Intellectual Property Rights – Example questions

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Understanding Society

Example question – Trade Secrecy vs Patent

Case

•A friend of yours wishes to start a company as a result of having developed an algorithm for search rankings, for a niche industry (namely the fashion industry). Your friend comes to you for advice.

Q. You are to advise her as to whether or not she should apply for a patent or whether the algorithm should be designated as a trade secret. In providing your advice, explain to your friend the advantages and disadvantages of trade secrecy vs patent (**as they apply to her**) and provide **your opinion** as to which you think is best and why? (10 points)

Answer

- Trade secrecy
  - Requirements
    1. Secret → Not generally known;
    2. Commercially valuable because it is a secret;
    3. Steps taken to keep it a secret.
  - Advantages / disadvantages
    - Discussion as it applies to her. Ie. How likely is it that someone else won't be able to develop a similar algorithm?, time periods (eg. 20 years for patent), costs of trade secrecy vs patent, etc.

Answer cont.

- Patent
  - Requirements
    1. Invention,
    2. Novelty (not obvious to a person-skilled-in-the-art)
    3. Industrial application.
  - Advantages / disadvantages
    - Expensive
    - 20 year protection (this could be an advantage or a disadvantage)

Copyright example question

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a. The Software Directive introduces a new form of exhaustion. **Explain** what this is and how it is different from exhaustion as it applies under the InfoSoc Directive (Information Society Directive) and can exhaustion be used as a defense for the reselling of a back-up copy of software? (5 points)

Answer

- Under the InfoSoc Directive exhaustion applies only to tangible/physical objects and the distribution right exhausts after the first sale. The Software Directive extends this principle so that it also applies to digital copies of software (non-tangible).
- Exhaustion cannot be used as a defense for selling of a back-up copy (Microsoft case).

Case

Igor owns and operates a website in which he publishes news articles. He generates revenue from advertising which appears on his website. He receives a tip from an anonymous source that a famous politician has posed in a photo shoot for a well-known magazine and is provided with a link to another site whereby the photographs are able to be viewed, despite access to the site requiring subscription. Igor then posts the link on his website with an accompanying news article.

The magazine wishes to sue Igor on the basis of their right to communication to the public/making available to the public.

a. Do you think that the magazine will be successful? **Explain** your answer by applying the relevant **legal criteria and precedents** to the facts and by examining whether or not Igor has any **defense** given the circumstances of the case. (10 points)

Answer (Summary)

a. *Yes, the magazine will be successful. Requirements for communication to the public: act of communication; to a (new) public (Svensson or GS Media cases).*

- *Application:*
  - *Providing a clickable link is an act of communication. It is a new public because the magazine would only have envisioned the public consisting of people who at least subscribe to the website.*

Answer continued

- *Defense*
  - *Igor might argue that he could not reasonably have known that he was linking to protected content.*
  - *However because he provides a link and profits from it he is presumed to have this knowledge (GS Media case). The burden of proof shifts to him, thereby making his defense less likely to succeed.*

Database example question

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Example question

A website registers the IP addresses of those visiting the website, how long they stay on certain pages inside the website, the total duration of their visit and what hyperlinks they click to move from page to page.

1. Does a copyright exist in the database created in this way? Explain why (not)? In your answer distinguish between this right (Art. 3) and the *sui generis* database right (Art. 7). (5 points)
2. Is the database that is filled in this way protected by a sui generis database right? Explain why (not)? (5 points)

Refer to relevant precedents.

Answer

A.

- For copyright the work/database has to be **original** (authors own intellectual creation *Infopaq* case and Article 3(1) Database Directive (NB difference from the sui generis right)). The *sui generis* right does not require originality, but rather substantial investment.
  - In this sense, is the selection or the arrangement of the elements making up the work original?
- The data selected = IP addresses, duration on page and hyperlinks clicked → all of these point to tracking the elements of the website's use (a functional purpose). Most people would probably do this for websites, therefore not likely to show originality.
- Possible argument → if the data were still somehow arranged in an original manner, but probably still not likely since it is still most likely for mainly functional purposes.

Answer B.

- The database is protected under the sui generis database right if there was a substantial investment (either quantitative or qualitative) in the obtaining (collection), verification or presentation of its contents (Art 7(1) Database Directive).
- Investment in creating the data must not be taken into account (BHB/William Hill case)
  - Therefore, only the cost of collecting and arranging the created data in the database is taken into account.
- For the case at hand
  - Collection and arrangement is most likely an automated process. In these circumstances it is highly unlikely that it will involve a substantial investment.

Answer cont.

- Furthermore, since its their own site its unlikely that verification is needed.
- The only avenue would be in the presentation of the data, but again, probably unlikely.