

CHINA CONTINUES  
BAD FAITH BATTLE  
MONICA SU p6

EUTMs: USE THEM  
OR LOSE THEM  
DALE CARTER p18

TOBACCO ON  
THE BACK FOOT?  
LISA NEILSON p22

OLYMPIC  
MEDDLERS  
ANDREW BELLINGALL p26

# ITMA REVIEW



ITMA DESIGNS  
SEMINAR p10  
EUIPO CASE LAW  
CONFERENCE p16  
TM20 p50

THE JOURNAL OF THE INSTITUTE OF TRADE MARK ATTORNEYS

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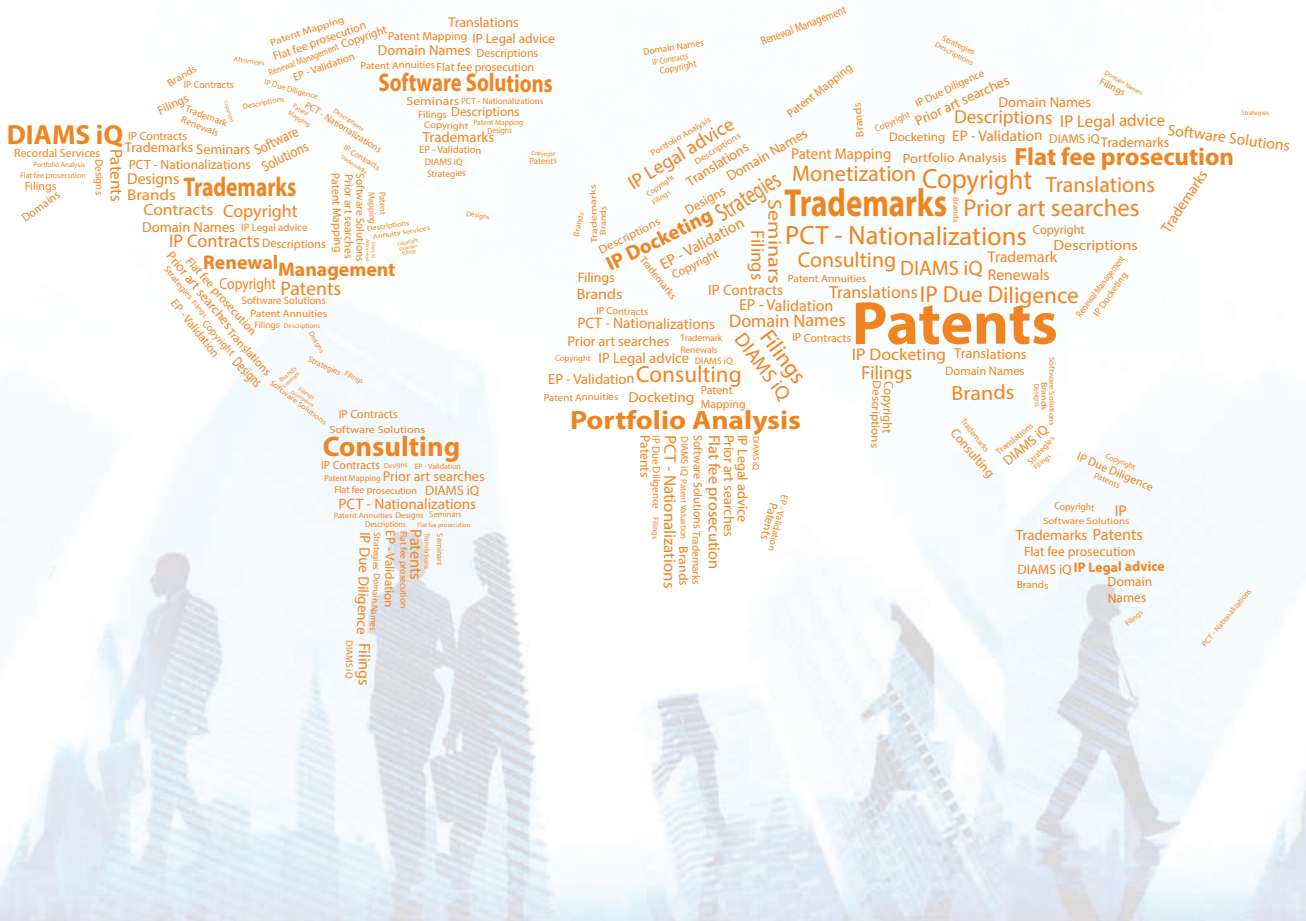


## SPEAKING OUT

THE IMPORTANCE OF INCLUSION  
IN THE LEGAL PROFESSION  
**MARK BEARFOOT p12**



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## ITMA contacts

### General enquiries

ITMA Office, 5th Floor, Outer Temple,  
222-225 Strand, London WC2R 1BA  
tm@itma.org.uk  
Tel: 020 7101 6090

### Committee chairs

**Executive:** Chris McLeod,  
chris.mcleod@elkfife.com

**Events:** Maggie Ramage,  
maggie.ramage@edwincoe.com

**Law & Practice:** Imogen Wiseman,  
imogen.itma@cleveland-IP.com

**Publications & Communications:**  
Richard Hayward,  
richard@itma.org.uk

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**Editor:** Caitlin Mackesy Davies

**Advertising:** Tony Hopkins,  
tony.hopkins@thinkpublishing.co.uk

**Group Account Director:** Polly Arnold

**Account Manager:** Kieran Paul

**Art Editor:** Clair Williams

**Designer:** Alix Thomazi

**Sub-editor:** Mike Hine

## ITMA Review

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It was fabulous to see so many ITMA members, and our friends, at the Summer Reception just a short time ago. It was a great opportunity for me to set out my ambitions for my term of office, including a focus on membership engagement, the implementation of our Royal Charter and our pro bono initiatives. I was delighted by the response I received, as well as the offers of support. Of course, we will be continuing with our focus on inclusion and diversity, and on

this topic I highly recommend the article by Council member Mark Bearfoot on page 12.

This is our usual bumper summer edition of the *ITMA Review*, and I hope that it keeps you entertained, and that the news from Rio, Cuba, China, Australia and Alicante puts you in the right holiday spirit.

*Kate O'Rourke* **Kate O'Rourke**  
ITMA President

## Inside this issue

### Regulars

**04 ITMA Insider** Chief Executive updates and memorial mentions

**49 Events** Important dates for your diary

**50 TM20** Ordinary member Allister McManus is keeping calm and carrying on

### Features

**06 China** Monica Su of the UK IPO offers an update on the battle against bad faith

**10 Designs** John Coldham summarises the debate at April's successful ITMA seminar

**12 Inclusion** Mark Bearfoot provides a personal perspective on the importance of an open environment

**16 EU case law** Philip Harris enjoyed the spirited debate at the EUIPO's recent IP Case Law Conference in Alicante

**18 EUTMs** Dale Carter examines the impact of a recent Nike decision on genuine use

**22 Plain packaging** Lisa Neilson reviews the lessons learned from Australia's early action

**24 TTIP** Dr Christian Köster finds illumination wanting when it comes to the proposed trade partnership

**26 Olympic Games 2016** Andrew John Bellingall explains why ambush marketing is once again on the radar in Rio

**28 Taxation** Chris Riley discusses how to help rights owners through changes of trade mark ownership

**30 Cuba** Timing is everything in this hot market, says Katherine Van Deusen Hely

### Case comments

**32 [2016] EWHC 599 (Ch)** George Sevier examines how a younger mark helped Gap make its case

**34 O/169/16** Alti decision confirms how to assess similarity, Chris Morris reports

**35 C-252/15P** Dual arguments didn't secure Smart Water win, says Charles King

**36 T-201/14** Donna Trysburg discovers a surprising link between two types of goods

**38 T-78/15** Mudhook mark failed to send a distinctive message, writes Jack Kenny

**39 T-501/13** The Court couldn't see the connections in *Winnetou*, says Cheng Tan

**40 T-8/15** A common surname may indicate origin, confirms Oliver Tidman

**41 T-20/15** Rebecca Field reviews a case that confirms the value of independent evidence

**42 T-326/14** Definition of terms was important in *Joker*, says Nellie Jackson

**43 T-77/15** The Intervener was saved from acquiescence by a matter of days, writes Carrie Bradley

**44 T-21/15** Search tools are not the last word on similarity, Rebecca Heard explains

**45 T-89/15** Secondary associations were irrelevant in *Niagara*, reports Désirée Fields

**46 T-54/15** Catherine Byfield reviews a decision that considered likely consumer behaviour

**47 T-144/15** Past marks weren't L'Oréal's passport to victory, reports Emily Mallam

**48 T-803/14** The mark's audience was crucial in *Danone*, writes Owain Willis

# ITMA Insider

## Chief Executive's bulletin

Highlights from and updates to Keven Bader's 2 June message to members



### ROYAL CHARTER UPDATE

The hard work has already started in preparation for ITMA's transition into the Chartered Institute of Trade Mark Attorneys (CITMA), and we will make sure members are kept aware of developments as this work progresses. Some members have asked about titles that can be used, and when they can be used. As part of the transition, we will communicate this information as and when we have confirmed dates, making sure we provide members with as much notice as possible. At present, we expect the Great Seal, which brings the Royal Charter into legal effect, to be applied around mid to late autumn.

### FINAL ROADSHOW

Our final roadshow event with the IPO is on 6 September, when we come to the end of the tour in London. We hope you will take the chance to meet with and ask questions of the IPO. I have found all of these events a useful opportunity to hear from and discuss with members all things ITMA. The information we are receiving will be used to ensure that we are delivering to our members' expectations, as far as possible, and continue to represent you in the best way we can.

### DESIGN PRACTICE NOTICE 1/16

On 1 June, the UK IPO published a Design Practice Notice that provides guidance on the use of representations when filing registered design applications. This follows the Supreme Court's recent judgment in PMS International Group plc v Magmatic

“

*We expect the Great Seal, which brings the Royal Charter into legal effect, to be applied around mid to late autumn*

—

Limited (the Trunki suitcase).  
The notice can be found at [gov.uk](http://gov.uk).

### TRADE MARK ADMINISTRATOR UPDATE

Following the analysis of the results of the survey looking at the role of the Trade Mark Administrator, the ITMA Council took the decision to make the following changes:

1. The Trade Mark Administrators' Course will be renamed the "ITMA Paralegals' Course".
2. The existing Administrator category of membership will be renamed "ITMA Paralegal".
3. Any person who qualifies in 2016, or was qualified prior to 2016, can use the title "ITMA Paralegal", provided they are a member of ITMA under the ITMA Paralegal membership category. The ITMA Paralegal (renamed) can opt in to ITMA Paralegal CPD requirements from 2018, with the possibility of opting out at any time.
4. Any person successfully passing the ITMA Paralegals' Course from 2017

onwards will need to complete eight hours' CPD per annum (up to four hours of which can be personal study) from 2018 onwards.

5. Any person successfully passing the ITMA Paralegals' Course from the 2016 course onwards will be entitled to apply to become an ITMA Paralegal member, with no membership fee required, up to the end of the calendar year in which he or she passes the course, ie they will be entitled to free ITMA Paralegal membership for the remainder of the year.

We will be seeking to bring these changes in once our Royal Charter has become legal, and will advise further as this progresses.

### STUDENT FORUM LAUNCH

We will shortly be launching a Student Forum that will provide a more focused vehicle for Student members to give feedback on experiences and issues on the qualification courses. It will also help ITMA gather evidence on where improvements might be made to the qualification system overall. We will be inviting Student members to put themselves forward to join the forum in due course, and look forward to improving engagement in this area.

### ANNUAL REPORT ISSUED

Our 2015 *Annual Report* is now available on the ITMA website, and I encourage everyone to have a read to see what ITMA has achieved over the course of 2015 and is building upon during 2016.

On 23 June, the UK voted to leave the European Union, with the result announced as we went to press. ITMA will be here to support its members, and, as the dust settles, the hard work begins to ensure we get the best results for members and the profession. Please check [itma.org.uk](http://itma.org.uk) for updates.



## IPReg WELCOMES NEW CHAIR

The Intellectual Property Regulation Board (IPReg) has appointed Caroline Corby as its new Chair; she joined the organisation on 1 May. Caroline has 15 years of board-level experience from roles spanning both public- and private-sector bodies. Her background includes various roles in the probation service, family courts, finance and healthcare.



► Caroline Corby, new Chair of IPReg

### FAST FACTS: UK TRADE MARK REGISTRATIONS

50,079

trade marks were registered in 2015

58,627

trade mark applications were made in 2015 (+4,129 on 2014)

Source: IPO data

## IN MEMORIAM

### MIKE TUCK

Mike Tuck, formerly a Senior Hearing Officer at the Patent Office (now the IPO) died suddenly in April while on holiday in Norfolk. Mike joined the Patent Office in the early 1980s and worked in the Policy Division before moving to the Patent Publishing and Data Processing Section. In 1988, he then transferred to the Trade Marks Registry to undertake *inter partes* hearings. He moved with the Registry to South Wales the following year, buying a disused railway station to live in in the process.

Responsible for the then Law Section, and the Trade Mark Administration Sections, as well as his share of the *inter partes* hearings, Mike had to make sure that all his areas of responsibility continued to provide customer service despite the move to South Wales.

He ensured that, for example, the then paper *Trade Mark Journal* was published each week as usual. With the advent of the “new law” (the Trade Marks Act 1994), Mike issued the first *inter partes* decision under it in 1997.

Mike retired towards the end of the decade and remained in Wales in his ex-railway station, taking great delight in his grandchildren and his garden. His wife predeceased him.

### ROY EGAN

Roy Egan, Senior Hearing Officer at the Trade Mark Registry until his retirement at the end of December 1988, has died suddenly. Roy was “the fairest of Hearing Officers” – a description provided by a senior member of the Trade Mark Attorney profession. He was also a perfect gentleman, courteous to his colleagues and to all of those with whom he was in contact. Queens Counsel, Counsel, Attorney (formerly Agent) – Roy was always prepared to

listen to views and argument. But he was also prepared and able to ask the probing question, and require those in front of him to construct their arguments in terms of the law and jurisprudence.

One of the few Hearing Officers to have a case taken through the High Court, Court of Appeal and (in those days) House of Lords, his decision to refuse registration of the shape of the Coca-Cola bottle, under the Trade Marks Act 1938, was upheld at all those levels.

A modest man, Roy never sought to impose his intellectual strength on either his colleagues or those appearing before him. But he was always able to direct those within his sphere to the right path with probing and open questions.

He acted as a mentor to a number of Hearing and Senior Hearing Officers, and the trade mark fraternity owes much to Roy and his pragmatic approach to the subject, and his willingness to share his knowledge and experience.

Awarded the Officer of the British Empire (OBE), Roy retired on 31 December 1988. He spent his last day writing a note for staff on the way to consider an aspect of trade mark law. It is ironic that this note was set aside by Norman Harkness on 1 January 1990. But it was typical of Roy to continue on the straight and narrow of trade mark law and practice even on his last day in the office when he knew that he was going to be overturned soon afterwards.

Roy had a happy family life. His first wife, Jane, predeceased him; he met and married a new partner and shared the last 15 years with Barbara, with whom he shared a love of music, and recorded music in particular. Roy Egan was a gentleman, admired by colleagues and outside contacts alike.

Submitted by John Myall, Norman Harkness and Mike Knight



# THE BATTLE AGAINST BAD FAITH

*Monica Su of the UK IPO  
suggests that there is cause to  
be optimistic about the ability  
to tackle the most common  
struggle for British businesses  
operating in China*



**F**or several years, British companies have raised concerns over bad faith trade mark applications in China. This is the single most common problem raised by British businesses with the embassy in Beijing. It affects companies of all sizes in all industry sectors.

On 1 May 2014, a revised version of the Trademark Law of the People's Republic of China came into force. The amended law followed years of drafting and consultation, and included a new provision requiring trade mark applications to be made in good faith (Article 7, the applicable Chinese phrase being more directly translated as "with honesty and credibility").

Unfortunately, for companies targeted by unauthorised, pre-emptive applications in China, this new article was not listed as explicit grounds for opposition or revocation. The good faith requirement is merely a guiding principle, and in practice must be implemented through other grounds listed elsewhere in the law.

More encouraging are recent case decisions that suggest the Beijing courts are applying China's legal framework more flexibly in order to prevent bad faith applications. The Beijing courts have an important role in the Chinese trade mark system, hearing judicial reviews to examination, and validity decisions

“

*Recent case decisions suggest the Beijing courts are applying China's legal framework more flexibly in order to prevent bad faith applications*

issued by the China Trademark Office (CTMO) and the Trademark Review and Adjudication Board (TRAB).

Recent Chinese court decisions highlight several interesting trends for oppositions and revocation actions:

- **Deceptive or improper means (Article 44)** – an objection on absolute grounds that has successfully tackled applicants with a pattern of bad faith behaviour, for instance those making a large number of applications for established brands. The recent Facebook case (see panel) suggests this provision may now be extended to unregistered marks and non-similar classes.
- **Other absolute grounds** – claims that bad faith applications are contrary to socialist ethics and customs (Article 10.1.8) have been rejected by courts for being inconsistent with the public-interest emphasis of this principle in other Chinese legislation. This provision has, however, been successful in bad faith actions previously, though courts seem to prefer relative grounds when available.
- **Deceiving consumers as to the quality, origin or other unique attributes (Article 10.1.7)** – this has also been used in bad faith cases, but officials and courts have indicated this is more suitable for false advertising cases or similar – for instance, marks that falsely imply the presence of a certain ingredient or functionality.
- **Protection for unregistered marks and other prior rights with certain influence (Article 32)** – an objection on relative grounds to protect prior rights against “improper pre-emptive registration” in same/similar classes. The threshold for reputation here is lower than for well-known mark status and, crucially, courts now seem more willing to accept that overseas use can influence reputation with the relevant public in China (see the Nuxe case report on page 8). Prior rights protected under this provision can cover a broad range of rights, including copyright in stylised logos, company names, personal names and other legal interests such as merchandising rights.



## OUR LATEST LEARNING

The case reports below and on page 8 are extracts from the monthly *China IP Newsletter* published by the British Embassy Beijing. The newsletter informs UK stakeholders of recent developments in the Chinese IP environment. The content is collected from publicly available sources, where information is often available only in Chinese languages. To be added to the newsletter distribution list, or to receive past editions, contact [su.hong@fco.gov.uk](mailto:su.hong@fco.gov.uk).

### *Facebook's food and beverage success (May 2016)*

The Beijing High People's Court has ruled in favour of Facebook in an opposition review for the FACEBOOK trade mark in classes 29, 30 and 32 (covering various food and beverage products). The key factor cited by the Court was bad faith behaviour by the Applicant, which had a history of applications for international brands. Even though the Trademark Law of the People's Republic of China requires applications to be made in good faith, bad faith is not an explicit ground for opposition in China. The Court accepted the argument that the application was made using “deceptive or improper means”, applying Article 44 of the Chinese Trademark Law in a more flexible way than has been common previously.



#### *Apple loses on iPhone (May 2016)*

The Beijing High People's Court ruled on an opposition review brought by Apple concerning an application by Xintong Tiandi Technology for the IPHONE trade mark in class 18 (leather goods). With reference to the application date of September 2007, the Court considered that Apple failed to prove its reputation in class 18 in China or justify cross-classification protection through well-known trade mark status. Apple held a global launch event for the iPhone and started US sales in January and June 2007, respectively, but the iPhone did not enter the Chinese market until 2009. Apple secured the IPHONE trade mark in class 9 (including mobile phones) in China in 2002.

#### *Nuxe ruling reversed (December 2015)*

The Beijing courts have reversed a decision of the Trademark Review and Adjudication Board (TRAB) and acknowledged that popularity and use of a trade mark overseas can contribute to reputation of a mark with the relevant public within mainland China. The Beijing High People's Court upheld a decision of the Beijing No1 Intermediate People's Court in a case involving the NUXE trade mark for cosmetics. The Court considered that a significant number of Chinese consumers make purchases of cosmetics overseas and that cosmetics purchases involve a high level of attention by the relevant public. The Courts also accepted electronic evidence in the case showing that Chinese consumers were discussing the brand in online forums, supporting the argument of reputation in mainland China. However, the case may still be appealed to the Supreme People's Court.

- **Contracts and prior business relationships (Article 15)** – opponents must prove an earlier business relationship that led to awareness of an unregistered trade mark. This provision requires prior use of the mark in China, and covers same/similar marks on same/similar products, but, crucially, does not require proof of reputation. It can provide a powerful argument when prior business relationships can be proved, for example through email correspondence – though this does not apply in all cases.

- **Well-known trade marks (Article 13)** – well-known mark status, and the cross-(sub)classification protection it brings, remains extremely difficult for international brands to obtain in China. The British Embassy IP webpage contains detailed guidance on applying for well-known mark status, with the process including a large amount of supporting evidence in addition to an element of subjective recognition by senior trade mark officials. For foreign brands, evidence of publicity in China (including duration, geographical coverage and marketing expenditure), previous enforcement cases and global brand rankings can all be considered.

While these trends offer some optimism, there are a number of reasons to believe these developments do not signal a new dawn for international companies fighting bad faith applications in China. For one, court decisions are non-binding on future cases. In addition, China retains a strict, unique and narrow definition of “similar” goods and services, restricting the scope of protection. High evidence burdens, tight administrative deadlines and an inflexible approach to formalities can seem to stack the deck against opponents.

On the other hand, the CTMO and TRAB will be closely watching the

trade mark cases passing through the Beijing courts. The courts themselves have published strong statements on their websites indicating a crackdown on bad faith trade mark filings. And the Chinese Government has recently started to notice a trend of international bad faith applications for Chinese brands, perhaps providing a fresh impetus for action at home.

### COMPLEX SITUATION

The unfolding environment is complex. Trade Mark Attorneys need to be as clever as Sherlock Holmes to uncover and then decipher the implications of each court decision. But we will continue to follow trends closely and support British companies to improve their IP case outcomes in China.

In the meantime, our best advice for British trade mark owners and their Trade Mark Attorneys is:

- **Speak with your Chinese Trade Mark Attorney.** Understand the latest trends in Chinese opposition and invalidation cases. Ask whether the trends above fit the fact pattern in your case.
- **Can the British Embassy help?** We are always happy to share the benefits of our experience working with hundreds of companies in China each year. Get in touch!
- **Prepare your evidence.** Be ready to take a “kitchen sink” approach in China. The evidence burden will be high, and multiple strategies will often be applied simultaneously.
- **Defensive options.** Consider defensive filing in high-risk classifications (and classes 18 and 25 in particular). These filings may be vulnerable to non-use cancellation actions later, though most opportunist squatters do not go to this amount of trouble.
- **Act quickly.** Register your trade marks in China as soon as possible; if you don't, someone else will. ■



#### **Monica Su**

is Intellectual Property Officer at the British Embassy Beijing  
[su.hong@fco.gov.uk](mailto:su.hong@fco.gov.uk)

If you have any questions about IP in China, Monica can also be reached at +86 10 5192 4297.



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# DISCUSSION TURNS TO DESIGNS



*John Coldham summarises the key areas of debate at April's successful seminar*

**O**n 27 April, ITMA held what it described as its most successful seminar to date, at the riverside offices of Gowling WLG. The topic was all things designs, with a particular focus on Trunki. The stellar cast of speakers included Michael Hicks and Mark Vanhegan QC (acting as counsel for and against Trunki, respectively); Nathan Abraham, Head of UK Examination Practice for Trade Marks and Designs at the UK IPO; Martin Howe QC; Guy Tritton; and His Honour Judge Hacon, with this author acting as chair.

## *Trunki's implications*

During a panel discussion on Trunki, Mr Vanhegan QC welcomed the result

that absence of ornamentation was capable of protection as a positive feature, bringing more certainty for designers looking to protect minimalist designs.

The panel considered how a design might be represented as “shape only” on the European register, where disclaimers are permitted but cannot be used for interpretation (unlike in the UK). It was agreed across the panel that it would be extremely difficult to be certain that you have protected just the shape. Mr Vanhegan QC’s view was that there was “no harm” in putting some wording onto the European application – it may be used to aid interpretation, and he pointed to EUIPO decisions where such wording had been taken into account.

The value of design registration was queried, given that no Registered Community Design case has succeeded in the Court of Appeal. However, the panel’s view was that registered designs are extremely important. Succeeding in court is sometimes tricky, but design registrations have a strong deterrent effect.

As registered designs provide a monopoly, care should be given to the scope claimed. It was suggested that designers should file multiple design applications, covering different forms of representation and different parts of a product.

The panel felt that this may be made easier when the UK IPO (which has reported a 32 per cent year-on-year increase in design applications) dramatically reduces filing fees for



*The panel's view was that registered designs are extremely important. Succeeding in court is sometimes tricky, but design registrations have a strong deterrent effect*

UK designs later in 2016. Designers can create a bedrock of UK designs from which they can internationalise the more successful ones within the priority period. However, Jon Parker of Gowling WLG's Dubai office cautioned that designers should be wary of relying on the European grace period, as it invalidates design applications in many other parts of the world.

As a final point, the panel agreed that the most important factor post-Trunki will be how designers file their designs in future. Since the event, the UK IPO has published guidance on the filing of designs in Designs Practice Notice 1/16 (on 1 June 2016). While such a document can never be all things to all people, especially in circumstances where it is only guidance, the final form of the note seems to be a sensible and intelligent approach to the issue. It is, of course, the courts that will determine the precise scope of how designs are interpreted in future, so the UK IPO can only advise.

### *Repeal and replicas*

Mr Howe QC discussed the overlap between designs and copyright, and the impending repeal of Section 52 of the Copyright Designs and Patents Act 1988 (effective 28 July). This will remove the limitation to 25 years for copyright in industrially manufactured artistic works.

Contrary to the popular belief that this will put a stop to sales of imitations of design classics, Mr Howe QC did not see this as opening the floodgates of litigation. It will be hard to prove that a piece of furniture is a sculpture post-Lucasfilm, and even proving it to be a work of artistic craftsmanship will be challenging, because one must prove

that it is both artistic and a “work of craftsmanship”. He considered a number of examples from a recent newspaper report encouraging people to buy-up replicas, expressing doubt that any of them would have the necessary qualities of craftsmanship to qualify.

### *A 3D alternative?*

Tritton discussed the complexities of registering 3D objects as trade marks. Aside from the duration of the protection, the main benefit (over design protection) is that prior art is not a concern. Registering a 3D object as a trade mark, however, is not without its hurdles. The trouble is that no one really markets a product without an associated word mark.

### *Impressing at the IPEC*

Hacon J provided some useful pointers on how to stay on the right side of the judges in the IPEC.

He suggested that, when claiming unregistered design infringement, claimants should submit no more than five “sub-designs” for consideration. Defendants pleading that designs are commonplace should identify all the features in that design that are reasonably striking to the eye, and then identify an article within the prior art that has all those features, and therefore renders those features commonplace. That is not straightforward, and commonplace arguments rarely succeed.

In relation to registered designs, Hacon J suggested that evidence of the design corpus should be provided by the defendant only, since it has the strongest incentive to find the works most similar to the claimed designs. There is rarely a need for more than 10 items to evidence the corpus.

While registered design cases are not currently heard in the IPEC small-claims track, Hacon J said that a change to allow this was being “actively considered”.

When asked whether the new Shorter Trials Scheme pilot was a “competitor”, he said that the IPEC does not compete with the Chancery Division for cases. He commented that the Chancery Division had not seen a drop-off of cases since the IPEC has launched – instead, more cases are being brought, showing that the IPEC is increasing access to justice. Hacon J reminded the audience that the IPEC is ably set up to deal with interim injunctions and summary judgment. He foresaw the new Shorter Trials Scheme as having a similar effect, offering the benefits of the streamlined IPEC procedure, but without the scale costs and damages cap. ■



#### **John Coldham**

is a Director at Gowling WLG

[john.coldham@gowlingwlg.com](mailto:john.coldham@gowlingwlg.com)

John is a member of ITMA's Design and Copyright Working Group.



# SPEAKING OUT

*Mark Bearfoot provides a personal perspective on the importance of an open environment in the legal profession*

**R**eaders of the *ITMA Review* who are not familiar with me may be wondering why I've been invited to write an article on the experiences of the lesbian, gay, bisexual and transgender (LGBT) community, and the issues its members face within the IP profession.

One of the reasons for this invitation was that, on 30 November 2015, ITMA joined the UK IPO, the Chartered Institute of Patent Attorneys and other leading IP organisations in launching a diversity initiative called IP Inclusive. Led

by a taskforce of nearly 40 members, IP Inclusive will focus on four work streams:

- Creating resources aimed at raising awareness of the IP profession and encouraging recruits from a wider range of backgrounds;
- Developing and implementing a voluntary code of practice for IP professionals, and best-practice guidance;
- Creating and delivering equality, diversity and inclusion training for IP professionals; and
- Launching IP Inclusive support networks for the LGBT community, under the banner of IP Out, and Women in IP;

these networks will eventually be offering mentoring schemes to their members.

The foundation of the IP Inclusive initiative is its Charter for Equality, Diversity and Inclusion. This Charter is a public commitment by signatory organisations to adhere to the principles of equality, diversity and inclusion in all aspects of employment practice, especially recruitment and retention, career development and workplace ethos. The Charter consists of the following six commitments:

"1. Having in place a named individual within our organisation as Equality, Diversity and Inclusion Officer. This



person will be sufficiently senior to make change happen and to be accountable for our progress;

2. Having in place a written Equality, Diversity and Inclusion policy for our organisation and making everybody in the organisation aware of it;
3. Promoting openness and transparency so as to demonstrate merit-based equal opportunities in our recruitment and career-progression processes;
4. Acknowledging the effects of unconscious bias and introducing measures to tackle it;
5. Monitoring and reporting internally on our progress using measures, and at intervals that are appropriate to our size and nature;
6. Sharing our experience within the IP Inclusive community to help build an effective network for equality, diversity and inclusion across the IP sector.”

Now, you could be forgiven for asking why this initiative is necessary in a modern Western society – and, on the basis of my own personal experience, you’d be right to voice your reservations. Which brings me

back to that writing invitation. As an openly gay man in the IP community, I honestly do not believe that my career has ever been hindered through discrimination on the basis of my sexual orientation. I certainly have never been the recipient of any form of homophobic mistreatment or bullying in the workplace; far from it, in fact.

I came out in 1999, when I was 18 years old and working as a formalities clerk at Markforce Associates, and I have only ever encountered tolerance and acceptance throughout my career since then. In fact, I have had managers at both The Coca-Cola Company and at the Harley-Davidson Motor Company who are openly gay. Interestingly, the trade mark team here at Harley-Davidson consists of eight people, and three of us are openly gay. I could not wish for a more accepting team.

#### **ATYPICAL EXPERIENCE?**

However, my experiences may not be typical for all LGBT employees. In 2013, YouGov conducted a survey on

behalf of the LGBT charity Stonewall that found that one in six (15 per cent) of LGBT employees have experienced verbal homophobic bullying from their colleagues in the past five years. One in eight (13 per cent) of LGBT employees would not feel confident reporting homophobic bullying in their workplace. Just over a quarter (26 per cent) of LGBT employees are not open to colleagues about their sexual orientation.

This last finding is perhaps the statistic I can relate to the most. For me, there have always been two aspects in which my homosexuality has interacted with my career.

First, coming out. When starting a new job, it is always difficult to decide when to disclose the fact that you’re gay, and, in my case, that you’re married to a man. I remember that it took a few weeks, if not months, before I felt comfortable enough to come out to my colleagues at the firms I worked at earlier in my career – though this reluctance was much more to do with my own confidence



than the environment of those respective firms. When I did eventually decide to come out, it never seemed to surprise my colleagues, and it was certainly a non-issue. Now, as a mature 30-something with much more confidence and an established career, I will purposely mention my husband in interviews, because I would rather be open from the outset.

Having said that, I do have friends in the broader IP and legal profession who are not open about their sexual orientation with their colleagues. I have even witnessed one friend pretend to be straight with senior colleagues in an attempt to be “one of the boys”. These were colleagues with whom that person had worked for many years.

The fact is that being out at work is incredibly important. A Stonewall research paper entitled *Peak Performance* found that LGBT employees who can be open about their sexuality at work “are more likely to enjoy going to work, feel able to be themselves, form honest relationships with their colleagues, are more confident, and [are] ultimately more productive.”

Interestingly, Law Society research suggests that four per cent of partners in large law firms and 4.8 per cent of partners in small firms have reported that they are lesbian, gay or bisexual. The proportion of solicitors reporting that they are LGB is also four per cent

in large firms and 4.6 per cent in small firms. The proportion of other legal staff reporting they are LGBT is higher in small firms (5.3 per cent) than large firms (2.6 per cent).

I would be fascinated to discover the corresponding percentages in trade mark firms, and would certainly support any research commissioned by ITMA in this area.

## INTERNATIONAL ELEMENT

The other element of coming out is how it affects relationships with external business partners, clients and foreign counsel. Building networks and relationships is an extremely important element in any successful career. I know a number of you will have recently returned from the International Trademark Association annual meeting, at which you would have attended meetings and drinks receptions with various foreign counsel. I’m sure part of your conversations with these friends, colleagues and acquaintances would have turned to the subject of wives, husbands, children and family holidays. I, for the most part, will likely have tried to avoid these conversations with particular foreign counsel, because I simply cannot predict their reaction when I start to talk about my husband Daniel. I have had people in the past refuse to shake my hand because of my homosexuality, and it’s certainly an experience I’d rather not repeat.

Perhaps the most challenging aspect of the role at Harley-Davidson is attending motorcycle rallies and engaging with members of the biker community, who will regularly ask about my presumptive wife or girlfriend. Rather than correcting their assumptions, I simply find myself changing the subject.

The second aspect is in relation to international business travel, which

my role requires me to undertake in a relatively large amount. This year will likely entail as many as 16 trips. Readers may not be aware that there are at least 75 countries in which homosexuality remains illegal. This list includes India, Singapore and the UAE, where anyone with business connections in the Middle East or Asia will likely be required to travel. Admittedly, these laws are rarely enforced against tourists or business travellers, but there are instances where they are.

A British man was arrested in 2014 and imprisoned for four months in Morocco. This is certainly an issue that should be on the radar of senior partners and equality, diversity and inclusion officers.

Another point that is particularly relevant to those working for multinational firms is the potential for assignments and/or promotions to international offices within your company. These offers are usually highly competitive and are incredible opportunities to develop and progress in your career. While an LGBT employee may be willing to travel to Dubai or Singapore for a business trip, accepting a long-term assignment or permanent promotion in the Dubai office may not be feasible, particularly if that employee is married and has children. Turning down such an offer is never going to be looked upon favourably by senior management, and may negatively impact your career if that opportunity is the only way to gain particular experience.

I think we need to look at the broader legal profession, particularly law firms, for inspiration on how they have engaged with equality, diversity and inclusion over the past 10 years.

## CULTURE CLASH

In 2006, a report by the Law Society revealed that the “macho” culture of

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law firms was hindering LGBT lawyers from coming out at work, fearing it would affect their career progression. It described “constant trips to Spearmint Rhino (a lap-dancing club chain), rugby matches and drinking sessions as holding undertones of homophobia”.

In the 2008 Stonewall *Workplace Equality Index*, not a single law firm entered the Top 100 Employers list. This year, however, 11 law firms have reached the Top 100 – with Pinsent Masons coming fifth overall – and the majority of these law firms have notable IP practices, including Clifford Chance and Baker & McKenzie. The Stonewall *Workplace Equality Index* is an evidence-based benchmarking tool used by employers to assess their achievements and progress on LGBT equality in the workplace. Each participant must demonstrate their expertise in 10 distinct areas of employment policy and practice, including networking groups, career development, training and community engagement. More than 400 organisations participated in the 2016 index, with MI5 being named employer of the year.

Interestingly, there was a catalyst for this sudden engagement by the

legal profession. In 2007, JP Morgan’s Associate General Counsel and Managing Director Tim Hailes summoned its key relationship partners from its panel law firms to a meeting with Stonewall to learn about best practice towards LGBT staff, and to bring its LGBT policies into line with the bank’s own policy. It targeted its top 15 external firms by spend. In his letter to the external firms, Tim Hailes noted that the legal community is “perceived by some to lag behind other industries ... We believe that the seminar will provide an opportunity to discuss the issues and help to equip you with the tools to address it proactively and in line with your firm’s unique culture.” He also appeared in *The Lawyer* and stated that: “The firms’ commitment to this agenda will be a relevant factor [in the bank choosing them]. It isn’t the deciding factor, but it will be taken into account as part of our assessment, and not doing it won’t be viewed positively. We want to see change.”

Another key development was the creation in 2008 of the InterLaw Diversity Forum for LGBT Networks. This is an inter-organisational forum for the LGBT networks in law firms and all personnel (lawyers and non-lawyers) in the legal sector, including in-house counsel and some 1,000 members and supporters from more than 70 law firms and 40 corporates and financial institutions. The forum holds monthly meetings for its members in which best practices are shared and discussed,

and networking opportunities provided. Despite my participation in the forum since its inception, I have rarely had the opportunity to meet with other IP professionals, and certainly never with any registered Trade Mark Attorneys. We are most definitely under-represented in the forum.

### PLAY YOUR PART

As I’ve witnessed the progress made by law firms, I have been a little disappointed by the lack of engagement by trade mark firms in the form of equality, diversity and inclusion, and therefore welcome the launch of IP Inclusive and the creation of IP Out. However, the initiative and the support networks will only succeed if the respective communities sign up and get involved.

If your firm is interested in learning more about supporting your LGBT employees, then I would certainly recommend that you check out the workplace resources available on the Stonewall website at [stonewall.org.uk](http://stonewall.org.uk), particularly its *Peak Performance* guide. Stonewall recommends a number of key actions employers can take to make employees more productive in the workplace, including: introducing anti-gay-bullying and harassment policies; training line managers; auditing existing policies to ensure they create a safe and supportive workplace for LGBT employees; monitoring sexual orientation in employee engagement surveys; and creating an LGBT network group. ■



### Mark Bearfoot

is Brand Protection Manager EMEA at Harley-Davidson Europe Ltd

[mark.bearfoot@harley-davidson.com](mailto:mark.bearfoot@harley-davidson.com)

Mark is a member of the ITMA Council.



## A VIEW FROM *Alicante*

*Philip Harris enjoyed the spirited debate at the EUIPO's recent IP Case Law Conference*

16

When it was suggested back in February that I might want to represent ITMA at the EUIPO IP Case Law Conference in Alicante, it didn't take me long to say yes. After all, Alicante in May with some interesting trade mark people – what's not to love? And the trade mark geek in me was definitely alive to the learning possibilities a high-level conference on EUTM case law might offer – about which, more later.

My cup ran over quite a bit more when I received a kind invitation from the conference team to be a “leading discussant”, especially as it turned out that this opportunity came with an equally kind invitation to a pre-conference dinner with the speakers.

The dinner was at a restaurant I hadn't visited before, La Ereta, around halfway up the Castle Hill, just to the rear of the Esplanade. A party of us received a very entertaining guided tour along the route by the EUIPO's Gordon Humphreys and Sven Stürmann. Rather out of breath, we emerged onto the restaurant patio to be greeted with fizz. The last of our

breath was snatched by a spectacular view. The dinner was an excellent chance to sit with our session teammates, and to meet the other speakers and organisers, many of whom are famous names in the field.

The conference started bright and (too) early the next day. Breakfast was served at the EUIPO's reception area, with, again, excellent views over Alicante Bay. We then moved to the brand new conference hall and lecture theatre in the basement. This is EU institutional spending at its best – a state-of-the-art facility that reflects the importance of the organisation and its role (and a vast improvement on the old “*Dr Strangelove* room”).

Representatives from across the EU were among the attendees, and some came from further afield. Eastern Europe was particularly well represented. The UK presence, however, was disappointingly small.

Proceedings were opened by the UK IPO's very own Mark Jefferiss, the Master of Ceremonies and, more importantly, the time moderator, a key role requiring robust intervention, as each speaker was strictly limited to eight minutes, following the custom of Fordham Law School. On the plus

side, this meant we kept up a lively pace throughout the programme. The downside was that some areas could have benefited from more, or indeed any, discussion.

The first speaker was the Executive Director of the EUIPO, António Campinos. As is common in continental proceedings of this kind, he gave a detailed overview of the EUIPO and its performance in a speech that notably exceeded eight minutes by a comfortable margin – but he is the boss, after all. He was followed by Mihály Ficsor, Chair of the EUIPO Management Board, and F Peter Müller, President of the European Communities Trade Mark Association. Müller immediately stoked controversy (and opened himself up to subsequent ribbing) by declaring that case law was unnecessary.

The first session then focused on the role of the Boards of Appeal (BoAs) in dispute resolution. While the presenters valiantly covered some very technical aspects of the BoAs' powers (including for comparison an overview of the equivalent Boards of the European Agency), the session lacked any real case law and may not





*The ‘Defending famous brands’ session treated us to some high-level scholastic dissertations on the current state of the relevant cases in the EU and US*



Geoffrey Hobbs QC



Official reception



António Campinos

have been of great relevance to anyone who isn't a procedure wonk.

Session two was chaired by Sir Nicholas Forwood QC, an ex-General Court Judge, and was entitled “Effective administration of litigation proceedings”. It was also a bit of a process fest. Admirable though each presenter was, the case law of the conference title remained elusive, and the case law that was included was generally well known to this audience.

This being Spain, we broke for lunch between 1.30pm and 3.00pm, before session three covered “Litigating before the Boards and the Court of Justice”. The title was slightly misleading, as much of the session covered the well-trodden themes of proof of use and distinctiveness, but did include engaging comparative talks on US “secondary meaning” proof by Judge Lorelei Ritchie of the United States Patent and Trademark Office’s Trademark Trial and Appeal Board; and on the Office equivalent of “judicial notice” and the right to be heard (or not), from the EUIPO’s Detlef Schennen.

Things livened up considerably in the last session of the day, “Defending famous brands”. Chaired by the formidable Professor Hugh Hansen of Fordham Law School, and including Queen Mary University of London’s Spyros Maniatis and Professor David Franklyn of The McCarthy Institute for IP, the session treated us to some high-level scholastic dissertations on the current state of the relevant cases in the EU and US, with a few playful digs at Müller, who looked as though he regretted his earlier dismissal of the relevance of cases. The high point was the Q&A, dominated by Geoffrey Hobbs QC versus Messrs Hansen and Franklyn. When Mr Hobbs QC led off without the customary self-introduction to the panel, both Professors affected, to general amusement, not to know who the famous Silk and Appointed Person was. It was all done in good humour. At last, though, we were getting what was

promised: a detailed, analytical look at where the case law was taking us.

Day two opened at a more reasonable hour with a session on “Arguing national law”, including a detailed presentation on extended passing off by Mr Hobbs QC, and the dubious path followed by the General Court in Basmati. Quite what the “non-UK law” delegates made of what to them must be a nearly alien concept wasn't clear, but I thought it was an excellent presentation given the time constraints.

The final session was on weak brands, and the difficulties posed by the F1 decision. The panel included the UK’s Anna Carboni. David Keeling, ex-BoA member, gave a scathing assessment of the CJEU’s approach to this vexed issue, which seems to give non-distinctive signs more protection than is justified. The “presumption of validity/distinctive character” advanced by the CJEU was also criticised by the EUIPO’s Dimitris Botis, who pointed out that, in contrast, a finding of non-use in opposition/invalidity proceedings does not amount to a determination of non-use as such – why should an assessment of distinctive character be different? A fair point well made. This session generated the most audience participation, and the most informed and stimulating debate of the conference.

And that brought the proceedings to a close. I felt that it was worthwhile going for the high-level lectures and very spirited debates, but there were too few of them, and a lot of material, well-delivered though it was, was “trade marks 101”. More actual case law would bring the conference into line with its title – it isn't as though there aren't enough examples, after all. Should they do it again? Definitely; the content just needs tweaking. The organisation was superb, and the EUIPO pulled off a masterclass in hospitality. My thanks go to the organising team for its hard work in bringing it all together and for the invitation to attend. ■



**Philip Harris**

is a Barrister at St Philips Chambers

[pharris@st-philips.com](mailto:pharris@st-philips.com)

Philip is a member of the ITMA Council.

# EUTMs: use them (widely) or lose them

*Dale Carter examines the impact of a recent Nike decision on the issue of genuine use*

18



**T**he old adage “use it or lose it” has rarely held greater significance than in the present context of trade marks and brand enforcement.

In the December 2015/January 2016 edition of the *ITMA Review*, we reported on the UK IPO’s first instance decision (O/451/14) in the trade mark opposition between Nike International Ltd (Nike) as Applicant and Turkish company Intermar Simanto Nahimas (Intermar) as Opponent. The case raised important and interesting questions on what constitutes genuine use of an EU trade mark (EUTM).

The first-instance decision was appealed by Intermar to the UK Appointed Person (AP). The AP recently issued his decision in the appeal, which is discussed below, upholding the first-instance finding that there had been insufficient use of the earlier EUTM to qualify as genuine use under EU trade mark law.

## **BACKGROUND**

In 2002, Intermar applied to register the trade mark JUMP in Spain and the EU in respect of footwear products in class 25. Subsequently, in 2007, Nike applied to register the trade mark

JUMPMAN at the EUIPO in respect of footwear products in class 25. Intermar opposed Nike’s application basing the opposition on its earlier EUTM and Spanish trade marks for JUMP. The EUIPO decided that: i) the trade marks JUMP and JUMPMAN were confusingly similar in the context of the goods concerned, and ii) Intermar’s opposition was to succeed. As a result, Nike’s application to register JUMPMAN in the EU was refused. Nike appealed to the EUIPO, but its appeal failed.

Ultimately, a procedural error on the part of the EUIPO in deciding the opposition based on Intermar’s Spanish mark rather than its EUTM allowed Nike the opportunity to apply for conversion of its EUTM application in EU countries other than Spain.

## **UK PROCEEDINGS**

Intermar opposed Nike’s UK application (arising from conversion of its refused EUTM), relying on its earlier EUTM. By the time Nike’s UK trade mark application was published for opposition, Intermar’s EUTM was more than five years old, and therefore subject to proof of use in the opposition proceedings.



Nike called for proof of use, and Intermar filed evidence of sales of JUMP-branded footwear. In brief, Intermar's evidence comprised proof of sales of 55,000 pairs of JUMP-branded shoes (with a value of \$476,000) to a company in Bulgaria within the relevant five-year period, albeit in the last 16 months of that period. In addition to this, evidence of sales of JUMP-branded footwear before (53,000 pairs in total sold to four businesses in Germany, Finland, Spain and Greece, and 800 pairs in Bulgaria) and after the relevant five-year period was submitted. Intermar's evidence included images of JUMP-branded footwear and point-of-sale material, including a dedicated JUMP-branded section of a retail store in Bulgaria.

In reaching his decision in the Opposition, the Hearing Officer took account of the following:

- i) The footwear market in the EU is manifestly huge and has no special characteristics. These are consumer goods likely to be purchased reasonably frequently by all the population of the EU.
- ii) The quantum of sales is manifestly minuscule when compared to the size of the EU footwear market.
- iii) The sales lack regularity and frequency, all of them being made in the last 16 months of the relevant period.
- iv) The geographical spread is extremely limited; there is just one direct

customer in Bulgaria, and one indirect customer in Romania. The Bulgarian customer would have sold the footwear to end users, but the evidence is that this is through just one shop in Varna.

- v) The sales to the Romanian customer are exceptionally limited, and there is no evidence of sales to end consumers being made.
- vi) The only catalogue in an EU language (Bulgarian) was produced in 2013 (three months before the end of the relevant period); its level of circulation was not set out.

When deciding this case, the UK Hearing Officer accepted that Intermar's use did not reflect a business operating at a sham or token level, but nevertheless decided that the use did not constitute genuine use within the meaning of EU trade mark law. Consequently, Intermar's UK opposition was rejected and Nike's UK trade mark application was allowed to proceed to registration.

### UK APPEAL

The appeal was heard on 21 July 2015 before Mr Daniel Alexander QC sitting as the UK AP.

In the decision of the AP, issued on 18 April 2016, it was confirmed that Intermar's use constituted "numerically significant sales", albeit "in a small part of the EU which represents a tiny part of the overall market". The case ultimately turned on the evidence filed by Intermar, which demonstrated use of the JUMP mark in a geographically limited part of the EU with the quantum of sales

being "small" in the context of the overall market concerned.

Having navigated around recent decisions of the EU General Court in *Now* (*Now Wireless Ltd v OHIM and Starbucks (HK) Ltd*) and *Sofaworks* (*Sofa Workshop Ltd v Sofaworks Ltd*), the AP was free to reach a finding on whether the Hearing Officer had erred in assessing the issue of genuine use in this case.

As readers will be aware, an appeal can only succeed if the appellant tribunal is able to identify that the lower tribunal committed an error in principle or law. Not being able to identify any such error in the UK Hearing Officer's earlier decision, the AP was free to (and did) reject Intermar's appeal.

The AP acknowledged that the issue of genuine use involves a multifactorial assessment of the evidence. The AP also stated that, in the context of other markets, Intermar's use may be considered sufficient to constitute genuine use in the Community.

### INTERPRETING "GENUINE USE"

The AP heard extensive argument about the interpretation of *Leno* (*Leno Merken BV v Hagelkruis Beheer BV*), which some have interpreted as imposing default requirements for multi-country use (eg in *Sofaworks*). Ultimately, the AP favoured the more flexible multifactorial approach of Mr Justice Arnold in *London Taxi* (*The London Taxi Corporation Limited v Frazer-Nash Research Limited and Ecotive Limited*), so the "absolutist" ▶

approach to Leno now seems to be out of favour.

However, the interpretation of genuine use continues to throw up inconsistencies. First, the EUIPO continues to adopt a more liberal approach than that on display here. Indeed, the Opponent's mark in this case had already been adjudged by the EUIPO to have been put to genuine use on much the same evidence in at least two cases.

Furthermore, it begs the question – what if similar levels of sales had been split between two, three, four or 28 countries evenly? Would that have qualified? By comparison, in T-258/13 ARKTIS, the EUIPO and the General Court accepted that evidence of sales of around just 3,500 duvets in four countries, evidenced by 18 invoices, was sufficient (this decision is now under appeal to the CJEU in C-295/15 P). And – to pick up on a point raised by the AP – is it really “undesirable” for a small business in one small corner of the EU to be able to prevent use by another in an equally remote far corner? Should that be a factor if the mark is otherwise commercially used? National systems throughout the world give precisely that right, no matter how large the country.

Perhaps the real concern is that, while different tribunals will inevitably come up with different and conflicting decisions in borderline cases, the disparity between the various Offices, and even within them, is very

pronounced, with different doctrinal approaches seemingly coming into conflict with one another. These tensions may ultimately require further input from the CJEU, despite its reported hope that Leno was the last word.

### IMPACT

This decision can be seen as a setback for EUTM proprietors operating in a large market but making only limited use of their EUTMs over a limited geographical area.

While the decision by the AP does not rule out the possibility that use in one EU Member State could be sufficient to qualify as use of an EUTM in the Community, it has arguably set a precedent that could disadvantage EUTM owners with only localised use in part of the EU, and this was recognised at paragraph 92 of the AP's decision.

While acknowledging that this case does not represent a settled or uniform approach on the issue of genuine use, EUTM proprietors may wish to re-evaluate the scope of their use, and receive legal advice on the merits of seeking additional trade

mark protection at the national level to safeguard against the possibility of their EUTMs being revoked or disregarded for lack of genuine use.

### UNDERSTANDING NEEDED

The AP decision does not clarify the law relating to genuine use, although it does tend to confirm that Leno is less prescriptive than originally thought. Nevertheless, uncertainty remains in this area for both trade mark owners and trade mark advisors. The decision does, however, make it clear that an assessment of genuine use involves reaching a conclusion based on multiple factors.

Assessing evidence of a trade mark having been put to genuine use on a small scale will never be straightforward. What is clear is that the nature of the market concerned is a critical factor in assessing the context of the use. Trade mark advisors must become better at understanding their clients, the markets in which they operate and the nature of those markets. Only by doing this will advisors be able to better assess the issue of genuine trade mark use and advise accordingly. ■

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*EUTM proprietors may wish to seek legal advice on additional protection at the national level to safeguard against EUTMs being revoked for lack of genuine use*



#### Dale Carter

is a Trade Mark Attorney at Rouse IP Limited  
[dcarter@rouse.com](mailto:dcarter@rouse.com)

Philip Harris, a Barrister at St Philips Chambers, co-authored this article. Mr Harris represented the Opponent and Appellant in this case.



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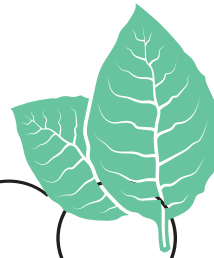
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# TOBACCO

## ON THE BACK FOOT?



*With Europe's tobacco-products legislation moving forward, Lisa Neilson reviews the lessons learned from Australia's earlier action*

**T**he CJEU has recently found the Tobacco Products Directive to be valid.

The Directive regulates the following across the

EU in relation to tobacco products: labelling; ingredients; tracking and tracing; e-cigarettes; and cross-border sales. It is designed to create better health outcomes for consumers, and to discourage young people from taking up smoking. The recent UK decision of Tobacco Packaging [2016] EWHC 1169 rejected judicial review of the UK legislation for plain-packaging rules, which are now set to come into immediate effect. These various legislative instruments, including the Australian Government's Tobacco Plain Packaging Act 2011 (Cth) (TPPA), have the same goals, and it is timely to consider the impact of the Australian legislation and the challenges it has faced since introduction.

While the wider impact of the TPPA has yet to be seen, its success to date is giving other countries confidence, as a number of EU Member States pass and begin to implement similar legislation. The Australian Federal Court's positive consideration of the legislation's effect in a trade mark infringement case last year is encouraging.

### LEGISLATION CONSIDERED

The TPPA aims to reduce the appeal of tobacco products by imposing substantial limitations on the appearance of cigarette packaging,

including shape and colour. It prohibits the use of trade marks, including figurative, logo and colour marks, on tobacco packaging, with the exception of tobacco companies' brand and business/company names, and tobacco variant names which can be displayed in mandated size, font and position. It dictates physical characteristics of cigarette packets, including shape, dimension, packet opening and colour (dull olive). Simultaneous with the TPPA, the Competition and Consumer (Tobacco) Information Standard 2011 (Cth) was introduced, mandating that text and graphic health warnings cover at least 75 per cent of the front surface of cigarette packets, and 90 per cent of the back.

The TPPA does not prevent the registration of new trade marks, nor does it provide grounds to invalidate or revoke current registrations or applications. Trade mark applicants are taken to have the requisite intention to use the mark in relation to tobacco products, and registrations are immune from non-use removal.

The only case considering the TPPA thus far was a parallel importing case before the Federal Court in October 2015: *Scandinavian Tobacco Group Eersel BV v Trojan Trading Company Pty Ltd* [2015] FCA 1086. In this case, Scandinavian Tobacco brought a claim against Trojan for trade mark infringement and passing off, and breach of Australian consumer law. Trojan, a parallel importer of cigars,

removed the original packaging of the imported Scandinavian Tobacco cigars and replaced it with the new TPPA-compliant packaging without Scandinavian Tobacco's consent. This included affixing Scandinavian Tobacco's trade marks, in plain font and type size as required by the TPPA, so the cigars could be sold in Australia.

The Court found that, as the cigars themselves and the packaging originally had the trade mark applied to them by Scandinavian Tobacco, Trojan was free to apply the trade marks on the external re-packaging and use "the trade marks by selling the goods and doing the associated activities". The Court found this use fell within the Section 123 of the Trade Marks Act 1995 (Cth) defence to infringement, namely that it "does not infringe the trade mark if the trade mark has been applied to, or in relation to, the goods by, or with the consent of, the registered owner of the trade mark". This decision is indicative of how the TPPA and its interplay with the Trade Marks Act 1995 will be treated by the Australian courts in the future.

### CHALLENGES

Tobacco companies have instituted a number of challenges to the TPPA, both domestic and international, in an attempt to thwart the legislation.

#### *High Court of Australia*

Tobacco companies initially challenged the TPPA in the High

Court of Australia (JT International v Commonwealth of Australia; British American Tobacco Australasia Ltd v Commonwealth of Australia [2012] HCA 43), contending that their trade marks are “property”, and the TPPA constitutes a compulsory acquisition of that property in violation of Australia’s Constitution.

In its defence, the Commonwealth argued the TPPA was in the public interest, and there was a rational basis for concluding plain packaging of tobacco products would reduce their appeal. It also submitted the property rights associated with the registered trade marks involve “a statutory assurance of exclusive use, not a positive right or authority to use”.

In a six-to-one majority, the High Court upheld the TPPA, finding that, while it operates as a taking of property, there is “an important distinction between a taking of property and its acquisition”. As the “taking” did not confer a proprietary benefit or interest, the Commonwealth did not acquire any property.

*Investor-state dispute*

Tobacco companies have also looked to international forums to challenge the TPPA. Philip Morris Asia Limited brought an investor-state dispute (which allows an investor to bring proceedings against a foreign government) against Australia, claiming the TPPA breaches Australia’s foreign investment provisions in its bilateral investment treaty with Hong Kong. Philip Morris claimed the TPPA constituted an expropriation of its IP, and did not afford it fair and equitable treatment.

It is understood that Philip Morris restructured its company to place itself in a position to present the claim, and the Australian Government argued Philip Morris had improperly made a foreign investment to facilitate the proceedings, and that the nature of



the investment contained “false and misleading” assertions. The Permanent Court of Arbitration unanimously agreed with the Australian Government that it had no jurisdiction to hear Philip Morris’s claim.

*WTO dispute*

Currently, four countries are utilising the WTO’s dispute settlement process, claiming the TPPA violates Australia’s obligations under the Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement. As private companies cannot bring claims directly in WTO disputes, tobacco companies are openly assisting the complainant governments – Honduras, Indonesia, the Dominican Republic and Cuba (Ukraine recently withdrew its dispute).

The most substantive argument is that the TPPA is inconsistent with TRIPS’ trade mark protection provisions. The complainants argue that the TPPA is an obstacle to use of tobacco trade marks; prevents owners from enjoying the rights conferred by registration (ie the right to use); and unjustifiably encumbers by special requirements the use of trade marks (in violation of Article 20).

As TRIPS does not support a positive right to use a trade mark, only a right to registration and a right of exclusion, the dispute will likely turn to the interpretation of Article 20, and whether the public-health objectives of the TPPA are “justified” to prevent the use of tobacco trade marks. A decision in the WTO dispute is not expected until the latter half of 2016.

**APPLICATIONS FILED**

While some tobacco companies have taken steps to file trade mark applications in the new TPPA-compliant format (see right),

many continue to file large numbers of applications for figurative, logo and colour marks covering cigarettes and tobacco in class 34. This may suggest tobacco companies are optimistic the WTO will find the TPPA in breach of Australia’s obligations under TRIPS, but many of the new applications also cover e-cigarettes.

Currently, the TPPA does not prohibit the use of trade marks on e-cigarettes. However, momentum is building to have the marketing and advertising restrictions that apply to tobacco products extended to e-cigarettes. The Australian Medical Association, Cancer Council Australia and the National Heart Foundation have all recently released position statements supporting this.

**IS THE TPPA EFFECTIVE?**

There are indications the TPPA is effective. The Australian Bureau of Statistics revealed total expenditure on tobacco products in the first quarter of 2014 was the lowest ever recorded. There has been a 78 per cent increase in calls to quit-smoking service Quitline since the TPPA’s introduction, and the number of minors taking up smoking has also fallen. However, given the TPPA has only been in force for three years, and was introduced concurrently with the increased size of graphic health warnings and tax increases, significant studies on its impact are yet to be released. ■

Compliant mark example

Peter Jackson  
Gold + Superior Filter

Bond Street  
Blue + Firm Filter



**Lisa Neilson**

is an Associate and Trade Mark Attorney at FB Rice  
lneilson@fbrice.com.au

# TTIP

## *an IP black hole?*

*Dr Christian Köster finds much awaiting illumination when it comes to the effect of a proposed trade partnership on IPRs*



**A** lack of transparency in the planned Transatlantic Trade and Investment Partnership (TTIP) between the US and the EU has made it subject to massive criticism. Now, campaigning group Greenpeace has made the current TTIP draft public in electronic form. In Berlin, near the Brandenburg Gate, the documents are also on display to the public in a transparent box. As a result of this action, TTIP is more transparent, but probably also more brittle.

While Greenpeace is largely concerned with the impact TTIP may have on environmental policy, others examining the document will certainly first look at those aspects that might affect his or her professional or personal life most. Accordingly, this article will discuss intellectual property rights (IPRs). It seems that some fairly general statements in this regard are currently contained in the draft agreement.







In the context of cooperation in agriculture, reference is made to the Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement.<sup>1</sup> Further, the importance of origin-linked products and geographical indications for sustainable agriculture and rural development, in particular for SMEs, is stressed. This is, however, “without prejudice to the relevant provisions laid down in the Intellectual Property Chapter of this Agreement”.

### COMMON GROUND

When it comes to relations to other agreements, the WTO agreements<sup>2</sup> are generally referred to. It seems to be common ground that TTIP shall neither reduce nor extend the parties’ obligations already existing under the WTO agreements. Other international treaties concerning IP are not listed in this part of the draft agreement.

The parties further seem to agree at this stage that there is need for continued work by the so-called “Transatlantic Intellectual Property Rights Working Group” in order to support SMEs in the field of IP. It appears this is not further specified.

Both sides also seem to agree that the grant of an IPR does not

“

*According to the EU’s view, the US appears to be currently unwilling to table concrete proposals on more “sensitive offensive interests”*

automatically confer a monopoly in the sense of the agreement, while not excluding that an IPR may play a role in creating such a monopoly.

So, IP is addressed in the draft agreement with a view to different areas of international trade. However, a reading of the chapter entitled “Tactical State of Play” suggests that there is still significant dissonance, also with regard to IP.

First, we learn that, in talks at the end of February this year, the US and EU discussed rules of origin as well as IPRs.

However, we further learn that, according to the EU’s view, the US appears to be currently unwilling to table concrete proposals on more “sensitive offensive interests”, which are said to include, for example, patents.

The document further explains that the EU believes that the US is of the opinion that the IPR chapter of the TTIP agreement should not be a standard (Trans-Pacific Partnership-type) text, and further insisted that a departure from its “model” creates some difficulties in terms of addressing the demands included in the IPR-related sections of its Trade Promotion Authority.

Additional details are expected to be discussed soon, but apparently not yet known are specifics about:

- capturing the level of cooperation that already exists (through the

Transatlantic Intellectual Property Rights Working Group), which should cover cooperation in relation to: third-party countries; international organisations; Customs matters; voluntary stakeholder initiatives, technical assistance and capacity building; support to SMEs (including websites); and

- putting in place an IPR Committee to ensure transparency in its activities and inclusion of a wider range of stakeholders.

Moreover, it seems that the EU believes that US legislative projects in certain IPR areas are not making progress in Congress, notably the draft laws on patent reform (addressing the alleged problem of patent trolls) and on the copyright sectors.

Many topics appear to be still under discussion, including geographical indications, so these are probably only a few of several aspects that are still open for discussion and potential change. The document states that respective discussions during the last round merely focused on the preparation of an inter-sessional discussion prior to the next round.

The fact is that the passages of the agreement concerning IPR are only sparsely illuminated and largely black. From the IP practitioner’s perspective, it would be desirable that further light be shed on the impact of TTIP on IPRs, and on the further negotiations between the US and the EU. After all, even if Stephen Hawking suggests they may lead to another universe, nobody wants to be sucked into a black hole. ■

*Author’s note: this article is not intended to express any political assessment of the TTIP project.*


**1)** Trade-Related Aspects of Intellectual Property Rights; Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization, signed in Marrakesh, Morocco, on 15 April 1994.

**2)** The WTO agreements are often called the Final Act of the 1986–1994 Uruguay Round of trade negotiations, although strictly speaking the Final Act is the first of the agreements.



### Dr Christian Köster LLM

is a German and European Patent Attorney and a European Trade Mark and Design Attorney, at Dennemeyer & Associates (Munich). He specialises in chemical, biotechnological and pharmaceutical patents, opinions and court actions.



*Andrew John Bellingall explains why ambush marketing is once again on the radar in Rio*

# OLYMPIC MEDDLERS

**T**he 2016 Olympic and Paralympic Games in Rio will soon be upon us. The marketing and advertising activities of sponsors, supporters and official suppliers are being directed to the mega-audiences these two events will attract. The official sponsorship packages range from \$10m to \$100m, a testament to the massive investment that brands are prepared to make to reach an estimated audience of 4.3 billion people who, for a few precious weeks, will have their eyes firmly fixed on Brazil.

In order to reach this huge audience, some companies that

were not able to become official sponsors, but want to gain what they can from the event, may turn to ambush marketing. This is an illegal strategy through which they will hope to promote their brands, piggybacking on the events of the 2016 Games. The International Olympic Committee (IOC) defines ambush marketing as: “Any intentional or unintentional attempt to create a false, unauthorised commercial association with a brand or event, in this case Rio 2016 and the Olympic and Paralympic movements.”

Like the organisers of previous Olympic and Commonwealth Games, the IOC and the Brazilian Olympic Committee (BOC) must protect the Games from ambush marketing in order to secure sponsorship of future events. No one will pay \$100m for an official sponsorship deal if their direct competitors will get the same benefits by engaging in ambush marketing. This leaves organisers with the Olympic challenge of safeguarding the worldwide IP protection of seven symbols, 11 word marks (with their abbreviations), three mascots, and 64 pictograms, settings and graphical fonts – not to mention the torch and the Olympic flame.

Happily, the IOC and the BOC have the assistance of the Brazilian federal authorities, which have a legal obligation to suppress acts of ambush marketing under Article 6 of Brazil’s Olympic Act of 2009:

“Federal Authorities are responsible for controlling, overseeing and suppressing any unlawful acts which violate the rights of the trademarks used in connection with the Rio 2016 Games ... For the purposes of this Act, the trademarks related to the 2016 Games are:

- i. all graphically distinctive signs, flags, mottos, emblems and anthems used by the IOC;
- ii. the names ‘Olympic Games’, ‘Paralympic Games’, ‘Rio 2016 Olympic Games’, ‘Rio 2016 Paralympic Games’, ‘XXXI Olympic Games’, ‘Rio 2016’, ‘Rio Olympics’, ‘Rio 2016 Olympics’, ‘Rio Paralympics’, ‘Rio 2016 Paralympics’ and other abbreviations and variations,

and also those equally relevant, which may be created for the same purposes, in any language, including those in connection with internet website domains;

- iii. the name, emblem, flag, anthem, motto, and trademarks and other symbols of the Rio 2016 Organising Committee; and
- iv. the mascots, trademarks, torches and other symbols in connection with the XXXI Olympic Games, Rio 2016 Olympic Games and Rio 2016 Paralympic Games.”

This is just as well, since there have been many examples of ambush marketing over the past 30 years:

- Nike was the official sponsor of the Olympic Games in 1996, but the athlete Linford Christie appeared at a news conference wearing contact lenses bearing the mark PUMA. The contact lenses created an undue association between the mark PUMA and the Olympic Games, and was so daring that it created controversy (and therefore more publicity about the unofficial use of the mark PUMA).
- During the 1992 Games, Reebok was the official sponsor of the USA men’s basketball team, much to the dismay of Nike, which was a long-time sponsor of the US basketball star Michael Jordan. During the medals ceremony, Jordan covered the REEBOK mark he was wearing with the American flag. Deliberately covering the trade mark of an official sponsor, albeit with the US flag, must be considered an illicit act for the purposes of ambush marketing.
- During the Olympic Games in London in 2012, the bookmaker Paddy Power used billboards to announce that it was the “official sponsor of the largest athletics event in London this year”, with the caveat stating the slogan referred to an event in London, France. Paddy Power had indeed sponsored an

athletics event in London, France, with the express purpose of using this for an amusing targeted campaign. The IOC had the good sense not to take any action against Paddy Power, which would no doubt have enjoyed the opportunity of some additional, free “bad” publicity.

### STEP TOO FAR?

Although it may be considered reasonable to prohibit use of the design marks of the IOC or the marks OLYMPIC GAMES and PARALYMPIC GAMES, extending the prohibition to RIO 2016 seems excessive. Anyone daring to hold an event in Rio this year must avoid any reference to RIO 2016, or face the wrath of the federal authorities. Another questionable rule is in relation to the names of mascots: Tom and Vinicius. Tom Jobim and Vinicius de Moraes, who wrote “The Girl from Ipanema”, among many other traditional bossa nova songs, are national treasures in Brazil. Throughout this year, however, those making homages and references to the artists should take extra care.

In this cat-and-mouse game of ambush marketing, official sponsors and organisers have to make full use of the Olympic Act of 2009 to stop infringers who threaten the very future of the Games. The Rio 2016 Games will cost more than \$10bn (depending on the exchange rate used during the period of investment). Half the money that the IOC receives from sponsorship and the licensing of the Olympic trade marks is applied to expenses of competitions. More than \$1bn was invested in each of the Beijing, London and Rio Games. Failure to protect the interests of official sponsors will undermine this investment and, potentially, future Olympic events. ■



#### Andrew John Bellingall

is a Partner at Daniel Advogados in Brazil

[andrew.bellingall@daniel.adv.br](mailto:andrew.bellingall@daniel.adv.br)

Andrew specialises in trade marks and copyright law.

# SMOOTH MOVES



*Chris Riley outlines what IP advisors need to know to help rights owners through changes of trade mark ownership*

**B**usinesses that hold trade marks, whether registered or unregistered, hold valuable IP, which, for tax purposes, is an intangible asset. Steps taken to acquire, dispose or license those trade marks will inevitably have tax consequences. This article considers the UK tax implications of these assets, with a specific focus on transfers of trade marks within multinational groups.

## **WHY MOVE A TRADE MARK?**

While individual companies may, of course, be looking to realign their IP holdings for non-tax reasons, there has been a significant focus in recent years on perceived international tax avoidance, which has led to the OECD project on base erosion profit shifting (BEPS). This project has a specific impact on the tax treatment of IP.

Of particular interest to the BEPS project is the widely used structure whereby multinational groups 'warehouse' IP, including trade marks, in a single company based in a jurisdiction that will

typically benefit from a low rate of tax. Payments to that company by users of the IP will attract corporation tax relief at a local level, and at a rate higher than that paid in the recipient company, generating net tax reductions. The agreed approach from the BEPS project is to prevent artificial tax savings by disallowing such costs arising where there is no other economic or commercial rationale to the arrangements.

Although a commercially robust arrangement may be at low risk of challenge – even if a significant tax saving arises – some groups may now need to make changes to their IP holding structure.

Groups may now seek to repatriate UK-associated trade marks to UK group companies to realign their commercial interests, although the following treatment would also apply to third-party acquisitions.

Registered trade marks will be considered intangible assets for accounting and tax purposes. Accounting practice will mean that they will be amortised in the financial



*To avoid facing a later tax-authority challenge, companies should ensure that any values applied are robustly calculated and defensible*

statements each year. Typically, that expense will be an allowable cost for corporation tax purposes.

An exception to this is that, where registered trade marks are acquired from connected companies, and the trade mark existed prior to April 2002 (even if not registered at that time), the amortisation will not be an allowable cost for UK tax purposes, as the rules apply only to assets created by a group (or acquired from unrelated parties) after that date.

Amortisation of unregistered trade marks acquired since July 2015 no longer qualifies for corporation tax relief.

### TRADE MARK DISPOSAL

How the disposal of a trade mark is taxed will depend primarily upon when and how it was acquired or created, similar to the differences noted in respect of the initial acquisition above.

The company disposing of the trade mark will be taxed broadly on the difference between sales proceeds received and the original cost. However, where amortisation has been claimed as a tax deduction previously, this will reduce the cost amount in the gain calculation to prevent relief being given twice for the same cost. In some cases, a “pre-2002” asset will receive an uplift of initial cost to reflect the effect of inflation on any pre-2002 costs incurred.

Transfers between UK group companies will not ordinarily be immediately chargeable to tax. However, should a company acquire a trade mark from another UK group company, and then leave the group within three years, this may crystallise a charge.

### INCOME

Income arising to a UK company for licensing of trade marks to other entities, whether in the group or to third parties, will be taxable in the UK entity. Payments made for the use of trade marks held outside the UK will ordinarily be allowable as deductions against profits in the trade in which they are used.

Where such payments amount to royalty streams, the possibility arises that amounts paid to or from the UK will be subject to withholding taxes, applied in the country from which the payment is made, depending on local tax regulations, the nature of the payment and any tax treaties between the two jurisdictions that may reduce any statutory basis for deduction.

Although in most cases any withholding taxes will be available to reduce the tax liability of the recipient company, such relief may be subject to restriction, meaning that withholding taxes could, in some cases, give rise to an absolute tax cost.

### IMPORTANCE OF VALUES

Where transactions are entered into between unconnected parties, there is a presumption that the transaction is entered into on commercial terms, and that the values applied are reasonable for tax purposes.

However, where parties are connected, for example as members

of the same group, this presumption cannot hold true. A company in a low-tax jurisdiction could otherwise overstate the value of its income from a subsidiary, and benefit from low rates of tax, while the subsidiary would recognise a greater than reasonable expense to obtain tax relief at a higher rate.

“Transfer pricing” is the mechanism by which tax authorities ensure that only commercially reasonable prices are attributed to supplies between connected parties, by enforcing the application of an arm’s-length price to counter potential tax avoidance. These principles could apply to any of the transactions noted above, and are potentially very complex in their application when applied to the value of trade marks or income streams derived from such assets.

To avoid facing a later tax-authority challenge, companies should ensure that any values applied are robustly calculated and defensible as, while one jurisdiction may apply transfer-pricing rules to increase income for one party, it would not necessarily follow that the second jurisdiction to the transaction would increase the expense. Such issues could unwittingly give rise to a net increase in tax for the group in question, if not addressed at the outset.

### CONCLUDING THOUGHTS

Companies holding IP, including trade marks, are likely to revisit their structures in the near term to minimise their tax risks, and may seek the assistance of Trade Mark Attorneys to assist them. All advisors need to be aware of the potential tax consequences of such structural changes, and ensure advice is sought at an early stage to protect against unforeseen tax consequences. ■



#### Chris Riley

is a Tax Partner at PKF Littlejohn in London

[criley@pkf-littlejohn.com](mailto:criley@pkf-littlejohn.com)

Chris advises UK and multinational companies on their UK corporation tax obligations.

**A**s US-Cuban relations continue to thaw, worldwide brand owners will be faced with increasing urgency to make business decisions regarding protection of their marks in Cuba while the ability to use those marks in the near future remains uncertain.

The decades-old embargo of Cuba by the US has prevented the flow of many goods and services both to and from Cuba since 1962. While the potential easing or lifting of the embargo may represent a significant business opportunity (Cuba is the second largest economy in the Caribbean region, while Americans have a thirst for Cuban exports, especially cigars and rum), it comes with significant challenges. Among the most apparent problems, mark holders must balance the need to use a mark in each country with the ability to do so, taking the political and legal ramifications of the US embargo into account.

However, the greatest initial trade mark problem is, and will continue to be, the timing of registrations. Wait too long, and a mark holder may lose its rights to a competitor or squatter; act too soon, and it faces the challenge of using the mark with the US embargo still in effect.

Squatters are a real and reasonably new threat. Cuba has a first-to-file trade mark regime (unlike most of its neighbours), and some entrepreneurial entities in the US recently tried to take advantage of this fact. A review of the Official Bulletin of Cuba's IP office

(Oficina Cubana de la Propiedad Industrial) reveals, for example, that two American companies (limited liability companies organised in Florida and Delaware) recently applied for the marks of hotels, airlines, banks and law firms, among others.

### OPPOSITION OPTIONS

If a mark holder becomes aware of a squatter or another third-party claim to its mark or a similar mark in Cuba, then the mark holder may file an opposition to the application. Various grounds for opposition exist on which a mark holder may rely, including that a mark has notoriety in Cuba or with Cuban nationals. As may be expected, the ongoing embargo may make demonstrating that notoriety difficult.

However, mark holders can rely on other grounds in support of an opposition. For example, the General Inter-American Convention for Trade Mark and Commercial Protection (sometimes known as the Pan-American Convention), which Cuba and the US ratified in 1930 and 1931, respectively, requires contracting states to extend the same rights and remedies to their nationals and other contracting states' nationals – as well as their domiciled foreigners with manufacturing, commercial or agricultural establishments. More importantly, within the context of squatters, when the applicant of a mark in Cuba knew of the mark's existence and continuous use in another contracting state, an opposition may be based on the prior use outside Cuba.



# TIMING IS EVERYTHING

*When it comes to IP protection in a hot Cuban market, brand owners must consider the risks of acting too early, as well as too late, says Katherine Van Deusen Hely*



For companies seeking to protect Cuban brands in the US, the embargo's IP-protection exceptions do not extend to all marks. Generally, owners may register marks in which Cuban nationals or the Cuban government have an interest. However, the general licence of the Cuban Assets Control Regulations does not allow transactions or payments related to such marks if they are the same or substantially similar to marks used in connection with a confiscated business or asset, unless the original owner of the mark consents. A prominent example of the exception to this general licence comes from the long-running dispute regarding the HAVANA CLUB mark for rum.

Various HAVANA CLUB disputes litigated before multiple US federal courts and regulatory bodies contributed to revised federal legislation in 1998 (known colloquially as the "Bacardi Bill"), and resulted in a dispute before the WTO. The full issues of the litigation are beyond the scope of this article. However, the important practical point is that Bacardi's predecessor, the Arechabala family, allowed its US trade mark registration to lapse in the 1970s, which allowed the Cuban government to register the mark and then enter an agreement with Pernod Ricard SA to

distribute the rum. When Bacardi purchased the Arechabalas' rights in the 1990s, decades of lobbying and litigation ensued.

In both jurisdictions, anecdotal evidence demonstrates that proactive protection can clearly save mark holders the great costs (including in time, money and opportunity) of regaining rights in a mark. The registration process in Cuba is relatively inexpensive and straightforward compared with other jurisdictions in the region. In the past, the registration process for an average application would take approximately 12 to 18 months to complete. However, in light of the recent and significant increase in the number of applications filed, practitioners have begun to see this timeline slowing down.

### SILVER LINING

Despite the relatively straightforward trade mark registration processes in the US and Cuba, mark holders may still run into problems related to use.

Assuming a lack of use, registered Cuban trade marks become vulnerable to a cancellation action three years after the date of registration. As filings rise in Cuba, the resulting delay in registrations will now come with a silver lining in that mark holders will have a *de facto* extended non-use vulnerability timeline. In the US, marks not in use may be filed on an intent-to-use basis, but the applicant must submit proof of use after publication of the mark to achieve registration. Thus, companies affected by the embargo can reserve their rights in both jurisdictions without prior use, but with the hope of using their marks in the years to come to fully secure their rights.

Balancing the likelihood of the embargo's end, or easing, with the use requirements of each nation should be a fundamental consideration in mark holders' business decisions. However, one must also balance such forecasting with the risk of a squatter or competitor registering (or also using, as the case may be in the US) the mark first. Cancellation actions for non-use in Cuba are rare, but not unheard of. In the US, parties could potentially argue exceptional non-use as a defence to cancellation. But the use-related risks remain, and mark holders would be wise to consider these with counsel.

Ultimately, a mark holder may decide for or against registration, but it should make that decision with a full understanding of the implications both of acting too early and too late. ■



### Katherine Van Deusen Hely

is Founder of Caribbean IP  
[katherine@caribbean-ip.com](mailto:katherine@caribbean-ip.com)

# Gap exploits age difference

*George Sevier examines how reliance on a younger mark helped a big brand make its case*

IN JANUARY 2014, British American Group Ltd (the Applicant) sought to register THE GAPTRAVEL GUIDE as a UK trade mark in respect of the services of “magazine publishing” in class 41. The application was opposed by Gap (ITM) Inc (Gap), which owns trade marks used in relation to GAP-branded clothing stores. The UK IPO Hearing Officer dismissed Gap’s opposition, but Gap’s appeal to the High Court was upheld.

The opposition was initially based on Section 5(3) of the Trade Marks Act 1994 (TMA), relying on the reputation in GAP in relation to clothing goods; and Section 5(4) (a) TMA, relying on longstanding goodwill in respect of retail services and clothing, and alleging that the Applicant’s use of the mark applied for would amount to passing off. The opposition on these grounds was dismissed by the Hearing Officer, and was not appealed.

## REMAINING GROUND

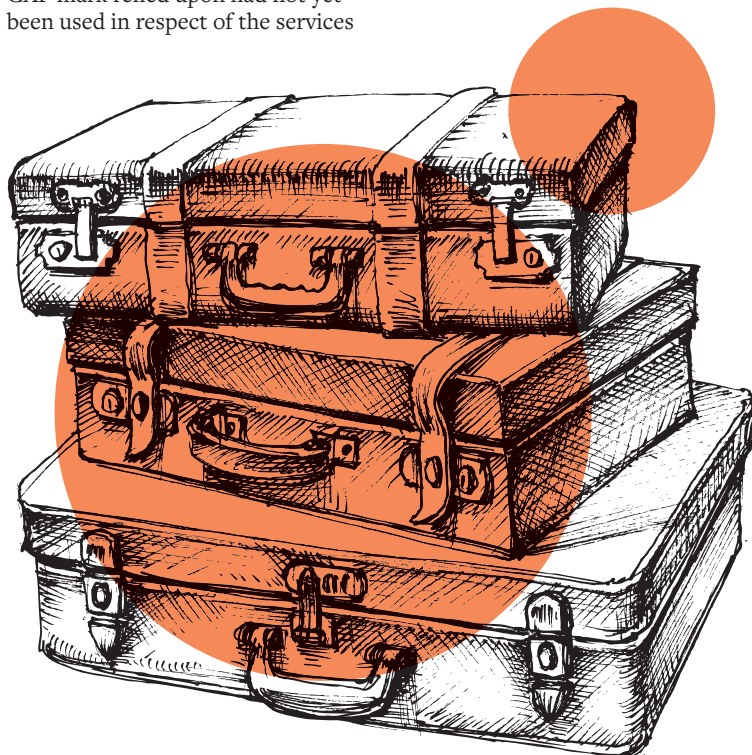
The only ground remaining in issue on appeal was under Section 5(2) (b) TMA. Gap relied on a trade mark for GAP that it had registered in 2013 in respect of a range of services in class 41, including “publication of electronic books and journals online; writing of texts [other than publicity texts]; providing online electronic communications, not downloadable; and publication of books”.

Gap said that the services for which registration was sought were identical or similar to those for which its mark was registered. Further, Gap claimed there was a likelihood of confusion, particularly since

“travel guide” was descriptive of the proposed use, so the dominant element of THE GAPTRAVEL GUIDE was the word “gap”.

## THE BENEFIT OF NEW REGISTRATIONS

Ordinarily, an opponent’s earlier mark will only be considered to the extent of the goods and services to which it has been used. However, an opponent is not required to prove use of an earlier mark that has been registered for less than five years (Section 6(a) (1) TMA). Nor did it matter that the GAP mark relied upon had not yet been used in respect of the services





“  
*The ‘portmanteau’  
of Gap Travel in the  
graphic representation  
of the mark applied  
for was not sufficient  
to remove the likelihood  
of confusion*

for which it was registered. The reasons for this were explained by Lord Justice Jacob in *Reed v Reed* [2004] EWCA Civ 159 (an infringement case, but the principle is the same):

“The court must assume that the mark has been in use and developed with a reputation and goodwill for the specification of goods or services ... Were this not so, there could never be Article 5.1(b) infringement of an unused registered mark. That would defeat one of the key purposes of trade mark registration – the conferment of protection in advance of use ... The kind of use contemplated when a mark is unused or minimally used must be that of ‘notional and fair’ use – no other makes sense.”

The Deputy Judge therefore compared a notional and fair use of the mark that was the subject of the application, with a notional and fair use of the earlier mark, both uses being in relation to the full range of goods and services within their respective specifications.

### AVERAGE CONSUMER

For the purposes of the global assessment and considering likelihood of confusion, the Hearing Officer identified the average consumer of “magazine publishing” services to be businesses who require publication of material. He reasoned that members

of the general public are less likely to be regular consumers of such services, and went on to say that the purchasing process is likely to be well considered, and may involve a relatively expensive procurement. The effect of this is that the average consumer would be less likely to be confused than a purchaser of everyday, low-value goods, who may pay less attention, and so the Hearing Officer’s decision on this assisted the Applicant.

However, in the High Court, Deputy Judge John Baldwin QC disagreed. He considered that, since magazines are an end product of the service of publication, and are commonly purchased by members of the public, the “average consumer” included members of the public – so confusion was more likely.

It is noteworthy that, in *The London Taxi Corporation v Frazer-Nash* [2016] EWHC 52 (Ch), now under appeal, Mr Justice Arnold reached the opposite conclusion. He accepted that there was authority for end users of goods being relevant consumers, but, in that case, the end products were taxis (which were used, but not ordinarily purchased, by members of the public). Arnold J deemed the average consumer to be the average taxi driver, as a consumer of taxis, not members of the public.

### CONCEPTUAL SIMILARITY

The Hearing Officer considered there to be an allusion to “gap year” travel in THE GAPTRAVEL GUIDE, which served to reduce the overall similarity between the marks in issue. However, the Deputy Judge took the view that a necessary corollary of the Hearing

Officer’s conclusion was that the allusion offered by the Applicant’s mark must also be offered by Gap’s mark. This was because a notional and fair use of the GAP mark would include use in relation to travel-guide publishing – it might be used for example as “Gap Travel Guide”.

### PORTMANTEAU EFFECT

The Deputy Judge considered that there was a likelihood of confusion if THE GAPTRAVEL GUIDE were used orally, because a significant proportion of the public with the perceptions and expectations of the average consumer would think that the services of Gap (ie under the GAP mark relied upon) were being referred to.

He agreed with Gap that, in the context of travel guides, which pertained to the notional and fair use of magazine publishing services, the word “gap” is the differentiating factor between those travel guides and those of some third party. The Deputy Judge held that the “neologism or portmanteau” (ie the merging of the two words into one) of GapTravel in the graphic representation of the mark applied for was not sufficient to remove the likelihood of confusion.

### AGE APPROPRIATE

The decision highlights the value of opposing a mark based on a relatively young registration. Gap’s opposition was not affected by its lack of any actual use of its mark, and it was able to take advantage of a broad interpretation of the notional use to which the mark could be put, crafted around the mark being applied for.



### George Sevier

is Principal Associate at Gowling WLG (UK) LLP

[george.sevier@gowlingwlg.com](mailto:george.sevier@gowlingwlg.com)

George assists trade mark owners in protecting their brands, particularly online, and advising in relation to advertising, marketing and licensing.

# Error found in Alti

*Decision confirms how to assess similarity,  
Chris Morris reports*

**THIS CASE CONCERNED** an appeal arising from a decision of the UK IPO to reject an opposition. SIG Trading Ltd (the Applicant) applied to register the stylised figurative mark ALTI (shown below). The application was opposed by Aldi GmbH & Co KG (the Opponent).

## ORIGINAL APPLICATION

The opposition under Section 5(2)(b) of the Trade Marks Act 1994 was based on an earlier EU trade mark for ALDI, covering identical goods and services. In refusing the opposition, the Hearing Officer concluded the following:

- i. The Applicant's goods and services were identical to the Opponent's goods and services.
- ii. The marks were "visually similar to a low degree" and "aurally highly similar", if the Applicant's mark is interpreted to be seen as ALTI.
- iii. There was "neither conceptual similarity nor dissimilarity" between the marks in issue.
- iv. As the Opponent's earlier mark was an invented word, it "enjoyed a high level of inherent distinctive character", but opposition evidence submitted only related to supermarket reputation, and so was not relevant for an assessment of enhanced distinctive character for the goods and services in question (essentially building materials and building services).

Taking all factors into account, it was held that the Applicant's mark is visually striking in a way not common to the earlier mark. The differences in spelling and the highly stylised nature of the mark meant that no likelihood of confusion was found.

“

*The appeal was allowed on the basis that the opposition should have been upheld due to the aural similarities of the mark, which the Hearing Officer explicitly confirmed*

## THE APPEAL

On appeal to the Appointed Person, the Opponent argued that, if the Hearing Officer concluded that the verbal element of the mark is relevantly recognisable as ALTI, with a consequently "high level of aural similarity", it cannot then be said that stylisation neutralised the recognition so that there was no likelihood of confusion. The Hearing Officer had given disproportionately weighted consideration to the non-verbal differences between the marks.

The Appointed Person referred to the Opposition Guidelines, adopted

by the President of the EUIPO in March 2016, when reviewing the assessment applied in relation to the Applicant's mark, and whether the stylisation causes the verbal element to become lost. The guidelines confirm that, in most cases, overall impact should be based on a balance of verbal and non-verbal elements, and that it would be rather rare for verbal elements to be disregarded due to the degree of legibility arising from stylisation.

The appeal was allowed on the basis that the opposition should have been upheld due to the aural similarities of the mark, which the Hearing Officer explicitly confirmed.

## CONFIRMATION

This decision confirms the correct assessment to follow when assessing similarity, and also confirms that first-instance decisions will only be overturned where there has been a material error.

## SIG Trading Ltd's mark



### Chris Morris

is an Associate and Trade Mark Attorney  
in the IP team at Burges Salmon LLP  
[chris.morris@burges-salmon.com](mailto:chris.morris@burges-salmon.com)

# Double trouble

*Dual arguments didn't secure a win on Smart Water, says Charles King*

**THIS WAS A CASE** about genuine use and an application for revocation filed in 2009. The trade mark owner was Naazneen Investments Ltd (Naazneen), the owner of SMART WATER, EU trade mark No 781153, which protected water with dietary supplements in class 32. The Applicant for revocation was Energy Brands Inc (Energy Brands), owner of GLACÉAU SMARTWATER.

Having failed to convince the EUIPO's Cancellation Division that there was genuine use or proper reasons for non-use, Naazneen appealed and lost before both the Board of Appeal (BoA) and the General Court.

## DUAL PLEAS

There were two pleas in law before the CJEU. The first concerned the BoA's method. Naazneen claimed the BoA had merely repeated the reasoning set out by the Cancellation Division without addressing the arguments it submitted, and failed to state its reasons properly. The General Court had considered the BoA's approach sufficient, and had therefore erred, too.

OHIM and Energy Brands claimed this ground was inadmissible because it was identical to that pleaded before the General Court; the CJEU was being asked to re-examine the application submitted.

On this point, the CJEU clarified that, provided that an appellant is disputing the General Court's interpretation or application of EU law, and where an applicant indicates the precise errors of law – including an explanation of why the General Court

is wrong on such points – the same pleas may be put forward. However, the CJEU clarified that the obligation to state reasons for a decision could be discharged without exhaustively considering all arguments put forward. The General Court thus did not err in law.

In its second plea, Naazneen put forward a glut of arguments concerning the erroneous interpretation of its evidence. Among these were arguments concerning the proper evidential value to be assigned to affidavits from officers or employees compared with affidavits from third parties; the significance of test sales; and the size of advertising campaigns required.

In response to many of these arguments, the CJEU said that they relied on an erroneous reading of the judgment. Further, many were matters of fact, and the appraisal of relevant facts and the assessment of evidence lie in the exclusive jurisdiction of the General Court. Furthermore, the CJEU reaffirmed that there is genuine use where the mark is used in accordance with its essential function of guaranteeing origin. As regards the size of advertising campaigns, the CJEU pointed out that the General Court had merely said that advertisements in two specialist German magazines could not, on

their own, constitute a campaign. There was no explicit size threshold.

Naazneen also claimed that the CJEU had ignored its own case law regarding the factors to be taken into account when scrutinising limited use. It submitted that the contamination of bottles, which had occurred in 2007 and made them unusable, and the bringing of revocation proceedings, had hampered efforts to use the mark.

## REASON REQUIREMENTS

On this point, the CJEU affirmed that only obstacles having a sufficiently direct relationship with a trade mark as to make its use impossible or unreasonable, and that arise independently of the will of the proprietor of that mark, may be described as “proper reasons” for non-use. Revocation proceedings were insufficient. Moreover, the Court held that reasons for non-use could not be taken into account when considering evidence of use. The place for such evidence was only in pleading proper reasons for non-use.



**Charles King**

is a Trainee Trade Mark Attorney at Withers & Rogers LLP  
[cking@withersrogers.com](mailto:cking@withersrogers.com)

# Spa Wisdom in deep water

*Donna Trysburg discovers a surprising relationship between two types of goods*

**THE GENERAL COURT** has confirmed that The Body Shop International plc (The Body Shop) may not register SPA WISDOM as an EU trade mark (EUTM) for various cosmetic and toiletry goods in class 3, following opposition by bottled water company Spa Monopole. In its decision, the General Court confirmed its own prior case law, holding that “spa” is not descriptive or generic for cosmetic goods, at least for the general public in Benelux.

Spa Monopole owned a number of Benelux trade marks pre-dating the SPA WISDOM application, in particular a registration for the word mark SPA covering mineral and aerated waters in class 32. The grounds of opposition alleged that The Body Shop’s application for SPA WISDOM should be refused, because any use of SPA WISDOM for cosmetics would take unfair advantage of, and be detrimental to, the distinctive character and repute of Spa Monopole’s SPA mark within the meaning of Article 8(5) of Council Regulation (EC) No 207/2009.

Both the Opposition Division and Fourth Board of Appeal (BoA) of OHIM (now the EUIPO) upheld the opposition, rejecting the SPA WISDOM application in its entirety.

## BODY SHOP APPEAL

Body Shop appealed to the General Court, claiming that the BoA was i) wrong to find the SPA and SPA WISDOM signs similar when SPA is a descriptive and generic term for cosmetic goods, and ii) wrong to find any unfair advantage taken of, or detriment caused to, the distinctive

character or repute of the earlier SPA mark.

On the first point, the Court agreed with the BoA that The Body Shop had failed to provide evidence capable of rebutting the Court’s previous finding that “spa” is not descriptive, weakly distinctive or generic for cosmetics in Benelux. The evidence filed by the Body Shop was noted to be deficient, in particular because it did not confirm the extent of the use of “spa” by third-party traders, or show the location of the use to be Benelux. It evidenced, at best, a trend for using “spa” on cosmetic goods to evoke the idea of a “spa experience” at home. The distinctive earlier mark, SPA, was therefore reproduced in its entirety in the later mark SPA WISDOM as a co-dominant element, and the BoA was correct to find an average degree of similarity between the marks.

On the second point, the Court first turned to the question of whether the relevant public was likely to establish the necessary “link” between the signs, a multifactor test. The Court affirmed the BoA’s finding that a link was present, taking into account the average level of similarity between SPA and SPA WISDOM, the exceptionally strong reputation enjoyed by the earlier SPA mark in Benelux, the acquired distinctive character of the earlier SPA mark, and the nature and closeness of the goods. This final factor was satisfied due to persuasive evidence filed by Spa Monopole showing that it had



*The Court agreed with the BoA that The Body Shop had failed to provide evidence capable of rebutting the Court's previous finding that "spa" is not descriptive, weakly distinctive or generic for cosmetics in Benelux*



marketed mineral water vaporisers for use as skin moisturiser alongside cosmetic products, and had entered into agreements with cosmetics companies, allowing them to advertise their cosmetics as containing Spa mineral water. Moreover, other famous mineral water companies had done the same.

Having established the link, the Court had no trouble in confirming the BoA's finding that unfair advantage had been taken and detriment caused, commenting that, particularly where a reputation is strong, unfair advantage can almost be assumed. Actual and present harm is not needed to succeed under Article 8(5), only *prima facie* evidence of a future risk of harm.

The Court dismissed the appeal, upholding the decision of the BoA to allow the opposition and reject the application.

#### **INTERESTING LINK**

While this decision feels counterintuitive, it is difficult to find fault with the reasoning of the General Court and the EUIPO. The case turned on three important points: the inadequacy of the evidence of "spa" as a descriptive or generic term for the Benelux public; the exceptionally strong reputation of SPA mineral water in Benelux; and the

fact that there are genuine commercial opportunities for crossover and co-branding between the mineral water and cosmetics industries.

Had the relevant public been the UK's rather than Benelux's, the term "spa" could well have been found generic. While, as the Court states, "spa" is directly descriptive of commercial health spas, it is certainly arguable that "spa" is descriptive for cosmetics and toiletries in the UK, because it is an indication of the quality of the goods, denoting that a product is of a premium quality available, or appropriate for use, in health spas. A quick web search reveals dozens of "spa"-branded products in the UK, and so evidence from the UK appears more readily available. There are a number of examples of spas diversifying into cosmetics and vice versa, for example the famous Sanctuary and Champneys spas, which now sell cosmetics and toiletry products in high-street stores, or Elemis, which started as a skincare brand but now also runs its own health spas. Products from these brands all tend to command a premium price.

And, while Spa water is sold in the UK, it does not have the reputation it commands in Benelux, where it is so popular that "Spa" or "Spa blauw" (Spa blue) has itself almost become a generic term for still mineral water.

In addition, while Spa Monopole convincingly argued the closeness between cosmetics and mineral-water goods, I was surprised to discover this link upon reading the case, and am sceptical that the relevant public would be aware of it. Having said that, it does not seem unreasonable to allow Spa Monopole to protect an interest in cosmetics if it represents a genuine and tangible business opportunity.

No appeal has been filed at the time of writing, so I wait with interest to see if The Body Shop converts its EUTM to a UK national application to have another try.



#### **Donna Trysburg**

is a Trade Mark Attorney at Boulton Wade Tennant  
[dtrysburg@boulton.com](mailto:dtrysburg@boulton.com)



# Promo principle

*Once again, a mark failed to send a distinctive message, writes Jack Kenny*

THE GENERAL COURT of the EU has upheld the decision of an OHIM Board of Appeal, which found that the sign IPVANISH was devoid of distinctive character and would be perceived as a mere promotional message in relation to the goods and services for which protection was sought.

In November 2013, Mudhook Marketing, Inc (the Applicant) filed an application to register the sign IPVANISH as a Community Trade Mark (CTM, now EUTM), covering “virtual private network (VPN) operating software” in class 9, and “providing virtual private network (VPN) services” in class 38. The OHIM Examiner refused the whole application on the basis that the sign was devoid of distinctive character, contrary to Article 7(1)(b) and (2) of Council Regulation (EC) No 207/2009.

OHIM’s Second Board of Appeal (BoA) dismissed the Applicant’s appeal against the refusal, whereupon the Applicant subsequently contested the decision of the BoA to the General Court.

First, the Applicant claimed that the BoA did not demonstrate that the mark applied for was descriptive of the goods and services covered by the mark. However, as the BoA had expressly limited its assessment to the mark’s lack of distinctive character, the Court dismissed the Applicant’s first submission as ineffective.

The Applicant also challenged the BoA’s findings that the mark was devoid of distinctive character on the basis that the relevant public would immediately perceive it to be a mere promotional message. Even if the mark did convey an objective message, the

Applicant submitted that the message would not immediately follow from the “slogan”, which it claimed was original, easily memorised and required a measure of interpretation.

The General Court held that the BoA was right to find that the relevant public would perceive the mark as describing the purpose and a desirable quality of the goods and services at



*The Court reaffirmed the well-established principle that the distinctiveness of advertising slogans or promotional messages must be assessed by the same standards as other word marks*

issue, namely that the goods and services will somehow achieve or contribute to the disappearance or continuing confidentiality of the user’s internet address. The relevant public comprised professionals and the general public of the EU with at

least a basic understanding of English, and a higher than average attention to detail.

## REAFFIRMATION

The Court reaffirmed the well-established principle that the distinctiveness of advertising slogans or promotional messages must be assessed by the same standards as other word marks, and that a mark which may be perceived as a promotional, laudatory message may still possess distinctive character if it can serve as an indicator of commercial origin for the relevant public. However, as the mark in question lacked any hint of fancifulness or resonance, the Court held that the relevant public would only perceive it as promotional or advertising information, and the appeal was dismissed.

## CONFIRMATION

This case does not represent any significant departure from the case law. However, it does serve to endorse the position that, while a mark that would be perceived by the average consumer as a slogan will be assessed to the same standard of distinctiveness as other word marks, it can be difficult for applicants to demonstrate that the mark can still fulfil the essential function of a trade mark.



**Jack Kenny**

is a Trainee Trade Mark Attorney at Marks & Clerk  
jkenny@marks-clerk.com

# A missing link

*Cheng Tan describes why the Court couldn't see the connections in an appeal decision*

A COMMUNITY Trade Mark (CTM, now EUTM) for WINNETOU was facing invalidity proceedings due to lack of distinctiveness under Article 7(1)(b) Council Regulation (EC) No 207/2009 (the Regulation) relating to the lack of distinctive character of the contested mark.

The registrability of an EUTM is assessed on the basis of the relevant EU rules alone. It is clear that the EUIPO is not bound by decisions adopted by the Member States, and that there is nothing in the Regulation that requires the EUIPO or, on appeal, the General Court, to come to the same conclusions as those of national administrative bodies or courts. While the EUIPO may take those decisions into consideration, the Member State's decision is not binding or determinative. Throughout the decision, the Board of Appeal's (BoA's) reasoning appeared to refer back to the preceding German decision, to the extent that it was held that the BoA accepted the findings set out in the German Court's decision without arriving at an independent assessment in the light of the arguments and evidence submitted by the parties. The BoA had treated the decision of the German Court as binding.

A plea in law was raised by the Courts on whether there was infringement of the Court's duty to state reasons.

## EXPLANATION GAP

The question, therefore, is whether the BoA explained sufficiently its assessment of descriptive character. The compliance with duty to state

reasons is a matter of public policy. It was found that: i) there was no autonomous statement of reasons, and ii) the perception of the relevant public of the various goods and classification was inadequately reasoned. The statement of reason has to be disclosed, clearly and unequivocally, to enable others to ascertain the reasons, and for the court to exercise its power of review.

The General Court was not able to assess the BoA's decision on descriptive character, as the BoA accepted that "Winnetou" is generally perceived as connected with the concept of Native America or a Native American chieftain. However, the BoA did not carry out any specific analysis to establish that the sign (beyond its concrete meaning as an evocation of a fictional character) was perceived as referring to those concepts in general.

In addition, the BoA gave a general statement of reasons, particularly for merchandising goods. The option to

use general reasoning for a series of goods or services can extend only to goods or services that have a sufficiently direct and specific link to the point that they form a sufficiently homogenous category. The goods in question demonstrate such differences in nature, characteristics, intended purpose and methods of marketing that they cannot be regarded as constituting such a category. The BoA's reasoning as to the direct and specific link between the goods and the sign WINNETOU was excessively general and abstract, and did not make it possible to understand why the BoA held that such links existed in relation to the contested mark.

## ANNULMENT DECIDED

As a result, the General Court annulled the contested decision for breach of principles of autonomy and independence of the EUTM, and on the ground that the BoA's statement of reasons is inadequate.



**Cheng Tan**

is a Senior Associate at Lewis Silkin LLP  
[cheng.tan@lewissilkin.com](mailto:cheng.tan@lewissilkin.com)



*There is nothing in the Regulation that requires the EUIPO to come to the same conclusions as national administrative bodies*

# Calling Mr Jones

*Yes, a common surname may indicate origin, confirms Oliver Tidman*

**THIS WAS AN APPEAL** to the General Court by Auyantepui Corp SA (Auyantepui) against a decision by the Second Board of Appeal (BoA) of the EUIPO (case R 49/2014-2). This had dismissed Auyantepui's appeal against the Opposition Division's decision not to register the figurative mark MR JONES (shown below) as an EU Trade Mark (EUTM) in relation to goods for which there was an existing registration for a figurative mark JONES (also shown below), on the grounds of a likelihood of confusion.

## BACKGROUND

Auyantepui had applied to register the figurative mark MR JONES as an EUTM. Magda Rose GmbH & Co KG had filed a notice of opposition based on Article 8(1)(b) of Council Regulation (EC) No 207/2009 against the registration of Auyantepui's mark in respect of some of the goods covered by the application, namely "leather and imitations of leather, and goods made of these materials and not included in other classes ... trunks and travelling bags; umbrellas

[and] parasols" in class 18, and "clothing, footwear [and] headgear" in class 25. The opposition was based on an International Registration designating, *inter alia*, the EU for the figurative mark JONES, also covering goods in classes 18 and 25.

The BoA had dismissed Auyantepui's appeal, having found that the differences stemming from the presence of "Mr" before "Jones", figurative elements depicting the letter "O", and a hat on top of the "O" did not outweigh the similarity between the presence of "Jones" in both marks.

## GENERAL COURT

Auyantepui appealed to the General Court, arguing that the BoA had erred in concluding likelihood of confusion.

The Court held that the BoA, relying on the overall impression given by the marks, had correctly found that, notwithstanding the differences between them, they were visually similar, and therefore there was a likelihood of confusion. The Court rejected Auyantepui's arguments that the BoA had failed to take into account the weakly distinctive character of the element "Jones" and the differences between the marks. The Court disagreed with the argument that "Jones" was weakly distinctive, concluding that the fact that it is a widespread surname was irrelevant.

The fact that a mark consists exclusively of an earlier mark to which another word has been added is an indication that the two marks are similar. The Court agreed with the BoA's assessment that the other figurative elements were not sufficient to call into question the similarity arising from the presence of the common element "Jones".

## COMMENT

Although "Jones" is a common British surname, it does not follow that the name will be recognised as such by all the relevant public of the EU. This decision by the General Court is therefore yet another demonstration that a common surname may serve the trade mark function of indicating origin, and is capable of distinguishing the goods or services of one undertaking from another.

### The Auyantepui mark



### The Magda Rose GmbH & Co KG mark

Jones

“

*The Court disagreed that "Jones" was weakly distinctive, concluding that the fact that it is a widespread surname was irrelevant*



### Oliver Tidman

is a Senior Solicitor at Burness Paull LLP

[Oliver.Tidman@burnesspaull.com](mailto:Oliver.Tidman@burnesspaull.com)

Oliver specialises in IP and technology matters.





**T-20/15**, Henkell & Co Sektkellerei KG v EUIPO and Ciacci Piccolomini d’Aragona di Bianchini Società Agricola (PICCOLOMINI), CJEU, General Court, 14 April 2016



# No cheers for Piccolo

*Rebecca Field reviews a case that confirms the value of independent evidence*

ON 16 JANUARY 2012, Ciacci Piccolomini (the Applicant) filed an EU trade mark application for the word mark PICCOLOMINI for class 33: “alcoholic beverages (except beers)”. The application was opposed by Henkell & Co on the basis of its earlier EU word mark registration for PICCOLO, covering classes 33 and 42. As the earlier registration was more than five years old, Henkell was required to furnish proof of genuine use.

Henkell stated that it had used PICCOLO in relation to sparkling wine in 16 EU Member States, and also the additional mark PIKKOLO for sparkling wine in Germany and Austria. The Opposition Division sided with Henkell, but the First Board of Appeal (BoA) upheld the Applicant’s appeal on the basis that:

- “Piccolo” was part of international wine terminology and the consumer would not view the mark as a badge of origin;
- the signs PIKKOLO or PICCOLO were used descriptively, and often abbreviated to “picc”; and
- “Henkell” was dominant on products in terms of size/position, thus PIKKOLO would not be seen as distinctive.

## HENKELL APPEAL

In an appeal to the General Court, Henkell relied on a single plea alleging infringement of Article 42(2) of Council Regulation (EC) No 207/2009:

- 1) The BoA’s assessment of “piccolo” as purely descriptive leads to de facto annulment of the mark.
- 2) The BoA acted unlawfully in examining the distinctive character of the mark.
- 3) Even if the BoA is correct, the mark has been used as a trade mark and not only in a descriptive manner.



*The Court dismissed the action and upheld the BoA’s decision, confirming that any evidence submitted to show genuine use will be reviewed as a whole*

The General Court issued guidance on genuine use:

- 1) The mark must be used in accordance with its essential function to guarantee identity of origin.
- 2) All relevant factors must be taken into account, including whether commercial use of the mark is real, and the practices in the economic sector concerned.
- 3) Reiterating the key principle from the HIWATT decision: “Genuine use of a trade mark cannot be proved by means of probabilities or presumptions but must be demonstrated by solid and objective evidence of effective and sufficient use of the trade mark on the market concerned.”

The Court reiterated the need to look at the credibility of declarations.

It went through the evidence, which included a statutory declaration from Henkell’s Marketing Director. The Court noted that such a document cannot be considered to be as reliable and credible as a declaration by a third party unconnected with the company. It also determined that:

- The way the mark PICCOLO has been used is not a guarantee of origin.
- The mark is not displayed on the goods in a prominent way; the term “Henkell” is dominant (reproduced in top position on the label). The earlier mark is seen as secondary.
- The BoA did not rule on any absolute grounds but confined its assessment to genuine use, thus there cannot be held to be any infringement of Article 42(2).
- The role of actions before the Court is to review the legality of BoA decisions, not facts admitted for the first time.

## ACTION DISMISSED

The Court dismissed the action and upheld the BoA’s decision, confirming that any evidence submitted to show genuine use will be reviewed as a whole, and that the EUIPO is entitled to look at the commercial and economic sector concerned, and whether the mark has been used in a non-trade-mark sense. It also made clear that third-party, independent evidence is well regarded by the EUIPO and key to proving genuine use.



### Rebecca Field

is a Senior Trade Mark Attorney in the Birmingham office of HGF Limited.  
[rfield@hgf.com](mailto:rfield@hgf.com)  
 Rebecca’s practice covers the whole life cycle of trade marks and designs, and spans numerous sectors.



# The Joker prevails

*The definition of games and toys was important to this outcome, says Nellie Jackson*

IN DECEMBER 2010, Novomatic AG (Novomatic) filed an EU trade mark application for a figurative sign (shown below) incorporating the words HOT JOKER, covering, among other things, “hardware and software, in particular for casino and amusement arcade games ... or games of chance via telecommunications networks and/or the internet ...” in class 9, and “casino fittings ... gaming machines ... and gaming apparatus” in class 28.

Granini France (Granini) filed opposition based on its earlier French figurative sign (also shown below) incorporating the word JOKER, covering “games and toys” in class 28, and “entertainment services” in class 41, relying on Articles 8(1)(b) and (5) of Council Regulation (EC) No 207/2009 (the Regulation).

The Opposition Division found in favour of Granini on the basis of Article 8(1)(b) of the Regulation. On appeal, the Second Board of Appeal (BoA) found that there was a low degree of visual similarity and an average degree of phonetic and conceptual similarity between the signs; the goods in class 9 (ie hardware and software) were similar to the “games” covered by Granini’s registration; and the class 28 goods were in part identical and in part similar to “games”. Overall, the BoA considered there was a likelihood of confusion and dismissed the appeal.

Novomatic decided to play another round, and appealed to the EU General Court.

## APPEAL ARGUMENTS

Novomatic first alleged that elements of the BoA’s decision were marred by a failure to state reasons, contrary to Article 75 of the Regulation.

While reasons must be provided, it is a matter of degree. It seemed that Novomatic was, in reality, attempting to question the correctness of the reasons given, which is a separate question. The Court considered sufficient reasons were provided, and rejected this plea.

As to likelihood of confusion, of most interest was Novomatic’s contesting of the identity and similarity of its goods with the “games” covered by Granini’s mark, arguing that “games and toys” is a combined term aimed at children and, therefore, does not overlap with gambling machines. The Court found that the link through the conjunction “and” does not create a united term and thus contextualise the goods to children, and saw no reason to apply such a narrow interpretation, agreeing with the BoA that “games” can cover all kinds of amusements, including games of chance for money.

Having confirmed the BoA’s analysis of “games and toys”, the Court likewise confirmed that “games” and the corresponding hardware and software are complementary, and that, while the BoA erred in holding that casino fittings are identical to games, these goods are nevertheless similar.

On the comparison of the signs, the Court considered it clear that the word “joker” is not devoid of distinctive character in the context, and that “hot” does not create the unique impression of the mark. Therefore, the Court agreed that there was a low degree of visual similarity, and an average degree of phonetic and conceptual similarity.

## DECISION AFFIRMED

Overall, the Court found that the BoA was correct to find a likelihood of confusion, despite the high level of attention of the professionals in casinos and amusement arcades.

For a seemingly simple relative grounds case, this provides an interesting analysis of the interpretation and breadth of specification terms in this context, and contains some novel (if unsuccessful) arguments.

### Novomatic’s sign



### Granini’s sign



### Nellie Jackson

is a Senior Associate at Birketts LLP

[Nellie-Jackson@birketts.co.uk](mailto:Nellie-Jackson@birketts.co.uk)

# Eye on the Sky

*The Intervener was saved from acquiescence  
by a matter of days, writes Carrie Bradley*

ON 18 NOVEMBER 1999, Tronios Group International BV (Tronios) filed and subsequently registered (under No 1386812) the word mark SKYTEC (the Mark) as an EU trade mark (EUTM) covering goods in classes 9 and 11. On 23 March 2007, BSKyB (the predecessor in title of the intervener Sky plc) filed an application for revocation of the registration on the grounds of non-use. On 2 April 2007, Tronios provided evidence of use of the mark, as a consequence of which, in July 2008, the Cancellation Division of the EUIPO held that the mark had been put to genuine use, and dismissed the revocation action. In November 2009, Tronios renewed the EUTM registration.

On 21 March 2012, just less than five years after filing the revocation action, BSKyB filed an application for a declaration of invalidity (in respect of the class 9 goods only) under Article 53(1) (a) and (c) Council Regulation (EC) No 207/2009 (CTMR) in reliance upon its earlier EUTM registration (No 126425) and UKTM registration (No 2044507B), both for the word mark SKY. In June 2013, the Cancellation Division upheld the action, declaring partial invalidity of the Mark in respect of the class 9 goods. In August 2013, Tronios appealed to the EUIPO Board of Appeal (BoA), but, in November 2014, the BoA dismissed the appeal.

One of the grounds of Tronios's appeal alleged a limitation of BSKyB's rights in consequence of acquiescence. This ground was ultimately rejected by

the Cancellation Division and BoA on the basis that Tronios had not demonstrated that BSKyB had been aware of its use of the Mark for more than five years at the date the



*The proprietor of the  
earlier trade mark must  
have (intentionally)  
tolerated the use for  
a substantial length  
of time for its rights to  
be successfully limited*

application for a declaration for invalidity was lodged. It was held that the evidence established that BSKyB had become aware of Tronios's use with effect from 2 April 2007, the date on which Tronios provided evidence of use in the earlier revocation proceedings. The date of filing the application for a declaration of invalidity, 21 March 2012, was therefore just within the five-year

limitation period (which would have expired on 2 April 2012).

This case reminds practitioners that the relevant date from which the period of limitation in consequence of acquiescence begins is that on which the proprietor of the earlier mark first becomes aware of the use of that later EUTM. In other words, the proprietor of the earlier trade mark must have (intentionally) tolerated the use for a substantial length of time, and in full knowledge of the facts, for its rights to be successfully limited in consequence of acquiescence. This requires the proprietor of the later mark to submit evidence that the proprietor of the earlier mark demonstrated awareness of the use of the later mark – which notably does not include an awareness of the mere registration of the later EUTM. Significantly, Tronios's efforts to compile a body of evidence to demonstrate a presumption of awareness on the part of the proprietor of the earlier mark based upon objective circumstances, such as commercial relationship or close competition, were flatly rejected. Thus, it seems that only evidence of actual awareness will suffice if a party wishes to rely upon the provisions of Article 54 CTMR.



**Carrie Bradley**

is a Senior Trade Mark Attorney at Stobbs IP  
[cbradley@stobbsip.com](mailto:cbradley@stobbsip.com)

Carrie advises on all aspects of IP protection, enforcement and dispute resolution.

# Research *still* required

*Rebecca Heard explains that, while search tools can provide guidance, they are not the last word on similarity*

ON 16 APRIL 2012, Franmax UAB filed an EU trade mark application for a device mark depicting a cartoon dinosaur with the word element DINO in classes 29 and 30 (among others). Ehrmann AG Oberschöneck im Allgäu opposed, based on an earlier international registration designating the EU for a figurative mark, also depicting a cartoon dinosaur, covering goods in classes 29 and 30.

The Opposition Division partially upheld the opposition and rejected the application for some of the goods that it considered similar to those covered by the earlier registration. Franmax filed a notice of appeal and the Fifth Board of Appeal (BoA) of the EUIPO annulled the decision in part and dismissed the appeal as to the remainder, which led Franmax to appeal to the General Court.

## KEY CONSIDERATIONS

There seems to be little controversy regarding the similarity of the marks, as the General Court agreed with the BoA's view that they presented a medium degree of similarity, with both marks consisting of a figurative element representing a cartoon-like image of a dinosaur giving an impression of a friendly and happy creature.

With regard to the specification of goods, there was some dispute as to which goods should be considered similar and why. The General Court ruled that the applied-for “compotes” and “pastry and confectionery” were similar to the registered “milk products”, since all of those products can be consumed as desserts or

sweet snacks, and compotes are often sold in dual-pots, along with yoghurt. As such, all these products are either in competition or are complementary. On the other hand, the applied-for “coffee, cocoa and artificial coffee” and “preparations made from cereals” have a low degree of similarity to the registered “milk products”. The first is complementary to “milk products” in so far as those products are often consumed together and generally mixed with milk, and can also be used to prepare beverages that enter into competition with milk. The latter is in competition with “milk products” in so far as cereal-based milks are often consumed as a substitute for cow's milk.

Franmax argued that, according to the EUIPO's research tool for assessing the similarity between goods and services, most of the above goods were not similar to “milk products”. The General Court commented that the tool evaluates the similarity of goods only by reference to earlier EUIPO decisions, whereas the legality of the decisions of BoAs must be assessed solely on the basis of Council Regulation (EC) No 207/2009. Each case must be decided on its own merits and the assessment cannot be called into question by the mere fact that the

BoA did not follow the EUIPO's previous decision-making practice.

## LIMITED TOOL

This case is a useful reminder that the EUIPO's “similarity” tool can serve to give guidance, but not a definitive answer. In assessing the similarity of the goods or services in each case, all factors need to be taken into account, including the nature, purpose, method of use and distribution channels, and whether they are in competition with each other or complementary.

### The Franmax mark



### The Ehrmann AG Oberschöneck im Allgäu mark



### Rebecca Heard

is a Trade Mark Attorney at Simmons & Simmons LLP  
[rebecca.heard@simmons-simmons.com](mailto:rebecca.heard@simmons-simmons.com)

# Niagara water mark falls

*Secondary associations are irrelevant,  
reports Désirée Fields*

IN JANUARY 2013, Niagara Bottling LLC (the Applicant) obtained an international trade mark registration designating the EU for the word mark NIAGARA, covering water-based drinks in class 32. The EUIPO received notification of the international registration in April 2013. In January 2014, the EUIPO rejected the application in its entirety, finding that NIAGARA was descriptive and devoid of any distinctive character under Articles 7(1) (b) and 7(1) (c) of Council Regulation (EC) No 207/2009. The EUIPO's Board of Appeal (BoA) dismissed the Applicant's appeal.

Upholding the BoA's decision, the General Court noted that the relevant public was an average EU consumer, the goods concerned being daily consumer goods. In order to assess the descriptiveness of the sign NIAGARA, the General Court noted that it had to be considered whether the relevant public, seeing that sign, would perceive the geographical name as an indication of the origin of the goods applied for, taking into account the public's degree of familiarity with the name and the characteristics of the place designated by that name.

## COMMON CONNECTIONS

The General Court noted that the most important characteristic of a waterfall was an abundance of water and that the goods applied for were all water-based drinks that included the word "water" in their name. Therefore, the BoA had rightly held that the relevant public would perceive that the goods applied for originated from a geographical area in which the Niagara waterfalls were situated.

“

*The General Court noted that registration of geographical names that were already famous or known for the category of goods or services concerned was not permissible*

The first association that sprang to mind in connection with the word "niagara" was water, because of the famous waterfall with the same name.

The Applicant argued that the Niagara River and Falls were not mineral springs, and conveyed the image of danger, turbulence and risk to life. However, the General Court held that, in order for the relevant public to perceive the sign at issue as an indication of the origin, it was sufficient that the public associated the geographical space with water. The fact that Niagara Falls evoked a variety of associations was irrelevant, as water remained an essential common feature of them all. Therefore, NIAGARA would designate in the eyes of the relevant public the geographical origin of the goods applied for.

Having denied NIAGARA registration on the basis of its descriptiveness, the General Court

did not consider arguments of distinctiveness. It was sufficient that one of the absolute grounds for refusal applied.

## PUBLIC INTEREST CASE

The General Court noted that registration of geographical names that were already famous or known for the category of goods or services concerned was not permissible. In this case, it was sufficient that the public would associate NIAGARA with water; any secondary associations were irrelevant. It was in the public's interest that geographical names remained available for use by all, especially as they could act as an indicator of the quality or other characteristics of the relevant goods or services concerned, and influence consumer preferences by associating the same with a place that evoked positive feelings.



### Désirée Fields

is a Legal Director at DLA Piper UK LLP

[desiree.fields@dlapiper.com](mailto:desiree.fields@dlapiper.com)

Désirée's practice focuses on trade marks and brand protection.

# Reality check

*Catherine Byfield reviews a decision that considered the likely behaviour of consumers*

“

**THIS CASE INVOLVED** an appeal to the General Court by Jääkiekon SM-liiga Oy. The appeal was filed against a decision by the Board of Appeal (BoA) upholding an absolute grounds objection, based on Article 7(1)(b) and (c) and 7(2) of Council Regulation (EC) No 207/2009, against Jääkiekon’s application to register LIIGA (stylised) in classes 9, 16, 25, 28, 29, 30, 32, 33, 39, 41 and 42.

## SCOPE OF OBJECTION

The mark in question was a figurative sign (shown below). The application was refused in respect of “games and playthings; gymnastic and sporting articles not included in other classes” in class 28 and “sporting activities” in class 41. The BoA held that “Liiga” would be read by the relevant public (average Finnish-speaking consumers) as a reference to a competitive sports division. The BoA observed that the figurative elements of the mark were banal and incapable of diverting consumer attention from the meaning of the word element.

## ARGUMENTS

Jääkiekon argued that the mark was strongly stylised and that such stylisation, combined with the figurative components, conferred on the mark as a whole a distinctive character. Jääkiekon therefore concluded that the mark was capable of exercising the essential function of a trade mark. To support this point, Jääkiekon put forward four options for how consumers would read the mark: “Liiga”, “Lüga”, “liiga” and “lüga”.

Jääkiekon did not dispute that the relevant public was the average Finnish-speaking consumer or that the consumer would take the meaning of “Liiga” in Finnish, “championship”, to refer to a competitive sports league. The Court and Jääkiekon also agreed that “ü” is not a character in the Finnish language, and so it was unlikely Finnish consumers would read the mark as “Lüga”.

## COURT CONSIDERATIONS

Dismissing the appeal, the General Court affirmed that the mark conveyed a clear and direct message relating at the very least to the intended purpose of the goods and services at issue. The stylised elements did not negate the descriptive character, as Liiga remained easily legible. Addressing Jääkiekon’s assertions regarding consumer perception of the mark, the Court found it was less likely that consumers would read the mark in a way that made no sense. Regarding consumer distraction caused by the stylised elements, the Court held that it was a simple abstract configuration and would be seen as a background. It was possible that consumers may see a ball or puck, but that would simply reinforce the descriptive meaning.

The General Court dismissed Jääkiekon’s arguments regarding its earlier registrations.

*This case reinforces the position that adding simple stylised elements to a descriptive word cannot sufficiently distract consumers so as to imbue it with distinctive character*

## FINAL WORD

This case reinforces the position that adding simple stylised or figurative elements to a descriptive word cannot sufficiently distract consumers so as to imbue it with distinctive character. Further, it highlights that it is necessary to consider the reality of consumer behaviour when discussing how a mark will be interpreted. The Court was not persuaded that consumers would read a mark in a way that makes no sense.

### The Jääkiekon mark



### Catherine Byfield

is a Trade Mark Attorney at Bristows LLP  
catherine.byfield@bristows.com



# No ideal decision for L'Oréal

*Past marks weren't a passport to victory, reports Emily Mallam*

**L'ORÉAL, SA** (the Applicant) applied to register the EU trade mark shown on this page (the Mark) for goods in class 3: "Perfumes, eau de cologne; gels, salts for the bath and the shower, not for medical purposes; soaps, deodorants for personal use; cosmetics, in particular creams, milks, lotions, gels and powders for the face, body and hands; sun-tanning compounds (cosmetics); make-up preparations; shampoos; gels, sprays, mousses and balms for hair styling and hair care; hair lacquers; hair colouring and decolourising preparations; hair waving and curling preparations; essential oils for personal use."

The application was opposed by Theralab in its entirety on the basis of its earlier word mark for IDEALINA (the Earlier Mark), registered for the following goods in class 3: "Bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; soaps; perfumes, essential oils, cosmetics, hair lotions; dentifrices."

Both the Opposition Division and the Board of Appeal (BoA) allowed the opposition in full. The Applicant appealed to the General Court.

The Applicant argued that the BoA only considered "idéalia" and ignored "vichy" and should have concluded that there was a weak degree of similarity between the opposing signs. The Applicant further argued that the Earlier Mark had weak distinctive character with respect to cosmetic goods, such that any likelihood of confusion should be excluded. The Applicant pointed

to two earlier marks for IDEAL LINE and IDEALIST, and argued that the existence of these meant that the Earlier Mark was of limited originality, adding that Theralab could not require the Applicant to keep a greater distance from the Earlier Mark than Theralab kept in relation to earlier marks than its own.

## BoA BACKED

The General Court agreed with the BoA's conclusion that consumers paid more attention to the word elements of the Mark because of their stronger distinctive character. The paleness and limited contrast of the letter "v" and the small, pale font of "laboratories" meant "vichy" and "idéalia" were the dominant elements of the Mark. The Court also agreed that the Earlier Mark and the application had a weak degree of visual similarity.

The General Court found that the Earlier Mark had average distinctive character in respect to cosmetic goods. Referring to the two earlier marks, IDEAL LINE and IDEALIST, the General Court said that they had clear conceptual content since they alluded to the notions of ideal and idealism. The Court compared this to the Earlier Mark, which contained the group of letters "ideal", though not separated from the group of letters "ina". The average consumer would perceive the

mark as a whole, which distinguished the Earlier Mark from the IDEAL LINE and IDEALIST marks. Furthermore, the registration of just two marks using the words "IDEAL" was not sufficient to render the use of "idea" or "ideal" banal and habitual.

In finding that there was a likelihood of confusion between the Mark and the Earlier Mark, the General Court took particular note of the identity of the goods covered.

## DISTANCE LEARNING

The General Court concluded by saying that the findings were not affected by the theory that the proprietor of an earlier mark cannot require those seeking to register a mark to keep greater distance from the earlier mark than that which the proprietor kept in relation to earlier marks than its own. The correct assessment in this case was between the Mark and the Earlier Mark only.

### The L'Oréal mark



### Emily Mallam

is an Associate at Bird & Bird  
[emily.mallam@twobirds.com](mailto:emily.mallam@twobirds.com)



**T-803/14**, Compagnie Gervais Danone v EUIPO and Mahou, SA (B'BLUE), CJEU, General Court, 28 April 2016

# Danone gets the B'lues

*Again, the audience for a mark was crucial in a similarity dispute, writes Owain Willis*

48 CASE COMMENT

**IN THIS CASE**, the General Court had to consider whether the Board of Appeal made a mistake in its finding that the figurative mark B'BLUE, filed by Danone, was confusingly similar to the word mark BLU DE SAN MIGUEL in the name of Mahou, SA. Danone sought to register the mark in respect of “isotonic beverages [not for medical purposes]; high energy drinks” in class 32, whereas Mahou, SA had coverage for, among other things, “mineral and aerated waters and other non-alcoholic drinks”, also in class 32.

The goods covered by the respective marks were deemed to be identical. Turning to a comparison of the marks themselves, the Court took the view that they were of low visual but average phonetic and conceptual similarity.

## VISUAL POWER

Danone asserted that the visual aspects of the marks ought to have greater importance, because their goods were likely to be sold primarily in self-service shops to a narrow customer base of athletes. The Court stated that, while this might have been the case, it did not preclude the sale of the goods in conditions that differ from those of self-service selling, and so it was not appropriate to attribute a greater weight to the visual aspect or, conversely, to the phonetic aspect in the global assessment of the likelihood of confusion.

Accordingly, it was held that, in the particular circumstances, the low visual similarity did not necessarily outweigh other similarities between the marks.

Danone’s argument that the presence of “de San Miguel” in

“

*This case serves to remind practitioners that, as far as the EU is concerned, assumptions cannot be made that additional elements within a mark will be sufficient to distinguish it from others*

the earlier mark resulted in great differences between the signs was also rejected. It was held that the colour blue evokes purity, coolness, serenity, or the liquid element. Therefore, the relevant public, when considering the goods, would be more aware of the conceptual identity between the shared elements of the marks than their differences.

The Court went further, suggesting that the conceptual similarities were enhanced and would play a more significant role for the relevant public: Spanish speakers capable of attributing meaning to the word “de”, and by extension to “de San Miguel”. The court reasoned that the Spanish-speaking public would regard the term “de San Miguel” as relatively banal and generic, in that it serves to designate the geographical and

commercial origin of the goods, thereby resulting in “de San Miguel” playing a subsidiary role to the conceptual content of the element “blu”.

Following on from the assessment that “blu” was the dominant element that both marks shared, the Court dismissed Danone’s appeal.

## NO ASSUMPTIONS

There is nothing inherently surprising in this decision in the context of EU trade mark oppositions. However, it serves to remind practitioners that, as far as the EU is concerned, assumptions cannot be made that additional elements within a mark will be sufficient to distinguish it from others, particularly if portions of the relevant public can attribute a particular meaning to those elements.



### Owain Willis

is a Trainee Trade Mark Attorney at Wildbore & Gibbons LLP  
owain.willis@wildbore.eu



Our Administrator Sessions continue, focusing on international registrations on 9 September



GETTY

# events

More details can be found at [itma.org.uk](http://itma.org.uk)

Date	Event	Location	CPD hours
6 September	<b>IPO &amp; ITMA Roadshow</b>	Charles Russell Speechlys LLP, London	1
9 September	<b>ITMA Administrator Session</b> For and against the repeal of dependency in International Registrations §	Carpmaels & Ransford LLP, London	
14 September	<b>ITMA Webinar*</b>		1
27 September	<b>ITMA London Evening Meeting†</b>	Royal College of Surgeons, London WC2	1
6 October	<b>ITMA Autumn Seminar &amp; Drinks Reception†</b> New technology and IP	Hyatt Regency, 2 Bridge St, Birmingham	5
13 October	<b>ITMA Administrator Session Webinar</b> Sanctioned countries §		
25 October	<b>ITMA London Evening Meeting†</b>	Royal College of Surgeons, London WC2	1
9 November	<b>ITMA Webinar*</b> Middle East spotlight – the shifting sands of trade marks		1
22 November	<b>ITMA London Evening Meeting†</b>	Royal College of Surgeons, London WC2	1
24 November	<b>ITMA Administrator Session</b> The career path for administrators §	Olswang LLP, London	1
9 December	<b>ITMA Christmas Lunch and Drinks Reception*</b>	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 host or speak at an ITMA event. We would also like your suggestions on event topics. Please contact Jane at [jane@itma.org.uk](mailto:jane@itma.org.uk) with your ideas.

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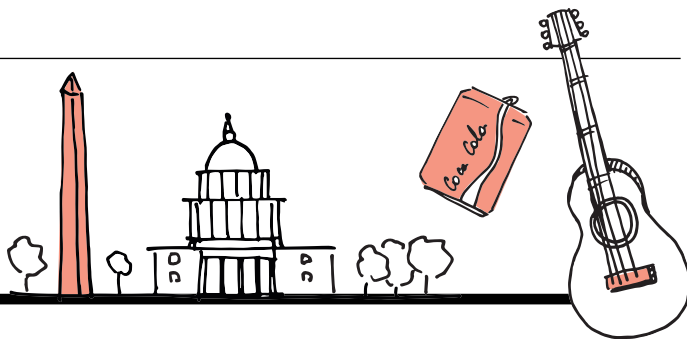


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## THE TRADE MARK 20

# Q&A



**I work as...** a Registered Trade Mark Attorney and Consultant at ipconsult, Venture Proof Ltd and JP Peel & Co Ltd.

**Before this role, I was...** a Legal Assistant for a high-street law firm during my law degree and IP masters studies.

**My current state of mind is...** keeping calm and carrying on!

**I became interested in IP when...** I selected the option to study IP at degree level and everything clicked.

**I am most inspired by...** innovative products and brands/trade marks.

**In my role, I most enjoy...** trade mark disputes, and drafting licences and agreements.

**In my role, I most dislike...** wading through lengthy and tedious trade mark search results.

**On my desk is...** my computer, a cup of coffee and a work action list – otherwise, everything is done paperless and pain free.

**My favourite mug says...** Paul Reed Smith Guitars or Spider-Man – it's a tie.

**My favourite place to visit on business is...** Washington DC. I love the



Ordinary member **Allister McManus** is keeping calm and carrying on

friendliness of the city, and the low-rise skyline, which feels very European. We in the UK could also learn a thing or two from DC about how to keep our parks and tourist attractions clean and tidy!

**If I were a trade mark/brand, I would be...** Coca-Cola. It's so well known that it protects and maintains itself.

**The biggest challenge for IP is...** to continually adapt to changing trends, and convince the public that Trade Mark Attorneys represent value.

**The talent I wish I had is...** a photographic memory.

**I can't live without...** Outlook reminders, music, guitars, iPhone, iPad, Netflix and Amazon Prime.

**My ideal day would include...** At the office – winning an opposition or dispute, and securing a large IP portfolio. Out of the office – driving to the airport on the way to enjoy a three-week holiday in Florida.

**In my pocket is...** my phone and my wallet.

**The best piece of advice I've been given is...** failing to prepare is preparing to fail.

**When I want to relax I...** spend time with my wife and children, or play the guitar.

**In the next five years I hope to...** significantly expand my client base.

**The best things about being a member of ITMA are...** that it is still fairly niche in the legal profession, and the confidence it brings to clients knowing you are part of a recognised professional body. Oh, and the *ITMA Review* is a great perk, too!

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[tony.hopkins@thinkpublishing.co.uk](mailto:tony.hopkins@thinkpublishing.co.uk)





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14/2, Palm Avenue, Calcutta 700019, INDIA

Telephone: +91 33 40177100 • Facsimile: +91 33 40082269

patents@dpahuja.com • trademarks@dpahuja.com • litigation@dpahuja.com