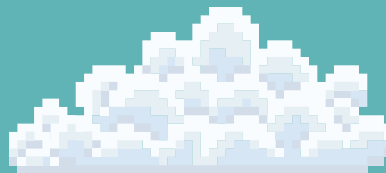


CITMA REVIEW



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ISSUE 440

MARCH/APRIL 2018




BEAT THE PITFALLS

The moves you need to get IP licensing right



CITMA

The Chartered
Institute of Trade
Mark Attorneys



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Welcome to this issue of the *CITMA Review*, my last as President. I hope you enjoy reading the content our members, friends and colleagues have once again provided.

This month, Jade MacIntyre discusses the UK's anticipated accession to the Hague Agreement (page 6), and John Coldham explains why there is still time to test the Shorter Trials Scheme, designed to make litigation quicker and more accessible (page 8).

We also get updated guidance on the Uniform Domain Name Dispute Resolution Policy from George Sevier (page 7) and, in Becky Knott's cover feature, advice on avoiding the pitfalls in the IP licensing landscape (page 12).

We hear from Désirée Fields on trade marks careers (page 18), Ashwin Julka on a significant Indian Supreme Court decision (page 24) and Nick Wood on the Internet Corporation for Assigned Names and Numbers' recent decisions on .amazon (page 22).

It has been a pleasure to introduce the *CITMA Review* over the past two years. By the time the May edition comes out, my successor will be firmly in place. I wish them every success and am sure CITMA will continue to thrive under their leadership.

Kate O'Rourke

Kate O'Rourke
CITMA President



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CITMA | INSIDER



CITMA welcomes new IP Minister

SAM GYIMAH MP was confirmed as the new Minister with responsibility for IP following the reshuffle in the UK Government in January.

CITMA President Kate O'Rourke said: "At this vital time, we look forward to working closely with Sam Gyimah. Trade mark intensive industries contribute £650bn to the UK economy annually. We recently called for clarity, collaboration and concerted action from Government to protect UK business and our world-leading IP sector from any impacts of Brexit. We continue to favour an outcome to Brexit negotiations on IP

which minimises the burden for business and maximises legal certainty. We set out how this could be achieved in our 2017 position paper and our recently published business case, and hope to have the opportunity in the near future to present those in person to the new Minister."

An alumnus of Somerville College, Oxford, Mr Gyimah was elected as the Conservative MP for East Surrey in 2010. His previous role was as Parliamentary Under Secretary of State at the Ministry of Justice, from July 2016 to January 2018.

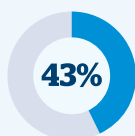
UK comes top for trade marks



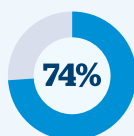
The UK has the best environment for protecting trade marks, according to the the US Chamber of Commerce's annual IP index, which ranks economies using a range of 40 indicators. The UK also placed second in the world for overall IP environment – behind only the US. Visit theglobalipcenter.com

CompuMark brings fresh insights

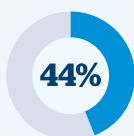
CompuMark has released new research on the state of the trade mark landscape in its report *The Trademark Ecosystem: Insights from Intellectual Property Professionals Around the World*. Among the highlights are:



of respondents filed more trade marks in 2016 than in 2015



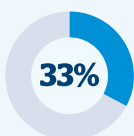
of brands experienced trade mark infringement in the last year, with four in 10 saying infringement has increased



say customer confusion is the biggest result of infringement



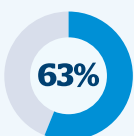
took action against third-party infringement



changed the name of a brand due to an infringement issue



of respondents launched a new, secondary brand before clearing the trade mark



relied on internet search engines and trade mark office tools rather than a trade mark professional

Download the full report at compumark.com. The research was carried out on behalf of CompuMark by Vitreous World. The survey was conducted online in August 2017.



Sweden sees off invoice fraudsters

A GROUP OF fraudsters who attempted to con EU trade mark (EUTM) holders into paying fake invoices have been sentenced in Sweden. Twenty people in total were charged with being involved in the scheme from 2011 to 2014. The group sent fake invoices to holders of EUTMs (then known as Community trade marks), demanding payment.

The main assailant, “Mr SR”, was charged with attempted gross fraud and completed gross fraud, in 355 cases. His accomplice, “Mr DN”, was convicted for

being complicit in the completed gross fraud committed by Mr SR, and also for completed gross fraud in 33 cases in respect of which Mr DN had committed the fraud on his own. Mr SR was sentenced to nearly five years in prison, and Mr DN for just under three years. An additional 18 people were charged for allowing their bank accounts to be used for fraudulent activity or sending the fraudulent invoices. Two received a prison sentence.

The court in Stockholm also approved 74 claims for damages.

Remembering two remarkable men

CITMA WAS SAD to learn of the recent deaths of Paul Hartnack, former Comptroller and Chief Executive at the Patent Office (now the IPO), and Alan Pike, a former trade mark *ex parte* Hearing Officer.

Paul was in charge of the Office when it became an Executive Agency of Government. He was instrumental in focusing the Office on a reduction in the backlog of applications for patents, designs and trade marks, along with the introduction of quality processes that led to the award of a Citizen’s Charter and the current ISO qualifications. On the international scene, he worked tirelessly to improve the performance of the European Patent Office, and was

involved in negotiating the framework of the Office for Harmonisation in the Internal Market (now EUIPO). He retired in 1999.

Alan joined the Patent Office shortly after its transfer to Newport. He was a Unit Manager before being promoted to the role of *ex parte* Hearing Officer. Well known to many Chartered Trade Mark Attorneys, he was one of those who regularly took his hearings in person in London: sociable and pleasant, but able to toe the line and uphold the Office’s policy on the acceptance of trade marks. He was well regarded. Alan retired a few years ago.

We send our condolences to Paul’s and Alan’s families.



Don’t miss out

CITMA has published a new must-have for trade mark professionals – *Anti-Counterfeiting: Practice and Procedure* by Ralph Wehrle – and other titles are planned. Members receive a substantial discount. Go to citma.org.uk/shop for details.

Member moves



Rob Hawley, previously a Partner at Mathys & Squire LLP, has joined Groom Wilkes & Wright LLP. Contact Rob

at rhawley@gwwtrademarks.com or on +44 (0)1462 714300.



Sharon Daboul, Chartered Trade Mark Attorney, has joined Harbottle & Lewis LLP in the London office. Contact Sharon

at sharon.daboul@harbottle.com or on +44 (0)20 7667 5000.



Lawrie IP is delighted to announce the appointment of Sharon Mackison as Director. Sharon joined Lawrie IP in August 2013 and

continues to focus on building its trade mark team and practice. Contact Sharon at sharon.mackison@lawrie-ip.com or on +44 (0)141 212 7070.



Lawrie IP has also welcomed Chartered Trade Mark Attorney Kirsten Coetzee to its team. Kirsten joins Lawrie IP from

Marks & Clerk. Contact Kirsten at kirsten.coetzee@lawrie-ip.com or on +44 (0)141 212 7070.



Meena Murrin has moved from Marks & Clerk to lead the trade marks practice at Cameron Intellectual Property in Glasgow.

The company covers a diverse UK domestic and foreign client base. Contact Meena at meena@cameronintellectualproperty.com or on +44 (0)141 375 7575.

Editor installed

Thomson Reuters, publisher of the *CITMA/CIPA Community Designs Handbook*, has appointed Patricia Cullens as Co-General Editor.



Hooray for Hague

Jade MacIntyre explains why she's awaiting the UK's accession to a valuable agreement

Practitioners in the UK currently have a choice when filing design applications outside the EU: either instruct local attorneys in the territories of interest, or make use of the Hague System for the International Registration of Industrial Designs.

The Hague System facilitates the registration of up to 100 designs in more than 66 territories through one single international application to WIPO. Unlike the corresponding Madrid System for trade marks, it is not necessary to have a national design registration upon which to base an application via the Hague System.

ATTRACTIVE OPTION

The costs and procedural savings that can be made by using the Hague System are obvious, given its ability to expedite global filings for designs or filings in multiple jurisdictions. In addition, WIPO does not charge fees for deferring publication, or request copies of priority documents. This can make the Hague System a cheaper and more attractive option for designers than instructing a number of national agents. As more territories join – Russia is due to accede this spring – the cost and time benefits of the Hague System will only increase.

The UK is not currently a member of the Hague System in its own right, but has access to it as a result of the EU's accession to the Hague Agreement Concerning the International Registration of Industrial Designs in 2008. This will end when the UK leaves the EU. Happily, prior to the Brexit vote in 2016, the UK Government enacted the Intellectual Property Act 2014, which enables the UK to accede to the Hague Agreement, should it wish to do so.

In March 2017, Jo Johnson, as Minister for Universities and Science, stated that it was the Government's intention to accede to the Agreement prior to the UK's exit from the EU. This is good news for UK designers and practitioners, who will maintain access to the Community design system post-Brexit via the Hague System.

ACCESSION ANTICIPATED

At the time of writing, the Draft Designs (International Registration of Industrial Designs) Order 2017 is at the committee stage, with the expectation that the UK will ratify and join the Hague Agreement by 31st March 2018, and that the service will come into operation on 6th April 2018. However, given the volume of work being undertaken by the Government in preparation for Brexit, it is anticipated that this timetable will be pushed back, with the order likely to come into force by the end of June. ■

CITMA's Design and Copyright seminar on 19th April will focus on the UK's accession to the Hague Agreement, with speakers from across the UK profession, along with representatives from the UK IPO and WIPO. Go to citma.org.uk/events for details



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UDRP: a new view

*George Sevier highlights updated
guidance on domain name disputes*

In 2017, WIPO released the third edition of its *WIPO Overview of WIPO Panel Views on Selected UDRP Questions (Overview 3.0)*. This provides guidance on scenarios frequently faced in domain name disputes, making outcomes easier to predict.

OVERVIEW 3.0

The Uniform Domain Name Dispute Resolution Policy (UDRP) applies to disputes concerning several top-level domains (TLDs), including .com, .net and .org, as well as new generic top-level domains (gTLDs). WIPO is one of a handful of bodies authorised to administer UDRP disputes, and arguably the most respected. Overview 3.0 summarises consensus views on numerous issues that commonly arise in respect of each element of the UDRP and provides links to previous decisions relevant to each point.

Overview 3.0 addresses many other issues and refers to almost three times as many decisions as the previous version, published in 2011. In particular, it now includes jurisprudence on the relevance of the TLD itself. Historically, the TLD (such as .com) was largely irrelevant. Given the introduction of gTLDs, the TLD itself may now be much more relevant, particularly in assessing whether the respondent has legitimate interests in a domain name. For example, in light of a complainant's trade mark for FIFTH STREET FINANCE, a panel concluded that the registrant did not have a legitimate interest in fifthstreet.finance. Had the domain name been fifthstreet.coffee, the result may have been different.

WHY CONSULT IT?

Since it addresses the issues that commonly arise in domain name complaints, Overview 3.0

should provide a good degree of certainty as to whether a proposed domain name complaint will succeed.

Neither Overview 3.0 nor previous decisions are binding on the panels appointed to decide UDRP cases. However, WIPO aims for decisions to be consistent and predictable. As such, the consensus views in Overview 3.0 are highly persuasive, and are increasingly referenced in panel decisions. When making domain name complaints under the UDRP, it is obviously important to support the case that you are making, so complainants would be well advised to refer to Overview 3.0.

Also, because complainants in UDRP proceedings do not normally have an opportunity to reply to a respondent's response, Overview 3.0 can be helpful in predicting the arguments that a respondent might make, so that those arguments can be tackled in the complaint.

Those making domain name complaints under the UDRP may also consider consulting the Legal Index of WIPO UDRP Panel Decisions (available at bit.ly/PanelDecisions), which can be helpful in locating past decisions on particular scenarios. ■

A NOTE ON .UK DISPUTES

Overview 3.0 does not apply to .uk domain name disputes, which are decided under Nominet's *Dispute Resolution Service Policy (DRS Policy)*. The Nominet Dispute Resolution Service has published guidance that provides for the DRS Policy what Overview 3.0 provides for the UDRP. The latest version of the guidance, dated December 2016, is available at bit.ly/NominetOverview. Overview 3.0 is available at bit.ly/Overview3



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Short but sweet?

There's still time to test a trial scheme that can make IP litigation swifter, easier and more accessible, as John Coldham explains

In the face of ever greater competition between jurisdictions, the Woolf and Jackson reforms sought to open up litigation procedure, demystifying it while reducing costs and timelines. Among a series of measures designed to improve the customer experience of civil justice, the Shorter Trials Scheme (STS) and Flexible Trials Scheme (FTS) are the latest. The pilots opened for business in October 2015. If you haven't had cause to test them out yet, fear not – both schemes are scheduled to run until at least 30th September 2018.

In developing the STS and FTS, Justices Hamblen, Edwards-Stuart, Birss and Jay, with support from Sara Cockerill QC (Essex Court Chambers, now Mrs Justice Cockerill) and Ed Crosse (Partner, Simmons & Simmons), have picked up the baton in the race to effect greater customer service. They prepared the draft Practice Direction (51N) for both pilot schemes, which aim to “achieve short and earlier trials for business related litigation, at a reasonable and proportionate cost”.¹ The focus on commercial timescales for dispute resolution is key, but so too is maintaining the quality of decisions.

IPEC INFLUENCE

For IP litigators, the STS will likely hold more interest than the FTS. In establishing the STS, the High Court appears to have drawn on the highly successful IPEC model, something that may not surprise *CITMA Review* readers, given the role that Birss J played in establishing the new regime in the IPEC.

The STS is currently available in the Chancery Division (including the Patents and Companies courts); and in the Commercial, London Circuit Commercial, and Technology and Construction courts in the Rolls Building. It is most suitable for time-sensitive cases of moderate complexity (given the four-day trial limit) requiring little evidence or disclosure, but where damages may exceed those recoverable in the IPEC or the costs caps are not desirable.

To achieve its goals, the STS employs a number of mechanisms, the most significant of which are:

Strict timelines. The desired efficiency and cost savings cannot be achieved without them, so this is a very appealing feature of the STS. They cover most phases of litigation, including the requirement that:



Awareness of the system was not widespread at the start, and not as many STS cases were started as the courts would have liked. This is changing now, and the STS is becoming more popular

- a defendant should respond to a letter of claim within 14 days;
- the Claim Form and Particulars of Claim should be served promptly following a defendant's response to the Letter of Claim;
- the defence must be served 28 days after service of the Claim Form and Particulars;
- the Case Management Conference (CMC) should take place within 12 weeks of Acknowledgement of Service;
- disclosure requests must be exchanged at least 14 days before the CMC;
- the trial must take place no more than eight months after the CMC (and will be limited to four days);
- judgment should be handed down within six weeks of trial; and
- schedules of costs should be exchanged within 21 days of trial and assessed summarily at the final order hearing.

The parties are allowed to agree one 14-day extension for the defence and one seven-day extension for the other dates, but that is it. Any further extensions are strictly at the court's discretion.

Reduced pleadings. Statements of Case are limited to 20 pages and any core documents should be attached.

Quick CMC and trial. These are listed promptly (the CMC is listed as soon as possible after the Acknowledgment of Service) to keep the case moving quickly.

Paper applications. Other than those made at the CMC, applications should be decided on the papers and/or heard by phone.

Limited evidence and disclosure. Unless otherwise ordered, fact and expert evidence will be in writing and limited in length. Any oral evidence will be limited to the issues. Disclosure will also be limited to those documents relied on, requested by the other party and/or agreed or ordered.

Docketed judges. This might have been one of the scheme's showstoppers, designed to increase continuity and efficiency, with all case management work and the trial itself conducted by the same docketed judge. However, the realities and difficulties of listing hearings and trials means that this has not yet been achieved in many cases.

No costs budgeting. Last but not least, unless otherwise agreed by the parties, the Precedent H costs-budgeting regime of the general High Court does not apply to the STS. Rather, the parties will exchange costs schedules no later than three weeks after trial. Thereafter, the trial judge will summarily assess the costs in the entire case.

PILOT PROCESS

So, how do cases find their way into the pilot? The scheme operates on an "opt-in" basis. A claimant must first select the STS route, though

the court may encourage parties to opt in where the case is appropriate but has been begun in a another forum.

Birss J has also confirmed that the court may, on application to a judge, transfer existing "business cases" into, and out of, the STS under the overriding objective and its general case-management powers.² Such a flexible approach means parties can reassess the suitability of their case for the scheme as the case develops. There remains something of a question mark as to the extent to which the court will, of its own volition, seek to transfer existing cases as they become suitable for the scheme. For example, in the recent designs case of *Neptune v Devol*³, Birss J proposed a transfer into the STS, but it only happened because it was subsequently agreed to by the parties.

EVOLUTION

The STS pilot certainly got off to a promising start. The first case heard under the scheme, a compensation claim brought by a commercial bank⁴, was generally acknowledged as a success. The parties agreed to proceed under the STS, which led to a one-day hearing with limited disclosure and no oral or written witness evidence. Judgment, which praised the parties for their cooperative approach to the proceedings, was handed down in less than two weeks. In many ways, this was the perfect example of efficiency and speed. However, awareness of the system was not widespread at the start and, as such, not as many cases were started in the scheme as the courts would have liked. This is changing now, and the STS is becoming a more popular option.

As the scheme has matured, there appears to have been some evolution of the rules. The recent decision of Carr J in *Neptune* noted the case, which involved an allegation of dishonesty that would "not normally be suitable" for the STS, was heard within the scheme and that "extensive disclosure was given and extensive evidence of fact and expert evidence was relied upon".

While this approach is quite a departure from the procedure outlined at the pilot's start, the



SIDE BY SIDE: HOW DOES THE STS STACK UP AGAINST OTHER LITIGATION OPTIONS?

	GENERAL HIGH COURT	SHORTER TRIALS SCHEME	IPEC
TIMESCALES	In excess of a year from issue to trial in standard cases – often 12–18 months in practice	Trial within 12 months of issue, tight limits for scheduling of CMC, length of trial and judgment. Currently the quickest option	Generally takes 12–18 months from issue to trial
PRE-ACTION	Pre-action Practice Direction applies	Truncated pre-action procedures, although Practice Direction still applies	Penalty for not complying with Pre-action Practice Direction that the defendant has 70 days for defence
PLEADINGS	Standard pleadings, where less detail is required than other options	Expected to be thorough, but concise	Expected to be thorough, but concise
CASE MANAGEMENT	Not active case management	Active case management (preferably by a docketed judge)	Active case management with some innovative case-management options available
EVIDENCE	No limit on evidence of fact, though court’s permission is required for expert evidence	Limited witness evidence; expert evidence only if strictly required	Extent of witness evidence and expert evidence considered by judge at CMC
DISCLOSURE	Standard disclosure	Limited or no disclosure	No standard disclosure; where specific disclosure is ordered, it will be limited to specific documents or classes of document
COSTS BUDGETING AND MANAGEMENT	Precedent H costs management rules apply to all claims worth less than £10m	No costs budgeting	No costs budgeting, but scale costs recovery
COSTS RECOVERY AND DAMAGES	Costs recovery usually on a standard basis (but parties may be held to budget). No limit to damages recovery	Summary assessment of costs after trial. No limit to damages recovery	Costs recovery capped at £50,000 (based on phases); damages capped at £500,000

judgment made clear that cases involving more complex issues could be heard within the scheme, provided those cases are “controlled from an early stage by robust case management”. The judge also noted that, in the specific example of Neptune, which involved liability in relation to multiple registered and unregistered designs, it may have been advisable to limit the trial to an “appropriate, and limited, selection” of those designs. There was no suggestion in that case that the judge wished to transfer the case back out of the scheme, and the trial was heard within the requisite four-day limit.

The success of the STS is likely to revolve, in part, around how judges exercise discretion in STS cases. For example, again in relation to the Neptune designs case, the Defendant applied to amend its case quite significantly and introduce expert evidence, at a hearing that occurred about halfway between the CMC and trial. In the IPEC, this would have been very unlikely to succeed, but in the STS, the amendments and additional evidence

were allowed (albeit with a warning as to the costs consequences).

With some months left to run, there is still time for the pilot to develop through the judges’ application of the rules and the discretion they enjoy to mould the scheme. However, it is already clear that the STS can offer a faster and more cost-effective means of litigating business-related cases of moderate complexity (which describes many IP cases), where the damages or costs caps of the IPEC are not desirable.

This should be applauded. The effort to make litigation more accessible and appropriate for a broader range of disputes is helpful, and keeping our courts competitive is great for clients – and for the litigators who advise them. ■



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Rebecca Limer, an Associate at Gowling WLG, co-authored.

1. “Shorter and Flexible Trial Procedures Pilot Schemes”, Courts and Tribunals Judiciary announcement (30th September 2015), p1. Available at bit.ly/2nIRdW2.
2. Family Mosaic Home Ownership Ltd v Peer Real Estate Ltd [2016] EWHC 257 (Ch).
3. [2017] EWHC 2172 (Pat). Please note that Gowling WLG acted for Neptune.
4. National Bank of Abu Dhabi PJSC v BP Oil International Ltd [2016] EWHC 2892 (Comm) (18th November 2016).

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IP LICENSING: AVOID THE PITFALLS

Becky Knott reviews the licensing landscape to provide pointers on ensuring your strategy plays it safe



The lack of leniency shown by the Court provides a sharp reminder to practitioners not to overlook procedural requirements

Licensing is an area that is increasing in importance as globalisation renders the world smaller and smaller, and the opportunities for brand extension grow larger. And while the practice carries many benefits, it is not without its pitfalls. A licence is first and foremost a contract, and its binding nature can be detrimental if an error is made, as the following decisions demonstrate.

PITFALL 1 LICENCE OWNERSHIP LAPSE

General Nutrition Investment Company v Holland and Barrett International Ltd and Another [2017] EWHC 746 (Ch), 7th April 2017

As Trade Mark Attorneys, we are frequently mindful of the need to “future-proof” our work – whether this means considering a client’s new specification or the territory clause of a coexistence agreement (made all the more interesting by the current, looming B-word). However, this applies equally to trade mark licences, which should be reviewed regularly, especially if the ownership or use of the mark changes. The General Nutrition Investment Company (GNIC) case reminds us of this.

GNIC Arizona Oldco and Holland and Barrett had previously entered into a trade mark licence agreement that granted Holland and Barrett the right to use GNC marks in the UK. As is standard practice, the licence agreement

conferred certain termination rights on the licensor. During the term of the agreement, GNIC Arizona was dissolved when the GNIC group underwent restructuring. As part of this, GNIC Arizona assigned its rights under the licence with Holland and Barrett to GNIC. However, Holland and Barrett was not provided with written notice of the assignment of these rights to GNIC.



Sometime later, GNIC attempted to terminate the licence agreement on the grounds of a material breach. Holland and Barrett disputed the notice of termination sent to it by GNIC. In response, GNIC filed a claim with the High Court against Holland and Barrett for material breach of the licence. Holland and Barrett reacted by issuing a counterclaim seeking declaratory relief on the basis that it had not received notice of the assignment of the licence from GNIC Arizona to GNIC, arguing that this meant that the

termination notice was invalid.

The High Court considered whether or not the licence had been validly assigned from GNIC Arizona to GNIC. It ruled that some of the conditions under s136 of the Law of Property Act 1925 had not been fulfilled; most importantly, “express notice in writing” of the assignment was not provided to the licensee (Holland and Barrett), by the licensor (GNIC Arizona). However, all was not over for GNIC, as the Court found that there had been an equitable assignment of GNIC Arizona’s rights under the licence to GNIC.

The Court then considered whether GNIC’s equitable rights entitled it to exercise the licensor’s rights under the licence, most crucially, in this case, the termination right.

Using the principles established in Warner Bros Records Inc v Rollgreen Ltd (1976), the Court found that GNIC’s equitable rights did not allow it to terminate the licence. Indeed, the Court determined that GNIC could not exercise the rights of the licensor under the licence “unless and until notice of the assignment has been given to H&B” (paragraph 83). The Court also said that the identity of the entity entitled to terminate the licence had not been made clear to Holland and Barrett, calling the notices “unclear and ambiguous” (paragraph 110).

The Court emphasised that these issues were “not mere matters of procedure”, but instead matters that “go to the substantive contractual rights between the parties” (paragraph 79). Indeed, the stress that the Court placed on this right is demonstrated by the fact that the decision went against GNIC, even though certain facts in the case led many to expect a more lenient outcome (for instance, Holland and Barrett had been informed of the proposed restructuring of the GNIC group that led to the dissolution of GNIC Arizona.) Nevertheless, the lack of leniency shown by the Court provides a sharp reminder to practitioners not to overlook procedural requirements.

Although this case focuses on licences, it is a useful reminder of the formal requirements for validly assigning any other contractual agreement in order to render it enforceable.

PITFALL 2 CLAIM FOR WRONGFUL TERMINATION

Double G Communications Ltd v News Group International Ltd [2011] EWHC 961 (QB), 14th April 2011

In December 2008, a licence agreement was made between News Group International and Double G Communications, whereby News Group licensed Double G to produce and distribute a board game that would exploit the “Page 3” and “Page 3 Idol” brands. On 21st May 2009, without prior warning, News Group informed Double G that the licence was terminated and that the project would go no further. However, Double G had, in the meantime, been presenting and promoting the game to potential purchasers, preparing to go to market. As such, Double G proceeded to bring an action against News Group for wrongful termination of the licence.

As the above summary suggests, this claim was easily dispensed with – the facts were straightforward and it was ruled at a summary judgment that the licence had been wrongfully terminated. This entitled Double G to claim for damages, which it did. Nevertheless, detailed factual enquiries were required to determine the loss, causing further delays and costs to both parties. It provides a good reminder of the potential consequences of failing to adhere to proper practice under a licence.

PITFALL 3 BREACH OF EU COMPETITION RULES

Schweppes SA v Red Paralela SL and Red Paralela BCN SL with Orangina Schweppes Holding BV, Schweppes International Ltd and Exclusivas Ramirez SL acting as Interveners, Case C-291/16, 20th December 2017, preliminary ruling

Trade marks confer upon the proprietor an exclusive legal right within a particular territory. This has at its heart an inherent tension with EU competition law, which aims to promote the single market and to encourage the free trade of goods and services throughout the same. The Treaty on the Functioning of the European Union (TFEU) enshrines the main rules on competition.

For our purposes, Article 101 TFEU is key, as it prohibits anti-competitive agreements, namely “all agreements between undertakings, decisions by associations of undertakings and concerted practices which may affect trade between Member States and which have as their object or effect the prevention, restriction or distortion of competition within the internal market”.

For a licence to offend Article 101 TFEU, it must have the foreseeable effect of influencing (directly or indirectly) the pattern of trade between Member States.¹

There are few cases related to licences clashing with Article 101 TFEU. This is because straightforward licence agreements are unlikely to offend this provision, unless they

have at their heart an aim to circumvent free trade. Indeed, in the case at issue, Schweppes sailed very close to the wind.

This case was particularly complicated due to a labyrinthine set of acquisitions and restructurings, and a complex ownership arrangement of the SCHWEPPEs marks, split across multiple entities. Subsequently, the case turned on exhaustion and whether or not Schweppes could oppose the importation of SCHWEPPEs goods from the UK into Spain by Red Paralela.

However, when Schweppes’ claim against Red Paralela was first brought, Red Paralela made a counterclaim against Schweppes, Orangina Schweppes Holding and Schweppes International, alleging infringement of Article 101 TFEU and acts of unfair competition.

By the time this case reached the CJEU, Red Paralela had withdrawn these two heads of claim. This is because, following Red Paralela’s complaint to the Comisión Nacional de los Mercados y la Competencia (CNMC, Spain’s National Commission on Markets and Competition), the CNMC brought infringement proceedings against Schweppes on the grounds of potentially anticompetitive conduct. The CNMC’s action reflected a wish to restrict the distribution and sale in Spain of SCHWEPPEs goods that had not been manufactured by Schweppes itself, and to limit parallel imports of these goods. On 29th June 2017, following acceptance by Schweppes of a number of undertakings modifying these agreements, the proceedings

were closed with no finding of infringement.

This was a lucky escape for Schweppes, then. Nevertheless, the case highlights the importance of ensuring that you do not fall foul of Article 101 TFEU – especially when the facts may be a little “out of the ordinary”.



For a licence to offend Article 101 of the Treaty on the Functioning of the European Union, it must have the foreseeable effect of influencing (directly or indirectly) the pattern of trade between Member States

PITFALL 4 ENTITLEMENT TO GRANT

VLM Holdings Ltd v Ravensworth Digital Services Ltd [2013] EWHC 228, 13th February 2013

It might sound simple, but it is essential to be absolutely clear who the licensor(s) and licensee(s) of a licence are going to be. Commercial reality is often not as neat as we would like it to be, and this apparently simple point can become blurry. It is also vital to know whether or not the intended licensor(s) is/are entitled to grant the licence and, as part of this, whether or not the licensor is the proprietor of the IP right to be licensed or, instead, a licensee entitled to grant sublicences.

VLM Holdings Ltd owned copyright in online software related to printing services. It granted a licence to its subsidiary VLM UK Ltd to exploit the copyright in the software in the UK. VLM UK proceeded to grant a sublicense to Spicerhaart allowing the latter, an estate agency, to print its property details and other documents.



Top five licensing essentials

BE FORMAL

Always serve a formal notice when reassigning a contract from one party to another. This can be crucial to your enforcement strategy. Unless unavoidable, do not rely on your equitable contractual rights: this should be considered at a due-diligence stage.

BE CLEAR

Ambiguity is not your friend – a licence is first and foremost a contract, and it should be clear on its face where the obligations and benefits lie.

BE INFORMED

Ensure you know who the contracting parties to an agreement are to be, and that said parties are entitled to contract.

BE CAREFUL

Take care before terminating a licence that the client is entitled to do so, otherwise it could find itself facing a protracted damages inquiry. And be careful with Article 101 TFEU, especially when complex distribution agreements are at play.

BE ADVISED

Some IP agreements may survive despite the termination of a business.



It is essential to be absolutely clear who the licensor(s) and licensee(s) of a licence are going to be

At a later date, VLM UK went into liquidation and VLM Holdings terminated VLM UK's right to grant licences, claiming also that it had terminated any previous licences granted by VLM UK. Subsequently, VLM Holdings granted an exclusive licence to Ravensworth for the software, another printing company servicing former clients of VLM UK (including Spicerhaart). When Spicerhaart sought to rely on its licence with VLM UK, Ravensworth claimed that the exclusivity of its own licence had been invalidated and that this was a material breach of the same by VLM Holdings. Consequently, Ravensworth ceased to pay royalties to VLM Holdings and sought to terminate its licence. VLM Holdings claimed that Ravensworth's actions amounted to a breach of contract and brought an action against it in the High Court.

In its judgment, the Court determined that Ravensworth's actions were not a breach of its licence and were justified on the basis that the original licence between VLM UK and Spicerhaart had survived VLM UK's insolvency. As such, VLM Holdings had materially breached the licence that it had granted to Ravensworth, and this breach had not been remedied (although it might have been had Spicerhaart been prevailed upon not to rely on its licence).

Although, in this instance, the High Court ruled that Spicerhaart was permitted to use the software under the sublicense in spite of VLM UK's insolvency, this was dependent on the scope of authority given to the sublicensor by the chief licensor. In this case, the common directors to VLM Holdings and VLM UK were deemed by the Court to imply that VLM Holdings was bound by its subsidiary's sublicensing activities (paragraph 63). Further, as VLM UK had been explicitly authorised by VLM Holdings to grant sublicences, VLM Holdings was held to give the ultimate permission for the granting of the sublicense, thus ensuring its survival (paragraph 65).

Nevertheless, despite the specific circumstances of this case, it serves as a warning that parties may continue to be bound by certain types of agreements, even in the face of insolvency of the grantor. ■

1. *Javico International v Yves St Laurent Parfums SA*, Case C-306/96, [1998] ECR I-1983, [1998] 5 CMLR 172, [1999] QB 477, paragraph 16.



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ON SOLID GROUND?

Tristan Sherliker sets out the main changes and practice points resulting from the newly enacted threats provisions

It's easy to forget that IP rights holders enjoy a degree of protection specifically forbidden in other fields: the power of monopoly. But with great power, of course, comes great responsibility – to wield it lawfully – and the checks and balances that sit behind the use of IP rights are our bread and butter as IP practitioners. One of these checks has been updated: the rules against making unjustified threats (also called “groundless” or “baseless” threats) of IP infringement.

On 1st October 2017, the Intellectual Property (Unjustified Threats) Act 2017 came into force. It sets out a new, more detailed and more comprehensive system governing threats. The Act adds a highly structured test for most IP rights, setting out which threats may be actionable, and which can be made with impunity.

The test is fairly intricate and not very user-friendly. Used precisely, it can be easy to draw the line between actionable and not; but when used in anger, or under time pressure, it may be easy to go too far. So, to pick up the practice points quickly, it can be more useful to go through the main issues arising out of the new IP threats regime, as follows.

HANGING BY A THREAT

First of all, groundless threats are actionable per se, meaning that the recipient can sue on the basis of a mere communication, without establishing that it has suffered any damage. Normally, this sort of claim would pray for a simple declaration that the threat itself was unjustified, but the claimant could go further by requesting a declaration of non-infringement.

In this way, the intended defendant becomes the claimant, allowing it to seize the initiative and perhaps call the bluff of the opening letter.

At the very least, this can put the rights holder under time pressure, and could mean it has to engage with the court process before it is ready to do so. At worst, it could result in a finding of non-infringement, perhaps affecting the value of the IP right itself and opening up competition to the wider world.



Threats will be assessed in the same way whether they concern trade marks, patents, registered designs, community designs or unregistered designs

LEVEL PLAYING FIELD

Where previously the system between various IP rights was fragmented, the new test levels the playing field. Threats will be assessed in the same way whether they concern trade marks, patents, registered designs, Community designs or unregistered designs. Unregistered trade mark rights fall outside the scope, because these are properly pleaded in terms of passing off, which is a separate tort not governed by statutory IP laws.

IS IT A THREAT?

The new law defines a “threat” very generally and then provides various defences and exceptions. By the new definition, a threat exists if a recipient reasonably understands that a right exists, and that legal

action is intended for infringement of that right.

Importantly, any sort of communication can potentially constitute a “threat”. For example, verbal and digital communications, and even messages that aren’t directed to any particular person, can be actionable. Even press releases and general statements that mention IP rights could be caught up. Such general communications could be a significant liability due to their public nature and the large number of people who could be affected by them.

A threat of “proceedings” isn’t just limited to proceedings in the UK. A threat concerning any act done in the UK that may result in any sort of legal proceedings can be covered. So the definition extends, for example, to threats of litigation overseas and e-commerce takedown notices.

While such a broad definition could have the effect of discouraging pre-action correspondence, not all threats are actionable, so it’s also necessary to understand the following exceptions:

Representative risk: under the old law, legal representatives could be held liable for unjustified threats actions. This has been removed from the new regime, meaning that representatives no longer bear the risk for threats issued on the instructions of a client, so long as that client is properly identified at the time of the threat.

Aim high: rights holders are encouraged to aim their action at the top of the supply chain. No action

can be brought for a threat that alleges the recipient is making or importing an infringing product – what we often think of as a primary infringer.

On the other hand, threats directed towards people committing only secondary acts of infringement (such as offering for sale or storing products for later sale) do not benefit from this exception. This means it is not necessary to artificially limit the scope of a threatening letter only to primary acts, but, if it concerns secondary acts only, it may well be actionable. Solely in the case of trade mark threats, primary acts are extended to cover not just the manufacturing of, but also the affixing of a mark to, products.

There is one circumstance in which a threat to a secondary infringer won’t be a risk: if the primary infringer can’t be found. Those circumstances will act as a defence to an unjustified threats action. However, it’s important to have taken proper steps to try to identify the source, and that’s where the “permitted purposes” (see below) are important.

Safe harbour: another important shelter from the breadth of the definition of “threat” lies in certain “permitted purposes”. The first of these is simply giving notification that a right exists and providing details of it.

The second, more involved and potentially more useful, covers letters to secondary infringers seeking information about primary infringers. Even if a communication is not directed to the top of the chain, it will not be actionable if its purpose is limited only to seeking information.

Should the communication stray outside these purposes, and, for example, make a direct threat, the safe harbour will be lost.

The Act leaves it open to the court’s discretion to identify new permitted purposes from time to time, so there may be some flexibility here.

Justification: the last word when faced with a threats action is obvious: the defence that the threat was justified. But running the defence can be an unattractive prospect, because proving justification means proving that the threat was true. That, in turn, effectively requires a finding of infringement – with all the attendant cost implications of a full infringement claim. However, running the argument as a pure defence would deny the rights holder any remedies, meaning that a counterclaim for infringement is nearly guaranteed. If the threat were designed to promote settlement and avoid proceedings, the need to defend in this manner will have the opposite effect. ■

Note: Before issuing any threat, the author strongly recommends following through the legal test. Go to legislation.gov.uk for full details.



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SUITS YOU?

Désirée Fields considers how to choose the right platform from which to launch (or grow) a career in trade marks

Early last year, I was approached by an aspiring Trade Mark Attorney who enquired about opportunities at our firm, since she was keen to work in a large international law firm.

Unfortunately, we were not recruiting at the time, but her targeted approach made me think. Why would someone interested in becoming a Trade Mark Attorney seek out an international law firm rather than a specialist Trade Mark Attorney firm? And what are the factors that might lead someone to choose one over the other?

Having worked in several different types of firm throughout my own career (including international law firms and a leading Trade Mark Attorney firm), I began to ponder: is there such a thing as the “right” platform from which to practise in the field of trade marks and brand protection?

For many, big law firms have an obvious appeal. The opportunity to work with multinational companies and big-name brands from a plush office probably sets pulses racing for many aspiring trade mark professionals. This is not to say that specialist Trade Mark Attorney firms or smaller law firms are any less attractive. They, too, pull heavyweight clients. Some such firms boast an impressive roster of clients, particularly in the area of trade mark portfolio management (as is well evidenced by the UK trade mark filing statistics that the *CITMA Review* publishes annually).

However, for the purposes of this piece and attempting to answer my question, I will take law firms as a broad group and compare them to specialist trade mark practices. In pointing out the overarching features of each category, it is important to recognise that not all firms fit neatly into one or another. Increasingly, Trade Mark Attorney practices hire solicitors and provide a much wider range of services than in the past, including litigation services, and commercial or corporate transaction support. And, on the other hand, many law firms now recognise that trade mark portfolio management is a great way to gain insight into a client’s business, and also repeat work, and have consequently set up full-scale trade mark prosecution practices.

Nevertheless, the “law firm versus Trade Mark Attorney practice” framework gives us a good place to begin.



INTERNATIONAL WORK

With many large international law firms boasting offices across Africa, the Americas, Asia-Pacific, Australasia, Europe and the Middle East, a client with a cross-border IP protection strategy can expect a uniform and coherent product when seeking advice

from this type of firm. From the perspective of a trainee or a young trade mark professional, working in this environment will appeal particularly to those who see themselves wanting to develop their big-picture, strategic thinking skills. By contrast, only very few trade marks firms have global reach in the form of established offices – although that does not mean they do not do international work or manage large international trade mark portfolios.



VARIETY

Law firms may offer the prospect of getting involved with a wider range of work. This impacts training, says Florian Traub, a Partner at Squire Patton Boggs, “because trade mark trainees will be exposed to an increasingly wider variety of work (eg due

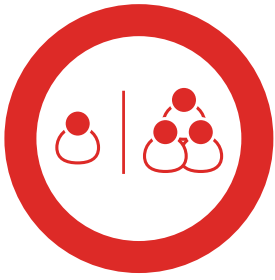
diligence and litigation) than at a trade marks firm, where they will probably do more traditional trade mark work”. Birgit Clark of Baker McKenzie adds that: “Being involved in litigation and strategy consideration is, indeed, something Trade Mark Attorneys will encounter more often in a big law firm.” Indeed, in a law firm, you could be assisting with the trade mark aspects of a company sale, or drafting correspondence in connection with the trade marks elements of a shareholder dispute. This can make for a very exciting work environment. However, some individuals loathe corporate support work, and joining a Trade Mark Attorney firm may be a way to escape it.

Adding to the thrill for those who are attracted to the prospect of varied and complex IP work, there is often the chance in a law firm to be seconded to a client internationally and locally, or indeed to an overseas office. Secondment opportunities also exist in Trade Mark Attorney firms, but tend to be client secondments, and therefore more limited.

By contrast, trade marks firms usually have a highly focused offering. Their attorneys are a specialist group who have trained specifically in the trade mark profession. They may also provide advice on other aspects of IP law and sometimes work in conjunction with other specialist IP experts, such as Patent Attorneys. It is easy to see how a trainee would benefit by learning in such an environment. ▶



As a trade mark lawyer in a law firm environment, you are the expert in a specialist area, and the go-to person for all trade mark matters

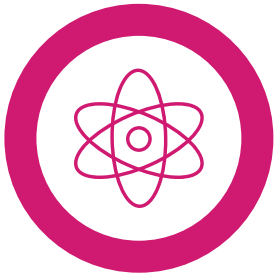


SOLO v TEAM

You might find that, as a trade mark lawyer in a law firm environment, you are the expert in a specialist area, and your input is sought in relation to a range of trade mark work. Indeed, for some individuals, it is thrilling to be the go-to person for all trade

mark matters. On the flipside, as past CITMA President Chris McLeod points out: “At a law firm, a Trade Mark Attorney tends to be in a minority, and perhaps not understood by solicitors, whereas in a Patent and Trade Mark Attorney firm, everyone tends to face in the same direction and broadly understands what their colleagues do.” Victoria Leach, Senior Trade Mark Attorney at Stobbs IP, observes: “In some law firms, many solicitors do not really understand what a Trade Mark Attorney is.” Birgit Clark adds: “It pays to ask questions at interview stage to find out whether the law firm (or, indeed, patents and trade marks firm) sees trade mark work as an add-on or an integral part of their IP offering.”

There are, of course, many advantages to working with a team of trade mark experts. Having spent some time in a trade marks boutique, I found that there were rarely any “brand new” issues; there was always someone in the team who had encountered a particular scenario ready to share their knowledge.



SOURCES OF WORK

With the potential for work to arise from a plethora of practices on offer at a law firm (whether it is large or small), there is also a cross-selling opportunity to consider. Business development is often an important part of working in a law firm. It may require

you to keep your ear to the ground, building internal networks in the firm, and helping to ensure that the trade marks team is visible within the firm – and to potential clients.

For Trade Mark Attorney firms, additional work will probably not come from internal cross-referrals, but from networks of agents who may choose not to use large firms. An additional benefit of the network system is that an attorney can use these contacts as necessary to respond to client needs, rather than working always with the same internal team. This can be an advantage if the client has a specific requirement.



For individuals at a later stage of their career, the source of work is an important consideration



BUILDING YOUR PRACTICE

For individuals at a later stage of their career, the source of work is an important consideration. In a law firm, most big clients will already have a client partner, and it requires dedication and determination

to bring in a new client with a portfolio of significant scale. Further, many law firms are looking to service their clients’ needs across the firm’s services and geographies, and are reluctant to take on clients that have little growth potential outside the trade mark team. For those who have significant relationships with smaller clients or overseas firms, therefore, developing their own practice may be easier in a Trade Mark Attorney firm than at a law firm.



BILLABLE HOURS

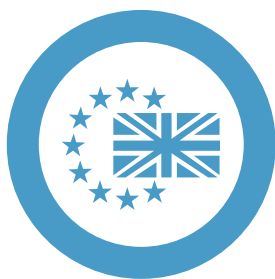
Using billable hours targets to measure a lawyer’s performance is a practice that is prevalent within the legal industry. Targets can be very high, and meeting them can often be unrealistic for Trade Mark Attorney work, which involves hundreds of small matters for which only small

units of time are recorded. As Victoria Leach observes: “Typically, law firms set a more onerous hours culture and the focus is more on hours recorded (as opposed to hours charged on to the client). The model at most attorney practices is built on hours charged on to the client as opposed to hours recorded – something over which you may have less control.” By contrast, billable hours targets in Trade Mark Attorney firms are usually lower.

It’s true, however, that not all law firms have high hourly targets. And there are even individuals who struggle with this concept, as they are less clear on how their performance is measured. In addition, just because a firm may not have a fixed billable hour target does not mean that it does not look at the financials. More than one individual has recounted to this author how they were surprised when an appraiser pulled out their financial figures during a performance review in a firm that prides itself on not having hourly targets.



There is no magic formula for making a career decision, and commercial realities will often dictate where someone decides to plant roots



BREXIT

How might Brexit affect a career choice? As Florian Traub notes, one of the probable impacts of Brexit is that UK trade mark firms will become even more localised, handling mostly UK work (unless they network with firms

in the EU27 group of nations).

Another possible consequence of Brexit is that UK trade mark practitioners will no longer be able to appear before EUIPO. Law firms that have established offices throughout Europe can already assure their clients that they will be able to continue to provide EU trade mark services. Notionally, this would seem likely to give the advantage to working within a law firm, but conversations with colleagues throughout the profession indicate that the majority of law firms and Trade Mark Attorney firms alike are in the process of implementing their post-Brexit options.



Think about the environment your personality type is most suited for. The culture of the business will ultimately determine whether you are happy at work and able to fulfil your potential



WORK-LIFE BALANCE

There appears to be a general feeling among the trade mark profession that life in a Trade Mark Attorney firm or boutique is more relaxed and peaceful, and that they might be a “more fun” place to work. Having worked in a trade mark boutique myself,

what I can say from experience is that it certainly provided a friendly and supportive environment, but one in which my colleagues and I worked extremely hard, with a passion for our work.

Indeed, Chris McLeod, who has had a very “balanced” career, comments: “Having spent 13 years at ‘boutiques’ and 14 at law firms, there is clearly scope for a career in either, so some experience in both camps is worthwhile. However, I would say that working in a boutique is less stressful, not necessarily because there is less work or you don’t have to work hard, but more because the environment itself is less conducive to stress and pressure.”



WEIGHING IT UP

So, as a trade mark professional, where should you train and build your career? It seems, then, that what moves a trade mark professional to pursue one platform over another is bound up

with a range of considerations. Ultimately, a lot clearly depends on what stage of your career you are at, your personality and your current needs. Although this can fluctuate over the course of a career, having a good idea at the outset means you benefit from an initial training experience that is positive in the ways that matter to you and that will assist in shaping your future career.

We can safely say that no two firms are the same. There can be stark variations even between firms that are on the same side of the virtual line that divides law firms and Trade Mark Attorney firms. There is no magic formula for making a career decision, and commercial realities will often dictate where someone decides to plant roots.

However, one thing is for sure: those who have transitioned from one environment to another have all described it as a “culture shock” – so be prepared for some changes and flexibility in your approach. For those who do have the chance to make a considered choice, knowing what you are looking for and understanding yourself well enough to know where your skills, personality and ethos fit in may be helpful factors to include.

Victoria Leach, who transitioned from a law firm to a trade mark boutique earlier this year, advises: “Think about the environment your personality type is most suited for. The culture of the business you will work in will ultimately determine whether you are happy at work and whether you are able to fulfil your potential.”

Ultimately, doing your own research and speaking with lots of people in the industry will be very helpful in finding the “right home”. ■



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THE JOURNEY TO .AMAZON

Nick Wood recounts how Amazon's registries dispute highlights tension between geographical brands and governmental sovereignty

When the Internet Corporation for Assigned Names and Numbers (ICANN) first launched the new generic top-level domain (gTLD) programme, one of the companies to wholeheartedly embrace the opportunity was Amazon, which applied for 78 top-level domains (TLDs), including .amazon and its Chinese and Japanese translations. Since then, the company has faced a series of hurdles in its efforts to achieve its vision of creating its own innovative spaces on the internet – and shone a spotlight on the regulator's operating model.

Traditionally, governments, participating in ICANN via its Governmental Advisory Committee (GAC), have been viewed as important allies for trade mark owners concerned about protecting their brands within the expanded gTLD space. Advice from the GAC influenced the development of rights protection mechanisms at the second level and the adoption of various public-interest commitments by registry operators as safeguards against security threats, fraud and IP infringement.

The case of Amazon, however, is one of a handful where brand owner rights and interests have come into conflict with those governments that consider geographic names to be a matter of sovereignty.

EARLY ACTIONS

In 2012, ICANN evaluated Amazon's applications according to the *Applicant Guidebook*, and Amazon achieved perfect scores. Importantly, ICANN's Geographic Names Panel, at the same time, determined that "Amazon" is not a geographic name, and therefore prohibited, nor a term that required governmental approval, under the community-developed rules.

However, the applications prompted Early Warning notifications from the governments of Brazil and Peru about their potential public-policy concerns, and the Amazon applications also came under challenge from ICANN's Independent Objector, Alain Pellet. He brought a Community Objection, alleging that there was "substantial opposition to the gTLD application[s] from a significant portion of the community to which the gTLD string

may be explicitly or implicitly targeted" – namely the "Amazon community" – which would create a likelihood of material detriment to that community's rights or legitimate interests.

Subsequently, Professor Luca Radicati di Brozolo, who was retained as an Independent Expert by the International Chamber of Commerce's International Centre for Expertise, found against Pellet, saying: "The .amazon strings did not create a likelihood of material detriment to the rights or legitimate interests of a significant portion of the Amazon community."

In reaching this conclusion, he noted that: "Amazon' has been used as a brand, trade mark and domain name for nearly two decades also in the states arguably forming part of the Amazon community. It is even registered in these states. There is no evidence, or even allegation, that this has caused any harm to the Amazon community's interests."

The ICANN Board also sought advice from French law professor Jérôme Passa on whether principles of international law obligated ICANN to either reject or accept Amazon's applications. Professor Passa advised that there were no such



principles. In particular, that: “There is no rule of international, or even regional or national, law applicable in the field of geographical indications which obliges ICANN to reject the application.”

Nonetheless, the ICANN Board formally rejected Amazon’s applications in 2014, after receiving consensus advice from the GAC in 2013 that the application should not proceed. Amazon then brought action under ICANN’s Independent Review Process (IRP) with the International Centre for Dispute Resolution at the end of 2015.

IRP FINDINGS

On 11th July 2017, the IRP panel released its final declaration, which found in favour of Amazon.

The panel held that the ICANN Board was wrong to give the weight it did to the GAC advice, and that, by doing so, the Board acted in a manner inconsistent with its articles and bylaws, and the *Applicant Guidebook*. There must be a demonstrable, well-founded public-policy reason for the decision to refuse an application. In this case, although Brazil and Peru had advanced various arguments, the IRP panel concluded that none of these met the required threshold on review. In particular:

- “Amazon” was not a listed geographic name requiring governmental consent.
- Claims by Brazil and Peru that they had legal rights to the name “Amazon” under international law were without merit. There are no inherent governmental rights to geographic terms.

- A one-word match to the English translation of the name of the treaty organisation La Organización del Tratado de Cooperación Amazónica – the Amazon Cooperation Treaty Organisation – is not likely to be misleading.
- There would be no material detriment to the peoples of the Amazon region if the .amazon TLDs were awarded to the company; equally evocative gTLDs, such as “.amazonia” and “.amazonas”, could be used in the alternative. Ultimately, in the absence of the necessary clear, well-founded public-policy reasoning from the GAC, the Board had a duty to further investigate, which it failed to do. This is significant for the wider ICANN community, since it sets the parameters for following GAC advice. The Board should not simply accept GAC consensus advice, which would be tantamount to giving governments a veto; rather, it must contemplate and record its independent rationale for such a decision.

The IRP declaration also touches on a the lack of opportunity afforded to Amazon to speak directly with the GAC. In the view of the IRP panel, the refusal to allow Amazon an opportunity to be heard was a violation of minimum standards of procedural fairness, and – crucially – it meant that Amazon was given no chance to answer the GAC’s questions or address any errors of fact before the GAC issued its consensus advice.

The panel recommended that the ICANN Board should promptly re-evaluate Amazon’s applications, and make an objective and independent judgment.

In response, in September, the ICANN Board referred the case to its new Board Accountability Mechanisms Committee (BAMC). The BAMC’s recommendation, which the Board has followed, was to ask the GAC to provide, by the end of March 2018, any further information that it wishes to submit, either relating specifically to any merits-based public-policy reasons why the Amazon applications should not be granted, or generally.

In November, representatives of Amazon presented to the GAC at the ICANN60 meeting in Abu Dhabi. They reiterated the efforts that the company had made to find a compromise that would see the company allocated the .amazon TLDs, but subject to certain safeguards, adopted as a contractually binding Public Interest Commitment (PIC). This PIC would include: committing not to register culturally sensitive terms within .amazon; engaging in ongoing discussion with the relevant governments to identify these terms; and formalising their assurance not to object to any future applications of .amazonas, .amazonia and .amazonica supported by local governments. Although strong feeling was expressed by some of the GAC, the representative for Brazil expressed a willingness to find a compromise agreeable to all parties.

POTENTIAL RESOLUTION?

What started out as a dispute about a geographic name and a trade mark holder’s rights has grown into a test of ICANN’s accountability and transparency, and the multi-stakeholder model of policy development. A resolution may come at ICANN’s meeting in Puerto Rico, which takes place as this issue publishes – hopefully one that supports the multi-stakeholder model of internet governance and is consistent with principles of international trade mark law. This case highlights the ongoing challenge that ICANN faces as a place where differing opinions meet. Unless a compromise can be reached, the ICANN Board must ultimately reconcile the strong views from many in the GAC that its advice should have primacy with a dispute resolution panel decision that confirms the Board’s fiduciary duty to reach independent, reasoned determinations. ■



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PRIUS MARKS A PARADIGM SHIFT

Ashwin Julka examines the whys and wherefores of a Supreme Court decision relating to transborder reputation

A two-judge bench of the Supreme Court of India has altered the paradigm of transborder reputation of trade marks in a recent decision, *Toyota Jidosha Kabushiki Kaisha v M/s Prius Auto Industries Ltd and Others*.¹ This ruling ended an eight-year legal battle that had centred on the use of the trade mark PRIUS.

Toyota Jidosha Kabushiki Kaisha (the Plaintiff) launched the world's first commercial hybrid car, the "Prius", in Japan in 1997, and in other markets – such as Australia, the UK and the US – in 2000/2001. In India, the Toyota Prius was launched in 2010. Toyota also obtained registrations for the trade mark

PRIUS in several countries – the earliest registration in Japan went back to 1990. When Toyota sought to register PRIUS as a trade mark in India, it discovered it was being used by Prius Auto Industries Ltd (the Defendants), a partnership firm engaged in the manufacture of automobile spare parts since

2001, and that the latter had a registration dating back to 2002. In addition, the packaging on some of the Defendants' goods prominently displayed the TOYOTA mark and device, as well as the INNOVA mark – both of which were proprietary to the Plaintiff.

CONDITIONAL ORDER

Alleging misuse, Toyota filed a suit seeking a decree of permanent injunction for infringement of its registered trade marks TOYOTA, TOYOTA INNOVA and TOYOTA DEVICE, as well as passing off of the mark PRIUS. It also sought and (in 2009) obtained an *ex parte* interim injunction restraining the

Defendants from using the disputed trade marks. However, the injunction was vacated on 19th March 2010, when the Defendants appealed. Toyota then appealed before a two-judge bench (Division Bench), which passed a “conditional order” permitting the Defendants to use the marks under dispute, but only for describing the nature/use of the Defendants’ products. Interestingly, no appeal was filed against this conditional order; consequentially, its conditions continued to govern both parties during pendency of the suit.

The suit proceeded to trial and, on 8th July 2016, a single judge passed a decree (in terms of the conditional order) restraining the Defendants from using the disputed marks, including the mark PRIUS. Further, damages in the region of ₹1m (approximately \$15,000) were also awarded to the Plaintiff. Both parties appealed before a two-judge bench of the Delhi High Court, but, because the Defendants confined their argument to the use of the mark PRIUS, this was now the sole issue under dispute.

On 23rd December 2016, the order of the single judge was overturned. In the court’s opinion, as on 1st April 2001 – when the Defendants had begun to use PRIUS – Toyota had not been able to prove spill-over reputation of its PRIUS mark in India.

CONFLICT REIGNITED

Aggrieved, Toyota approached the Supreme Court of India. This occasioned (on 14th December 2017) a ruling that has reopened the settled position of law on the issue of transborder reputation of trade marks.

In a conflict between the “territoriality” and “universality” doctrines governing principles of passing off, the Supreme Court of India has declared the territoriality doctrine the winner, giving paramount importance to establishing “goodwill” through use of a mark in the “relevant jurisdiction” during the “relevant time”. The territoriality principle of trade marks law was initially upheld by the High Court of Calcutta in the case of *Aktiebolaget Jonkoping Vulcan v VSV Palanichamy Nadar and Others*², albeit in the context of a cancellation action. However, since 1968, Indian trade mark jurisprudence has travelled far through several landmark judgments, all of which endorsed the universality doctrine.

Under the territoriality doctrine, a trade mark has a separate “existence” in each sovereign country. To establish such existence in India, a foreign entity must produce positive evidence of a mark’s reputation having “spilled over” into India. In contrast, the universality doctrine gives primacy to prior adoption and use of a trade mark by a proprietor anywhere in the world, effectively dispensing with the need to prove local spill-over reputation. In the 1996 case of *NR Dongre and Others v Whirlpool Corporation and Another*³, a two-judge bench of the Indian Supreme Court ruled that: “Even advertisement of [a] trade mark without existence of goods in the market is to be considered as use of the trade mark.” Subsequently, in 2004, another two-judge bench of the Indian Supreme Court upheld the “first in the world market” doctrine.⁴ Relying on the doctrine of transborder reputation, the Court protected a mark that had been adopted and used in the international market prior to the adoption and use of an identical mark in India by a third party, even though the foreign mark had never been used in India.

However, ruling against Toyota in the present case, another two-judge bench of the Supreme Court held that “advertisements in automobile magazines, exhibitions of the car held in India and other countries, hits on the claimant’s website by people seeking information on the Prius car, international business magazines, availability of data on information-disseminating portals like Wikipedia and the online Britannica dictionary, and the information on the internet” are not a safe basis for establishing goodwill in India. Though evaluation of evidence is always subjective – given the contrasting approach of the court in so many previous judgments, and the fact that the advance of technology has withered territorial borders – the heavy onus of establishing local goodwill cast on foreign companies in the instant case has generated surprise and debate.

Notably, on the question of honest adoption of the mark PRIUS, the Defendants explained that their business was a *pehla prayas* (a Hindi expression meaning first attempt) to produce add-on chrome-plated accessories for automobiles in India. Looking for a catchy trade mark, they had searched for equivalent words in the English language and, upon encountering “prius”, meaning prior/first, decided to look no further. “Prius” is not a word used commonly in India, and the explanation seems a bit far-fetched; however, it was accepted by the Supreme Court. The Court also held that, while the Defendants had registered their mark in 2002 and claimed use since 2001, the Plaintiff had approached the courts only in 2009; hence, there was unexplained and inordinate delay, and laches in the instant matter.

Another issue that arose was whether the Plaintiff was required to prove actual confusion or if establishing mere likelihood of confusion would suffice. On this, in a positive move aligned with commercial realities and in line with the well-established judicial precedents, the Supreme Court ruled in favour of the latter.

MARKET IMPACT

On balance, this decision could discourage reputable brand owners that are contemplating entering the Indian market. The fear of prior use of a mark identical/similar to their own by a local entity, and the onus of proving local goodwill and reputation per the territoriality doctrine, might be a dampener, especially in the face of other efforts to improve the ease of doing business in India. Fortunately, decisions such as *NR Dongre and Milmet Oftho* still hold weight and can continue to be relied upon, depending on circumstances of a case. ■

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Under the territoriality doctrine, a trade mark has a separate ‘existence’ in each sovereign country

1. Civil Appeal Nos 5375–5377 of 2017.
2. AFOO No 232 of 1966.
3. Appeal (civil) 10703 of 1996.
4. *Milmet Oftho Industries and Others v Allergan Inc*, Appeal (civil) 5791 of 1998.



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End of the road

This cab dispute seems to have come to a halt, as Alex Brodie reports

THE LONDON TAXI Company (LTC), successor in title to the manufacturer of various London taxi models, sued Ecotive and Frazer Nash-Research Ltd (FNR) for trade mark infringement and passing off, based on goodwill in the shapes of the Fairway, TXI, TXII and TX4 London taxi models. Ecotive and FNR are the manufacturers of the Metrocab, a new hybrid taxi.

Ecotive and FNR denied infringement and challenged the validity of the trade marks, contending that they lacked distinctive character and consisted exclusively of the shape giving substantial value to the goods.

THE MARKS

On 5th October 1998, LTC registered a Community trade mark (CTM, see page 27) for “motor vehicles” in class 12, consisting of a 3D mark influenced by the appearance of the Fairway taxi model. LTC also registered a UK trade mark based on the TXI and TXII taxi models on 1st December 2006, for taxis in class 12 (also shown on page 27).

LTC sued Ecotive and FNR for infringement of: (i) Article 5(1)(b) of Directive 2008/95/EC (the Directive) and Article 9(1)(b) of Council Regulation (EC) No 207/2009 (the Regulation); and (ii) Article 9(1)(c) of the Regulation and Article 5(2) of the Directive.

FNR and Ecotive denied infringement, counterclaiming that:

- a) the marks lacked distinctive character;
- b) the marks consisted exclusively of the shape giving substantial value to the goods; and

- c) the CTM should be revoked for non-use during the previous five years.

DISTINCTIVE CHARACTER

At first instance, Arnold J concluded that the marks did not have inherent distinctiveness or acquired distinctiveness, and consequently were invalid. The Court of Appeal agreed.

The identity of the “average consumer” gave rise to considerable dispute. Arnold J agreed with the Defendants that the average consumer did not include members of the public who hire taxis, because they were consumers of taxi services, not taxis.

After considering the CJEU’s judgments in *Björnekulla*¹ and *Backaldrin*², and the English jurisprudence, particularly *Schütz v Delta*³, Floyd LJ said that taxi hirers were not excluded, in principle, from consideration as a relevant class of consumer.

However, this made no difference to the outcome of the assessments of inherent and acquired distinctive character, because the Court of Appeal concluded that the marks did not depart significantly from the norms and customs of the car sector (and so lacked inherent distinctive character). On the evidence, it was not persuaded to depart from the judge’s conclusion that the marks had not acquired distinctive character. This was the case whether the assessment was from the perspective of taxi hirers or drivers. It followed that LTC’s trade marks were invalid. Nevertheless, in case the dispute progressed further, Floyd LJ explained how the Court of Appeal would have addressed the remaining issues.

SUBSTANTIAL VALUE

Arnold J found that the marks were invalid in respect of class 12 goods, as their shape added substantial value to the goods.

However, Floyd LJ did not regard as “entirely clear cut” the question of whether, when addressing substantial value, one should take into account the fact that consumers will recognise the shape as that of a London taxi, or the existence of design protection in fact. He said that, if the Court of Appeal was wrong on lack of distinctive character, and these questions



were critical to the court’s decision, a reference to the CJEU would be necessary.

REVOCATION FOR NON-USE

LTC had not produced the Fairway model for up to a decade before the relevant period. The Court of Appeal agreed with Arnold J that second-hand sales and scrap sales of the old “Fairway” taxi did not constitute genuine use in accordance with Article 51 of the Directive.

However, if it were assumed that the trade mark had distinctive character, the “small differences” between the mark and LTC’s later models of taxi were not, in Floyd LJ’s view, such as to alter that character. In other words, if the Court of Appeal’s decision on distinctiveness were to be overturned, FNR and Ecotive’s application to revoke LTC’s trade marks for lack of genuine use would fail.

INFRINGEMENT

The issues of infringement were considered on the assumption that the trade marks were valid. Arnold J concluded that no likelihood of confusion existed between LTC’s mark and the new Metrocab. Floyd LJ observed that this was not surprising, given that the differences between the trade marks and the design of the new Metrocab were quite striking, and “far greater” than the minor evolutionary differences between the models of LTC cab. However, the Court of Appeal refrained from ruling whether, if the registered shape had become highly distinctive as an indication of origin, those differences would have been overcome. Accordingly, if the Court’s conclusion on distinctive character were overturned, the question of Article 9(1)(b) and 5(1)(b) infringement would need revisiting.

On the question of Article 9(1)(c)/Article 5(2) infringement, the first instance judge was overturned. Floyd LJ said that, if he had concluded that the LTC marks had an inherent or acquired distinctive character, he would have concluded that the marks had a reputation, and so that the Metrocab infringed for taking unfair advantage of it.

Further, on the assumptions that the mark had distinctive character, a reputation, and that there



The marks did not depart significantly from the norms and customs of the car sector (and so lacked distinctive character)

was a likelihood of confusion and/or detriment to the distinctive character of the marks, FNR’s Article 12(b) and 6(1)(b) defence would fail. Floyd LJ said that he did not see why the rights of the registered proprietor of trade marks that conveyed a clear message about origin should be “trumped” because the marks also conveyed the message that the vehicle was a licensed London taxi. There were other ways of conveying the second message, and those should be used to avoid confusion and detriment to the distinctive character of the mark.

NO BARRIER

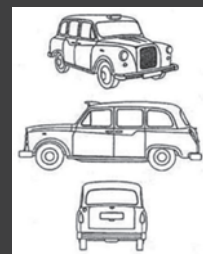
LTC’s UK and CTM shape marks were found invalid at first and second instance. However, had they been valid, the Court of Appeal would have concluded that they were infringed. In Floyd LJ’s opinion, the outcome of the dispute was rather more finely balanced than suggested by Arnold J.

On the assumption that this judgment is the final word in the dispute, LTC’s shape marks represent no barrier to third parties seeking to draw on aspects of the shape of iconic London taxis when designing a model to compete with LTC’s familiar vehicles.

KEY POINTS

- ▶ LTC’s UK and CTM shape marks were found invalid at first and second instance. Had they been valid, the Court of Appeal would have concluded that they were infringed
- ▶ If this judgment is the final word, LTC’s shape marks represent no barrier to competitors seeking to draw on aspects of the shape

▶ The LTC CTM



▶ The LTC UK mark



1. Case C-371/02 [2004] RPC 45.
2. Case C-409/12 [2014] ETMR 30.
3. [2011] EWHC 1712 (Ch).



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Pizza the action

Justin Bukspan explains why a rival business was able to cash in

THIS WAS AN appeal from a decision by HH Judge Hacon in the IPEC, in which he dismissed a claim for trade mark infringement and passing off, and declared one of the Claimants' trade marks invalidly registered.

The Claimants were the founders of a chain of restaurants, whose branding featured a distinctive moustachioed chef leaping over the CASPIAN PIZZA name, and their subsequent licensees. The business was started in 1991 in Birmingham and has since expanded around the city. Trade marks were registered for CASPIAN and the above-mentioned device mark, with respective filing dates of 8th July 2005 and 21st September 2010.

The Defendants had operated restaurants also bearing the name CASPIAN PIZZA since 2002 around the city of Worcester.

The Claimants filed an action for trade mark infringement and passing off. The Defendants counterclaimed for a declaration of invalidity of the Claimants' two registered trade marks.

FIRST INSTANCE

The similarity of the signs used by the Defendants with the registered trade marks was conceded.

The Claimants alleged that an oral franchise agreement had been made with one of the Defendants in 2008, after years of discussion,

under which monthly royalty payments would be made, and any goodwill generated by the use of the mark would be vested in or assigned to one of the Claimants. They claimed that the Defendants had refused to regularise their position by entering into a written agreement, and had failed to pay the royalties due.

The agreement was therefore terminated by the grantor of the franchise (one of the Claimants), but the Defendants nevertheless continued to trade under the CASPIAN PIZZA name, thus allegedly infringing the Claimants' registered trade marks.

The Defendants relied on three defences against the claim of trade mark infringement:

- s11(3) allowing holders of an earlier right in a locality to carry on using the mark legitimately;
- use of the device mark with the consent of the Claimant; and
- acquiescence.

The Defendants stated that they had acquired goodwill in Worcester as a result of running their restaurant since 2002. On that basis, they counterclaimed for a declaration that both registered trade marks were invalid under s5(4)(a) of the Trade Marks Act 1994, which provides that a trade mark cannot be registered when it conflicts with prior rights, such as those that would qualify for passing off.

HH Judge Hacon dismissed the Claimants' evidence about the franchise agreement, but

also rejected the defences based on consent and acquiescence.

Nevertheless, he found that the Defendants had established goodwill in the CASPIAN name in Worcester under the requirements of the law of passing off for any claim in that area. Thus, not only did the claim of trade mark infringement fail under s11(3), but the word mark could not be registered according to s5(4). On the other hand, the Defendants' evidence of use was insufficient to prove goodwill in relation to the device mark, which was therefore not invalidated.

THE APPEAL

The Claimants appealed against the judge's decision, and the Defendants cross-appealed against the refusal to declare the logo mark invalid.

At the core of the decision was whether the geographical extent of the goodwill necessary to fulfil a defence against infringement under s11(3) was the same as that for a declaration of invalidity under s5(4), or whether the latter required a greater geographical spread.

The cases of *Redd Solicitors LLP v Red Legal Ltd*¹ and *SWORDERS*², examined by HH Judge Hacon and further reviewed by the Court of Appeal, demonstrate two different positions.

In *SWORDERS*, an application for the registration of that word was successfully opposed on the basis of prior use in the area of Bishop's Stortford, Hertfordshire, only. The Hearing Officer found that the application to register a national mark was comparable to an expansion of the Applicant's business into the Opponent's area.

In *Redd Solicitors*, a firm of solicitors sued conveyancers trading under the name RED LEGAL in different locations in England for the infringement of the REDD registered trade mark. The Defendant underlined its prior use of RED LEGAL for one year in a specific locality and sought a declaration of invalidity. The judge held that local rights that would be sufficient to satisfy a defence under s11(3) were not automatically enough to satisfy requirements under s5(4), which required goodwill in a substantial part of the UK – the registered trade mark was held to be valid.

HH Judge Hacon preferred the view reflected in *SWORDERS*, and Patten LJ (delivering the Court's judgment) agreed. For the latter, s5(4) provided for the possibility of

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Not only did the claim of trade mark infringement fail under s11(3), but the word mark could not be registered according to s5(4)

KEY POINTS

- ▶ The geographical extent of the local rights necessary for a defence against trade mark infringement under s11(3) may also be sufficient to prevent a trade mark registration under s5(4)
- ▶ A declaration of partial invalidity under s47 applies only to the specification of a registered trade mark: a court cannot carve out some of its geographical applicability
- ▶ The CASPIAN PIZZA device mark



1. [2012] EWPC 54.
2. O/212/06, 28th July 2006.

a “geographical carve out” in the course of the registration of a trade mark to take into account prior unregistered rights. The only requirement for the opponent is that it must have built enough goodwill over a clear geographical area that is sufficient for passing off proceedings.

On the other hand, Patten LJ noted that s547(5) and 47(6) only enabled a Court to declare partial invalidity in respect of a trade mark's specification, not its geographical reach. Accordingly, he was compelled to declare the whole mark invalid.

In respect of the cross-appeal, Patten LJ found that the prominent component of the logo was the word component CASPIAN: accordingly, the device mark should have also been declared invalid.

LEARNING

This decision provides a clearer endorsement of the rights of businesses that have built local goodwill against actions for trade mark infringement by parties that have applied for the registration of marks at a later date.

It is also suggested that this dispute might have been avoided had the (alleged) franchise agreement been formalised from the start. This raises the importance not only of early trade mark registrations, but also of putting trade mark exploitation agreements in writing as early as possible in a business relationship.

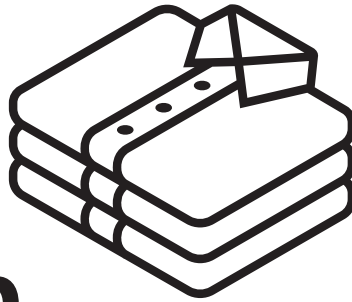


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Laundry marks miss clean sweep



The use of colour tarnished the Opponent's argument, says Eleni Mezulanik

THE APPLICANT in this case, ABC Deterjan Sanayi Ve Ticaret AS, filed an application for its ABC device in classes 3 and 5. The Application claimed the colours red, blue, yellow and white. The Opponent, The Procter & Gamble Company, filed a notice of opposition under ss5(2)(b) and 5(3), and relied on its EU trade mark registrations for its monochrome "Atomium" mark and coloured ARIEL ACTILIFT mark, both in class 3 (subject to proof of use).

The test set out in *The London Taxi Corporation Ltd v Frazer-Nash Research Ltd and Ecotive Ltd*¹ and, following established case law, the test to establish use in a substantial part of the EU were applied to find that the Opponent had made genuine use of the ARIEL ACTILIFT mark in the EU during the relevant period in relation to laundry-related products.

SECTION 5(2)(B)

On examination, the goods in class 3 were found to be similar/identical to the earlier rights, except for "deodorants for animals". Then, considering the marks as a whole, the IPO (although the Opponent's Atomium mark was registered in monochrome, such that normal and fair use could be in any colour) questioned how far one could go in attributing the distinctive colour scheme of the Application to the earlier mark. The Application involved a complex contrasting colour scheme and, considering *Specsavers*², the IPO did not consider that the Atomium mark should be compared as though it were in the same colours as the Application. The Atomium mark was capable of being used in any single colour, but not in colour combinations.

It was held that the Application was visually similar to a very low degree to the Atomium mark, and that there was a moderate degree of visual similarity between the Application and the ARIEL ACTILIFT mark. There was no aural similarity between the Atomium mark and the Application, and the Application was aurally different to the ARIEL ACTILIFT mark. The device marks were conceptually neutral, and the word elements of the marks did not convey a concept. Further, it was found that the ARIEL ACTILIFT mark had obtained enhanced distinctiveness in relation to laundry products. The fact that the Atomium mark in green had acquired enhanced distinctiveness did not help the Opponent, as the Application appeared in a combination of colours.

While the Application may have called to mind the Opponent's marks, it was unlikely that the public would believe that the Application was a brand extension of the earlier marks. It was held that there was no likelihood of direct or indirect confusion between the marks, and the ss(2)(b) opposition failed.

SECTION 5(3)

The IPO found that both earlier marks had a reputation for laundry products, and that a link would be made between the Application and the earlier marks in relation to those, but not for the remaining products. The ss(3) opposition therefore succeeded in part. It is worth noting that "soaps", covered by the Application, were not found to be similar to the laundry and cleaning products covered by the ARIEL ACTILIFT mark.

KEY POINTS

- ▶ Monochrome marks will not necessarily afford rights to colour combinations
- ▶ When relying on EU trade mark rights that are older than five years, the evidence of use must establish use in a substantial part of the EU
- ▶ In addition to having a reputation, a link must be made between the contested mark and the earlier mark for there to be damage

- ▶ The ABC device



- ▶ EU trade mark No 7437874



- ▶ The Atomium mark (monochrome)



1. [2016] EWHC 52.
2. *Specsavers International Healthcare Ltd and Others v Asda Stores Ltd* [2012] EWCA Civ 24.



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Godfather faced with refusal

*A shared element held a strong association,
explains Melanie Stevenson*

DEVANS MODERN BREWERIES Ltd applied to register the device shown right for “beer” in class 32. Paramount Pictures Corporation opposed under s5(2)(b) of the Trade Marks Act 1994, relying on two marks related to film *The Godfather* (also shown right). The earlier rights were not old enough to be subject to non-use challenges, so the Opponent was able to rely on all of the goods and services stated (beer in class 32, and pub and bar services in class 43).

The Hearing Officer (HO) dealt swiftly with the identity of the Applicant’s goods with the Opponent’s goods, and their similarity with the Opponent’s services. He established that the relevant average consumer was a member of the adult general public with an average degree of attention – or, in the case of pub and bar services, often significantly lower attention levels. These points established, the HO focused his analysis on the marks.

TYPICAL

The HO viewed the Applicant’s mark as typical of a label for beer cans or bottles. Weighing up the different elements, he found “SUPER STRONG” and “HIGH POWER BEER” to have no distinctive character or effect on the mark’s overall impression. The same was true of the stars, ears of corn and badges (the latter being perhaps distinctive, but too small to count). Of the remaining elements, the HO found the “bearded gentleman drinking a frothy beer” to be fairly non-distinctive for this type of label, rendering the word GODFATHER by far the most dominant and distinctive element of the composite mark.

Similarly, THE GODFATHER was the overall impression given by the Opponent’s

marks. With no evidence of use to consider, the HO found the earlier marks to have an above average level of inherent distinctiveness. Importantly, this distinctive character resided in the element shared with the Applicant’s mark.

The HO found the Applicant’s mark to have approximately a medium degree of visual similarity to the Opponent’s marks, and the highest degree of aural similarity.

CONSUMER VIEW

Conceptually, the Applicant argued that consumers would view its “bearded gentleman” as a traditional male godparent in the religious sense, but would undoubtedly be reminded of the famous mafia film trilogy on viewing the Opponent’s earlier marks. The HO agreed that many consumers would connect the earlier marks with the films – but equally, he considered, many would not. He also believed that, while consumers might make this conceptual distinction on visual inspection of the marks, this would not necessarily be the case from an aural perspective. Overall, he found the marks to be conceptually highly similar.

The opposition succeeded on the basis that there was a likelihood of direct or, failing that, indirect confusion on the part of consumers between the Applicant’s mark and the Opponent’s earlier rights.



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KEY POINTS

- ▶ For the relevant goods and services in this case, the HO believed that visual considerations would be most important, and that aural considerations would also play a part in consumers’ selection process
- ▶ The level of distinctive character increases the likelihood of confusion only to the extent that it resides in the shared element of the marks under comparison
- ▶ The Devans Modern Breweries mark



- ▶ The Paramount marks





A flye in the ointment

Yet the Applicant was able to salvage the situation, writes Martin Delafaille



THIS WAS A consolidated opposition relating to UK trade mark applications filed for FLYE (word and stylised, the Applications) by WorldVentures Holdings, LLC (the Applicant). They were opposed by Flybe Ltd (the Opponent) based on its earlier marks for FLYBE (word and logo), registered in relation to classes 16, 25, 35, 36, 39, 41 and 42. The opposition (in classes 9, 16, 25, 35, 36, 38, 39 and 41–45) was on the grounds set out in s5(2)(b) and 5(3) of the Trade Marks Act 1994.

EVIDENCE OF USE

As a preliminary issue, the UK IPO had to ascertain whether Flybe had used its word mark, which was more than five years old, in relation to class 16 (printed publications) and class 39 (air, transport and travel agency services).

It applied the principles set out by Arnold J in *The London Taxi Corporation Ltd v Frazer-Nash Research Ltd and Ecotive Ltd*¹ when assessing genuine use. The UK IPO held that the Opponent's evidence only showed use in relation to aviation training manuals and in-flight magazines in class 16, and airline services and air travel in class 39. Genuine use of the FLYBE mark in relation to travel agency services was not found, in particular because Flybe could not identify what revenue it had received in acting as a "travel agent". However, the UK IPO did find that travel agency services were similar, to a medium degree, to airline/air travel services in any event.

As the Opponent could prove use only in relation to in-flight magazines and aviation training manuals in class 16, and airline/air travel services in relation to class 39, those were the only goods/services that could be compared with the Applications.

SPECIFIC GROUNDS

The UK IPO compared the marks as a whole, assessing them visually, aurally and conceptually², and found the word marks (FLYE/FLYBE) to be visually similar to a

medium to high degree and aurally similar to a low degree, and held there to be a certain degree of conceptual distinction. The UK IPO also found that the highly distinctive character of FLYBE for airline and air travel services was sufficient to create a likelihood of confusion in relation to similar goods/services.

The Opponent's logo marks were not found to be confusingly similar to the Applications.

The Opponent's marks were found to have a strong reputation in the UK in relation to airline/air travel services. However, this ground failed, because, according to the decision, Flybe only argued unfair advantage arising from confusion as to the trade origin of the goods/services marketed under the contested marks. The UK IPO found there to be an insufficient link between the marks to create a likelihood of confusion. If Flybe had argued other bases under s5(3), then arguably it may have had success in opposing the Applications in their entirety.

RELATIVE SUCCESS

The Applications were refused in classes 16 (printed matter), 39 (travel agency services) and 43 (travel agency services), but permitted to continue in relation to most of the remaining goods and services in classes 9, 35 and 41. The Applicant was, therefore, found to be more successful than the Opponent.

KEY POINTS

- ▶ Always put an opponent to proof of use when a mark is more than five years old
- ▶ Use s5(3) of the Trade Marks Act 1994 to its full extent

- ▶ The Applicant's stylised application



- ▶ The Opponent's earlier logo marks



- [2016] EWHC 52.
- Sabel BV v Puma AG*, Case C-251/95.



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Free spirit

Dale Carter distils the issues in a case involving similarity between alcohol brands

BOUTIQUE COFFEE BRANDS Ltd (the Applicant) applied to register the mark shown right for a range of food and drink products in classes 30, 32 and 33 (including “alcoholic beverages, especially gin”) and services relating to the provision of food and drink in class 43.

Spirits International BV (the Opponent) filed opposition, alleging a likelihood of confusion with the trade mark **HYDE PARK CORNER**, registered for “Scotch whisky” in class 33. Neither party filed evidence.

Identity was found in respect of the class 33 goods. A low degree of similarity was found between the Opponent’s goods and the Applicant’s beers, as well as its class 43 services. A very low degree of similarity was found between the Opponent’s goods and “preparations for making alcoholic beverages”. No material similarity was found between the remaining goods.

PURCHASING PROCESS

The Hearing Officer (HO) found the average consumer to be the general adult public, who would pay an average degree of care and attention when selecting the goods and services. Overall, the purchasing process (for both goods and services) would be largely driven by a visual inspection of the marks.

COMPARISON

The distinctiveness of the Applicant’s mark resided in the words **THE HYDE PARK** and the accompanying picture. Visually, the marks were similar to a moderate to medium degree. Aurally, the HO found a reasonable degree of similarity, due to the common element **HYDE PARK**. Conceptually, the differences were sufficient to outweigh the similarities: the Applicant’s mark referring to a public house or hotel, the Opponent’s mark referring to a well-known London landmark.

Gin and whisky were found to have the same nature, serve the same purpose and share the same method of use. They also share common channels of trade and, to an extent, compete with one another. However, the goods also had



clear differences (in smell, colour, taste and production process).

In assessing likelihood of confusion, the HO found this to exist for identical goods only. For all other goods and services, the differences between the marks were sufficient to avoid a likelihood of confusion. The Applicant’s mark could proceed once class 33 was amended to “Gin. Prepared alcoholic cocktails containing gin; gin-based drinks”.

EVIDENCE ABSENT

This case reminds us that goods in the same category can be perceived very differently. Despite many of the Treat criteria being applicable, the absence of evidence in this case allowed the HO free rein to reach his own view about the degree of similarity between gin and whisky – concluding that it was “not so great” as to give rise to a likelihood of confusion. Conceptual counteraction also played a role in the likelihood of confusion assessment, this being reinforced by the pictorial element in the Applicant’s mark.

It is not clear whether any evidence was available pointing to an overlap between gin and whisky products, but the Opponent was precluded from filing evidence because it had filed a fast-track opposition. In the absence of evidence, an HO is free to decide such issues based on its own experience and knowledge.

KEY POINTS

- ▶ Goods in the same class and category may not be deemed highly similar
- ▶ Conceptual differences between marks were enough to avoid confusion for similar goods
- ▶ In the absence of evidence, the HO is free to decide the issues based on their own experience and knowledge

- ▶ The Boutique Coffee Brands application



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Chain reaction

Clear evidence would have avoided disagreement, says Chris Morris

PARTY A (Andrew Crombie) applied to invalidate a UK registration for DOUGLAS OF DRUMLANRIG in class 33, owned by Party B (Hunter Laing & Company Ltd). The details of the earlier rights that formed the s5(2)(b) basis for the invalidity action are shown right. Party A also made claims under ss5(3) (reputation), 5(4) (passing off) and 3(6) (bad faith). Party B denied all claims and put Party A to proof of use. It also counter-attacked with non-use revocation actions against both marks shown.

Party A supported its case with evidence detailing the history of the DOUGLAS and DOUGLAS OF DRUMLANRIG name in relation to whisky, including prior ownership, the transfer of marks to Party A and royalty arrangements. It also discussed the relationship between Party A and “Douglas Laing”, Party B having been incorporated following a demerger from that company. This latter detail was also relevant to the bad faith claim.

Party B’s founder and director, previously an owner of Douglas Laing, provided evidence and refuted the existence of licence arrangements between Douglas Laing and Party A. Cross-examination of both parties took place at a hearing.

THE DECISION

The first point addressed by the Hearing Officer (HO) was the ownership of the marks. Party A’s evidence dealt with the apparent transfer from a predecessor in title to himself, but provided no documentary evidence. Nor was there any indication evidence was supplied at the time the transfer in ownership was recorded at the UK IPO.

The HO concluded that title had not been transferred. As such, whether Party A had used the marks was irrelevant for the purposes of the non-use revocation. Nevertheless, the decision went on to consider use. Various pieces of evidence supplied by Party A were argued to be indicative or suggestive of use



(ie agreements, registered user agreements), but all fell short of evidence of actual use. Nor were there proper reasons for non-use.

The invalidity claim under ss5(2)(b) and 5(3) failed in light of the above findings.

In terms of the passing off claim, the existence of any goodwill owned by Party A was dismissed. If any goodwill existed, the evidence pointed to it having been owned by the predecessor company. As there was no evidence of any transfer to Party A, any goodwill was lost at the point that company was struck off.

On bad faith, the HO again dismissed the cause of action. There was no evidence that Party B was aware of Party A’s “interest” in the DOUGLAS OF DRUMLANRIG mark, nor were any of Party B’s actions more than prudent business behaviour. Ultimately, Party A’s marks were revoked.

FINAL THOUGHTS

This case contains a lot of discussion of complex prior relationships and apparent “handshake” agreements. It demonstrates the need for clear evidence of chains of title, and the fact that the Office will “look behind” assignments to ensure they were properly made. Brand owners and their representatives must maintain records and ensure that IP is transferred properly.

KEY POINTS

- ▶ Supporting evidence for transfers of trade marks can be scrutinised long after a purported assignment has been recorded
- ▶ Bad faith allegations continue to face high hurdles and must be properly pleaded so the other side knows exactly what is alleged

- ▶ Registration No 566867; class 33: whisky



- ▶ Registration No 1308406; class 33: whisky included in class 33



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Calling all feline fans



Clare Liang covers a “tail” to interest cat enthusiasts

THE MARKS IN this case all featured feline imagery and the word FELIX in relation to goods/services in classes 9, 25 and 42. Dreamworks Animation LLC (the Opponent) was successful, in part due to conceptual identity and closely aligned goods and services. However, there is a little more to this “tail”, as detailed below.

HISTORY

On 18th August 2016, Felix Go Felix Ltd (the Applicant) filed a UK mark in classes 9 and 42 (the Application, shown right). The Opponent opposed based on s5(2)(b) of the Trade Marks Act 1994 and two EU trade marks (EUTMs), FELIX THE CAT and mark No 5768205 (the Earlier Mark, also shown right).

The two EUTMs had been registered for more than five years, but, while the Applicant (representing itself) queried the extent of the Opponent’s use in arguments, no proof was requested.

THE DECISION

The decision referred only to the Earlier Mark, considered the strongest opposition basis.

The Hearing Officer (HO) found that the Applicant’s class 9 goods (a range of application software) were identical to the Opponent’s (video and computer game programs). Referring to the earlier decision in Case O/069/17, the Applicant’s class 42 services, “fashion design”, were also found similar to the Opponent’s class 25 goods “clothing, footwear, headgear” on the basis that they are complementary and often provided by the same retailer.

Similarity of the marks was then assessed, and visual differences noted. However, differences were considered only to be present when the marks were compared “forensically”, rather than from the perspective of an average

consumer. The Earlier Mark contained a general cat cartoon and the Application a representation of a *maneki-neko*, a particular kind of cat figure, considered a symbol of luck in parts of Asia. Nonetheless, the marks were found to be visually and aurally similar to a fairly high degree, and conceptually identical. The HO also considered the distinctiveness of the Earlier Mark, which has no natural link to the goods and services, to be well above average.

The HO ultimately concluded that there was a likelihood of confusion (direct and indirect). However, in relation to “application software”, the HO interestingly invited the Applicant to submit a revised specification for this term, which may be permissible if different enough from the Opponent’s class 9 goods. This was offered by reference to Mercury Communications¹, where Laddie J detailed the undesirability of one trader having an overly wide monopoly for computer software.

REFERENCE POINT

Whether the mark is ultimately accepted for a revised specification is not yet clear. At the time of writing, no changes have appeared on the UK IPO register. However, this decision may be a useful reference point when representing a party up against a trade mark that covers “application software”. It also shows how an attorney can add value in an opposition. In this case, the *maneki-neko* may have brought the Applicant a little more luck if it had brought a representative on side to seek proof of use and make more detailed legal arguments.

KEY POINTS

- ▶ The UKIPO revealed its stance on overly wide specifications including computer software
- ▶ Fashion design was considered to be complementary to “clothing, footwear, headgear”, and similar to at least a medium degree

- ▶ The Application



- ▶ EUTM No 5768205



1. (1995) FSR 850.



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Framing the argument

Joel Smith sets out why a national context helped see off an appeal

THIS DECISION CENTRED on the relative grounds for refusal of registration under Article 8(1)(b) of Council Regulation (EC) No 207/2009 (now Regulation (EU) 2017/1001). The case demonstrates the reluctance by the courts to allow applications that incorporate a third party's company name – particularly at the beginning of the mark.

PARTICULARS

Frame Srl (the Applicant) applied to register an EU trade mark for the word sign BIANCALUNA in respect of goods in classes 3, 24 and 25. Bianca-Moden GmbH & Co KG (the Intervener) opposed the application under Article 8(1)(b).

The Opposition Division, in partly upholding the opposition and rejecting the application in respect of certain goods in classes 24 and 25, based its decision on the Intervener's German figurative mark shown right (the German Figurative Mark). It concluded that, within the meaning of Article 8(1)(b), there was a likelihood of confusion between the applied-for mark and the German Figurative Mark. The Applicant's appeal was dismissed, and the Applicant challenged this Board of Appeal (BoA) decision.

MARK COMPARISON

In comparing the signs, the General Court (GC) analysed likelihood of confusion from the view of the reasonably well-informed, reasonably observant and circumspect general public, who have an average level of attention, and by making a global assessment based on the signs' overall impressions, in particular their distinctive and dominant elements.

As the BoA had done, the GC considered visual, phonetic and conceptual similarities. It noted that both signs contained the word "bianca" and highlighted that this element was situated at the beginning of the German Figurative Mark. The GC noted that, in word signs, the consumer generally pays greater attention to the first part of the sign, meaning that, in general, the beginning of a sign has a great deal of influence on the overall impression

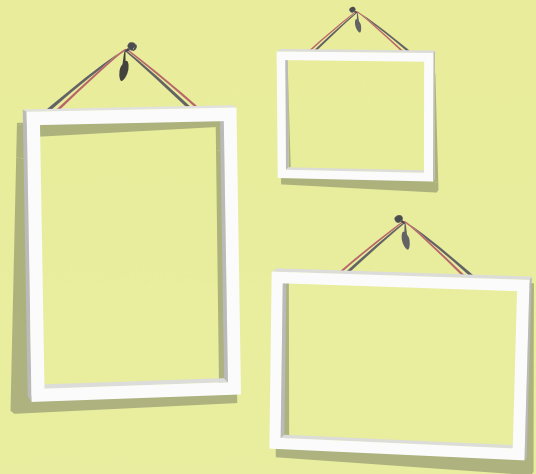
created. The GC held that the signs were visually similar in their overall impression. It also confirmed the BoA's findings that: (i) as the element "bianca" was pronounced first in the German Figurative Mark, the signs were phonetically similar; and (ii) the signs were not conceptually different.

The relevant public for the German Figurative Mark was the average German consumer, and as such the Applicant's argument that the juxtaposition of "bianca" and "luna" was unusual from the point of view of Italian grammar was held to be irrelevant. The mere association of "luna" with the word "bianca" would not, for the relevant (German) public, have any specific conceptual content different from the sign "bianca". The applied-for mark may have been perceived as a reference to the Intervener's company name, with the relevant public believing that the Applicant's goods were from an undertaking economically linked to the Intervener.

The GC upheld the BoA's findings and rejected the claims for annulment of the contested decision and for the case to be remitted to EUIPO.

PUBLIC IMPORTANCE

The GC's consideration of the conceptual similarity between the marks, and the assessment of the relevant public and national language, is interesting. Perhaps if the "relevant public" had been different (ie Italian, as opposed to German, consumers), the marks would have been seen as conceptually different.



KEY POINTS

- ▶ In considering visual similarity within the ambit of Article 8(1)(b) likelihood of confusion, the beginning of a sign has a great deal of influence on the mark's overall impression
- ▶ Exercise particular caution when considering registering a mark that incorporates an existing registered trade mark, particularly where this is a company's name
- ▶ It is important to consider who the relevant public is for the purposes of assessing the similarity of the marks, especially so where the marks are used in different jurisdictions

- ▶ The German Figurative Mark

bianca.



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Amp it up?

Adding elements can actually lessen impact, warns Emma Reeve

ON 13TH FEBRUARY 2013, Yusuf Pempe (the Applicant) applied to register the trade mark depicted on the right (the Applicant's Mark) in classes 9, 16, 18 and 25.

On 29th July 2013, Marshall Amplification plc (the Opponent) filed a notice of opposition to registration in classes 9, 16, 18 and 25. The opposition was based on, *inter alia*, the earlier EU trade marks (EUTMs) shown on this page, as well as EUTM No 10357201 for MARSHALL, registered on 10th April 2012 in classes 9 and 11 (together, the Earlier Marks).

The Opposition Division upheld the opposition in respect of some of the goods in classes 9, 16, 18 and 25. Yet it rejected the opposition in so far as it was based upon Article 8(4) and (5) of Council Regulation (EC) No 207/2009 (EUTMR), on the basis that no proof had been supplied in support of those grounds.

The Applicant claimed that the Court should: (i) annul the contested decision; (ii) reject the opposition in part; and (iii) order EUIPO to pay the costs. The Applicant submitted that the Opposition Division and the Board of Appeal (BoA) misinterpreted Articles 15(1), 42(2) and 42(3) EUTMR in finding that his request for proof of genuine use in respect of the Opponent's marks was inadmissible. The five-year period at issue expired after the publication date of the Application, and was therefore irrelevant. The Opponent did not need to furnish proof of its trade marks.

CRITICISM

Further submissions by the Applicant included a criticism of the BoA's findings in relation to the similarity of the signs, the similarity of the goods and the distinctive character of the Earlier Marks. A conclusion was drawn that, when a mark consists exclusively of an earlier mark, to which another word element has been added, it is an indication that the two trade

marks are similar. The Court concluded that the expression "garments of legends" and the seal in the Applicant's Mark would be perceived by the relevant public as the usual promotional fluff and hyperbole, and that the consumer would place only limited reliance on them.

The Court rejected the complaint alleging the lack of similarity of some of the goods concerned. It accepted the decision of the BoA that there was no likelihood of confusion.

RIGHT RESULT

The case was interesting, as elements of the mark in the Application were dismissed on the basis that they would be perceived as merely promotional messaging. The implication is that, when brand owners apply to register trade marks and attempt to differentiate themselves from earlier right holders by using additional elements, these elements may, on the whole, be dismissed entirely. This, in my opinion, is right; these elements should not be registrable as, when used in a combination trade mark, the result will be a mark that is difficult to enforce.

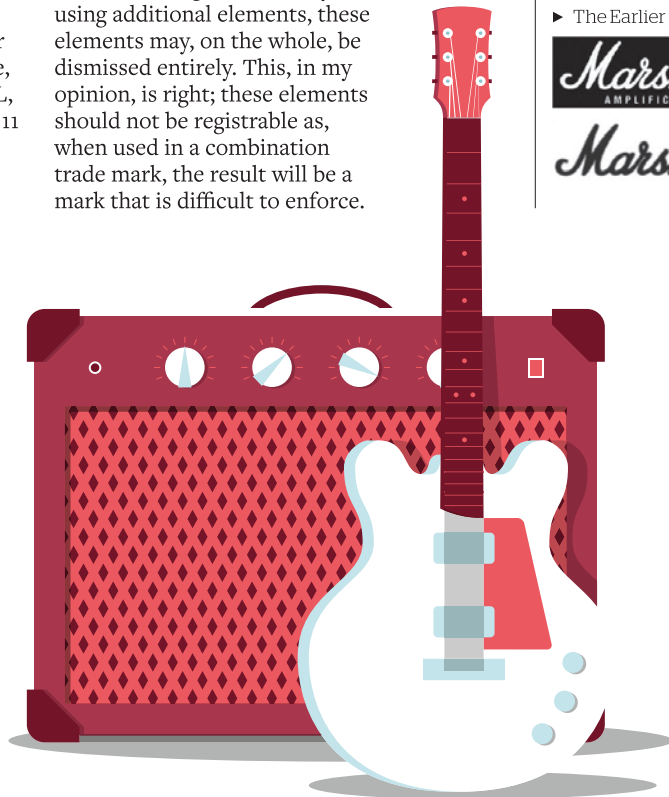
KEY POINTS

- ▶ The five-year proof-of-use period following registration must expire before publication of the applicant's mark
- ▶ Promotional and hyperbolic elements of a trade mark will be dismissed in the assessment of similarity of a trade mark

- ▶ The Applicant's Mark



- ▶ The Earlier Marks



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Appeal upheld for identical goods

Iram Zaidi explains why a Board of Appeal decision was backed up

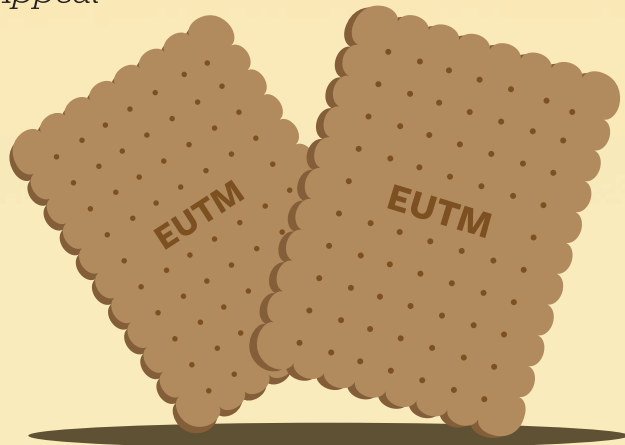
THE GENERAL COURT (GC) has reaffirmed the findings of the EUIPO Board of Appeal (BoA), which held that a likelihood of confusion existed between the word mark GULLON DARVIDA, for which registration was sought as an EU trade mark covering goods in class 30, and an earlier international trade mark registration (IR) for the figurative mark DARVIDA, covering identical goods. This follows existing case law on examining likelihood of confusion, which indicates it may be found even in circumstances where the degree of similarity between the marks is low, provided that there is considerable similarity between the goods or services covered by the signs at issue.

INITIAL STEPS

The BoA annulled the decision of the Opposition Division of EUIPO and upheld the opposition filed by Hug AG (the Intervener) against GULLON DARVIDA, filed by Galletas Gullón SA (the Applicant). The opposition was refused on the basis that the Intervener had failed to indicate or explain its relationship to Hug AG Zwieback & Biscuits, the listed owner of the IR relied upon. Subsequently, the IR was disregarded and, as the Intervener failed to demonstrate genuine use of the remaining four national trade marks relied upon in the opposition, the opposition was rejected.

The BoA made a finding of likelihood of confusion under Article 8(1)(b) of Council Regulation (EC) No 207/2009 (EUTMR) on the basis that the relevant goods were identical. In making its decision, the BoA took into account evidence filed for the first time by the Intervener demonstrating that it was, indeed, the owner of the IR. As a result, the BoA held that the Intervener had established its earlier right during the relevant period and that the evidence filed did demonstrate genuine use of the mark, at least in Germany.

The BoA held that Germany was the relevant territory for assessing confusion and that the attention of the public was normal. The marks were found to have an average level of visual



and phonetic similarity and, as the words had no meaning to the public at large, conceptual similarity was considered neutral, and the mark had a normal level of distinctiveness.

GC FINDINGS

The BoA correctly exercised the discretion conferred on it by Article 76(2) EUTMR to review “additional or supplementary facts and evidence” defined under Rule 50(1) of Commission Regulation (EC) No 2868/95 in the contested decision. As the BoA’s finding of genuine use of the IR in Germany was not challenged by the Applicant, the BoA was entitled not to examine whether there was genuine use for the other national trade marks.

The GC agreed with the BoA’s reasoning in reaching its conclusion that there was a likelihood of confusion between the marks at issue. As the goods were identical, this increased the likelihood of confusion to a level sufficient to warrant the BoA’s finding that the relevant public might believe the goods at issue came from the same undertaking.

KEY POINTS

- ▶ The BoA held that Germany was the relevant territory for assessing confusion and that the attention of the public was normal
- ▶ It was also held that the Intervener had established its earlier right during the relevant period and that the evidence filed demonstrated genuine use of the mark, at least in Germany
- ▶ Likelihood of confusion may be found even in circumstances where the degree of similarity between the marks is low, provided that there is considerable similarity between the goods or services covered by the signs at issue



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Against convention

Sarah Brooks is not wholly convinced by a lack of contemporary consideration

DEPARTMENT STORE GROUP El Corte Inglés SA owned two EU trade mark registrations for FREE STYLE, a word mark and a stylised mark (pictured right). The word mark covered class 3 abrasive preparations, class 18 leather goods and class 25 “clothing, footwear [and] headgear”. The stylised mark covered classes 14 (jewellery and precious metals), 18 and 25.

Elho Business & Sport Vertriebs GmbH filed an application to invalidate both registrations under Article 7(1)(b) and (c) on the basis that they were descriptive and devoid of distinctive character. The Cancellation Division refused this application and found that the contested marks were not descriptive. The First Board of Appeal (BoA) upheld Elho’s appeal in respect of all goods for the stylised mark, and in respect of classes 18 and 25 for the word mark.

GC DECISION

El Corte Inglés appealed to the General Court (GC), arguing that:

- the word mark was an expression, “FREE STYLE”, which was not solely composed of words describing the class 18 and 25 goods;
- the design and colour of the stylised mark gave it a distinctive character;
- there are a number of activities that have a “freestyle” form, and the words “free” and “style” were too vague for the consumer to make a connection to the relevant goods.

The GC agreed with the BoA that the marks referred to the notion that the goods in question were manufactured in a specific style, conferring on the person using them a casual style or one that does not follow the current rules of fashion; and, additionally, that the class 25 goods covered by the marks may be used for freestyle sports.

EQUAL TREATMENT

El Corte Inglés also argued that its marks coexisted with other registered EU and national trade marks that include the words “free” and

“style”. The GC said that, while it is clear from established case law that EUIPO must, when examining registrability, take into account decisions in respect of similar applications, a full examination must be undertaken in each case. The BoA had conducted that examination, taking into account the perception of the English-speaking public to conclude that the marks were descriptive.

It is not surprising that the GC upheld the BoA’s refusal in relation to the class 25 goods. These items are frequently used in relation to sport, and “freestyle sport” is a well-known expression. Interestingly, there is no reference in the GC judgment to the contemporary meaning of the expression “freestyle”, for example as a reference to a type of improvisation in urban music. The Cancellation Division had noted that Elho had not attempted to define a particular type of “freestyle” referring by arguing that the expression “could refer to ‘urban’ or ‘street’ rapper or ‘gangster’ clothing”, nor had it provided any evidence in this regard.

However, it is more difficult to be convinced by the very literal interpretation of the expression to mean a “free” style, one that does not follow the rules of fashion, particularly in relation to the sale of jewellery and leather goods.

This case serves as reminder of how difficult it is to imbue a neologism with a meaning that is more than the mere sum of the words from which it is composed.

KEY POINT

- ▶ **FREESTYLE** was found to be descriptive for clothing, footwear and headgear, in addition to jewellery and leather goods
- ▶ The El Corte Inglés stylised mark



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Apple wins another one

David Yeomans reminds us that a single factor can't determine confusion

THE GENERAL COURT (GC) has upheld EUIPO's decision to refuse an EU application for the mark MI PAD, filed by Xiaomi, Inc, based on a likelihood of confusion with Apple, Inc's earlier registration for IPAD.

On 10th April 2014, Xiaomi filed an EU application for MI PAD covering a broad range of goods in class 9 and services in class 38. The application was successfully opposed by Apple, on the basis of, *inter alia*, its EU registration for IPAD, filed on 18th January 2010 (which includes protection for a very broad range of goods in class 9 and services in class 38). Xiaomi's subsequent appeal was dismissed. Xiaomi then further appealed to the GC, relying on one plea in law: infringement of Article 8(1) (b) of Council Regulation (EC) No 207/2009.

CENTRAL ARGUMENTS

Xiaomi's appeal centred on: (i) its argument that the respective marks were not sufficiently similar for there to be a likelihood of confusion, owing to the differences between the respective marks and the high level of attention paid by the relevant public; (ii) the supposed lack of distinctiveness of the common element "PAD"; and (iii) Xiaomi's claim that Apple's IPAD mark had only weak distinctive character.

Xiaomi's arguments were dismissed in their entirety by the GC, which stated that Xiaomi had failed to establish that the element PAD was descriptive. The GC stated that, although the element "PAD" was somewhat weak for the English-speaking part of the EU, the marks were highly visually and phonetically similar for the whole of the relevant public (and conceptually similar for the English-speaking part of the EU). The GC also pointed out that Xiaomi's attempt to split the marks in order to focus the comparison on the elements "MI" and "I" was inappropriate, because the proper approach is to compare the marks in their whole form.

The GC agreed with the EU Board of Appeal that the relevant public's degree of attention

would range from average to high when purchasing the relevant goods/services, making the observation that the majority of the goods at issue were relatively inexpensive electronics aimed at the general public. Such goods have a relatively short lifespan and are purchased without the buyer requiring a high degree of technical knowledge. Therefore, it couldn't be said that the relevant public would always pay a high degree of attention when making purchases, as Xiaomi had claimed.

OVERALL IMPRESSION

The GC also stated that the visual, phonetic and conceptual differences between the marks at issue, resulting from the presence of the additional letter "M" at the beginning of Xiaomi's mark, were not sufficient to rule out a likelihood of confusion, because the marks conveyed a similar impression overall.

This judgment is a reminder that the fact that a mark has only a low level of distinctive character does not prevent a finding of likelihood of confusion, since the distinctive character of the earlier mark is only one factor to be taken into consideration when assessing whether or not a likelihood of confusion exists.

KEY POINTS

- ▶ The fact that a mark has only a low level of distinctive character does not prevent a finding of likelihood of confusion
- ▶ The distinctive character of the earlier mark is only one factor to be taken into consideration when assessing whether or not a likelihood of confusion exists



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events

More details can be found at citma.org.uk

DATE	EVENT	LOCATION	CPD HOURS
14th March	CITMA Webinar*	Log in online	1
21st March	CITMA Intensive Training Seminar IP contracts	Bird & Bird, London EC4	3
21st–23rd March	CITMA Spring Conference* IP in a global economy	County Hall, London SE1	9
21st March	CITMA Networking Drinks Reception Part of CITMA Spring Conference	Balls Brothers, London EC4	
22nd March	CITMA Gala Dinner Part of CITMA Spring Conference	County Hall, London SE1	
28th March	CITMA AGM & CITMA Benevolent Fund AGM	Charles Russell Speechlys, London EC4	
10th April	CITMA Lecture – London*	58VE, London EC4	1
19th April	CITMA Designs Seminar – London	Allen & Overy, London E1	2.5
9th May	CITMA Webinar*	Log in online	1
14th June	CITMA Lecture – Glasgow The impact of company values on trade mark issues	Brodies, Glasgow G1	1
20th June	CITMA Webinar*	Log in online	1
17th July	CITMA Lecture – London*	58VE, London EC4	1
15th August	CITMA Webinar*	Log in online	1
25th September	CITMA Lecture – London*	58VE, London EC4	1
17th October	CITMA Webinar*	Log in online	1
1st November	CITMA Seminar for Litigators – London,	Carpmaels & Ransford, London WC1	2.5
14th November	CITMA Webinar*	Log in online	1
27th November	CITMA Lecture – London*	58VE, London EC4	1
7th December	CITMA Northern Christmas Lunch	TBC	
14th December	CITMA London Christmas Lunch	London Hilton on Park Lane, London W1	

SUGGESTIONS WELCOME

We have an excellent team of volunteers who organise our programme of events. However, we are always eager to hear from people who are keen to speak at a CITMA event, particularly overseas members, or to host one. We would also like your suggestions on event topics. Please contact Jane at jane@citma.org.uk with your ideas.

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Don't miss our designs and copyright seminar on 19th April at Allen & Overy in London. See citma.org.uk



THE TRADE MARK 20

Q&A



I work as... an Associate Solicitor at Womble Bond Dickinson.

Before this role, I... studied jurisprudence at the University of Oxford, completed my LPC and training contract in Leeds, and joined Bond Dickinson as a Solicitor in April 2015.

My current state of mind is... happy; I'm looking forward to a weekend with friends.

I became interested in IP... as a teenager. My love of music meant I was desperate to work with rock bands. I knew my karaoke skills and Grade 3 flute would not get me very far, but I figured bands would need help with infringement and licensing issues, which led me to IP.

I am most inspired by... Beyoncé, Wonder Woman and JB Fletcher – in equal measure.

In my role, I most enjoy... taking witness statements. I have met some very interesting people, and love hearing their passion for their business or interests.

In my role, I most dislike... dealing with invoicing.

On my desk is... a mini Oakland Raiders NFL helmet, a personalised Nutella jar filled with pens, a bulldog-shaped stress ball (a present from Womble US) and a large cup of tea.

My favourite mug says... "I'm not saying I'm Wonder Woman, but has anyone seen us in the same room together?"

My favourite place to visit on business has been... Prague (which hosted the 2017 MARQUES conference)

– amazing architecture, great nightlife, lovely food and welcoming people.

If I were a brand, I would be... Bettys, a well-known Yorkshire tearoom chain. It is charmingly English, sophisticated yet warm, and has a great local reputation.

The biggest challenge for IP is... ensuring that the law keeps pace with changes in modern life and technology.

The talent I wish I had is... Sherlockian skills of deduction. I'd love to be an amateur sleuth, and I imagine it would be useful day to day.

I can't live without... cheese.

My ideal day would include... exploring a new city with my partner, a spot of shopping and delicious food, topped off with good entertainment – a comedy show, gig or play.

In my pocket is... my iPhone.

The best piece of advice I've been given is... to think: "What's the best that could happen?" It makes me consider what opportunities might be open to me if I am prepared to take a risk.

When I want to relax, I... binge-watch murder mystery television series – *Murder, She Wrote* is a firm favourite.

In the next five years, I hope to... visit more new places. My next break is a tour of Germany for my partner's 30th birthday, but I'd love to go back to Australia and the US.

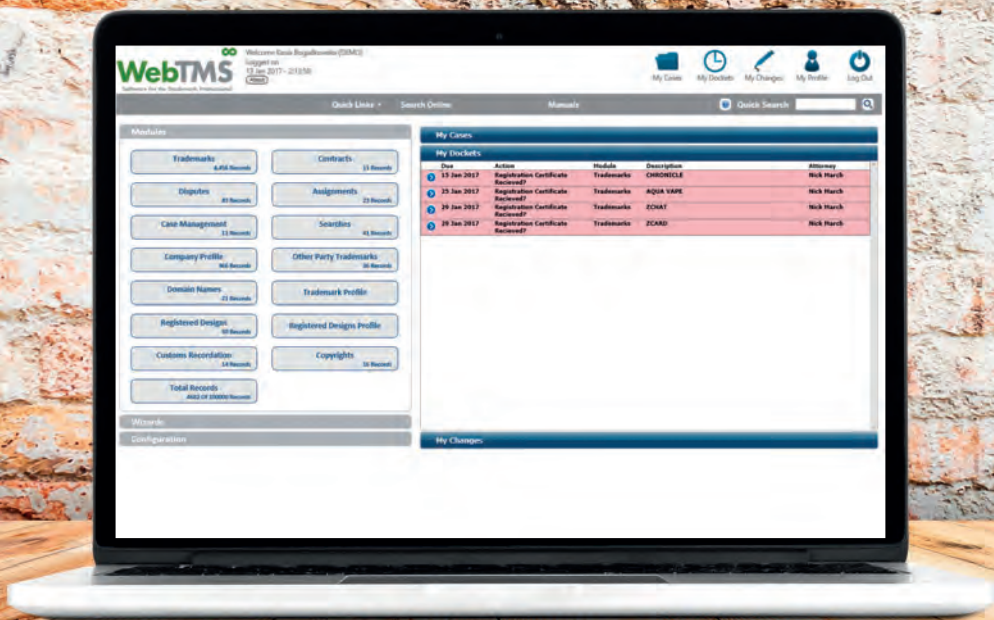
The best thing about being a member of CITMA is... making new friends and seeing old ones at the events, particularly the Christmas parties.



"What's the best that could happen?" asks an optimistic Rose Smalley

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I'd love to be an amateur sleuth, and I imagine it would be useful day to day



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