

# CITMA REVIEW

ISSUE 435

JULY/AUGUST 2017

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## WHEN IP MEETS IPA

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The IP Group



**W**elcome to this summer edition of the *CITMA Review*, which includes a report on the successful reception that CITMA co-hosted with the UK IPO at the INTA Annual Meeting in Barcelona in May, where the attendees enjoyed an early taste of sunny, seasonal weather. The meeting may also have been an opportunity for some delegates to sample local beers, a topic at the heart of Claire Jones's article on page 18, in which she looks at IP clashes in the brewing industry.

In this edition, we also have the benefit of a review of recent court cases on "raw" trade marks (page 23), and an important decision on parallel imports in Singapore (page 26), which is particularly relevant to the current discussions around exhaustion of rights post-Brexit.

Meanwhile, Gavin Hyde-Blake discusses the dark web (page 10), a concern for trade mark owners and society in general.

I hope that all our readers are able to enjoy a well-deserved break over the summer, and that the sun keeps shining.

**Kate O'Rourke**  
CITMA President

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#### CITMA contacts

##### General enquiries

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

#### Committee chairs

##### Education Policy & Development:

Philip Harris, tmbarrister@btinternet.com  
**Executive:** Chris McLeod,  
chris.mcleod@elkfile.com  
**Events:** Maggie Ramage,  
maggie.ramage@edwincoe.com

##### Law & Practice:

Imogen Wiseman,  
imogen.itma@cleveland-IP.com  
**Publications & Communications:**  
Richard Hayward, richard@citma.org.uk

##### Published on behalf of CITMA by:

Think, Capital House,  
25 Chapel Street, London NW1 5DH  
Tel: 020 3771 7200  
www.thinkpublishing.co.uk  
**Editor:** Caitlin Mackesy Davies  
**Advertising:** Tony Hopkins,  
tony.hopkins@thinkpublishing.co.uk  
**Group Account Director:** Polly Arnold

##### Account Director:

Kieran Paul  
**Designer:** Alix Thomazi

**Senior Sub-editor:** Mike Hine

#### CITMA Review

*CITMA Review* content is provided by members on a voluntary basis, and reader suggestions and contributions are welcome. If you would like to contribute an article to a future issue, please contact Caitlin Mackesy Davies at caitlin@thinkpublishing.co.uk

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# CITMA





# CITMA | INSIDER



## New staff member at CITMA

Luke O'Neill has joined CITMA as Membership & Engagement Officer. He is now the main point of contact for any enquiries about your membership. His previous experience includes roles at the Association of Accounting Technicians and Wandsworth County Court. We hope everyone will welcome Luke, who can be reached at [luke@citma.org.uk](mailto:luke@citma.org.uk)

## CITMA gets animated

Promoting the Chartered Trade Mark Attorney profession continues to be a key strategic aim for CITMA. To help achieve this goal, we have created a brand-new animated video to showcase what our profession does, and how we help organisations and the creative industries thrive.

The two-minute video takes viewers through the role of

Chartered Trade Mark Attorneys, and the value they provide to organisations and individuals who use their services. It is aimed at businesses and organisations.

We would be delighted if you could share the video through your social networks. You are welcome to embed the video on your firm's website or your own profiles.

View the video at [citma.org.uk](http://citma.org.uk)

## Case comments archive online

You can now view all the *CITMA Review* case comments from 2016 onwards online. We hope this will make looking for specific cases or browsing through old cases much more straightforward.

If you are looking for a specific case, simply use our website's search function, inputting the case number or the parties' names.

View the archive in the Membership section at [citma.org.uk](http://citma.org.uk)



## Brexit work continues

CITMA has appointed public affairs agency Freshwater to continue and push forward our work on Brexit.

It is imperative that we continue to put our case forward and influence key stakeholders. As negotiations get underway, it is even

more important that the views of our profession are made clear.

To date, we have published a number of papers, and held meetings to engage with and influence stakeholders across UK Government and EU institutions, and we will continue to do so. Appointing Freshwater allows us to develop our public-affairs activity further.

Keep up to date with further developments at [citma.org.uk](http://citma.org.uk)



## Member moves



**Victoria Leach**, previously of Mishcon de Reya, joined Stobbs IP as a Senior Trade Mark Attorney in July.



**Dominic Murphy** has recently joined Wilson Gunn in Birmingham. Contact him on **0121 236 1038** or at [dominic.murphy@wilsongunn.com](mailto:dominic.murphy@wilsongunn.com)



In June 2017, **Tom Hooper** left Baker McKenzie and joined Taylor Wessing as a Trade Mark Attorney. Tom advises on all aspects of trade mark registration, protection and enforcement in the UK, Europe and internationally.



## High Court Judge named

CITMA Allied member David Stone has been appointed as a Deputy High Court Judge. Congratulations, David!

## IP professionals honoured

There were two awards for services to IP in the Queen's Birthday Honours List, published on 16th June 2017.

Congratulations to CIPA's Immediate Past President Andrea Brewster, who was awarded an OBE, and Ruth Annand of Humphreys & Co, who was awarded a CBE.

Andrea was instrumental in the formation and subsequent development of diversity and inclusion initiative IP Inclusive.

Professor Ruth Annand is an Appointed Person, selected by the Lord Chancellor under the Trade Marks Act 1994 to hear appeals from decisions of the Trade Marks Registrar, as well as being Emeritus Professor of Law at the University of Bristol.

CITMA President Kate O'Rourke, who was awarded an MBE last year, said: "These awards for Andrea and Ruth are both richly deserved. They have shown incredible dedication to intellectual property throughout their careers, and, on behalf of CITMA, I would like to congratulate them both."

This year marks 100 years of the Order of the British Empire. The honours recognise the achievements of a wide range of extraordinary people from across the UK.

## Writers wanted

We are actively looking for new *CITMA Review* writers, particularly those who can contribute longer features on topics of interest to the international IP community. If you would like to find out what's involved, or can suggest a topic you'd like to cover, please contact the Editor, Caitlin Mackesy Davies, at [caitlin@thinkpublishing.co.uk](mailto:caitlin@thinkpublishing.co.uk)

## Reader book review

*Chris McLeod casts his eye over the latest work tackling classification*

**THE AUTHOR OF** this fifth edition of *International Trademark Classification* had the arguably unenviable task of leading US delegations to WIPO to discuss the Nice Agreement for more than 20 years. Indeed, in the foreword, the process is described as "technical and tedious". That said, Jessie N Roberts has produced a remarkably concise and useful guide to the significant changes that the current (11th) edition of the Nice Agreement has brought about.

Expertise in classification and drafting specifications of goods and services is a necessary skill for the modern trade mark practitioner, particularly in relation to classes such as class 9, where the relevant technology

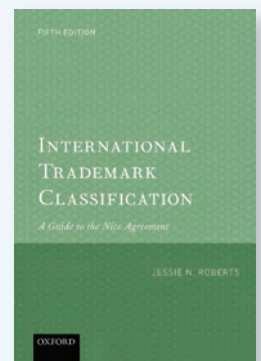
is moving ever faster. As the author indicates, there are now references in class 9 to "smartglasses" and "selfie sticks [hand-held monopods]", whereas "word processors", "accounting machines" and "pince-nez" have been consigned to the classification dustbin.

As practitioners tend to carry out most of their work online, they may wonder why they need a book of this nature. However, this is not a voluminous work, and may save practitioners time – particularly the index, which goes from "abacus" (class 9) to "zippers (slide fasteners)" (class 26) and covers many weird and wonderful items in between, such as "embalming services", "strait jackets" and "visagists' services".

Jessie N Roberts, *International Trademark Classification: A Guide to the Nice Agreement*, fifth edition (March 2017)

£125.00

Hardback, 528 pages;  
also available as an ebook





*CITMA joined with the UK IPO to welcome international guests in Barcelona*

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# COLLABORATION CELEBRATION





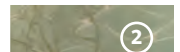
**IN MAY**, CITMA held a joint reception in Barcelona with the UK IPO. For CITMA, the event was an opportunity to bring together representatives from IP organisations and industries around the world. We were delighted to be joined by guests from as far afield as Canada, China, Japan, New Zealand and South Africa, as well as visitors from our European neighbours.

Some 100 guests assembled at Hotel España in the heart of Barcelona's Old City for the Sunday afternoon event. We were also delighted that the UK IPO's global attachés attended.

This gave guests a chance to hear about their work and build relationships for future collaboration.

CITMA President Kate O'Rourke and UK IPO Director of International Policy Adam Williams shared a platform to welcome guests. Both highlighted the value of the ongoing collaboration between CITMA and the UK IPO.

The event was also an opportunity for us to reinforce our messages about Brexit to an international audience and explain the work CITMA is doing to ensure the best possible outcome for our members and UK business.



**1.** Guests from across the world network in the grand surroundings of Barcelona's Hotel España

**2.** CITMA President Kate O'Rourke and UK IPO Director of International Policy Adam Williams spoke to delegates about the importance of collaboration between CITMA and the UK IPO



# Wubbo de Boer

*Keith Havelock remembers an imposing presence in the industry*

**R**eaders of the *CITMA Review* who are of a certain vintage will be sad to have learned of the death of Wubbo de Boer on 20th April 2017. A proud Dutchman, Wubbo served as President of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM), now EUIPO, from 2000 until the appointment of its present head, Executive Director Antonio Campinos, in 2010. Wubbo was only the second of three persons to have served in that position since the foundation of the Office in 1995, the initial President having been Jean-Claude Combaldieu from France.

Wubbo was born in Amsterdam on 27th May 1948. He was educated at the Barlaeus Gymnasium and the University of Amsterdam's Law School, where his specialist subjects included IP. Prior to joining OHIM in Alicante, he was a senior Dutch civil servant, and held posts including Director General of Civil Aviation and Director General of Transport Policy in the Ministry of Aviation, and Director General of Competition Policy.

Wubbo's other activities and interests included membership of the supervisory boards of NMB Postbank, the National Railway Company and various organisations in the tourism industry, and he also served as Chairman of the Amsterdam Cricket Club.

It was against this impressive background that Wubbo took up office in Alicante in October 2000, determined to carry OHIM forwards and modernise it. He was a fervent advocate of the importance of the internet, and of working together with industry, governments and the profession to improve and develop the services offered by the Office. Peter Lawrence, former head of the UK Trade Marks Registry, who was seconded to Alicante to work under Wubbo, described him as "a visionary with a rational approach to problems". He added that Wubbo



was a tough man to deal with at times, although there was invariably laughter involved. This certainly echoes my own experience of Wubbo, with whom I had dealings on a number of occasions during my time as Secretary General of the European Communities Trade Mark Association (ECTA), our respective terms of office having coincided almost exactly.

Wubbo was a frequent contributor to ECTA's annual conferences and, over many years, provided statistical updates and reports on the achievements of the Office in the technical field. He was particularly proud of achieving the first trade mark e-filing, as well as the publication of a Service Charter for the Office. Sometimes strong words were exchanged between the respective bodies, but any differences were normally resolved swiftly and amicably. A minor incident illustrating Wubbo's general approach occurred during a social event at an ECTA conference in Barcelona, when an urgent administrative matter needed to be explained to him. The then President of ECTA and I approached him as he was enjoying a glass with other delegates. Turning to us, he said: "Good heavens, both of you together, this must be serious!" I don't think it was especially, but the incident remains in my memory as a reminder of a big man in every sense.

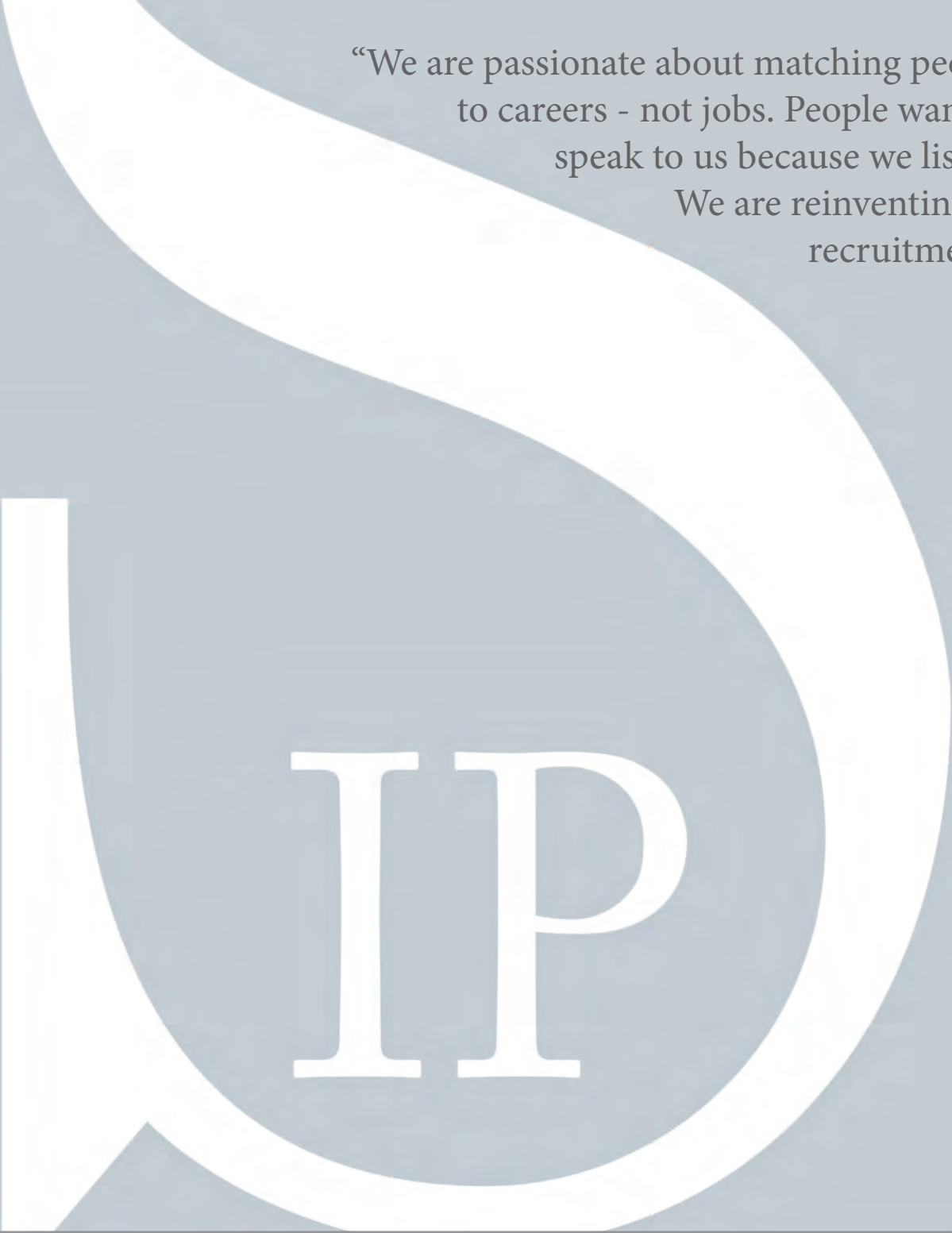
Wubbo made a substantial contribution to the development of both the Alicante Office and trade mark law and practice in Europe. We will remember him with gratitude, and our heartfelt sympathies are extended to his widow Margot and his large family. ■



**KEITH HAVELOCK**

is a current Council member and Past President of CITMA. He was Secretary General of ECTA from 2001-2011  
[keith.havelock@lineone.net](mailto:keith.havelock@lineone.net)





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# HERE BE MONSTERS

*Gavin Hyde-Blake looks into the deep web and dark web, and answers the question: should you be worried?*

## THE DARK WEB

A section of the deep web that exists only on darknets. Contains a high proportion of controversial content





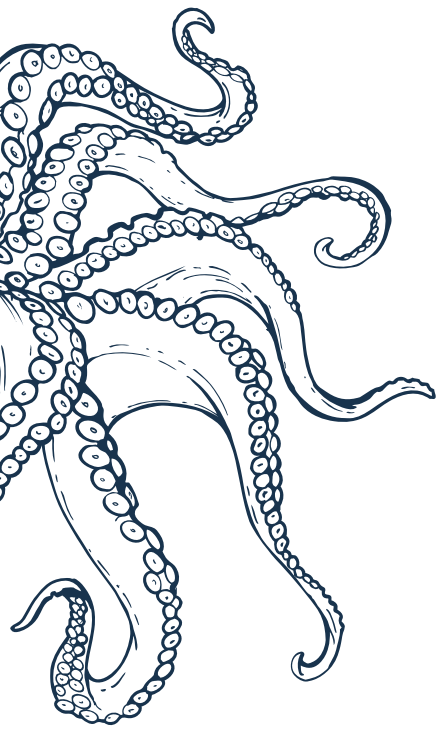


● **THE SURFACE WEB**  
The area of the internet indexed by standard search engines and readily available to the general public. Contains around 4.5 billion pages

● **THE DEEP WEB**  
The area of the world wide web not indexed by standard search engines; it probably accounts for 96 per cent of the internet

● **DARKNET**  
A type of network that can only be accessed with special software or authorisation, sometimes through non-standard protocols or configurations. Darknets are designed specifically for anonymity





It is widely known that search engines scan and index only a small percentage of the world wide web, the common URL-based network through which the majority of online content is accessed. Beyond the results you see on a Google search are, potentially, millions of unfound hits containing the information you seek. This area that is not covered by the search engines we use every day is known as the deep web (also the invisible web or hidden web). So, what is this online netherworld, and should brand owners or IP professionals be worried about it?

As a starting point, it is worth considering the overall online landscape. No one knows just how large the world wide web is, but reliable estimates suggest that the 4.5 billion pages indexed by the main search engines (Google, Bing, Baidu, Yahoo! and Yandex) equate to only about four per cent of the web; this is known as the surface web (also the visible web, indexed web, indexable web or lightnet). An iceberg provides an apt metaphor; only a tiny amount of searchable information is visible above the surface. Below the waterline is the invisible and un-indexed deep web.

Most of the deep web comprises legitimate content that cannot be indexed by search engines for good reasons: it consists of webmail, information behind firewalls, and services and content protected

behind paywall protection – including online banking, dynamic content, subscription services, web archives and non-text content (videos, images and other unreadable formats).

Yet there are numerous IP infringements taking place on the deep web: counterfeit or grey-market goods are available, just as they are on the surface web; logos are used illicitly, often as part of consumer scams or phishing attempts. One section of the deep web exists on special sub-networks known as darknets. This is the dark web, where anonymity is built into the architecture of the networks, typically peer-to-peer or



*There are infringing products available on the surface web and, to a large extent, these are the ones we should be most concerned about*

privacy networks, such as Tor, I2P and Freenet. Tor – an acronym for “The Onion Router” – is freely available software through which users can access the dark web and retain their anonymity. The word “onion” is a reference to the layers of encryption used to move internet or email traffic. Tor will encrypt internet traffic in layers and pass it through a worldwide series of more than 7,000 randomly selected routers; each router will remove one layer of encryption, which will reveal the destination of the next server to be used. The effect is to conceal a user’s location from anyone monitoring usage, and it is not ordinarily possible to match a user’s origin with its destination.

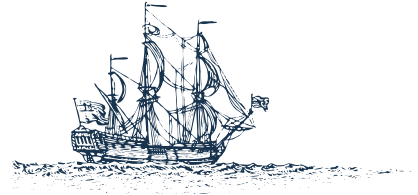
## WHAT’S OUT THERE?

The dark web contains a variety of content. A 2016 study in *Survival*, a publication of the International Institute for Strategic Studies, concluded that there was an “overwhelming presence of illicit content on the Tor darknet”<sup>1</sup>, which included drugs, illicit finance, and pornography involving violence, children and animals. Other sites sell drugs: one, Silk Road, was closed down by the FBI in October 2013 (although a new variant of the site is now operational).

But not all is dark on the dark web. The anonymity it provides is used by political dissidents to avoid government censorship; whistle-blowing sites allow people to report freely without threat; and there is social media for people who object to increasing online surveillance by governments.

Should the IP professional be worried about the dark web? A 2015 study estimated that just over five per cent of the dark web’s content relates to “counterfeits”, although this is a broad category that includes fake currency, passports and identity documents, alongside consumer goods.<sup>2</sup>

One of the key areas of concern among national and international law-enforcement bodies is the growth in the sale of counterfeit pharmaceuticals. In 2016, the US Drug Enforcement Agency published a study looking at the growing crisis of counterfeit opioid-based pills – including fentanyl, a drug 100 times stronger than morphine.<sup>3</sup> In 2017, the National Crime Agency published details of the rise in fentanyl-related deaths, particularly in north-east England.<sup>4</sup> The low-risk, low-cost and high-reward nature of these transactions has led to a rise in sales of such pharmaceuticals. Other easy-to-find, but not life-threatening, infringements involve digital products – software, music, videos and ebooks – as well as luxury or high-value goods.



Many of the transactions occur on marketplaces like Silk Road 3.0, Hansa, AlphaBay, Acropolis and Valhalla. Payment is through escrow systems (sometimes a scam on the more transitory markets) or one of the new cryptocurrencies, the peer-to-peer electronic currency technology. The best known of these is the market leader, bitcoin. This currency is not controlled by governments or central banks, and there are no official records of sales or purchases, which means the ability for users and their digital wallets to remain anonymous is increased. It also means that one favoured investigative route, “following the money”, cannot be used. At the time of writing, the value of bitcoin is running at an all-time high; one bitcoin is worth more than £1,980 – making its value higher than gold’s. Bitcoin is increasingly used offline, too; it is accepted in some retail outlets, and there are now nearly 1,200 bitcoin ATMs worldwide, including around 60 in the UK.

Again, the question is: should brand owners be worried? There are, obviously, counterfeit and infringing products available on the surface web and, to a large extent, these are the ones we should be most concerned about. They are the ones visible to the search engines, and therefore to the general public, who will purchase such products whether or not they know they are purchasing counterfeits. General consumers – the unwilling purchasers of counterfeits – will not go to the extent of accessing the dark web to purchase goods; only the willing purchasers of counterfeits will be shopping through a darknet.

In addition, search-engine companies are developing tools for searching more areas of the uncharted territory of the deep web. Google, for example, is developing deeperweb.com, currently available in beta format. Just because information held within the deep web is not visible to a standard web search is no indication of anonymity, and so more typical

investigation methods can be undertaken in that space. However, obfuscated registration records and semi-anonymity do present challenges.

The enforcement options available to IP professionals with regard to the deep web are the same as for the surface web: cease-and-desist letters to site operators, take-down requests to internet service providers, and reporting through the normal channels to social media or auction sites.

### **ACTION AVAILABLE**

The dark web does provide additional challenges to IP rights holders. So, if you think your brands are being abused on the dark web, can you actually do anything? Because the dark web’s architecture allows anonymity, there are limited steps brand owners can take when infringements are found. Brand owners should not shy away from action, however – and there are still steps that can be taken via specialist sources.

To start with, the best strategy is to find out the scale of the problem and understand the level of risk involved. For those who think their brands are at particular risk, specialist search and monitoring programs are advised. These can establish whether any counterfeit goods are being sold individually to willing purchasers of fakes, or whether there is wholesale distribution into other markets – possibly onto the surface web or into a high-street market. Because the deep web changes constantly as marketplaces are taken down or disappear, any monitoring should be done on an ongoing basis in order to get a grasp of the size of any problem before bespoke takedown or intervention can be planned.

It is also fair to say that enforcement is extremely difficult – and not always possible. Yet there are steps that can give IP rights owners an edge. For example, if possible, a test purchase is advised. This should clearly identify whether a product is counterfeit or genuine (although it could still be grey market or stolen), and some questioning about the product could elicit further details. However, beware: the dark web is not a place where the unwary or untechnical should venture. Specialist anonymiser software, such as Tor, is not enough to protect against your identity being discovered, and even doubling up on security by using a virtual private network will not always help. This is particularly true if you cross the line into any of the illegal sites, where law-enforcement and intelligence monitoring organisations will log your activity.

Ultimately, many of us will never venture into the dark web, or even want to – that is a job that is really better left to the specialists, but that does not mean we should not try to understand what related threats to our clients’ brands exist. I hope that this article has gone some way towards providing a means of navigating the dark web’s fast-changing and threatening terrain. ■

1. Daniel Moore and Thomas Rid, “Cryptopolitik and the Darknet”, *Survival* (58:1, 2016), pp7–38.
2. Gareth Owen and Nick Savage, “The Tor Dark Net”, Global Commission on Internet Governance (2015), accessed 18th May 2017, [bit.ly/2uLLYfO](http://bit.ly/2uLLYfO).
3. DEA Intelligence Brief, “Counterfeit Prescription Pills Containing Fentanyl: A Global Threat” (July 2016), accessed 18th May 2017, [bit.ly/2spE9nV](http://bit.ly/2spE9nV).
4. National Crime Agency, “Recent Deaths Possibly Linked to Fentanyl” (April 2017), accessed 18th May 2017, [bit.ly/2tn3J1y](http://bit.ly/2tn3J1y).



**GAVIN HYDE-BLAKE**  
is a Director at Eccora  
[ghb@eccora.com](mailto:ghb@eccora.com)

# The kids are all right

*Mathilda Davidson reviews new restrictions aimed at promoting a healthier lifestyle for under-16s*

**N**ew rules on advertising high fat, salt or sugar (HFSS) food or drink products to under-16s came into force in the UK from 1st July 2017.

These new rules bring non-broadcast ads (print, billboard and online) in line with the strict restrictions already in place for television ads. As such, they are likely to have a particular impact on digital platforms popular with under-16s (such as social media and online-gaming sites), where brands have, to date, enjoyed more freedom to market HFSS products than on television. Brands, and the professionals that represent their interests, therefore need to ensure they are up to speed with the new rules, as the Advertising Standards Authority (ASA) will doubtless be keen to demonstrate their effectiveness with an early complaint ruling.

HFSS products comprise food or drink that is assessed as being high in fat, salt or sugar under the Department of Health's nutrient-profiling scheme.

The rationale for the rules is based on increasing public and political concern in the UK about the (un)healthiness of children's diets and the rise in childhood obesity. This has led to more stringent controls on the marketing to children of food and drink products that are seen as "unhealthy". The UK has had controls in place governing the content of HFSS product advertising directed at children, and the placement of HFSS product advertising on television, since 2007.

Although there are strict rules on the content of food and drink advertising targeted at pre-school or primary-school children in non-broadcast media, there are no restrictions equivalent to those in place for television on where HFSS product advertising can be placed.

## WHO IS AFFECTED?

The new rules take the form of an update to the Committee of Advertising Practice's (CAP's) existing *UK Code of Non-broadcast Advertising and Direct & Promotional Marketing*, enforced by the ASA. They apply to all non-broadcast ads for HFSS products in media covered by the code. Notably for trade mark professionals, the rules therefore do not apply to product packaging or point-of-sale materials. They do not apply to brand advertising, as distinct from HFSS product advertising.

CAP acknowledges that it can sometimes be difficult to separate product advertising from brand advertising, and has issued further guidance on this point. It sees HFSS product ads as those that either directly promote, or have the effect of promoting, an HFSS product; for example, ads that:

- refer to or prominently feature an identifiable HFSS product;
- feature branding synonymous with an HFSS product;
- feature branding synonymous with a product range that is mainly (more than 50 per cent) HFSS;

- contain a direct response mechanic related to an HFSS product; or
- are for a brand, but refer to or feature a strapline, celebrity or character who is synonymous with an HFSS product. Examples of ads that will not be caught by the new rules include those that:
  - promote non-HFSS products only;
  - are for a brand promoting a product range that is mainly (more than 50 per cent) non-HFSS;
  - feature HFSS products only incidentally – for example, in a supermarket-aisle shot or generic meal/event setting where the product actually being marketed is non-HFSS; or
  - feature branding that is not synonymous with HFSS products (having regard to factors including that company's provision of non-HFSS and non-food and drink products, and its association with community, education and sporting initiatives).

## THE NEW RULES

Broadly, the restrictions on HFSS product ads take two forms: media placement restrictions and content restrictions.

CAP applies media placement restrictions to other sectors, such as alcohol and gambling. From 1st July, HFSS product ads cannot be placed in media directed at under-16s (including direct mail or targeted digital media content) or other media where more than 25 per cent of the audience is under the age of 16.





“

*The impact on brands will be significant, not least because of the work required to ensure that appropriate audience data is held*

Advertisers must take appropriate steps to avoid targeting under-16s. In the event of a complaint to the ASA, the onus will be on the advertiser to show that it did not place the ad in media of particular appeal to children.

In practice, this will be a question of evidence about the make-up of the relevant audience, so it will be important for brands and their agencies to ask media owners for robust data about their audience and to deploy any tools the media owner may have available to avoid targeting under-16s. In the absence of audience measurement data from the advertiser, the ASA will make a judgment based on an assessment of steps taken to target or exclude specific demographics, and the content and context of the relevant media.

Currently, the UK has strict rules on the content of any food and drink ads, except those for fresh fruit and vegetables, that are targeted at pre-school or primary-school children (under-12s). From 1st July, these rules have actually been relaxed so that they apply only to ads for HFSS products, giving brands greater freedom to market non-HFSS food and drink products to under-12s.

From 1st July, HFSS product ads targeted at under-12s cannot include:

- promotions (such as multi-buy or money-off offers, competitions, prize draws, free gifts, etc); or
- third-party licensed characters or celebrities popular with children

(this is designed to catch, for instance, the latest Disney or Marvel hero or heroine, and does not apply to any advertiser-created brand characters).

Ads are likely to be seen as targeted through their content at under-12s if, for example, they:

- directly address or speak to under-12s;
- have a strong appeal to children and are not obviously addressing adults;
- include games or activities clearly aimed at children.

There is a limited grace period, expiring on 1st October 2017, during which advertisers can show that the media space in question was booked prior to 8th December 2016. Outside this narrow exemption, advertisers now need to comply with the new rules, including by taking prompt action to amend or remove existing ads that do not comply.

### LIKELY IMPACT

Of course, it remains to be seen what (if any) impact the new rules will have on the health of children. CAP notes that available evidence shows that the effect of advertising on children's food preferences is relatively small, particularly when compared with

other factors, such as parental influences. Based on previous tightening of the rules around HFSS food advertising (and the recurrent campaigns against alcohol and gambling advertising), it also seems unlikely that the changes will be enough to satisfy the most vocal campaigners. No doubt there will continue to be calls for bans on sponsorship and brand characters, watersheds on television, etc.

However, the impact on brands that have HFSS products in their portfolios will be significant, not least because of the work required to ensure that appropriate audience data is held across the many different online platforms used by advertisers. Although an adverse adjudication from the ASA does not attract the most serious sanctions – it has no power to impose fines, for example – the public and media interest in the marketing of “unhealthy” food products to children means that rulings tend to be picked up by the national press. Contravening the new rules could, therefore, lead to significant bad PR. As a result, it is hoped that brands made sure their houses were in order before 1st July. ■



#### MATHILDA DAVIDSON

is a Principal Associate at Gowling WLG  
[mathilda.davidson@gowlingwlg.com](mailto:mathilda.davidson@gowlingwlg.com)

Sophia Khan, Trainee Solicitor at Gowling WLG, co-authored this article.

# A BAD BUSINESS

*Bullying is not just an individual issue, it also has a workplace impact, says Elizabeth Rimmer*

**B**ullying is a common concern in the legal community, and a number of callers to the helpline at the legal-sector charity LawCare have talked about the stress and anxiety caused by being bullied at work.

Bullying in the workplace can appear in many different guises, but the term essentially refers to a type of abusive behaviour whereby an individual or group creates an intimidating or humiliating work environment for another person. This behaviour can cause those subjected to it to feel anxious, distressed or depressed, and it can also have a knock-on effect on life outside the workplace – for instance, in a family setting.

## BIG PROBLEM

Bullying is a major concern in UK workplaces. A survey carried out in 2015 for the charity Family Lives found that:

- 91 per cent of respondents felt their organisation did not deal with bullying adequately.
- 73 per cent said bullying was verbal, including threats, and 60 per cent felt the bullying was social (such as being excluded, ignored and isolated).
- 70 per cent were female.
- 66 per cent witnessed bullying at work: 43 per cent were bullied by their line manager, 38 per cent by a colleague and 20 per cent by a senior manager or CEO.
- 35 per cent reported that bullying incidents went on for longer than a year.

## DEFINING TERMS

Examples of bullying include:

- excessive monitoring of work;
- exclusion with negative consequences;
- verbal abuse or insults;
- repeatedly manipulating the person's job specification and targets;
- blame for things beyond the person's control;

- menacing behaviour, intimidation or aggression;
- treating someone less favourably than colleagues; and
- constant criticism of work.

It is also worth pointing out that bullying is not:

- A personality clash: if someone is being regularly excluded, belittled or intimidated, they are not “clashing” with someone; it is bullying.
- Character-building: negative remarks and behaviour towards someone will not build character; the effects can be distressing and affect mental health.
- A leadership style: dominant or aggressive managers may try to pass off this behaviour as their management style, but if someone feels threatened, it is bullying.
- Provoked: bullying is never the fault of the person being bullied.

Many organisations fail to see the effect a bully can have and try to legitimise the behaviour or position it in such a way that it is not an issue. Yet bullying in any form can make someone feel anxious, humiliated, frightened, demotivated and/or unproductive. They may also feel very low and nervous about going to work and facing the individual or group causing them to feel this way. Some people may feel as if they have no option but to leave their organisation.

“I made myself ill until I was eventually diagnosed with anxiety, depression and work stress,” comments one person LawCare has counselled. Another person who was bullied experienced “sleep loss, anxiety attacks, lack of self-worth, lack of confidence in my abilities [and] a desire to avoid work”.

Bullying can also have a significant effect on the organisation. It can lead to a reduction in staff performance and cause relationships in the workplace to deteriorate. The cost to the business can include low morale, poor staff relations and potential loss of valuable staff in which investment has been made.

## TAKING ACTION

Most organisations have detailed policies on bullying that are applied at every level by management and communicated to all staff. If a member of staff reports bullying, the complaint should be taken very seriously, and organisations usually work with the individual to find a solution.

For the individual who is being bullied, it is important that they talk to someone about the problem, whether it is a colleague, friend, family member or LawCare. We suggest keeping a diary of all incidents, noting the behaviour, dates, times, any

## CALL FOR HELP

LawCare supports and promotes good mental health and well-being across the legal community. We understand life working in law, and have helped thousands of legal professionals cope with a range of issues, including bullying. Our key support service is a free, confidential and independent helpline, and our trained staff and volunteers listen and support with any issues.

Call **0800 279 6888** or visit [lawcare.org.uk](http://lawcare.org.uk)

witnesses and the impact of the bullying. We also suggest keeping copies of relevant documents, such as malicious emails etc.

If the bullied person feels comfortable and safe to do so, they could talk, on an informal basis, to the individual who is bullying them and explain the impact the behaviour is having. In many cases, bullies are unaware that their behaviour is perceived as unacceptable. It is also important to let the bully know that, if the situation does not improve, the next step will be taking an official route to remedy the situation. It is important to try not to let the situation become threatening or confrontational, and to keep detailed notes of the conversation. Wherever possible, it is helpful for the individual to “debrief” with a supportive friend or colleague.

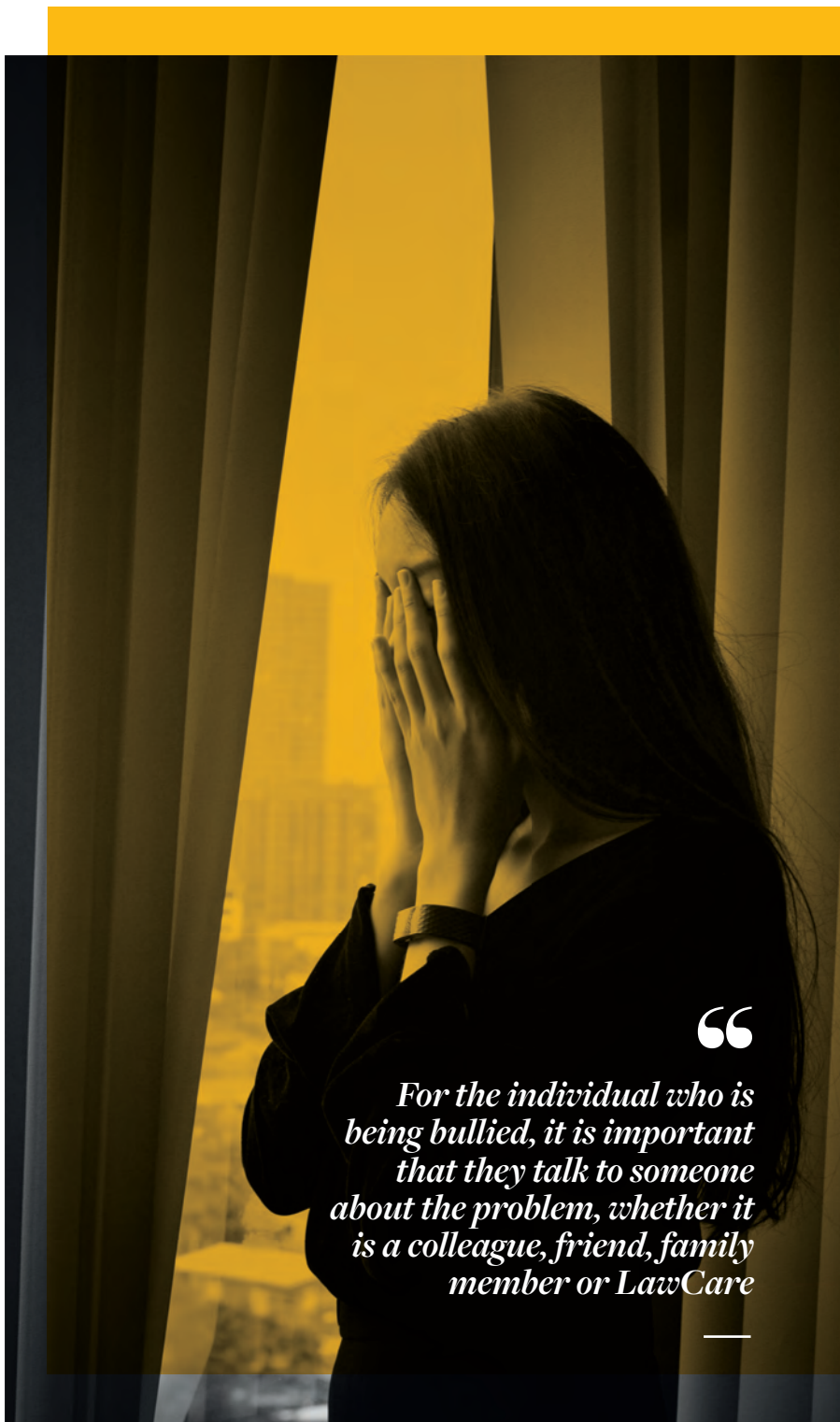
For many, though, talking informally with the person who is bullying them is not an option. In these cases, the issue can be taken up with a manager or supervisor, who can be asked to help take the necessary formal steps to resolve the issue. When someone feels that they are left with no option but to resign, it may be open to them to claim constructive dismissal. However, before proceeding with such a claim, it is advisable to exhaust all internal remedies or procedures, and seek specialist legal advice.

If someone is feeling low and anxious as a result of being bullied, another avenue of help is their GP, and counselling or medication may help. People who are being bullied, or are concerned about a colleague they think is being bullied, can call us in confidence to talk about it. We have listened to many lawyers who have experienced bullying – and we can help. ■



**ELIZABETH RIMMER**

is CEO at LawCare  
erimmer@lawcare.org.uk



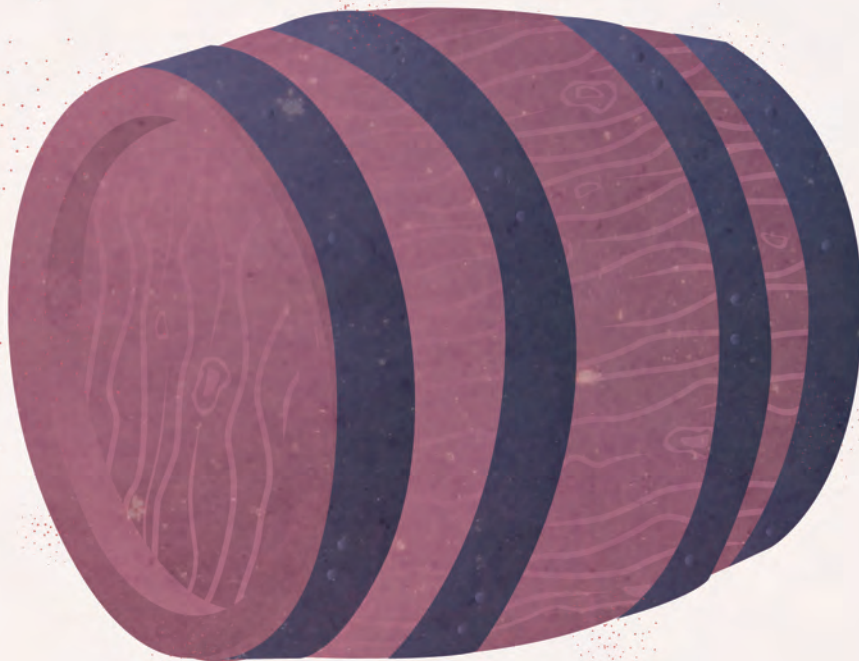
“

*For the individual who is being bullied, it is important that they talk to someone about the problem, whether it is a colleague, friend, family member or LawCare*





ALIX THOMAZI



# WHEN IP MEETS IPA

*With brewing becoming ever-bigger business, Claire Jones provides a flavour of the IP clashes that can result*

**B**eer is one of the world's oldest beverages, dating back to at least the fifth millennium BC. Although branding and trade marks don't have quite so long a history, their origins do overlap with the beer industry. As many readers will know, one of the first UK trade mark applications was in 1876 to protect the Bass Red Triangle. And branding in the sector has only increased in importance since then, with a range of names, labels, bottles, pump clips and glasses all to be considered.

Few can have missed that craft beer is now big business. The past few years have seen a surge in consumers seeking out craft beers, rather than the more "generic" offerings of established breweries. There has been an eight per cent increase in the number of breweries in the UK in the past year alone (to more than 1,700 in total). The amount of craft beer in the on-trade market in the UK has steadily grown since 2010.

In 2015, craft beer accounted for 8.4 per cent of the total on-trade ale market, according to Statista. In a marketplace that is so competitive and creative, breweries large and small have quickly come to understand that they cannot afford to leave their IP unprotected.

There are a number of trade mark issues to consider. First, most new UK breweries will start out small and local, but if their brews prove popular, there is the possibility of expansion into the wider EU or, indeed, the huge craft beer scene in the US. But with thousands of breweries and tens of thousands of brands, it is an increasingly crowded industry. Add into the mix the fact that – in trade mark terms – beer is likely to be held to be similar to other alcoholic products, such as cider, wine and spirits, and the field appears even smaller.

Disputes over names appear not only in the IP practitioner's pension case of Budweiser v Budvar, but many others as well, such as Camden Town Brewery against the use of Redwell Hells, and Lagunitas Brewing receiving cease-and-desist orders from SweetWater Brewing Company over use of "420" in its beer labels.

12%

In 2015, the number of beers registered at the UK IPO jumped by 12 per cent on the previous year – from 1,485 to 1,666

43%

The total number of trade mark registrations relating to beer has increased by 43 per cent over the past five years

## HISTORIC BATTLE

Then there is the historic war of the white rose, fought between Yorkshire breweries Samuel Smith and Cropton Brewery.<sup>1</sup> This conflict ran for four years, and ended up in front of Mr Justice Arnold in the High Court. Samuel Smith had trade marked a particular version of the Yorkshire white rose, which was in use on beer pumps and labels. Cropton Brewery had started making bottles of Yorkshire bitter for Marks & Spencer that also featured a white rose on its label. In addition, the brewery started producing a beer named Yorkshire Warrior, which used a different version of the rose, with permission from the local Yorkshire Regiment, as it was raising money for a fund that supported ex-soldiers and their families (see Figure 1, page 22).

Arnold J held the infringement proceedings to be a “score draw”; there was infringement by Cropton in respect of Yorkshire Warrior, but not in respect of the Yorkshire bitter. No damages were ordered, although profits from the sale of Yorkshire Warrior (estimated at around £20,000) were given to Samuel Smith by Cropton. The proceeds were donated to the military charity Help for Heroes.

While there was a (part) win in this case, there was a lack of customer confusion that could be evidenced. Even the judge criticised the parties for allowing the case to get as far as the High Court, stressing the usefulness of mediation for resolving this type of dispute quickly and more cost-efficiently.

Indeed, some choose to find alternatives to litigation; for example, US breweries Avery Brewing and Russian River discovered that they were both making a beer called Salvation in 2006. Rather than fight it out, they instead collaborated, and Collaboration Not Litigation was the resulting brew. It continues to be made to this day.

## RECENT COLLABORATIONS

Although collaborations like the example above are very common and reflect the cooperative spirit that prevails in the industry, such deals come with their own IP (and regulatory) issues. Who owns the trade mark? For example, Iron Maiden’s Trooper is brewed by Robinsons, but the trade marks are owned by the band’s holding company. Motörhead’s Röd Crew pale ale is brewed through an agreement between Camerons Brewery and Global Merchandising Services (which acts for a number of bands), and has been a great success both in the UK and on export to 18 countries. Agreements, including licences and royalties, should be agreed upon to avoid any future issues.



Frequently, brews will be produced by a licensed brewery, especially where the collaborating party does not have its own facilities or is a non-brewery partner, often on contract. However, agreements should be drawn up to cover a range of potential matters: who owns the IP rights, such as trade marks and recipes; royalty and commission payments; rights of distribution and exportation; and applicable laws, warranties and representations regarding regulatory issues. For example, Canadian brewery Garrison Brewing agreed to produce a *Star Trek* Klingon Warnog ale following a licensing agreement between the Federation of Beer and CBS Paramount. Garrison had free rein to create the recipe and paid CBS Paramount a licensing fee.

Mergers and acquisitions are also on the rise in the sector – witness the AB InBev merger with SABMiller that was international news – and a number of corporates have also bought up smaller craft breweries. These include: AB InBev’s purchases of Devils Backbone Brewing, Goose Island Beer Company and Camden Town Brewing; the sale of Meantime Brewery to Asahi; MillerCoors buying Revolver Brewing; and Heineken taking a 50 per cent stake in Lagunitas Brewing. Japan-based Asahi completed its Miller Brands acquisition with Kirin buying a stake in

“

*Although collaborations are very common, such deals come with their own IP (and regulatory) issues*

Brooklyn. During such buy-outs, a significant amount of due diligence will be required, and many corporates will expect their buy-out companies to have at least some elements of IP and trade mark protection already in place.

## SELLING STORIES

One branding element that is important in the craft-beer world is the development of a detailed back story. A compelling origin tale can also support the names and logos created for the brand, with themes of adventure, liberation and rebellion proving popular.

Meanwhile, beer names are integral to attracting customers and selling more volume. A beer’s name must be one that people will relate



to and spread the word about; and, of course, the name must tell people who made the beer. Some of the rules of the road in beer naming are:

#### Keep it 'beeresistable'

In a crowded market, unique names are becoming harder to secure. More than in any other market, brand names in the beer world work best if they consist of words that are made up, absurd or completely unrelated to any part of the brewing process. This keeps them "beeresistable", and makes them more likely to be available for use. Examples include Naughty Sauce, Wake Me Up Before You Gose, Rabid Beaver and Toss My Funky Salad.

Hop-based quips and plays on words are frequent (Hoptimus Prime, Modus Hoperandi and Phantom of the Hopera), as are place names (Sierra Nevada and Mississippi) and puns (Rye of the Tiger, Sweet Child of Vine and Jean-Claude Van Blond).

A short, sweet name is easier for customers to remember, making them more likely to order or recommend the beer.

#### Theme thoughts

Themes are becoming a popular way of naming a portfolio of brews, such as those based around fairy tales or movies, or linked to the location or history of the area in which a brewery is based. However, there can be issues with reliance on a theme. There may be limited scope for fitting the theme while keeping far enough removed from existing names.

#### Words over numbers

It can be tempting to use numbers to denote different beers in a range, but this will make it difficult for customers to differentiate and recall one from another.

#### Beware descriptors

If a brewer includes a descriptive term, it has to be correct. For example, "pils" is fine when used in relation to a lager, but if used in respect of a porter, customers will be disappointed. Sell the beer's attributes, not disappointment.

#### Iconic issues

As with themes, there is a thin line to tread in respect of iconic names or locations. Not only is there limited scope, there can be objections raised either by those invested in protecting iconic names, or on the basis that the name is generic, descriptive or devoid of distinctive character.



## PICKING UP STEAM

*Edmund Harrison has developed a close connection to a fast-growing railway-themed beer brand. He offers his view of brand protection in the UK brewing business*

**Box Steam Brewery**, an award-winning craft brewery based near Bradford on Avon, Wiltshire, was founded in 2004 with a staff of two. It has grown exponentially, and now produces more than 6,300 hectolitres of beer every year (that's about 1.1 million pints).

The brewery was founded in the village of Box, atop Isambard Kingdom Brunel's Box Tunnel, a railway tunnel completed in 1841. The founders hoped to reflect the golden age of steam trains in its visual branding – which features a stylised image of the tunnel entrance – and the beer brands themselves, which include Chuffin' Ale, Funnel Blower, Tunnel Vision, Derail Ale and Piston Broke.

I began working with the brewery as a result of a late night conversation in a pub with the father of the brewery's managing director. He mentioned that the brewery had done nothing about trade marks, and was now of a size that meant the beers were attracting attention (of both the wanted and unwanted kind).

This situation is common to many successful microbreweries, which are often established as a result of a passion for the product, sometimes without any relevant business, legal or practical experience. In many cases, nothing is done about trade marks, and frequently that causes no problems. But when success comes knocking, problems can follow.

For Box Steam, the main issue was establishing priorities for its trade marks so that the rush of enthusiasm for seeking protection was not deflated by the cost. Box Steam produces several seasonal beers, with up to 12 related sub-brands. These seasonal brews have a limited sales period, and it takes a lot of sales of that beer to pay for trade mark protection for the sub-brand. Having analysed its sales patterns, we advised that Box Steam's limited funds would be best spent protecting the brand names for the main beers that drive its turnover. It now protects its main house mark and five sub-brands.

Many small breweries take a relaxed view of potential trade mark infringement (both by them and against them), and this is often because of the geographical limitations that apply to many of the products. It is not that unusual to find identical beer brands being sold locally in different parts of the country, and yet breweries are often happy to allow that coexistence to continue. This short-term view can be frustrating for a Trade Mark Attorney. Happily, however, because the craft or microbrewery industry in the UK is so interconnected, many potential trade mark conflicts are resolved directly through personal contact between breweries.

Nonetheless, sales of beer brewed by microbreweries have increased hugely over the past 10 years, and this is starting to create conflict between the relaxed cultural ethos of many microbreweries and the more corporate instinct to protect the investment made in their brands. I expect to see more trade mark disputes between smaller breweries as a result of a more aggressive culture and the increased amount of competition forcing smaller breweries into closer geographical contact.

*Read Edmund's tips for working with small breweries on page 22*



#### **EDMUND HARRISON**

is a Senior Associate (Trade Marks) and Chartered Trade Mark Attorney at Mewburn Ellis LLP

[edmund.harrison@mewburn.com](mailto:edmund.harrison@mewburn.com)

# 5K

In 1985, there were only 188 beer-related applications filed at the United States Patent and Trademark Office. In 2014, this number rose to more than 4,600, and it is still increasing

# 36

In 2015, 36 new breweries opened in London alone



Sources: Lisa Riley, "Craft Beer Explosion Responsible for Record Number of Trademarks", *The Grocer* (17th October 2016), [bit.ly/2sycswA](http://bit.ly/2sycswA); Jessica Sidman, "Coming Up With a Beer Name is Harder Than Ever in an Industry Flooded With Trademarks", *Washington City Paper* (6th August 2015), [bit.ly/2slEzeT](http://bit.ly/2slEzeT).

## PROTECTION POINTERS

As with the protection of new brand names in general, informal searches should be conducted to check whether a name is already taken at the beginning of any brand-naming process. In the beer sector, this should include searching sites such as [ratebeer.com](http://ratebeer.com) and [beeradvocate.com](http://beeradvocate.com). For an EU-focused search, the Oxford Bottled Beer Database can also be useful.

Formal trade mark availability searches also need to be carried out in each jurisdiction of interest, with the intention to register the brands in both current and potential markets. In the beer industry, that should include not only the brand names, but also label and logo designs, and, in some cases, bottle shapes and cap designs.

An easy way of testing whether an element of the branding is integral is to ask what the reaction would be if someone else used the branding or something very similar. If the brewery would object, that element should be protected and enforced.

Social media can be used to great advantage when promoting a brand, but it should still be approached with caution – eg when it comes to using the platform to voice disputes. Once the dispute is made public in such a manner, it can be difficult to control and can result in negative public opinion, even if the infringed party is in the right.

Monitoring of social media should also be reviewed. Sometimes, the real-world court of public opinion can matter more than any formal legal battle. A recent example of this is Lagunitas Brewing's trade mark infringement claim in the US against Sierra Nevada Brewing Co over the design and lettering of "IPA" in Lagunitas IPA and Hop Hunter IPA (see Figure 2). The filing provoked backlash from consumers on social media, and Lagunitas Brewing withdrew the lawsuit.

Earlier this year, fiercely independent Scottish brewery BrewDog threatened legal action against a Birmingham-based independent pub, the Lone Wolf, and another bar planning to open with the name Draft Punk.

Following reports in *The Guardian* and a resulting social media storm, BrewDog backed down and released a press statement in which it addressed the dispute and explained the value of its IP rights, while putting its "hands up" to having made a mistake in its approach in that particular instance. This type of dispute does demonstrate how consumer perceptions can change very quickly if "bullying" is perceived.

BrewDog, founded in 2007, is in fact famously anti-establishment and anti-corporate, and does show a very modern and unusual understanding

## MICROMANAGING: TIPS FOR WORKING WITH SMALL BREWERIES

1. Do not expect a really small brewery to get too worked up about anything, or to be enthusiastic about spending money on trade marks. This is nothing personal, and sometimes it is a refreshing challenge.
2. If you are doing availability searches, remember that a lot of trade marks in this field will not have been registered. It is worth asking the client if it has come across the same name, and complementing your usual searches with an online search. A number of specialist websites post reviews of beers, and they can be a useful resource.
3. Expect lengthy discussions of what is meant by "craft beer". Try asking a client: "Can a craft beer really be a craft beer if it is brewed by one of the big multinational breweries?" That should keep them going long enough for you to finish your pint, and probably the next one too.

of IP. It recently open-sourced all of its recipes to allow sharing of knowledge, expertise and passion. Good news for home brewers, this does mean the recipes are in the public domain and might be copied and sold. So, it is a bold move, but one that could see the company undermine the value of its own products.

Ultimately, as BrewDog has said, a brewery is a business, and irrespective of consumer perceptions, trade marks and IP do need to be enforced: "We won't apologise for protecting our flagship brands, our business and the livelihoods of our amazing employees who all work really hard to make our beers fantastic and our business what it is... Every company does. So please don't steal our trademarks. Or our dogs." ■

Figure 1



Figure 2



1. [2011] EWHC 1879 (Ch).



### CLAIRE JONES

is a Chartered Trade Mark Attorney at Novagraaf, London



# RAW POWER

*George Schlich considers a brace of recent court conflicts and considers what they teach us about the comparison of components of composite marks*

ALIX THOMAZI

In 2016, the Hague High Court found H&M liable for trade mark infringement for selling clothing bearing the slogan “Raw Beat Experience” because it contained the word RAW, as registered by G-Star Raw CV.

G-Star Raw has also strengthened its monopoly in the word RAW by filing a number of oppositions against applications at the UK IPO for trade marks containing the word RAW.

But despite its previous successes in similar cases, G-Star Raw was unable to successfully oppose an application for a logo containing the word RAW in combination with PASSION.

This article compares the reasoning behind this decision with others relating to oppositions filed by G-Star Raw based on its RAW registrations. It also examines more generally the factors that should be considered when comparing a composite word mark with





a registration for a single word within the composite mark.

### FIRST PRINCIPLES

The principles to be applied when comparing composite word marks are well established. First, the two trade marks must be considered as a whole. Assessing the similarity between two marks must not be restricted so that only one component of a complex mark is taken into account and compared with another mark. Hence, the fact that a later trade mark contains an earlier trade mark does not necessarily mean that a likelihood of confusion exists.

It is also generally accepted that consumers usually pay greater attention to the first part of a trade mark. So, for composite word trade marks, the first word is likely to be the more dominant component.<sup>1</sup> However, this is not a hard-and-fast rule, and the question of how the relevant consumer would view the mark must always be the more important consideration.

As with all trade marks, the degree of distinctiveness of the earlier trade mark must be assessed, because the more distinctive the earlier mark, the greater the likelihood of confusion.<sup>2</sup>

In case O/403/16, UK trade mark application No 3121384 was filed on 21st August 2015 by Viola Woolcott (the Applicant) for her RAW PASSION logo (shown opposite) in respect of numerous goods in class 3, all relating to personal-care products. G-Star Raw (the Opponent) subsequently opposed the application on the basis of its earlier international trade mark registration (No 1131972) designating the EU for the word RAW in classes 3, 9, 14, 18, 25 and 35.



*Two important factors together led to a finding of an absence of likelihood of confusion: the distinctiveness of the word RAW in relation to the goods in question, and the qualifying effect of the word RAW on the word PASSION*

The Opponent had previously successfully opposed a number of UK trade mark applications containing the word RAW, including those shown opposite. Given the company's success in this regard, the same fate may initially have been expected for the RAW PASSION trade mark. However, this was not the case. It was instead held that there was no likelihood of confusion between this mark and the Opponent's registration for the word RAW.

### DECISION DETERMINERS

The Applicant argued that the word "raw" was descriptive within the natural products and cosmetics industries. The Opponent disputed this, and instead submitted that "raw" was not a normal way to refer to skincare and personal-care products, and that it had no meaning in relation to the goods for which the Opponent's mark was registered.

#### Considering the consumer

Having considered the ordinary meaning of "raw", as understood by

the average consumer, the Hearing Officer (HO) held that consumers would understand the ordinary meaning of "raw" to be "natural" or "unprocessed". While he did not find the word to be specifically descriptive, he did believe that it carried a strong implication or suggestion that the goods were produced with natural ingredients following minimum processing. It was therefore concluded that the distinctive character of the earlier mark was only moderate. Consequently, the level of similarity of the marks required for a finding of likelihood of confusion was increased.

#### Comparison of the marks

The Opponent argued that RAW had the most impact due to its position at the beginning of the mark. Although the HO noted this rule of thumb, he held that the two words RAW PASSION jointly formed the dominant and distinctive element of the mark. Despite the two words being presented in different fonts, RAW qualified the word PASSION to create a complex phrase that hung together as a unit,



and the HO ruled that neither of the two words dominated the other. Although the wording “Organic & Vegan Skin Food” was not negligible, the wording was considered to be an obvious product description, and therefore was deemed to play a weaker role when comparing the two marks.

The HO concluded by saying that, even if he was wrong in his assessment of the distinctive character of the earlier mark, he still considered that there would be no likelihood of confusion between the two marks.

### CRUCIAL FACTORS

Two important factors together led to a finding of an absence of likelihood of confusion: the distinctiveness of the word RAW in relation to the goods in question, and the qualifying effect of RAW on the word PASSION.

When looking at the distinctiveness of the earlier RAW trade mark in previous cases, HOs had considered that “raw” is an ordinary dictionary word with no particular meaning in relation to the goods for which the mark was registered. G-Star Raw had not alleged or provided evidence that RAW had acquired distinctiveness through use. Accordingly, in most cases, RAW was considered to have an average/normal degree of inherent distinctive character.

One exception was case O/064/16, where the goods in question related to food. As set out in the RAW PASSION case, one well-known meaning of the word “raw” is “uncooked”; in relation to restaurant, café and catering services, “raw” was deemed to possess only a low degree of distinctiveness. Nonetheless, although the HO

considered that, visually, the figurative element located above the word RAW was dominant, aurally the two marks were identical, because the figurative element would not be verbalised. Hence, although it was held that the word RAW had only a low degree of distinctiveness in relation to the goods in question, based on the similarity of the marks themselves it was held that a likelihood of confusion existed.

In the cases O/059/13, O/234/12 and O/585/15 (see marks below), the words appearing alongside RAW (CRAFT, FITNESS and AUTOMOTIVE, respectively) were found to be at least somewhat descriptive of the goods in question, and therefore played a lesser role when comparing the distinctive aspects of the marks in question. Hence, the distinctive parts of the mark were highly similar or identical.

In O/038/11, although the word OSAKA was not held to be descriptive of the goods in question, it was considered that OSAKA and RAW did not “blend in meaning to create a composite phrase”.

By contrast, in the RAW PASSION case, it was held that one word in a composite mark qualified the other in such a way that the words together were considered to jointly form the dominant and distinctive element – so a likelihood of confusion was less

likely. The fact that the word in common between the two marks (RAW) was held to be somewhat descriptive of the goods in question also appeared to support the Applicant. Based on previous cases brought on behalf of G-Star Raw, however, it appears that this factor alone is unlikely to be a successful defence to an opposition. ■

UK trade mark application No 3121384

**Raw Passion**  
Organic & Vegan Skin Food

Previous G-Star Raw oppositions

O/064/16



O/038/11

**OSAKA RAW**

O/059/13

**RAW CRAFT**

O/234/12



O/585/15

**RAW AUTOMOTIVE**

1. L'Oréal SA v OHIM and Spa Monopole T-109/07.
2. Sabel BV v Puma AG C-251/95; Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV C-342/97.



### GEORGE SCHLICH

is Founder and Chartered Trade Mark Attorney at Schlich Ltd  
[gws@schlich.co.uk](mailto:gws@schlich.co.uk)

Alex Bajjon, Trainee Trade Mark Attorney at Schlich Ltd, was co-author. Dr Juliette Boynton, Chartered Trade Mark Attorney at Schlich Ltd, was the representative for Viola Woolcott, Applicant for the RAW PASSION mark.



# Unpacking parallel imports

*The Singapore High Court has spoken on the scope of the parallel importation defence, as Gladys Mirandah explains*

In *Samsonite IP Holdings Sarl v An Sheng Trading Pte Ltd*<sup>1</sup>, the Singapore High Court clarified the scope of the parallel importation defence in Singapore. Parallel imports are genuine goods that are put on the market by a trade mark proprietor in one country, and subsequently purchased and imported into another country for resale. Parallel importation is permitted by Singapore. As such, it is an issue that arises frequently in practice, but is rarely litigated on.

In this particular case, the Plaintiff, Samsonite IP Holdings Sarl, owned various trade marks relating to the Samsonite brand in respect of bags, backpacks, luggage and travel

accessories in many countries (the Samsonite Marks), including Singapore and China.

Samsonite's Chinese subsidiary (Samsonite China) was granted a licence to use the Samsonite Marks in China only. It had entered into a co-branding agreement with computer manufacturer and distributor Lenovo. Under the terms of the agreement, Samsonite China was to manufacture backpacks bearing at least one of the Samsonite Marks, and they were to be given away in conjunction with purchases of Lenovo laptops in China. The terms prohibited Lenovo and its authorised dealers from disposing of the backpacks independently of the sale of the laptops.

However, some of Lenovo's authorised dealers sold the backpacks independently of the laptops to unauthorised dealers, who eventually sold the unbundled backpacks to the Defendant, An Sheng Trading Pte Ltd, a parallel importer.

The Defendant imported into Singapore 2,328 co-branded backpacks, which were detained at customs. The Plaintiff applied for summary judgment against the Defendant for trade mark infringement, and the Defendant sought to rely on the parallel importation defence.

The Court found that there was a *prima facie* infringing use of the Samsonite Marks in relation to the backpacks.

## PRESSING QUESTIONS

The crux of the dispute was whether the Defendant could use the parallel importation defence, found in s29 of the Singapore Trade Marks Act. This states that the trade mark proprietor's right in goods marked with a registered trade mark is "exhausted" once the goods are "put on the market" in Singapore or anywhere else in the world by the proprietor, or with its "express or implied consent (conditional or otherwise)".

Two issues arose before the Court:

1. Were the goods put on the market?
2. If the goods were put on the market, were they put there by the proprietor, or with its express or implied consent?





In answer to the first question, the Court held that the goods were not put on the market. The expression “put on the market” was held to refer to a situation where:

1. the disposal of goods is done in a way that allows an independent third party to acquire the right to dispose of the goods bearing the trade mark; and
2. the disposal simultaneously allows the proprietor of the trade mark to realise the commercial or economic value of the trade marked goods.

The Court explained that such acts of disposal include not only the sale of goods, but also, in appropriate cases, allowing the goods to be hired or given away for free (for the purpose of building brand awareness). However, such acts of disposal do not include preparatory acts, such as offers for sale.

On the facts, the Court found that the backpacks had never been put on the market. First, the Court found that the Plaintiff’s economic objective was to penetrate the Chinese consumer market to create awareness of the Samsonite brand by associating it with Lenovo laptops. This economic value was never realised, because the backpacks never reached the Chinese consumer market and, more fundamentally, were never associated with Lenovo laptops, since the backpacks were sold independently.

Second, the Court held that backpacks were not put on the market when they passed from Samsonite China to Lenovo, as there was no assertion that Samsonite China had sold the backpacks to Lenovo for profit. The backpacks were also not put on the market by their passing from Lenovo to its authorised dealers, because the dealers were part of the co-branding arrangement, and were not “independent third parties”.

Finally, neither the passing of the backpacks from the authorised dealers to the unauthorised dealers, nor from

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*This case demonstrates that, in certain situations, the trade mark proprietor can still succeed in enforcing its trade mark against parallel importers*

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the unauthorised dealers to parallel importers, put the backpacks on the market, because no economic value was realised in either transaction. The profits received through those sales never passed to the Plaintiff.

### CONSENT CONSIDERED

As the backpacks were not put on the market, the issue of consent did not arise. However, the Court made some observations to clarify the law.

The Court explained that express consent is permission that is explicitly, clearly and unmistakably given, whether verbally, in writing or by clear conduct (such as an unmistakable nod).

It characterised implied consent as consent that is inferred from the proprietor’s actions or the facts of a particular situation. While implied consent must not be ambiguous, the Court cautioned against adopting an overly narrow approach to consent, as it would be inconsistent with the Singapore parliament’s favourable attitude towards parallel importation.

The Court observed that, even if a proprietor’s consent to putting the goods on the market is conditional, it is still treated as valid consent. So, even where the proprietor imposes restrictions on the sale of goods to particular territories, consent is deemed to have been given. This is to prevent the proprietor from controlling the subsequent exploitation of the goods after they have been put on the market (which is the principle that underlies the parallel importation defence).

The Court observed that the notion of consent had to be interpreted with reference to putting the goods on the market, which involved realising the economic or commercial value of the trade marks. It also observed that the Plaintiff never consented to the backpacks being sold independently of the Lenovo laptops to parallel importers. The Plaintiff had only consented to the manufacture of the backpacks by Samsonite China so that they could be supplied to Lenovo to be given away in conjunction with the sale of Lenovo laptops in China.

Although Singapore courts still lean favourably toward parallel imports, the Samsonite case demonstrates that, in certain situations, the trade mark proprietor can still succeed in enforcing its trade mark against parallel importers. However, the full range of situations in which a trade mark proprietor can be said to have exhausted its rights by putting its goods on the market remains to be explored in subsequent cases. ■

1. [2017] SGHC 18.



**GLADYS MIRANDAH**

is a Director at Mirandah Asia (Singapore) Pte Ltd  
gladys@mirandah.com

**Chow Jian Hong**, an Advocate and Solicitor at Mirandah Asia, co-authored this article.



# The smoke has cleared

*Lost track of the arguments around plain packaging?  
As the courts deliver their final conclusion, we give  
Jason Chester the final word*

**O**n 11th April, the UK Supreme Court refused to grant British American Tobacco and several of the other largest manufacturers of tobacco products (the Tobacco Appellants) leave to appeal the Court of Appeal's judgment in *R (British American Tobacco and others) v Secretary of State for Health*.<sup>1</sup> This decision brings an end to the high-profile judicial review challenge to the Standardised Packaging of Tobacco Products Regulations 2015 (the Regulations). As the saga ends, what are the most essential facts to take away?

## WHAT AND WHEN

The Regulations were made by the Secretary of State exercising the powers conferred by ss94 and 135(2)–(3) of the Children and Families Act 2014, and s2(2) of the European Communities Act 1972. They were introduced following two public consultations, in 2012 and 2014, by the UK Government on standardised packaging of tobacco products, and, in part, to implement

the EU Tobacco Products Directive (TPD) and the World Health Organization's Framework Convention on Tobacco Control.

The Regulations introduce comprehensive and strict requirements about the presentation, appearance and manufacture of tobacco products and their packaging. They also stipulate a minimum weight for packets of hand-rolling tobacco and a minimum number of cigarettes permitted in each unit packet.

The Regulations came into force on 20th May 2016 and apply to any tobacco products produced after that date. However, tobacco products produced before that date were exempt from the Regulations until 21st May 2017 due to the transitional provisions contained in Regulation 20. This was intended to provide tobacco manufacturers with a one-year grace period to enable them to phase out existing stock of branded packs.

## THE COLOUR QUESTION

One of the most widely publicised measures is the requirement for

packaging the stipulated tobacco products in a “drab dark brown” colour, with strict controls on the inclusion of branding. The specific colour is Pantone 448 C, which was designated the ugliest colour in the world by researchers in Australia, despite possessing the rather glamorous and arguably misleading Pantone name “opaque couché”. The standardised colour requirement is one of the additional measures introduced by the Regulations that goes beyond the requirements stipulated in the TPD.

## IP IMPACT

The potential commercial impact of the new Regulations on tobacco manufacturers requires no explanation. In conjoined proceedings, the Tobacco Appellants sought judicial review of parliament's decision to adopt the Regulations. There were 17 grounds of challenge, including challenges to the lawfulness and proportionality of the Regulations, and a claim that they were *ultra vires*.

Regulations 6–8 are likely to be of most interest from a trade mark

perspective. This is because they seek to challenge interference with or deprivation of property rights without compensation based on rights conferred by Protocol 1, Article 1 of the European Convention on Human Rights, Article 17 of the Charter of Fundamental Rights of the European Union and common law. See Mr Justice Green at paragraphs [12], [712]–[812], [813]–[843] and [844]–[857] of R (on the application of British American Tobacco (UK) Ltd and Others v Secretary of State for Health.<sup>2</sup> Green J refused the application.

The appeals were subsequently dismissed by Lord Justice Lewison, Lord Justice Beatson and Sir Stephen Richards sitting in the Court of Appeal. It was held that trade mark registration confers a negative right for proprietors to prevent others from using an identical or confusingly similar sign, rather than a positive right to use the trade mark as a piece of intangible property.

The prohibitions and limitations on use introduced by the Regulations were considered to be *prima facie* proper reasons for non-use, as Article 19(1) of the Agreement on Trade-Related Aspects of Intellectual Property Rights provides that government requirements “shall” be recognised as valid reasons for not putting the mark to genuine commercial use. For the avoidance of doubt, the Regulations contain provisions that unequivocally confirm that they do not affect the registration of trade marks and designs (Regulations 13 and 14, respectively).

The Supreme Court, comprising Lord Mance, Lord Sumption and Lord Carnwath, refused the Tobacco Appellants’ applications for permission to appeal the judgment

of the Court of Appeal. This refusal means that, as of 21st May 2017, it is an offence to produce or supply a tobacco product in breach of any provision of the Regulations.

#### **ACTION REQUIRED**

In addition to the colour requirement, packets of cigarettes must now contain a sufficient combined health warning that covers 65 per cent of the surface area pursuant to Regulation 5(5)(a) of the Tobacco and Related Products Regulations 2016. The brand name or variant name must satisfy 14 conditions. These include prohibiting any text that is not alphabetic, numeric or an ampersand. There is a requirement that the text is represented in title case, on a single line, in Pantone Cool Gray 2 C, and in Helvetica font no larger than 14 point in the case of the brand name, and 10 point for the variant.

It is an offence to produce or supply a tobacco product that contains an element that promotes the product or encourages its consumption by creating an erroneous impression about its characteristics, health effects, risks or emissions. That means indications such as “light” or “low tar” are now prohibited. In fact, including any information about the nicotine, tar or carbon monoxide content of a tobacco product will fall foul of the Regulations.

Other specific prohibitions in Regulations 10(3)(c)(i)–(iv) apply

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*The prohibitions and limitations on use introduced by the Regulations were considered to be prima facie proper reasons for non-use*

to information that may suggest a health benefit. Tobacco products can no longer refer to taste, smell or any flavourings, presumably as part of the plan to phase out flavoured cigarettes by 2020. These are just some of the large number of stringent requirements and prohibitions in the Regulations.

#### **WHAT’S NEXT?**

While many have welcomed the implementation of the Regulations, some argue that they could pave the way for similar plain-packaging laws applying to alcohol or food products that contain high levels of fat or sugar. Only time will tell. ■

1. [2016] EWCA Civ 1182.
2. [2016] ETMR 38.



**JASON CHESTER**

is a Chartered Trade Mark Attorney and Associate at Marks & Clerk  
[jchester@marks-clerk.com](mailto:jchester@marks-clerk.com)





# A dog's breakfast

*Pets are not protected by the own-name defence, reports John Coldham*

**THE HIGH COURT** considered a claim by Azumi Ltd, owner of high-end Japanese restaurant Zuma, against Zuma's Choice Pet Products Ltd (ZCPP) and its Director, Zoe Vanderbilt, for trade mark infringement. Judge Melissa Clarke held that the signs complained of were detrimental to the distinctive character and repute of the trade marks, and that the own-name defence could not succeed, as "Zuma" was the name of Ms Vanderbilt's dog, which was not a natural or legal person, and not a party to the proceedings in any event.

The claim was brought under s10(3) of the Trade Marks Act 1994 and Article 9(2)(c) of Council Regulation (EC) No 207/2009, as amended by Regulation (EU) 2015/2424 (the Regulation). The Defendants brought a groundless threats counterclaim against Azumi, as well as two separate threats claims.

## BACKGROUND

Azumi is the registered proprietor of UK and EU trade marks (EUTMs) for the word ZUMA in relation to providing food and drink and related services. It is also the registered proprietor of a figurative EUTM. It applies the mark to a high-end restaurant in Knightsbridge and associated restaurants in cities around the world. Ms Vanderbilt incorporated ZCPP in 2014, purportedly naming it after her dog, Zuma. The company set out to sell high-quality pet food.



*HHJ Clarke accepted the submission that the words DINE IN enhanced the likelihood of a link, because one does not normally refer to dogs 'dining'*

Ms Vanderbilt registered the domain name, [dineinwithzuma.com](http://dineinwithzuma.com), which directed users to a website marketing pet-food products. This included use of the word ZUMA and the phrase DINE IN WITH ZUMA, along with a device containing the same wording next to an image of a dog. HHJ Clarke noted that

the relevant market was not the entirety of the restaurant market in the UK, but rather a smaller one for high-end restaurants in London.

Notwithstanding that, she accepted Azumi's submission that a larger number of people than those who have eaten at Zuma were likely to be aware of the restaurant's reputation – through word of mouth, and because of the awards, press coverage and celebrity patronage it has received – such that she found the marks to have a "substantial reputation" in the UK. This, by extension, was sufficient for there to be a reputation in the EU.

## SIGN USE

It was not disputed that DINE IN WITH ZUMA and the device were used as signs. HHJ Clarke considered that it did not matter that the website had not yet accepted any orders, as it appeared ready to take orders and was available to view. Additionally, she noted that it is well-established law that domain names can amount to trade mark infringement. However, she did find that the company name, Zuma's Choice Pet Products Ltd, had not been used as a sign in connection with the business, and was solely used on the register of company names. Therefore, this use did not amount to infringement. HHJ Clarke found that ZUMA, on its own, was identical to the trade marks, and that use of DINE IN WITH ZUMA was similar, as the average consumer would perceive ZUMA to be the distinctive and dominant element.

## CONSUMER VIEW

HHJ Clarke first looked at whether there was opportunity for the average consumer to make a link between the signs and the trade marks. She held that, because those who are aware of the trade marks are a wider section of the public than those who have eaten at the restaurant, and a significant proportion of that section of the public is likely to be in the market for dog food, there was such an opportunity. HHJ Clarke also observed that,



if the Defendants were successful in growing their business, their products may be stocked in supermarkets. Even if the products were sold in specialist stores, the average consumer attracted to the high-quality fresh food they would find at the Zuma restaurant may also seek out high-quality fresh food for their dogs and encounter the Defendants' products.

HHJ Clarke was satisfied that the average consumer who is aware of the trade marks would, on exposure to the signs complained of, call the trade marks to mind and make a link. She also accepted Azumi's submission that the words DINE IN enhanced the likelihood of a link, because one does not normally refer to dogs "dining".

### TENSION

Azumi's witness, the restaurant's co-founder Rainer Becker, told the Court that there is an inherent tension between dog food and human food, and an even greater one between dog food and food served in high-quality restaurants. The Court was satisfied that the association consumers would make between the trade marks and the use of the signs complained of in relation to dog food would tarnish the image, or reputation, of the trade marks. This would likely have an adverse effect on the economic behaviour of the average consumer with knowledge of the trade marks.

### OWN-NAME DEFENCE

The Defendants pleaded the own-name defence with reference to Ms Vanderbilt's

dog, Zuma. HHJ Clarke confirmed that, as a matter of law, this could not succeed. In respect of the EUTMs, Article 12(1)(a) of the Regulation states that the own-name defence can only apply to natural persons. HHJ Clarke was also not satisfied that the defence was made out in respect of the UK trade mark, because ZUMA is not ZCPP's legal name, but rather the name of a dog, and the dog was neither a natural or legal person nor a party to the proceedings. The Defendants also relied on the own-name defence in relation to ZCPP's company name, but that was not considered in light of HHJ Clarke's finding that the Defendants' use of the company name did not amount to infringement.

### THREATS

HHJ Clarke held that the threats complained of by the Defendants were all justified, except for the requirement to change the company name of ZCPP, as the company name was not used as a sign in the course of trade. However, she could not find any evidence of the Defendants having suffered any loss or damage, and therefore held that there was no entitlement to damages.

### KEY POINTS

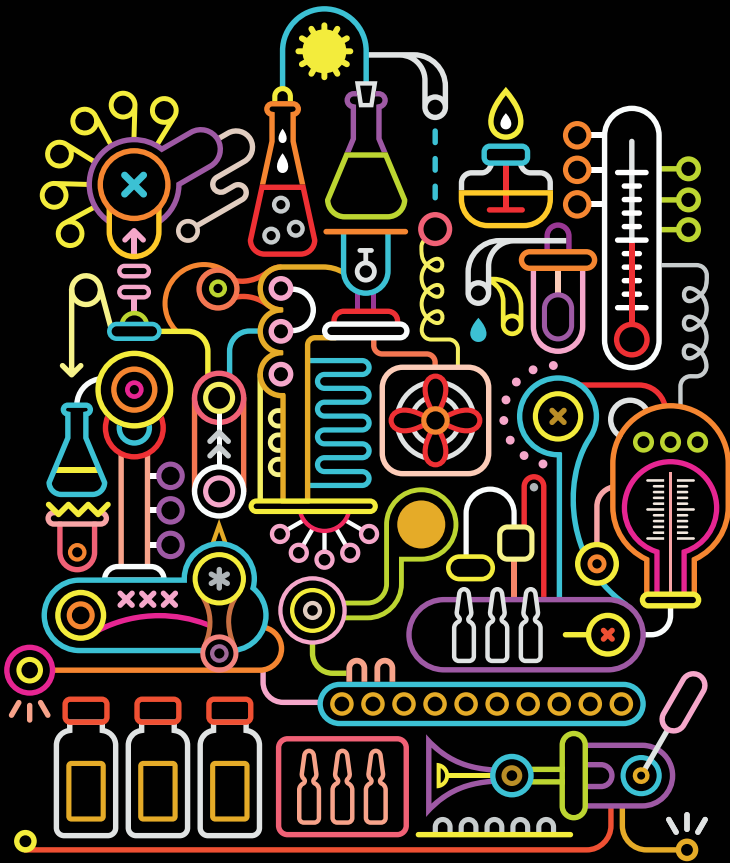
- ▶ The use of a sign in relation to dog food is considered to tarnish the reputation of a mark registered in relation to the provision of food and drink
- ▶ A larger number of people than those who have eaten at a high-end restaurant may be aware of its reputation
- ▶ The own-name defence cannot succeed with reference to the name of a dog, as it is not a natural or legal person, and not a party to proceedings



#### JOHN COLDHAM

is a Director at Gowling WLG  
[john.coldham@gowlingwlg.com](mailto:john.coldham@gowlingwlg.com)

**George Sevier**, Principal Associate at Gowling WLG, was co-author. *Gowling WLG acted for Azumi. The Defendant has sought permission to appeal.*



# Striking a balance

*A parallel importer of pharmaceuticals was on the wrong side of the tipping point, writes Joel Smith*

**HOW SHOULD** A balance be struck between a trade mark owner's ability to enforce its rights and the fundamental principle of free movement of goods? This recent case touched on how such important, yet seemingly contradictory, provisions can coexist and applied the law in detail to an unusual pharmaceutical fact pattern.

The case concerned the import of phenytoin sodium, an anti-epileptic drug, into the UK. Before 2012, phenytoin sodium was supplied in the UK by Pfizer under its brand name, Epanutin. In early 2012, Pfizer transferred its UK marketing authorisations for phenytoin sodium to Flynn Pharma Ltd, the Respondent. Flynn had no prior connection with Epanutin, and its intention was to "genericise" phenytoin sodium, removing the brand name Epanutin to escape the strict pricing controls that applied to Pfizer's product.

The Medicines and Healthcare Products Regulatory Agency (MHRA) told Flynn that it should call its product "Phenytoin Sodium Flynn". The MHRA preferred this name to "phenytoin sodium" (Flynn's initial suggestion), because the latter would make it difficult to distinguish between products from different sources. Epilepsy patients stabilised on one product are recommended to continue using exactly the same product, because phenytoin sodium only works within a narrow range of blood levels (outside which it is ineffective or toxic).

After the MHRA's decision, Flynn applied for Community and UK registered trade marks for FLYNN. It then launched Phenytoin Sodium Flynn in September 2012, and Pfizer stopped selling Epanutin capsules in the UK shortly afterwards. The drug's price then rose more than twentyfold.

The Appellants, DrugsRus and Tenolol (collectively, DrugsRus) started importing phenytoin sodium from Spain, from the same ultimate source as Flynn, under the brand name Epanutin. However, this was problematic – pharmacists could not use Epanutin to fill prescriptions written for Phenytoin Sodium Flynn, which accounted for between seven and nine per cent of the market. DrugsRus therefore applied to market its product as "phenytoin sodium". For the same reasons as before, the MHRA objected, saying that DrugsRus should market its product as Phenytoin Sodium Flynn or Epanutin.

## **APPEAL BASIS**

In this appeal, DrugsRus was contesting a first-instance decision that selling parallel



imports of the Epanutin product under the name “Phenytoin Sodium Flynn” amounted to trade mark infringement. DrugsRus argued that this was contrary to the provisions allowing for free movement of goods between EU Member States. The fact that both Flynn and DrugsRus were primarily seeking to use the mark to indicate that their products were the same as Epanutin (the so-called “Epanutin connection”) was an unusual and potentially complicating factor.

### FREE MOVEMENT

Article 34 of the Treaty on the Functioning of the European Union (TFEU) provides for the free movement of goods between EU Member States. However, Article 36 says that prohibitions or restrictions on imports can be justified on the grounds of protecting industrial and commercial property (including trade marks), so long as they do not constitute a means of arbitrary discrimination or a disguised restriction on trade between Member States. In other words, trade mark enforcement can be used to prevent parallel imports, so long as this is not a disguised restriction on interstate trade.

But what is a disguised restriction, and how can it be distinguished from justified trade mark enforcement? The Court of Appeal said that resolving these questions involves a dual enquiry:

1. Were the goods that the parallel importer wished to import placed on the market by the trade mark owner, or with its consent, or in such a way that the trade mark owner had the opportunity to control their quality?
2. If the answer is “no”, was the party that placed the goods on the market under a trade mark also the party in effective control of the trade mark being enforced? If the answer to this question is also “no”, the Court of Appeal said it would find it difficult to see how the enforcement of the trade mark is anything other than justified (though it would not entirely rule it out).

In this case, the answer to both questions was “no”. Therefore, the enforcement of the trade mark by Flynn against DrugsRus did not amount to a disguised restriction on trade between Member States.

### COURT REASONING

The Court of Appeal reasoned as follows:

1. The goods were placed on the market by Pfizer, not Flynn. The commercial agreements between Flynn and Pfizer did not give Flynn power to control the quality of the goods placed on the market by Pfizer. The fact that the DrugsRus and

Flynn products were from the same ultimate source did not mean that Flynn had given its consent to Pfizer’s marketing, nor that Flynn had control over quality.

2. Pfizer was not in effective control of Flynn’s use of the trade mark. Flynn’s use of the trade mark was constrained (in that Flynn could not alter the product or use an alternative supplied without considerable effort and expenditure), but this was not significant. Flynn was ultimately free to use an alternative source or manufacture the drug in-house if it chose to.

If the answer to either of the questions above had been “yes”, free movement (and DrugsRus) may have prevailed. Striking the right balance would then have come down to whether DrugsRus complied with the five “BMS conditions”.<sup>1</sup> In this case, the question would have been whether it was necessary for DrugsRus to rebrand its product to gain effective access to the market. It was here that the Epanutin connection may have been relevant. However, DrugsRus’s attempt to rely on the Epanutin connection to establish a *prima facie* right to import the goods was, in the Court of Appeal’s judgment, “to put the cart before the horse”.

Although Flynn’s pricing strategy was hovering above this case, the Court of Appeal did not consider it relevant to whether the trade mark was being used to create a disguised restriction. Flynn’s pricing strategy was the subject of separate proceedings involving the Competition and Markets Authority and the Competition Appeals Tribunal.

### CONFIRMATION

This case presented a detailed analysis of the scope of Article 36 TFEU and a very useful summary of the case law in this area. It confirmed that trade mark owners can enforce their marks against imported goods that they did not place on the market and over which they have no control, even where the imported goods are identical goods produced by the same manufacturer. However, DrugsRus has indicated that it intends to seek permission to appeal to the Supreme Court – so watch this space.

### KEY POINTS

- ▶ Trade mark enforcement can be used to prevent parallel imports, so long as this is not a disguised restriction on interstate trade
- ▶ Trade mark owners can enforce their marks against imported goods that they did not place on the market and over which they have no control, even where the imported goods are identical goods produced by the same manufacturer

1. See *Bristol-Myers Squibb v Paranova* [1996] ECR I-3457.



#### JOEL SMITH

is Head of IP, UK and a Partner at Herbert Smith Freehills  
[joel.smith@hsf.com](mailto:joel.smith@hsf.com)

Emily Bottle, an Associate at Herbert Smith Freehills, co-authored this article.



# A second bite for IWATCH?

*Joanna Lucas Munce feels options for future protection of this member of Apple's "i" family will be narrow*

**THE HIGH COURT** has allowed Apple Inc's appeal against the Hearing Officer's (HO's) earlier decision to partially uphold Swatch AG's opposition to the registration of IWATCH in respect of goods in class 9.

In doing so, Mr John Baldwin QC, sitting as a Deputy Judge of the High Court, has given some valuable guidance regarding the interpretation of trade mark specifications in the area of wearable technology and "smart" devices. The HO was incorrect in the approach taken to the assessment of the similarities between certain goods in class 9 (eg "computers" and "wireless communication devices") and the goods specified by Swatch's earlier registration for ISWATCH (stylised) in class 14 ("horological and chronometric instruments"), which had been based on an incidental attribute of the device (smart watch) for which Apple sought protection.

The case has clarified that a more literal interpretation of the specifications under comparison is to be favoured, which is a welcome relief for those fearing the consequences of admitting similarities between goods and services based on the potential and expanding capabilities of smart devices.

## CASE HISTORY

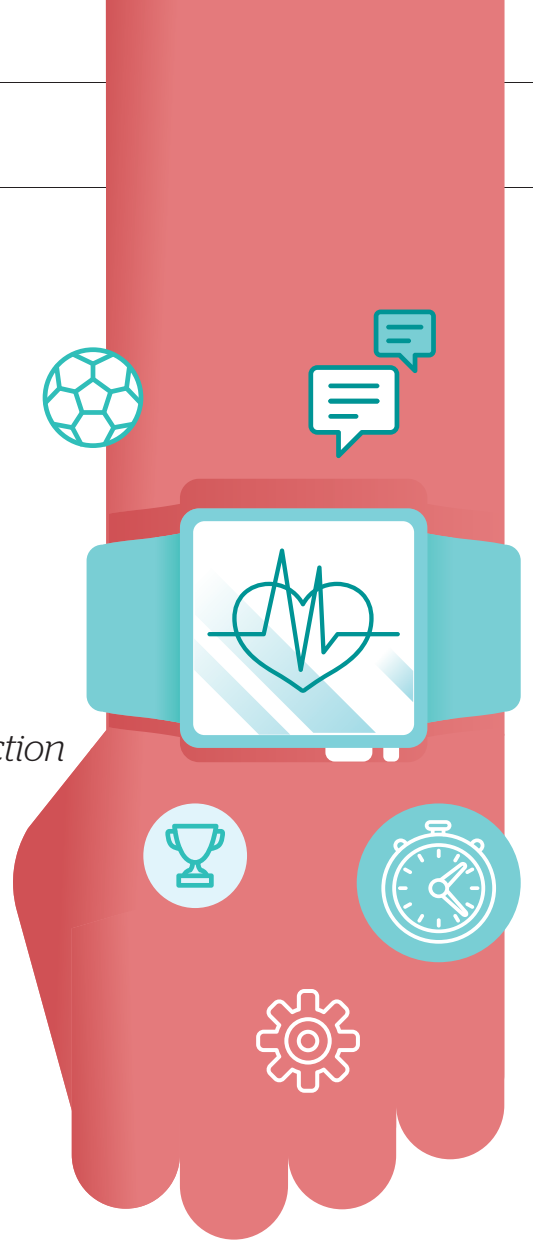
On 18th March 2014, Brightflash USA LLC applied to register IWATCH as a trade mark in respect of goods in classes 9 and 14. The application was subsequently assigned to Apple.

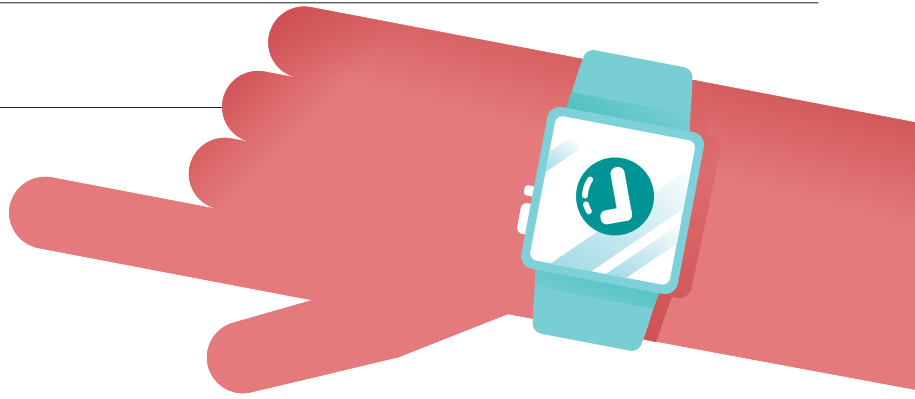
The application was refused on the grounds that it was descriptive and devoid of distinctive character for the class 14 goods,

but allowed in relation to various class 9 goods, namely: "computer software; security devices; monitors and monitoring devices; cameras; computers; computer hardware; computer peripherals; wireless communication devices; radios; audio and video devices; global positioning system devices; [and] accessories, parts, components, and cases for the foregoing goods".

On 15th September 2014, Swatch filed an opposition against the application on the basis of three earlier registrations covering the trade marks SWATCH, in classes 9 and 14, and ISWATCH (stylised), in classes 14 and 35. These earlier registrations covered, *inter alia*, "computers; computer software; [and] apparatus for recording and transmission of sound and images" in class 9, and "horological and chronometric instruments (including watches)" in class 14. The opposition was based on s5(2)(b) and 5(3) of the Trade Marks Act 1994.

Basing his decision on s5(2) and Swatch's registration for ISWATCH (stylised) in relation to class 14 goods (which he felt to present the strongest case), the HO allowed the opposition in relation to certain class 9 goods (including "monitors and monitoring devices; computers, computer hardware; and wireless communication devices"). He considered that there were similarities in the





## *The errors that had occurred in relation to the assessment of the similarities between the goods had a significant impact on the finding of confusion*

purpose and nature of “smart watches”, which were found to be encompassed by class 9 of Apple’s application, and “watches” under class 14 of Swatch’s registration. In addition, the marks were visually and aurally highly similar.

Apple sought to overturn this decision on the basis that the HO had erred in his assessment of the similarities between the goods and between the marks.

### DECISION POINTS

The Court considered first the assessment of the similarities between the goods. In doing so, it dismissed Apple’s arguments that the HO had incorrectly found “smart watches” to be encompassed by the terms “computers; computer hardware; [and] wireless communication devices”.

However, it held that errors had been made in finding high-level similarities between such goods (and others listed in the class 9 specification, including, for example, “monitoring devices” and “cameras”) and “horological and chronometric instruments”, on the basis of the functionality, appearance and method of use of smart watches. While Apple’s smart watches/computers could tell the time and be worn on the wrist, this did not make the listed goods inherently similar to watches to a high degree. Where the HO found a high or medium degree of similarity between the marks, the Court held that the goods were similar only to a low degree.

Turning to Apple’s arguments regarding the similarities between the marks, the Court disagreed and found no fault in the HO’s

assessment that the marks were highly similar both visually and aurally.

Apple had also made arguments that the marks were conceptually distinguishable on the basis of the reputations of the SWATCH trade mark and Apple’s “i”-prefixed family of marks. The HO dismissed these arguments and maintained that it was inappropriate to take account of either of these factors in determining conceptual similarity. The Court agreed with both this approach and the HO’s conclusion that the marks were not conceptually dissimilar, but that there was no distinctive conceptual similarity on the basis of the common element WATCH in the context of goods recognisable as watch-like devices.

Notwithstanding the Court’s support for the HO’s findings in relation to the similarities between the marks, the errors that had occurred in relation to the assessment of the similarities between the goods had a significant impact on the finding of confusion. As such, the Court had to allow the appeal.

### WHAT NEXT FOR IWATCH?

So, could this open the door for the rebrand of the Apple Watch? This seems unlikely given the other obstacles that the application to register IWATCH has faced. Many readers will know that this appeal ran concurrently with an appeal against the Registrar’s decision to allow Arcadia Trading Ltd’s opposition, in part, against the application on absolute grounds<sup>1</sup>, leaving only “security devices; cameras; computer peripherals; [and] radios” and their accessories, parts, components and cases. That appeal was unsuccessful and, unless overturned on subsequent appeal, the scope of protection Apple enjoys for this addition to the “i” family will remain very narrow.

### KEY POINTS

- ▶ It is not appropriate to base an assessment of similarities of goods and services on the incidental characteristics of a product that, for other reasons, is encompassed by the specification for which the applicant seeks protection
- ▶ The distinctive character or reputation of the parties in their marks or a related family of marks is not a factor to be taken into account in assessing the conceptual similarities between the marks

1. Apple Inc v Arcadia Trading Ltd [2017] EWHC 440 (Ch).



### JOANNA LUCAS MUNCIE

is a Director and Chartered Trade Mark Attorney at Keltie LLP  
[joanna.lucasmuncie@keltie.com](mailto:joanna.lucasmuncie@keltie.com)





# Bruising decision for Glaxo

*Rebecca O'Kelly-Gillard explains how the Court of Appeal maintained its position on disputed purple colour marks*

**THE CLAIMANTS, GLAXO** Wellcome UK Ltd and Glaxo Group Ltd (part of the GlaxoSmithKline group), brought an action against the Defendant, Sandoz Ltd, for infringement of EU trade mark No 3890126. The Defendant counterclaimed for invalidity under Article 52(1)(a) of Council Regulation (EC) No 207/2009 on the basis of Article 7(1)(a) (that the mark did not meet the registration requirements under Article 4).

The certificate for the mark denoted that the mark consisted exclusively of one or more colours. The mark was registered for inhalers, and an image (Figure 1) was provided on the certificate.

The description was as follows: “The trade mark consists of the colour dark purple (Pantone code 2587C) applied to a significant proportion of an inhaler, and the colour light purple (Pantone code 2567C) applied to the remainder of the inhaler.”

The Claimants’ product was sold in the UK under the

brand name Seretide as a dry powder or disc inhaler (with the same appearance as Figure 1 included in the certificate), and as a dose inhaler (Figure 2).

The dose inhaler was sold as Seretide and Evohaler; despite the different shape, the colours were the same. The Defendant asserted that the representation on the certificate did not provide any clarity, and was not sufficiently precise and uniform to be capable of graphic representation. Would one understand the picture and description included in the certificate applied to the dose inhaler, and vice versa?

The Defendant succeeded in a summary judgment application in its counterclaim on the basis that the mark was not sufficiently clear or unambiguous. Lord Justice Floyd granted permission for the Claimants to appeal on a number of grounds, in particular that there was a failure to properly interpret the verbal description and the pictorial representation of the trade mark registration.

## PRINCIPLES REVISITED

The Court referred to the principles in *Société des Produits Nestlé SA v Cadbury*<sup>1</sup> and *Libertel*<sup>2</sup>, stating that the registration of a colour may satisfy Article 4 where a colour sample is filed

*The Court held that the mark lacked the clarity, intelligibility, precision, specificity and accessibility that the law demands*



together with a verbally clear, precise, self-contained, easily accessible, intelligible and objective description. The Court also made reference to the CJEU decision in Heidelberg<sup>3</sup> in respect of the registration of two colours as a trade mark, whereby samples of the two colours together with a verbal description of those colours may constitute a graphic representation, provided that the application for registration includes a systematic arrangement associating the colours in a predetermined and uniform way. This explanation of graphic representation was held to encompass both the visual representation and a verbal description supporting it. The Court took particular issue with the fact the Claimants referred to two colours that were not provided in any defined way in order to create a level of uniformity and clarity as to the scope of the mark. The Court went on to state that, if the courts and the public are left in “a state of confusion as to the nature of the sign”, it is clear that there is no uniformity or clarity, and the sign is therefore unable to fulfil its function as an indication of origin.

### COLOURFUL REASONING

The Claimants’ counsel submitted that, where there is more than one colour, it could be defined by the pictorial representation showing how the colour or colours are to be applied, together with the verbal description providing an important part of the representation of the mark on the register. Here, the “precise” arrangement of the dark and light purple colours were shown in the pictorial representation. The Court queried how the colour arrangement could provide a clear indication. Words such as “significant proportion” do not provide a definition of colour coverage or how it would be applied to differently shaped products. It would therefore

be difficult to understand with a degree of certainty how the description could be applied to the Claimants’ dose inhaler or products of other shapes.

The Court provided an example of a situation where such colour representation may be capable of reaching the Article 4 benchmark: “a colour mark consisting of, say, stripes of two different colours of equal widths which could be applied without change to different shapes”.

The Court held that the mark lacked the clarity, intelligibility, precision, specificity and accessibility that the law demands, and would not be perceived unambiguously and uniformly by the public. To allow the registration to stand would have given the Claimants’ wide-reaching protection, and the Court acknowledged the unfair commercial advantage the Claimants’ would have gained in having a monopoly over a variety of purple shades for similar products related to medicine. The Claimants’ appeal was therefore dismissed.

### PASSING OFF

In proceedings separate but related to the trade mark claim, the same Claimants wished to include additional defendants in respect of a passing off claim in relation to the colour, get-up and packaging of the Defendant’s product.

Sandoz sold and promoted the allegedly infringing product – AirFluSal – in the UK, and the Claimants alleged that Aeropharm GmbH and Hexal AG (the Additional Defendants) carried out preparatory acts that amounted to a common design in Sandoz’s commission of the passing off. Those acts included packaging and technical design involving colour, shape and overall get-up, as well as seeking the necessary European Medicines Agency authorisations.

All the Defendants and Additional Defendants were members of the Novartis group and,

► Figure 1



► Figure 2





within that, formed a sub-group of Sandoz companies. The Additional Defendants were not UK entities. The Claimants alleged that the Additional Defendants were responsible for the development of AirFluSal, and that it was designed and developed with the knowledge and intention that the potentially infringing product would be marketed and sold throughout the UK.

The High Court held that the role played in facilitating sale and promotion, and obtaining authorisation in the UK, did not constitute part of a common design with Sandoz to sell or promote in the UK. The Court granted the Claimants permission to appeal.

## JOINT TORTFEASORS

The Court of Appeal placed particular emphasis on the principles established in the Supreme Court case of *Fish & Fish Ltd v Sea Shepherd UK*<sup>4</sup>, and on the fact a defendant will be jointly liable if it combined to do or secure the doing of acts that constituted a tort, provided that two conditions were satisfied:

- The defendant must have acted in a way that furthered the commission of the tort.
- The defendant must have done so in pursuance of a common design to do or secure the doing of the acts that constituted the tort.

The Claimants alleged, and the Court of Appeal agreed, that Sandoz and the Additional Defendants shared a common intent that the product should be sold in the UK with the chosen design and get-up, and this was enough to satisfy the elements in *Fish & Fish*. Therefore, the Court ordered that the Additional Defendants be added to the claim.

## LIMITATION

Sandoz argued that, as the preparatory acts by Aeropharm and Hexal were more than six years old, they were outside the limitation period.

This was rejected, with reference to *Fish & Fish*, in which it was established that the accessory is also liable not for their acts of assistance, but for the primary actor's tortious act. This was following the Defendants' submission that the Claimants could have issued an injunction on a *quia timet* basis during the preparatory stage. However, the Court of Appeal rejected that argument and pointed out this was an equitable remedy to prevent the commission of a wrongdoing. The cause of action occurred when the allegedly infringing product was put on the market, and this was the relevant date when considering at what point time starts to run.

In allowing the appeal, the Court pointed out that, although the marketing and sales strategy of a new pharmaceutical product can be considered a long time before launch, such a period of time is not a reason for holding that liability cannot be established.

## TAKE-HOME POINTS

It is clear that the threshold is still high in terms of the ability to register and maintain the validity of colour marks. Therefore, there must be clarity and precision in the description, which fully supports any graphic representation as to the precise scope of the registration.

With regard to joint tortfeasorship, the Court appeared to be looking at the steps that lead to the commission of a tort by a primary infringer, and whether the contribution made by others assisted in a product's infringement of a claimant's rights, rather than merely facilitating the tort – for example, by delivering or stocking the infringing product. Those preparatory steps by others that lead to the commission of an offence by a primary infringer have been considered broadly when looking at whether someone can be added as a defendant. The fact the Additional Defendants were all part of the same group may have also played an ancillary role.

Interestingly, the relatively historical nature of the preparatory acts that bind a new defendant were not deemed relevant when considering limitation, with focus put on the step taken by the primary infringer as the relevant point in time when a cause of action began to accrue.

## KEY POINTS

- ▶ The threshold is still high in terms of the ability to register and maintain the validity of colour marks
- ▶ There must be clarity and precision in the description of the scope of the registration, which fully supports any graphic representation
- ▶ The Court appeared to look at the steps that lead to the commission of a tort by a primary infringer and whether the contribution made by others assisted in a product's infringement of the claimants' rights, rather than merely facilitating the tort

1. [2014] RPC 7.
2. [2004] Ch 83.
3. C-49/02.
4. [2015] UKSC 10, [2015] AC 1229.



### REBECCA O'KELLY-GILLARD

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

Paul Sweeden, an Associate in the IP department at Bird & Bird, co-authored this article.





# Small but MIGHTY

Victoria Leach reviews a case that appeared to afford the winner a monopoly in a weak brand component

**THIS CASE CONSISTED** of a trade mark opposition before the UK IPO concerning an earlier trade mark of weak distinctive character.

London Hotels Corporation Ltd (the Applicant) filed a UK trade mark application for LUXURY HOTELS OF THE WORLD and device for services in classes 35 and 43. Small Luxury Hotels of the World Ltd (the Opponent) opposed the application based on s5(2)(b) of the Trade Marks Act 1994, relying on its earlier EU trade mark registration for the word mark SMALL LUXURY HOTELS OF THE WORLD in classes 35 and 43.

The Applicant admitted that the services in its application – including business management and administration, etc, in class 35, and hotel services, etc, in class 43 – were similar to those of the earlier registration.

Similarity between the marks was found at all relevant levels of comparison – visual, aural and conceptual. In particular, there was a high degree of conceptual similarity, as both marks referred to luxury hotels, located worldwide, and “SMALL” merely added an additional characteristic, ie the size.

The degree of distinctiveness of the earlier mark was analysed on a *prima facie* basis. It was found to be of weak distinctive character, since it conveyed that the Opponent’s services promote luxury hotels that are small in size and that can be found in locations around the world, and/or that one can make bookings in respect of such hotels.

The Hearing Officer (HO) went on to assess the likelihood of confusion between the marks. In doing so, she gave regard to the distinctive character of the earlier mark, but, referring to the cases of Formula One Licensing BV v OHIM<sup>1</sup> and L’Oréal SA v OHIM<sup>2</sup>, she decided that the verification of distinctiveness had limits – ie she could not find a lack of distinctive character, and the fact that the

“  
*Despite the distinctive device in the Applicant’s mark, the impact of the coincidental words led to a finding of indirect confusion*”

earlier trade mark was weak did not, of itself, preclude a finding of a likelihood of confusion.

The HO noted that the earlier trade mark formed a complete unit and the later mark was formed of a highly similar unit – the only difference being the removal of the word “SMALL”, which is consistent with a brand extension. Despite the distinctive device in the Applicant’s mark, the impact of the coincidental words led to a finding of indirect confusion, especially having regard to the imperfect recollection of the average consumer. The opposition succeeded in its entirety.

The registration for SMALL LUXURY HOTELS OF THE WORLD afforded the Opponent a monopoly in the words LUXURY HOTELS OF THE WORLD. However, it is difficult to see how the HO could have reached a different conclusion without questioning the validity of the earlier registration, and it was not open to her to do this.

## KEY POINTS

- ▶ It is only open to national offices and EUIPO to declare a trade mark devoid of any distinctive character in a counter-attack for invalidity
- ▶ The assessment of the distinctive character of a mark in the context of opposition proceedings only cannot lead to a finding that the mark is devoid of distinctive character
- ▶ The fact that the earlier trade mark was of weak distinctive character did not preclude a finding of a likelihood of confusion
- ▶ The Applicant’s mark



1. C-196/11 P.
2. C-235/05 P.



### VICTORIA LEACH

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



# Comptroller calling

*It was hello to a partial victory for a Spanish publisher, confirms Daniel Joy*

**THE COMPTROLLER'S DECISION** in the HOLA! revocation case provided a useful summary of the case law relevant to genuine use under s46(1) of the Trade Marks Act 1994, use of variant marks, internet use, and how to arrive at a fair description of goods and services in a case of a partial revocation.

Hello SA was successful in partially revoking Hola SL's UK registration for HOLA!, originally covering a broad specification of "publication of newspapers, books, magazines and of printed matter, all for others, all included in class 41". Hola's UK mark had been registered since 1989, but Helloo claimed that the mark had not been put to genuine use, arguing, *inter alia*, that use of the mark on the internet had not been aimed at UK consumers.

Applying the guidance provided in Nirvana Trade Mark, the Comptroller held that Hola's use of the variant marks HOLA.com (word) and HOLA.com (device) could constitute genuine use of the HOLA! trade mark, as neither variant form altered the distinctive character of the mark as registered, with the latter's distinctiveness resting on the term HOLA.

## GENUINE USE

Turning to the question of whether Hola's use was "genuine", the Comptroller recalled the requirements set out in the CJEU's precedents. Ansul required "actual use" amounting to more than merely token use, related to goods or services that were already (or about to be) marketed, and excluding internal use. Silberquelle discounted the distribution of promotional items, and Verein provided that use by a non-profit association may suffice. La Mer set out that there was no *de minimis* rule. Overall, genuine use required use by way of real commercial exploitation of the mark on the market for the relevant goods or services.

As far as showing genuine use of a trade mark on the internet is concerned, the CJEU

held in Pammer and Hotel Alpenhof GesmbH v Heller<sup>1</sup> that it was not sufficient that a website was accessible to consumers, but rather that "the trader must have manifested its intention to establish commercial relations with consumers from one or more other Member States, including that of the consumer's domicile". Thus, and in accordance with L'Oréal, use of a mark online did not constitute genuine use in the UK unless it was somehow directed at UK consumers.

## PERSUASIVE EVIDENCE

Applying this, the Comptroller found that Hola's evidence showed genuine use, including screenshots from its Spanish language website, UK shipping information, UK-relevant advertisements, and Google Analytics data showing that a substantial and growing number of Spanish-speaking UK consumers "steadily" accessed the website and HOLA! magazine. Although the evidence was from 2016, outside the relevant period, the Comptroller was satisfied that this showed evidence of use during the relevant periods, on the understanding that similar screenshots would have been available during these years.

However, on reviewing the evidence, the Comptroller decided that genuine use had been demonstrated only with respect to a "celebrity news magazine", citing Euro Gida, Titanic Spa and Thomas Pink. To frame a fair specification, the trade mark was thus allowed to remain registered only for "publication of celebrity news magazines, all for others", with all other services being revoked.

## KEY POINTS

- ▶ Evidence of use was accepted even though it was from outside the relevant period
- ▶ Evidence of use only showed genuine use in connection with a small part of the specification

1. Joined cases C-585/08 and C-144/09.



## DANIEL JOY

is a Trade Mark Associate and Chartered Trade Mark Attorney at Baker McKenzie, London  
[daniel.joy@bakermckenzie.com](mailto:daniel.joy@bakermckenzie.com)



# Safe passage for Uni Baggage

*An audience for a student-focused mark was established, as Joanne Goodchild explains*

**UNI BAGGAGE LTD** (the Applicant) applied to register UNI BAGGAGE and UNIBAGGAGE for “courier services for the delivery of goods” in class 39. It was opposed by Sendmybag (NI) Ltd (the Opponent) under ss3(1)(b), (c) and (d) and 3(6) of the Trade Marks Act 1994.

The parties had previously been involved in litigation involving a counterclaim that the Opponent’s use of UNI BAGGAGE on its website amounted to passing off. The Opponent had argued that its use was descriptive and highlighted that UNI BAGGAGE was not a registered trade mark. The matter was resolved in mediation and the Applicant applied to register UNI BAGGAGE.

## ISSUES

*Distinctiveness/descriptiveness* – The Hearing Officer (HO) readily found that the mark was descriptive of the items couriered to and from university (students’ luggage), despite arguments from the Applicant that “uni” has other meanings, there were other “uni” brands, and descriptive use by customers of “uni baggage” on Twitter was because of character limits necessitating the use of abbreviations.

*Acquired distinctiveness* – The Applicant relied on the proviso to s3, namely that the sign had acquired a distinctive character resulting from the use made of it since 2010. The evidence filed by the (unrepresented) Applicant included data obtained from online sources, website hits and press coverage. There were “uncertainties” about the number of customers, and there was no information about the Applicant’s turnover or copies of invoices.

Although the Applicant could have marshalled the evidence better, the HO was persuaded that the evidence was sufficient to show that there was a business identified by the mark with a reasonably sized presence in the courier services market targeted at students. There appeared to be no use of UNI BAGGAGE

before the Applicant was founded, in 2009. Accordingly, the descriptive term UNI BAGGAGE had acquired a secondary meaning, so was registrable.

## BAD FAITH

The Opponent claimed that the application was:

- i. only made after mediation, during which the descriptiveness of the term was raised; and
- ii. an attempt to stifle descriptive use of “uni baggage” and “university baggage” by other couriers.

In dismissing both claims, the HO found that the Applicant sought to register the mark to protect its legitimate interest in a sign that it was using as a trade mark, and that the descriptive term “uni baggage” had acquired through use a secondary meaning as an indicator of origin. Registration would not entitle the Applicant to prevent legitimate descriptive use, and so would not stifle competition. The opposition failed, and an award of costs was granted to the Applicant.

## SYMPATHY

Although it seems that the UK IPO is sympathetic towards an unrepresented applicant, we are reminded that the proviso to s3 is not as onerous as proving goodwill for the purposes of a passing off action. It need only be shown that the mark is no longer purely descriptive, rather than that the acquired secondary meaning has displaced the original descriptive meaning. Therefore, the lack of precise evidence is not fatal.

## KEY POINTS

- ▶ The HO was persuaded that the evidence was sufficient to show that there was a business identified by the mark with a reasonably sized presence in the relevant market
- ▶ The descriptive term “uni baggage” had acquired, through use, a secondary meaning as an indicator of origin, and registration would not stifle competition
- ▶ The proviso to s3 is not as onerous as proving goodwill for the purposes of a passing off action. It need only be shown that the mark is no longer purely descriptive



### JOANNE GOODCHILD

is a Senior Associate and Chartered Trade Mark Attorney at Appleyard Lees IP LLP  
[joanne.goodchild@appleyardlees.com](mailto:joanne.goodchild@appleyardlees.com)





# Mark with a mission

*Misrepresentation was found in relation to a variety of services, says Emma Reeve*

**CALLITECH LTD APPLIED** to invalidate UK trade mark registration No 2634362 in the name of Miss Money Penny Your Mission Accomplished Ltd (Miss Money Penny) for MISS Money Penny LONDON Your Mission, Accomplished (stylised, series of two), represented on this page.

The invalidation action was filed on the basis of s5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994.

The UK IPO concluded that the invalidation succeeded under s5(4)(a) in its entirety, and the registration was deemed never to have been made. This was despite the surrender of the registration. Callitech wished to have the validity of the trade mark decided, because a notice of surrender is effective from its publication in the Trade Marks Journal (pursuant to the decision of Mr Hobbs QC, as the Appointed Person, in *Rapier TM*<sup>1</sup>). This is in contrast to a successful application for invalidation, which deems the registration of the trade mark never to have been made.

On the basis of the evidence submitted, the UK IPO held that goodwill was not fully established for the full list of services, but was established in relation to a narrower list of services than claimed. The services where goodwill was not established were “travel arrangement; [and] booking and reserving services for restaurants and holiday accommodation”.

The subject trade mark was applied for on 12th September 2012. Evidence of use was provided from this date, and this was the date at which the UK IPO considered the position.

When comparing the services of Miss Money Penny and Callitech, the UK IPO concluded that the key characteristics of Callitech’s services were similar to that of a personal assistant (PA). These services include handling emails for clients, paying congestion charges on behalf of clients, undertaking credit checks, arranging meeting rooms and mailings.



*Misrepresentation may be found on similar services or goods in which goodwill has been established*

As the UK IPO concluded, a PA may traditionally be involved in arranging and assisting with a whole range of services, including making travel arrangements and booking restaurants. The question it posed was whether a substantial number of people would be deceived as to whether the services offered by Miss Money Penny would originate from Callitech. Misrepresentation was found in relation to all services of Miss Money Penny’s trade mark.

The UK IPO held that there was a clear potential for damage to arise in the sense of direct loss of sales in relation to the services offered by Callitech and registered by Miss Money Penny.

The UK IPO’s decision demonstrates that misrepresentation (whether intentional or not) may be found on similar services or goods in which goodwill has been established. To demonstrate goodwill in evidence, brand holders must maintain extensive and dated archives of use of a trade mark for all the goods and services that it has been used for. This will assist in enforcing goodwill.

## KEY POINTS

- ▶ An invalidation action at the UK IPO may still be pursued by the applicant of the invalidation action even if the proprietor of the trade mark registration has surrendered it
- ▶ A brand holder should actively maintain records of information demonstrating use of the trade mark to assist in evidencing goodwill
- ▶ Registration No 2634362



1. O/170/07.



### EMMA REEVE

is an Associate and Chartered Trade Mark Attorney at Mathys & Squire  
[ecreeve@mathys-squire.com](mailto:ecreeve@mathys-squire.com)



# No progress for Puma

*Its mark did not prove more than promotional, reports Chris Morris*

**THIS CASE CONCERNED** an appeal against the decision to refuse an application to register the mark FOREVER FASTER, made by Puma SE. Puma designated the EU under a Madrid Protocol application. EUIPO issued an absolute grounds objection, refusing the designation for footwear in class 25, and various games and items of sporting apparatus and equipment in class 28. The objections were maintained, despite arguments filed by Puma, and the decision was appealed.

## APPEAL DISMISSAL

The Board of Appeal (BoA) dismissed Puma's appeal. Considering the relevant consumer to be the average English-speaking public at large, the BoA concluded that the message conveyed by the sign would be immediately understood as referring to "speed with long duration". Consequently, "the message would be perceived as a simple laudatory formula or information on the desired qualities and purpose of the goods in question, namely to help their users become 'constantly faster'". The BoA concluded that the mark was devoid of distinctive character.

Arguments that the mark had acquired distinctive character, or that it should be accepted on the basis of earlier "similar" variants already registered, and/or registrations in a Member State and third-party countries, were also rejected. Puma appealed to the CJEU.

## FIRST PLEA

Puma's first plea alleged infringement of Article 7(1)(b), and claimed that the BoA made an error of assessment in the meaning of FOREVER FASTER and misapplied the criteria for determining whether an advertising slogan is distinctive.

The CJEU reaffirmed the established position that advertising slogans are not barred from registration, and that the registrability criteria applied to them are no different to those for conventional trade marks. Nevertheless, it also confirmed, consumer perception of such signs, and therefore their ability to function as trade

marks, may be different. An advertising slogan must be devoid of distinctive character if it is liable to be perceived by the relevant public merely as a promotional formula.

Puma's error of assessment plea was dismissed. The BoA relied on dictionary definitions of the two components of the mark applied for. Even if certain meanings were not devoid of distinctive character, it suffices that at least one was. The mark as a whole described desired qualities or characteristics of the goods in question. The fact that FOREVER may have been registered previously was irrelevant.

The Court also rejected the misapplication plea. In particular, Puma's claim of a special practice in the sporting sector around "attitude or lifestyle" slogans was dismissed. Even if other registered slogans could be categorised as such, that did not detract from the need for a slogan to be distinctive.

## SECOND PLEA

The second plea alleged infringement of principles of equal treatment and sound administration, and was also rejected.

The claim focused on earlier EU and national registrations, and argued that they should not have been disregarded. The Court rehearsed well-worn principles that sound administration and equal treatment do not supersede legality. The mark was unregistrable, and the Applicant could not rely on a prior, incorrect decision to counter that.

There is nothing particularly new or surprising in this decision, but it serves as another reminder of the potential difficulties in registering signs that also want to convey a direct message to the consumer.

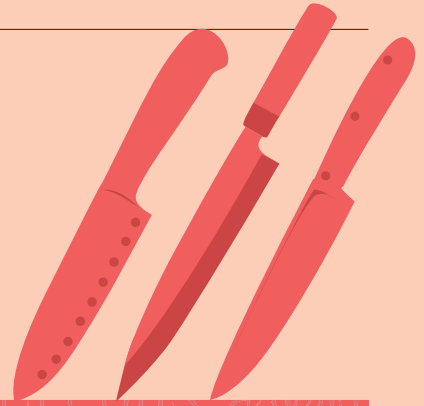
## KEY POINTS

- ▶ The CJEU reaffirmed the established position that an advertising slogan must be devoid of distinctive character if it is liable to be perceived by the relevant public merely as a promotional formula
- ▶ Earlier EU and national registrations were rightly disregarded, as sound administration and equal treatment do not supersede legality



### CHRIS MORRIS

is a Senior Associate and Chartered Trade Mark Attorney in the Intellectual Property team at Burges Salmon LLP  
[chris.morris@burges-salmon.com](mailto:chris.morris@burges-salmon.com)



# The cutting edge

*Bonita Trimmer summarises a case that indicates appeals must consider unfolding developments in the law*

**FORGE DE LAGUIOLE SARL** sells cutlery and other tableware items, and is based in the French town of Laguiole, which has a reputation for knife manufacturing. In 2005, Mr Gilbert Szajner registered the word mark LAGUIOLE for a number of goods and services, including cutlery, sporting wear and telecommunications services. Forge de Laguiole applied for a declaration of invalidity on the basis that it had previously registered “Forge de Laguiole” as a business name.

Article L. 711-4(b) of the French Intellectual Property Code provides businesses with an unregistered right to use their name for business activities. Forge de Laguiole said that this amounted to a right of more than local significance, sufficient to engage Article 8(4) of Council Regulation (EC) No 207/2009.

Forge de Laguiole’s application was rejected in the first instance, but succeeded before the Board of Appeal (BoA). The General Court (GC) reversed the BoA’s decision, and the case was then referred to the CJEU.

## INTERPRETATION

At the time of the BoA’s initial decision, a French business name was generally interpreted to protect all of the business activities covered by a company’s articles. Forge de Laguiole’s business activities were described broadly in its articles, so the BoA invalidated large swathes of the goods and services specified by the LAGUIOLE mark.

After the BoA’s decision, but before the appeal to the GC, the French Court of Cassation ruled in *Cœur de Princesse*<sup>1</sup> that a business name only protects the activities that a company actually pursues. So the GC only upheld the invalidity of goods that were the same as, or confusingly similar to, goods that came within the business activities actually pursued by Forge de Laguiole.



*This decision matches the English courts’ common-law approach*

This decision has been upheld by the CJEU, which ruled that the GC had jurisdiction to conduct a full review of the legality of the BoA’s assessment. In doing so, the GC has to apply the interpretation of national laws at the time it reaches its decision. Of course, this does not extend to applying laws that did not have retrospective effect.

## SENSIBLE APPROACH

This ruling follows Attorney General Kokott’s opinion, which explained that, had the decision gone the other way, an outdated interpretation of the law could result in the revocation of an EU trade mark in situations where the relevant national law would not provide grounds to do so.

This decision will make sense to UK practitioners, as it matches the English courts’ common-law approach. It also demonstrates the value of watch services: if the mark had been opposed during application, rather than after grant, it may not have spent 12 years in litigation, during which time the law changed.

## KEY POINTS

- ▶ The CJEU has held that, if the interpretation of national law changes with retrospective effect following an appeal from the BoA, the GC must take account of this when considering the appeal
- ▶ The CJEU has held that, in EU trade mark appeals, the appeal courts have to apply the interpretation of national laws that is current at the time the appeal is decided

1. C.Cass. Ch. Com., *Cœur de princesse v Mattel France*, No 08-2012.010.



## BONITA TRIMMER

is an Associate in Browne Jacobson’s Birmingham office  
[bonita.trimmer@brownejacobson.com](mailto:bonita.trimmer@brownejacobson.com)

Bonita has more than 20 years’ experience in IP matters.





# Thinking small

*Abigail Smith points out why tiny differences within a mark were not sufficient to avoid a likelihood of confusion*

**THE APPLICANT, AZANTA A/S**, filed an application for the mark NIMORAL for class 5 goods defined as “pharmaceutical preparations for enhancing the effect of radiotherapy on cancer patients”. Novartis AG filed opposition under Article 8(1)(b) of Council Regulation (EC) No 207/2009, based on its earlier rights in the mark NEORAL, covering class 5 goods described as “pharmaceutical preparations”. The opposition was upheld.

The Applicant filed an appeal, which was dismissed by the Board of Appeal (BoA). The BoA considered that the signs were visually and aurally similar to an average degree, and that conceptually the marks were meaningless. A likelihood of confusion was considered present between the marks at issue. Appeal was then made to the General Court (GC).

## APPEAL THEMES

**Relevant public** – The BoA took the view that the parts of the public concerned were health professionals and patients – in particular, oncologists and specialists in administration of radiotherapy to cancer patients, and the cancer patients themselves.

**Comparison of goods** – The BoA considered that the Applicant’s goods were included in the earlier mark’s coverage of “pharmaceutical preparations”, a conclusion confirmed by the GC.

**Comparison of signs** – The BoA stated that neither of the marks was visually composed of more dominant or distinctive elements than the other. The differences between the marks were limited to their middle sections, and these slight differences would not attract a consumer’s attention any more than the parts at the beginning and end of the signs.

The Applicant submitted that the earlier mark had a conceptual meaning, as it contained the element “neo” and ended in the word

“oral”. Given the method of consumption of the goods in question, it argued that the dominant part of the mark was “neo”, and that there could not be a likelihood of confusion. Although the term “neo” had a certain evocative force, the earlier mark had no meaning in the relevant languages. Further, the mark did not actually contain both the full words “neo” and “oral”; there were not enough letters. It was held that the BoA rightly found that the signs were visually and phonetically similar to an average degree, and not comparable conceptually.

**Likelihood of confusion** – The BoA considered that there existed a likelihood of confusion because: (i) the goods at issue were identical; (ii) there was phonetic and visual similarity between the marks; and (iii) the earlier mark had an average degree of distinctiveness. Although the relevant public’s level of attention could be considered to be above average, this was not a sufficient argument given the identity of goods and the similarity of signs.

## OUTCOME

Based on the above reasoning, the Applicant’s appeal was dismissed in its entirety. Ultimately, it was shown that, where the beginning and ending of a mark share similar or identical visuals and phonetics with those of another mark, small differences within the mark are not sufficient to avoid a likelihood of confusion where the goods in question are identical.

## KEY POINT

- For pharmaceutical goods, where the drugs in question are for serious illnesses, the relevant public consists of not only medical professionals, but also patients



### ABIGAIL SMITH

is an Associate (Chartered Trade Mark Attorney) at Bristows LLP  
[abigail.smith@bristows.com](mailto:abigail.smith@bristows.com)

Abigail is a Registered Trade Mark Attorney and European Trade Mark Attorney, and has worked in IP law since 2001.



# A currency affair

*The Court reaffirmed the factors that contribute to a finding of bad faith, explains Geoffrey Smith*

**PAYPAL, INC** (the Applicant) claimed that the Board of Appeal (BoA) had erred in annulling a decision of the Cancellation Division. It made this claim on the ground that bad faith on the part of Hub Culture Ltd (the Intervener) had not been established at the time of filing the application for registration of the word mark VENMO relating to goods in classes 9 (software) and 36 (financial tokens). The General Court (GC) upheld the Applicant's claim.

## STARTING POINT

In 2007, the Intervener established Ven, a virtual currency, and filed an application for the registration of the sign VEN as a US word mark for financial services. Two years later, Venmo, Inc was established (and subsequently acquired by the Applicant), providing online payment services in the US under the unregistered VENMO mark. In 2010, the Intervener registered venmoney.net and applied to register an EU trade mark (EUTM) for the word sign VENMO. Over the years, there had been a number of communications between the Intervener and Venmo regarding the use of VENMO.

The Cancellation Division declared that the mark was invalid on the basis of bad faith, based on the pre-contractual relationship between the parties and because the Intervener sought to register the mark as a defensive mark. The Cancellation Division's decision was annulled by the BoA, which concluded that bad faith could not be established.

## GC DECISION

The GC concluded that the BoA made a number of errors in reaching its decision and overturned the decision in favour of the Applicant. As with all bad faith cases, this decision is heavily fact-dependent and provides a good review of factors relevant to such cases. It should also be noted that, although there existed a pre-contractual relationship between the Applicant

and the Intervener, considering this factor alone was insufficient to establish bad faith.

In analysing whether the Intervener acted in bad faith, the GC referred to the principles in *Chocoladefabriken Lindt & Sprüngli*<sup>1</sup> and *Malaysia Dairy Industries*<sup>2</sup>, which establish that all relevant factors specific to each case must be given consideration.

## BAD FAITH FACTORS

Examples of important factors include:

(i) whether the applicant knows, or must have known, that a third party is using an identical or similar sign for identical or similar goods or services, giving rise to confusion; (ii) the intention to prevent the third party from continuing to use the sign; and (iii) the degree of legal protection enjoyed by the third party's sign and by the sign for which registration is sought. Ultimately, however, the analysis must be made on a case-by-case basis.

In addition to the pre-contractual relationship between the parties, the facts indicated the Intervener's intention to prevent Venmo from using the sign. With the exception of the domain name venmoney.net, use of the sign VEN MONEY had not been established by the Intervener, which used the domain name solely to redirect to other sites. The Intervener did not fully explore the potential commercial resolutions with the Applicant. It was highlighted that an application made for an EUTM without any intention of use and the sole objective of preventing a third party from entering the market can contribute to a finding of bad faith.

## KEY POINTS

- ▶ All relevant factors specific to the case must be considered to establish bad faith at the time of filing the application for registration of an EUTM
- ▶ An application made for an EUTM without any intention of use and the sole objective of preventing a third party from entering the market can contribute to a finding of bad faith

1. C-529/07.
2. C-320/12.



### GEOFFREY SMITH

is a Partner and Chartered Trade Mark Attorney based in the London office of HGF Ltd  
[gsmith@hgf.com](mailto:gsmith@hgf.com)

**Maherunesa Khandaker**, a Solicitor in the London office of HGF Law LLP, co-authored this article.



# Getting Messe

*Emily Scott reveals why a priority claim did not succeed*

IN MAY 2008, Messe Friedrichshafen GmbH (Messe) filed an EU trade mark (EUTM) application for the mark shown on this page. The application was opposed by El Corte Inglés, SA (El Corte) on the basis of, *inter alia*, its earlier EUTM registration for the word mark OUTDOOR PRO. El Corte claimed there was a likelihood of confusion under Article 8(1)(b) of Council Regulation (EC) No 207/2009 (the Regulation).

The Opposition Division partially allowed the opposition, finding in favour of a likelihood of confusion in relation to the goods and services of Messe's application that were held to be identical and similar to those of El Corte's registration.

Messe appealed the decision, arguing against a likelihood of confusion on the following bases:

- El Corte's earlier mark was descriptive and lacked distinctive character within the meaning of Article 7(1) of the Regulation.
- At the very least, El Corte's mark had a low distinctive character, which was weakened by the number of similar third-party marks.
- The marks at issue would create different overall impressions on the relevant public due to their visual differences.
- The contested sign had been used over many years, to the extent that it has an above average level of distinctiveness. Messe also registered an EUTM for the mark (with a blue background, also shown on this page) prior to the registration of El Corte's mark and, therefore, it enjoyed priority over El Corte's mark.

The Board of Appeal (BoA) upheld the Opposition Division's decision, noting that Article 7(1) should not be taken into account when the legality of an opposition decision is assessed. In addition, the term "outdoor" in El Corte's mark would not have a meaning for the non-English speaking part of the EU public, and was distinctive, at least for that part of the public.

Decisions of the German and Spanish Registries provided as evidence of the

descriptiveness of OUTDOOR were dismissed, on the basis that EUIPO is not bound by a decision given in a Member State, as was a list supplied by Messe of earlier third-party marks it claimed coexisted on the market with El Corte's mark.

Messe's claim it had used the contested sign over many years was not relevant, as enhanced distinctive character is only important in respect of an earlier mark on which an opposition is based. Messe's claim to have priority from an earlier EUTM was also dismissed, as the earlier EUTM was not identical to the contested sign.

Messe appealed to the General Court, claiming infringement of Articles 76 and 8(1)(b) of the Regulation. The Court dismissed the appeal, agreeing with the conclusions of the BoA. It also noted that it cannot be entirely excluded that the coexistence of earlier marks could reduce the likelihood of confusion between two marks at issue. However, this possibility can only be considered if, at the very least, the applicant for the EUTM demonstrates that the coexistence is based on the absence of any likelihood of confusion between the earlier marks on which it relies and the earlier mark on which the opposition is based, and provided that the earlier marks concerned and marks at issue are identical. Messe's list of earlier marks was insufficient to show the absence of likelihood of confusion, and the earlier marks were not identical; therefore, the marks could not be deemed to coexist. Further, even if it were proved that Messe's earlier mark did have a high level of distinctiveness, this would not confer priority.

## KEY POINTS

- ▶ In EUTM opposition proceedings, the validity of the registration of an earlier mark may not be called into question
- ▶ For an EUTM to be refused registration, it suffices that a relative ground for refusal for the purposes of Article 8(1)(b) of the Regulation exists in only part of the EU
- ▶ Evidence regarding the coexistence of trade marks is only persuasive in limited circumstances

- ▶ The Messe mark at issue



- ▶ The earlier Messe mark



### EMILY SCOTT

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

Emily works on national and international trade mark matters for a wide range of clients, from major global corporations to SMEs, individuals and charities.





# No shift on shape

*The bar against registering marks that incorporate a technical solution stands, says Katherine Thompson*

IN 1999, YOSHIDA Metal Industry Co Ltd filed applications for the registration of the two EU trade marks shown on this page in classes 8 and 21.

In 2007, following registration, Pi-Design AG, Bodum France SAS and Bodum Logistics A/S applied for the trade marks to be declared invalid on the ground that they had been registered in breach of Article 7(1)(e)(ii) of Council Regulation (EC) No 40/94 (the Regulation), aimed at prohibiting the registration of signs consisting exclusively of the shape of goods that is necessary to obtain a technical result. They also claimed that the signs lacked distinctive character, although this second ground fell away as the application went through a series of appeals. Finally, after a referral back from the CJEU, the General Court (GC) declared the marks invalid in its judgment of 21st May 2015.

## APPEAL

Yoshida appealed this decision to the CJEU, raising two grounds in support of its application.

First, Yoshida argued that the decision was contrary to case law and that Article 7(1)(e)(ii) of the Regulation does not prevent the registration of “hybrid” signs comprising visually significant decorative design elements that not only incorporate a technical solution, but also perform a distinguishing function.

Second, Yoshida complained that the GC had contravened Article 51(3) of the Regulation and failed to examine whether the objection under Article 7(1)(e)(ii) of the Regulation applied to those registered goods that lacked handles.

The CJEU highlighted in its judgment that an appeal is limited to points of law and cannot be used as a new assessment of the

facts and evidence. In respect of the first ground, it was held that there had been no distortion of the facts and evidence by the GC in its application of Article 7(1)(e)(ii) of the Regulation. Yoshida had not pleaded the second ground previously in the proceedings, and so it was held to be inadmissible. The appeal was dismissed in its entirety.

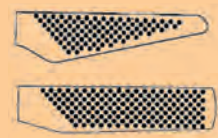
## TECHNICAL FUNCTION

The key points to note from this case came from the Court’s comments on technical function. It held that the correct application of Article 7(1)(e)(ii) of the Regulation requires that the essential characteristics of the sign be identified and then assessed to ascertain whether they all perform the technical function of the goods at issue. Where the shape of the goods at issue incorporates a major non-functional element, such as a decorative or imaginative part that plays an important role in the shape, the sign cannot be refused registration under Article 7(1)(e)(ii). This provision is to stop shapes of goods that only incorporate a technical solution being registered as trade marks, and so prevent trade mark law being used to perpetuate, indefinitely, exclusive rights in technical solutions. It follows that, under Article 7(3) of the Regulation, a shape of goods that is necessary to obtain a technical result is prohibited from being registered as a trade mark, even where it has become distinctive as a result of its use.

## KEY POINTS

- ▶ The correct application of Article 7(1)(e)(ii) of the Regulation requires that the essential characteristics of the sign be identified and assessed to ascertain whether they perform the technical function of the goods
- ▶ Where the shape of the goods incorporates a major non-functional element that plays an important role in the shape, the sign cannot be refused registration under Article 7(1)(e)(ii)

## ▶ The Yoshida marks



### KATHERINE THOMPSON

is a Chartered Trade Mark Attorney at Stobbs IP  
[katherine.thompson@stobbsip.com](mailto:katherine.thompson@stobbsip.com)

Amelia Sainsbury, Solicitor at Stobbs IP, co-authored this article.

# events

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

DATE	EVENT	LOCATION	CPD HOURS
13th September	<b>CITMA Webinar</b> Trade marks and EU competition law	Log in online	1
26th September	<b>CITMA Lecture – London*</b> Brand licensing	58VE, London EC4	1
12th October	<b>CITMA Autumn Conference – Birmingham*</b> IP and social media	Hyatt Regency Birmingham	5
24th October	<b>CITMA Lecture – London*</b> Nailing jelly – tips on effective trade mark practice	58VE, London EC4	1
27th October	<b>CITMA Administrators' Seminar</b>	Keltie LLP, London SE1	
1st November	<b>CITMA Seminar for Litigators – London</b>	Carpmaels & Ransford, London WC1	2.5
15th November	<b>CITMA Webinar</b>	Log in online	1
28th November	<b>CITMA Lecture – London*</b> Update on UK IPO and UK court cases	58VE, London EC4	1
8th December	<b>CITMA Christmas Lunch and Drinks Reception** – London</b>	London Hilton on Park Lane, London W1	

## SUGGESTIONS WELCOME

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

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Our annual Autumn Conference in Birmingham will explore the subject of IP and social media

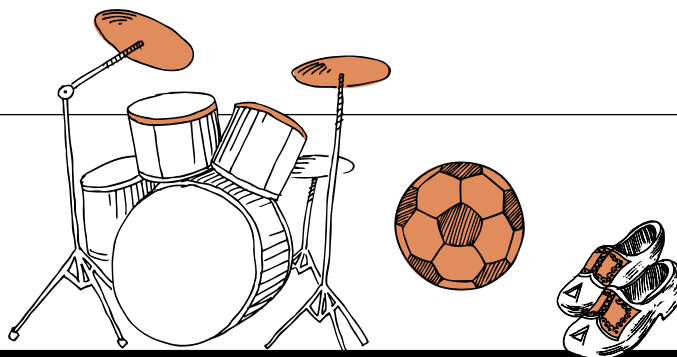


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## THE TRADE MARK 20

# Q&A



**I work as...** a Chartered Trade Mark Attorney at Taylor Wessing LLP.

**Before this role I was...** at Baker McKenzie for more than three years, and Albright IP before that. Both offered very different, but exciting, challenges.

**My current state of mind is...** relaxed.

**I became interested in IP when...** studying for my law degree and selecting IP modules. I was particularly interested in trade marks, designs and passing off, and the thought of having to study more criminal law, or equity and trusts, wasn't very appealing.

**I am most inspired by...** my family. It really couldn't be anyone else.

**In my role, I most enjoy...** thinking of creative arguments to overcome absolute grounds objections. The calibre of clients that we work with also makes the job really exciting.

**In my role, I most dislike...** last-minute corporate deals and due diligence that keep me in the office all night. These are rare nowadays, which is a welcome relief.

**On my desk is...** a pair of headphones, *Kerly's Law of Trade Marks and Trade Names*, and a scribbled note with my Darts-ip log-in details. The essentials.

**My favourite mug says...** "The Who"; it has the band's logo on it. Keith Moon was a great drummer.

**If I were a brand, I'd be...** outdoor-clothing brand Patagonia. I enjoy being outdoors and like a challenge. Patagonia is also a sparsely populated region split between Argentina and Chile, so is quite interesting from a trade mark perspective.

**My favourite place to visit on business is...** Amsterdam. I went for a couple of weeks while at Baker's, and had free access to the Rijksmuseum.

**The biggest challenges for IP are...** artificial intelligence and blockchain technology. Blockchain presents some really exciting opportunities, especially as a registry that can catalogue and store IP rights. This could be really helpful in showing unregistered rights where ownership can be difficult to prove.

**The talent I wish I had is...** the ability to draw.

**I can't live without...** music, specifically my drum kit (electronic, as I've had a few neighbour-related complaints in the past). My family owns a record shop that specialises in reggae, rock and northern soul.

**My ideal day would include...** sports and catching up with old friends. CIPA runs a great summer five-a-side football tournament. It's pretty competitive, though, so bring your shin pads!

**In my pocket is...** nothing; I'm travelling light today.

**The best piece of advice I've been given is...** "take your time". Julia House at Albright IP was a great mentor.

**When I want to relax I...** go for a swim.

**In the next five years I hope to...** continue to learn.

**The best thing about being a member of CITMA is...** all the events on offer. There is definitely an appetite for more sporting events, though.



Reggae, rock and the Rijksmuseum are on Tom Hooper's mind

“

*I was interested in trade marks, designs and passing off, and the thought of having to study more criminal law, or equity and trusts, wasn't very appealing*



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Gurgaon 122 001

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14/2, Palm Avenue,  
Calcutta 700 019

**CHENNAI**

G-135F Spencer Plaza,  
Phase 3, 769 Anna Salai,  
Chennai 600 002

**BANGALORE**

D-4, Casa Lavelle No.1,  
84/85 Lavelle Road,  
Bangalore 560 001

**PUNE**

Unit No.201D, Town Square,  
New VIP Road, Viman Nagar,  
Pune 411 014

**AMRITSAR**

M - 7, Gate No. 2,  
Green Avenue,  
Amritsar 143 001

Telephone: +91 33 40177100 • Facsimile: +91 33 40082269  
patents@dpahuja.com • trademarks@dpahuja.com • litigation@dpahuja.com