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# ITMA REVIEW

THE JOURNAL OF THE INSTITUTE OF TRADE MARK ATTORNEYS

Issue **406** December 2013/January 2014 [itma.org.uk](http://itma.org.uk)

CELEBRATING ITMA AT EIGHTY

happy

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## ITMA Review

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Are you reading your *ITMA Review* at the ITMA Christmas Lunch at the InterContinental, during the President's speech? If so, then once you have enjoyed the stereo effect, please find some guests who aren't



yet members and pass on your copy – show them what they are missing and invite them to join!

Wishing all ITMA members, past present and future, a wonderful Christmas and a happy new year.

**Catherine Wolfe**  
ITMA President

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# ITMA Insider



## CEO Bulletin

*Highlights from and updates to Keven Bader's 17 October bulletin*

### Structural changes

As announced in my email to members on 29 October, we are making some structural changes to the Committees that assist with our work. We are reducing the number of Committees (from nine to five) and creating more "Working Groups". These Working Groups are centred on clear areas of work or identifiable projects with certain deliverables, and each group will have the delegated responsibility to deliver a piece of work. The new structure should allow greater flexibility and provide more opportunities for volunteers, hopefully making the organisation even more effective in delivering for the membership and the profession. We'll be including information about these changes in more detail in the next issue of the *ITMA Review*, but if anyone would like to discuss the new structure, please email [keven@itma.org.uk](mailto:keven@itma.org.uk). Or, if you are interested in joining a Working Group, a Committee or Council, please let us know as soon as possible.

### Membership survey

Thank you to the 442 people who completed our membership survey. We are working through the details, but the general feeling from a scan through the responses is that, by and large, ITMA is focusing on the right areas. There are some useful

comments and we will be looking at these in greater detail to see where we can continue to deliver and where we can improve further. We plan to issue a short report once we have completed the analysis and we will notify you when this has been made available. Stuart Southall and Sharon Daboul were the lucky winners of our prize draw. Congratulations to them both.

### Unsolicited mail update

The eagle-eyed among you may have seen a note from the UK IPO in the members' area of the ITMA website on the subject of unsolicited invoices.

*The new structure should allow greater flexibility and provide more opportunities for volunteers, hopefully making the organisation even more effective*

This note is also reproduced in the October/November edition of the *ITMA Review*. In case you haven't yet read these, the short story is that the IPO is continuing to look for evidence of confusion by your clients in respect of these unsolicited approaches. If you think you can help, please forward your examples or evidence to [tmdbusinessdevelopmentteam@ipo.gov.uk](mailto:tmdbusinessdevelopmentteam@ipo.gov.uk)

There is progress on this issue; on 16 October came the publication of an adjudication by the Advertising Standards Authority (ASA) against a company sending unsolicited mail. The complaints that were upheld by the ASA were against Trademark Office Limited. The ASA adjudication can be found at [asa.org.uk](http://asa.org.uk)

### Regulatory landscape response

ITMA filed a response to the Call for Evidence from the Ministry of Justice, which is undertaking a review of the legal services regulatory landscape. The response was published on the ITMA website. Since filing our response we understand that there may be some delay in the publication of any further consultation or response, so we are not expecting to see any major changes in the immediate future, but we will be closely monitoring any further developments in this area.

## UK IPO - new post



The UK IPO has created a new senior post within the Trade Marks and Designs Directorate (TMD), the Divisional Director for the TMD. We are pleased to notify you that Steve Rowan has been appointed to this position and he took up residence on 9 September. Steve used to be a Principal Hearing Officer in TMD before spending some time in various policy roles in Government and within the IPO. We are hoping to interview Steve for an article in the *ITMA Review* soon, so you can read more about him and his thoughts for the future.

## World Trademark Review

In February 2013 we announced that ITMA and The IP Media Group, publisher of the *World Trademark Review* (WTR), had put together an opportunity for our members, whereby they will be entitled to a reduced rate for subscription to the WTR magazine. This is a reminder that the arrangement is still in place. The normal subscription price is £795, but ITMA members will be entitled to 25 per cent off this price. If this is of interest to you, please go to [worldtrademarkreview.com/account/subscribe/subscribe.aspx](http://worldtrademarkreview.com/account/subscribe/subscribe.aspx) for further details and enter the code "ITMA" to ensure you get the discount. Alternatively, you can sign up for a free trial at [worldtrademarkreview.com](http://worldtrademarkreview.com)

## TM Attorney in The Times



In October, we were delighted to see that Joanne Ling, an Associate and Trade Mark Attorney with RGC Jenkins & Co, was featured as *The Times*' Lawyer of the Week. Joanne's work acting for Nestlé in the "Colour Purple" case was highlighted, and the interview also revealed that it was a chance encounter with a job advertisement in *The Times* (for a trainee Trade Mark Attorney) that sent her on her career path. Congratulations to Joanne.

## Time for thanks

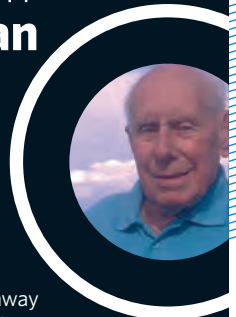
As we enter the new year and finalise plans for the forthcoming programme of ITMA events, talks and Evening Meetings, we'd like to take a moment to thank all members and sector experts who have come forward and taken time to participate.

ITMA members value opportunities for professional development, and every talk is a crucial part of providing this.

## Conference is coming

We are putting the final touches to plans for our annual ITMA Spring Conference, which this year will be based at the Church House Conference Centre in London's Westminster from 19-21 March. Keep an eye on the ITMA website and our Twitter feed for further news and the opening of registration for this not-to-be-missed gathering.

## In memoriam Eric Wenman (1919-2013)



As we celebrate an ITMA landmark year, we also remember a trade mark pioneer who helped to build it

Eric Wenman sadly passed away in early September. He was the longest-serving member of ITMA, having qualified by examination in 1951.

He spent all of his working life with Imperial Chemical Industries (ICI), having joined the company straight from school as a Junior Clerk. When war broke out he volunteered for the Royal Navy, ending up as a Chief Petty Officer. He returned to ICI and to the legal department where he discovered trade marks. On a visit to the Patent Office (as it was then), he also came across ITMA and applied to join. He took the Institute's exams and qualified in 1950.

Eric subsequently took it upon himself to train the students and it was in that capacity that I first met him in the early 1960s. There were only a handful of us and Eric taught us all there was to know about trade marks.

Eric was always at the forefront of Institute matters and was its President from 1972 to 1974. He became its Honorary Secretary and continued to serve on committees until the late 1980s.

I met Eric again in 1970 when I joined the trade marks department of ICI. By this time he headed up a large team. Eric was an exacting boss, and it was a busy time with well-known marks such as Dulux, Savlon, Terylene, Bri-Nylon and Crimplene to look after, plus, of course, the ICI roundel.

Eric retired from ICI in 1982 and moved to a new home on the Isle of Wight, where a covered swimming pool was constructed for him and his wife to enjoy in their retirement.

International trade mark matters at that time were the purview of the United States Trademark Association (as it was then), but handling ICI's trade marks involved Eric in a lot of travel and he began to realise that there was a need for a similar body in Europe, so he set about creating one. The European Communities Trade Mark Practitioners Association (now ECTA) was born in 1980. In its first year it attracted 281 members, but today it has 1,500 members. Eric became ECTA's first Member of Honour.

Eric enjoyed a great career and can proudly lay claim to having helped enormously in putting trade marks on the map, and to being a major influence in the development of ITMA, as well as the founding father of ECTA.

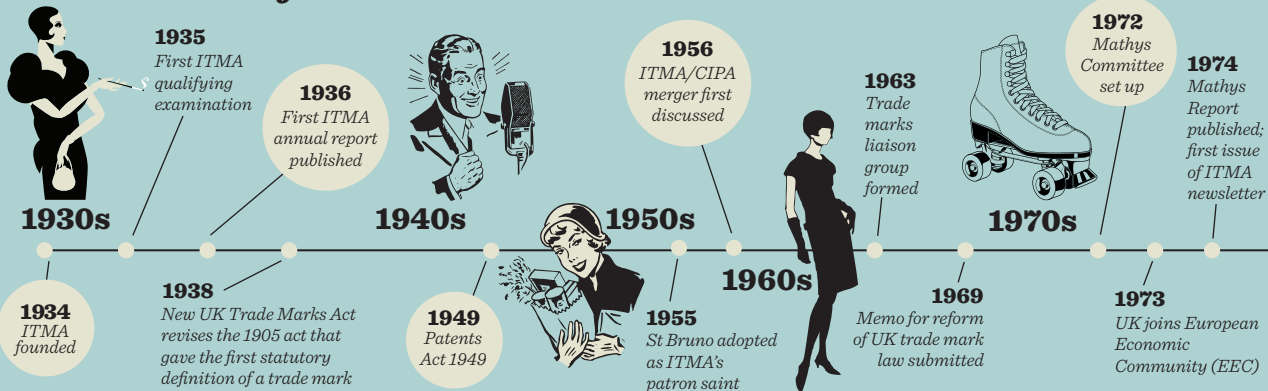
*Contributed by David Tatham*

CELEBRATING ITMA AT EIGHTY

# happy 80<sup>th</sup> Anniversary

To mark ITMA's big-number anniversary in 2014, Keith Havelock celebrates the evolution of our Institute

## ITMA: the life and times



**B**ack in the early 1930s, representatives of the relatively small number of professionals who specialised in trade mark law and practice in the UK got together to consider the formation of a new association to represent their professional interests. They did not think it adequate for their profession to be represented only as an adjunct to another profession, but rather thought that everyone's interests, as well as the development of the law in their specialised field, would be best served through a separate association dedicated to speaking for them collectively.

In October 1934, the new association, with a Board of 13, was incorporated in London as the Institute of Trade Mark Agents (ITMA). Secretarial and accommodation services were arranged with the London Chamber of Commerce, and this continued until the Institute established its first independent office 50 years later.

According to its Articles, the new Institute would be an examining body, as well as a representative one, an issue that would become, much later, one of vital significance to ITMA's members and leaders. At the beginning, the Institute had between 100 and 120 members.

The 1936 annual report of the Institute contains the results of the first qualifying examination, which took place in the private rooms of Lord Marks in Lincoln's Inn Fields in late 1935 and at which 12 candidates were successful. The possible creation

of a Register of Trade Mark Agents was a major issue at this time, and remained so. Because of restrictions in its existing charter, the Chartered Institute of Patent Attorneys (CIPA) proposed seeking a supplementary charter to refer to trade marks as well as patents. The Institute did not oppose this action, but stated, "in the event of the Institute in due course seeking a charter, it trusted that CIPA would give the appropriate support". One day, perhaps.

### Speaking out

Lobbying then began for the enactment of the Trade Marks Act 1938.

Shortly after this came into being, any further appreciable progress by the Institute was halted by the commencement of the Second World War. After the conflict ended recovery was slow, but membership and qualifications continued to occupy the Institute's attention. In 1949, a new Patents Act came into being, but a decision that any matters other than patents and designs could not be covered by the Act put paid to any chance of provisions for the inclusion of a Register of Trade Mark Agents.

In 1955, the Institute's first logo was adopted, featuring St Bruno, with the saint adopted *de facto* as the patron saint of trade marks and Trade Mark Attorneys. By 1960, the membership of the Institute had grown to 435.

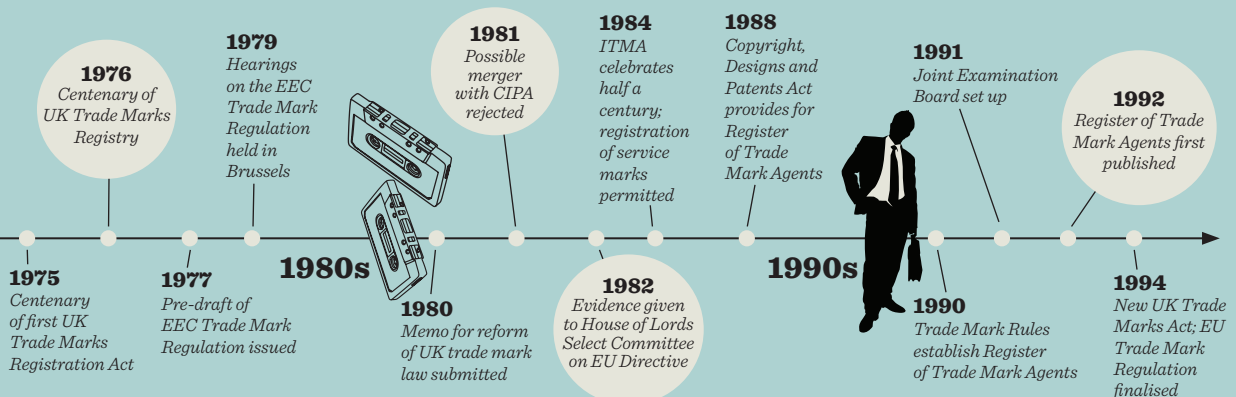
During the 1960s and early 1970s, the Institute became interested in trade marks in the Common Market. The President of the Board of Trade wrote to the Institute inviting it to join a liaison group whose remit would be to give the Government

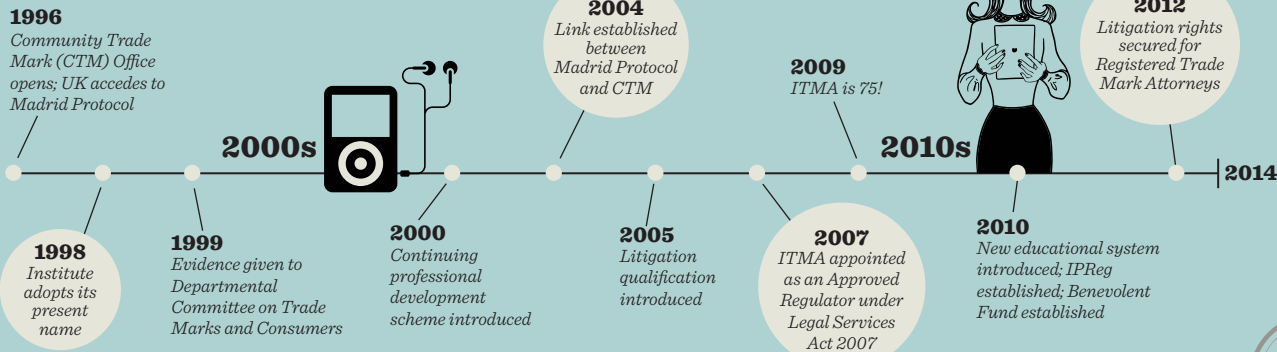
the profession's views on proposals by the Common Market countries (before these included the UK) to establish a common system of trade mark registration that would carry rights over the whole territory of the European Economic Community. This was the first of other such groups including, later, the Standing Advisory Committee on Trade Marks and the Standing Advisory Committee on Industrial Property.

### Proposing reform

In 1969 and again in 1980, reviews for reform of UK trade mark law were submitted to government. These did not produce immediate results, but the first did contribute to the setting up of a review of trade mark law and practice – the Mathys Committee. The only direct recommendation in this evidence acted upon shortly after the report was issued in 1974 was the setting up of the Standing Advisory Committee. However, other recommendations, such as the need for legislation covering service marks and the general message that modernisation was vital, were made firmly to the legislators.

Following the publication of the "Pre-draft of the Regulation relating to the Community Trade Mark", hearings were held in Brussels in 1979 to gauge the reaction of industry and the professions to these proposals. ITMA participated fully in these hearings, in association with the only other EU trade mark associations in existence at that time, BMM (Benelux) and APRAM (France). By 1980, the membership of the Institute had increased to 835.





## Flow of change

Persistent lobbying was rewarded on the home front in the mid-1980s and early 1990s when a flow of legislation affecting trade marks and associated rights began to come through. These achieved several of the original objectives of the Institute, as set out in its Articles, including the creation of a Register of qualified attorneys, the extension of legal privilege to their communications, and allowing mixed trade mark and patent partnerships to be set up. The Trade Marks (Amendment) Act 1984 introduced service mark registration, while the Copyright, Designs and Patents Act 1988 enabled the Register to be published in 1992, containing 770 names. Together with the Register came new examinations and the setting up of the Joint ITMA/CIPA Examination Board.

## Watershed

Then, at last, Parliamentary time was found for the enactment of a new root and branch Act, the Trade Marks Act 1994. As well as modernising the law, the Act enabled the Government to fulfil its obligations under the EC Directive. The entry into force of the new Act, with its wide extension of the forms of marks that could now be registered in the UK, and finalisation of the Council Regulation (EC) No 40/94 in the same year, was a watershed in the lives of most Trade Mark Attorneys then practising. Under previous Acts, the majority of marks registered consisted of word or label marks, mostly in the technical, foodstuffs or apparel classes, but henceforward many other forms of marks could be protected, including shapes and slogans. Between 1980 and 1990, the number of applications filed at the UK IPO doubled.

Of importance to the profession was a section in the Act specifically

*ITMA enters its ninth decade with plenty to think about, but, armed with a dedicated staff headed by an experienced Chief Executive, its outlook is as optimistic as ever*

authorising use by qualified persons of the term “registered Trade Mark Attorney”, thus giving official recognition to the use of the words “Trade Mark Attorney” by appropriate persons for the first time in the UK. As a reflection of this, the name of the Institute was changed to include the word “Attorneys” in 1998.

In 2000, continuous professional development requirements were introduced as one of several improvements to the education and training of qualified Trade Mark Attorneys. A new educational system began in 2010, with all new entrants to the profession being required to satisfy three components to qualify: a law course, a practice course (both provided by universities) and experience requirements.

When the Legal Services Act 2007 recognised Trade Mark Attorneys as lawyers, the *quid pro quo* was separation of representational and regulatory functions.

Thus was born IPReg.

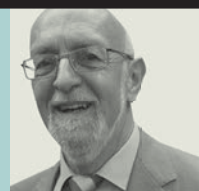
## Bright future

ITMA enters its ninth decade with plenty to think about, but, armed with a relatively new office in London, a dedicated staff headed by an experienced Chief Executive and an enthusiastic Council, its outlook is as optimistic as ever. The story of the Institute shows two things very clearly. First, that the organisation formed by the small group of dedicated professionals all those years ago quickly became the independent and resilient body we still recognise it as being today. Second, that the profession of Trade Mark Attorney is one that has fought solidly for deserved recognition, having had set for it a list of objectives by its founding fathers, most of which have been achieved, one after the other, as the years passed. It is a matter of pride to be a member of such a profession; all the more so as it has invariably conducted itself with determination, good humour and friendliness since, as everybody knows, all Trade Mark Attorneys love a good party.

## Keith Havelock

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Keith has been a member of the ITMA Council for more than 40 years, is a Past President of ITMA and was ECTA Secretary General from 2001 to 2011.





# IP Investigations

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# From the general to the particular

*Michelle Tew attended the Autumn Seminar and takes us on a journey through the main talking points*

PHOTOGRAPHY BY STEWART RAYMENT

This year's Autumn Seminar took place at the ICC in Birmingham and included a variety of talks that appeared to be well received by the 133 delegates. For those who were unable to attend this event, here are brief summaries of the key speakers' arguments:

## Filing strategy – Aaron Wood

Aaron Wood opened the programme with a discussion of the decisions in Cadbury, Mattel, Heidelberger Bauchemie and Dyson, with reference to Sieckmann and Libertel. Wood felt that things really started to go wrong in Dyson and was critical of the finding that you cannot perceive whether an object is transparent. If transparency is not a message carrier then how did it become distinctive in the first place? He was also of the opinion that the Cadbury case was

going to go wrong when it started to quote Dyson. He felt that the mark was correctly represented and incorrectly decided.

## Prosecuting and overcoming objections – Ryan Pixton

Absolute grounds: should we always file arguments and then request a hearing, or are there times when we should proceed straight to a hearing? In this session, the speaker looked at the advantages and disadvantages of hearings. Pixton felt the UK IPO is generally reasonable when dealing with objections, compared with OHIM, because someone is considering your arguments, rather than simply issuing a computer-generated report. He was critical of OHIM's approach to the examination of marks containing two English words. The talk also provided delegates with things to consider

*Absolute grounds: should we always file arguments and then request a hearing, or are there times when we should proceed straight to a hearing?*



Left to right: Alison Simpson (Urquhart-Dykes & Lord, London), Sinead Mahon and Seamus Doherty (Tomkins, Dublin)



Left to right: Michael Barrett (Fry Heath Spence, Horley), Keven Bader (ITMA), Lynn Harris (Dummett Copp, Ipswich)

regarding the timing of filing evidence of acquired distinctiveness.

**Opposition tactics – Kate Szell**

One of the main points to take away from this talk was that we should always bear in mind the bigger picture and consider the client’s position from a commercial angle, not just from a trade mark perspective. Consider opportunity for settlement, since settlement is usually more beneficial to a client than a successful opposition. The speaker also warned about making enemies on behalf of your client, as an aggressive stance may come back to bite later on!

Other points to take away:

- Beware of throwing too many grounds into an opposition as weak grounds can detract from good grounds.
- Don’t leave it too late to consider attacking the other side’s case if you want to weaken its position.
- Security of costs – check UK IPO website to see whether the other side has failed to pay past cost awards.

**Non-use cancellation actions – Joel Barry**

Barry gave an interesting and amusing talk on non-use cancellation actions, and his humour appeared to be just what the delegates needed for the post-lunch talk!

The talk included a review of the requirements set out in Ansul and La Mer for showing use of a mark. Other main cases discussed were:

- Aladdin – on appeal the restriction of goods was found unnecessary and “polish for metals” was deemed sufficiently precise, as it was a narrow sub-category.

- Tommy Nutter – demonstrated difficulties with the differences between the UK IPO and OHIM approaches. The limited use of the mark was found to be token use by UK IPO and it revoked the registration, but OHIM found the use sufficient.

**Litigation – Patrick Wheeler**

This talk focused on the Jackson Reforms and included a discussion on:

- Conditional fee agreements – since 1 April 2013, you can no longer recover a success fee from the other side. There are now damage-based agreements, where you get a percentage of the damages at the end (not suitable for IP cases as you are often seeking an injunction and damages are not significant).
- Case management – due to problems with time limits being ignored, reforms have introduced sanctions for not complying with procedural rules.

However, relief from sanctions is still being granted.

- Cost budgeting – cost budgets have to be filed in all civil cases. If the cost budget is not submitted in time, you will only get back your court fees.

**Assignments – Catriona Smith**

Smith warned about the danger of assumptions. Companies often don’t know what rights they have, so you may need to check registers and think about unregistered marks. The talk focused on the following:

- Are the marks encumbered?
- Title.
- Which assignor? Beware of company name changes.
- Splitting a business – make sure the correct marks go to the right division. Include a wrong pocket clause.
- Further assurances.
- Formalities law/jurisdiction.
- Confirmatory assignments.



**Michelle Tew**

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Michelle has experience in conducting clearance searches and filing and prosecuting trade mark applications, both in the UK and overseas.



# WATCHING THE DETECTIVES

*Graham Robinson has strong opinions on the latest moves to regulate the private investigations industry*



Anyone can set up business as a private investigator (“PI”). It is an obvious career choice for law enforcement personnel who leave the public sector but wish to continue working in a related field, and there are more than a thousand “private eyes” providing services in relation to matrimonial disputes, suspect insurance claims, witness location and process serving. At the other end of the PI scale are global investigation companies that employ lawyers, forensic accountants, intelligence analysts and computer technicians, and provide services to law firms, multinational corporations and Government agencies. Of course, to ensure practitioners across the industry act responsibly and within

the law, appropriate controls are a legitimate expectation. But how should they be actioned and where do IP investigators fit in?

## Licensing moves

In 2001, the Government passed the Private Security Industry Act (“the 2001 Act”), establishing the Security Industry Authority (SIA) in 2003. Under the Act, the private security industry was deemed to include not only PIs but also security guards and car claspers. Indeed, the last two groups were the first targeted for licensing.

The SIA is responsible for the licensing of individuals who, for example, undertake the transit of cash and valuables, close protection, door supervision, public space surveillance (CCTV), vehicle immobilisation and key holding. It is a criminal offence for anyone conducting such activities to operate without an SIA licence. →



*To ensure practitioners across the industry act responsibly and within the law, appropriate controls are a legitimate expectation*



Following the establishment of the SIA there was a period of consultation. It became apparent that the range of activities and backgrounds within the private investigations sector raised significant barriers to establishing a one-size-fits-all licensing regime.

The industry did not reject licensing. Indeed, virtually every major investigations organisation was in favour, both because it would help eliminate the rogue element and because it would help instil public confidence. However, given the details of the legislation, the SIA found it difficult to devise a framework appropriate to the range of people and organisations involved. The efforts to license PIs were put on hold.

Since then we have seen the phone hacking scandal, the Leveson Inquiry and the resulting police investigations. The result has been the arrest and imprisonment of journalists, police officers and a handful of PIs. The arrests have led to pressure to regulate the press and to revisit licensing investigators.

*Specialist IP investigators do not focus exclusively on one area of activity. Any investigation is likely to involve elements of obtaining information about individuals*

### Select Committee

Last year the Home Affairs Select Committee held hearings and solicited responses from interested parties about the investigations sector. The Committee recognised some of the problems that inhibited the implementation of licensing and, in July 2012, it published a report with recommendations that would have put licensing on a more sensible footing.

A year later, on 31 July 2013, the Government published its response to the Committee's

recommendations. The Government rejected nearly every one of the Committee's recommendations, putting the sector into a position with which it – and the SIA – will find it difficult to cope.

The Government response stipulated that the licensing of investigators “would be rolled out from the autumn of 2014”. The Government stated the following:

- 1) It will be a criminal offence to undertake private investigations without a licence.
- 2) Licences will require criminal record checks and competency training.
- 3) Anyone undertaking licensable investigation activity (whether full or part time) will need to be licensed.

The 2001 Act defines licensable activity as any inquiries that are carried out for the purposes of:

- obtaining information about a particular person or about the activities or whereabouts of a particular person; or
- obtaining information about the circumstances in which, or means by which, property has been lost or damaged.

It could be argued that the work involved in many IP investigations does not necessarily fall within the above definitions and, therefore, investigators who restrict their activities to IP investigations need not be licensed. However, specialist IP investigators do not focus exclusively on one area of activity. Any investigation is likely to involve elements of obtaining information about individuals. It is therefore safe to assume that all PIs, regardless of specialisation, will need a licence.

Those requiring a licence will include employees, managers, supervisors and directors (including shadow directors and non-executive directors) or partners of private investigations businesses. It appears that even those not engaged at the coal face of investigative work will

*While some investigators have stepped over the line of legality, this has generally been down to a lack of supervision rather than ignorance of the law*

need a licence and will therefore need to undertake competency training.

Practising solicitors, barristers, accountants and journalists are specifically excluded from the licensing requirements, and it remains uncertain whether or not in-house investigators working for corporations will require a licence.

### Fuzzy view

Again, the overwhelming majority of those engaged in the private investigations sector welcome the principle of licensing. However, it is agreed that the framework should be proportionate to the aims and not unduly burdensome.

There is no objection to the requirement that investigators should be subject to criminal record checks. Indeed, licence holders should be subject to such checks at regular intervals, not just upon application.

However, the issue of competency training for all those involved in the industry, apparently regardless of position, background or experience and regardless of whether they work full-time or only occasionally, is far more contentious.

The Government has not yet confirmed what form competency training will take, who will provide such training or the cost. However, in a document issued in 2007, the Home Office estimated that the typical learning route for a company employing 10 investigators would cost £9,000 in addition to the licensing fees and that such training would be followed by refresher training.

It is ridiculous to require non-executive directors and occasional workers to undertake training in areas in which they will never work. Substantial investigation companies employ people drawn from various walks of life, many completely distinct from the investigations industry. They are hired for their sector contacts and, in some cases, for their ability to

attract clients. It is absurd to require such individuals to be trained in evidence handling or surveillance.

Similarly, it makes no sense to propose that a former police officer who has had a career undertaking surveillance, interviewing suspects and handling evidence should be required to undergo training to practise in the private sector. If clients want to engage a professional to undertake surveillance, they will surely want someone who has spent their career conducting surveillance rather than someone who has undertaken a short course and has no experience, but who is nevertheless licensed.

The overriding concern of the government is said to be the prevention of harm to the public. But as the Home Affairs Select Committee concluded in 2012, “competency does not ensure conscience”. It will be the concern of many in the industry that competency training will not only be expensive, time consuming and in many cases pointless, it will not achieve the aim of excluding those who are prepared to break the law. Training may make money for training companies, but it won’t enhance the performance or the reliability of investigation companies.

The only training that makes sense for all investigators is training that informs practitioners about the laws that govern their activities. There is a clear list of legislation applicable to what we do; for example, the Data Protection Act 1990, the Computer Misuse Act 1998, the Regulation of

Investigatory Powers Act 2000 and the Human Rights Act 1998, to name a few. A good example of how to efficiently require an understanding of that legislation is the Highway Code. It should be possible to create a handbook of relevant law and to have a written test that would prove an applicant’s knowledge prior to granting a licence. It would be an effective learning tool and cheap to apply.

### Client impact

Every investigations business puts clients at the heart of what they do. Their objectives are to meet clients’ needs and to stay in business. While some investigators have stepped over the line of legality, this has generally been down to a lack of supervision rather than ignorance of the law.

The Government should look more closely at what investigators do and how they do it. It should consider the role they play in gathering legitimate information for business and evidence for use in legal proceedings. And it should consider the £100 million or more that the sector adds to the economy and that may be put at risk.

The bad news for clients is that the cost of the currently proposed licensing regime will inevitably be passed on to them. Higher costs will mean higher fees. No company wants to increase fees merely to cover costs that need not have been incurred in the first place. But that will be the most visible effect if the politicians don’t see reason.

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# MATCH FIT?

*When brands team up, it can bring rewards for both, but only if the game plan has been thought through, advises Carrie Bradley*





The concept of co-branding (also known as brand partnership) is not new. As consumers, we are accustomed to seeing flourishing examples in the marketplace – such as on T.G.I. Friday's menu, which features Jack Daniel's® sauce, and Betty Crocker® brownie mix, including Hershey's® chocolate syrup. While much has been written on the subject of this established marketing model, this article aims to consider the commercial implications from a trade mark and IP rights perspective.

## Co-branding basics

In essence, co-branding is a form of trade mark licensing, in that it enables two parties to lend each other their respective IP rights for the purposes of joint exploitation. Since trade marks fundamentally serve as an indication of origin, if a product or service is co-branded with another (for example a highly esteemed or famous mark), then the consumer will associate that product or service with those particular brand values; usually expecting that it is a quality product or service from a trusted source. Trade mark owners licensing their brands have an obligation to exercise control over the quality of the goods or services sold under their mark, hence co-branding requires the same level of care as any usual licensing opportunity. It follows that, like any licensing arrangement, co-branding is a serious business venture that should not be entered into lightly, and if co-branding ventures go wrong, they can lead to significant brand damage.

## Advantages

Co-branding ventures can be very attractive to brand owners. If successful, they can offer several advantages, for example (not exhaustive):

- Increased brand exposure from joint advertising – this enables each partner

to reach a wider consumer audience and increase brand awareness among their respective customers.

- Access to new markets with minimum expenditure and additional income from increased sales in existing markets.
- Royalty income.
- Possibility of added credibility from co-branded product or service in new markets and assimilation of positive values from brand partners.
- Customer reassurance (more than one company's name and reputation now stands behind the product or service).

## Pitfalls and risks

The most obvious commercial risk of a co-branding exercise is the vicarious risk to reputation. If there is any negative change in the reputation or financial status of one partner, it can have an impact on and cause damage to the other partner's reputation and trade mark. Likewise, if a consumer has a negative experience with the product or service, that negativity will be associated with both brands. It follows that choosing a co-branding partner is very important and it is a decision that requires careful strategic thought.

Research should be undertaken to ensure the viability of the co-branding partner's service delivery capability and product safety standards. If it is unable to perform in accordance with expected service standards, then the goodwill and value of both brands and trade marks could be tarnished. Before aligning their respective brands, each partner should therefore satisfy itself on these points, and ensure that it has obtained robust reassurances about the other's financial position.

Other general commercial risks of co-branding are:

*Infringement.* First and foremost, the use of another party's trade mark without consent is likely to constitute an infringement, so seeking formal written consent to make use of one another's IP rights is clearly a starting point for any co-branding agreement.

*Beneficial or negative brand alignment.* Are the brands and corporate personalities of the two companies compatible? Do the two brands have similar customer profiles? If the two brands concerned have an obvious and natural relationship, the venture is more likely to be commercially beneficial to both parties.

*Adverse repositioning.* If one party repositions its brand or significantly shifts its business direction or goals, this can have potentially negative effects on the co-branding partner.

*Acquisitions and mergers.* Either can adversely affect co-branded partners. Each party may wish to make enquiries as to whether the other has any such plans in the future.

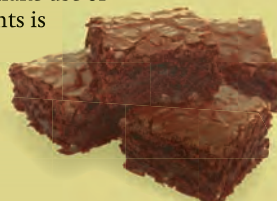
*Unequal goodwill.* The success of the co-branding venture may promote the goodwill of one party more than the other. Furthermore, co-branding can dilute goodwill because the consumer's positive experience is spread across two brands rather than just one brand claiming the glory.

*Difficulty severing.* Should the need arise in the future, dismantling a co-brand and re-establishing a stand-alone brand can be difficult once the public is accustomed to seeing brands together. A failed venture in itself may also mean that the relationship with the third-party partner concerned is irrevocably damaged, leading to long-term commercial disharmony.

## Lowering risk

The principal way to mitigate the risks of co-branding and to protect both parties is for a comprehensive co-branding agreement to be drafted and implemented prior to the commencement of the relationship.

This agreement should set out provisions relating to the ownership of the IP rights and the restrictions and obligations of both parties, together with the terms under which those IP rights shall be jointly licensed between the parties. It should





also specify in detail how the two companies will work together to achieve their joint and individual co-branding goals.

One would expect the agreement's provisions to cover the following issues:

- Common-law rights – use of the two brands together may form a new combined or composite mark that will create common-law rights; it should therefore address who will own the IP rights in the new combined mark.
- Article 6bis (Paris Convention) – if co-branding with a well-known mark, consider whether Article 6bis can be relied upon and address this within the provisions of the licence agreement.
- Branding specifications – provisions should detail the agreed appearance and permitted positioning of the brands (location, size, proximity, colours etc) and any permitted future modifications to the brands. If the co-branded marks are spatially separated on any given page, this will lessen the impact and reduce the likelihood of forming a new combined mark.
- Joint marketing strategy – the types of marketing, use of the parties' respective customer data, joint advertising and public relations efforts should all be coordinated.
- Licensing specifics – there must be reciprocal terms to use each other's trade marks, logos etc, in accordance with agreed guidelines and policies solely to perform their obligations under the co-branding agreement.
- Detailed quality control provisions.
- Policy on enforcement of IP rights.
- Exclusivity – any necessary restrictions regarding other third-party agreements or alliances with other competitors.
- Payments and royalties – terms of a profit-sharing agreement.
- Representations and warranties.
- Term and duration of the agreement – a short initial term with the option for renewal may be appropriate.
- Termination provisions – ie breach of terms.
- Liability – indemnification regarding joint liability for product defects etc, and disclaimers.
- Confidentiality.

Finally, however, it bears noting that even the most comprehensively drafted agreement cannot make a success of an ill-conceived co-branding strategy. It might be that co-branding with one particular partner is simply not a viable option and may cause more damage than benefit.

### Best practice

With all of the above guidance in mind, what are the other key practice points to bear in mind in relation to co-branding?

First, issue an internal co-branding policy, which should outline an approved business strategy. This will help to create awareness of the risks and offer guidelines to staff and brand managers on the key issues for consideration when contemplating a co-branding venture, in particular by highlighting “red flags” that may deter them from pursuing one that is likely to be undesirable. While such a

*Even the most comprehensively drafted agreement cannot make a success of an ill-conceived co-branding strategy. Co-branding with some partners might not be viable*

policy will reduce the company's co-branding options, it will also reduce its risk by enabling staff to objectively assess any opportunities that arise.

Second, issue a guidance note on trade mark use. In conjunction with a co-branding policy, brand owners should ensure that a policy has been developed to provide clear guidance on correct use, for example, to ensure consistent placement of the marks in terms of appearance and positioning. The provisions contained can be mirrored in the co-branding agreement to be drawn up with a third party.

Next, consider alternatives. Before embarking upon a co-branding venture, brand owners would be best advised to pause to consider whether this is the correct course of action or whether the benefits can be achieved another way. For example, can the two parties work in collaboration with merely a descriptive statement indicating the joint venture?

Finally, brand owners may wish to consider if there are any advantages in creating an entirely new brand for the co-branded joint venture. This may depend upon how long the co-branding venture is expected to be in place. If it is predicted to be short-term, then it is unlikely to justify an entirely new brand.

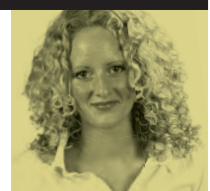
### Critical assets

Brands are critically important assets and it is evident from successful examples in the marketplace that co-branding can significantly enhance or reduce their value. Providing that the relationship between the parties and the inherent legal and commercial risks are understood and carefully managed from the outset, brand owners should be much better equipped to benefit from the potential rewards.

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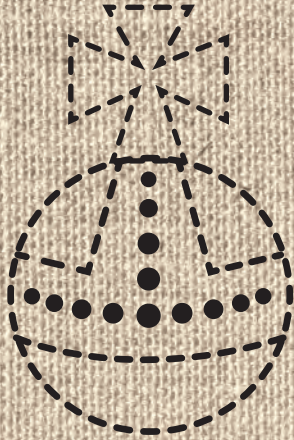
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# GUARDIANS OF THE ORB

TWO RECENT ITMA TALKS EXPLORED HOW AN ICONIC SCOTTISH FABRIC HAS FASHIONED A STRONG PROTECTION STRATEGY, AS LOUISA MANN REPORTS

**M**any well-informed readers will know that HARRIS TWEED is a cloth that is hand-woven in the Outer Hebrides of Scotland and possesses some unique characteristics. What may be less well known is the rich history the cloth enjoys and the somewhat unique protection that has been built up around it over many years. Having the oldest UK certification mark was just the beginning, as Colin Hulme, Partner at Burness Paull LLP, explained to ITMA members in Leeds and Edinburgh recently.

HARRIS TWEED has been produced for almost two centuries and was adopted by the islanders of the Outer Hebrides due to its durability, ability to repel water, and warmth. More recently it has become recognised for its quality and style, used by high-profile design houses and by discerning upholsterers. This

popularity was most recently reinforced by the fabric's starring role in the Oscar-winning film *Argo*, which was set in the 1970s. HARRIS TWEED jackets were almost the standard-issue uniform of CIA agents at that time. To maintain authenticity, Ben Affleck's character, agent Tony Mendez, wore the cloth throughout the movie.

More than one million metres of cloth were certified this year, and its growth as a global brand has ensured that demand remains more or less constant, with new markets emerging to take up any capacity in production. Importantly, the HARRIS TWEED brand safeguards the livelihood of more than 200 weavers, without whom it could not be produced.

## Forward thinking

In the early 1900s, some forward-thinking merchants of Lewis and Harris island held a meeting at which the plans for a certification process were established, whereby hand-woven cloth produced on the islands was passed through an inspection process and, if approved, was endorsed as

being HARRIS TWEED. This group went on to form the Harris Tweed Association Limited, which was a precursor to the registration of the UK certification mark in 1909. The certification mark, an orb, continues to be used to this day.

The most significant challenge to the orb came in the 1960s when a group of companies that produced and marketed cloth as “Harris Tweed” sought to refine the meaning of HARRIS TWEED. It was held that, to legitimately be called HARRIS TWEED: (1) a product should be tweed made from pure virgin wool produced in Scotland; (2) the hand-weaving should be carried out at the homes of the islanders; and (3) the dyeing, spinning, hand-weaving and finishing should be carried out in the Outer Hebrides (though it is sufficient that the wool itself is prepared and produced in Scotland). Lord Hunter, in an important judgment, recognised that a name could have a meaning and reputation that was understood by the purchasing public, giving the orb a new standing. It was therefore found that to market tweed that does not follow this process as being HARRIS TWEED without disclosing that fact results in passing off. This case remains a well-used passing-off precedent.

Having spent more than 80 years as guardians of the orb, the Harris Tweed Association Limited was replaced by the Harris Tweed Authority by virtue of the Harris Tweed Act 1993, a private Act of the UK Parliament. As well as the Authority, the 1993 Act brought with it increased and defined rights, as well as remedies for protection of the brand.

The 1993 Act defines HARRIS TWEED as: “A tweed which has been handwoven by the islanders at their homes in the Outer Hebrides, finished in the Outer Hebrides, and made from pure virgin wool, dyed and spun in the Outer Hebrides... and possesses such further characteristics as required.”

This statutory definition sets in stone for future generations the key elements of HARRIS TWEED. If satisfied that the cloth meets this definition, the Authority will stamp it with the certification mark. The Act also provides a right to interdict

(or issue injunction) against any person that offers for sale any material represented as HARRIS TWEED that does not meet the statutory definition. This is a weapon that has on many occasions put a stop to infringing trade.

The Authority’s biggest threat comes from retailers diluting the brand through inappropriate use of the HARRIS TWEED name and the orb. The Authority has a clear strategy to ensure any goods labelled as HARRIS TWEED are properly given that name. The addition of a HARRIS TWEED patch on a leather bag does not make it a HARRIS TWEED bag!

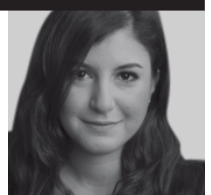
Over and above the traditional purpose of a certification mark, the orb is now recognised as having an effect of increasing the material’s appeal, with many designers seeking permission to use the orb and iconic HARRIS TWEED label on the exterior of garments.

The Authority is not resting on its laurels, explained Hulme. To keep up with emerging markets, the

*It was found that to market tweed that does not follow this process as being HARRIS TWEED without disclosing that fact results in passing off. This case is a well-used passing-off precedent*

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Authority’s Trade Mark Attorneys, Marks & Clerk, are managing an increasing portfolio of more than 52 registered marks in 34 countries.

Hulme went on to discuss certification marks and how valuable they are to customers, in that they are a clear representation that certified goods will possess certain characteristics. The proprietor of the certification marks will define those qualities, and enshrine these in accompanying certification mark regulations. Prior to registration these regulations must be approved by the UK IPO.

The proprietor itself does not use the certification mark as such, but rather it licenses and regulates its use. In the case of the Authority it produces nothing, but inspects and certifies cloth presented to it by the three main mills in the Outer Hebrides. There are good public policy reasons for this, as there is no risk of the Authority being accused of failing to observe standards on cloth it might have a commercial interest in certifying.

The Trade Marks Act 1994 provides that the rules governing trade marks apply equally to certification marks, other than as varied by Schedule 2. It is important to always ensure that a certification mark is clearly being used as such, for fear of revocation, and that the regulations are available for public inspection.

As well as being the oldest and longest-surviving certification mark in the UK, HARRIS TWEED is fortunate to have a long and well-established brand protection strategy to complement the marks. Stornoway black pudding and Arbroath smokies have followed, with Protected Geographical Indication status, which is not presently available for cloth. Ahead of its time in terms of brand protection, HARRIS TWEED continues to set trends wherever it goes.

# THE PROTOCOL

## - PAST, PRESENT AND FUTURE

*The Madrid Protocol is now a common feature of practice, but it was not always that way. Daniel Smart reminisces about its history and explores the outlook*

**T**rade mark professionals in the UK – and many in other countries – work with the Madrid Protocol on a daily basis. How different it once was.

The Madrid Protocol, with the UK among its first members, came into play on 1 April 1996. For most, this date is better known as the first day Community Trade Marks (CTMs) could be filed (or, more precisely, the earliest filing date CTM applications could be accorded). CTMs got filed by the bucket-load and have been popular from the start.

For the Madrid Protocol it was different, as many countries were slow on the uptake. This included those that were already members of the Madrid Agreement, which, until they were in the Protocol, were out of bounds for UK businesses.

Only a handful of Madrid Protocol applications were filed by UK companies in the early days. With the European Union (EU) easily covered by the new CTM, the majority were filed to designate China as most of the other members of commercial

importance at this time were other EU Member States. I can recall speaking to the UK Trade Marks Registry to check on the progress of an early application and being told: “We’ve only had three applications so far.” A recent check of ROMARIN shows a mere 11 active registrations originating from the UK registered between April and September 1996.

Over time, some key countries have come aboard, such as Australia, Japan, Korea, Russia, Singapore and the US, as well as the EU itself. And, if it was not immediately popular, the advent of the Protocol proved a watershed moment in the Madrid system and the global registration of trade marks.

### Early expansion

The Madrid Agreement had been operational since 1892, but primarily as a European continental club. Prior to 1948, the only non-European member was Morocco. The arrival of Vietnam, in 1949, marked the Agreement’s expansion to Asia, although it would take another 40 years before it touched the Americas with the accession of Cuba.

With little prospect of further expansion in the same guise,

particularly to common-law countries, the inflexibilities of the Madrid Agreement were ironed out in the Madrid Protocol and allowed the UK, US and others to come aboard. It has grown rapidly since.

This decade has seen a diverse expansion, both geographical and economical. There has been the accession of Colombia, India, Israel, Mexico, New Zealand, the Philippines, Rwanda and Tunisia. And Kazakhstan, Sudan and Tajikistan added the Protocol to their Agreement membership. Furthermore, the dissolution of the Netherlands Antilles in 2010 created three new Madrid jurisdictions: Curaçao, Sint Maarten and Bonaire, Sint Eustatius and Saba. Meanwhile, far removed from the sunny climes of the Caribbean, Denmark extended its Madrid Protocol membership to include Greenland.

Challenges, of course, remain. Is the requirement to have a home registration really needed these days? Direct filings with WIPO would be operationally less cumbersome. The removal of the threat of “central attack” would bring less uncertainty to the table when using the Madrid Protocol, and this is a concept less

easily understood by owners of smaller trade mark portfolios.

WIPO suffers processing delays at the moment. Statements of grant were made mandatory, as many users were forthright on the importance of these. WIPO listened, but the increased numbers of these documents put it under pressure.

It should have little problem coaxing civil servants from Member States to a tax-free salary in Switzerland should it need more staff. Although my criticism of WIPO's recruitment would be that Government experience seems to be a prerequisite for employment, when professionals from industry or private practice could add a different perspective.

I must give praise where it is due, though, and the set-up of three dedicated teams of examiners at WIPO has left the organisation less faceless. Incidentally, Madrid Team 1 ([madrid.team1@wipo.int](mailto:madrid.team1@wipo.int), (+41) 22 338 750 1) looks after applications originating through OHIM, and Madrid Team 3 ([madrid.team3@wipo.int](mailto:madrid.team3@wipo.int), (+41) 22 338 750 3) is responsible when the UK is the Office of origin.

The development of online tools should also be welcomed and will improve operations.

### US issues

The onerous maintenance requirements for US designations still present a problem. In the first term of registration there are likely to be three maintenance events, namely two Affidavits due (to the US Patent and Trademark Office) and one renewal due (to

WIPO). The high number of provisional refusals in the US may have meant there were no cost savings in the original Madrid filing, but even if there were (for there being no need to engage US Counsel), the maintenance requirements for US Madrid Protocol designations are, at best, no cheaper than they would



be for a national registration. It's easy to see why some argue that the US has taken all the benefits of the Madrid Protocol for its own businesses, but is barely extending this back to other users of Madrid. A similar situation arises for designations of the Philippines.

Common-law countries, mostly in Africa, pose another problem when they have not amended their local legislation to reflect their Madrid membership. WIPO can seem oblivious to this, thinking once it has a member signed up, it is "job done", but ultimately, if you could not enforce an international registration in, for example, Zambia, isn't that country's membership worthless?

As for the future, it is easiest to speculate on the new joiners. Remaining in Africa, Zimbabwe has made legislative steps to ready itself for membership, but, as we saw with India, this does not necessarily mean it will be depositing its instrument of accession immediately. Being the home of the African Regional Intellectual Property Organization (ARIPO), Zimbabwe could play an important role on the continent and help in finding a way of linking ARIPO's Banjul Protocol with the Madrid Protocol.

Malta, currently the only EU member not to have Madrid membership, could complete the EU jigsaw. We may also anticipate that Algeria – the sole remaining member of the Madrid Agreement only – will accede to the Protocol, too. This may put to bed the Madrid Agreement and abolish Article 9*sexies*. This provision allows applications from Member States of both the Madrid Agreement and the Madrid Protocol to pay complementary and supplementary fees (rather than individual fees) when designating members that are also party to the Madrid Agreement and Madrid Protocol. They also get the advantage of a 12-month examination period. Those from Madrid Protocol-only countries, including the UK, can claim this is unfair.

The ASEAN states are scheduled to join the Madrid Protocol by 2015. Thailand is expected to come aboard soon, joining the existing members in ASEAN: the Philippines, Singapore and Vietnam. Malaysia has made legislative amendments to prepare

*Some of the quirky mechanisms of the Madrid Protocol will continue to baffle some people and there are skills required to work with it, but it is clear that it is here to stay*

for Madrid. For the other ASEAN states (Brunei, Cambodia, Indonesia, Laos and Myanmar) this timetable may be less realistic, although we may expect Brunei or Indonesia to make strides in this time, and new legislation is imminently anticipated in Myanmar.

The same is true with CAFTA-DR countries whose free trade agreement with the US stipulates Madrid Protocol membership. Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua are the members, with Costa Rica and the Dominican Republic considered the most likely to join up first.

### Pockets of resistance

Of some of the major markets currently outside the Madrid family, resistance is strong in Canada, where local practitioners have lobbied their Government hard not to join.

Brazil and South Africa present some more positive vibes, although both realise they need to reduce examination backlogs to be able to cope with an influx of Madrid applications. They are making inroads into these backlogs, although not at the same rate as India.

Brazil faces another challenge because the local law stipulates Portuguese as the official language for all correspondence. This could be amended, but a change could present a linguistic burden on the local trade mark office. It is possible that Portuguese could become an official Madrid language – WIPO already provides some information in this language. However, there may

be a reluctance to do this unless some dispensation can be reached that keeps a handle on translation costs (for example, only international registrations designating Brazil are translated into Portuguese).

WIPO may also be wary. In 2004, Spanish was made an official language, but it has not been until the past year that Colombia and Mexico joined the Madrid club (Spanish-speaking Cuba and Spain were already members before 2004).

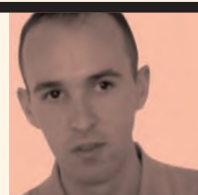
Making Portuguese an official language would be almost purely to lure in Brazil. Other Lusophone nations, such as Angola, Cape Verde and Timor-Leste, are not of commercial interest to as many businesses as Brazil (and Mozambique, Portugal, and São Tomé and Príncipe are already part of Madrid). Further, to digress somewhat, Portuguese could currently be available only as a first language for designations of the European Community and not (as is the case with English, French and Spanish) as a second language.

Some of the quirky mechanisms of the Madrid Protocol will continue to baffle some people and there are skills required to work with it, but it is clear that the Madrid Protocol is here to stay and will become increasingly prominent in the field of trade marks in years to come. It may get replaced with a new system in due course, but political wranglings may mean it is easier to amend the existing system than to start from scratch.

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# A DAY OF DEVELOPMENT

*A packed programme for administrators is summarised for Review readers by Jacqueline Jones*

**A** administrator/Paralegal attendees from all over the UK, whether in private practice or industry, descended on the Lancaster Hotel in central London for the Intellectual Property Administrators Group (IPAG) 10th Annual Conference. The event ran in parallel to the CIPA Congress and was co-hosted by ITMA; delegates enjoyed a full day of trade mark content.

ITMA President Catherine Wolfe welcomed everyone at the start of the programme, and then went on to mention how valuable administrators are and the role they play in assisting attorneys in managing their busy workloads. Wolfe also mentioned how valuable it is for administrators to keep their knowledge up to date by attending events such as the conference and how pleased ITMA was to be co-hosting the event.

Following this welcome, the first guest speaker was Edward Gardiner from Cheeswrights, who presented a session on legalisation and notarisation. Edward explained the role of a Notary Public and then went on to talk about the documentation required when attending before a Notary Public. He concluded his presentation by offering examples of documentation legalised and notarised for use in Brazil and Bahrain.

Brett Heavner from Finnegan's Washington DC office spoke next, and gave an entertaining talk on the new requirement for extra specimens of use regarding the US Patent and Trademark Office's two-year pilot programme to fight "dead wood" on the US Register, which began on 21 June 2012. Heavner also explained the new tighter criteria for specimens of use, recent fraud decisions regarding misstatements of use, and fresh guidance on tacking on priority for updated marks.

Prior to a coffee break, Azhar Sadique from Keltie gave a talk on companies who go into liquidation/administration and what happens to their trade marks. Sadique also mentioned the IP Translator decision and explained what has changed with regard to drafting trade mark specifications for goods and services.

After a coffee break, Neil Wilson from WIPO gave an update on the existing and new tools available, specifically the Madrid Goods and Service Manager, the Madrid Portfolio Manager, the Madrid Real-time Status and the Madrid Electronic Alert, and gave a demonstration of the website. This was followed by a talk from Tania Clark of Withers & Rogers, covering the forthcoming Community Trade Mark (CTM) proposals to be adopted

and services; relative grounds for refusal, reputation; and bad faith as a ground of opposition.

After lunch, Rob Davey from Thomson CompuMark commenced the afternoon sessions, giving a presentation on what searching tools are available online. Ben Longstaff from Hogarth Chambers talked about formalities and the changes that had just come into effect on 1 October regarding oppositions and appeals.

Michelle Blunt and Iona Silverman from Baker & McKenzie then gave a presentation on registering assignments worldwide, offering useful tips and things to avoid. The final guest speaker was Michael Browne from Redd Solicitors, who gave an update on domain names and litigating UDRP and DRS disputes.

*Thanks to all of the guest speakers for taking time out of their busy work schedules to come along and present, and to ITMA and CIPA for their very valuable support*

by spring 2014. Clark mentioned that new terminology would be used – CTMs will be known as European Trade Marks – and that the European Union Trade Marks and Designs Agency will replace OHIM. She also explained the changes to: graphic representation; classification of goods

All in all, a very compact day with lots learned!

On behalf of IPAG, thanks to all of the guest speakers for taking time out of their busy work schedules to come along and present, and to ITMA and CIPA for their very valuable support.

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# MEXICO MOVES FORWARD

*Laura Collada offers her arguments for making Mexico more of a priority in your clients' IP strategy*

**O**n 19 February 2013, the Protocol Relating to the Madrid Agreement concerning the International Registration of Trade Marks (the “Madrid Protocol”) entered into force in Mexico. The instrument of accession to the Madrid Protocol was deposited at WIPO on 19 November 2012, and the guidelines for applications and filings under the Madrid Protocol were published in the *Official Gazette* on 12 February 2013. The number of trade mark applications that will be filed in Mexico through the Madrid Protocol at this point is uncertain, but estimates for the first year anticipate around 7,000 applications.

In fact, the first application filed through the Madrid Protocol has already been granted; on 2 August 2013 trade mark LOVELY LAB was registered under number 1387899 by a US company. This fact could send an erroneous message to the IP community, which uses the Madrid Protocol on a daily basis.

Mexican legislation has its own peculiarities. For example, there are three different ways of filing a trade mark application: i) through the traditional system described in the legal framework; ii) through the Madrid Protocol, and iii) online; this last option speeds up the prosecution and administrative analysis. It is important to discuss with local counsel which route would be the best option.

An application filed through the traditional system might obtain registration in a six-month period, while an online application can mature into registration in three months. This difference in timing can be important where the applicant wants to obtain registration as soon as possible. On the other hand, the time frame for registration under the Madrid Protocol is much longer; it can take up to 18 months to issue an official action by the Mexican trade mark authority (Instituto Mexicano de la Propiedad Industrial – IMPI). So the decision of which way to file will depend on the applicant’s business priorities.

Moreover, classification can be a nightmare in any jurisdiction, and in Mexico it is acceptable to use the

class heading, the description of specific goods and services, or a combination of both. So the specification of goods and services can be a tricky area during examination of the application by IMPI. It is important to stress that IMPI will perform an administrative (formal) exam even though WIPO will also perform its own examination. Remember, also, that Mexico does not have a multi-class system, which means the application will be examined in each and every class in a different way.

### Major change

The inclusion of the Madrid Protocol is a major change in Mexico's legal framework and it is expected to increase the number of filings in the country. However, as Mexico does not have an opposition system, there is a huge downside in its legal framework. It is true that an opposition system is not required for filing and prosecuting applications under the Madrid Protocol, but it is a highly recommended tool.

I believe Mexico must now implement an opposition system. The challenge will be amending legislation to avoid the potential for opposition to become a way to delay examination and registration for both national and international trade mark applications.

In light of the above, foreign applicants will have to assess the advantages of using the Madrid Protocol against the alternatives for filing; in many cases filing a national application may be justified.

### IP leader

Mexico has, for many years, been a leader in IP in Latin America, thanks to the huge levels of foreign investment in the country and the international treaties signed by Mexico. Moreover, Mexico is a growing market, serving as a buffer between North America and Central and South America. In the centre of regional trade, Mexico has learned to deal and negotiate with both markets, which has helped to foster important IP activity.

Nonetheless, although Mexico is among the 15 strongest economies in

*Foreign applicants will have to assess the advantages of using the Madrid Protocol against the other alternatives for filing; and so, filing a national application may be justified*

the world and the IMPI is among the 20 top offices worldwide according to WIPO, Mexico is not considered a priority country when the decision comes to file a trade mark application and the applicant is a global player.

The Madrid Protocol and TMview system, etc, have been the way to enhance the legal framework to attract more filings, and Mexico must be considered a priority country for many reasons, such as the strategic position of the country in the Americas, the huge internal market, its growing economy, its consumers' purchasing potential, and its position as the third-largest supplier of imported goods to the US. However, few Mexican trade marks will be filed through the Madrid system. Small and medium enterprises are growing and developing, but Mexico is still taking baby steps.

Unfortunately, the question facing us today is not whether Mexico is or isn't a priority country, or if it has enhanced its legal framework, or even

if signing the Madrid Protocol was a good idea. Today, the reality is that Mexican practitioners have to work with a system that offers many options and must choose the best one for their clients.

The Madrid Protocol provides a low-cost, simplified system for filing international applications, single payments for renewals, single recordal for assignments, changes of address, etc. However, when those applications are examined in a certain jurisdiction they have to cope with local particularities, which, as mentioned, in Mexico include the lack of an opposition system and the lack of a multi-class system.

Practitioners must realise that using the Madrid System will not be the same experience in Europe as in other jurisdictions – even more so when it has just recently been implemented – and also that the bedding-in of this process will continue in Mexico. Practitioners must, therefore, assess the various ways to file an application in this jurisdiction so that they really service the goals of their clients.

### Positive steps


On the other hand, Mexican authorities have been working hard on classification, criteria and guidelines to improve transparency across the whole prosecution process. In addition, Mexico's Government has a strong policy aimed at fostering innovation and assisting with enforcement of IP rights, recognising that they are essential for economic prosperity, competitiveness, growth and development.

Furthermore, Mexico has taken positive steps on IP rights by modernising and enhancing its system and should be considered by more applicants as a priority country. So, instead of checking a box automatically, let's think about what our clients really need.

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# A matter of discretion

Ian Drew examines the cloudy issue of residual discretion on non-use and raises doubts about its existence

Since New Zealand introduced the Trade Marks Act 2002 (NZ) (“the Act”), numerous non-use revocation decisions have referred to a residual discretion available to the Registrar to maintain an unused mark on the Register where “exceptional circumstances” exist. However, it is questionable whether such a discretion does or should exist, taking into account the underlying public policy considerations and genesis of the Act.

Section 66(1) of the Act governs applications for revocation in New Zealand. The relevant part of this section is:

- 1) The registration of a trade mark *may* be revoked on any of the following grounds:
  - a) That at no time during a continuous period of three years or more was the trade mark put to genuine use in the course of trade in New Zealand, by the owner for the time being, in relation to goods or services in respect of which it is registered.

The word “*may*”, italicised above, has been construed by the New Zealand Commissioner of Trade Marks in numerous cases as affording a residual discretion to maintain a trade mark registration where the mark has not been used in the relevant period where “exceptional circumstances” apply.

Before considering the rationale for concluding a residual discretion exists, it is important to note that the Act has specific provision for maintaining a mark that has not been used where there are “special circumstances” preventing the use of the mark. Section 66(2) of the Act reads as follows:

- 2) However, despite sub-section (1), a trade mark may not be revoked for its non-use if its non-use is due to special circumstances that are outside the control of the owner of the trade mark.

The special circumstances criteria were set out in *Manhaas Industries (2000) Limited v Fresha Export Limited* [2012] NZHC 1815, summarised as follows:

- 1) the circumstances must be “peculiar or abnormal” and have arisen through external forces as “distinct from the voluntary acts of” the registered owner;
  - 2) it is not necessary to show that these special circumstances made use of the trade mark impossible, but rather “made it impracticable in the business sense” to use the trade mark;
  - 3) there must be a causal link between the special circumstances and the non-use of the trade mark; and
  - 4) the enquiry is very fact-specific.
- Obviously, the special circumstances provision will have limited application in light of the first and third requirements. Accordingly, in most non-use revocation cases, where the owner of a trade mark is unable to demonstrate use in the relevant period, it will be relying on the perceived residual discretion.

### Defining ‘may’

When used in legislation, the word “may” has two possible interpretations. First, it could afford discretion in relation to whether or not to exercise a power. Second, it could require that a decision-maker be satisfied of something before exercising a power, in effect creating a threshold test for deciding the matter.

Both the New Zealand Court of Appeal (Richardson P, Gault and Thomas JJ), in *Tyler v Attorney-General* [2000] 1 NZLR 211 (“Tyler Decision”), and the Australian High Court, in *Finance Facilities Pty Limited v Federal Commissioner of Taxation* (1971) 127 CLR 106, have confirmed that the word “may” can take on the second definition and place a decision-maker under a duty to exercise a power where satisfied of a particular matter.<sup>1</sup>

In Australia, section 33 of the Acts Interpretation Act 1901 (Cth) changes this position by defining “may” and confirms that when used in legislation, it confers a discretionary power. The equivalent New Zealand legislation, the Interpretations Act 1999 (NZ), does not include such a definition. Sub-section 5(1) of that Act, however, confirms that the meaning of a New Zealand enactment “must be ascertained from its text and in light of its purpose”. Accordingly,

in interpreting the word “may” in sub-section 66(1) of the Trade Marks Act 2002, one should consider the intended purpose of the provision.

Considerable assistance in the interpretation of the word “may” comes from the Singaporean Court of Appeal in *Wing Joo Loong Ginseng Hong (Singapore) Co Pte Limited v Qinghai Xinyuan Foreign Trade Co Limited and Another and Another Appeal* [2009] SGCA 9 (2 March 2009) (“Wing Joo Case”), where the case was considered and relied upon by the New Zealand Assistant Commissioner of Trade Marks, BF Jones, in *DB Breweries Limited v Society of Beer Advocates, Inc* [2011] NZIPOTM (13 July 2011) when considering an application for revocation on the basis that the challenged mark was generic.

Section 22 of the Trade Marks Act 2007 (SG), has a similar construction to section 66 of the New Zealand Act, as illustrated below:

#### 22) Revocation of registration

- 1) The registration of a trade mark may be revoked on any of the following grounds:
  - a) that, within the period of five years following the date of completion of the registration procedure, it has not been put to genuine use...

*In most non-use revocation cases, where the owner of a trade mark is unable to demonstrate use in the relevant period, it will be relying on the perceived residual discretion*

In the *Wing Joo Case*, the Court of Appeal held that there is no residual discretion arising from the word “may” in section 22 of the Singapore Act, and makes reference to several cases decided in the UK that suggest that the equivalent provision in the Trade Marks Act 1994 (UK) also does not afford such a discretion. It is worth replicating the Court’s careful consideration of the matter in full:

“...there has to date been no authoritative ruling on the question of whether there is a residual discretion not to revoke or invalidate the registration of a trade mark under either sections 46 and 47 of the English Trade Marks Act or Arts 12 and 3 of the European Trade Marks Directive where the requisite conditions are met. There have, however, been several decisions on these provisions in the lower courts which support a finding that there is no such residual discretion (see, *inter alia*, *ZIPPO Trade Mark* [1999] RPC 173 at 184 and *Cabañas Habana (Device) Trade Mark* [2000] RPC 26 at 34).

“147) The most frequently cited case for the proposition that there is no residual discretion would be *Premier Brands UK Limited v Typhoon Europe Limited* [2000] EWHC 1557; [2000] FSR 767. In that case, Justice Neuberger held (at 811):

“[I]t does seem to me somewhat odd if the legislature has specifically provided [via sections 46(1)(a) and 46(1)(b) of the English Trade Marks Act (“TMA”)] for no revocation in the event of there being good reason for the non-use, but nonetheless has left the Court with a residual discretion, particularly without giving any indication as to what factors should be taken into account when exercising that discretion. Further, consideration of the combined effect of section 46(1)(c) and (d) [which correspond to sections 22(1)(c) and 22(1)(d) respectively of the current TMA] suggest[s] to me that it is more likely that the legislature intended that those two paragraphs were to represent mandatory, rather than discretionary, grounds for revocation. Section 46(5) [of the English Trade Marks Act] and Article 13 [of the European Trade Marks Directive] tend to point in favour of the conclusion I have reached [both section 46(5) of

the English Trade Marks Act and Art 13 of the European Trade Marks Directive are *in pari materia* with section 22(6) of the current TMA]. The words “may” in section 46(1) and “liable” in Article 12 [both of which correspond to section 22(1) of the current TMA] are perfectly consistent with the concept of revocation being mandatory but only occurring in the event of an application being made.”

Though the Singapore Court of Appeal concludes that the word “may” does not afford a residual discretion to maintain a registration in spite of non-use, in *Cadbury Ireland Limited v Société des Produits Nestlé SA* [2007] NZIPOTM 4 (29 January 2007) New Zealand Assistant Commissioner Justice Walden concludes one exists under the equivalent New Zealand provision, and discussed the issue in the following terms:

“Should the Commissioner’s discretion not to revoke the VAPOR ACTION trade marks be exercised in this case?

“The introductory words of section 66(1) of the 2002 Act state:

“The registration of a trade mark *may* be revoked on any of the following grounds:” [emphasis added]

“It appears that the likely interpretation of those words is that the adjudicator in revocation proceedings has a residual discretion to refuse revocation even if non-use is established, but that residual discretion is to be exercised only in exceptional circumstances – *Friskies Limited v Heinz-Wattie Limited* [2003] 2 NZLR 663 at 667.”

Walden J, in a recent decision, *Carlton Hire Group Limited v The Ritz-Carlton Hotel Company LLC* [2013] NZIPOTM 32, considered the existence of the discretion on the following terms:

“I consider that the use of the word ‘may’, rather than ‘must’, indicates that there is a discretion not to revoke the registration of a mark even if the grounds set out in section 66(1) of the Act are made out. However, the tenor of the Act (as it was with the 1953 Act) still appears to be weighted in favour of removing marks (in whole or in part) that have not been used for the non-use period, which means that the discretion is still to be exercised only in exceptional circumstances.”

The decision suggests that the conclusion that there is a discretion is arbitrary. It highlights a belief that the policy objective of the non-use provisions in the Trade Marks Act 1953 (NZ) and 2002 Acts is identical and, therefore, following the *Friskies Decision* issued under the Trade Marks Act 1953 (NZ), a residual discretion exists.

The revocation provision in the 1953 Act (section 35) is drafted differently and the onus resides with the revocation applicant to show that the mark had not been used. Under the Trade Marks Act 2002, the onus resides with the owner of the mark to show that the mark has been used in the relevant period if the trade mark is challenged.

This shift in onus seems to distinguish the


*Friskies Decision* as authority on whether a residual discretion exists. The change in policy must be taken into account, noting the requirement under sub-section 5(1) of the Interpretations Act 1999, the Court of Appeals comments in the *Tyler Decision* (per Richardson P) and, indeed, the comments of Justice Young in the *Friskies Decision* as follows:

“The use of the word ‘may’ typically indicates a discretion, but whether it did so depended upon the particular statutory context and the power to be exercised.”

Where the onus is borne by the revocation applicant to demonstrate that a trade mark has not been used, logically the policy objective is to maintain registrations for marks unless there is abandonment of the trade mark that is obvious to the world at large. In this situation the overriding policy consideration must be the public interest in diminishing consumer confusion.

By contrast, where the onus resides with the owner of a registration to demonstrate use (as in New Zealand), the policy focus seems to have shifted to removing disused marks from the register to reduce barriers to trade and increase competition. The application of a residual discretion, not specifically provided for in the Act, seems inconsistent with this shift in policy.

As a final consideration, it also seems that the use of the word “may” was unavoidable in sub-section 66(1), in light of the requirement that the revocation applicant is a “person aggrieved”. If the word “must”, rather than “may”, had been used in sub-section 66(1), there would be a serious question as to whether the Commissioner has the power to maintain a registration in contested revocation proceedings where the revocation applicant was not a person aggrieved and where no evidence of use can be shown. The word “may” seems necessary to ensure that the Act meets its purpose of including standing as a person aggrieved as a threshold requirement for making an application for revocation, rather than to create a residual discretion to maintain unused marks.



*Under the Trade Marks Act 2002, the onus resides with the owner of the mark to show that the mark has been used in the relevant period if the mark is challenged*

## When will the residual discretion be exercised?

The leading New Zealand authority on the circumstances in which the discretion will be exercised is the Manhaas Decision, in which Justice Collins presumes that a discretion exists. The factors taken into consideration are:

"[35] MIL asks the Court to exercise its discretion to continue to own the trade mark OCEAN QUEEN even if it does not establish special circumstances.

"[36] In my assessment the following three factors weigh heavily against MIL's plea that the Court exercise its discretion in its favour:

Those factors are consistent with the policy shift discussed above, focusing on public interest considerations of competition and the purity of the Register.

This approach is to be compared with the decision in *Dick Smith (Wholesale) Pty Limited v Smiths City (Southern) Limited* [2006] NZIPOTM 2 (31 January 2006) (Assistant Commissioner Walden J). This appears to be the only decision in which the residual discretion has been exercised in New Zealand. The Assistant Commissioner considered the following summarised factors to be relevant:

- no challenge had been filed by the owner to the revocation applicant's mark;
- the owner of the mark had not challenged the revocation applicant's use;
- the revocation applicant was not precluded from taking action if deception or confusion arose; and
- the prejudice to the owner in revoking the mark.

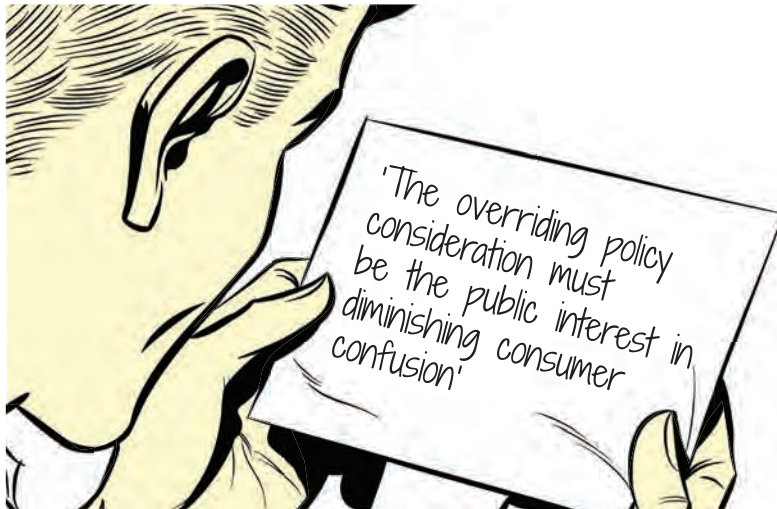
While these factors are likely to be unique, it is interesting that they are cast in terms of maintaining a trade mark registration based on a private interest in the mark and lack of direct competition between the parties. The public interest considerations subsequently weighed by Collins J in the Manhaas Decision do not appear to feature in the decision and this creates considerable uncertainty as to when the residual discretion may be exercised. However, it appears that the Commissioner considers exceptional circumstances to include both public and private interests in the trade mark.

## Direction required

Although the New Zealand Commissioner of Trade Marks has regularly referred to a residual discretion to maintain a trade mark in spite of non-use, there is doubt whether such a discretion does or should exist. If such a discretion does exist, it seems that it will be exercised only in exceptional circumstances. This creates uncertainty, especially as the discretion seems to include both public and private interests in the trade mark. Judicial or Parliamentary direction is required here to place boundaries on the factors relevant to exercising the discretion.

- the evidence pointed to a genuine intention to use the trade mark;
- use of the mark commencing less than a month after the relevant period for assessing non-use; and
- a balance of convenience test based on the prejudice of the parties, noting that:
  - the revocation applicant's trade was not impeded by the registration;

<sup>1)</sup> Also see Ross Carter Statutory Interpretation in New Zealand's Court of Appeal: "When 'may' means 'must', section headings affect interpretation, and latent Acts have effect", *Statute Law Rev* (2001) 22 (1): 20-37



### "(1) Integrity of the Register

The OCEAN QUEEN trade mark has been owned by MIL since 21 July 2005. There is no evidence that it has ever been used. The Registrar of Trade Marks is being unnecessarily clogged by MIL's failure to use its trade mark.

### "(2) Absence of any use of the trade mark

The absence of any evidence of use of the trade mark by MIL is a feature that counts heavily against MIL.

### "(3) Competition

MIL's continued ownership of the trade mark is blocking FI's legitimate desire to use the trade mark to capitalise upon its reputation for OCEAN QUEEN acquired through using that trade mark in the Pacific for the past 15 to 20 years."

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# MORE CHANGE FOR CHINA



*This spring sees a new round of amendments to trade mark law in the PRC. Justin Davidson prepares readers with this preview*

The Standing Committee of the National People's Congress passed the Third Amendments to the People's Republic of China (PRC) Trademark Law on 30 August 2013, which will come into effect on 1 May 2014. The Third Amendments introduce new features with a view to better protecting the legitimate rights of trade mark owners. Some of the more interesting developments are as follows:

#### Streamlining and modernising PRC trade mark proceedings

While the precise examination standards and procedures are still under consideration, sound marks are to be allowed for registration. To facilitate trade mark registration, the e-filing of trade mark applications, as well as multi-class applications, will now also be available. Though the introduction of multi-class filings is expected to reduce costs for trade mark owners, the exact level of the filing fees has not yet been announced, so the actual benefits of this proposed amendment remain to be seen.

Statutory time limits for trade mark registrations, reviews, oppositions, invalidation and cancellation procedures are to be specified, which should shorten the process in the PRC.

In particular, the new mechanism for opposition proceedings is worth attention. Unlike the current regime, in which anyone may initiate opposition proceedings, under the Third Amendments, the right to oppose will be restricted to prior-right owners or other interested parties. Moreover, the right to appeal from the

Trademark Review and Adjudication Board (TRAB) for a judicial review by the Courts will no longer be available in the opposition process. If a party initiating opposition proceedings is not satisfied with the TRAB decision, it will have to resort to invalidation proceedings. This should streamline the opposition process and avoid any delaying of trade mark grant due to opposition from a third party.

In addition to existing measures against trade mark hijacking, the Third Amendments have provided further provisions regulating bad-faith registrations. Trade mark owners will be better protected from attempts by agents or business partners to hijack their trade marks in China. Judicial interpretations and further anticipated amendments to the Implementing Rules of the Trademark Law should further cast light on the application in practice of the general requirements of good faith.

#### Improvements for infringement and enforcement

With a view to deterring infringement, the new law provides that any unauthorised use of a mark identical to the registered trade mark on the same product covered by the registered trade mark will constitute trade mark infringement. The Court does not need to analyse the likelihood

of confusion in China for determining trade mark infringement. This clause will arguably be the legal basis to deterring OEM (original equipment manufacturing) activities aimed at overseas markets. The "likelihood of confusion" consideration is, on the other hand, to be enacted as law in determining infringement concerning the use of a similar mark in respect of the same or similar goods, which is in line with the provisions of the Agreement on Trade Related Aspects of Intellectual Property Rights. To capture a wider range of infringement, the Third Amendments have explicitly provided that any actions intentionally facilitating the infringement of trade mark rights would also constitute trade mark infringement.

Heavier punishments are imposed by the Third Amendments. The level of statutory damages is to be increased six-fold from RMB500,000 to RMB3m. The Courts may also award compensation amounting to up to three times the actual losses of the trade mark right owner/holder for infringement in bad faith.

In exchange for the harsher punishments, trade mark owners may have a heavier burden of proof to bear when presenting evidence to support their use of trade marks in commerce in the past three years and any losses due to the infringement.

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# Monopoly on top

*A big-name board game sees off another rival, explains Roberto Pescador*

The Appointed Person (Daniel Anderson QC) has upheld the Hearing Officer's rejection of an application for the trade mark GALATOPOLY on the basis of Hasbro's earlier registered marks for MONOPOLY.

The decision is a reminder of the narrow scope of appeals against Hearing Officer decisions, which are limited to errors of principle (even where the Appointed Person might have reached a different conclusion). The decision also demonstrates that marks that have a substantial reputation, such as MONOPOLY, are often afforded a high level of protection in the assessment of likelihood of confusion, even where there is a finding of a low level of similarity between the respective marks and no likelihood of direct confusion (as opposed to indirect confusion or a likelihood of association).

## Hearing Officer decision

The Hearing Officer had concluded that there was a "very low level of similarity" between MONOPOLY and GALATOPOLY.

Despite this finding, the Hearing Officer also concluded that there was a likelihood of indirect confusion, given that the use of MONOPOLY for games was at "the very highest level of distinctiveness owing to use" as "probably the best known mark in the UK for a board game". He concluded that the average consumer would assume that those behind the MONOPOLY game had extended their brand under a similar mark. Accordingly, the opposition succeeded under section 5(2)(b)

of the Trade Marks Act 1994. It was also successful under section 5(3), the Hearing Officer concluding that the use of GALATOPOLY would be detrimental to the distinctive character of MONOPOLY.

## The appeal

The Appointed Person produced a straightforward decision upholding the Hearing Officer's findings. Specifically, the Hearing Officer could not be criticised for concluding that MONOPOLY was sufficiently distinctive that there would be a risk of indirect confusion. Such a result was broadly in line with other decisions in national offices and at OHIM relating to "-OPOLY" marks in respect of games or similar products or services (although several unconnected "-OPOLY" games were on the market in the US).

As for section 5(3), while claims based on alleged dilution had to be scrutinised very carefully, the Hearing Officer was entitled to conclude that the use of GALATOPOLY was likely to have a detrimental effect on the distinctive character of the MONOPOLY mark.

## Stretched test

The result in this case was that the opponent was able to rely on

*The result in this case was that the opponent was able to rely on its very significant reputation to enhance the distinctive character of the mark*

its very significant reputation to enhance the distinctive character of its mark, thereby preventing the registration of a mark even where the Hearing Officer concluded that there was only a low degree of similarity. Potentially, this could be seen to be stretching the statutory test too far.

The case also highlights the benefit of seeking professional advice. Although it would likely not have affected the outcome, the Applicant had, for example, sought to highlight the differences between the actual games (the Applicant's game being based on the Bible), instead of comparing the actual trade marks "on paper", and the notional and fair use of them across their respective scope (which related to all types of games).

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*The evidence showed that the public understands the simplicity of 'porridgebreak' as a descriptive term of a break taken to eat porridge*

## Break with tradition

*Whether porridge was a popular break-time snack was one of the questions asked in this case, reviewed by Emma Reeve*

**A**imia Foods Limited (“Aimia”) filed for UK Trade Mark Application No 2581706 PORRIDGEBREAK in class 30 for “porridge oats, cereals” on 18 May 2011.

Weetabix Limited (“Weetabix”) opposed Aimia’s application pursuant to sections 3(1)(b) and 3(1)(c) of the Trade Marks Act 1994 (TMA). Section 3(1)(b) reads: “trade marks which are devoid of any distinctive character shall not be registered.” Section 3(1)(c) reads: “trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services shall not be registered.”

The Hearing Officer rejected the opposition. Her reasoning was set out in paragraph 20 of the decision:

“Whilst there is no evidence that porridgebreak is a dictionary word, Weetabix submit the mark is descriptive of ‘porridge to consume during a break from work’. The difficulty with this submission is that porridge is a foodstuff with a very long tradition of being eaten for breakfast. Breakfast is not a meal described in ordinary language for consumption during a ‘break’ but is, instead, the first meal eaten after waking and before the active part of the average consumer’s day begins. The average consumer will be aware of, and indeed familiar with this. Whilst ‘coffee break’ and ‘tea break’ are well-established terms, the same cannot be said for the mark in suit.”

Weetabix appealed against the Hearing Officer’s decision on the basis of the analysis at the Hearing between the facts and the law of the case. The appeal focused on section 3(1)(c). The Hearing Officer was not criticised for citing the established jurisprudence of the Court of Justice of the European Union (CJEU).

## Relevant law

It is worth highlighting the established jurisprudence of the CJEU, which the Hearing Officer relied on in her decision.

- i) “...[T]here must be a sufficiently direct and specific relationship between the sign and the goods and services in question to enable the public concerned immediately to perceive, without further thought, a description of the goods and services in question or one of their characteristics... [F]or the purpose of determining whether a word mark composed of several word elements is descriptive or not are identical to those applied in the case of a word mark containing only a single element” (JanSport v OHIM, T-80/07, paragraphs 21-23).
- ii) “Merely bringing together without introducing any unusual variations, in particular as to syntax or meaning, cannot result in anything other than a mark consisting exclusively of signs or indications which may serve, in trade, to designate characteristics of the goods or services concerned” (Koninklijke KPN Nederland NV v Benelux Merkenbureau, C-363/99).

In addition, the Hearing Officer cited PutterScope BL O/96/11, where Iain Purvis QC held:

“Ultimately the decision-making tribunal must stand back from the detailed breakdown of the mark and envisage how the entire trade mark would be understood by the public when applied to the goods of the specification. Would the average consumer consider that it was a trade mark indicating goods from a particular source or would they consider that it simply indicated the function of the goods?”

## Application of the law

On appeal, Iain Purvis QC claimed that the Hearing Officer’s analysis suffered from two fatal flaws. The first is the proposition that porridge is a foodstuff with a long tradition of being eaten for breakfast and

that, as breakfast is at the beginning of the day, the average consumer is unfamiliar with a porridge break.

The Opponents noted in their Notice of Appeal that many people do, in fact, eat porridge in a morning break. Iain Purvis QC recognised the obvious popularity of porridge on the menus of sandwich shops and that average consumers would recognise that people may consume porridge during a break.

Iain Purvis QC claimed that the second flaw in the Hearing Officer’s analysis is her assertion that “porridgebreak” was not a “well-established term”. In reference to DOUBLEMINT C-191/01 Iain Purvis QC stated that it matters only that the word or phrase “porridgebreak” is often used as a descriptive term.

The Appointed Person referred to evidence that the Opponent submitted that indicated that the phrase “porridgebreak” had been used many times in online message boards and newsletters. The evidence showed that the public understands the simplicity of “porridgebreak” as a descriptive term of a break taken to eat porridge.

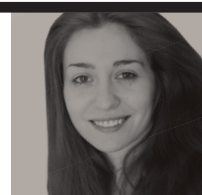
## Cause for frustration

Iain Purvis QC concluded that “porridgebreak” is unregistrable pursuant to section 3(1)(c) for the reason that it does indicate the intended purpose of the goods, in that porridge could be consumed during a break. As a result, the mark is devoid of any distinctive character pursuant to section 3(1)(b).

It is submitted that the judgment by Iain Purvis QC is full of logic. There is, however, a frustration that derives from the fact that the UK IPO initially accepted the trade mark deeming it distinctive. An interested third party then took on the burden of opposing a trade mark application on the basis of absolute grounds.

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# E.ON powers ahead

*The energy brand had the strength to sway the Appointed Person, says Sarah Walker*

Hyundai Motor Company (“Hyundai”) applied to register the trade mark HYUNDAI EON in the UK for the following class 12 goods:

“Passenger cars, trucks, trailers, vans; engines for land vehicles; transmissions for land vehicles; differential gears for land vehicles; axles for land vehicles; clutches for land vehicles, steering wheels for automobiles, and wheels for automobiles.”

The above application for HYUNDAI EON was opposed by E.ON AG (“E.ON”) under section 5(2)(b) of the Trade Marks Act 1994, namely the marks are similar and the goods are

similar, on the basis of its earlier Community Trade Mark (CTM) no 8700536 for the stylised trade mark shown opposite.

The E.ON CTM is registered for goods, including the following goods in class 12: “Vehicles; apparatus for locomotion by land, air or water; Electric vehicles.” E.ON also relied on another earlier mark under section 5(3), but it was found unnecessary to consider this further as the Hearing Officer found in favour of E.ON under section 5(2)(b).

## The appeal

Hyundai made various claims that the Hearing Officer had failed in his

analysis to take certain points into account. The Appointed Person dismissed each point, upholding the Hearing Officer’s decision. In particular, the following issues were raised:

### 1) Was proper weight given to the well-known name “HYUNDAI”?

Hyundai claimed that the Hearing Officer failed to give proper weight to the well-known name of “HYUNDAI” and the allusive nature of the word “EON”. The Appointed Person thought that as the Hearing Officer had found the dominant element of the HYUNDAI EON trade mark to be HYUNDAI, it could not be said that he



The E.ON CTM



failed to give proper weight to the name “HYUNDAI” or its established reputation. The point that the word “EON” reflects Hyundai’s reputation for making reliable products and hence is allusive did not appear to have been raised previously and so the Appointed Person thought that the Hearing Officer could not be criticised for not having considered it. Further, no evidence had been provided to show that the word “EON” would be seen by the average consumer as allusive.

#### 2) Degree of distinctive character of the Opponent’s CTM for E.ON (stylised)

Hyundai claimed that the Hearing Officer failed to appreciate that any distinctiveness of the CTM lay in its stylisation or colour as it was not inherently distinctive. The Appointed Person did not accept this criticism as the Hearing Officer “properly sought to identify the dominant element(s) of the CTM” and concluded that E.ON had no meaning for the services covered by the CTM and so had a “very high degree of inherent distinctive character”.

#### 3) Comparison of the trade marks

Hyundai claimed that there was a very low degree of visual similarity and a low degree of aural similarity between the marks, whereas the Hearing Officer had found a low degree of visual similarity and a reasonable degree of aural similarity. The Appointed Person dismissed these claims as a matter of semantics.

Hyundai also claimed that the Hearing Officer erred in assessing conceptual similarity. This claim partially related to Hyundai’s belief that the Hearing Officer had not given sufficient weight to the well-known name HYUNDAI when comparing the marks conceptually and partially related to its belief that the Hearing Officer had “imposed his own views on how the average consumer would perceive the CTM, without any evidence or proper basis on which to do so”. The Appointed Person appears

to have found that the Hearing Officer’s statement that the EON parts of the marks were conceptually similar was sufficient for the finding of conceptual similarity, although this was after initially doubting that the Hearing Officer’s conceptual analysis had given sufficient weight to the presence of the HYUNDAI element. Further, the Appointed Person found that “a Hearing Officer is, in my judgement, entitled to put himself in the shoes of the average member of the public”.

#### 4) Likelihood of confusion

Hyundai claimed that the Hearing Officer had misapplied the Medion decision (C-120/04). The Appointed Person was not completely sure of the arguments that Hyundai was making in relation to this claim. However, she believed that it sought to distinguish Medion – which indicated that an earlier mark incorporated into a later composite mark can maintain an “independent distinctive role” – because the “HYUNDAI” word in Hyundai’s mark is so well-known. On this basis, the Appointed Person noted that the Hearing Officer had specifically found that the word “EON” retained an independent distinctive role within the composite mark and so she considered that the Hearing Officer was right to consider Medion.

Hyundai also claimed that the Hearing Officer misunderstood Hyundai’s arguments about sub-brands, in particular that the public is familiar with the use of sub-brands together with house brands for vehicles and as such the impact of this familiarity would negate any likelihood of confusion. Hyundai argued that the average consumer would be more likely to associate Hyundai’s mark with the HYUNDAI brand than with the “E.ON brand from another (unrelated) service sector”. The Hearing Officer had accepted that the public would be familiar with the use of sub-brands by car manufacturers, but concluded

that this familiarity would support, not negate, the likelihood of confusion. He found that consumers would see “EON” as just such a sub-brand, which would increase the likelihood of confusion with E.ON’s CTM. In the Appointed Person’s view Hyundai was applying the wrong test, because E.ON’s CTM was registered for class 12 goods, and so the point about its use and reputation being for services in other classes was not the correct test to apply; the correct test should have compared the specifications at issue and not the parties’ respective businesses.

#### **Conclusion**

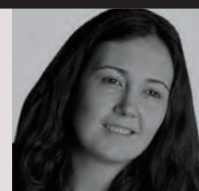
This decision highlights that, rightly or wrongly, having a CTM that cannot yet be challenged on goods/services on which the trade mark is not being used can be a strong earlier right on which oppositions can be based, and won. This case could, of course, have been very different if E.ON’s CTM covering goods in class 12 had been vulnerable to non-use and/or proof of use challenge.

*The Hearing Officer accepted that the public would be familiar with the use of sub-brands by car manufacturers, but concluded that this would support the likelihood of confusion*

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# In the swing

Charlie White covers a case involving an unusual design

The Claimant (“Uwug”) brought a claim against the Defendant for infringement of its UK registered and unregistered design right in a metal frame (the “Frame Design”) and the shape and configuration of various straps on a leather swing designed to fit within the frame – the “Sling Designs” – intended for use in sexual activity.

## Sling Designs

The Sling Designs were originally made by Mr Barns, a director of Poleon Limited (“Poleon”). In 2009, the Claimant was assigned all of Poleon’s IP rights in various goods and slings.

## Must fit

The Recorder found that the Sling Designs were original within the meaning of section 213 of the Copyright, Designs and Patents Act 1988 and were not excluded by the “must fit” exception given that the Sling Designs were not dictated by the need to fit the user nor connect with the user in any way.

## Director/employee

In spite of the above, the Recorder found that although Mr Barns was a director of Poleon there was no evidence that he was also an employee (under a contract of service). Mr Barns may, as a director, have held legal title to the Sling Designs on trust for Poleon, but there was no evidence that such legal title had been assigned to Poleon prior to the assignment to the Claimant in 2009. The Claimant therefore did not have title to bring any claim in relation to the Sling Designs and the claim was dismissed notwithstanding the fact that the Recorder went on to say that they would have been infringed.

## Frame Design

The Claimant had a better result in relation to the Frame Design. The Frame Design was originally created by the Defendant. There was no

*This case highlights the importance of ensuring that all relevant rights in products are properly assigned in good time and certainly before litigation*

argument that the frame the Defendant was then selling replicated the Frame Design, but there was debate as to the ownership of the Frame Design. The Claimant had in any case registered the Frame Design.

The Recorder dismissed the Defendant’s argument that the Claimant merely asked the Defendant to supply it with frames and preferred the Claimant’s argument that it had asked the Defendant to produce new, custom-made frames for use with its swings and to transform the Claimant’s ideas into a design that could be manufactured and sold by the Claimant. The Claimant, as commissioner, therefore owned the Frame Design (which had been infringed by the Defendant’s current frame) and had the right to register it.

## Assigning rights

This case highlights the importance of ensuring that all relevant rights in products are properly assigned in good time and certainly before commencing litigation. Companies should be aware that a director is not automatically deemed to be an employee, and they should ensure that their directors are under proper contracts of service and/or that they assign any rights the directors have in relevant designs to the company as and when appropriate.

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# Topshop comes bottom

*A star-studded case saw a leading retailer at a loss, reports Kate Swaine*

**H**igh-profile songstress Rihanna (pictured) has succeeded in her claim against Topshop for passing off. The case of Robyn Rihanna Fenty and others v Arcadia centred on the unauthorised use of a photograph of Rihanna on a T-shirt sold by Topshop. Rihanna claimed that the unauthorised use would lead the public to believe that the T-shirts were authorised by her and that this would damage her goodwill, particularly in light of her associations with the world of fashion.

In a judgment from the High Court, Justice Birss QC was at pains to emphasise that this case did not relate to image rights, which are not recognised in England and Wales. Nor did the case relate to privacy. The case related purely to passing off and involved consideration of the three elements required to succeed in a passing off action; namely goodwill, misrepresentation and damage.

## Style icon

In relation to goodwill, Birss J considered that Rihanna's status as a style icon, her associations with brands such as H&M, Gucci and Armani, and an agreement to design clothing for River Island, meant that she had "ample goodwill to succeed in a passing off action of this kind".

On the issue of misrepresentation, while Birss J stated that he did not accept that all items bearing images of Rihanna would be assumed by customers to be necessarily authorised by her, it was evident that Topshop had taken previous steps to link its brand with Rihanna in some way. This included a competition to



win a personal shopping trip with Rihanna at Topshop and communicating to the public when Rihanna wore Topshop items or visited Topshop stores. Further, the particular image used was taken during the recording of a video for one of Rihanna's singles and could be assumed to have been connected with the marketing campaign for that release.

Birss J therefore concluded that the links between Rihanna and Topshop would enhance the likelihood that consumers would wrongly believe that the T-shirt was authorised by Rihanna. Her endorsement is valued by her fans and many would purchase a product if they believed that she had endorsed it. The associations between the image and a particular song only increased that likelihood. On the question of damage, he stated that not only would the misrepresentation lead to lost sales to her merchandising business, but it also represented a "loss of control over her reputation in the fashion sphere".

## Avenue for enforcement

The decision, however, does not give a green light for celebrities to pursue all unauthorised uses of their image as passing off. Birss J emphasised that one would not always lead to the other. Nonetheless, the decision does demonstrate that there is an avenue for enforcement where it can be established that there is goodwill in an image and the image has been used in a way that deceives the public.

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# Place-based problems

*Inconsistencies again raise questions for geographical indications, writes Rosalyn Newsome*

On 29 April 2002, the intervener in this case, Castel Frères SAS, filed a Community Trade Mark (CTM) application no 2678167 CASTEL (the disputed mark) in class 33 for “alcoholic beverages (except beers)”. The application was granted on 1 June 2004. On 30 October 2007, Fürstlich Castell'sches Domänenamt Albrecht Fürst zu Castell-Castell (the Applicant) filed an application of invalidity based on “Castell” being a geographical indication for wines in Germany as well as France, Greece, Italy and Spain. On 19 June 2009, the OHIM Cancellation Division rejected the application for invalidity. On 18 August 2009, the Applicant filed a notice of appeal with OHIM, which was dismissed on 4 May 2010 by OHIM's second Board of Appeal. Fürstlich Castell'sches was still dissatisfied with this decision, hence the filing of the matter before the General Court.

The Applicant raised six pleas in support of its action, an analysis of the most pertinent pleas only will follow. One plea related to the alleged infringement of Article 7(1)(c) of Article 52(1)(a) of Council Regulation (EC) 207/2009 as the Applicant complained that the Board of Appeal had erred in finding that the disputed mark had no descriptive character in relation to the goods in question. The second main plea related to the alleged infringement of Article 7(1)(g) and (h), regarding the conclusion that the disputed

*When the geographical name is unknown, it is necessary to assess whether the sign is likely to designate a geographical origin for the category of goods concerned*

mark did not consist of a geographic indication due to the difference in spelling between CASTEL and Castell.

## Article 7(1)(c)

Turning to 7(1)(c), we know this provides that trade marks that consist exclusively of signs or indications that may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or rendering the service, or other characteristics of the goods or service, cannot be

registered. This assessment must be considered from a consumer's viewpoint in accordance with the normal usage of the mark. Therefore, for a sign to be caught by the prohibition of 7(1)(c) there must be a sufficiently direct and specific link between the sign and the goods/services in question.

Article 7(1)(c) does not in principle preclude the registration of geographical names that are unknown to the relevant class of persons, or at least unknown as a designation of a geographical location (Windsurfing Chiemsee, paragraph 33). When the geographical name is unknown, it is necessary to assess whether the sign is likely to designate a geographical origin for the category of goods concerned. In this case, the relevant public is determined by reference to the average consumer in the Member State in which the geographical area involved is located. Thus the Board of Appeal concluded that the German Patent and Trade Mark Office was best placed to assess the relevant facts and the perception of the relevant consumer in relation to this geographic indication, which was considered to be the correct approach by the General Court.

## Protected indication

The Board of Appeal had acknowledged that the term “Castell” is a protected geographic indication for wines and as such is recognised



under several bilateral treaties. However, the Applicant failed to establish that: (1) the geographical name “Castell” has become famous or known to the relevant consumer; (2) that it may be associated with wine produced in Castell, located in Germany’s Franconia region. Consequently, the Board of Appeal took the view that the disputed trade mark CASTEL would not be understood as a geographical name and would not be associated with the goods in question by the relevant consumers.

In the present case, the General Court confirmed the Board of Appeal’s decision that the relevant public was able to perceive the term “Castell” as a geographical indication for wine, it would be known sufficiently to the relevant public and that it would be associated with alcoholic beverages. Consequently, it must be held that contrary to OHIM’s claims, the term “Castell” designates a place that is sufficiently known to the relevant public for the production of wines and thus is associated with the category of goods concerned.

However, the General Court rejected the Board of Appeal’s view that the difference in the spelling between the geographical indication “Castell” and disputed mark CASTEL meant there was a perceptible difference between the earlier geographical indication and the disputed mark. The Court held that, contrary to what the Board of Appeal stated, a minimal difference in spelling, particularly one that does not affect the pronunciation of the mark, is not a perceptible difference from the point of view of the relevant public. Therefore, the Court held that there is a sufficient direct and

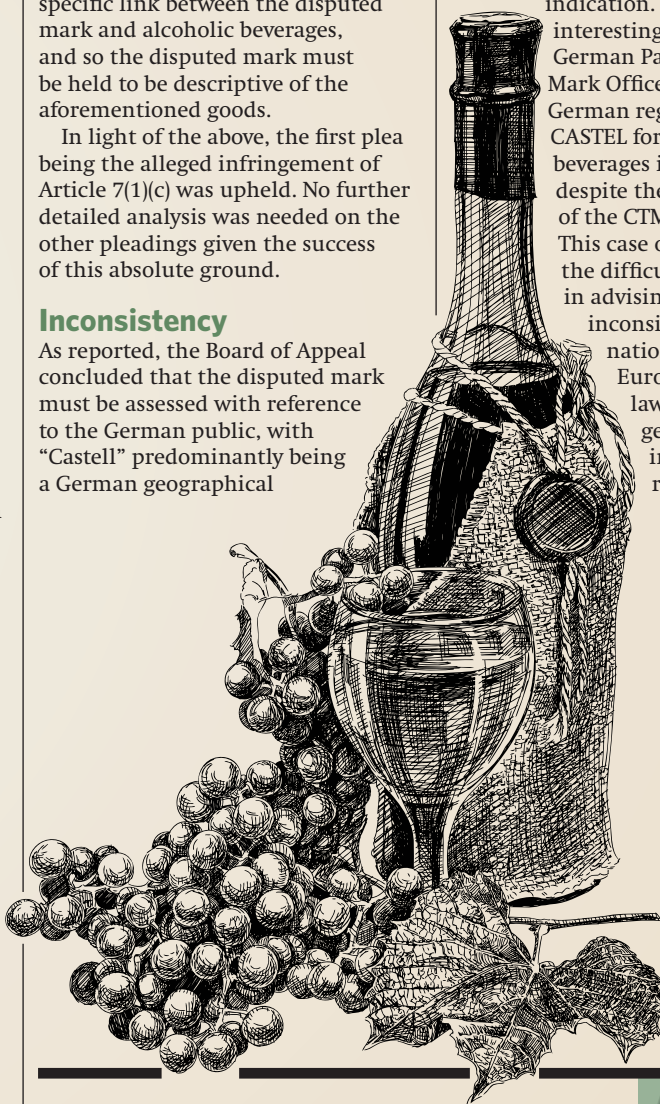
specific link between the disputed mark and alcoholic beverages, and so the disputed mark must be held to be descriptive of the aforementioned goods.

In light of the above, the first plea being the alleged infringement of Article 7(1)(c) was upheld. No further detailed analysis was needed on the other pleadings given the success of this absolute ground.

### Inconsistency

As reported, the Board of Appeal concluded that the disputed mark must be assessed with reference to the German public, with “Castell” predominantly being a German geographical

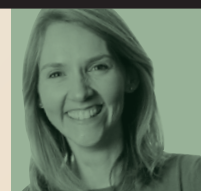
indication. It is therefore interesting to note that the German Patent and Trade Mark Office has granted a German registration for CASTEL for alcoholic beverages in class 33, despite the cancellation of the CTM registration. This case once again shows the difficulty for attorneys in advising clients, as inconsistencies in national and European Union law relating to geographical indications rumbles on.



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# Rovi reporter

*George Cameron casts his eye over  
a pharmaceutical dispute*

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This case considers a topical area of trade mark law; the level of attentiveness of the relevant public in the life sciences and healthcare sector. It further provides a useful example of the application of settled principles for assessing the similarity of figurative word marks.

The Applicant sought to register as a Community Trade Mark (CTM) “ROVI Pharmaceuticals” for goods and services in classes 3, 5 and 44 (“the Contested Mark”). The Intervener opposed the registration of the trade mark in respect of these goods and services.

The opposition was primarily based on two earlier registered trade marks; the first, a figurative CTM covering goods in classes 3 and 5 (“the Figurative TM”) and the second, the word ROVIFARMER, a registered trade mark in Spain covering goods and services in classes 5, 39 and 44 (“the Word TM”).

The grounds of opposition were those laid down in Article 8(1)(b) of

Council Regulation (EC) No 207/2009 (CTM Regulation).

## Opposition upheld

The Opposition Division upheld the opposition. It concluded that the goods and services were either identical or similar to those that the earlier trade marks protected and that the Contested Mark was similar to the registered trade marks under consideration. There was a likelihood of confusion on the part of the public.

The Applicant appealed and filed an application with OHIM. OHIM’s Board of Appeal (“the Board”) dismissed the appeal. It upheld the Opposition Division’s findings that the Contested Mark should not be registered.

## General Court

The Applicant subsequently appealed and filed an application with the Court, seeking, *inter alia*, an annulment of the Board’s decision.

The Court responded with the following decisions:

### 1) The relevant public’s degree of attentiveness

The Court upheld the Board’s definition of the relevant public for the purpose of assessing confusion. The Board had taken the view that pharmaceutical products that may require a prescription were directed to end-users and health professionals, and that such public has an above-average level of attentiveness.

The Court stated that it must be borne in mind that, according to case law, medical professionals have a high degree of attentiveness when prescribing. Medicines (whether prescription or not) can be regarded as receiving a heightened degree of attentiveness by consumers who are reasonably well informed and reasonably observant and circumspect<sup>1</sup>.

However, the Applicant’s arguments did not show that the public displays

a degree of attentiveness that is higher than that which the Board found it to have.

## 2) Goods and services

### *Figurative TM and Contested Mark*

The Court held that the Board acted correctly in finding that the goods and services at issue were identical or similar. The Applicant's arguments on this point were declared inadmissible because it failed to identify the specific paragraphs of the Board's decision and of its written submissions to OHIM that set out its arguments relied on before the Court.

The Court did, however, draw attention to the focus that the Applicant placed on class 5 and the "veterinary preparations" (referred to in the Contested Mark) and "pharmaceutical preparations" (referred to in the Figurative TM). The Applicant argued that the users of the goods are distinct, since they are intended for humans or animals, and at best had a low similarity. The Court pointed out that:

- in so far as the goods make it possible to treat pathologies, pharmaceutical and veterinary preparations are the same in nature, with the same purpose, and as such, are similar;
- although veterinary preparations are intended for use on animals, whereas pharmaceutical preparations are intended for human beings, it is in part the same public, namely the general public, which will purchase those goods and use them; and
- such products may be manufactured by the same undertakings and be marketed in the same sales outlet<sup>2</sup>.

### *Word TM and Contested Mark*

The Court held that the Board acted correctly in its findings that the goods and services in issue were either identical or similar.

## 3) Visual and phonetic similarity

The Court confirmed, and the Applicant did not dispute, the Board's finding that the Contested Mark and the Figurative TM, and the Contested Mark and the Word TM, were conceptually identical. The

<sup>1</sup> Case T-412/08 Trubion Pharmaceuticals v OHIM - Merck (TRUBION) and Case T-331/09 Novartis v OHIM Sanochemia Pharmazeutika (TOLPOSAN)

<sup>2</sup> Case T-288/08 Cadila Healthcare v OHIM Novartis (ZYDUS)

<sup>3</sup> Case T-412/08 Trubion Pharmaceuticals v OHIM - Merck (TRUBION)

<sup>4</sup> Case T-346/04 Sadas v OHIM - LTJ Diffusion (ARTHUR ET FELICIE) [2005]

<sup>5</sup> Case T-346/04 Sadas v OHIM - LTJ Diffusion (ARTHUR ET FELICIE) [2005]

*This case is a reminder of the importance of compliance with procedural aspects before the General Court, where failure to clearly set out arguments may be fatal to having them heard*

Applicant's submissions to the Court centred on the degree of visual and phonetic similarity.

### *Figurative TM and Contested Mark*

The Court upheld the Board's finding that although the figurative elements in the Figurative TM were dominant, as a composite mark the word "Rovi" was more distinctive, and was therefore more readily used to designate the mark than its figurative elements<sup>3</sup>. Further, in terms of visual impression, the Court stated that consumers pay greater attention to the beginning of a mark, and that the differences in font and in the word and figurative elements were not sufficiently significant to cancel out the similarity created by the presence of the word element "Rovi" in both marks<sup>4</sup>. The Court held there was a medium degree of similarity.

Notwithstanding the Applicant's submission that the contested mark shared only two of its seven syllables with the earlier Figurative TM, the Court upheld the Board's findings of a medium degree of phonetic similarity. Not taking into account the figurative elements, and breaking the Contested Mark and the Figurative TM into syllables, the word element "Rovi" was pronounced in the same way.

### *Word TM and Contested Mark*

The Court considered the Board's assessment that the location of "Rovi" at the beginning of the signs, coupled with the capital letters, would attract the attention of consumers. It was upheld that the word element "pharmaceuticals" in the Contested Mark and at the end of the Word TM, "farma", would both be noticed by consumers - the former by reason of its length and the latter because it is part of the sole element in the Word TM. This resulted in an above-average degree of similarity. This was despite the fact that the Contested Mark consisted of 19 letters, with only eight letters in common with the Word TM.

The Court held that it was of little relevance that the Contested Mark contained one word compared to the Word TM's two words, since the first four syllables of the marks were identical and both had the same sequence of letters. The Court held that the phonetic similarity was "above-average".

## Useful lessons

The decision provides guidance as to the level of attentiveness of the relevant public relating to pharmaceutical and cosmetic products. While case law refers to a high degree of attentiveness for prescribing medical professionals, this was not considered in this case to be different than an above-average level of attentiveness.

Further, this case is a reminder of the importance of compliance with procedural aspects before the Court, where failure to clearly set out arguments may be fatal to having them heard.

Finally, the decision has provided another useful example of how an assessment of the similarity of marks, in particular visual and phonetic comparisons of figurative and word marks, will be undertaken by the Court.

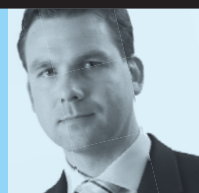


Point of contention:  
The Figurative  
Trade Mark

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# Golden Balls case silenced

*Mark Bhandal describes the moves in a language-related match up*

**G**olden Balls Limited (“GBL”) filed Community Trade Mark (CTM) applications for the word mark GOLDEN BALLS. Application no 6036503 was filed on 25 June 2007 and covered goods and services in classes 9, 28 and 41. Application no 6324164 was filed on 1 October 2007 and covered goods in classes 16, 21 and 24.

Intra-Pressé filed oppositions to both CTM applications based on its earlier CTM registration no 4226148 for BALLON D’OR, which covered goods and services in classes 9, 14, 16, 18, 25, 28, 38 and 41.

The Opposition Division rejected the oppositions in their entirety. Intra-Pressé appealed and was partially successful at the First Board of Appeal in relation to goods and services in classes 9, 16, 28 and 41. The Board of Appeal agreed with the Opposition Division in that the marks were visually and aurally dissimilar, but disagreed with the Opposition Division on the conceptual similarity and concluded that the “marks at issue were identical, or ‘at least’, were conceptually extremely similar”.

### General Court appeals

GBL appealed both Board of Appeal decisions and the appeals were decided by the General Court on 16 September 2013. In case T-448/11 GBL sought to annul the Board of Appeal decision in so far as the appeal was successful in relation to goods and services in classes 9, 28 and 41. In case T-437/11 GBL sought to annul the Board of Appeal decision in so far as the appeal was successful in relation to goods in classes 16. GBL’s main focus for both appeals was to argue that not only were the marks not visually or aurally similar, the marks were also not conceptually similar.

### General Court decisions

Although the two cases at the General Court concerned different CTM applications and different goods and services, as the main point of issue was the similarity of the respective marks, the decisions were the same.

The General Court agreed with the Board of Appeal concerning the comparison of the goods and services, and, in any event, neither party disputed the Board of Appeal’s

*It was surprising that the marks could be considered similar when there were clear dissimilarities and only a very weak conceptual similarity*

findings in that regard. The General Court also agreed with the Board of Appeal’s finding that GOLDEN BALLS and BALLON D’OR did not have a visual or aural similarity and, again, this was not disputed by either party. Consequently, the appeals to the General Court hinged upon whether there was a conceptual similarity between the marks.

The General Court first looked at the language of the marks, and found that GOLDEN BALLS is in English and BALLON D’OR is in French. So the marks differ with regard to the language that enables the understanding of their concepts. But the fact that the marks are in different languages would not, in itself, be sufficient to exclude a conceptual similarity.

Contrary to the Board of Appeal’s findings, the General Court found that GOLDEN BALLS did not constitute an exact translation of BALLON D’OR. BALLON D’OR would be translated as “ball of gold” or “gold ball” in English and probably not “golden ball”. In addition, GOLDEN BALLS is further distinct from BALLON D’OR by the use of the plural in BALLS. It appeared improbable to the General Court that the relevant consumer would translate BALLON D’OR in a way that would spontaneously bring to mind the earlier right.

The General Court disagreed with the Board of Appeal and found that the signs have a weak or even very weak degree of conceptual similarity.

In summary, a specific or enhanced distinctive character of the mark (in relation to the goods or services at issue) had not been established and (in spite of the identical or similar character of the goods and services in question) the very weak conceptual similarity (requiring prior translation) was not sufficient to create a likelihood of confusion on the part of the relevant public.

### Welcome reverse

The General Court’s reversal of the Board of Appeal is a welcome U-turn. It was surprising that the marks could be considered similar when there were clear visual and aural dissimilarities and only a very weak conceptual similarity.

The case endorses the General Court decision of 9 March 2005 in *Osotspa Co Limited and OHIM and Distribution and Marketing (SHARK/HAI)*, T-33/03, whereby a trade mark application for the word mark HAI was considered dissimilar to an earlier word and device mark for SHARK. Although “Hai” is the German and Austrian word for shark, on a global level the marks were not considered similar because the conceptual similarity between the marks required a prior translation.

In conclusion, the case highlights the significance of registering very important trade marks in more than one language, which might include more than one of the official European languages.

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## Image is everything

*Désirée Fields explains why marks for similar goods were simply too alike to escape the notice of the court*

**T**he Court of Justice of the European Union (CJEU) has upheld an OHIM Board of Appeal decision finding a likelihood of confusion between a figurative Community Trade Mark (CTM) application incorporating the word GITANA and a prior figurative CTM registration incorporating the word KITANA. The CJEU confirmed that there was a similarity between goods made of leather and imitations of leather in class 18, and clothing, footwear and headgear in class 25, as such goods would often be sold in the

same specialist shops and contribute to the external image of consumers.

Gitana had applied for a figurative CTM incorporating the word GITANA for “leather and imitations of leather, goods made of these materials and not included in other classes; trunks and travelling bags; travelling bags; sports bags; sail bags; umbrellas and parasols” in class 18 and “clothing, shoes, headgear; water sports clothing” in class 25. Rosenruist – Gestão e serviços, Lda (“Rosenruist”) brought an opposition under Article 8(1)(b) of Council Regulation 207/2009 (CTM Regulation) based on its prior CTM, international and Italian registrations for the figurative mark KITANA covering goods in classes 18 and 25.

OHIM’s Opposition Division upheld the opposition in part, refusing registration of GITANA for all goods except “leather and imitations of leather” in class 18. Gitana appealed the decision. The OHIM Board of Appeal suspended the proceedings pending the outcome of revocation proceedings against the earlier CTM. OHIM’s Cancellation Division declared the CTM revoked in respect of class 18, but the CTM remained registered in respect of class 25. Gitana unsuccessfully appealed the decision.

Upon resumption of the opposition proceedings, the Board of Appeal partially upheld the appeal in respect of “trunks and travelling bags; travelling bags; sports bags; sail bags; umbrellas and parasols” in class 18 and dismissed it in respect of the other goods. Gitana appealed to the CJEU.

## CJEU decision

Due to Rosenruist’s failure to provide adequate proof of use of its prior international and Italian marks, the CJEU assessed the matter on the basis of the earlier CTM only, which, after the partial revocation, covered “coats, skirts, trousers, jackets, overcoats, waterproof clothing, sweaters and pullovers, bomber jackets, hats, scarves, headscarves, stockings, gloves, belts, shoes, boots, sandals, clogs, slippers” in class 25.

### Comparison of the goods

The CJEU confirmed that the goods in class 25 covered by the respective marks were identical and agreed with the Board of Appeal that “goods made of these materials [leather and imitations of leather] and not included in other classes” in class 18 were similar to the goods covered by the earlier CTM in class 25. This assessment reflected consistent case

law finding that such goods were often sold at the same sales outlets in major retail establishments and specialist shops. Consumers would accordingly perceive close connections between the goods and gain the impression that they emanated from the same undertaking. It was also apparent from settled case law that “goods of leather and imitations of leather”, which included clothing accessories such as bags and wallets made from that raw material contributed, along with clothing, to the external image of consumers. These were factors to be taken into account when assessing the similarity of those goods.

### Comparison of the marks

The CJEU noted that visually, the marks were each composed of a six-letter word, the last five letters of which were identical. The two words were written in capital letters with the exception of the letter “i” of the earlier mark KITANA. The words differed in their first letters “g” and “k”, which were written in larger type than the other letters. Each mark also had a figurative element, namely a representation of five grey arrows in the background of the mark applied for (Gitana) and a representation of a stylised globe above the second letter “a” of the earlier CTM (Kitana). The CJEU agreed with the Board of Appeal’s assessment that the word elements were the dominant elements in the respective marks, whereas the figurative elements were banal and unimaginative, and therefore negligible. In addition, the arrows depicted in the mark applied for were represented in pale tones, giving the impression of an image of a shadow, which diminished their capacity to attract the attention of consumers. Consequently, the overall impression produced by the figurative elements was likely to be seen by consumers as decorative rather than as indicating commercial origin.

The CJEU further noted that verbal elements were in principle more distinctive than figurative elements, since the average consumer would refer more easily to the goods concerned by quoting their name than

by describing their figurative elements. The difference in the first letter of each mark was not sufficient to neutralise the similarity between all the other letters of the marks. Accordingly, the Board of Appeal was correct to hold that the marks were visually similar.

The CJEU observed that the second and third syllables of the respective marks were phonetically identical. In respect of the phonetic comparison of the first syllables, “gi” and “ki”, the CJEU found that these were highly similar in certain Member States of the EU, notably among the German-speaking public. Consequently, the first syllables of both marks produced an overall similar phonetic impression.

As the term “kitana” had no meaning in any EU language, it was not possible to conceptually compare the marks. However, given the visual and phonetic similarities, and the fact that the goods designated by the marks were in part identical and in part similar, the CJEU upheld the Board of Appeals’ refusal of the application for all goods except “trunks and travelling bags; travelling bags; sports bags; sail bags; umbrellas and parasols” in class 18, which were held not to be similar to the goods designated by the earlier CTM.

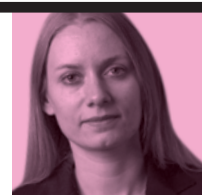
## Viewpoint

This case illustrates that the Nice Agreement on the International Classification of Goods and Services is primarily an administrative tool. Classification of goods and services might be an indication of similarity with respect to likelihood of confusion, but it is not necessarily determinative as goods or services appearing in different classes could well be considered similar. Factors such as the nature, characteristics, origin and purpose of the goods, and whether the goods usually emanate from the same manufacturer, are sold in the same shops and to the same customers, must be taken into account when assessing similarity. In the present case much was made of the fact that goods in class 18 and class 25 are complementary, sold in similar outlets and contribute to the external image of consumers.

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Désirée focuses on all aspects of IP law, with emphasis on trade mark and brand protection, and is responsible for managing the firm’s London trade mark prosecution practice.



# No means no

*The exclusivity right stands strong following withdrawal of consent to third-party use, writes Verity Ellis*

In agreement with the Advocate General's opinion of April 2013, the Court of Justice of the European Union (CJEU) has held that a trade mark owner may withdraw its consent to allow a third party to use an identical mark in relation to identical or similar goods or services and prohibit any further use by the third party going forward.

The facts of the underlying case before the Cour de Cassation in Belgium concerned two parties that had co-existed for several years. Martin Y Paz owned a collection of marks, which David Depuydt and Fabrik van Maroquinerie Gauquie used in relation to similar goods. The deterioration of the relationship between the parties resulted in Martin Y Paz withdrawing its consent from Depuydt and Gauquie in relation to using the various marks.

The Cour de Cassation referred several questions to the CJEU in relation to the withdrawal of consent. While the Advocate General considered the full set of referred issues, the Court focused on the main query regarding whether the right of exclusive use and the right to license a registered mark – under Article 5(1) and Article 8(1) Council Directive 89/104/EEC (Trade Marks Directive, subsequently replaced by 2008/95/EC) – could still be asserted where the proprietor of that mark had previously consented to share the use of such mark with a third party for certain identical goods.

In line with the Advocate General's opinion, the CJEU held that a national court may not limit a trade mark proprietor's exclusive rights in

*The CJEU held that a national court may not limit a trade mark proprietor's exclusive rights in its marks against a third party*

its marks against a third party. The CJEU stated that agreement with a third party to use signs identical to the proprietor's mark only resulted in exhaustion of the proprietor's exclusive right in respect of individual items of the product that were first put on the market in the European Economic Area by the party who was then permitted to do so via consent of the trade mark proprietor.

It added that it was also settled case law that a trade mark proprietor can only legitimately assert its exclusive right where another party's use of a

sign adversely affects a function of its trade mark, or was liable to do so. Clearly, any continued use would be allowed if it fell within an exemption of Article 5(1), for example in the event that the third party's use is descriptive of the goods in question or it is use of the third party's own name.

## National opening

As these findings by the CJEU were in relation to questions referred by the Belgian Cour de Cassation, it will be interesting to see how national courts now apply this ruling. In particular, the CJEU highlighted that it has been left open for the national courts to impose an appropriate penalty or compensation on a trade mark proprietor who unlawfully withdraws consent.



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# events

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

Date	Event	Location	CPD hours
28 January	<b>ITMA Evening Meeting</b> Assignments, by Catriona Smith, Rouse	Royal College of Surgeons, London	1
5 February	<b>ITMA Quiz Night</b>	Penderel's Oak, London	
17-21 February	<b>Intellectual Property Transactions:</b> Law and Practice, UCL Faculty of Laws	Bentham House, London	
18 February	<b>ITMA Evening Meeting</b> Modern Mediation Methods in IP Disputes Michael Cover, Michael Cover ADR Ltd, Jon Lang, Jon Lang Mediation	Royal College of Surgeons, London	1
19 March	<b>ITMA Drinks Reception</b>	London	
19-21 March	<b>ITMA Spring Conference</b> Welcome Reception	London	
20 March	<b>ITMA Gala Dinner</b>	London	
29 April	<b>ITMA Evening Meeting</b>	Royal College of Surgeons, London	1
10-14 May	<b>INTA 136th Annual Meeting</b>	Hong Kong	
20 May	<b>ITMA Evening Meeting</b>	Royal College of Surgeons, London	1
24 June	<b>ITMA Evening Meeting</b>	Royal College of Surgeons, London	1
22 July	<b>ITMA Evening Meeting</b>	Royal College of Surgeons, London	1
23 September	<b>ITMA Evening Meeting</b>	Royal College of Surgeons, London	1
23-26 September	<b>Marques Annual Conference</b>	Copenhagen	
28 October	<b>ITMA Evening Meeting</b>	Royal College of Surgeons, London	1
18 November	<b>ITMA Evening Meeting</b>	Royal College of Surgeons, London	1



INTA's 136th Annual Meeting in Hong Kong in May 2014



# Media Watch

*Ken Storey kicks off with coverage of a matter of some controversy*

ILLUSTRATION BY PHILLIP COUZENS

The big media story of late has been the rejection of Appeal's application to register the colour purple. News outlets put their punning skills to full use, and among the best headlines (in my opinion) were the *Independent's* "Purple Haze" and the *Daily Mail's* "Purple Reign".

On perhaps a higher plane we turn to a clash in the world of academia. At first sight, the dispute seemed straightforward: Regent University, in the US, objected to the proposed name change of a private charitable institution formerly known as Regent College in London to Regent's University. However, reported the *Times Higher Education Supplement* (THES), Regent's University London claims the Regent's University objection arrived after it had informed the Department for Business, Innovation & Skills, which grants university status to private institutions. Why the US concern? Regent University was founded by television evangelist Pat Robertson, reports THES (who, it notes, "recently accused gay men of knowingly spreading HIV by shaking hands using special rings"), and claims its reputation among other evangelical Christians would be damaged because the London university recently issued a press release welcoming the advent of gay marriage. The case continues!

Still in the lofty realms of higher education, local BBC news reported that a

business school in Milton Keynes is being sued for trade mark infringement having called itself Harvard School of Management and Technology. Harvard University in the US, has claimed there is "evidence of confusion" between the names. A full hearing is due in February and Justice Roth has said one of the issues to be decided would be whether Harvard has suffered loss or damage from Harvard. I trust the arguments won't be as controversial as the Regent's case, but I suspect they may be just as convoluted.

Moving from the US to New Zealand, The Spirits Business website reports that New Zealand Whiskey Company has been challenged by William Grant & Sons over the use of the

name DOUBLEWOOD. The Scottish whisky giant is claiming Dunedin DoubleWood, owned by the Kiwi distillers, can be confused with its own Balvenie DoubleWood brand. The New Zealand Whiskey Company contests the claim, arguing that it had used the name first and that there would be no confusion as the bottle features a map of New Zealand. The product is named DoubleWood, it says, because the ageing process involves the use of two types of barrels.

I think I need a drink myself with all this going on. However, it won't be a glass of Château Listran Bordeaux! The wine from the French vineyard, which is owned by Zhao Dan, from China, has had to be renamed Château L'Estran

because the term Listran was pre-registered by a third party in China. According to *Decanter China*, importers will not distribute a château whose brand is registered to someone else, meaning the winemaker is blocked entry to the Chinese market until it recovers the rights to its name or, as in this case, changes its name. The publication reports that recovery costs are high and Dan chose the cheaper route costing around €1,000.

America's Chinese Laundry brand made news recently, being sued by the makers of the Dr Martens boot, AirWair International. According to the *Daily Mail*, the boot is virtually identical to the Dr Martens 1460 Boot, which AirWair claims is a deliberate attempt to trade upon the popularity and appearance of Dr Martens' footwear. AirWair is reported to be claiming \$1 million and payment of legal fees.

Gus and Inez Bodur would welcome a similar payment following their victory over the name GOLDEN BALLS. As the *Daily Mail* reported, the couple founded sportswear company GOLDEN BALLS in 2001 and licensed Endemol to use the name in a television show. FIFA claimed infringement against its Ballon d'Or and fought the case up to the Court of Justice of the European Union, which ruled in favour of the Bodurs; but they continue to fight for compensation. This shows how Davids can beat Goliaths, at a cost, but hopefully with a happy ending, which is how I like to end this column.

