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Issue 400 **March/April 2013** itma.org.uk

ITMA REVIEW

The journal of the Institute of Trade Mark Attorneys

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Spring is the best season



Spring is the best time of year for ITMA. In February, there is the ITMA Charity Quiz, for which the profits are divided equally between the ITMA Benevolent Fund and the charity chosen by the winning team. This year, Urquhart-Dykes & Lord came first, and nominated the Katie Haines Memorial Trust as its charity. Visit the website at katiehaines.com to find out more, and see page 9 for some photographic highlights of the lively evening.

Then, in March, there is ITMA's International Spring Conference, where I hope to meet many of you. However, for those not attending, *ITMA Review* can still keep you up to date – this month offering intelligence on legal developments, including the new Guernsey Image Rights Ordinance, a plain packaging update from Katharine Stephens, and a review of cases after Interflora in which survey evidence played a part.

Happy reading, and I look forward to seeing you at our Summer Reception in July!

Yours

Catherine Wolfe

ITMA President

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Published on behalf of ITMA by:

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Barlby Road, London W10 6BL

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www.thinkpublishing.co.uk

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ITMA Review

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ITMA business

Class of 2012

Pictured below are graduates of Nottingham Law School's Professional Certificate in Trade Mark Practice course, part of the qualification process for becoming a Trade Mark Attorney. This is a practise-based course run by Nottingham Law School (NLS), Nottingham Trent University, lasting one academic year. The NLS course comprises three modules: (i) introduction to trade mark practice and client relationship skills; (ii) litigation and tribunal practice and procedure, advocacy; and (iii) professional and self-management. For information on the course, please visit ntu.ac.uk



Member
benefits

BSA – stationery and procurement discount

One area in which ITMA members and their businesses can save is stationery, procurement and business services through the Buying Support Agency (BSA). The BSA is your one-stop shop for business cost reduction (up to 35 per cent on overhead savings). This includes stationery and office supplies, print and packaging, janitorial and catering supplies, workwear, archiving services, franking services and credit card processing fees. BSA focuses on cutting overheads so that members can enjoy higher net profits. What's more, if BSA fails to save you a minimum of 20 per cent on your annual stationery spend, it will pay you £500*.

For more information, visit IP Benefits Plus via itma.org.uk or call 0845 555 3344, ensuring you quote IPB.

**Terms and conditions apply. See website for further details. Correct at time of print. Entire office supply must be switched to the BSA and there must be sufficient evidence to prove that 20 per cent has not been saved on stationery over the course of the entire year. Applies to clients spending £1,000 or more. IP Benefits Plus is managed on behalf of ITMA by Parliament Hill Limited of 3rd Floor, 127 Cheapside, London EC2V 6BT. Neither is part of the same group as a provider.*

Have a ball!

Kirwin Lee of Venner Shipley is hoping to hear from any students interested in helping to put together the annual Intellectual Property Trainees' Ball. The themed event is held in aid of Great Ormond Street Hospital and previous themes have included Around the World in 80 Days, The Golden Age of Hollywood and, most recently, Arabian Nights.

The ball is popular with patent and trade mark trainees and qualified professionals alike, but the event cannot happen without lovely volunteers to help organise it. Being on the organising committee is a great way to meet people in the profession while raising money for a worthy cause. It is a fun experience and you get a free ticket to the event, too!

If you are interested in joining the ball committee, please email Kirwin at klee@vennershipley.co.uk. It is not necessary to be based in London to get involved.



Member moves

The Partners of Groom Wilkes & Wright LLP are pleased to announce that **Katy Adams** became a Partner on 1 January 2013. Katy can be contacted at kadams@gwwtrademarks.com

Rigel Moss McGrath (right) of WP Thompson became a Partner in the firm on 1 January 2013 and continues to be based in its Liverpool

office, where she plays an integral role in the firm's expanding trade mark practice.

The Partners of Graham Watt & Co LLP are delighted to announce that, as of 1 November 2012, **Steven Suër** (far right) was welcomed into the partnership. Steven can be contacted at sjs@grahamwatt.co.uk and +44 (0)1732 450055.



Running man



You'll believe a Trade Mark Attorney can run! Aaron Wood (Ordinary Member) is running the London Marathon this year in aid of Macmillan Cancer Support, a charity close to his heart. ITMA has been reliably informed that if he reaches his overall target he will run in a suitably embarrassing costume and ITMA will be sent tasteful photographic proof of his lycra-based attire. Notwithstanding this threat, Aaron would be very grateful for all donations, which will go to help support families as his has been supported over the past 12 months. Donations can be made online at justgiving.com/bigmanruns



IN MEMORIAM DAVID LATHAM

We regret to report the sudden death of David Latham, Associate Member, on 15 February 2013. David was born in London in 1955 and educated at Cambridge University. After qualifying as a solicitor, he joined Durrant Piesse, becoming a partner two years later. After the firm became Lovells, he spent several years in the US managing its New York office. This led to David becoming a very active member of INTA, serving on its meetings and anti-counterfeiting committees. He also acted as ECTA's honorary Legal Adviser from 2006 until the time of his death, and was due to

speak at ECTA's conference in Bucharest in June. David was a very friendly man, as well as being a first-class IP lawyer. He was always available to give advice on a wide range of legal issues to his fellow officers, as ECTA's unpaid legal adviser, where he was regarded by all as a fine example of the best kind of English practitioner. He will be greatly missed not only by his many friends in ECTA and ITMA, but also by his partners and assistants in his firm Hogan Lovells. He is survived by his wife Gilly Webb and three adult children, to whom we extend our heartfelt sympathy.
Keith Havelock

After exams: what comes next?

These are the routes to qualification as a registered Trade Mark Attorney for student members of ITMA, depending on your April 2013 Joint Examination Board (JEB) final examination results, and assuming that you have passed the foundation-level JEB exams or have exemptions from them.

If you have not passed any JEB finals papers or if you have passed T4 but not T3 or T6

You will need to begin by taking the Queen Mary (QM) Module B, which is part of the QM Certificate in Trade Mark Law and Practice. Please see the QM website for more information at law.qmul.ac.uk

It is possible to sit QM Module B as a stand-alone option. The other modules of this Certificate are foundation level.

QM Module B is expected to run as an intensive summer course in June 2013 and as part of the full QM course from January to March 2014. The 2013 course fees for Module B were £1,800.

Once you have passed QM Module B, you will need to take the Professional Certificate in Trade Mark Practice Course (the full course) offered by Nottingham Law School (NLS) as the final step towards qualification. For more information, please see the NLS website at ntu.ac.uk

The full NLS course is likely to run from October 2013 to May 2014. The 2012-13 course fees were £6,800.

If you have passed either T3 or T6

You can apply to take the NLS Intensive course. Please see the NLS website for

more information. The NLS Intensive course is expected to run in autumn 2013, with the exact dates to be confirmed by NLS. The course fees in 2011 were £3,640.



Media Watch

Food wars, branding battles and slogan sagas

Ken Storey keeps calm and continues writing in the face of the latest IP stories

Last edition I opened this column with a story featuring Beyoncé and Jay-Z and their attempts to register BLUE IVY as a trade mark. Oddly enough, I open this month's column with two stories that also feature Jay-Z and the name Ivy, but in totally different contexts.

Jay-Z is a co-owner of a top New York gastropub called The Spotted Pig, which was opened in 2003 by British-born Michelin-starred chef April Bloomfield. In late November 2012, the *Daily Mail* splashed a headline "Gordon Ramsay branded 'shameful and pathetic' as he applies for UK trade mark of fashionable New York gastropub". The *Mail* reported that Ramsay had applied for a UK trade mark for SPOTTED PIG and went on to report on a Twitter row involving Jamie Oliver, who also viewed the application negatively. The *Mail* has never been a fan of Ramsay and uses Oliver as a magazine contributor, so it was no surprise to see which side it was on!

The Ivy was the subject of a story north of the border, where the *Herald Scotland* reported that Glasgow's Ivy Bar has been forced to change its name, at a cost of tens of thousands of pounds, as a result of threatened legal action by The Ivy restaurant in London over trade mark infringement of its name.

The sympathies of the *Herald* were, not surprisingly, on the side of the Glaswegian bar, whose owners claimed that there could be no confusion, but one wonders why they chose that name in the first place; or am I being too sceptical?

Staying with famous London establishments, just days before Christmas the *Mail* reported that The Ritz in London had written a cease and desist letter to a wedding and conference venue in Desborough, Northamptonshire, which calls itself the Desborough Ritz. It appears that the venue opened in November 2011 and took the domain name theritzuk.co.uk, which triggered the London Ritz's interest. The Desborough Ritz's owners claim there can be no confusion, as the charge per head for one of

'The Desborough Ritz's owners claim there can be no confusion, as the charge per head for one of its wedding meals is less than the cost of an afternoon tea at the London Ritz'

its wedding meals is less than the cost of an afternoon tea at the London Ritz - though they seem to miss the point that, although their prices may be much cheaper, they are offering similar services. One might say "When will they



ever learn?", which brings me to the response our esteemed President, Catherine Wolfe, made to Business Secretary Vince Cable's new vision for a better IP landscape.

Cable launched the coalition's initiatives at the

Big Innovation Centre on 17 December, which prompted Dr Wolfe to issue a statement welcoming the plans to increase the profile of IP awareness among small and medium-sized enterprises in particular, and to attack the

problems of counterfeiting. Her comments were repeated in her welcoming press release covering the appointment of Lord Younger as yet another Minister for IP on 11 January 2013. It is a shame that IP Ministers change so frequently, but at least Vince Cable remains at the helm - for the time being (as of writing)! I wonder if any other portfolio has changed hands as frequently as IP Minister since 2007, when the position was created under the then Labour Government - maybe a question for next year's charity quiz?

Lord Marland may have made news with his resignation as IP Minister, but another short-term Government adviser, Lord Sugar (whose reign as enterprise czar lasted



'Nestlé has succeeded in stopping rivals from copying the shape of its famous four-fingered chocolate bar – this was a significant win'

just over a year), was also in the news concerning trade marks. At the end of November, *This is Gloucestershire* reported that Lord Sugar had lost a battle to register a trade mark for YouView Freeview TV, of which he is Chairman. IPO Hearing Officers upheld a challenge from Total Limited, which, through the good offices of Cheltenham-based Wynne-Jones IP, had registered the mark YOUR VIEW for its online customer portal back in 2009. *This is Gloucestershire* reported that Total would be prepared to take further legal action to prevent infringement of its brand. It may well have to, as YouView still seems to be operating.

Staying with broadcasting, *The Guardian* reported that BSkyB had forced Livescribe to withdraw its Sky Wi-Fi smartpen from sale in the UK because it infringed the Sky trade mark. The digital pen, which integrates Wi-Fi technology with cloud services, was due to go on sale just before Christmas through Dixons Retail. *The Guardian* reported that, unless the matter can be settled out of court, the dispute could reach a full trial in the High Court.

On a lighter note, the *Mail*, which increasingly seems to be taking an interest in trade mark matters, reported in early January that the Board

of Appeal of the Community Trade Mark (CTM) Office has ruled that Nestlé has succeeded in stopping rivals from copying the shape of its famous four-fingered chocolate bar. The ruling follows a seven-year battle with Cadbury, and the *Mail* report included quotes from ITMA member Marisa Broughton of Withers & Rogers, who explained that shapes could be registered as trade marks and that this was a significant win for Nestlé. It is good to see that the *Mail* is getting authoritative quotes and giving a publicity

boost to our members and their firms.

Finally, I come to a story that may be coming to the boil as this reaches desks. Local papers in the north east have already run stories about the impending resolution of a dispute that has been covered in this column before. But "Keep Calm and Carry On"! *The Journal* kicked it off by reporting that the second-hand bookstore in Alnwick, where, it is alleged, original versions of the abandoned Government advertising slogan "Keep Calm and Carry On" were uncovered,

is opposing the CTM granted to Mark Coop in April 2012. Having failed to obtain a UK registration, Coop sought and was granted a CTM for the phrase and is seeking exclusive rights to its use. This could have a significant impact on the Alnwick bookshop, which has already sold 100,000 posters bearing the slogan. Many variations of the slogan have emerged over the past year or so, and *The Guardian* has picked up on the story in its Northerner blog, which refers to phrases such as "Calm you shall keep" and "Carry on you must" aimed at Star Wars enthusiasts, and "Keep Korma and Curry On" for cooks. There are other variants, and perhaps readers might like to suggest a few more for inclusion in future editions – providing they don't infringe anything in the process!

Ken Storey

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IP PATHWAYS

Intrigue is all part of a day's work for ITMA member and investigator Cameron Gowlett

It is not something I have always wanted to do; it's something that I stumbled into," confesses Cameron Gowlett when questioned about his current professional role. However, while it may not have been his childhood dream to found a firm that specialises in IP investigations, he does say now that he feels he's found his dream job.

As the co-founder and co-owner of Cerberus Investigations, and with responsibility for the Istanbul office (it also has London and Dubai hubs), Gowlett looks after client work in Turkey, Russia, Ukraine, "the Stans" and Eastern Europe.

It was during a sabbatical from his job as a management trainee at Harrods that Gowlett began a serendipitous journey into the world of the cloak and dagger. Having travelled to the Canary Islands to work on a whale and dolphin conservation project, he met a fellow traveller from the Born Free Foundation who was in need of volunteers to do undercover investigations in Africa. Gowlett immediately offered to help: "It was exciting, and I was getting really good results and I loved it."

Extensive knowledge

Having returned to work at Harrods, where he had progressed from the sales floor of the toy department to being the youngest person ever accepted into the management training scheme, Gowlett found himself looking after all of the Harrods-branded items. Because the Harrods brand appears on such a huge range of products – from toy cars to cigarettes – this gave him extensive knowledge of how a variety of industries work, how to buy products in different sectors, import and export,

distribution, country-specific licensing requirements and so on.

So years later, when he was introduced to his now-business-partner Duncan Mee, who explained that the work he was doing was IP investigations, Gowlett thought: "I've had some experience in investigations, I know about brands – perhaps we can work together." By 2005 the pair had set up Cerberus Investigations.

It was a fast lifestyle change to which Gowlett adapted quickly: "Within a week I was on a plane to Bangladesh trying to work out how to get evidence that a factory was making counterfeit coats. I was thrown in at the deep end; I was on my own – I liked it."

While a lot of the work in the London office involves online take-downs, and email and telephone information gathering, much of the work coming out of Istanbul is very physical. "It is a different culture and environment," says Gowlett. And it can be dangerous.

"Turkey is a huge centre for manufacturing and there's also a huge tourist industry, with the result that there are a lot of counterfeit goods being sold in the resorts and tourist areas.

"On the surface," says Gowlett, "everyone seems nice. The public are buying these counterfeit goods and not thinking much of it. But in the past year, there have been at least three or four raids during which police, a lawyer and even a film crew that was doing an undercover piece have been beaten up. The people who sell counterfeit goods

PROFILE

WHO: Cameron Gowlett, Associate Member

WHAT: Co-owner and co-founder of Cerberus Investigations Limited

WHERE: Istanbul, Turkey



are quite dangerous and they get quite angry. If their stock gets confiscated that represents money that they can't make."

Team effort

In the field, Gowlett is supported by a team, and in every investigation they will play to each person's strengths. "Sometimes it makes sense for a Turkish person to approach a Turkish factory. Other times it's better for a foreigner to pretend to be a tourist. When the targets begin to talk in Turkish about where the products come from, where they are stored or when they are getting their next delivery, they have no idea that the 'tourist' can understand them."

What does it take to succeed as an investigator? According to Gowlett: "You need to be a problem-solver, you need to be brave and bold, and you have to push yourself into places where the target may not want you to be – and you have to be able to cope with situations that may change quickly.

"You need to have something about you that enables you to get to people, to convince people to give you counterfeit samples or the information that you want. I don't know exactly what the quality is, but some people have it and some people don't." ■

Interview by Caitlin Mackesy Davies

UDL team takes quiz crown

Penderel's Oak saw another spirited battle of the brains, which raised more than £1,800 for great causes

- 1) The Quizee Rascals from Norton Rose
- 2) The Challenged Annekas from Withers & Rogers
- 3) The Swansea Ball Boys from Urquhart-Dykes & Lord (UDL): David Stanners, Simon Raynor, Mark Taylor, Mark Green (Captain), Gordon Harris and Simon Harris
- 4) ITMA's Lauren Boosey did the scoring
- 5) Quizmaster Stephen James (Jenkins)
- 6) Aldersgate Animals from Venner Shipley
- 7) Russell's Brands (Charles Russell LLP)
- 8) Our marking team: (L-R) Kate O'Rourke, Darsh Patel, Adam Wilder, Keven Bader, Carol Nyahasha, John Coldham
- 9) ITMA President Catherine Wolfe presents the shield to UDL's captain



Test at your desk
How would you have fared against these sample puzzlers?

- 1 What kind of river and sea creature lives in a holt?
- 2 From which US State Penitentiary does the fictional character Andy Dufresne escape?
- 3 In which month of which year did man first walk on the moon?
- 4 How many litres are there in a cubic metre?
- 5 Who designed the UK team's kit for the 2012 Olympics?

ANSWERS: OTTER, SHAWNSHANK, JULY 1969, 1,000, STELLA MCCARTNEY

Introducing IP

Matt Kilner found the recent CIPA-ITMA Induction Day a valuable insight into the journey to becoming an IP professional

On 4 December 2012, CIPA and ITMA held an induction day aimed at trainee IP professionals (Patent and Trade Mark Attorneys) who are new to the field of IP. The day was designed to show that the qualifying exams are merely a gateway to the profession and to provide new trainees with a glimpse of the bigger picture. It was also a good opportunity to meet other trainees and discuss working experiences so far.

Kicking off the key speakers, John Kennedy from Wildbore & Gibbons gave a presentation on the commercial context of IP, discussing how corporations rely on IP as a business tool. Kennedy explained the impact of IP on national and global economies, explaining that over the past 30 years the amount of tangible investment has declined significantly, while intangible investment (such as IP) has trebled. Kennedy discussed how knowing your client's business and IP objectives is important in enabling you to give effective, useful advice.

Andrea Brewster of Greaves Brewster LLP followed with a presentation on the basics of client care. This was an insight into what it means to be a professional and how, as a professional, client care is of paramount importance.

Next, Keith Hodgkinson from Marks & Clerk LLP spoke on professional ethics. Hodgkinson discussed some of the important IPReg rules and gave some useful advice on how to manage any mistakes that might be made during a career as an IP professional. Following this, Brewster again took the floor and gave a brief presentation on the basics of dealing with client

complaints. This involved discussions on the key causes of complaints, and she revealed her seven-step guide to dealing with them.

After presentations on how to provide a good service for your clients, Matt Dixon, chair of the CIPA and ITMA Business Practice Committee, gave a presentation on finance and other business-related topics important to the IP professional. This presentation also provided useful information about billing clients, cash flow in an IP firm and how building trust with a client can lead to more work.

Brewster then discussed communication skills, providing basic advice for selecting the correct type of communication to use for certain audiences, and how to communicate effectively by providing clear and concise information to the recipient. A highlight was a selection of useful tips on how to write a good business letter.

Tony Luckhurst, a member of CIPA Council, then addressed work-related stress, giving practical advice on how to watch for signs of too much stress and the importance of having a good stress-level management strategy.

Lee Davies, Chief Executive of CIPA, Chris Mercer, the President of CIPA and Catherine Wolfe, President of ITMA, then introduced themselves and the professional bodies that they represent, detailing their work, its purpose and its impact.

Michael Heap, Chairman of the IPReg Board, gave a presentation on the role IPReg has as a regulator, and explained how it is run. Heap discussed the roles that IPReg and the Legal Ombudsman play in dealing with

complaints and how the IPReg Code includes a professional element relating to professional competence, and also a practice element, relating to how to manage client relationships. Heap also discussed the part that IPReg plays in the training of IP professionals.

Sanjay Kapur from Potter Clarkson LLP and Julia Gwilt from Marks & Clerk LLP then gave presentations on the steps involved in qualifying as a Patent and Trade Mark Attorney. They both provided extremely useful information, relevant for both professions, on training courses that are available, which examinations are required and when they are held. They also provided details of further support and training resources that might be useful throughout the training process. For the final presentation of the day, the CIPA student body – the Informals – was introduced by Annabel Strawson, Honorary Secretary.

In conclusion, the induction day provided an insight into where IP professionals fit, in both the business of the IP organisation you work for and the business of your client. It also provided some useful tips for everyday working life as an IP professional. It gave an understanding of what CIPA, ITMA and the governing regulations are all about, and information on the professional examinations and the resources available that might help you to become a fully qualified IP professional. ■

Matt Kilner is a Technical Assistant at Kilburn & Strode LLP. A version of this article appeared in the December 2012 *CIPA Journal*.

Sharp thinking on abuse

Sally Cooper suggests raising a cry of “Sabatier” after a recent ITMA Manchester Meeting

On 16 January 2013, Michael Edenborough QC shared his thoughts on where abuse might have a part to play in trade mark actions – either as a shield or as a sword – making reference to the role of practitioners in finding a route to achieving the client’s objective.

Beginning with the widely known decision in *Omega SA v Omega Engineering Inc* [2003] EWHC 1334 (Ch); [2003] FSR 49 (Jacob J), he explained how inadequacy in a pleading resulted in the Tribunal Practice Notice (TPN) 1/2005 and the Trade Mark Registry’s requirement for the applicant (in revocation proceedings based on non-use) to plead *expressly* the date from which revocation ought to take effect. However, Edenborough’s “rabbit out of the hat” on this subject was the Sabatier case (No 82 673 of 31 January 2007), a less well-known decision of the Registry. This runs counter to TPN 1/2005 in allowing pleadings to claim “rolling” dates as dates from which revocation ought to take effect. So if you have a case pleaded under section 46(i)(b) of Trade Marks Act (TMA) 1994 and the Registry insists on TPN 1/2005, take up your sword and cry “Sabatier”!

Edenborough also highlighted Omega’s further attempt to push back the date from which revocation ought to take effect (*Omega Engineering Inc v Omega SA* [2004] EWHC 2315(Ch); [2005] FSR 12 (Rimer J)). This time the Court said the point “should have been argued in previous (revocation) proceedings” and that the new litigation was an “abuse of process”. So we have “abuse” as a shield for the defendant!

In the context of challenges to OHIM decisions, Edenborough noted that you need a point of law to justify an appeal from (now) the General Court to (now) the Court of Justice of the EU (CJEU). Otherwise, the CJEU



provides a Reasoned Order as an early end to proceedings. Edenborough brought the mark PURE DIGITAL (T/461/04; ECR II-122 [2008] ETMR 10; Case C-542/07 P; [2009] ECR I-4937; [2010] ETMR 19) into thinking on this issue. Surely the practitioner can only bring “evidence of use” to the table where that evidence relates to a period prior to the date of application?

Why not argue that – at each stage – the relevant tribunal must take account of the post-application use of (in the particular case) the mark PURE DIGITAL. Drawing attention to Paragraph 2.61 of the Max Plank Institute’s Report: “Article 7(3) Community Trade Mark Regulation and Article 3(3) Trade Mark Directive should be amended so as to provide for the possibility to establish acquired distinctiveness at a date subsequent to the application date, and prior to the date of registration. In that case, the filing date, which is the date taken into account in determining conflicts between marks, should be adjusted accordingly.” If your client’s concern is that its mark stays live in the records of OHIM for the maximum time period *and* you have such an argument (on a point of law), surely you (again) have

a sword to take up on behalf of your client?

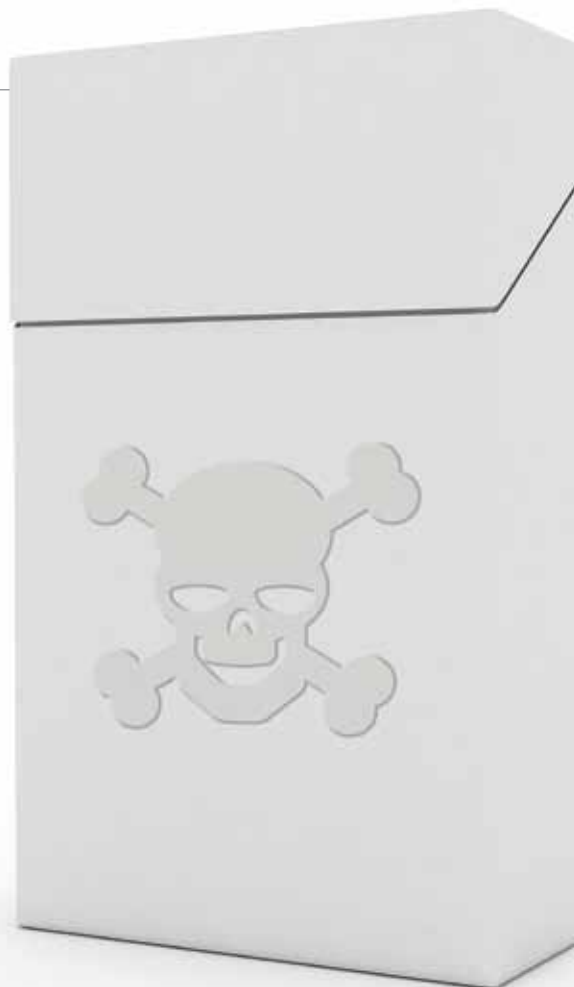
In the UK case of Special Effects ([2007] EWCA Civ 1; [2007] ETMR 51; [2007] RPC 15), the message was that bringing grounds used in opposition proceedings before a court of law in subsequent infringement proceedings is not a problem. But don’t forget things may be otherwise in proceedings for invalidity. For example, the Spam/Spambuster case in 2005 ([2005] EWHC 13(Ch); [2005] ETMR 54; [2005] RPC 28) went against a party taking a second bite of the cherry when the first attempt at claiming invalidity based on relative grounds had failed (even though the second bite was a claim for invalidity on both absolute and relative grounds).

Finally, Edenborough reminded us that threats bring their own abuse concerns. In 2004, *Reckitt Benkiser* ([2004] EWHC 302 (Ch); [2004] FSR 37; [2005] ETMR 94) found an action defended and, as part of the counterclaim, sought to join solicitors to answer a threats allegation. This required permission from the court, which was refused as an abuse of process. And, while 10 years ago courts refused to consider threats issues when the threat appeared in without-prejudice correspondence, in 2011 (*Best Buy v Worldwide Sales* [2011] EWCA Civ 618; [2011] FSR 30) a court isolated the threat from correspondence that was without prejudice – making the threat actionable (and suggestion was made, *obiter*, that the rule on without-prejudice correspondence should not provide a shield against the impact of the threats provisions of the TMA 1994. ■

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Pack attack

Katharine Stephens suggests that the stage is set for a UK showdown on standardised packaging



In December 2011, I wrote an article for this journal discussing the UK Government's (then) pending consultation on the introduction of plain packaging for cigarettes. This highlighted some of the difficulties such measures would face in light of the UK's international obligations under the Trade-Related Aspects of IP Rights (TRIPS) Agreement and the Paris Convention. It also suggested that what may seem to be an issue of concern only to the owners of tobacco brands may, in fact, pose a threat to a much wider range of brand owners, including those whose brands cover alcoholic drinks and high-sugar or high-fat foods. Much has happened since December 2011.

UK consultation

The UK Department of Health's (DoH's) consultation on plain packaging, originally promised before the end of 2011, was launched in April 2012. The stated aim was to: "Seek the views of interested people, businesses and organisations on a policy initiative that would require the packaging of tobacco products to be standardised, the aim being to improve public health

by reducing the use of tobacco." A key question in the consultation was: "Do you believe that requiring standardised tobacco packaging would have legal implications?"

The consultation used the expression "standardised packaging" rather than "plain packaging" because, as it said, the packs are not, in fact, plain. The packs, aside from prescribed health warnings, have a standardised colour and any brand name is written in a standardised font. In effect, tobacco brand portfolios are reduced to a single brand name and brand variant (for example menthol), written in a standardised font.

Although precise numbers have not been released by the DoH, it has been estimated that around 700,000 submissions were made to the consultation, making it one of the most responded-to consultations in UK history.

While the majority of submissions came from individuals, many professional organisations, especially those representing IP practitioners, also responded. The ITMA submission, for example, highlighted that the introduction of plain packaging:

"Could potentially have unintended consequences and lead to undesirable and long-term legal and marketplace complexities, adversely affecting the rights of consumers, producers and brand owners." ITMA also stated that a second open consultation would be needed to review specific legal issues arising from any proposals put forward as a result of the initial consultation.

The UK Government's response to the consultation is not yet known. This may well be down to the sheer volume of submissions it received. However, in Australia plain packaging has already reached the implementation phase.

Australian action

From 1 December 2012 civil and potentially criminal penalties apply to those selling tobacco products in Australia other than in the standardised packs prescribed by the Tobacco Plain Packaging Act 2011 ("TPPA").

However, implementation of the TPPA has not gone unchallenged. In December 2011, several tobacco brand owners brought proceedings before the High Court of Australia, questioning whether the TPPA complied with

'It has been estimated that around 700,000 submissions were made to the consultation [on plain packaging], making it one of the most responded-to consultations in UK history'

the Australian Constitution. The key question before the Court was whether the TPPA resulted in an acquisition of the tobacco companies' property, including trade marks and goodwill, otherwise than on just terms. In August 2012, the Court answered the question in the negative, and in October, the judges gave their reasons.

The majority made it clear that there was a difference between the concept of a "taking" from the tobacco companies and an "acquisition" by the Commonwealth. And, although the TPPA amounted to a taking (for example, the trade marks would be denuded of their value and thus of their utility for assignment and licensing, and the volume of sales may be reduced, together with the value of goodwill), the majority (by six to one) held that it did not go so far as to be an acquisition because the Commonwealth could not be said to have accrued any benefit of a proprietary character.

Although the TPPA has come into force, legal challenges remain. First, there is a World Trade Organization (WTO) Dispute Settlement Body panel set up at the request of the Ukraine (and separately requested by Honduras and the Dominican Republic). This will consider the legality of the TPPA under TRIPS. It will also consider whether the TPPA will create unnecessary barriers to trade in violation of the WTO Agreement on Technical Barriers to Trade.

In addition, the TPPA faces a challenge in the form of international arbitration proceedings against the Australian Government under the Hong Kong-Australia Bilateral Investment Treaty. This Treaty provides protection for investments in Australia, including investment in IP. The arbitration is expected to take two to three years to reach a conclusion.

EU developments

The issue of plain packaging has also been considered at an EU level as part of the consultation on replacing the Tobacco Products Directive 2001/37/EC.

However, the draft proposal published by the Commission on 19 December 2012 stopped short of mandating EU-wide plain packaging, proposing instead that health warnings and graphic images on packs be increased to 75 per cent on both the front and back surfaces (at present they cover at least 30 per cent of the front and 40 per cent of the back of the packs, surrounded by a black border). Member States remain free to introduce plain packaging measures provided they are compatible with the Treaty on the Functioning of the European Union.

The Executive Summary of the Impact Assessment states that "given the current lack of real-life experience in the EU, pending legal disputes and concerns expressed by some stakeholders", plain packaging measures were not adopted. The reference to legal disputes is most likely to be a reference to the various legal proceedings (particularly the WTO proceedings) resulting from the TPPA.

The proposals in the draft Directive seem to have ignored the comments from the tobacco companies as to the effect the changes will have on their IP. The Commission is trying to creep up to introducing plain packaging by gradually reducing the area on which tobacco companies can print their trade marks. A key question is whether these proposals infringe the Charter of Fundamental Rights, which at Article 17 states that IP shall be protected. While the current proposals require 75 per cent health warnings on each side, once other mandatory elements, such as tax stamps, are added to a pack, the total area on one side available for branding may be as low as 7 per cent. This will again raise the issue of whether brand owners are left with sufficient space to affix their own material and whether this leaves normal use of their trade marks possible. This was considered in *R v Secretary of State for Health, ex parte BAT*, C-491/01, in which the EU's current labelling provisions were unsuccessfully challenged as they did not, in that instance, create a disproportionate

interference with the substance of the trade mark rights.

Stage set

The stage is now set for the UK Government's response to the consultation on plain packaging. The Australian decision may be a great encouragement to the anti-smoking lobby, but, in practice, the Court was considering a different test (and one with a much higher hurdle) to that which applies in the EU and its Member States. However, while the tobacco companies failed to satisfy the peculiar standard of an acquisition under the Australian Constitution, the Court's findings on the damage done to the tobacco companies' trade marks amounting to a taking of their property are instructive. In the EU, under the Charter (and in the UK, the Human Rights Act), the test is whether there is a deprivation, and a deprivation that is not accompanied by compensation may well be struck down as invalid. Thus the Australian Court's findings on a taking (effectively synonymous with a deprivation), while not determinative, would, if followed, probably be sufficient to defeat a plain packaging measure. ■

While this article is based on research conducted for Philip Morris International, the opinions expressed are the author's own.

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IP PARADISE?

Guernsey's Image Rights Ordinance could mean the island offers a golden opportunity for those looking to protect their personality



For modern famous faces whose livelihood depends on – and is even generated by – a carefully crafted image, the advent of Guernsey's newest IP legislation could come as something of a revelation – and a great relief. While, as previously highlighted in *ITMA Review*, worldwide approaches to image rights are varied and sometimes vague, the Image Rights (Bailiwick of Guernsey) Ordinance 2012 (“the Ordinance”) means the island is the first jurisdiction in the world in which personalities and their associated image rights can be registered under the protection of statutory law.

Specifically, the Ordinance allows for the protection of a *personage* of a natural person (living, or deceased in the past 100 years) and can also extend to corporate images, for instance a

company such as Disney. The rights can include not only the name(s) of the individual (David Bowie, Ziggy Stardust etc), but also other defining characteristics, including voice, likeness, appearance, silhouette, features, face, expressions, gestures, mannerisms and other distinctive personal attributes or characteristics of personality. Just as with trade mark registrations, these image rights can be assigned and licensed. The rights last initially for three years and can be renewed indefinitely, but unlike trade marks they are not restricted to any particular classes of goods or services and do not need to act as a badge of origin.

Although the new legislation only applies in Guernsey, Guernsey has statutory reciprocal arrangements with the following territories that



FAQ: the Guernsey Ordinance

- The Image Rights (Bailiwick of Guernsey) Ordinance 2012 was approved on Wednesday 28 November 2012
- The Guernsey Registry's IPO began taking image rights registrations from 3 December 2012
- At the end of January 2013, three *personnages* had registered their personalities and associated image rights
- A *personnage* maybe a natural person (alive or died in the past 100 years); a legal person (ie a corporate); a joint personality (duo); a group; or a fictional character
- A *personnage* meeting the criteria may register their personality along with their associated images, which may have characteristics such as aliases, signature, voice, mannerisms, gestures etc
- Registration fees are as follows (initial and renewals): Natural person – £1,000 for ten years; Legal person – £5,000 for ten years; Image – £100 for three years. For a full list of fees, go to guernseyregistry.com

facilitate straightforward reciprocal recognition and enforcement of judgments: Guernsey, England and Wales, Italy, Israel, the Netherlands, Scotland and Northern Ireland, the Netherlands Antilles and Suriname. In addition, even in territories with which Guernsey does not have such reciprocal arrangements, it is likely that judgments in relation to image rights will be capable of recognition and enforcement at common law.

Image rights go beyond the traditional ambit of copyright, and the test for infringement is borrowed from that of trade marks, since it relates

'The personality can register a wide range of images associated with them, including the obvious images such as photographs, but extending also to other distinctive characteristics or expressions of themselves, such as nicknames, catchphrases and avatars'

to confusing similarity and the trade mark trinity of riding on the coat-tails, dilution and tarnishing.

"The legislation offers a bespoke right that provides a unique level of protection for personalities who register under the new regime," explains Elaine

Gray, Of Counsel at Carey Olsen (which represents the first image rights registrant, corporate and branding specialist Lesley Everett). "In particular, the personality can register a wide range of images associated with them, including the obvious images such as photographs, but extending also to other distinctive characteristics or expressions of themselves, such as nicknames, catchphrases and avatars. As with trade marks, the registered right is capable of indefinite renewal, which is useful given the limited period of copyright protection over images. The regime also offers clear remedies for infringement, including specific provision for damages in circumstances of flagrant breaches."

Gray was one of a panel of speakers that addressed a 200-strong audience of IP, sports and entertainment lawyers, as well as agents, accountants and brand managers, at an introductory seminar on the subject organised by Guernsey Finance in late January. The event's large audience was perhaps to be expected since these image rights – now with the option for protection with teeth – will constitute valuable assets. To give just two examples, top-ranked golfer Rory McIlroy's image rights have been valued at as much as £156 million, while the personal and corporate image rights of Richard Branson have been valued at £3 billion.

Reflections and response

Infringement, enforcement and reputation management were touched on by a panel that included Dominic Crossley (Partner, Collyer Bristow),

Mark Engelman (Head of IP, Hardwicke) and David Evans (Director, Collas Crill IP). Offering the background to the launch of the image rights register was John Ogier, IP Registrar of the Bailiwick of Guernsey IPO.

Fiona Le Poidevin, Chief Executive of Guernsey Finance, gauged the responses of delegates and felt the legislation was well received, albeit with understandable caution: "Many I spoke to had already been talking to their clients about the image rights register. As with any new concepts, several also said they would be very interested when the first successful case was brought to the Guernsey courts, as this will clearly attract more clients to register their rights."

Reflecting on the importance of the legislation, Ogier welcomed the legal certainty that could be expected to follow from the new rights:

"Image rights are a valuable IP Right, which are important in commercial trade, but for which there has been no legal certainty. In the UK, cases that have been brought before the courts have relied on areas of law including privacy, passing off, trade marks and copyright, which were not drafted for the policy purpose of protecting the image rights of a person. The Law Lords, in decisions on related cases, have highlighted the danger of the legal status of these rights effectively being made on a case-by-case basis without the scrutiny of the Parliamentary process."

According to Ogier, Guernsey, in developing image rights: "Has created legislation that has been scrutinised through a policy process and is designed ►



to meet the business needs of the commercial world of the 21st century. These rights will work alongside existing IP and will be particularly valuable together with trade marks in protecting brand identity associated with a person.”

Understanding that there may be disquiet about the possibility of restrictions on the press, Ogier was also keen to point out that: “Care has been taken to balance the commercial interests of the rights owners with preserving the freedom of media reporting and personal non-commercial uses of images.”

Cruise control

“I was asked ‘Is there a compelling reason why Tom Cruise would want to register a Guernsey image right?’”

‘The advantages of being able to deal with clarity over such rights, together with the succession planning and licensing opportunities, make these rights compelling for a wide range of personalities and celebrities’

says Evans. “The fact of the matter is that I cannot see why Cruise would not want to register.

“The world has changed in the way it consumes and creates media content, and the way in which it creates media stars (witness the sudden and startling rise of Psy with *Gangnam Style*). These changes have led to a gap in the way in which traditional forms of IP protect the personalities concerned. The registration of these rights offers complete flexibility over the most valuable of rights and allows for the personality to control and manage their image in a way not previously possible,” he continues. “The advantages of being able to deal with clarity over such rights, together with the succession planning and licensing opportunities, make these rights compelling for a wide range of personalities and celebrities.

“Having spoken to a large number of delegates at the seminar, I can only take from this that many IP practitioners understand the needs for these rights and the benefits that they will bring to the marketplace,” adds Evans.

Coming at it from the perspective of a UK lawyer, Crossley was optimistic about what the Guernsey legislation can, potentially, add to his arsenal and whether it can make his representation of clients more effective: “Much of what I do is to protect my clients’ reputations and brands. These clients can be high-profile individuals, but also highly private individuals and corporate entities. UK law currently provides me with a number of tools to enable me to ply my trade.

“UK IP law, privacy rights and the law of libel are all there to protect a brand. Passing off has been used in the UK to develop an ‘image right’, but bringing a claim for misuse of your image based on passing off is by no means straightforward. Likewise, bringing a claim for the misuse of private information has many challenges – not least that the court has demonstrated a desire to prevent privacy claims being applied to protect commercial assets,” he says.

“The Guernsey-registered image-right scheme is a way of attempting to add clarity to image-right protection,” Crossley concludes. “It remains to be seen how litigators make use of it. However, it could add security to the valuable reputations and brands of our clients.” ■
Event reporting by Tania Clark, Partner, Withers & Rogers. With thanks to Mark Oliphant and Guernsey Finance for providing speaker remarks.



Looking forward: photo focus

With the new Ordinance, Guernsey may have stolen a march on Europe on an internet dilemma, believes Barrister **Mark Engelman**

The new Guernsey Ordinance contemplates a unique registration of the personality and image rights of an individual, protecting them from use without that person's consent in the jurisdiction of the States of Guernsey. It recognises that the personality of a person is conveyed through the various images of that person that they present to the public. For example, Dustin Hoffman's character in the film *Rain Man* is a personality defined visually by a crew cut and on an auditory basis by the character's monotone voice, in the same way as we might define a cat by the fact that it possesses whiskers and makes a "meow" noise.

Clearly influenced by existing UK-registered trade mark and copyright law, the Ordinance seemingly reproduces the defences available to a person who reproduces an image right without consent along precisely the same lines as the well-known fair-dealing defences available to a copyright infringer, particularly that found under the heading "criticism, review and news reporting" in the Copyright, Designs and Patents Act 1988. However, it also has the potential to add teeth on the issue of internet content.

Difficult defence

One important aspect of that defence in the rubric of copyright infringement is that, to avoid a finding of copyright infringement, a reproduced article must constitute a report of current events, if the defence is not to fail. So while that defence might, at first sight, seem to provide a copyright owner with a right to have recycled, stale news reports taken down from the internet, the accompanying need to show substantial reproduction (word-for-word reproduction of the existing news article) can represent an insurmountable hurdle for the copyright owner. This is because journalists following on from an exclusive story generally report the gist of it, rather than a word-for-word reproduction



of it that might attract the sanction of copyright infringement.

However, things are very different when dealing with the new Ordinance, because it is the use of an image of a personality registered under the Ordinance that remains protected when a story becomes stale, and such a reproduction does not need to be an exact copy to attract protection. For example, an article that recycles a photographic image of the Duchess of Cambridge, covertly taken last year, when a particular report on her activities was current, could infringe her image rights if used in relation to a report on her activities today - if those images can be confused with her image rights (were they protected under the Ordinance), or if those recycled images have the effect of free-riding upon, diluting or tarnishing her reputation. That "adverse consequence" trinity is well known to UK and European trade mark practitioners. Thus, in Guernsey, following the implementation of the Ordinance, an internet story about the Duchess could be taken down as soon as it is no longer current.

Leveson "local"

Back in the UK, Lord Leveson's enquiry has considered the balance to be met between Articles 8 and

10 of the European Convention on Human Rights: freedom of expression versus a right to privacy when forging a Government-initiated regulation of the press. The proposals for regulation contained in his lengthy report on the culture, practices and ethics of the press clearly contemplate a body to which members of the press subscribe. Yet the proposals unquestionably have a local feel and, while recognising (however briefly) that the internet remains an unregulated space, offer little help to remedy the problem.

Meanwhile, in Europe, the newly proposed Data Protection Directive intended to provide individuals with a "right to be forgotten", by allowing them to have stale news material concerning them taken down from the internet, is under attack by those who argue that the "right to be forgotten" might conflict with other individuals' "right to remember".

Thus, the Ordinance offers a serious option to those involved with the protection of image rights, potentially stealing a march on Europe in cleaning the internet of old personal photographs.

Mark Engelman is Head of IP at Hardwicke, and Director at Harbour Intellectual Property Limited



Recipe for success

As brand owners demand much more from their trade mark portfolios, what does it take to satisfy them? Jessica Le Gros suggests some key ingredients



There are so many challenges involved in managing a global trade mark portfolio. In particular, meeting client demands for speed of service, providing a competitive cost structure and maintaining accurate data to ensure rights are properly managed and preserved.

Adding to the pressure are increased access to online trade mark information, the drive for e-filing and direct filings, and the reliance on email correspondence with the expectation of speedy responses – all of which have left brand owners looking to their legal providers to offer a new level of service at an extremely competitive cost.

How can global portfolio managers answer these multiple demands? I'll look at what a combination of appropriate technology, legal process outsourcing techniques, and excellent legal and strategic advice can achieve in creating a managed legal service that is highly suited to trade mark portfolio management today.

What clients want


Clients are facing ever-greater hurdles in managing large trade mark portfolios, with an increasing demand for quick and accurate information and advice at the same time as downward pressures on budgets and internal headcount.

High on the list of client priorities is immediate access to accurate information about their portfolio with which to inform decisions. When looking to enforce rights, settle disputes, sell assets or take decisions on renewal, clients need to know what they own, where, and any vulnerability in those rights.

In terms of reporting, it may sound basic, but clients want speedy and informative reporting of deadlines, so that they have the maximum time available to take internal decisions about how to proceed. A robust system of identifying, monitoring and reporting deadlines is, therefore, mandatory.

Meanwhile, the rise of online tools and electronic communication has changed expectations of how and when information should be available. Clients expect instant reporting and believe it should be done at the push of a button and at no cost to them. There is also increasing resistance to paying individual bills for prosecution reporting by standard letter.

At the same time, clients are telling me that routine portfolio management tasks (particularly filing applications and monitoring standard prosecution steps through to renewal) are viewed as relatively administrative internally, and represent a high overhead cost to



'The ability to integrate workflow and billing processes into database functions reduces the chance of error, captures and bills fees appropriately, and makes administrative support more efficient and consequently cheaper'

Pressure on providers

These client concerns are commonly passed on to the legal service provider, setting in train additional challenges.

The perception of portfolio management as a largely routine and administrative exercise, and the need for cost-cutting, results in continued pressure on flat fees, and a rise in benchmarking exercises to determine the lowest cost for individual services in the market. When combined with the increasing cost of data maintenance performed by UK-based formalities or administrative staff, it can be difficult to offer an ever-higher level of service while meeting the demands for lower prices.

A more advanced request, but one that I've heard from senior legal counsel, is that an understanding of their portfolio trends (specifically, an analysis of searching, filing and dispute trends across countries or regions) enables them to demonstrate the value of the trade mark spend to the business and is invaluable in justifying budget requests. As a result, additional effort may be spent on personalised reporting aimed at shoring up the client's business case.

Tailored tools

One source of potential relief and support against these pressures has come from technology platform providers, who have responded by offering workflow and costs support. These come in the form of standardised offerings that can meet the speed of business and cost requirements of many clients, and also more tailored (and costly) platforms that allow legal service providers to respond to clients' specific requirements. Indeed, these

platforms can be a key differentiator in winning work.

For those reluctant to commit to more expensive options and the potential upheaval of an IT migration, remember that while there is an upfront cost to investing in any new technology, there is a financial downside for those who don't. Maintaining older or less sophisticated databases can often mean higher data-entry costs, because of the need for a greater amount of manual data entry, the transposing of information and the greater likelihood of error, which leads to more manual auditing and checking.

In addition, the larger database providers may offer a level of future-proofing and legislation-change support that is not available with more basic systems. Finally, the ability to integrate workflow and billing processes into database functions reduces the chance of error, captures and bills fees appropriately, and makes administrative support more efficient and consequently cheaper.

Essential ingredient

In my view, a technology platform alone is not enough. The answer to these combined pressures is providers offering a managed legal service to brand owners. While it's not a clearly defined term, features of a managed legal service can often include:

- global or regional co-ordination of service provision through a fixed point or points of contact, with a clearly defined scope and set of policies in place;
- the breakdown of repetitive workflows into their component parts for delivery in the most efficient and standardised way;
- the application of legal and strategic advice only at decision points; and
- cost certainty and fixed-price arrangements.

holding a large trade mark portfolio. It can, in some instances, be difficult for an in-house legal team to justify the cost of these registrations to those outside the legal department, particularly if it is not a highly contentious portfolio. As a result, the trade mark budget is perceived as a place in which savings can be made for clients that are facing continued restrictions on internal headcount and external legal spend, and support can be needed to supply evidence of corporate value.

Last, but by no means least, predicting and tracking legal spend is assuming more prominence in client decision-making. Making budget is often tied to in-house IP counsel performance targets, so budget overruns have significant personal and business impacts.

Crucial questions: sifting through the IT options

- 1) Consider your current and future clients and their requirements, including the spread of countries involved, the mix of rights, and the type of reporting and information they demand.
- 2) What is the cost of the database and ongoing licences, balanced against any overhead cost saving likely to flow from reduced need for data entry?
- 3) How is accuracy of data monitored, and is an audit trail available?
- 4) Does the database calculate deadlines and prompt status changes, and is there sufficient flexibility in searchable and editable fields to ensure all trade mark data can be accurately captured and tracked?
- 5) Does the technology provider offer you access to future development and the ability to customise the platform?
- 6) Is it a distributed database, allowing direct data entry by agents and online access to data by clients? If so, what functionality is available to restrict access to different data sets and to give read and edit permissions?
- 7) How easy is it to import and export data and report in an automated fashion without manual retyping of information? Can you customise the data reports?
- 8) Does the database support workflows, including instructions out to agents and into billing and reporting functions?
- 9) Can the database store correspondence files electronically?
- 10) Is there support for rule changes flowing from legislation change globally, and if so, what is the cost of this support?



Why is this framework so useful? Trade mark processes, by their very nature, are repetitive and have several standard components, and these can be delivered by administrative staff in low-cost jurisdictions, provided that appropriate legal oversight is maintained. Reporting can be handled by giving clients access to their data, allowing them to query the status of their portfolio and receive electronic automated reports of status changes.

'It's clear that global trade mark portfolio management must continue to evolve if it is to meet the needs and demands of brand owners, and technological support has a large part to play'

Furthermore, removing substantive legal input from the standard steps of the process and replacing administrative support with automated functions allows the cost of routine prosecution to be reduced.

Of course, legal input and strategic advice is crucial, but needs to be provided only at certain key points in the process (for example when deciding what to file or to oppose). Breaking down all trade mark workflows into

their administrative and legal components again reduces the cost of service delivery, decreases error and speeds up service delivery.

In most cases, developing this type of relationship requires a great deal of investment from the legal service provider – in getting to know the client, preparing and implementing best practice and agreed workflows, managing a wider group of law firms or agents, and providing tailored reporting and analysis. However, in return for this effort, the provider receives a volume of instruction, a certain fee, and a long-term and potentially exclusive or preferred relationship.

Drawing together all these strands, it's clear that global trade mark portfolio management must continue to evolve if it is to meet the needs and demands of brand owners, and technological support has a large part to play. However, it must be integrated with workflow redesigns and the effective input of high-quality legal strategy at the right times. In my view, a managed legal service maximises the cost advantages of technology and process improvements while providing an ever-improving quality and value to build strong brand assets for clients – in other words, a recipe for success. ■

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The smarter way to sell

Bernard Savage reveals the strategies that can win you business and make your marketing budget go further

How does your firm spend its marketing budget? If it's like the majority of other IP firms, activity is based on what feels comfortable, so inertia sets in. When you also consider that the outcomes of activities are rarely measured, it is perhaps no surprise to learn that most firms are ineffective and inefficient in their marketing.

The starting point for getting a better return from your firm's marketing is to better understand your client portfolio and their needs, and a closer examination of your approach to marketing. You need to answer seven key questions:

- 1) What relationships contribute the majority of the firm's profit? For most professional service firms this is likely to be 10 to 30 individual buyers.
- 2) What system do you have to manage the relationships identified above? If left to chance there is the risk of not enough face time with key contacts and knowledge not being shared across the business.
- 3) What are the primary sectors that your clients operate in? Be specific here, so if, for example, it is energy, you need to segment the market further into oil and gas or renewables or waste.
- 4) What marketing strategies do you employ to stay visible in these sectors? Do IP buyers think of you when they invite firms to tender? Do they feel that your firm has a deep understanding of the nuances of their industry or market?
- 5) How well do you know your top 10 or 20 clients' needs? Do you periodically (every 12 to 24 months) get an independent assessment of their experience of your firm and how it compares to other providers?
- 6) How do you communicate your firm's offer? You will need a concise and



compelling client value proposition to make your firm stand out.

- 7) What plans does your firm have to develop fee earners' business development skills? This doesn't mean creating a clone army of networkers, but leveraging the individual strengths of different fee earners. The important thing is that the right people do the right things.

This due diligence will provide you with the foundations to transform your firm's marketing and win better and more business cost effectively.

What next?

Use this insight to focus marketing resources and have a system to underpin this. Here are the seven strategies for intelligent marketing that will boost yield for you and your firm:

- 1) Arrange coffee, or similar, regularly with the key contacts identified in your research to increase face time. Just being front-of-mind is often all that it takes to win business.
- 2) Find opportunities to speak on platforms that position you and your firm as experts. You should not be paying for this. It is easier to get

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speaking slots if you focus on niche markets and have a different angle on a hot topic.

- 3) Be visible and add value to journalists who have editorial responsibility for publications read by your target audience. Don't overtly promote yourself, but do share insight that will be attractive to your buyers.
- 4) Participate (not just attend) in networking activity that is heavily attended by the people you are trying to influence. Look beyond local networking events and routine invitations; be more savvy to get closer to your precise targets.
- 5) Understand how your clients and targets use social media and contribute accordingly.
- 6) Use a "saw this and thought of you" strategy. Collect press articles that may be of interest to people in your network to stay visible between meetings.
- 7) Create a system and use case studies and client testimonials at every opportunity. Both build credibility and mitigate risk from the point of view of the IP buyer.

Finally, follow up, follow up and follow up. The relationships that flourish and last a lifetime are built on the trust that comes from regular contact, consistently delivering promises and reciprocity. ■

AFTER INTERFLORA



Three recent decisions have changed the game for use of witness evidence in the courtroom. Nick Aries examines the cases that made the greatest impact

On 20 November 2012, the Court of Appeal gave judgment in an interim application in *Marks and Spencer plc v Interflora Inc* and another [2012] EWCA Civ 1501, relating to the use of witness-gathering exercises and survey evidence. The judgment alters the test for whether or not to allow survey evidence in trade mark and passing-off litigation. This article considers the ramifications of the *Interflora* decision, in light of two subsequent High Court decisions, *Maier and another v Asos plc* and another [2012] EWHC 3456 (Ch) and *Fage UK Limited and another v Chobani UK Limited* and another [2012] EWHC 3755 (Ch).

M&S v Interflora

Interflora sued M&S for trade mark infringement in relation to certain Google AdWords corresponding to INTERFLORA, which M&S had bought. *Interflora* ran two pilot surveys to gauge the effect of M&S's adverts (ie those triggered following a Google search for INTERFLORA) on "reasonably well-informed and reasonably observant internet users". *Interflora* did not intend to carry out a subsequent full-blown survey, nor rely on the pilot surveys themselves. Rather, *Interflora* sought to call witnesses identified by means of the pilot surveys.

Arnold J gave *Interflora* permission to do so in relation to one pilot survey,

but not the other (on grounds that the second survey was flawed, containing a leading question). M&S appealed.

The practice previously adopted by the courts was to allow survey evidence unless the judge was satisfied that it would be valueless. The approach was summarised in *Mann J's* judgment in *A&E Television Networks LLC v Discovery Communications Europe Limited* [2011] EWHC 1038 (Ch). Lewison LJ, giving the Court of Appeal's judgment in *Interflora*, reversed the onus, stating that the judge should not let in survey evidence unless satisfied that it would be valuable and that the likely use of the evidence would justify the costs involved.

The Court of Appeal held that the standard form of order should now make clear that: (i) a party may conduct a true pilot survey without permission, but at its own risk on costs; (ii) no further survey may be conducted or adduced without the Court's permission; and (iii) no party may adduce evidence from respondents to any survey without the Court's permission.

Further, the Court ruled that an applicant seeking permission to carry out a survey should provide: (i) the results of any pilot survey; (ii) evidence that the further survey will comply with the Whitford guidelines (see panel); and (iii) the costs of carrying out the pilot and estimated cost of the further survey.

Finally, an applicant seeking permission to call witnesses who responded to a survey or other experiment (which would cover witness-collection exercises) should: (i) provide the draft witness statements; (ii) show that the evidence will be of real value; (iii) identify the survey or other experiment and give full disclosure on the circumstances of the survey and all answers received; (iv) disclose how the proposed witnesses were selected from the survey respondents; and (v) state the cost of the pilot survey and estimated cost of any further work in relation to the witnesses.

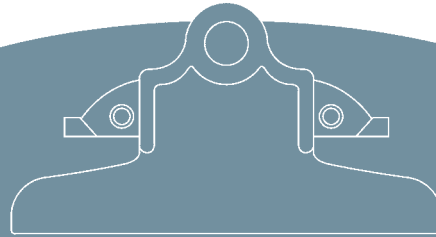
Maier v Asos

The Applicants in this case (Roger Maier and Assos of Switzerland) own a Community Trade Mark for ASSOS, registered for clothing, and had sued Asos plc for trade mark infringement and passing off in respect of its use of ASOS in relation to clothing. The Applicants sought permission to: (i) contact entrants to a prize draw that had been run partly for the purposes of the litigation; and (ii) conduct a survey. At this stage, no permission was sought to adduce witness statements from this process. In relation to (i), an advert had been published in *The Guardian* asking people who wished to enter the competition to state what they thought of ASSOS and what they had previously bought from ASSOS. The Applicants argued that certain responses

indicated confusion between ASSOS and ASOS. As regards (ii), the proposed survey would show interviewees a picture of the Defendants' ASOS sign and ask them questions about it.

The application was heard the day after the Court of Appeal's judgment in *Interflora* was handed down. Asplin J granted permission in the form sought, holding that both exercises would be valuable and justify their cost. In relation to the prize draw, Asplin J held that prize draw responses were, or may be, evidence of confusion in the real world (the spontaneous reaction referred to in *Interflora*), and may prove valuable for the purposes of trade mark

infringement (the Defendants denied there was a likelihood of confusion). The estimated cost of £7,000, being modest, was justified given the importance of the evidence. As regards the survey, this would be testing use of the Defendants' sign in context, since the sign to be shown was a clothes tag attached to clothing as sold by the Defendants. The survey was likely to be probative and valuable, provided it was conducted in accordance with the Whitford guidelines. The cost of £38,000 was proportionate to the probative nature, even once the Defendants' likely costs of dealing with the matter were added.



What are the Whitford guidelines?

The Whitford guidelines were laid down by Whitford J in *Imperial Group plc and another v Philip Morris Limited and another* [1984] RPC 293 for the conduct of future surveys. They were summarised by Lewison LJ in *Interflora* as follows:

- ✓ if a survey is to have any validity at all, the way in which the interviewees are selected must be established as being done by a method such that a relevant cross-section of the public is interviewed;
- ✓ any survey must be of a size that is sufficient to produce some relevant result viewed on a statistical basis;
- ✓ the party relying on the survey must give the fullest possible disclosure of exactly how many surveys it has carried out, exactly how those surveys were conducted and the totality of the number of persons involved, because otherwise it is impossible to draw any reliable inference from answers given by a few respondents;
- ✓ the questions asked must not be leading and must not direct the person answering the question into a field of speculation on which that person would never have embarked had the question not been put;
- ✓ exact answers and not some sort of abbreviation or digest of the exact answer must be recorded;
- ✓ the totality of all answers given to all surveys should be disclosed; and
- ✓ the instructions given to interviewers must also be disclosed.

'The shift in emphasis resulting from the Interflora decision means applicants must meet a higher threshold when seeking permission for survey evidence. However, the Assos and Chobani decisions indicate that permission to conduct surveys may not be too difficult to obtain'

Fage v Chobani

The Claimants produce TOTAL Greek Yoghurt. They had sued Chobani under the extended form of passing off on the basis that the Chobani Greek Yoghurt should not be called Greek Yoghurt as it was not made in Greece with Greek milk.

The Defendants sought permission to carry out a survey further to a pilot already conducted. The survey was to test whether consumers of yoghurt believe Greek yoghurt is a badge that indicates that the product is made in Greece.

In a decision of 11 December 2012, Hildyard J gave the permission sought, though the survey was at the Defendants' risk as to costs. The judge quoted Lewison LJ's comment in *Interflora* that "there can be no doubt that a valid survey can be an accurate diagnostic or predictive tool", and considered that this was especially so in passing-off cases. The judge considered that a full survey could assist in establishing whether a substantial proportion of relevant consumers would believe that the phrase "Greek yoghurt" indicates that the product is made in Greece. Hildyard J recognised that the estimated costs of £11,800 for the pilot and full survey would probably be substantially exceeded, but that did not prevent permission being granted. The questions of whether the survey results would be allowed and what evidence would in due course be permitted from respondents would be considered subsequently.

Raised threshold

The shift in emphasis resulting from the *Interflora* decision means applicants must meet a higher threshold when seeking permission for survey evidence.

However, the *Assos* and *Chobani* decisions indicate that permission to conduct surveys (and no more – paragraph 151 of *Interflora*) may not be too difficult to obtain, provided the survey covers a key issue and complies with the *Whitford* guidelines. The latter point means applicants should take care to design a *Whitford*-compliant survey before applying.

What remains to be seen is how the courts will address applications to call witnesses who have responded to a survey or witness collection exercise (paragraph 152 of *Interflora*). The Court of Appeal's judgment provides that, as a general rule, it will not be necessary for the judge to hear from consumers in trade mark cases. Nevertheless, different considerations apply in certain circumstances outlined in paragraph 137 of *Interflora*. One of these is where evidence consists of spontaneous reactions of the public to the allegedly infringing sign. The judge in the *Assos* case was clearly influenced by the fact that the evidence the Applicants were seeking to obtain was (or may have been) evidence of real-world confusion, which Lewison LJ had held should not be shut out.

Another relevant circumstance is where the cause of action is in passing off. While Asplin J found in *Assos* (with counsel in *Chobani* taking the same view) that the *Interflora* standard applies to passing-off cases as well as registered trade mark cases, as Hildyard J put it in *Chobani* when considering passing-off cases: "A survey and its product may be of real use in guiding the court as to the likely view of a substantial proportion of relevant consumers." It may therefore be that

evidence from consumers collected by way of a survey is likely to be more valuable (and so admitted) in passing-off cases than in trade mark cases.

It also remains to be seen whether the *Interflora* decision will reduce costs in trade mark cases, given the requirement to conduct surveys and/or obtain witness statements before there is any indication of whether they will be admissible. However, the *Interflora* judgment does indicate that likelihood of confusion is a question for the judge, and this may lead to more trade mark summary judgment applications being brought on this issue. ■

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End to INN headache?

Bill Ladas reviews a decision that may offer assistance to pharma brand owners

A recent decision – Boehringer Ingelheim International GmbH [2012] ATMO 117, 30 November 2012 – from the Australian Trade Marks Office (ATMO) may signal a welcome change in practice as regards trade mark applications for marks incorporating international nonproprietary name (INN) stems in class 5.

Leading up to the Boehringer decision, the practice of the ATMO has been to raise an objection against a trade mark application covering pharmaceuticals, veterinary substances or pesticides in class 5, where the mark contains an INN stem, to the extent that the specification is not restricted to the particular substance or substances indicated by the INN. This is on the basis of section 43 of the Trade Marks Act 1995 (Cth), which provides that:

“An application for the registration of a trade mark in respect of particular goods or services must be rejected if, because of some connotation that the trade mark or a sign contained in the trade mark has, the use of the trade mark in relation to those goods or services would be likely to deceive or cause confusion.”

This provision is – roughly speaking – equivalent to Article 7(1)(g) of Council Regulation (EC) 207/2009.

The ATMO’s Examiner’s Manual notes that the issue of whether there is likely to be confusion should be considered based on the particular circumstances, and that consideration should be given to whether the stem is “meaningful” in the context of the mark (such that confusion is likely).

However, the assessment of whether the stem is meaningful is largely subjective and has led to inconsistent decisions. As the number of pharma marks and INN stems has grown, this has led to a major headache for those in the pharma space trying to protect their brands in Australia.

Zelcivol

Boehringer’s application for ZELCIVOL faced a section 43 objection during examination. The INN stem that formed the basis for the objection was “OL”, which indicates “alcohol” or “phenol” derivatives. It followed, according to the examiner, that if ZELCIVOL were used in relation to “goods or services not containing or relating to this substance” it would cause confusion. The examiner advised that the objection could be overcome if Boehringer agreed to the following endorsement: “It is a condition of registration that any use in respect of pharmaceuticals will be limited to such goods containing substances belonging to the pharmacological group designated by the INN stem –OL”. Boehringer did not accept the endorsement, and instead requested a hearing.

In finding that the mark should be registered without an endorsement, the Hearing Officer took into account:

- That –OL is in “widespread use in Australia in relation to pharmaceuticals which do not accord in any way with the connotation in the INN stem”. This was based on a consideration of the state of the Australian trade marks register and also brands in the market. Reference was made to brands such as ABDOL, TYLENOL, ROXANOL and ACCUSOL, which do not accord with the –OL stem.
- That –OL is short in the context of the mark ZELCIVOL (the more logical and recognisable suffix was –VOL). He agreed that –OL in Boehringer’s mark was a “diminutive” used “to signify that the goods are pharmaceuticals, rather than a particular kind of pharmaceutical”.
- That other countries designated by Boehringer’s IR for ZELCIVOL had not raised objection on the basis of equivalent provisions.

What’s next?

On 31 January 2013, a decision was made to accept Boehringer Ingelheim Vetmedica GmbH’s application for SERAQUIN in relation to veterinary preparations for dogs and cats, notwithstanding that it includes the INN stem “quin”. It is understood that the ATMO will update its practice manual in line with the two decisions. However, the ruling does not mean that any class 5 mark containing an INN stem will sail through to acceptance in Australia, without encountering issues based on section 43. The issue should now be decided based on whether the overall effect of the mark likely to cause confusion, rather than on a blanket rule. Post-Boehringer, factors to be considered will be the number of other names in the market and on the trade marks register that contain the stem (for goods that do not accord with the INN stem), the length of the stem (shorter stems are more likely to be acceptably incorporated) and whether the relevant aspect of the mark is obviously being used as an INN stem.

Those facing objections from the ATMO to class 5 applications for a mark containing an INN stem should – where appropriate – refer the examiner to the Boehringer case (together with evidence from the register and market as discussed above). Fresh filings should be considered for applications that have faced these issues in the past and that have lapsed, and for existing registrations against which an endorsement has been entered. ■

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Case in point: C-3555 and C-3556, Deepend Fresh Recovery Limited v Fresh Trading Limited, OHIM Cancellation Division, 15 November 2012

Fruit juice registrations squeezed

Chris Hoole tells why a familiar face for UK consumers has fallen foul of OHIM

The choice of logo is a key decision in any new business's life, and the importance of protecting it properly cannot be underestimated. Unfortunately for Fresh Trading Limited, the owner of the Innocent fruit juice brand, the Community Trade Mark (CTM) registrations for its main corporate logo have been cancelled.

On 15 November 2012, the Cancellation Division of the OHIM, with surprisingly little fanfare and media attention, held that the well-known figurative CTM used by Innocent was invalidly registered. The reason: Innocent did not own the copyright.

Early events

In October 1998, Fresh Trading Limited (Innocent) engaged Deepend London Limited (DLL) to create a brand for its new range of smoothie products. This eventually led to the creation by David Streek (a well-known designer who goes by the nickname "Gravy", according to his own witness statement), an employee of DLL, of the renowned sketch of a circle, two dots and a halo ("the Halo image").

The parties discussed how DLL would be paid for the design services, and a document entitled "Heads of Terms" was produced. That outlined how DLL would receive shares in Innocent and Innocent would "receive" certain IP Rights. However, and importantly, no contractual agreement was ever executed embodying the Heads of Terms, and no payment or shares ever passed hands.

Shortly afterwards, in 2000 and then in 2005, Innocent filed two independent CTM applications for the Halo image and a slightly modified Halo image. Registration was granted in September 2001 for goods and services

in classes 29, 30 and 32 (CTM number 1815612) and November 2006 for goods and services in classes 3, 25 and 42 (CTM number 4769832) respectively ("the Trade Marks").

In 2007, six years after DLL was placed into liquidation and just a few months before it was dissolved, the copyright in the Halo image was assigned (in writing and signed) from the liquidators to Andrew Chappell. On 16 April 2009, the copyright in the Halo image was then assigned (again in writing and signed) to Deepend Fresh Recovery Limited (Deepend). A few days later, Deepend filed invalidity actions with the OHIM against the registrations for the Trade Marks.

OHIM Decisions

Deepend sought to rely on Article 53(2)(c) of Council Regulation (EC) 207/2009 (the Community Trade Mark Regulation - "CTMR"), which provides that a CTM shall be declared invalid on application to OHIM, where the use of such trade mark may be prohibited

pursuant to a copyright under national law governing its protection.

OHIM briefly assessed whether the Halo image qualified for copyright protection in the UK under sections 1(1)(a) and 4(1)(a) of the Copyright, Designs and Patents Act 1988 (CDPA). Those sections provide:

1) Copyright and copyright works

- (1) Copyright is a property right which subsists in accordance with this Part in the following descriptions of work -
- (a) original literary, dramatic, musical or artistic works...

4) Artistic works

- (1) In this Part "artistic works" means -
- (a) a graphic work, photograph, sculpture or collage, irrespective of artistic quality.

In recognising that the threshold required to qualify for copyright protection in the UK was low, OHIM held (in paragraph 26) that the Halo image, consisting of no more than a line drawing, did constitute an artistic work under section 4(1)(a) CDPA and was therefore protected under UK copyright law: "In its relative simplicity, it is still clear that the Work is the result of some work and skill."

The questions for OHIM to consider were of ownership, assignment and infringement. It was undisputed between the parties that the Halo image was created in 1999 by Streek, an employee of DLL, and, without any agreement to the contrary, the first ownership of the UK copyright would belong to DLL as his employer. As for assignment and licences, section 90 CDPA states:

- (1) Copyright is transmissible by assignment, by testamentary disposition

Contested marks

Community Trade Mark registration no 4769832



Community Trade Mark registration no 1815612



Image in which copyright subsists (the Halo image)



or by operation of law, as personal or moveable property.

- (3) An assignment of copyright is not effective unless it is in writing signed by or on behalf of the assignor.

Section 91(1) CDPA allows for assignment of future copyright:

- (1) Where by an agreement made in relation to future copyright, and signed by or on behalf of the prospective owner of the copyright, the prospective owner purports to assign the future copyright to another person, then if, on the copyright coming into existence, the assignee or another person claiming under him would be entitled as against all other persons to require the copyright to be vested in him, the copyright shall vest in the assignee or his successor in title by virtue of this subsection.

Innocent submitted that, irrespective of the lack of any signature, there had been an equitable assignment or a licence of the copyright in its favour or, alternatively, that Deepend had acquiesced to the registration of the Trade Marks.

OHIM was not convinced by the argument based on equity: "It seems highly doubtful that the legal owner of a copyright could, *prima facie*, not enforce its right against an infringement" (paragraph 30). The Heads of Terms had not been signed by either party and therefore any intended assignment was not effective under sections 90(3) and 91 CDPA. The legal right to the copyright in the Halo image therefore belonged to DLL from the moment of its creation. Through further effective assignments, the Applicant for invalidity, Deepend, was declared the legal owner of the copyright in the Halo image.

OHIM concluded that the Trade Marks were almost identical to the Halo image and therefore reproduced a part of the copyrighted work under section 17(2) CDPA. The use of the Halo image would amount to an act of infringement and was a ground for invalidity. Turning to Innocent's

argument, OHIM noted in paragraph 31 that: "Under Article 54 CTMR, acquiescence is not possible in relation to the rights covered by Article 53(2) CTMR."

Taking all the above factors into consideration, OHIM decided that Deepend's requests for declarations for invalidity were well founded under Article 53(2)(c) CTMR. Consequently, the Trade Marks were found to be invalidly registered.

What now?

On 14 January 2013, Innocent filed an appeal against the decision. Additionally, on the same day the decision was given, Innocent swiftly filed a new application for an identical mark to CTM registration number 4769832. There is no provision under Article 8(4) to oppose a CTM on the basis of copyright. Deepend will therefore be obliged to file invalidity proceedings again if and when the mark is granted registration.

In those circumstances, DLL will find itself in the unusual position that it could prevent the reproduction of its image by Innocent, but will be exposed to passing-off proceedings if it attempts to use the image itself in relation to fruit juice. In the absence of any commercial arrangement or an injunction, the vexatious cycle could potentially continue *ad infinitum*.

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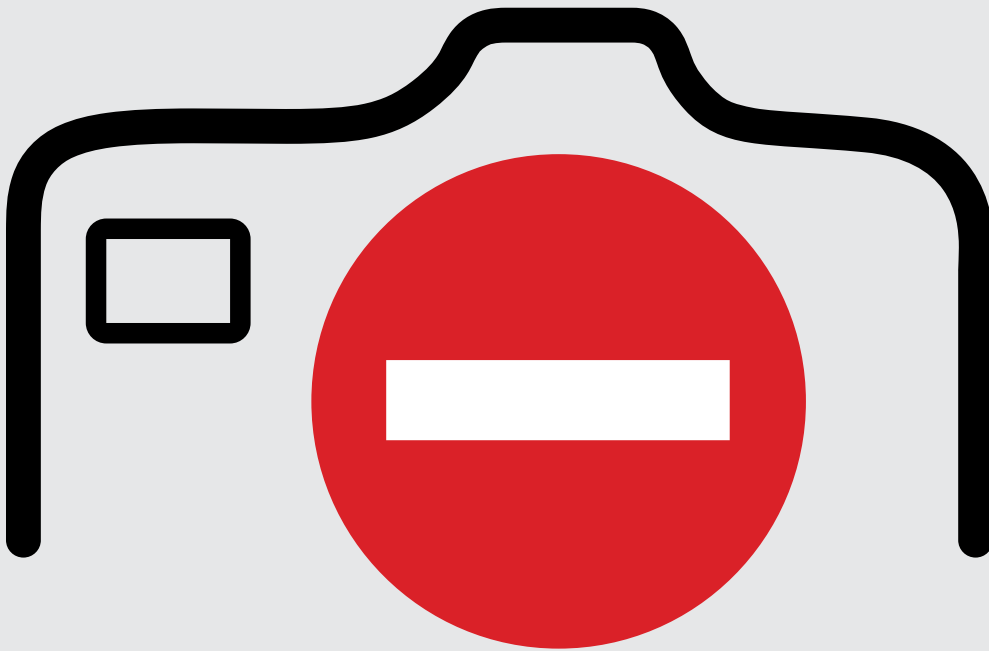
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Healthy reminder

With all businesses, particularly start-ups, there is a delicate balance between pragmatism and cost. However, this decision acts as a healthy reminder of the importance of ensuring that all contractual agreements are validly executed and signed, particularly those relating to IP. ■





No go for Getty

Arguments on exclusivity and use of its photos.com domain name failed to show its use as a trade mark, as Lauren Somers reports

On 15 September 2009, Getty Images (US) Inc (“Getty”) filed a Community Trade Mark (CTM) application with OHIM for the trade mark PHOTOS.COM, covering a range of goods and services in classes 9, 42 and 45. These included: “computer software” and downloadable “electronic publications” in class 9, complementary services related to computer software in class 42, and the “licensing of images and footage” in class 45.

In the first instance, Getty’s application was refused by OHIM on the grounds of Article 7(1)(b) and (c) and 7(2) of the CTM Regulation (CTMR), and this decision was upheld by the Second Board of Appeal of OHIM, which dismissed Getty’s appeal. On the issue of distinctiveness, the Board of Appeal upheld that

the domain name, due to its lack of distinctive character, would “not enable the commercial origin of the goods and services to be identified” by the relevant consumers. Further, the Board made specific reference to the fact that the Applicant’s ownership of the corresponding domain name to the trade mark at issue inferred no rights of protection to the sign under CTM law.

At its further appeal to the General Court of the Court of Justice of the EU (CJEU) against the Board’s finding, Getty made, *inter alia*, a plea in law alleging the infringement of Article 7(1)(b), essentially that the Board of Appeal had been mistaken in finding that the trade mark PHOTOS.COM was devoid of distinctive character. Getty argued that as domain names by their very nature are exclusive, they

must therefore automatically enable the relevant consumers to identify the origin of the goods and services of the mark. Additionally, Getty claimed that the consumer would only have to enter the sign into an internet browser to be immediately directed to its website, where users would then have access to the relevant goods and services. Subsequently, in the opinion of Getty, consumers would be able to identify the commercial origin of such goods and services upon view of its sign in the course of trade.

However, this line of argument was not accepted by the Court. The Court began by reiterating the meaning of distinctiveness under CTM law and the factors that should be considered when assessing it. Namely, distinctiveness enables the relevant consumer to

identify the goods and services for which registration is sought as originating from a given undertaking, and that the fulfilment of this criterion must be assessed by reference to: (a) the goods and services covered by the application; and (b) the perception of the mark by the relevant public.

After determining that the relevant consumer in this case was the average consumer of the EU at large, the Court then considered whether the trade mark PHOTOS.COM could be considered as a distinctive neologism through its combination of the two signs PHOTOS and .COM. However, the Court held that the sign as a whole would simply be perceived as “a domain name for an internet site where photos can be downloaded”. Thus, the sign, as a result of its structure, non-distinctive components

of the relevant public. Hence, this plea in law was rejected by the Court.

Misunderstanding

The second plea considered by the Court was Getty’s plea in law of infringement of Article 7(3) CTMR. In its submissions to OHIM, Getty had previously submitted various documents in support of acquired distinctiveness through use of the trade mark PHOTOS.COM. However, this evidence had been deemed insufficient by both OHIM and the Board of Appeal. In this further plea, Getty claimed that the preceding decision was based on a “misunderstanding and misconception” of the evidence produced.

In its response, the Court began by recalling the relevant factors that should be considered when assessing acquired distinctiveness as set out by previous

showed discussion of the trade mark and various press articles and advertisements that merely made reference to the mark PHOTOS.COM were dismissed.

In its submissions, Getty also included print-outs from photos.com and an Italian version of the site in an attempt to illustrate the use of the mark across the EU since September 2002. However, the Court determined that the currency indicated on the “.com” site was US dollars. Thus, the print-outs could not be used as evidence to support the use of the sign or its claimed acquired distinctiveness in the EU. As Getty’s goods and services were not being actively marketed towards members of the EU by this site, this evidence was rejected as irrelevant. With regards to the Italian version of the site, although the Court accepted that this evidence demonstrated use in the EU, this use was held as insufficient to fulfil the requirement that the acquired distinctiveness is shown in a substantial part of the territory of the EU.

‘Internet search results that showed discussion of the trade mark and various press articles and advertisements that merely made reference to the mark PHOTOS.COM were dismissed’

and lack of stylisation, was held as devoid of distinctive character.

The Court added that an important distinction must be made between the rights that can be derived from a domain name registration and those that are granted via a CTM registration. With respect to Getty’s argument regarding the exclusivity of domain names, the Court firmly stated that a finding of non-distinctiveness cannot be invalidated “by dint of [the domain’s] unique and exclusive character”. Furthermore, the assessment for distinctiveness does not include any consideration of the steps taken by internet users to access the goods, as implied by Getty. The assessment of distinctiveness must only be made by reference to: (a) the relevant goods and services; and (b) the perception

of the relevant public. Hence, this plea in law was rejected by the Court. case law, namely *Windsurfing Chiemsee* ([1999] C-109/97, ECR I-2779), and proceeded to analyse the submissions made by Getty.

The dismissal of the majority of Getty’s evidence was based on the Court’s reasoning that the evidence did not illustrate a sufficient link between the sign at issue, the goods and services covered by the application, and consequently the commercial origin of such goods and services. Essentially, the use submitted by Getty did not show use of the sign as a trade mark, only use of the sign as a domain name. The Court placed great emphasis on the necessity of this connection in the mind of the average consumer between the sign, the goods and services, and their source. Thus, internet search results that

Rejection

Finally, the Court made it clear that accessibility of the domain worldwide does not result in the automatic acceptance that the domain name owned by the Applicant has also fulfilled the function of a trade mark for the goods and services in question. In line with this understanding, the Court also rejected lists submitted by Getty showing the number of visitors to the website, as well as figures on sales volumes. These were not seen as supportive of Getty’s case that the mark had now acquired a second meaning in the eyes of the relevant consumer as neither illustrated the necessary link between the trade mark, the goods and services covered by the application, and the recognition of the origin of these goods and services.

Hence, for the detailed reasons and many other general problems with

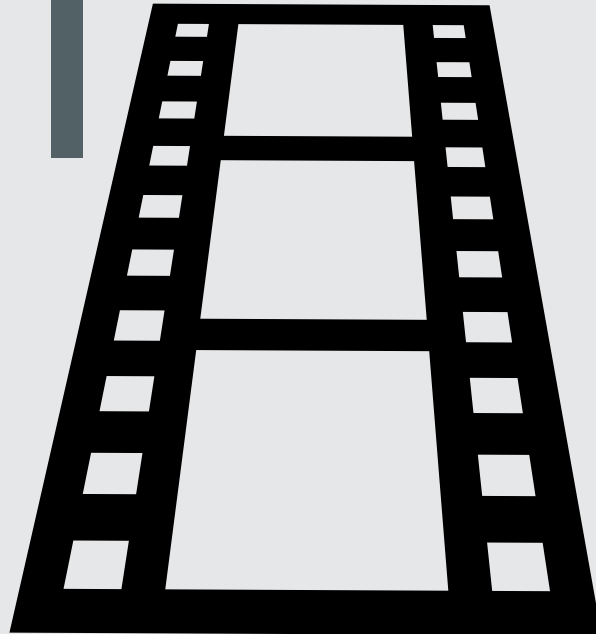


Getty's evidence, such as lack of date, or date outside the relevant time period, the Court found that the documents produced by Getty in support of the acquired distinctiveness of the sign PHOTOS.COM were insufficient and did not show use of the domain name as a trade mark. Accordingly, this plea in law was also to be rejected by the Court, which also, as a result of the finding of inherent and acquired non-distinctiveness, dismissed Getty's plea in relation to Article 7(i)(c) as irrelevant.

Legitimate expectations

In the final plea considered by the Court, Getty claimed that due to the existence of two earlier identical CTMs of which it was proprietor, the Board of Appeal had acted in breach of the principles of equal treatment and the protection of legitimate expectations. According to Getty, the fact that it had obtained two registrations for PHOTOS.COM without the submission of any evidence of use or any challenge from competitors should have allowed it to presume that the mark is inherently registerable.

The Court's response was to reiterate that the examination of all trade mark applications must be undertaken on a case-by-case basis. While the Court



rely on the earlier OHIM decisions and the final plea alleging breach of legal principles in its appeal.

In essence, this case highlights the important distinction between the registration of domain names

'While the Court did acknowledge that in accordance with the principles of equal treatment OHIM must take into account the decisions taken in respect of earlier, similar applications, these decisions are not binding'

did acknowledge that in accordance with the principles of equal treatment OHIM must take into account the decisions taken in respect of earlier, similar applications, these decisions are not binding. The predominant factor to be considered during the examination process is the legality of the possible grant of the application under EU trade mark law. Hence, since the grant of the application would be contrary to Article 7(i)(b) CTMR, Getty was unable to

and the registration of domain names as trade marks. Domain name trade marks are eligible for registration if they: (a) are inherently distinctive and not exclusively descriptive; or (b) have acquired distinctiveness via use as a trade mark, not simply as a domain. Further, if the domain is said to have acquired distinctiveness via the use made of it, this use must be use as a trade mark and not merely as an internet domain address. ■

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Case in point: T-555/11, tesa v OHIM – Superquímica (tesa TACK), CJEU, General Court, 13 November 2012

TACK decision sticks

Adhesive marks were simply too similar, says Richard Burton

The contested mark was a Community Trade Mark (CTM) application in the name of tesa SE for “tesa TACK” and device. The mark was applied for in relation to “self-adhesive products for office and household purposes” in class 16. The opposition, filed by Superquímica SA, was based on Article 8(i)(b) of Council Regulation (EC) 207/2009 (CTM Regulation – “CTMR”) and an alleged likelihood of confusion with its earlier Spanish national application for “TACK Ceys” and device (below), which was registered for “Bands, strips, sheets and adhesive matters for stationery or the household; plastic sheets for packaging” in class 16.

Board of Appeal

The OHIM Opposition Division found that there was a likelihood of confusion between the marks. tesa SE appealed to the Board of Appeal, which upheld the OHIM decision. The Board found that the relevant public included, on the one hand, the average, reasonably well-informed and reasonably observant and circumspect Spanish consumer, and, on the other, Spanish professionals with a high level of attention. Further, it considered the goods in question to be identical. With regard to the marks, the Board found that there was a certain degree of visual and aural similarity, in particular owing to the presence of the common word “TACK” in both marks. The Board found that the two marks could not be compared conceptually since the signs had no recognised meaning in Spanish, but concluded that there was, in any case, a likelihood of confusion for the purposes of Article 8(i)(b) CTMR. tesa SE appealed the decision to the General Court.

General Court Appeal

The General Court first acknowledged the finding by the Board that the goods were identical. Comparing the marks, the Court found that visually the relevant consumer would, in its perception of the earlier mark, consider the word “TACK” to be particularly important because of its size, its red colour, its typeface and its position at the beginning of the sign. By contrast, the word “Ceys” was smaller and positioned within a black rectangular arrow that points towards the word “TACK”. The Court found that the Applicant’s argument that the two marks were dominated, from a visual point of view, by the distinctive elements “tesa” and “Ceys” was unfounded. Further, the fact that the relative positioning of the word “TACK” in each of the marks was reversed was not important enough to affect the finding of a certain degree of visual similarity.

In addition, as the Board observed, in both signs the word “TACK” was written in bold, coloured, upper-case letters and, as well as sharing the common word-element “TACK”, the marks at issue shared other similar visual elements (such as the structure of the marks and the presence in each of a four-letter element, “tesa” and “Ceys”, respectively).

In assessing the relevant public, the Court upheld the finding of the Board that a large proportion of the relevant Spanish public did not understand English and, even for those that did, tesa SE had failed to show that the common element “TACK” was a familiar word. In fact, according to an EU Commission survey relied on in the opposition, only 27 per cent of the Spanish population had sufficient knowledge of English to hold a conversation in that language.

Moreover, the Court recognised that the word “TACK” had several meanings in English, while it had no meaning in Spanish. tesa SE’s argument that the word was considered by the public to be descriptive of the goods was therefore rejected. The Court upheld the finding of the Board of Appeal that there was no similarity, despite the prominence of the word “TACK” in both marks and its position at the beginning of the earlier mark. It therefore concluded that there was a likelihood of confusion between the marks under Article 8(i)(b) CTMR.

Unknown element

This case highlights that while word elements are common in some languages of the EU, they are not always known by the relevant public. In this case, the meaning of “TACK” was not known to most of the Spanish public. Therefore, the importance of the comparison shifted to the visual and aural comparisons. On this basis, the marks contained a degree of similarity, which, in relation to identical goods, was sufficient to reach a finding of a likelihood of confusion. ■

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The marks at issue

tesa TACK

TACK Ceys

Case in point: O/468/12, UK trade mark 2440539 in the name of Korval Inc, Invalidation Application No 83749 in the name of Soundunit Limited, Decision of the Appointed Person, Daniel Alexander QC, UKIPO, 26 November 2012

Sound arguments

Ongoing goodwill was crucial to this case involving a pioneering name in 1980s electropop, reports Mark England

In December 2007, SIMMONS was registered as a UK trade mark in respect of drum-related goods in class 15, including: “drum paths, accessory cables, drum pads; digital drums; electronic drum kits.” In January 2011, Guitar Center Inc assigned the mark to the Appellant, Korval Inc (“Korval”). Pursuant to section 47 of the Trade Marks Act 1994 (“the Act”), Soundunit Limited (“Soundunit”) filed an application for a declaration of invalidity.

Soundunit relied on section 5(4)(a) (passing off), as a result of its (and its predecessor’s) prior use of the SIMMONS mark in relation to drum-related goods (designed by Dave Simmons, the Managing Director of Soundunit), and on section 3(6) (bad faith) of the Act. The application for invalidity succeeded on both grounds and Korval appealed to the Appointed Person (Daniel Alexander QC). Korval argued that Soundunit had abandoned any goodwill associated with the SIMMONS mark and criticised the Hearing Officer’s approach to several issues, including his assessment of the evidence.

Passing off

The Hearing Officer had found that Soundunit had goodwill in drum kits and accessories at the relevant date (September 2006, when Guitar Center Inc had begun to use the mark), following its use between 1989 and 1997, especially considering the fact that maintenance and provision of spare parts services were still being carried out at the time of the hearing. Having

considered the law on abandonment of goodwill, as summarised in *Sutherland v V2 Music Limited* [2002] EMLR 28, he found that there had not been any definitive abandonment by Soundunit. He also referred to Arnold J’s decision in *Maslyukov v Diageo Distilling Limited* and another [2010] EWHC 443 (Ch), where he said that “Mere cessation of business is not enough” for a finding of abandonment.

Korval argued that all that remained was bare repute in the SIMMONS mark and that the Hearing Officer had been wrong to find that Soundunit had not abandoned its goodwill by 2006, particularly in the absence of evidence of any settled intention by Soundunit to trade in the mark in future. The Appointed Person rejected Korval’s arguments; the Hearing Officer had ample evidence before him, which was consistent with third-party evidence regarding the mark’s reputation. The Appointed Person noted, in particular, that it was not necessary that there be concrete plans for restarting operations for goodwill to survive. However, the greater the original reputation, the greater the chances of goodwill existing at the relevant date. The SIMMONS mark had been kept in the public eye prior to the relevant date through: (i) a thriving second-hand market; (ii) servicing and spare parts; and (iii) a significant enthusiast following. These factors were relevant (in appropriate cases) when assessing whether goodwill had survived. Accordingly, there was no definitive abandonment of goodwill.

The Hearing Officer had noted that Korval had not challenged some of Soundunit’s evidence. Korval referred to the denials in its counterstatement and to Rule 64 Trade Marks Rules 2008, which provides that evidence may be given “in any other form which would be admissible as evidence in proceedings before the court”. The Appointed Person, however, referred to Rule 64(3), which provides that: “The general rule is that evidence at hearings is to be by witness statement.” While the counterstatement was perhaps formally admissible, it was of no value to rebut Soundunit’s evidence on trade and generation of goodwill because it: (i) was made by Korval’s agents (who had no knowledge of the matters in issue); (ii) contained only bare denials and non-admissions; and (iii) was not responsive to Soundunit’s evidence. Furthermore, Korval had not requested to cross-examine Soundunit’s evidence.

The Appointed Person rejected Korval’s criticisms of Soundunit’s evidence of its trade and generation of goodwill. Trade did not need to be substantial to found a passing-off case

'The decision demonstrates the value of residual goodwill, and how it can be maintained even after cessation of production of goods or provision of services, provided a mark is kept in the public eye'

and the magnitude of Soundunit's sales, which was supported by statutory accounts, was sufficient in this case. Guitar Center Inc's conduct when it adopted the SIMMONS mark was also consistent with a belief that goodwill still attached to the mark in 2006 and therefore that the earlier trade was significant.

Finally, he also rejected Korval's further argument that there was insufficient evidence of confusion, finding that the goods were not inherently specialist. Accordingly, the Appointed Person supported the finding that there would be misrepresentation because the marks were identical and the goods were identical or similar.

Bad faith

The Hearing Officer had found that, in accordance with established principles as set out in *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] EUECJ C529/07, the issue of bad faith had to be determined by a multi-factorial assessment. He found that Korval was well aware of the activities carried out by Soundunit (and its predecessor companies), and had registered the SIMMONS mark to take advantage of the earlier mark's reputation and residual goodwill.

Korval argued that: (i) the Hearing Officer should not have relied on inference in a case involving bad faith; (ii) the evidence was not sufficiently cogent to found a case

of bad faith; and (iii) bad faith was such a serious point that it could not be advanced as a subsidiary argument to another challenge.

The Appointed Person rejected all three submissions. In relation to inference, he noted that firmly grounded inferences must sometimes be drawn in cases of bad faith as an applicant for registration was unlikely ever to admit that it intended to appropriate another's goodwill. Korval's stated belief that neither Simmons nor his company maintained any further ownership in the mark was insufficient to cast doubt on the Hearing Officer's findings.

The Appointed Person noted that, rather than adopt another person's invented mark, Korval had used a living individual's own name with the object of riding on the coat-tails of his existing reputation. He also noted that Korval had not adduced any evidence from someone in the music trade to support its arguments and had not conducted any investigations to assess whether Soundunit had any further interest in the SIMMONS mark. The Hearing Officer, having conducted the required multi-factorial assessment, was therefore amply entitled to conclude that the application had been made in bad faith.

The Appointed Person also held that the two grounds of attack were independent, since there were circumstances where one might succeed but the other fail. Accordingly, he rejected Korval's argument that bad faith could not be a subsidiary argument as having no substance.

The decision demonstrates the value of residual goodwill, and how it can be maintained even after cessation of production of goods or provision of services, provided a mark is kept in the public eye. While in this case the Appellant was found to have intended to take advantage of the residual goodwill in the mark and had therefore applied to register in bad faith, the case is a reminder of the importance of conducting a detailed investigation of the use of an earlier mark. While an initial investigation may suggest that a business has been abandoned, further detailed investigations will usually be appropriate to ascertain whether any residual goodwill remains. ■

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Case in point: [2012] EWCA Civ 1419, Hollister Incorporated and another v Medik Ostomy Supplies Limited, Court of Appeal, 9 November 2012

Overhead oversight

General business overheads should not have come into a decision, decided the Court, as George Sevier explains

In a case concerning parallel importation and repackaging of pharmaceutical products, the Court of Appeal has had to consider the financial implications of a breach of the notice requirements of the Bristol-Myers Squibb conditions, in circumstances where all the other conditions were satisfied. It held that, even where there is no resulting damage to the trade mark owner, the trade mark owner may nevertheless be entitled to a full account of the infringer's profits.

Further, when calculating an account of profits, a defendant cannot, as a matter of course, deduct a proportion of its general overheads. In this respect, this decision may have implications in respect of accounts of profits generally, not just in trade mark infringement cases.

Starting point

Medik Ostomy is a parallel importer, and had purchased products bearing Hollister and Dansac trade marks, which had originally been put on the market by the Claimants elsewhere in the European Economic Area. Medik Ostomy repackaged the products for the UK market, re-applied the Hollister and Dansac trade marks, and sold them in the UK. The Claimants sought an injunction to stop the distribution, and damages or an account of profits in respect of Medik Ostomy's sales of the products.

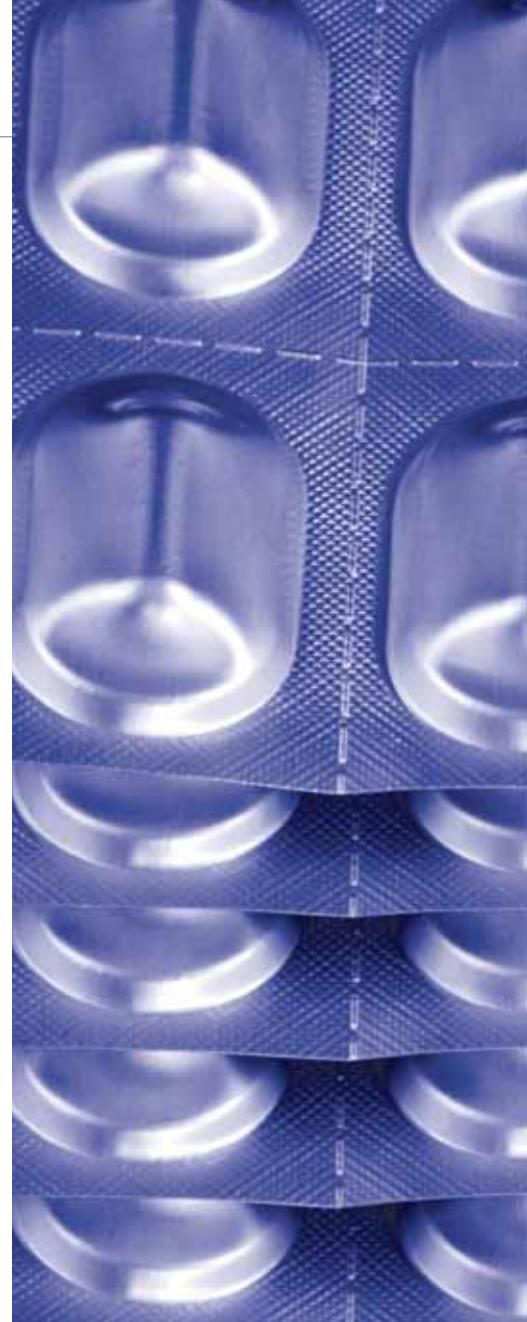
Article 13 of Council Regulation (EC) 207/2009 (the CTM Regulation – "CTMR") provides:

"1) The trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.

2) Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market."

This gives statutory expression to the principle of exhaustion of rights. There have been many cases concerning what might constitute "legitimate reasons" and, in particular, whether the repackaging of pharmaceutical products would constitute a legitimate reason to oppose the sale of a product in a secondary European market. In joined cases C-427/93, C-429/93, C-436/93, *Bristol-Myers Squibb v Paranova* [1996] ECR I-3457, the European Court of Justice (as was) set out five conditions ("the BMS conditions"), which, unless complied with by the importer, would allow the trade mark owner to legitimately oppose the further marketing of a pharmaceutical product (and which would therefore amount to trade mark infringement). BMS conditions 1 to 4 concern the artificial partitioning of markets between Member States, non-impairment of the condition of the product, identification of the manufacturer and repacker, and the quality of the packaging. BMS condition 5 requires the importer to give notice to the trade mark owner before the repackaged product is put on sale, and supply a sample of the repackaged product if requested.

Medik Ostomy satisfied the first four BMS conditions, but did not give notice to Hollister and Dansac. The Claimants commenced trade mark infringement proceedings in the Patents County



Court (PCC), and infringement was admitted by Medik Ostomy. Medik Ostomy agreed to pay either damages, or an account of profits. The Claimants elected to receive an account of profits. The PCC decision concerned matters of principle in relation to the calculation of the profits, and whether all or only some of those profits should be awarded to the Claimants.

PCC decision

HHJ Birss QC held that in considering the amount to be paid, Community law required him to consider not only the profits made by the infringer owing to the infringement (which the Claimants had elected to receive), but also the extent of damage to the trade mark



‘The Court decided that the level of compensation was a matter to be determined in accordance with national law in light of the circumstances of each case’

owner caused by the importation, and the principle of proportionality. He adopted a three-stage approach:

- “i) Assess the account on a normal basis under English law;
- ii) Consider the extent of damage caused to the proprietor by the infringement and the issue of proportionality, in all the circumstances of the case;
- iii) Decide what final sum should be awarded having regard both to the sum assessed on the account at step (i), and the factors considered at step (ii).”

In assessing the account of profits (step (i)), the Judge held that Medik Ostomy could deduct not only its direct costs associated with the importation, but also a proportion of its general overheads. This finding was appealed by the Claimants.

The Judge considered that, had Medik Ostomy given notice to Hollister and Dansac as required by BMS condition 5, there would have been no infringement, and no real damage had been caused to the Claimants by not having received notice. In the

circumstances, he considered that it was proportionate to award half of the profits that Medik Ostomy had made from the infringement. This finding was appealed both by the Claimants (which said that there should have been no deduction) and by the Defendant (which contended that none of its profits should be awarded to the Claimants).

Entitlement question

In *C-348/04 Boehringer Ingelheim KG v Swingward Limited* [2007] ETMR 71 (Boehringer II), the Court of Justice of the European Union considered the situation where there is infringement owing only to a failure to give notice in accordance with BMS condition 5, and the question of whether it is right that the trade mark owner can claim damages or an account owing to the infringement on the same basis as if the goods had not been genuine or had been otherwise infringing. The Court decided that the level of compensation was a matter to be determined in accordance with national law in light of the circumstances of each case, and the extent of damage caused by the infringement, and in accordance with the principle of proportionality, while nevertheless being a sufficient deterrent against infringement. This is what gave rise to the three-step test adopted by *HHJ Birss QC*.

In the Court of Appeal, *Kitchin LJ*, giving the leading judgment, said that the notice requirement was important because it allowed the trade mark owner to check that the repackaging has not been undertaken in a way that would damage the reputation attaching to the trade mark. A failure to give notice rendered the sale of the repackaged products an infringement, and it was wrong to characterise the failure to give notice as a mere procedural deficiency.

Under domestic law – the IP (Enforcement) Regulations 2006, which reflect Directive 2004/48/EC (“the Enforcement Directive”) – a successful claimant can elect to receive damages or an account of profits as a remedy for infringement. The object of a damages ►



award is to put the rights owner in the position they would have been in had there been no infringement. The object of an account of profits is to deprive the infringer of the profits that they have made by the infringement.

The Court of Appeal held that since these financial remedies are distinct ways of assessing compensation, the extent of damage caused to the Claimant should form no part of an account of profits. The approach adopted in the PCC decision resulted in an illegitimate

of its warehousing costs be attributed to the infringement and deducted from the notional profits made in respect of the infringing products? HHJ Birss QC held that the Defendant was entitled to deduct a proportion of the general overheads, following Laddie J's decision in *Celanese International Corp v BP Chemicals Limited* [1999] RPC 203. The Claimants appealed this, saying that allowing the infringer to deduct costs that it would have incurred in any event gave the

The Defendant must show that the relevant overheads are properly attributable to that activity.”

Medik Ostomy had attempted to prove neither that its general overheads had increased as a result of its infringement, nor that its overheads would have been lower were it not for its dealings in the infringing products. On that basis, the Court of Appeal held that HHJ Birss QC had erred in allowing Medik Ostomy to deduct a proportion of its general overheads without any evidence that those overheads were properly attributable to the importation and sale of the infringing products.

The Claimants were entitled to all of the Defendant's profits owing to the infringement, without deduction of a proportion of general overheads. ■

'A failure to give notice rendered the sale of the repackaged products an infringement, and it was wrong to characterise the failure to give notice as a mere procedural deficiency'

amalgamation of the concepts. The Claimants had elected (and the Defendant had consented to) an account of profits and, in the Court of Appeal's view, an account of the profits made by the Defendant was a proportionate remedy for the infringement.

Overheads issue

At the most basic level, an infringer's profits are calculated by taking the turnover resulting from sales of the infringing product and deducting the cost of those sales. Where the infringer takes on a new warehouse to store the infringing product, for example, one would expect to deduct the cost of that warehousing when calculating the profit. However, the parties disagreed about the approach to take in respect of overheads that the Defendant would have incurred whether or not it had dealt in the infringing products. If, for example, the infringer had spare warehouse capacity, allowing it to store the infringing products at no additional cost, should a proportion

unjust result that the Defendant would not have to give up all of the profits that it had made in reality.

In *Celanese*, Laddie J stated that costs relating to the manufacture or sale of both infringing products and non-infringing products should be divided, such that a proportional amount of the costs is deducted from the income. Laddie J's logic was that businesses generally seek to share costs between several activities, making economies of scale; the profit made in the selling (infringing) products is increased as a result of the sharing of costs, and it must be right to deduct a proportion of the shared costs, since it would otherwise increase the notional profits that have been made. Medik Ostomy argued that this entitled it to deduct a proportion of its general business overheads, and HHJ Birss QC allowed this approach.

In the Court of Appeal in the current case, Kitchin LJ said: "It is not permissible for a Defendant simply to allocate a proportion of its general overheads to an infringing activity...

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Case in point: O/462/12, In the matter of Application No 83792 in the name of Red Bull GmbH for Revocation of Trade Mark Registration No 2122299 in the name of Potters Limited, Appointed Person Geoffrey Hobbs QC, UKIPO, 20 November 2012

Bottom of the class

Red Kooga failed to argue its classification as a beverage, leaving it open to a non-use charge. Sharon Daboul offers the full details

The UK trade mark RED KOOGA matured to registration on 1 August 1997 for the following goods in class 32: “Mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.” Red Bull GmbH filed a revocation action on the grounds of non-use on 15 June 2010. Revocation was requested with effect from 2 August 2002 under section 46(1)(a) of the Trade Marks Act 1994 (“the Act”) or alternatively 14 June 2010 under section 46(1)(b) of the Act.

The proprietor was only able to show use of the mark RED KOOGA on sachets of liquid food supplements, the product being a combination of ginseng and guarana used to reduce combat fatigue and maintain mental awareness.

At the hearing of the revocation action, the question to be resolved was whether the goods registered in class 32 covered the proprietor’s use. On behalf of the Registrar, Oliver Morris, in his decision of 24 June 2011 (BL 0-224-11), revoked the registration in its entirety with effect from 2 August 2002.

Upon examining the product, the Hearing Officer recognised that it was a liquid to be consumed orally, but this fact alone was not sufficient for the average consumer to consider the product a drink.

He found that the product had not been sold as a beverage, rather as a food supplement and herbal remedy. The sachet packaging was not the normal form for drinks. Ultimately, the product would be viewed by consumers as a supplement that was simply in liquid form for ease of administration.

The proprietor had not created or maintained a share in the drinks market, and crucially, the product was “likely to fall into class 5”.

The proprietor appealed to the Appointed Person (AP).

AP concerns

One of the AP’s concerns was whether the Hearing Officer had determined a question regarding classification to which the Act applied. Section 34(2) of the Act states that where there are questions as to the class within which any goods or services fall, the Registrar’s decision is final and cannot be appealed. Allan James, on behalf of the Registrar, submitted observations.



The determination of whether the product in question was a drink was a question of fact, and such questions could be subject to appeal. Section 34(2) deals with queries concerned with classification for the purposes of registration, and this would not prevent an analysis on appeal as to whether the goods for which a mark had been used fell within the specification registered. If the supplements could be described as a drink, it was within the AP’s remit to determine whether they fell within class 32.

The AP decided that section 34(2) applied only to determinations of classification made in the context of proceedings within the exclusive competence of the Registrar (ie classification issues that arise at first instance). For invalidity, rectification and revocation proceedings, the registered proprietor could challenge the Registrar’s decision.

In considering the current challenge, the AP stated that classification forms

part of an objective assessment of the particular needs and requirements satisfied by the goods concerned. Goods and services must be classified in accordance with their nature and purpose.

For the proprietor’s appeal to proceed, the liquid supplements had to be classifiable as drinks in class 32. So, for instance, they had to fulfil the needs of consumers wanting drinks. The AP considered the composition, size and presentation of the products in question, and decided that the product was not something that would be drunk by someone “interested in having a drink”.

He therefore agreed with the Hearing Officer that the products were not encompassed by class 32. The proprietor’s appeal was dismissed.

This decision examines the scope of section 34(2) of the Act. The section must be read together with section 34(1), which indicates that the scope of this provision is for classification questions concerned with the purpose of determining in which class a mark should be registered.

The aim of the provision is to avoid uncertainties on the classification of goods prior to registration. Other classification determinations may be subject to appeal and review. ■

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Case in point: [2012] EWHC 3345 (Ch), JW Spear & Sons Limited and another v Zynga Inc, High Court, 28 November 2012

Monopoly fear scuppers Scrabble case

Here the Court found against a family favourite, writes Emma Reeve

JW Spear & Sons Limited is the registered proprietor of UK Trade Mark Registration No 2154349 TILE MARK [3D shape] in classes 9, 28 and 41 (shown opposite) for computer game adaptations of board games, board games and the organisation of competitions and exhibitions, all relating to board games.

The Claimants ("Mattel") owned the IP and rights associated with the game SCRABBLE outside the US and Canada, including the TILE MARK [3D shape] registration. Mattel was of the view that Zynga, which operated the digital game SCRAMBLE WITH FRIENDS, infringed, *inter alia*, the TILE MARK [3D shape].

Zynga submitted that the TILE MARK [3D shape] was invalidly registered, pursuant to Article 2 of European Parliament and Council Directive 2008/95/EC ("the Directive"). Zynga applied for a summary judgment following the counterclaim that the TILE MARK [3D shape] was invalid. Arnold J looked first to the provisions of the summary judgment, second to the conditions imposed by Article 2 of the Directive, and third to distinctiveness and the relevance thereof.

Summary judgment

Relying on the summary provided by Lewison J in the case of *Easyair Limited v Opal Telecom Limited* [2009] EWHC 339 (Ch), Arnold J took the following seven factors into consideration:

- i) Whether the claimant had a realistic as opposed to a fanciful prospect of success: *Swain v Hillman* [2001] 2 All ER 9.
- ii) "Realistic" means that a claim is more than merely arguable: *ED & F Man Liquid Products Limited v Patel* and another [2003] EWCA Civ 472 at [8].
- iii) The Court must not conduct a mini-trial: *Swain v Hillman* [2001] 2 All ER 91.
- iv) The Court should look beyond the face value and not analyse what is said by the Claimant in its statement of case before the Court.
- v) The Court must take into account the evidence before it and the evidence that can be reasonably expected to be available at trial: *Royal Brompton Hospital NHS Trust v Hammond* (No 5) [2001] EWCA Civ 550.
- vi) The Court should hesitate to make a final decision without a trial where reasonable grounds exist for believing that a fuller investigation into the facts

of the case would add to or alter the evidence available to a trial judge and affect the outcome of the case: *Doncaster Pharmaceuticals Group Limited v Bolton Pharmaceutical Co 100 Limited* [2007] FSR 63.

- vii) It is not uncommon for an application under Part 24 to give rise to a short point of law or construction and, if the Court is satisfied that it has before it all the evidence necessary for the proper determination of the question and that the parties have had an adequate opportunity to address it in argument, it should decide it.

Article 2

The Court considered whether Mattel had a realistic prospect of success in arguing that the TILE MARK [3D shape] was a valid mark pursuant to Article 2 of the Directive, which states: "A trade mark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings."

Arnold J, interpreting Article 2, relied on *Dyson Limited v Registrar of Trade Marks* [2007] ECR I-687, and in determining whether the mark at issue constituted a sign turned to the existing case law on: smells (*Sieckmann* [2002] ECR I-11754); sounds (*Shield Mark BV v Josst Kist h.o.d.n. Memex* [2003]); colours (*Libertel Groep BV v Benelux-Merkenbureau* [2003] ECR I and *Heidelberger Bauchemie GmbH* [2004] ECR I-6129); and shapes (*Dyson v Registrar of Trade Marks* [2007] ECR I-687).

Arnold J stated that the TILE MARK [3D shape]: “Covers an infinite number of permutations of different sizes, positions and combinations of letter and number on a tile... [and] it does not specify the size of the tile. Nor is the colour precisely specified. In short, it covers a multitude of different appearances of tile.” Thus, Mattel would obtain an unfair competitive advantage in the TILE MARK [3D shape] as it attempted to claim a monopoly on all tile shapes in an ivory colour that display any letter or numeral on the surface.

In *Sieckmann*, the Court of Justice of the EU provided that for a trade mark to be represented graphically the representation needs to be clear, precise, self-contained, easily accessible, intelligible, durable and objective. Arnold J held that the TILE MARK [3D shape] did not comply with the second condition as the representation was not clear, precise, intelligible or objective, and as a result the average consumer does not perceive a specific sign.

Further, Arnold J simply noted that a sign must be capable of distinguishing the goods and services of one undertaking from another for the third condition to be fulfilled.

Regarding distinctiveness, Arnold J held that it is irrelevant in finding that the first and second conditions have been satisfied. In coming to his conclusion, Arnold J looked to the judgment of HHJ Birss QC in *Société des Produits Nestlé SA v Cadbury UK Limited* [2012] EWHC 2637 (Ch). At paragraph 64, Birss QC concluded: “Since... the public associate the colour purple itself with Cadbury’s chocolate, Cadbury are entitled to a registered trade mark for that colour on the relevant goods and that is the mark they have applied for.”

Arnold J rejected the argument submitted by Mattel that when finding a mark is distinctive, this finding helps in concluding that the first and second conditions of Article 2 are satisfied.

In addition, Mattel relied on *Kerly’s Law of Trade Marks and Trade Names* (15th edition):

“The sign must be ‘precisely identified’ and [that] the graphical representation must be ‘precise’ and ‘unequivocal’ are capable of being taken too far. The underlying policy reasons do not require every mark on the register to be defined with absolute precision. The degree of precision required must depend on the mark itself and the distinctive character.”

Arnold J agreed with Counsel for Zynga that the statement was inaccurate

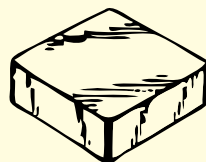
with the inclusion of the words “and its distinctive character”, and found that: “In the case of a word, there can be no doubt that it is a sign and capable of being represented graphically... Thus the word SOAP is a sign capable of being represented graphically, even though it is devoid of distinctive character in relation to soap.”

Arnold J concluded that Kerly was making the point that: “Because the mark consists of the word itself, changes in the graphical representation of it do not alter its distinctive character.” A trade mark simply gives a proprietor a monopoly right in its sign, which is capable of being represented graphically and which distinguishes one undertaking from another for the goods and services for which it is registered. If a proprietor were to obtain a monopoly right in a mark that does not fulfil all three of these conditions it would gain an unfair competitive advantage, which would have an eventual impact on consumers.

It was held that the TILE MARK [3D shape] does not satisfy the first and second conditions imposed by Article 2 of the Directive, and Mattel would have no real prospect of successfully arguing to the contrary. ■

Contested marks

The mark consists of a three-dimensional ivory-coloured tile, on the top surface of which is shown a letter of the Roman alphabet and a numeral in the range of 1 to 10.



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Case in point: T-143/11, Consorzio vino Chianti Classico v OHIM – Fédération Française de Rugby, CJEU, General Court, 5 December 2012

Rooster review

Rupert Bent looks at a case where the Court considered whether a single prominent feature was enough to cause confusion

The Fédération Française de Rugby (“FFR”) filed an application for a Community Trade Mark (CTM), reproduced below, in class 33 for “alcoholic beverages (except beers)”, which was opposed by the well-known wine-maker Consorzio Vino Chianti Classico (“Consorzio”), which has a series of Italian-registered trade marks in class 33 (some of which are reproduced below), a registered class 33 trade mark in the UK and a “well-known” trade mark in France and Germany. The opposition was based on Article 8(i)(b) of Council Regulation (EC) 40/94, now Council Regulation (EC) 207/2009 (“CTMR”), that there would be a likelihood of confusion with Consorzio’s earlier trade marks, and Article 8(5) CTMR, that it would take unfair advantage of, or be detrimental to, the distinctive character of Consorzio’s earlier trade marks.

The Opposition Division upheld the opposition, but FFR successfully appealed to the Fourth Board of Appeal (the “Appeal Board”). It held that under Article 8(i)(b) there was no likelihood of confusion on the part of the public in the territory in which

the earlier trade marks are protected. The Appeal Board defined the relevant public as being the general public in Italy and in the UK. It also took the view that the marks were dissimilar, and in doing so rejected the opposition on Article 8(5) grounds.

Consorzio appealed the Appeal Board’s decision on grounds that included rejecting FFR’s application in respect of “wines” in class 33. The Fourth Chamber of the General Court (the “Court”) partly overturned the decision of the Appeal Board.

8(1) Considerations

The relevant marks

The Court noted that under Article 8(i)(b) CTMR, to assess whether a likelihood of confusion exists, *all* earlier trade marks should be considered. Under Article 8(2) CTMR, earlier trade marks should not only be understood as meaning registered trade marks in a Member State, but also, at the date of application of FFR’s CTM, those trade marks that are “well known” in a Member State.

The Appeal Board had erred in its assessment of earlier trade marks, as for



The mark applied for by FFR	Consorzio’s Italian trade marks:	Consorzio’s “well-known” trade mark in France and Germany
		

'In assessing the likelihood of confusion, the comparison of the marks must be based on their overall impression, bearing in mind their distinctive and dominant components'

reasons of “procedural economy” it only considered one of the Italian collective trade marks (the black and white mark shown opposite), as this was the closest to the mark applied for. It should have considered the perception of the marks at issue in *all* territories in which earlier trade marks are found – as well as the Italian and UK registered trade marks, the “well-known” trade mark in France and Germany should also have been considered.

Comparison of the marks

In assessing the likelihood of confusion, the comparison of the marks must be based on their overall impression, bearing in mind their distinctive and dominant components. The Court emphasised that the perception of the marks by the average consumer, who normally perceives a mark as a whole, is crucial to this assessment.

Considering Consorzio’s claim that the marks at issue are similar to a high degree, the Court noted that although the marks are similar in that they contained a rooster in the centre facing left, elements such as the wording and shape of the marks make them less similar.

The mark applied for resembles an armorial emblem, whereas the earlier marks are made up of concentric circles. The Court said that linguistically, the marks cannot be conceptually compared as they are made up of different languages. However, if a consumer did have an

understanding of French and Italian, they would find the marks at issue to be conceptually dissimilar.

The Court’s view of conceptual dissimilarity was more compelling given that consumers of products in the wine sector usually describe and recognise wine by reference to the word element issued to identify it and not by reference to a symbol. However, the Court found that the marks do have a low degree of similarity.

Likelihood of confusion

Having found a low degree of similarity between the marks, the Court emphasised that although the marks were both for alcoholic beverages and contained a rooster, the marks should be considered as a whole. The differences in the wording and shape of the marks are such that the relevant public, including those in France and Germany, would be unlikely to think that the goods in question came from the same undertaking or an economically linked undertaking. Hence, the low degree of similarity between the marks did not amount to a likelihood of confusion and the Appeal Board’s finding on this issue was upheld.

8(5) Conditions

The Court summarised the conditions of Article 8(5) CTMR as being:

- that the marks at issue are identical or similar;
- that the earlier trade mark(s) cited in opposition have a reputation; and
- that there is a risk that the use, without due cause, of the trade mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark(s).

The Court said that as these requirements are cumulative, failure

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to satisfy one renders Article 8(5) inapplicable. The Court found that the Appeal Board had erred in finding that the marks at issue were not identical or similar as there is a low degree of similarity between them. As the Appeal Board had erred at the first hurdle and not examined the other conditions of Article 8(5), the Court directed the Appeal Board to reconsider this point.

Reinforcement

The Court’s decision is not unexpected because, although the rooster is common to the marks at issue, their wording and shape are dissimilar. The Court reinforced the emphasis on the *overall* impression of the marks, particularly with reference to the relevant public, who must be correctly established.

Also note the Court’s emphasis on not only considering earlier registered trade marks cited in opposition, but also those marks that are “well-known” and not necessarily registered. ■

ITMA events

More details can be found at itma.org.uk



Edinburgh will host a talk on certification marks in September

Date	Event	Location	CPD hrs
9 April	ITMA Webinar Image rights - John Ogier, Guernsey Registry		1
16 April	ITMA CIPA Designs Practice Day	CIPA Hall, London	
26 April	Sixth Annual World IP Day - Law Society of Scotland and the Faculty of Advocates	Edinburgh	1.5
30 April	ITMA London Evening Meeting*	Royal College of Surgeons, London	1
4-8 May	INTA Annual Meeting	Dallas, Texas, US	
21 May	ITMA London Evening Meeting*	Royal College of Surgeons, London	1
6 June	ITMA Glasgow Talk Design Law update	Murgitroyd & Company, Glasgow	1
19-22 June	ECTA Annual Conference	Bucharest, Romania	
25 June	ITMA London Evening Meeting* Abuse of process in trade mark litigation Michael Edenborough QC	Royal College of Surgeons, London	1
9 July	ITMA Summer Reception	Stationer's Hall, London	
23 July	ITMA London Evening Meeting*	Royal College of Surgeons, London	1
12 September	ITMA Edinburgh Talk Certification marks - a case study on Harris Tweed	Burness Paull & Williamsons, Edinburgh	1
24 September	ITMA London Evening Meeting*	Royal College of Surgeons, London	1
29 October	ITMA London Evening Meeting*	Royal College of Surgeons, London	1
7 November	ITMA Glasgow Talk Brand protection for Glasgow Commonwealth Games 2014 and IP considerations in the Scottish independence debate	Brodies, Glasgow	1
26 November	ITMA London Evening Meeting*	Royal College of Surgeons, London	1



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