and the sole"; and (b) a German trade mark ("**Earlier German Mark**"), registered on 14 December 1999, and described as "[consisting] of three stripes contrasting with the base colour of the footwear."

Issue

In this decision, the Court had to decide whether to allow a position mark consisting of two parallel lines on the outside of a shoe, to proceed to registration as an EU trade mark, in light of the intervener's opposition on the basis of its own earlier EU and German striped trade marks (the former being a figurative mark).

Decision: The Court clarified that under EU law, the mere designation of one mark as a position mark and the other as a figurative mark did not, by itself, have a bearing on an assessment of the similarity of the marks. The designation of the marks as position marks and figurative marks only made a difference to the scope of protection, since a figurative mark grants overall protection for the whole mark, whereas a position mark only grants protection for the way in which the mark is presented.

The Court also clarified that with regard to the level of inherent distinctiveness of an earlier mark for the purposes of assessing detriment to its distinctive character, a mark with an inherently weak distinctive character may nonetheless acquire a normal distinctive character in circumstances where such weakness is compensated by the earlier mark's consistent use over time on a large scale.

The Court was satisfied that that the Earlier EU Mark did indeed enjoy significant reputation in a substantial part of the territory of the EU and that the evidence produced by the Intervener had sufficiently demonstrated the existence of a genuine risk that the use of the Applicant mark would take unfair advantage of, or be detrimental to the distinctive character or the repute of the Earlier EU mark.

To discuss the possible implications of this for your business, please contact:



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IAM Patent 1000 – The World's Leading Patent Professionals, 2017: One of the world's Leading Patent Professionals for litigation and transactions in Singapore



SOME OF OUR OTHER UPDATES

DATE	TITLE
20 August 2018	CaseWatch: Court of Appeal Clarifies Requirements for Tortious Claim for Inducement of Breach of Contract against a Parent Company
10 August 2018	LegisWatch: Issuance of the Code of Corporate Governance 2018 and Consequential Changes to the Listing Rules
6 August 2018	CaseWatch: Court of Appeal Gives Guidance on Bringing of Shareholder Oppression Actions
31 July 2018	Myanmar Update: Update on Myanmar Companies Law

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