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ITMA REVIEW

The journal of the Institute of Trade Mark Attorneys

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Great reading on the go



I write this as I prepare to pack for the International Trademark Association's Annual Meeting in Dallas; I shall read it as I pack for the European Communities Trade Mark Association's 32nd Annual Conference in Bucharest. Fortunately, I will not need to buy a book at the airport: I shall spend my journey mulling over the advice on handling difficult workplace conversations, considering offshore IP issues, and studying the excellent articles and case reports we always expect from the *ITMA Review*.

I look forward to seeing you at the ITMA Summer Reception at Stationers' Hall on 9 July 2013.

Yours

Catherine Wolfe
ITMA President

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ITMA Review

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ITMA business

Chief Executive's bulletin

As we head into the summer months, here are some snippets of the latest news and developments coming from ITMA headquarters



DesignView

First, I'd like to draw your attention to DesignView, a very useful searching tool along the lines of TMview for trade marks. An initiative by OHIM, and involving WIPO and several national offices, it permits searches of 28 design registers using several criteria, including owner, office and Locarno classification. Find it at tmdn.org/tmdsview-web/welcome.

Working with ITMA

ITMA emailed the membership on 5 March to seek more volunteers to assist with many of its PR and outreach-related activities, such as writing articles for publications in newspapers, magazines and in the *ITMA Review*; acting as an ITMA spokesperson for the press, TV and radio; giving presentations about the profession at roadshows, conferences and masterclasses; and giving free initial advice to businesses (usually small or micro) at IP clinics. The survey, which was jointly published with CIPA, had a fantastic response rate and ITMA is currently extracting the data from the survey and analysing the responses. Thank you to everyone who took part.

Unsolicited invoices

As you may know, ITMA has been working closely with the IPO on the

continuing problem of unsolicited mail or invoices. As part of this cooperation, ITMA has agreed to assist by offering sources of initial free advice (20 minutes) to those finding themselves in these circumstances.

ITMA has set up a preliminary list of individuals (not made public) who are willing to advise on contract law, who are familiar with IP-related issues, and who would be happy to help. If you or someone in your firm has the necessary experience of contract advice and IP knowledge and would like to be included on the list, from which names will be drawn on a random basis, please email me at keven@itma.org.uk with the subject line "unsolicited invoices". See page 7 for more on this subject.

JEB results

ITMA would like to congratulate all the candidates and especially ITMA members who successfully passed the final set of trade mark examinations held by the Joint Examination Board. The results can be found on the ITMA website. For many of you, these results will mean that you have reached qualification as a registered Trade Mark Attorney and you should be immensely proud. Some of you may not have been so fortunate and we offer our commiserations. ITMA recently issued an email to all Student and Affiliate

members providing information about what to do next. I hope that you found this useful and you now have a clear plan ahead. If you are still unsure and need further help, please feel free to email ITMA's Education and Training Committee via Gillian Rogers (gillian@itma.org.uk).

International payments

ITMA is aware that some members may be finding it difficult to process international payments to certain countries where broader economic sanctions apply. ITMA would like to explore further to see if it can provide advice and solutions, and has already begun some initial conversations with payment bureaux and brokers. However, it would be helpful to know if members are experiencing any problems and understand the circumstances. If you have experienced problems, email keven@itma.org.uk with the details.

This is an edited version of the bulletin sent to members on 22 April 2013.



Member benefits



Save on your home insurance renewal premium

ITMA members can make significant savings on their home insurance renewal premium without compromising on cover or service. Members can receive a 20 per cent discount on their current insurance renewal premium through Baxters Streetwise, including free legal expenses. Insurance partners include brands such as Equity, RSA and Zurich.

For a quotation, call 0845 4023 291, ensuring you quote IPB, or for more information, visit IP Benefits Plus via itma.org.uk.

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In memoriam

George Moore, a long-time member of ITMA, passed away peacefully on 5 March 2013. Many of you knew George, immediately recognisable by his very own trade mark – his handlebar moustache – and his unrivalled zest for life. A Chattanooga, Tennessee, native, George left the States in 1966 to attend the University of St Andrews and then Cambridge, where he earned honours degrees in English law and international law. He was called to the English Bar as a Barrister of Inner Temple, London. On his return to the US, he found the Florida Bar unwilling to recognise his Cambridge law degree as sufficient for purposes of admission – so he sued it, successfully.



After gaining admission to the Florida Bar, he began practising international law, subsequently gaining admission to the Bar in eight British Commonwealth countries in the Caribbean. Over the past 20 years, George built a unique and successful Caribbean trade marks practice, which continues today.

Katherine Van Deusen Hely

Summer fun

ITMA's **Summer Reception** is coming soon. Registration is open for the 9 July event, which is a highlight of the summer season, so contact ITMA now if you haven't booked your place! Go to itma.org.uk for details.



ITMA Annual Report

The ITMA Annual Report for 2012 is to be published soon and will disclose the work that ITMA has achieved during the past year. ITMA will inform members as soon as it is available.

Member moves

Rachel Hearson has joined the Walker Morris Trade Marks and Designs Department from Urquhart Dykes & Lord to advise clients on a full range of trade mark, design, copyright and domain name issues, from searching and brand selection to the prosecution of trade mark applications and opposition proceedings. Rachel also brings experience in the management of domain name actions before Nominet and ICANN (WIPO).

The Partners of Appleyard Lees are pleased to announce that **Joanne Goodchild** has joined its rapidly expanding trade mark team and can be contacted at joanne.goodchild@appleyardlees.com

Forresters is pleased to announce that, on 1 April 2013, **Andy Harding, Russell Sessford and Tim Ashton** became Partners. Andy is located in the firm's London

office, and Russell and Tim are based in the firm's Birmingham office.

Squire Sanders is pleased to announce **Florian Traub's** promotion to Partner. Based in Squire Sanders' London office, Florian's expertise covers all aspects of trade marks. He also counsels clients on designs, copyrights and unfair competition law, covering both contentious and non-contentious IP matters.

Left to right: Joanne Goodchild, Russell Sessford, Tim Ashton, Florian Traub, Andy Harding



Media Watch

Timely trade mark tales

Among the news items catching Ken Storey's eye are a royal registration and one rather saucy story

How apposite that the German ruling on the Lindt Easter Bunny case arrived on the eve of Easter itself. Reuters reported that Germany's Federal Court of Justice rejected a final appeal from Swiss chocolate maker Lindt & Sprüngli to protect its gold-foil-wrapped Easter Bunnies from imitation by German rival Riegelein Confiserie. This is the latest in a long line of cases being fought by Lindt & Sprüngli, whose spokesperson said: "We will continue to defend our Lindt gold bunny in the future whenever necessary." The chocolate wars go on!

Also with impeccable timing comes news, reported extensively in the media, that the Duchess of Cambridge has applied to register the name of her foundation as a trade mark. I am not quite sure why news of this has only just broken, as the IPO website shows the applications went in last year. However, the news arrives in good time for the birth of a future heir to the throne. The actual trade mark is for THE ROYAL FOUNDATION OF THE DUKE AND DUCHESS OF CAMBRIDGE AND PRINCE HARRY and covers several classes, including clothing. The press has taken the inclusion of clothing to mean the

Duchess is planning a fashion line, though a St James's Palace spokesperson played that down by saying the Foundation may, in years to come, choose to make T-shirts - not exactly high-end fashion.

The Duke and Duchess of Cambridge famously met at the University of St Andrews. I hear from *Fife Today* that the St Andrews Links Trust has applied for a Community Trade Mark for the name ST ANDREWS. As with many applications to register

marks covering geographical areas, there has been some local opposition and the Trust fears that it may be barred from using the St Andrews name. These fears are, apparently, being assuaged by the local

MP, Sir Menzies Campbell, who has offered to meet anyone with concerns. If anyone can calm the locals, Ming is surely the man to do it!

Following the success of the recent TV programme *Mr Selfridge*, the famous store has applied to register MR SELFRIDGE and MISTER SELFRIDGE as trade marks. There is nothing like cashing in on a success and, as a second series is apparently due to air next year, this seems a sensible move.

The TV programme was skilfully aimed to appeal to



the US market, and it is to the US that I turn to for my next story. I pondered for a while whether to include this item, but, if such august publications as *Informa Publishing's Intellectual Property Magazine* and the *International Business Times* can run with it, then why shouldn't we? The tale is a little saucy, but in the interest of bringing you as much of the news as possible, here goes. Bikinis Sports Bar & Grill has recently announced

that it has secured the trade mark BREASTAURANT from the USPTO for its chain of restaurants that feature waitresses in low-cut bikini-style tops and short jeans. The biggest impact this will have, it seems, is to prevent other similar themed restaurants such as Hooters and Twin Peaks from using that term. Surely this could only happen in America? I took a brief look at the IPO database, but couldn't find any UK trade marks of a similar ilk. Maybe we Brits are more conservative, or perhaps just more tasteful, but I do hope news of this doesn't encourage a flurry of similar applications over here.

Some of the more eagle-eyed among you may have noticed that a couple of stories that featured in the March/April issue had moved on at such a pace that by the time you actually received your

Themed restaurants such as Hooters have reached the IP headlines



ITMA Review, the stories had changed. They say a week in politics is a long time, but a couple of months in news management can seem like several lifetimes! It is, therefore, with a little trepidation that I mention that the UK High Court awarded gaming company 32Red damages of £150,000 against the William Hill Group, whose 32Vegas business was deemed to have infringed 32Red's

website. It seems to me that opportunities exist for local firms to respond to such comments by pointing out the potential pitfalls inherent in registering without recourse to professional advice. This may be something the marketers within firms might like to consider.

In the past I have referred to various sums relating to fines handed out in trade

'As someone who likes a flutter, William Hill has had enough of my money to cover some of those costs, and I won't shed too many tears for them over the amounts involved!'

Community Trade Mark. News reports suggest that legal costs are yet to be determined as I write, so you may be able to read the final financial details by the time you read this. My only comment is that, as someone who likes a flutter, William Hill has had enough of my money to cover some of those costs, and I won't shed too many tears for them over the amounts involved!

On a more upbeat note, I have recently come across several pieces that set out the general principles of registering trade marks. Some, like the start-ups UK website, refer to ITMA as a source of advice, while others make no reference to professional bodies and merely refer to the process. What I have noticed is that many articles now invite readers to comment on the stories, and a quick trawl through some of the responses reveals that many refer to the fact that registration can be done directly through the IPO

mark infringement cases. I am pleased to report, courtesy of the *Peterborough Telegraph*, that six-month prison sentences have been given to two local villains under the 1994 Trade Mark Act. This must surely act as a better deterrent than simple fines, which can barely touch some of the profits made by proven infringers. Wider reporting of penalties such as this may serve to deter more infringements - it would certainly help to raise the profile and importance of trade marks and, hopefully, the trade mark profession as well.



Ken Storey
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Buyer beware!

Francesca Bale of the UK IPO addresses a tricky and topical trade marks issue

At a time when there appears to be so much focus on enhancing consumer rights, the UK IPO has been alarmed to discover a mini-boom in companies targeting patents and trade mark customers with official-looking invoices offering renewal services at greatly inflated prices.

Though customers are often frustrated and surprised at the IPO's inability to stop these companies from operating in this manner, the legal advice it has received has confirmed that, while these companies are charging excessive fees, they do actually renew the IP Rights. So, even though their business methods of using unsolicited and misleading invoices may be considered sharp practice, they are not illegal. It really is a case of buyer beware.

Working together

As a result of the extraordinary level of complaints the IPO has

received, it is determined to tackle the problem effectively. The IPO has been working closely with both CIPA and ITMA to better inform customers, and both professional bodies are offering free advice to victims on the contractual issues connected with these misleading invoices.

The IPO has also been considering other options and has sought additional advice from counsel in respect of challenging these companies on passing off and trade mark infringement in connection with their company names and the way in which they offer their services. The advice given is encouraging.

In the meantime, the IPO urges ITMA members to continue to spread the message and help curb the activities of these unscrupulous operators.

For more information, visit ipo.gov.uk/warning.htm

Alicante celebrates decade of design

Michal Havlík reviews an international conference that marked an IP milestone

This spring, on 1 April 2013, marked 10 years since the registration of the first Community design. To commemorate the occasion, OHIM organised a conference in Alicante to reflect on the system and discuss the challenges lying ahead. From 8-9 April 2013 more than 600 professionals from the design world attended – examiners, judges, attorneys, academics, designers and representatives of industry. The conference was co-chaired by David Stone (Simmons & Simmons) and Professor José Manuel Otero Lastres.

The first session, chaired by Sir Robin Jacob, summarised the achievements of the Community design. Paul Maier of the IP Observatory introduced the underlying principles, David Musker (Jenkins & Co) described the practitioner's view and Gerhard Bauer of Daimler AG represented the industry. Grégoire Bisson from WIPO discussed his account of the interactions between the Community design and the Hague system with reference to the television series *The Odd Couple*. The second morning session focused on design case law of the European courts and included presentations by Dr Henning Hartwig (Bardehle Pagenberg) and Dr Catherine Jenewein (EPO, Munich).

'The conference highlighted the growing importance of fair and balanced design protection'

The main contentious issue in design registrability criteria appears when the "multiplicity of forms" test should be applied, ie whether a design feature having technical function can be eligible for design protection if it can be shown that the same technical function could be achieved by another design form. Recent OHIM Board of Appeal case law objectively assesses whether anything other than purely functional considerations could have been relevant when a specific feature was chosen. If not, the design is

considered as functional and denied protection under Article 8(t) of the Community Design Regulation.

A presentation by Valencian multidisciplinary artist Javier Mariscal followed lunch. Javier's colourful, abstract multimedia performance explained his vision of the birth of colours and gave a reminder that the gist of design law is in protecting the unique creative endeavours of designers.

The afternoon followed with breakout sessions on mobile devices design and gastronomic design, the second explained by restaurateur Quique Dacosta, Benjamin Fontaine (Ernest Gutmann – Yves Plasseraud SAS) and Stefan Martin of OHIM. The mobile device session focused primarily on the Apple/Samsung design infringement case and included speakers from several countries. Sir Robin Jacob intervened in the discussions to underline that the UK proceedings were not about pitting the iPad against Samsung Galaxy products, but about Apple's Community design against the Samsung product.

Urban design and spare parts were the options for the next breakout sessions. The Bureau of European Design Associations Vice-President Isabel Roig, architect Juan Antonio García

Solera and OHIM's Arnaud Folliard-Monguiral spoke on urban design. The session on spare parts highlighted one of the areas in which European design law has not been harmonised on national level, and it seems the current stalemate does not give reason for optimism that this issue could be soon resolved. Day one concluded with the President of the Spanish Community Trademark Court, Enrique García-Chamón, summarising the design case law of the Spanish Community Trademark Court in Alicante.

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Day two began with an update on developments at WIPO/Hague/Locarno, which was followed by a session on fashion design chaired by Verena von Bomhard (Hogan Lovells) with presentations by Susan Scafidi (President of the Fashion Law Institute), Fabio Angelini (De Simone & Partners) and Nuria Basi Moré (representing Barcelonan fashion brand Armand Basi).

A session on design filing practice was then chaired by Keith Howick (Carpmaels & Ransford). Jean-Jaques Canonici revealed the design filing strategies of Procter & Gamble. Linda Liu (Linda Liu & Partners) and Jakub Pinkowski (OHIM) provided a very instructive comparison of design filing requirements and practice in China and OHIM.

The final session concerned an essential topic – enforcement. James Nurton (MIP) chaired a very open discussion with several prominent European IP judges, on legal as well as practical issues encountered when litigating designs.

Well attended and with an impressive list of speakers from all corners of the design world, the conference has marked this important milestone for the Community design and highlighted the growing importance of fair and balanced design protection for competitiveness of the European economy in the 21st century. ■

Hamburg hosts PTMG event

George Cameron travelled to Germany to catch up on the latest thinking related to the pharmaceuticals industry

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The Pharmaceutical Trade Marks Group (PTMG) spring conference was held in Hamburg in March this year. The conference's theme was "All Change! Exploiting Pharmaceutical Trade Marks Today and Tomorrow". This was the PTMG's 86th conference and was attended by about 270 international delegates from the pharmaceutical industry, legal practices and attorney firms.

The conference was opened by the Alan Cox Memorial Lecture, presented by the President of the Federal Patent Court in Germany, Beate Schmidt. Speaking on the topic "Harmonisation of trade mark law in Europe – past achievements and future goals", Schmidt recounted the work done in partially harmonising trade mark law and noted the ongoing work of OHIM's Cooperation Fund, which aims to promote further harmonisation, modernise IP offices and facilitate working methods for the trade mark system. The Cooperation Fund encompasses several projects, including TMview and TMclass, and has recently released its first major group of new tools. In addition to these harmonisation efforts, Schmidt also discussed the release of proposals to revise the Community Trade Mark (CTM) Regulation and recast the Trade Mark Directive. These proposals, which are aimed at upgrading, streamlining and modernising the current legislation, have since been adopted by the European Commission.

The lecture was followed on the first day of the conference by a global case law round-up. Bill Ladas of Corrs Chambers Westgarth covered several cases that were relevant to the pharmaceutical trade mark practice relating to formalities and specifications, absolute grounds, relative grounds and removal

for non-use or proof of use – clearly a topic of significant interest to many delegates. He began with a look at a number of formalities cases related to the use of class headings to specify goods and services following the "IP Translator" decision (C-307/10 Chartered Institute of Patent Attorneys, 19 June 2012) and the President's Communication number 2/12 (20 June 2012), which sets out OHIM's practice for CTMs. Although Ladas did not discuss it, it is worth

'The second day comprised a full programme of speakers mostly drawn from industry'

noting that the UK IPO has published Practice Amendment Note 01/12, post IP Translator, which sets out UK practice in relation to specifications of goods and services.

After an evening of networking and an enjoyable cocktail reception and gala dinner in the grand ballroom of the conference venue, the second day comprised a full programme of speakers mostly drawn from industry. The first to speak was Jenny Barker from GlaxoSmithKline, who gave an insightful presentation on "Joint ventures, mergers and acquisitions – marriages and divorces in the pharmaceutical industry". Barker spoke at length, shared her experience and provided useful guidance in relation to the trade mark aspects of due diligence, partial acquisitions, transitional arrangements, deeds of assignment and recordals, and integration. This was followed by a discussion on special considerations in the case of joint ventures and divestments.

Other speakers on the second day included Wolfgang Feiler (Takeda

Pharmaceuticals) on "House mark registrations in class 5 – potential use issues"; Catherine McGirr (Avantiq), Christian Schalk (Bayer) and Bernard Volken (Fuhrer Marbach & Partner) discussing in a panel format the subject of "Clearing pharmaceutical trade marks – parameters and pitfalls"; and Stefano Maroni (Sigma-Tau) on "Generic prescribing today".

In the final presentation, Maria Fernandez-Marques (Pfizer) raised the question: "Are trade marks important in the pharmaceutical industry today?". Fernandez-Marques gave several reasons for answering yes to this question:

- Medication errors – errors may occur without a unique and distinctive trade mark, there may be difficulties pronouncing, spelling or memorising the international non-proprietary name (INN), and confusion may be caused by the use of similar generic names in the same therapeutic area or otherwise.
- Consumer choice or orientation – preference for a trade mark that is familiar and trusted, particularly where generic drugs are not necessarily identical.
- Drug safety and monitoring – INNs are not meant to serve as an indication of origin, so without pharmaceutical trade marks there may be confusion in the case of adverse events and difficulties in taking effective anti-counterfeiting measures. ■

The next PTMG conference takes place from 2-5 October 2013 in Vienna, Austria. Go to ptmg.org for information and booking.

Close encounters

Participants in a recent PCC marshalling scheme explain what they've learned from what was an immensely valuable experience

“I was interested in the marshalling scheme because litigation is an increasingly important part of our practice and we need to understand how the courts work,” explains Angela Fox of RGC Jenkins & Co, when asked why she volunteered to shadow HHJ Colin Birss QC at the Patents County Court (PCC).

Fox and three other ITMA members – Carmel Corcoran of Insignia IP Services, Alan Fiddes of Urquhart-Dykes & Lord and Peter Houlihan of Cleveland – were chosen by lottery and given the opportunity to accompany Judge Birss for two days, each experiencing a unique set of tasks alongside him and gaining a first-hand insight into the day-in, day-out activity of the court.

While it is easy to see this as a bit of an imposition on a busy judge, in fact the four were made to feel welcome. Says Houlihan: “While the scheme was short,

Judge Birss was open and approachable throughout, which made it very valuable in understanding what goes on in the PCC.” In fact, Houlihan spent his second day in court sitting alongside the judge on the bench for the presentation of an entire case, which offered “an invaluable chance to see things ‘from the other side.’”

Fox admits that she “didn’t know exactly what to expect” when she agreed to participate in the scheme, but says she knew Judge Birss was a friendly and approachable judge, so it came as no surprise to her that he was so willing to make the experience so personal and, therefore, so useful.

And, as Houlihan rightly points out, the value of any such scheme can very much depend on the judge involved. Because “Judge Birss’ approach was to do his utmost to involve the candidate in his work and to devote a good deal of his time

to discussing the issues and practicalities raised,” says Houlihan, this should have been one of the more valuable schemes.

The opportunity to join the judge in his room and read files relating to a case that was due to begin on the second day of his marshalling provided, says Houlihan, a fascinating opportunity – particularly because he was able to quiz the judge on his own views and gain an insight into his approach to cases and how they should be dealt with.

Unique experiences

While every participant’s experience will have been different, depending on the court’s schedule for the days they took part, each seems to have found something of particular interest.

For Fox, sitting in on case management conferences offered the opportunity to observe the range and

relevance may not be able to argue persuasively for its admission.

The experience also, says Fox, gives you an idea of what to expect if you appear in the court either as a representative or as an advocate. “The judge is obviously very well informed and he engages with the advocates. He will ask challenging questions and his job is to make sure the PCC can function well as the kind of court it is meant to be.” This means, she continues, that: “he has to maintain a tight rein on what gets admitted, whether cross-examination is allowed, how much evidence is allowed, etc. So it is his job to impose restraints and the parties’ job to argue for what they need. The idea is that you get a happy medium.

“Handling litigation is something many Patent and Trade Mark Attorneys have been slow to get into. But I think it is changing and I think it needs to change. It’s obvious that the nature of our job and the work that our clients require us to do are changing, and we have to adapt. Marshalling schemes give us a window into this new type of work – a way to prepare to do it in a competent and confident way.”

‘There is no reason we should not use the rights to appear and to litigate before the PCC. I’m not sure these rights are being fully deployed by most attorneys, and if we don’t, the question that may eventually be asked is “Why do we have them?”’

proficiency of those providing advocacy in the court. While many of those acting as advocates were experienced counsel, quite a few were junior counsel and there were also some solicitors.

Fox says: “Some of the advocates were very good on the specialist IP issues that arose, and some of them were not as well informed on IP law. The PCC, of course, is designed for small and medium-sized enterprises, entities that would not have the money to litigate or enforce an IP Right in the High Court, and some of the less IP-experienced counsel may have been retained because their clients did not have a great deal of money.” The level of an advocate’s IP awareness can have an impact on a client’s case, recounts Fox, since the judge may challenge the need for certain evidence and an advocate who is not well-placed to show its legal

Backing her up, Alan Fiddes believes he now has a much clearer understanding of what Judge Birss expects from those who appear before him, how they should prepare cases and where they actually need to focus their efforts, and it has given him a great deal more confidence to take a case to the PCC when the opportunity arises. “It has shown me that there is no reason why, as Trade Mark Attorneys, we should not be successful before the PCC in the same way that many of us take *inter partes* proceedings before the UK IPO.”

Cost concerns

Carmel Corcoran, too, was pleased with the chance to see just how proceedings are managed by Judge Birss: “What really impressed me was that he wanted to have a dialogue – but not an unpleasant dialogue! – with the counsel. So if you go in there prepared to be helpful and

to get to the point, I think representing a client in the PCC would be rather a pleasant experience.”

However, while the purpose of the PCC is to provide an accessible, affordable forum, Corcoran still feels there are many clients for whom the cost remains too high and, considering her own client base, she feels her ability to take advantage of the PCC is limited. This hasn’t stopped her discovering some new enthusiasm and practice ideas from her marshalling experience.

Of great interest for her was the chance to witness some quite complicated costs applications and very detailed related issues, such as the treatment of conditional fee agreements: “If we are trying to offer [advocacy in the PCC] to our clients, it will be important that we can offer a competitive price, and are able to present our costs in the correct way, so that we can refund those costs for our clients should we win.”

She was also able to discuss with the judge the option of presenting trade mark cases – those which don’t involve cross-examination or expert evidence – on paper, eliminating the need to appear in court. “I feel that is something that would really bring down costs and make it very competitive,” remarks Corcoran.

In fact, she continues, before going on the scheme she wondered whether, with Judge Birss taking such a muscular approach, there was any need for counsel. And, while smaller trade mark clients may think that they could represent themselves, she says, “what I learned is that it is actually still quite complicated procedurally for the layman. So there is potentially a good market for Trade Mark Attorneys there if we can make it a cheaper experience, while providing that necessary experience. Solicitors have the market really, and we need to offer something as good but cheaper. It has made me really enthusiastic about doing something at the PCC, but finding the right client is the challenge.”

Ultimately, the experience has demonstrated to Angela Fox that providing advocacy at the PCC “is a job we should be doing for our clients. We are admirably placed to be advising on IP issues, we know the cases our clients bring us, we know the rights that our clients have; there is no reason we should not use our rights to appear and to litigate before the PCC. I’m not sure these rights are being fully deployed by most attorneys, and if we don’t, the question that may eventually be asked is ‘Why do we have them?’” ■

Proper preparation

Carrie Bradley sums up the UK IPO's most salient advice on preparation of evidence

Mid-March saw a seminar take place in Leeds (hosted by Walker Morris) on the theme of the preparation of evidence before the Tribunal Section of the UK IPO and a discussion on the extent to which Trade Mark Tribunal proceedings are *res judicata*. Here is a summary of the points raised and tips shared by speakers from the UK IPO, Allan James (Head of the Trade Mark Tribunal) and Oliver Morris (Principal Hearing Officer).

James began with an introduction to the role of the UK IPO Tribunal and provided statistics concerning the nature of its users and the proportion of opposition proceedings. He commented on the Tribunal's role in its provision of access to justice, the implications being that the longer proceedings take, the more they cost in time lost to the business and in legal fees. He noted that there is a Governmental policy objective to try to reduce costs and increase access to justice by making the opposition process less burdensome for businesses.

James went on to discuss the role of pleadings, providing some practical dos and don'ts for practitioners. He stressed that the pleadings should make it clear to everyone what the case is and that, together with the defence, they should identify the disputed facts and the scope for evidence. He commented on the problems that arise when duplicative

and speculative grounds obscure a case, a situation that is often only appreciated after the evidence is filed. He encouraged practitioners to avoid satellite disputes over matters of little importance and reminded us that the evidence must support the pleadings. He advised us to give careful thought from the outset when we draft pleadings so that we ensure that the evidence available supports the correct issues. He stressed the following practice points in respect of grounds within pleadings:

- Don't use bad faith as a belt and braces or make-weight ground.
- Always drop grounds at the first opportunity if you realise they are unnecessary.
- Don't duplicate the same case under section 5(2), 5(3) or 5(4) - for example, if pleading section 5(2), don't also plead section 5(4) if the use has been in respect of the same mark and same goods or services as those for which it is registered.
- Don't expect to bring a section 5(3) case without saying what the unfair advantage or detriment is.

Tougher line

James commented that a more proactive approach is now being taken with regard to case management. A tougher line is now being taken on requests for extensions of time and requests to

stay proceedings. In respect of stays, the policy is to allow a reasonable period for negotiated settlement, but at the same time, these negotiations should not be permitted to drag on for years. He justified this with the arguments that the cooling-off period (18 months) is provided to allow for negotiations, that relevant evidence can become more difficult to find the longer proceedings take, and that third parties may be awaiting the outcome.

James outlined future proposals for the Tribunal Section, including the now much-documented "fast track" opposition procedure for section 5(1) and 5(2) oppositions. On 22 March 2013, the UK IPO launched a consultation document that invited views on this subject and also on the proposed introduction of a refundable appeal fee for *inter partes* appeals to the Appointed Person.

Content of evidence

Morris provided practical tips and guidance on the role and nature of evidence in proceedings. In brief, some of his key points were:

- A reminder that the role of evidence is to resolve arguments about facts only - general "submissions" should be made separately. Furthermore, submissions about the law are best made by the Trade Mark Attorney, not by the client.



'Allan James (Head of the Trade Mark Tribunal) advised us to give careful thought from the outset when we draft pleadings so that we ensure that the evidence available supports the correct issues'

- Witnesses should be selected according to whether they have the relevant first-hand knowledge of the facts, or access to the records, to avoid problems with hearsay and the evidence being assigned little or no probative weight. It is permissible for a Trade Mark Attorney to file a Witness Statement in order to submit a simple website extract (or other such sample directly obtainable from the internet), but an Attorney should not submit anything that relates to the internal records of the client's business.
- A reminder that evidence is not always obligatory. For example, section 5(2) opposition cases can often be decided without it. He commented that evidence rarely has much influence on the outcome of this ground.
- A tip that section 5(2) is often the only opposition ground decided, and therefore needed, for the opposition to be successful, which renders additional grounds pleaded and evidence filed unnecessary.
- A reminder that filing unnecessary or unfocused evidence often increases the costs to both sides and will be reflected in the costs analysis.
- A reminder that submissions about the law, supporting case law and why the substantive case should win or lose, should be left to the end of the proceedings – either at the hearing or in writing in lieu of a hearing. They are not expected to be covered in the grounds of opposition. Likewise, during the proceedings, submissions should be limited to criticisms or challenges of the other side's evidence.

Res judicata

James provided a reminder of the policy behind *res judicata* ("a matter judged"), the legal principle that once there has been a determination of a legal issue it should not be possible for the same matter to be raised in

subsequent proceedings, thereby providing the parties concerned with finality in litigation. He outlined the three principal types of *res judicata*:

- Cause of action estoppel - where the same cause of action has already been heard between the same parties and same subject matter.
- Issue estoppel - where the same issue has been raised or addressed in a different venue. For example, if a matter is heard in UK proceedings and then pursued in subsequent Community Trade Mark proceedings, this would be likely to give rise to issue estoppel.
- Abuse of process - this typically concerns raising matters in later proceedings that should have been raised in earlier ones.

James highlighted examples of case law that demonstrated these forms of estoppel, including *Hormel Foods Corp v Antilles Landscape Investments NV* (known as "SPAMBUSTER"). In that case, further invalidation proceedings (subsequent to those heard in the Registry) were prevented from being pursued between the same parties in the High Court on any grounds, even though different grounds were being pleaded – demonstrating cause of action estoppel. Furthermore, a subsequent attempt to revoke the mark concerned, on the grounds that

it had become generic, was deemed to be an abuse of process, as this matter should have been raised in the original proceedings between the parties (although James noted that this would not have applied to a subsequent revocation action on the grounds of non-use as it would have applied to a different period of time). James also noted that some consider this case to be an extreme application of *res judicata*.

James discussed the extent to which Trade Mark Tribunal proceedings are *res judicata*. In summary:

- Trade mark opposition proceedings cannot result in *res judicata* - they do not involve a cause of action as such (rather the issue is artificial), so re-litigating issues raised in oppositions will not usually be deemed to be an abuse of process.
- Because trade mark opposition proceedings are not final, they do not create issue estoppel.
- Invalidation and revocation actions (other than non-use) may prevent further such applications from the same party on any grounds.
- Issues decided in invalidation or revocation proceedings may give rise to *res judicata* and thereby prevent the issue being reopened in other proceedings (for example, litigation proceedings). Indeed, it may be an abuse of process to do so. ■

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Carrie joined the profession in 2001 and advises on all aspects of IP protection, enforcement and dispute resolution. She specialises in contentious trade mark, design and copyright matters, and advises clients on pre-litigation issues.



New gTLDs - what next?

Nick Wood considers the ICANN process and explains the tools available to brand owners as they negotiate the rapid rise in registry options

Some time in the late summer or early autumn, the first of more than 1,350 new generic top-level domain (gTLD) registries will be launched. We don't know what the inaugural string will be, but we do know that it will be an international domain name (IDN) – perhaps the Catholic Church's 天主教 (.catholic in Simplified Chinese) or Amazon's ストア (.store in Japanese), which drew numbers one and two respectively in the Internet Corporation for Assigned Names and Numbers' (ICANN's) Prioritisation Draw last December.

And we also know something about the strings that won't be proceeding. Of the 1,930 applications received by ICANN, 56 have now been withdrawn, including more than 25 from IP owners related to company names (such as .chartis) or brands (such as .cialis). These entities will receive a 70 per cent refund of their \$185,000 application fee from ICANN.

Conflicts centred on the 230 strings with multiple applicants, such as .app, .home and .art, are starting to resolve as back-room deals and private or ICANN-sponsored auctions are arranged. A small number of other applications will fail; Saudi applicant Olayan Investments, for example, was the first to flunk an initial evaluation because it did not provide sufficient financial information.

So, from the autumn, rights owners will be faced with anything between 10 and 50 registry launches a month. Does a 400 per cent increase in the number of registries mean a similar increase in abusive behaviour? Not quite; 46 per cent of all applications were made by brand owners, many of which will be so-called Closed or Trusted Registries, and will be operated in line with commercial goals that will not allow third-party registrants. This still leaves more than 1,000 registries

through which almost anyone can register anything.

Recognising this, and to assist rights owners in protecting themselves, ICANN has supported the development of two new tools, the Trademark Clearinghouse (TMCH) and Uniform Rapid Suspension system (URS). So, what are these for and how will they work?

The TMCH

The TMCH is not really a rights-protection mechanism. It is a cost-management system. It allows trade mark owners to deposit their mark information into one centrally managed database for a single fee. Previously, new registries have been able to charge rights owners time and time again to validate the same registration data.

Trade marks successfully submitted to the TMCH can be used, subject to ICANN's proof of use requirements, to participate in all new gTLD Sunrises (the Sunrise is a 30-day priority period

development: it is targeted to roll out by 1 July 2013. No new registry can launch until this target has been completed.

TMCH strategy

In developing a strategy for the TMCH, you should consider:

Which marks to submit. Review the Open Registries where you need protection. Do they have a nexus requirement? For example, if you want protection in the .paris and .berlin registries, will one mark cover both jurisdictions or will you need to submit two marks? Do your preferred marks carry up-to-date ownership details? Will there be issues around assignees? What proof of use will you supply (mandatory if you want to participate in Trademark Claims)?

Timing. Deloitte says that it takes it 20 calendar days to validate a submission. ICANN requires new registries to give 30 days' notice before they open. A 10-day margin is fairly slim. The active life of your TMCH

'From the autumn, rights owners will be faced with anything between 10 and 50 registry launches a month. Does a 400 per cent increase mean a similar increase in abuse?'

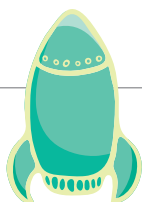
when eligible trade mark owners can apply to a registry to obtain a domain name matching their trade mark) and the Trademark Claims service (a 90-day period following Sunrise, during which trade mark owners are notified, via the TMCH, of any domain registrations in new gTLDs that match their marks).

The management of the TMCH is split between Deloitte (Belgium), which is operating the validation system, and IBM, which is building the technical back-end to which all new gTLD registry operators must connect. Deloitte began accepting trade mark data for validation on 26 March 2013. IBM's technical system is still under

submission will commence when the first registry goes live.

How long you wish to subscribe your mark to the TMCH. Deloitte is offering one-, three- and five-year options. As every new registry should be open within two years, a one-year subscription may be too short, but three may be too long.

Whether you will interface directly with the TMCH or use an intermediary. If you go direct, you will need to prepay a \$15,000 deposit or have multiple credit cards ready to pay for 10 registrations at a time. You will also need to store and manage Signed Marked Data files.



Trademark Claims notices. Who will receive them in your organisation across the 90 days that they last? How will you react if a registration is made by a third-party regardless of a Claims notice? Have you got a list of up to 50 abused “brand-plus” terms (such as “lego-toys”) that have been the subject of Uniform Domain-Name Dispute-Resolution Policy (UDRP) or court actions on which you can also receive Claims notices? What happens if such terms are, for example, applied for in the .auto registry when your registrations are in class 15 for musical instruments?

Costs. Deloitte has developed a complex pricing structure. The official fees are \$150 for a single mark for one year, \$435 for three years and \$725 for five years. Renewal costs are the same as submission costs (which is steep as revalidation is not very arduous). It is offering agents who sign up with TMCH discounts based on volume, which commence only after the first 1,000 submissions. If you use an agent to help you, you will also need to pay its fees.

Finally, remember that the TMCH is a floor not a ceiling. Inclusion in the TMCH does not necessarily mean that you will be able to participate in the first phase of every Sunrise. Some registries will, for example, prioritise marks owned by local companies.

The URS

The URS system was devised by the ICANN community, including trade mark experts and those who favour free speech over rights protection, as a way to offer brand owners a quick and inexpensive alternative to the well-

known UDRP for cases of clear-cut infringement in the new gTLDs.

The URS is an out-of-court dispute-resolution mechanism for trade mark owners who believe that their rights are being infringed by a new gTLD domain name registration. With fees in the range of \$300 to \$500, it is intended to be inexpensive in contrast to the UDRP, which ranges from \$1,300 to \$1,500. The URS is targeted squarely at “slam-dunk” cases of trade mark abuse, and is faster and less complex than the UDRP and other Dispute Resolution Service (DRS) models. The initial review by the DRS provider is designed to take two business days and the determination by a neutral panellist appointed by the DRS provider is expected to take less than a month.

The relatively low target fee attracted criticism from potential providers – WIPO and the National Arbitration Forum (NAF) – as being unattainable, but when ICANN published a Request for Information for potential URS providers in November last year, it received several responses. Now ICANN has announced that it has appointed the NAF as the first URS provider, which will be joined by two others that had not been announced at the time of writing.

The remedy for a successful URS complaint is to “suspend” (ie, render inactive) the domain and associated website until its expiration date. There is no transfer to the complainant. A prevailing trade mark owner can extend the suspension for one year by paying the registration fee; once the suspension ends anyone can re-register the domain name.

A redline version of the URS is published on ICANN’s new gTLD

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Accredited registrar Com Laude and consultancy Valideus supported more than 120 applications by brand owners.

website at <http://newgtlds.icann.org/en/applicants/urs>. There are two new elements in this latest version. First, a bifurcation between a “Default” and “Final” Determination has been introduced; this is intended to clarify that even in a Default case, where the Examiner won’t have a “full record” on which to base its decision, the URS requirement that “all Default cases proceed to Examination for review on the merits of the claim” (6.3) remains intact. This is similar to the Nominet DRS model of Summary and Full Decisions.

Second is the URS Rule requirement that all complaints must be filed in English (Rule 9), whereas the response can be in “the predominant language used in the registrant’s country” (4.2). It is the URS providers who must translate the actual notice of a URS complaint. ■

New gTLD objections

An objection to a new gTLD application can be made on four grounds. The table below summarises the position when the objection filing deadline closed on 13 March 2013:

Type of objection	Grounds	No.	Example (Complainant first)
String confusion	An applicant or existing registry operator feels an applied-for string is too similar to its own	67	Merck & Co Inc v Merck KGaA over .emerck
Legal rights	String infringes a party’s trade mark rights	71	Motorola v United TLD over .moto
Limited public interest	The string violates accepted international legal norms on morality and public order	23	Prudential Financial v Fidelity Brokerage over .mutualfunds
Community	A party feels that an application purportedly representing a community does not do so	113*	United States Polo Association, Inc v Ralph Lauren over .polo

* Professor Alain Pellet, the Independent Objector appointed by ICANN to object on behalf of communities without the ability to object, filed 13 Community Objections, including, for example, against Google’s application for .med.

IPKat turns 10

To mark a decade of this unique voice in the IP news world, Jeremy Phillips offers an insight into the inner workings of the popular blog



As IPKat celebrates his 10th birthday, the time is ripe to take a peep at how the IPKat, Merpel McKitten and their human assistants operate in that highly active slice of the legal blogosphere occupied by IP. For readers unfamiliar with him, the IPKat is a fictional cat who writes about IP law, practice and commerce with a positive message: that, for all its faults, IP is a positive force for the world we live in. IPKat also has a positive aim: to educate everyone who is touched by IP – owners, their competitors, practitioners, judges, policy-makers, administrators and even infringers – so that they know what IP is and what it is there to do. In short, the Kat believes that people who know their IP make better decisions in their lives than people who don't.

A few IPKat facts and figures:

- Over the past decade the blog has published getting on for 8,000 "Katposts", a figure that grows by between 12 and 20 each week.
- Katposts are received by more than 8,600 email subscribers, more than 6,000 followers on Twitter and around 3,500 RSS feeds, while the number of casual visitors to the blog is fast approaching the five million mark.
- Around 70 per cent of these posts come from me, acting as blogmeister, the remainder coming from my IPKat team-mates. Working alongside me are five permanent Kats (Darren Smyth,

David Brophy, Annsley Merelle Ward, Eleonora Rosati and Neil Wilkof), with two more currently on sabbatical leave (Birgit Clark and Catherine Lee). Every six months three guest Kats are appointed to offer fresh perspectives.

Collective efforts

It's a joint project. None of the individual contributors to the blog is the IPKat or his sharp-commenting companion Merpel (who joined him with her slightly more mischievous take on events in 2004). The rule is that if the team thinks a blog post reflects an opinion with which everyone will agree, the post comes under the heading of "the IPKat says". In contrast, personal views are expressed as "this Kat says" – and views that the team wishes to leave unattributed are generally placed in the mouth of Merpel.

A third fictional feline, the AmeriKat, emerges from time to time to give an account of US developments, though like all good Americans she takes a lively interest in the goings-on in the Old Continent.

While real cats spend most of their day asleep, the IPKat spends most of his time reading and answering emails. Information, comments and suggestions pour in constantly from a wide variety of sources that include employees and officers of major IP organisations, businesses with IP portfolios, IP practitioners, students, politicians and members of the lay public who seek legal advice, often at a basic level. Much of the information received will find its way into blog posts, though a good deal cannot be published – usually because it is confidential, defamatory or can't be verified.

A lot of excellent and important material is not published on the IPKat site for the sake of the

well-being of readers, who often complain about being bombarded with communications. The IPKat therefore channels quite a lot of news and views into several IPKat-approved specialist blogs covering, among other things, IP finance, patent litigation, copyright and, the nerdiest of IP subjects, supplementary patent certificates.

Like real cats, IPKat team members generally operate alone. We do, however, cooperate on big posts that may require expertise, information or skills that no single Kat possesses. We also try to ensure that no Kat blogs on his or her own firm's cases if possible. Any Kat is free to amend, edit or even take down an earlier post by a colleague if he or she feels that it is wrong or can be improved upon, though this is not a frequent occurrence.

With a blog team scattered across the globe (four continents, anyway) and many legal cultures, the IPKat blog can give a bright, contemporaneous and ever-varied account of IP in all its guises. With the help and support of its readers, the blog team hopes to do so for the next decade, too. ■

Find the IPKat and his colleagues at ipkat.com

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Jeremy has held academic positions at various universities, is founder editor of the *European Trade Mark Reports*, and currently also edits the *Journal of Intellectual Property Law & Practice*.

Salaries in the spotlight

Recruitment firm Fellows and Associates has compiled an overview of compensation in the IP industry. Here are few of the key facts it found:

The recession does not appear to have had an affect on IP professionals' salaries, as significant increases are common across the board (see figures 1 and 2). On average, each year of qualification experienced £5,000 to £10,000 year-on-year increases (this represents a comparison of the average salaries from each survey).

It appears that for part-qualified or recently qualified attorneys, working in industry is more lucrative than working in private practice. However, the difference is less stark compared to the previous year, a result that may be due to a smaller sample size (see figures 3 and 4).

While the sample was heavily skewed in favour of male respondents, it is clear that there is an earnings gap between men and women. While far-reaching conclusions about any gender-based remuneration discrepancies in the IP profession cannot be drawn, the survey shows that for the second year in a row a gap has existed (see figure 5).

As a general overview, the average salary increase sought by respondents is 20.2 per cent of current salary, and 73 per cent of respondents indicated that they would be willing to relocate to obtain their desired salary. Most would relocate in their current region, but a high proportion of 20 per cent indicated that they would relocate to a country outside Europe (see figure 6). Where the survey drilled further into the desirability of specific locations, the US or Canada was most preferred (63 per cent). While France and Germany were the top European preferences, 45 per cent were prepared to go as far afield as Australia or New Zealand.

'While the sample was heavily skewed in favour of male respondents, it is clear that there is an earnings gap between men and women'

FIGURE 1: AVERAGE SALARY BY YEAR OF FIRST QUALIFICATION

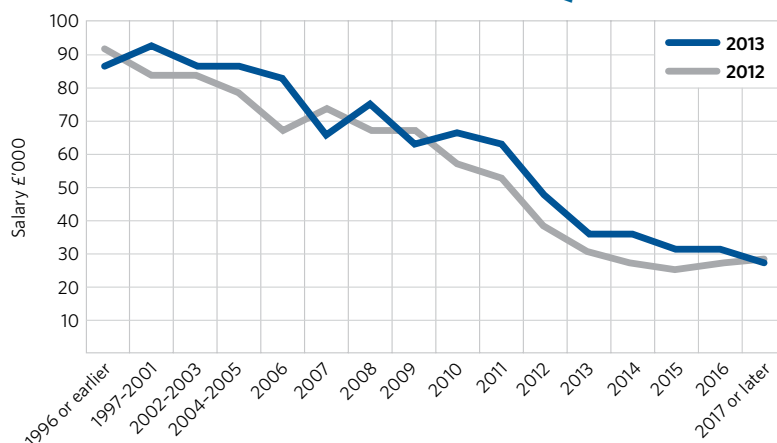


FIGURE 2: AVERAGE PERCENTAGE INCREASE 2012 TO 2013

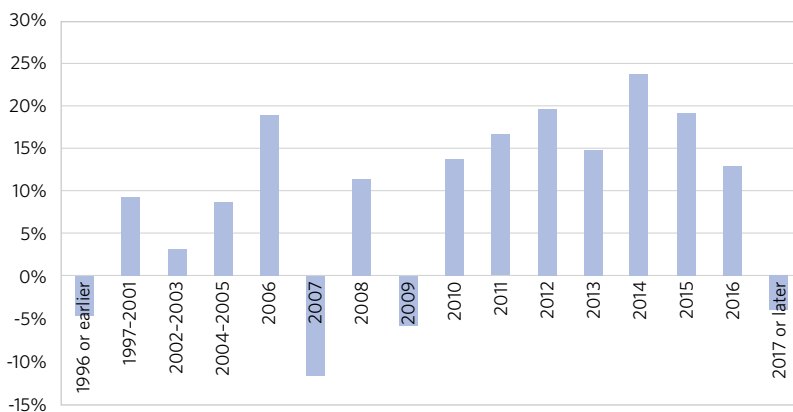
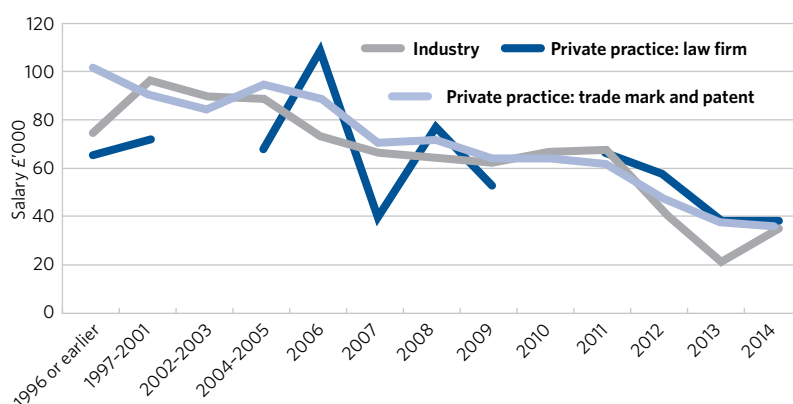


FIGURE 3: AVERAGE SALARY BY EMPLOYER TYPE



Those working in industry are generally more willing to relocate than those in private practice. Notably, those in industry are also far more willing to relocate internationally. This could be due to the nature of in-house work, as it often involves large multinational organisations. Similarly, many in-house attorneys are only EQE qualified (due to the nature of their roles), and so tend to be less concerned by the value of local qualifications and move more readily across Europe.

Looking towards the future, when asked their level of optimism regarding the job market, the responses showed 46 per cent very or somewhat optimistic, while just under 20 per cent registered being very or somewhat pessimistic. On the subject of their own careers, more than half were at least somewhat optimistic about their prospects (see figure 7).

Report compiled by Michele Fellows, Director and Management Consultant, fellowsandassociates.com

Note: Data in figures 1, 2, 3, 4 and 5 is based on year respondents obtained (or expect to obtain) first qualification. Data collected between 8 January and 28 February 2013 from representatives of the IP profession, and represents the responses of up to 223 respondents. Respondents from the UK made up 86 per cent of the sample and 14 per cent were international.

FIGURE 4: AVERAGE SALARY BY EMPLOYER TYPE YEAR ON YEAR

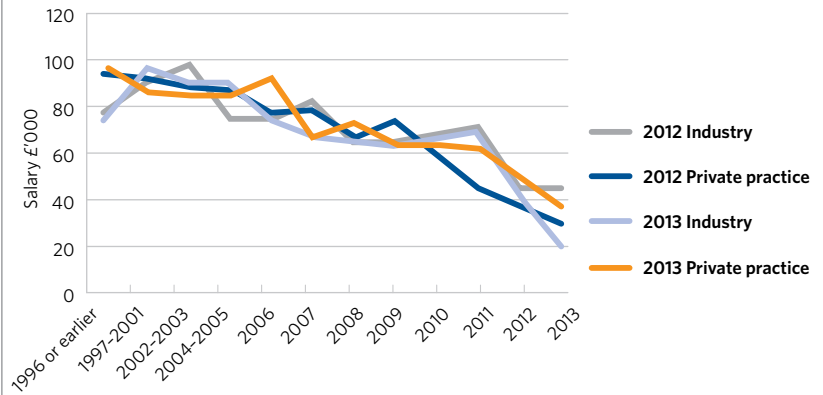


FIGURE 5: AVERAGE SALARY BY GENDER

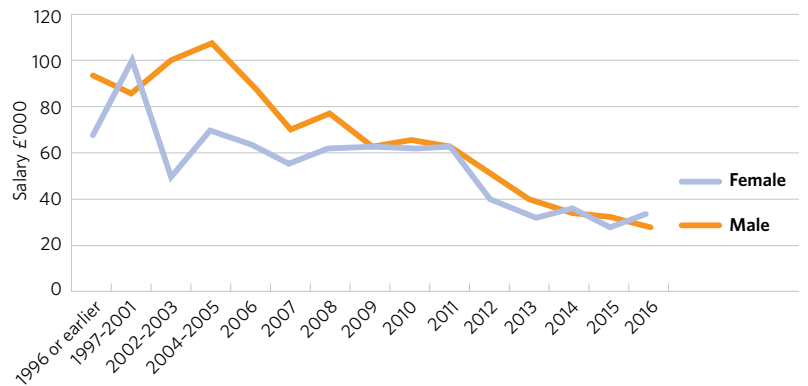


FIGURE 6: WILLINGNESS TO RELOCATE

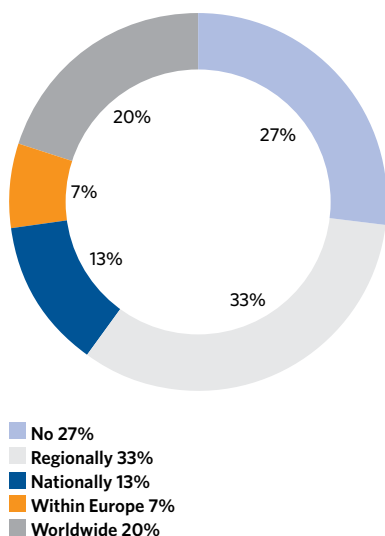
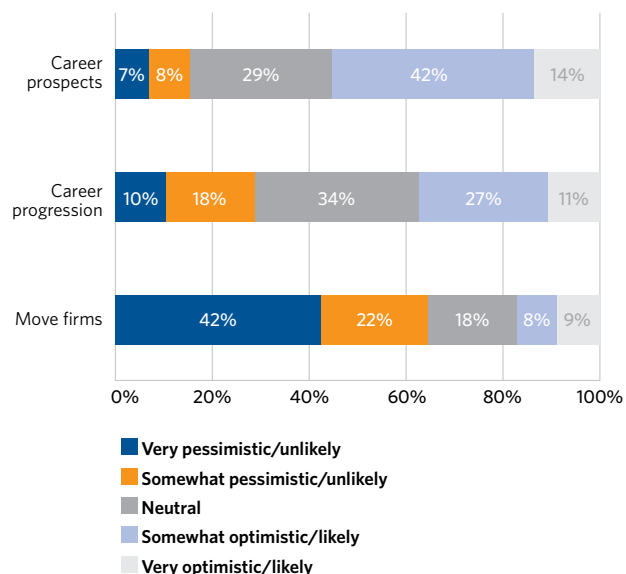


FIGURE 7: OPTIMISM REGARDING CAREER



Trade marks and tax

Nisha Kumar and Stuart Rogers unravel the complex world of offshore IP

When Google, Amazon and Starbucks faced the wrath of the Public Accounts Committee last winter, accused of “immoral” tax practices, their IP strategy may not have been the specific focus of its ire. Nonetheless, how large organisations account for the value and income that they receive from their mighty brand identities is part and parcel of the type of practices that came in for criticism on a very public stage.

Despite the risk of bad publicity that can result from such practices, some large multinational companies make huge tax savings by transferring their IP (including their entire trade mark portfolio and residual goodwill) to an offshore IP-holding company located in a low-tax jurisdiction.

An “offshore financial centre” (sometimes referred to as a “tax haven”) is usually a low-tax jurisdiction that specialises in providing competitive corporate and commercial services to non-resident companies and a tax-friendly home for investment funds. Popular jurisdictions for offshore IP-holding companies include the Crown Dependencies (the bailiwicks of Jersey and Guernsey, and the Isle of Man); British Overseas Territories, such as the British Virgin Islands, the Cayman Islands and Bermuda; and even

some countries in the European Union, such as the Netherlands, Luxembourg and the Republic of Ireland.

Complex undertaking

A project to offshore a trade mark portfolio can be a complex undertaking, the execution of which can take considerable planning and thought.

The objective in this exercise is to transfer the ownership of a valuable brand from a UK company to an offshore IP-holding company in a low-tax jurisdiction. This company then licenses the use of the brand back to the UK company, in exchange for a royalty. This royalty is deducted from the profits made by the UK company as an operating cost to the UK business. The UK company's profit (which is subject to UK corporation tax) is therefore reduced. The income from the royalty is taxed at the rate of the low-tax jurisdiction. In effect, profits are shifted from the high-tax jurisdiction to the low-tax jurisdiction.

To benefit from this arrangement, the trade marks must first be transferred into an offshore IP-holding company in a low-tax jurisdiction. This transfer must reflect market value. This transaction is subject to tax, and

for a brand that is well-established this market valuation can be substantial. So one of the challenges facing companies pursuing this strategy is how to legitimately keep the valuation of the trade mark portfolio low, thereby reducing the tax liability of this initial transfer.

To some extent, this tax liability can be mitigated using two techniques.

The easiest option is to transfer the trade mark portfolio into an offshore IP-holding company when the portfolio has no established value. A business that does this would require the foresight to structure its business in this way prior to fully launching its business. Once the business is operating under (and generating business through) the brand, it would be difficult to argue that the brand has no value.

Alternatively, it is possible to hive the trade mark portfolio into a newly formed subsidiary. This subsidiary could then migrate from its status as a UK-resident company to a status as a foreign tax resident company in a low-tax jurisdiction. This would mean that the subsidiary that holds the trade mark portfolio (although a UK company) would pay tax to a low-tax jurisdiction where it is now a tax resident. This transaction would also be subject to tax at the point at which the UK company migrates. This accounts for the assets effectively leaving the UK jurisdiction for tax purposes (although it is possible to apply for deferral relief here). This arrangement also falls directly within the UK Controlled Foreign Company (CFC) rules.

Commercial substance overseas

Although there have been recent attempts to make them more business-friendly, the CFC rules remain complex. In essence, they seek to make the profits of a UK-controlled foreign subsidiary (including offshore IP-holding companies to which IP has been transferred during the past six years) subject to UK corporation tax where there is an absence of sufficient “commercial substance” overseas. It is therefore becoming increasingly difficult to set up an offshore IP-holding company solely for the purpose of reducing tax liability.

And, in demonstrating that the offshore IP-holding company has

commercial substance, there are important issues to overcome. First, the UK company must show that the royalty compensation agreed is based on an arm's-length transaction (one in which the two parties are independent).

Second, the directors of the offshore IP-holding company must show that they are properly managing the trade mark portfolio to justify the existence of the company. If they are not, an argument can be made that the offshore IP-holding company does not deserve a royalty.

This is an issue of corporate tax residency. Companies are generally considered tax-resident where they are incorporated. However, the UK has a secondary test, which makes the income generated by a foreign company subject to UK corporation tax where that foreign company is managed from within the UK. So if the existence of the offshore IP-holding company is purely for tax mitigation purposes and the real decisions relating to the management of the brand and

trade mark portfolio are taken in the UK by the UK company, the offshore IP-holding company is still going to be UK-resident for tax purposes and the initial transfer of the trade mark portfolio offshore (and the tax that transaction would have incurred) will have achieved nothing.

If an offshore IP-holding company wants to show that it has commercial substance overseas, it should have a solid board of directors, suitably qualified and sufficiently competent

'If an offshore IP-holding company wants to show that it has commercial substance overseas, it should have a solid board of directors, suitably qualified and sufficiently competent to allow them to make decisions'

to allow them to make real decisions about the trade mark portfolio and to manage the brand. The board should also meet outside the UK, preferably where the company is incorporated, and substantive business decisions need to be made in those meetings and be well-documented.

Withholding tax

The UK Government charges a withholding tax (at a standard rate of 20 per cent) on the payment of royalties arising out of a trade mark licence payable to a company based outside the UK. Having said that, the UK has entered into tax treaties with several countries, which can reduce or completely remove this withholding tax liability.

If the offshore IP-holding company is not resident in the EU or in a jurisdiction with which the UK has a suitable double tax treaty, the withholding tax will be due. If the UK company cannot eliminate or materially mitigate the payment of the withholding tax then, again, the

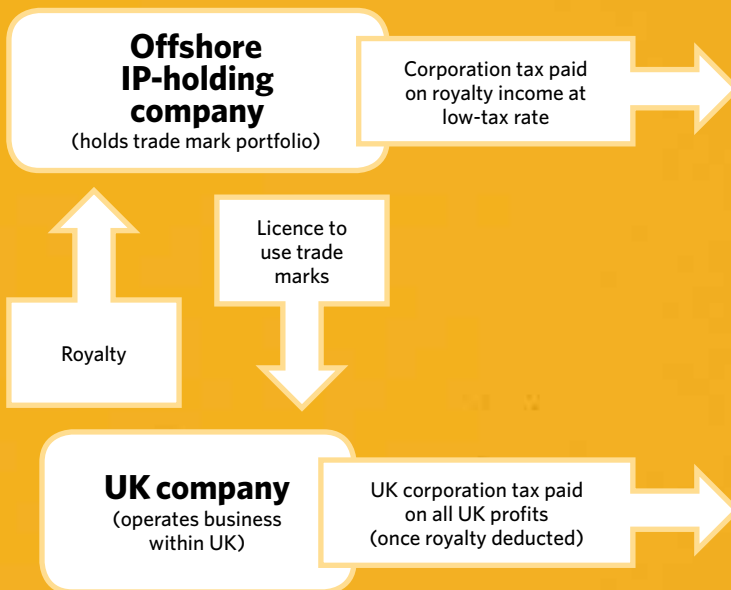


IP ownership options

Fig 1: Traditional company structure



Fig 2: IP-holding company structure



use of the offshore IP-holding company will have achieved nothing. The choice of location of the offshore IP-holding company is therefore crucial in reducing the withholding tax liability as far as possible.

This rules out the Crown Dependencies and several of the British Overseas Territories (such as the British Virgin Islands, the Cayman Islands and Bermuda), which do not have full double tax treaties. A handful of jurisdictions are left to consider: the Netherlands, Ireland, Luxembourg and, at least prior to its recent financial difficulties, Cyprus.

While businesses have been negotiating the pitfalls of the above, the Coalition Government has been busy attempting to make the UK corporate tax regime the most attractive in the G20. There have been several changes, but perhaps the most important has been the reduction of the mainstream UK corporate tax rate from 28 per cent in 2010 to 20 per cent for profits generated from 1 April 2015 onwards. A 20 per cent rate may not be as low as that in some of the countries mentioned, but it is close enough to make UK directors think twice before taking on a huge amount of cost and risk in moving their trade mark portfolios offshore.

Practical considerations

Aside from any tax benefits, creating a pure IP-holding company can also allow a business to more effectively monitor, protect and enforce its IP Rights. It also allows a business to separate out its income streams (ie those from the sale of the relevant goods and/or services, and those stemming from the use of the trade marks) and to properly monitor the value of its trade mark portfolio and the goodwill in its brand. However, for the reasons set out above, it is likely that the choice of jurisdiction for an offshore IP-holding company will be primarily influenced by a company's tax advisers. This can have major implications for the way that a company manages its trade mark portfolio.

'A 20 per cent rate may not be as low as that in some countries, but it is close enough to make UK directors think twice before taking on a huge amount of cost and risk in moving their trade mark portfolios offshore'

For starters, these companies are often keen to protect their marks in the countries in which they reside (especially if they have a commercial substance there).

Crown Dependencies

To consider the Crown Dependencies, Jersey does not have a local trade mark registration system, although UK trade marks can be re-registered in Jersey to extend protection there. Curiously, Community Trade Marks (CTMs) and international (ie Madrid Protocol) registrations that designate the UK and EU are automatically in force in Jersey, without the need for local re-registration.

Guernsey has its own local trade mark registration system. However, UK trade marks can also be re-registered here. CTMs and international registrations do not have effect in Guernsey. Finally, UK trade marks and CTMs, as well as international registrations designating the UK and EU, automatically extend to the Isle of Man.

British Overseas Territories

Most of the British Overseas Territories offer extension of a UK trade mark through a process of re-registration,

although this does vary depending on the jurisdiction. For example, only proprietors of UK trade marks or CTMs (or international registrations designating the UK or EU) can register their marks in the Cayman Islands, by filing a request for an extension of the existing registration. There is no local equivalent registration system.

The British Virgin Islands have their own local trade mark registration system. However, UK trade marks (not CTMs and international registrations) can also be extended there.

Bermuda also has its own local trade mark registration system. However, as the Registry automatically deems that UK trade marks meet the registrability criteria in Bermuda, it also offers the proprietors of UK trade mark registrations (not CTMs or international registrations) the ability to re-register their trade marks in Bermuda expeditiously (at the discretion of the Registrar).

National trade mark applications

For countries based in non-Crown Dependency or non-British Overseas Territory jurisdictions, it is necessary to file a national application (or, in the case of the Netherlands and/or Luxembourg, a Benelux application). If the IP-holding company is based in the EU, it can obtain a CTM to cover the entire EU territory.

Madrid Protocol applications

To benefit from registration via the Madrid Protocol, the IP-holding company must be a national of, be resident in, or have a real and effective industrial or commercial establishment in a Madrid Protocol country, and the basic application or registration on which the Madrid Protocol application is based must cover that Madrid

Protocol country. However, not many of the Crown Dependencies or British Overseas Territories have signed up to the Madrid Protocol. In fact, of the territories discussed above, only the following offshore IP-holding companies could apply for, or hold, an international registration based on the Madrid Protocol:

- a Dutch company or Luxembourg company owning a Benelux or CTM application or registration;
- an Irish company owning an Irish or CTM application or registration;
- an Isle of Man company owning a UK or CTM application or registration (although this may be a less preferable option, as withholding tax would be due).

Suitable shift?

Over the past few years there has been a general shift away from favouring the use of traditional “tax havens”. This has been further compounded by the government’s focus on discouraging “immoral” “tax avoidance” practices and reducing the rate of corporation tax.

The current trend seems to be for multinational companies to base their trade mark portfolios in countries (such as those within the EU), where, although the tax rates are preferential, the banking laws are transparent. As well as protecting a company’s PR position (the damage to the Starbucks brand related to the public discussion of tax issues, although short-lived, has been marked), it is much more preferable, when it comes to selling the trade mark portfolio or looking for investment in the business, to have a structure that is not unduly complicated.

Further, IP-holding companies are having to show that they have a “commercial substance” in the territories in which they reside. For this reason, it is recommended

‘It is much more preferable, when it comes to selling the trade mark portfolio or looking for investment in the business, to have a structure that is not unduly complicated’

that a tax structure is chosen that, as far as possible, resembles the company’s true organisation.

The benefits of basing the offshore IP-holding company in the EU jurisdiction can therefore be manifold. As well as benefiting from the low tax rates in certain EU countries, it is possible to make a substantial saving through CTM protection and use of the Madrid system.

There is some debate about whether the UK will take the lead from the Netherlands and, following the launch of Patent Box, further incentivise the exploitation of other IP. If so, it may not be too long before UK companies think twice about offshoring their trade mark portfolios. ■

Note: The contents of this article do not constitute legal or tax advice.



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Talking points

Katherine Shaw offers tips on getting the best result from some of the most difficult workplace conversations

Have you ever replayed a conversation in your head, this time inserting the witty riposte that you didn't think of the first time? If only you had another chance at that conversation, you could get in that perfect retort!

The fact is, conversations don't always go the way we would like. And there are some conversations that can go very wrong. If a conversation goes wrong in the workplace, it can lead to friction, grievances or even a costly and stressful tribunal claim. With this in mind, any manager can benefit from a few practical guidelines when approaching tricky conversations.

But first, a crash course in employment law.

Think of employers as having an almost paternalistic role vis-à-vis employees. There is a duty of "trust and confidence" that exists between you. Acting unfairly or failing to look out for the employee's health and safety

(including stress levels) may breach this duty. You're most likely aware that treating people unfavourably because of a characteristic that is protected under discrimination law (such as race) is unlawful. And if you want to dismiss an employee, you must do so not only with a fair reason (for example misconduct, redundancy or poor performance), but also with a fair procedure.

What is a fair procedure, then? Most people will already have a sense of what is fair in any given situation: a fair performance procedure involves giving the employee a chance to improve by setting reasonable targets; a fair conduct procedure gives the employee the chance to respond to and refute allegations; and a fair redundancy procedure allows the employee to challenge and suggest alternatives to the business's redundancy proposals. The main message to take away is that dismissal on the spot will rarely be fair.

An unfair dismissal can cost the business as much as £87,700, depending on the employee's loss, and more if there has been discrimination or a breach of contract. Compensation for unfair performance or conduct dismissals can be increased by 25 per cent if flaws in the process breach ACAS's code of practice on disciplinary and grievance procedures. It's well worth taking a look at this nine-page code (available at acas.org.uk). Absent extreme circumstances, you will usually follow the stepladder approach of informal warning, first written warning, final written warning and dismissal. Employees also have the right to be accompanied to meetings discussing performance or conduct.

Putting this in practice

Managers are often called on to deliver difficult messages. Dealing with poor performance, turning down flexible working requests or having

a conversation when things “just aren’t working out”, are all occasions when you are delivering a message that an employee may not want to hear.

The first obstacle to overcome may be your instinct to ignore the issue, and wait and see. This is rarely the right approach. If there is a problem, it’s important to deal with it head on. Ignoring a problem usually makes things worse and limits your ability to (lawfully) take action later.

But dealing with an issue head on is not the same as rushing into it headlong. Before the conversation, plan what you are going to say carefully. What are you hoping to achieve? How is the employee likely to react? Does your firm have a policy governing how you should approach this kind of conversation? (If so, follow it.)

‘If there is a problem, it’s important to deal with it head on. Ignoring a problem usually makes things worse and limits your ability to (lawfully) take action later’

The words and tone you use (or avoid) will also be important. However emotive the issue, poor the performance or insubordinate the employee, you need to remain calm and reasoned. If a conversation becomes heated, don’t get drawn in, just end it.

Avoid using words that imply a decision has been made before you’ve followed the requisite procedure, or that you’re biased in any way.

Take a moment to consider whether the message you plan to deliver, and the way you plan to deliver it, would be seen by an outsider as being fair and reasonable. Most successful discrimination claims have at their root the contention that other employees would have been treated differently. Would you really say the same thing to, or expect the same thing of, the other employees you manage (for example, the ones you’d instinctively choose to sit next to at lunch)?

Think about the personality of the employee you are speaking to. Can you predict how they might react and tailor your approach accordingly? You don’t need a degree in psychology; just recognise that one size does not fit all.

A performance conversation doesn’t have to be a “telling-off”. It is two grown-ups considering the best way to

get the employee to fulfil their potential in light of the needs of the business. The targets are for the employee, but consider whether you can help the employee achieve them.

Problems can often be de-personalised by explaining the reasoning behind the conversation – for example, a flexible working request refusal will go down better if the employee understands and buys into the business rationale.

Applying common sense

Although it seems counter-intuitive, make a note of even informal conversations. If the matter about which you are speaking with an employee comes to a tribunal, it’s still your word against theirs, but a contemporaneous note can add more weight to your side of the story.

Good habits are a wonderful thing. Don’t fill out that annual appraisal half-heartedly, or miss it out altogether. Table certain matters for regular discussion so that employees will be less sensitive about them being raised (for example, future plans discussed at an appraisal will give a springboard for discussing retirement). Be approachable to the people you manage, so that they have the opportunity to raise things informally without feeling forced to resort to formal procedures.

Of course, just as not all footballers are role models, not all managers are mentors. But all employees are human beings, so why not reassess your working environment and be one of those managers who actively makes it better?

Finally, if the conversation you want to have is off-piste so far as conventional employment law is concerned (ie you want to end the relationship without following the lawful procedure), you may be able to come to a mutually beneficial arrangement, perhaps by way of what is called a Compromise Agreement. However, always tread carefully when broaching these ideas. The current without-prejudice rule (stopping the

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employee from taking the words you said in confidence and using them to form the basis of a tribunal claim) will only protect you if you are genuinely trying to resolve a dispute. Before making the offer, ensure the employee a) understands what without prejudice means, and b) agrees to apply it to the conversation in hand.

The Government plans to introduce a variation on the without-prejudice regime, which may help anyone having the “it’s just not working out” conversation, but it’s safest to assume anything you say may be repeated openly (and temper your words accordingly).

I’ve no witty riposte with which to end this, but hopefully some of these principles will help you hold the next tricky conversation without subsequently regretting what you said – or didn’t! ■

Raising the bar

Ian Drew and Michael Wolnizer explain the effects of Australia's new trade mark opposition procedures

On 15 April 2013, amendments to the Trade Mark Regulations 1995 came into force in Australia, effecting the most significant changes in respect of opposition case management since the system was first introduced. This article sets out the 10 key changes and new procedures.

Reduced opposition period

The opposition period has been reduced from three to two months for applications published for opposition after 15 April 2013. All that will be required to be lodged by the opposition deadline is a Notice of Intention to Oppose (NIO). As a result, UK attorneys should revisit the time frames for reporting on watching briefs to their clients.

Notice of Intention to Oppose

The NIO must be filed before the end of the opposition period and consists of a simple statement that the opponent intends to oppose registration.

It is no longer possible to extend the opposition deadline where negotiations for settlement are under way or where a potential opponent is researching whether the opposition is warranted and relevant grounds. The deadline can be extended only where:

- 1) there has been an error or omission by the opponent, its agent, the Registrar or an employee; or
- 2) there are circumstances beyond the control of the opponent, other than an error or omission falling within point one.

Statement of Grounds and Particulars

The amended Regulations introduce the Statement of Grounds and Particulars (SGP), which, together with the NIO, is taken to constitute the Notice of Opposition. The SGP must be filed within one month of filing the NIO and must include both the grounds of opposition and relevant factual particulars. The deadline for filing the SGP may be extended on the same limited grounds as an extension of time to file the NIO.

Typically, opponents have included all potentially relevant grounds of opposition in the Notice of Opposition as the material particulars generally crystallise during the evidence stages. Because the SGP must include particulars, an opponent must conduct its enquiries into the application early in the proceedings, especially if relying on grounds such as distinctiveness, bad faith, common law ownership and the assertion that the mark misleads or deceives consumers.

The time frame for lodging the SGP becomes of particular issue if asserting that the application is defective or accepted based on a false representation. To support these grounds it is necessary to obtain a copy of the official application file. This may take up to 60 days where the file contains material potentially exempt from release under the Freedom of Information Act 1980 (Cth).

The Regulations provide, however, that the Registrar may grant a request to amend the SGP if satisfied that the amendment or additional ground relates to information of which the opponent could not reasonably have been aware at the time of filing the SGP, and this may alleviate the timing concern.

Once the SGP is filed, the Registrar must assess its adequacy. If the SGP or particular grounds are inadequate, the Registrar may:

- 1) request further information; or
- 2) dismiss the inadequate grounds or the opposition in its entirety.

If the Registrar seeks further information and considers it is still inadequate, the Registrar will either dismiss the opposition or delete the inadequate material and give the SGP to the applicant.

The applicant is not involved in the adequacy assessment and cannot object to the adequacy of the SGP. Further, the opponent has no entitlement to request a hearing in relation to the decision to dismiss the opposition or amend the SGP, although a right to appeal this decision to the Administrative Appeals Tribunal is provided.

No service requirements

Documents and evidence must now be filed with the Trade Marks Office, in electronic form, and the onus is with the Registrar to give those documents to the other party. Once the SGP has been deemed adequate, further deadlines are calculated from the day on which the Trade Marks Office gives the relevant material to the other party.

Notice of Intention to Defend

The applicant must file its Notice of Intention to Defend (NID) within one month of being given the NIO. This document merely states that the applicant intends to defend the opposition and there is no fee.

This presents a significant issue for those who use the International Registration (IR) system to register in Australia. The holder of an IR must file the NID, with an Address for Service in Australia, within one month of the

Registrar giving the NIO and SGP to WIPO. If there is any delay in WIPO advising the holder, this could result in the deadline being missed and loss of rights.

If the holder of an IR does not provide an Address for Service in Australia, then the Registrar is not obliged to give the holder any further documents, evidence or opportunity to be heard. It is recommended that an Address for Service is obtained for any new IR designating Australia to avoid these issues.

Shorter evidence periods

Prior to the amendment, the initial period for serving Evidence in Support, Answer or Reply was three months, but extensions were easy to obtain. The initial period for filing Evidence-in-Support or Answer has not changed and is still three months. However, the Evidence in Reply period is now two months. The deadlines for filing evidence can only be extended if the Registrar is satisfied that the party:

- 1) has made all reasonable efforts to comply with all relevant filing requirements; and
- 2) despite acting promptly and diligently at all times to ensure the filing of the evidence within the period is unable to do so; or
- 3) there are exceptional circumstances that justify the extension.

The term “exceptional circumstances” is non-exhaustively defined, but principally relates to circumstances beyond the control of the relevant party. It is worth noting that neither delay nor an error on the part of an attorney is identified as an exceptional circumstance.

Critically, it may be difficult for any attorney to declare that they and their client have acted promptly and diligently at all times. If foreign instructors or the relevant party have delayed then an extension may not be granted. If a party is locked out of filing evidence then that party may lose the opposition. An appeal to the Federal Court should allow the evidence to be submitted, but can cost 10–20 times as much as an opposition before the Trade Marks Office. ▶

‘It may be difficult for any attorney to declare that they and their client have acted promptly and diligently at all times. If foreign instructors or the relevant party have delayed then an extension may not be granted’

'It may still be possible to lodge material under the Registrar's broad discretionary power to consider all relevant material. However, this power has traditionally been construed narrowly and this highlights the importance of conducting enquiries early in the proceedings'

Cooling-off period

Once the NIO and SGP have been filed, the parties in opposition proceedings may enter a cooling-off period with joint consent. The cooling-off period is for a maximum of 12 months (six months, extendable by a further six months) and can only be requested once.

Further evidence

The ability to file further evidence once the Evidence in Support, Answer and Reply stages have been completed has been removed. It may still be possible to lodge material under the Registrar's broad discretionary power to consider all relevant material. However, this power has traditionally been construed narrowly and this highlights the importance of conducting enquiries early in the proceedings.

Hearings

Once the evidence rounds are completed the parties are entitled to a hearing. However, the Registrar now has discretion to direct that a hearing is either an oral hearing or by way of written submissions.

Non-use removal proceedings

Once a non-use application is filed, the details of the application are given to the owner of the mark and it is published in the *Official Journal*. The deadline for opposing removal of the registration has been reduced from three months to two months from the date of publication. Thereafter, the opposition procedure is essentially identical to standard opposition procedures.

UK takeaways

From our assessment of the new procedures, UK attorneys should:

- 1) modify watching briefs for Australian cases in light of the shorter opposition period;
- 2) advise clients that it is critical in opposition proceedings to devise a strategy and investigate all grounds early in the process;
- 3) ensure that their clients and Australian associates do not delay in meeting deadlines to file relevant documents and prepare evidence; and
- 4) if filing in Australia, appoint a local Address for Service on filing the IR to avoid the risk of loss of rights through inadvertent delay. ■

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Case in point: O/116/13, Application (2454142) - ALLORI class 43, opposition by ALLORI Registration (2416357) - ALLORI classes 17, 35, 37, 39 and 43, and invalidity by ALLORO, Appointed Person Daniel Alexander, UK IPO, 13 March 2013

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Off the scale?

Behaviour didn't tip the balance towards additional costs, reports Claire Sugden

Alloro Restaurants Limited ("Alloro") had previously shown that it had goodwill in restaurant services that would have led to passing off if Allori Limited's mark ALLORI were used for those specific services. As a result, the scope of Allori's earlier registration was limited so that it no longer acted as a bar to registration of the mark for Alloro.

In a Supplementary Decision on Costs of 20 February 2012, the Hearing Officer ordered Allori to pay Alloro £2,900 for the opposition and invalidity actions, having decided that the circumstances did not warrant an award of off-scale costs. The appeal by Alloro relates to that final decision.

Off-scale costs

Rule 67 of the Trade Mark Rules 2008 states that: "The Registrar may, in any proceedings under the Act or these Rules, by order award to any party such costs as the Registrar may consider reasonable, and direct how and by what parties they are to be paid." Tribunal Practice Note (TPN) 4/2007 and TPN 2/2000 remain in force concerning the award of costs in IP proceedings and where costs awards are considered to be contributory, rather than compensatory.

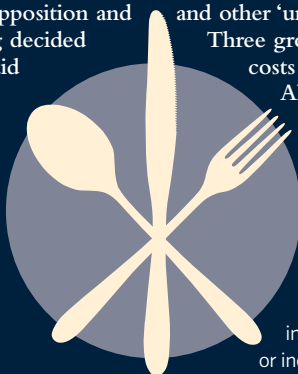
In general, off-scale costs are awarded only if a party acted unreasonably during proceedings. If this is established, an award can be adjusted to compensate that party for the prejudice suffered in prosecuting that case. While there is little practical guidance on the amounts that can be awarded over and above the fixed scale of costs, it has been stated in various decisions that the extra amount should be "commensurate with the extra expenditure a party

has incurred as the result of unreasonable behaviour on the part of the other side". Such behaviour has been identified, but is not limited to, "the conduct of the parties, the nature of the case and whether it is self-evidently without merit, whether there have been abuses of procedure, the extent to which offers made to settle the case were unreasonably rejected and which if accepted, could have resulted in costs being avoided, breaches of rules, delaying tactics and other 'unreasonable behaviour'".

Three grounds related to off-scale costs were put forward by Alloro in the appeal:

- 1) Allori submitted without-prejudice material in its evidence. In a separate hearing, the Hearing Officer had already held that where such material was submitted, it had not been done because of an intention to delay proceedings or increase costs, but where Allori had been simply misguided in its stance. This was, therefore, not conduct that was so unreasonable as to warrant off-scale costs. This view was upheld in the appeal on the basis that the relevant TPN is clear in saying that merely being held to be wrong does not justify off-scale costs.
- 2) That settlement proposals had been made. Alloro contended that one of its proposals was more favourable to Allori than the ultimate substantive decision. The Appointed Person held that rejection of the proposal, again while being possibly "misguided", was not unreasonable.
- 3) Attendance at the main hearing. Alloro had advised that it was happy for a decision to be made from the papers, but

'In general, off-scale costs are awarded only if a party acted unreasonably during proceedings'



the Registrar directed the parties to attend a hearing. Alloro attended the hearing, because of concerns that failure to attend may result in adverse costs being awarded against it, while Allori did not attend. While Allori says that it gave nearly two months' notice that it would not be attending, the relevant letter "may not have been" copied to Alloro. This meant Alloro found out that Allori would not be attending only once its preparations for the hearing were complete. The Hearing Officer said this was "unfortunate", but did not find it sufficient reason to warrant off-scale costs. The Appointed Person commented that he was of the opinion that some of the expenditure made in Alloro's preparation would have been incurred even had only written submissions been relied upon. Moreover, Allori's conduct in not attending the hearing was not unreasonable, he believed, because it had notified the Registrar of its intention in good time, and also because of Allori's belief that its non-attendance would reduce costs. To award off-scale costs in these circumstances would therefore be wrong.

In summary, all grounds for the appeal were rejected and off-scale costs were not awarded.

As there are very few cases on the issue of costs awards, this case provides welcome guidance as to considerations to be given to parties' conduct and whether aspects of such conduct can tip the balance into the realm of unreasonable behaviour such that an amount can be awarded that is over and above the fixed scale of costs. ■

Unibank wins in name game

A rare success for the own-name defence will not open the floodgates, believes Roberto Pescador

In a recent decision of Arnold J regarding a claim for infringement of the Community Trade Mark (CTM) BDO, Unibank has successfully relied on the own-name defence against a claim of infringement based on its use of that three-letter term as its trading name. A number of money remittance companies also successfully defended an infringement claim in relation to their use of the sign “BDO Remit”. The dispute between the parties is a global one, with litigation in several territories and a significant number of cancellation and oppositions actions across the world.

The claims

The Claimants form part of the BDO network (“BDO”), a well-known international accountancy network. The first Claimant, Stichting BDO, owns a CTM registration for the mark BDO (“the Mark”) for a large range of goods and services, including a number of accountancy and financial services in classes 35 and 36.

The first Defendant, Unibank, is the leading bank in the Philippines and is headquartered there. It adopted BDO as a trading name (BDO is an acronym of “Banco de Oro”, meaning “Bank of Gold” in Spanish, one of the primary languages spoken in the Philippines) in 1977. Since then, it has used BDO as well as its full name in the Philippines. It changed its name to BDO Unibank, Inc after the proceedings were issued.

BDO alleged that Unibank’s use of the sign BDO in several advertisements for investment banking and wealth management services in publications available in the European Union (EU) was an infringement of the Mark. In addition, BDO complained of the use of the sign “BDO Remit” in relation to money remittance services provided by many companies with which Unibank had tie-up arrangements.

Having rejected the Defendants’ claims that the Mark was invalid, but deciding to limit the services in the specification based on the Claimants’ use, Arnold J went on to consider the infringement claims.

BDO Remit

The companies involved advertised money remittance services to the Philippines, including accounts operated by Unibank, to customers based in the UK. They used posters and other marketing materials displaying the sign “BDO Remit”, as well as Unibank’s logo and house colours. The majority of their customers were Filipino nationals and the materials incorporated Filipino and English text. Their offices were located in areas of London with significant Filipino communities and, in some cases, in the same premises as other businesses aimed at the Filipino public, such as supermarkets and cafés.

Arnold J analysed whether there was a likelihood of confusion pursuant to Article 9(1)(b) of the CTM Regulation.

He found that there was a high degree of similarity between the sign and the Mark and that the Mark had an inherent distinctive character. However, he decided that the services had a low level of similarity given the differences between the uses of the respective services, the users, the physical nature of the services and the trade channels through which they were provided. Further, given the nature of the remittance services, they were not in competition with the services covered by the Mark and nor were they complementary; the most that could be said was that they were in the same broad field of financial services.

The key factor in Arnold J’s decision regarding the likelihood of confusion was the context of the use of the sign BDO Remit. Crucially, Arnold J found





that, given the premises in which the remittance services were provided, the fact that many of the marketing materials featured both Filipino and English text, and the references in the materials to Unibank, a clear differentiation was created, which, combined with the average consumer's attention and the low degree of similarity between the sign and the Mark, meant that there was no likelihood of confusion.

BDO also claimed that the Mark had acquired a reputation in relation to certain services such as accountancy, audit and tax, and that the use of BDO Remit was detrimental to its distinctive character contrary to Article 9(i)(c). While Arnold J decided that the use of BDO Remit gave rise to a link with the Mark, there was no evidence that it was detrimental to its distinctive character, which was particularly pertinent in circumstances in which BDO Remit had been used

'Arnold J concluded that only three of the advertisements (two of them appearing in *Euromoney* magazine and one in the *Daily Telegraph*) were targeted to consumers in Europe'

since 2004. Further, the Mark was not the sort of mark that would be adversely affected by the use of the Mark by third parties in different fields. As the use of the sign was in a niche market and on a small scale, there was no overlap between the respective customers.

Unibank advertisements

BDO contended that Unibank's advertisements containing the sign BDO infringed the Mark under Article 9(i)(a).

Arnold J considered the six conditions that need to be satisfied under Article 9(i)(a), namely: use of a sign by a third party in the EU; use in the course of trade; use without the consent of the proprietor of the mark; use of an identical sign; use in relation to identical goods or services; and that such use affects, or is liable to affect, the functions of the trade mark.

The key issue was whether or not the advertisements constituted use of the sign in the EU. Arnold J referred to Court of Justice of the EU case law, such as *L'Oréal v eBay* (C-324/09) and *Pammer and Hotel Alpenhof* (Joined Cases C-585/08 and C-144/09), as well as UK decisions such as *Euromarket Designs Inc v Peters* ([2001] FSR 288). He confirmed that the test was whether the advertisement targeted the consumers in the relevant territory, ie the EU, which must be assessed objectively from the perspective of the average consumer, rather than the advertiser's subjective

intention. Having individually considered the 20 advertisements complained of on the basis of a number of factors, including the nature of the publications, the circulation figures, the nature of the services advertised and whether it was made clear in the advertisements that Unibank was a Filipino bank aimed at the Filipino market, Arnold J concluded that only three of the advertisements (two of them appearing in *Euromoney* magazine and one in the *Daily Telegraph*) were targeted to consumers in Europe. Accordingly, those three advertisements

prima facie infringed the Mark, subject to the own-name defence.

Own-name defence

There have been few examples of the own-name defence being relied on successfully, given the difficulty for defendants in proving, in practice, that the use of their own name was in accordance with honest practices.

To ascertain whether Unibank's use of the sign BDO was in accordance with honest practices, Arnold J assessed the list of factors he had identified in his previous decision in *Samuel Smith Old Brewery v Philip Lee* ([2011] EWHC 1879 (Ch)). On the one hand, he concluded that Unibank was deemed to have known of the Mark and should have appreciated that BDO would be likely to object to its use of the sign BDO. However, there was no evidence that Unibank knew (or should have known) that there was a likelihood of confusion in respect of two of the advertisements, there was no evidence of actual confusion and the use did not interfere with BDO's ability to exploit the Mark. Further, Unibank had a sufficient justification for using the sign BDO and the Claimants' complaints about two of the advertisements were not made until years after they were published. Accordingly, Arnold J decided that the own-name defence was successful.

The case, however, is unlikely to spark a succession of successful own-name defences, as the honest practices requirement remains difficult to prove in practice. The particular circumstances of this case were the key factor in the success of the own-name defence here. ■

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Class clash

A realistic comparison of goods was key in this case, writes Rebecca Field

Dabur India Limited (“Dabur”) applied to register the trade mark DABUR UVEDA for various goods spanning classes 5 and 3. This application was duly opposed by Aveda Corporation (“Aveda”), principally on the grounds of section 5(2)(b) of the UK Trade Marks Act 1994, because it owned three earlier dated registrations for the mark AVEDA, which covered numerous classes, including classes 3 and 5. It is these classes that were of paramount importance and upon which this article will focus.

The DABUR UVEDA application covered the following goods:

In class 3 – bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; soaps; perfumery, essential oils, cosmetics, hair lotions; dentifrices; deodorants for personal use.

In class 5 – pharmaceutical and veterinary preparations; sanitary preparations for medical purposes;

dietetic substances adapted for medical use, food for babies; plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides; foods and beverages that are adapted for medical purposes; air deodorising preparations.

UK IPO decision

The Hearing Officer ultimately dismissed the opposition (O/318/12), having closely reviewed the goods coverage with respect to classes 3 and 5, and deciding as follows:

Regarding class 3 – “cleaning, polishing, scouring and abrasive preparations” are not similar to those goods covered by the Aveda registrations because the Hearing Officer did not view these goods as “for use on the body... these terms are more readily associated with preparations that have household and industrial applications”.

The Hearing Officer also considered “dentifrices” and again found no similarity

with Aveda’s goods coverage, as these are pastes or powders for cleaning teeth.

Regarding class 5 – The Hearing Officer viewed “pharmaceutical preparations” as similar to skincare products because of an overlap of trade channels and uses. However, despite arguments from Aveda, the Hearing Officer did not find “preparations for destroying fungicides” as similar to skin care products, because: “the term will ordinarily be understood as referring to products not designed for use on the body”.

The Hearing Officer made a comparison of the marks in line with recognised case law, such as *Sabel v Puma* (C-251/95, *SABEL BV v Puma AG* [1997] ECR I-6191), but decided that overall there was no likelihood of confusion between the marks AVEDA and DABUR UVEDA because: “it is my view that the word UVEDA does not have a dominant role... has no more than an equal dominance with the word DABUR”.

Appeal grounds

Aveda's grounds of appeal were as follows:

- i) The Hearing Officer failed to correctly apply *Medion v Thomson Multimedia* (C-120/04 *Medion AG v Thomson Sales Germany & Austria GmbH* [2005] ECR I-8551).
- ii) The Hearing Officer was wrong not to admit the further evidence. The Opponent attempted to enter a further witness statement, but this was refused.
- iii) The Hearing Officer failed to apply the interdependency principle established by the jurisprudence of the Court of Justice of the European Union (CJEU).
- iv) The Hearing Officer incorrectly assessed the attributes of the average consumer.
- v) The Hearing Officer erred in concluding that some of the respective goods were not similar.

High Court judgment

This article will concentrate on the first ground of appeal because this was where the High Court placed most emphasis. The case of *Medion v Thomson Multimedia* ("THOMSON LIFE") was addressed significantly by the High Court and the original Court of Justice decision was quoted, with the below key points raised:

- "It is quite possible that in a particular case an earlier mark used by a third party in a composite sign, including the name of the company of the third party, still has an independent distinctive role in the composite sign,

- iii) Counsel for DABUR before the Hearing Officer positively asserted, and thereby admitted, that DABUR was a house mark that Dabur used in combination with other words.
- iv) Counsel for Dabur accepted that normal and fair use of DABUR UVEDA would include visual representations in which the word UVEDA was in a different typeface and larger font size to the word DABUR.

The High Court advised that it is in agreement that it is crucial to undertake the assessment of a likelihood of confusion as a whole, but with reference to the *THOMSON LIFE* case: "There are situations in which the average consumer, while perceiving a composite sign as a whole, will recognise that it consists of two signs, one or both of which has a significance which is independent of the significance of the composite whole".

The High Court confirmed that the Hearing Officer failed to correctly apply the principle from the *THOMSON LIFE* case because he did not address the question of whether the average consumer would perceive UVEDA to have an independent significance from the mark DABUR UVEDA and whether this would then lead to a likelihood of confusion. UVEDA was confirmed as being visually and aurally very close to the mark AVEDA. The High Court concluded as follows: "there would be a strong likelihood that the average consumer would think that it

confusion was determined in relation to these goods.

The High Court ruled in Aveda's favour by confirming that a likelihood of confusion did exist in relation to similar goods. It was held that Dabur's mark may proceed to registration only in respect of the following:

Class 3 goods - bleaching preparations and other substances for laundry use;

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'This case shows the importance of taking a realistic and everyday approach to specifications when comparing goods'

without necessarily constituting the dominant element."

- "The overall impression produced by the composite sign may lead the public to believe that the goods or services at issue derive, at the very least, from companies which are linked economically, in which case the likelihood of confusion must be held to be established."

The High Court listed the following facts in its judgment that help explain the conclusion of this case:

- i) It is common ground that none of the words AVEDA, DABUR and UVEDA has any conceptual meaning to the average consumer.
- ii) The Hearing Officer held that AVEDA had a high level of distinctive character and that there had been significant use of the mark in relation to beauty products.

indicated some connection between DABUR and AVEDA. In my judgment it makes little difference that the second word in the composite mark is UVEDA rather than AVEDA."

In relation to the goods coverage, the High Court confirmed that the Hearing Officer was correct in his conclusion that "cleaning, polishing, scouring and abrasive preparations" were not similar because the High Court argued that specifications must be given a natural and usual meaning, and not broad interpretation. However, with respect to "dentifrices" and "fungicides", the High Court found the goods similar to those of Aveda's by advising that "their uses, users, physical nature and trade channels are all similar and they could be regarded as complementary". Thus, a likelihood of

cleaning, polishing, scouring and abrasive preparations.

Class 5 goods - veterinary preparations; sanitary preparations for medical purposes; disinfectants; food for babies; plasters; materials for dressings; material for stopping teeth, dental wax; preparations for destroying vermin; herbicides.

This case shows the importance of the correct application of the principles stemming from the *THOMSON LIFE* case and also that when comparing goods, a realistic and everyday approach is taken to specifications. The High Court summed this up perfectly: "They should neither be given such a broad interpretation that the limits of the specification become fuzzy, nor strained to produce a narrow meaning." ■

Case in point: O/075/13, Kurt Geiger Limited v A-List Corporate Limited, Appeal to the Appointed Person Iain Purvis QC, UK IPO, 14 February 2013

Boudoirs with baggage

Jenny Davies delivers a caution against dissecting marks



Kurt Geiger (“the Applicant”), the well-known shoe designer, applied for a device mark with the words “Shoe Boudoir London” for services in class 35 relating to advertisement, promotion, and bringing together goods ranging from luggage and shoes to jewellery.

A-List Corporate (“the Respondent”), raised an opposition under section 5(2) (b) of the Trade Marks Act 1994 on the basis of its earlier “Boudoir BY DISAYA” device for goods in classes 14 and 25, including shoes and jewellery.

The opposition partially succeeded as the Hearing Officer refused to register “Shoe Boudoir London” for certain services. Kurt Geiger appealed to the Appointed Person.

Formalities

The Appointed Person took a strict approach to formalities and refused to consider arguments relating to the similarity of goods or services that appeared in the parties’ submissions without being pleaded in the Grounds of Appeal or Respondent’s Notice. The appeal was therefore on a single pleaded ground: that the Hearing Officer erred in assessing the similarity of the marks.

Evidence from the register

Both the Hearing Officer and the Appointed Person disregarded evidence that “Boudoir” was in common use in the UK given the number of marks on the register incorporating that word. Registration of marks incorporating “Boudoir” does not amount to actual use.

Distinctive and dominant

The Hearing Officer found that “Boudoir” and “Shoe Boudoir” were the distinctive and dominant elements given the larger font and positioning above the other text.

The Appointed Person recited guidance in *Sabel (C-251/95 SABEL BV v Puma AG [1997] ECR I-6191)* that the average consumer normally perceives a mark as a whole and only if all the other

components are negligible can the assessment of similarity be solely on the basis of the dominant element. He added that although in some instances an element may dominate the overall impression, it is “very often not the case, and even if it is... it does not absolve the tribunal from the obligation to consider the overall impression”.

“Boudoir” was not dominant in the DISAYA mark; the word was fainter, harder to read and predominantly in lower case. “BY DISAYA” is upper case and more striking (given a consumer’s familiarity with boudoirs). The construction of the mark also suggests “Boudoir” is a sub-brand of a primary brand “DISAYA”.

The Hearing Officer erred in assuming it was necessary to identify the distinctive and dominant elements. She artificially dissected the marks, which led to a failure to appreciate the overall impression the consumer would have and caused a conclusion of “a high degree of similarity overall”. This was not a case in which one element dominates the overall impression. In considering overall impression, the Appointed Person noted that a mark may be presented in a particular way to convey a more subtle message. Placing “Shoe Boudoir London” on a black background had created a distinctive impression by conjuring the idea of a neon sign at night. This was very different to the subtle tones of the DISAYA mark.

Likelihood of confusion

As the Hearing Officer erred in assessing the similarity of the marks, the Appointed Person then reconsidered likelihood of confusion.

The Hearing Officer considered *Sabel* and noted that the more distinctive a mark, the greater the likelihood of confusion. She found that “Boudoir BY DISAYA” had high inherent distinctiveness and she ultimately found that there was a likelihood of confusion where the goods or services were similar.

The Appointed Person cautioned against applying *Sabel* too simplistically. Where a distinctive part of an earlier mark has no counterpart in the later mark (here, BY DISAYA), the absence of that distinctive element is likely to be noticed, which may reduce the likelihood of confusion.

After “implicitly discount[ing]” the distinctiveness of BY DISAYA, the distinctive character of the mark was only moderate, not high.

There was also moderate visual similarity. The common “Boudoir” element had a similar typeface. However, there was a stark contrast in colouration; BY DISAYA was absent from the mark applied for, and “Shoe” and “London” had been added. Aural similarity was also only moderate and conceptual similarity was relatively low. There was no likelihood of confusion in relation to any of the services. The opposition failed. ■

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Case in point: T-444/10, Esge v OHIM - De'Longhi Benelux (KMIX) - CJEU, General Court, 21 February 2013

A 'mix up' over similarity

Initial instincts were proved correct in this case, says Katy Cullen

Clearing trade marks is a staple task of trade mark advisers. In determining whether marks are confusingly similar, an assessment must be made of their respective visual, phonetic and conceptual characteristics. Given the highly subjective nature of this assessment, guidance is sought from case law. However, the lack of consistency in relevant decisions often leads to uncertainty and, understandably, frustration for both trade mark owners and their advisers.

However, the case involving KMIX and BAMIX provides a useful overview of the criteria for assessing confusing similarity. Although OHIM, the Board of Appeal and the General Court each adopted a different approach, they all concluded the marks were not confusingly similar.

The facts

De'Longhi Benelux SA filed a Community Trade Mark (CTM) application for KMIX covering various kitchen appliances, including mixers. Esge AG opposed on the basis of its CTM BAMIX mark for identical and similar goods.

The opposition was based on Article 8(1)(b) of Regulation 40/94 – now Council Regulation (EC) 207/2009 – which provides that upon opposition by the proprietor of an earlier mark, a trade mark shall not be registered “if because of its... similarity to the earlier trade mark and the identity and similarity of the goods or services covered by the trade mark there exists a likelihood of confusion...”

It was not disputed that the respective goods were identical or similar. However, the Opposition Division rejected the opposition on the basis that, notwithstanding varying degrees of similarity between the visual, phonetic and conceptual characteristics of the marks, there was no likelihood of confusion given the low distinctiveness of the only common element, MIX.

Esge AG appealed, but was unsuccessful. However, taking a contrary position to the Opposition Division, the Second Board of Appeal concluded the respective marks were not similar. The differences in their beginnings outweighed any common features. Hence, they were not visually similar. Furthermore, the application consisted of one syllable, “kmix”, whereas the earlier mark consisted of two (“ba” and “mix”) thus rendering the marks phonetically dissimilar. Finally, there was no conceptual similarity as neither mark had a meaning. Esge AG appealed to the General Court.

General Court

The General Court analysed the visual, phonetic and conceptual elements and concluded that consumers generally paid more attention to the beginning rather than the end of marks. Furthermore, consumers were more likely to grasp variations in spelling for short marks. Visually, the marks at issue ended in the same three letters, namely MIX. However, the mark applied for had four letters and the earlier mark five. The initial letters of each mark also differed. Given these differences, the marks were not deemed visually similar.

While the Board of Appeal held that KMIX contained only one syllable, the General Court considered that in at least some Member States, KMIX would be pronounced as two syllables, namely “ka” and “mix”, thus rendering the marks phonetically similar.

The General Court did, however, point out that visual, phonetic and conceptual aspects do not carry the same weight. It was necessary to consider the conditions in which the marks would be used. If the goods were primarily sold in self-service outlets, the visual aspects would dominate. In this instance, the goods were intended for the general public and could be bought in department stores or speciality shops. Purchases would, therefore, often be

made on the basis of self-service. However, even if oral recommendations were made, this would usually be by qualified staff who would be able to inform customers about the particulars of different brands. As such, the visual differences carried more weight. Finally, as the marks had no meaning, there was no conceptual similarity.

The appeal was therefore rejected. Although the General Court deemed the marks were phonetically similar, overall they were not confusingly similar due to their visual dissimilarities.

Key consideration

The key to each decision was the overall impression of the marks. At each stage, the marks were not considered confusingly similar, although the reasoning behind each decision differed. The case, therefore, serves as a reminder that initial instincts should not be underestimated when assessing similarity. Even if the legal arguments supporting such instincts are challenged, the decision makers might form the same conclusion based on the same initial impression, albeit using alternative reasoning. ■

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Case in point: C-561/11, Fédération Cynologique Internationale v Federación Canina Internacional de Perros de Pura Raza, CJEU, 21 February 2013



Dog dispute highlights dissent

Jocelyn Wheeler looks at an EU/UK difference on defences to trade mark infringement

In a case concerning infringement of a Community Trade Mark (CTM) by the proprietor of a later CTM, the Court of Justice of the European Union (CJEU) was asked to provide a preliminary ruling in relation to the interpretation of Article 9(1) of Council Regulation (EC) 207/2009 (“CTMR”).

The reference was made during proceedings between Fédération Cynologique Internationale (“FCI”), an international association set up in 1911 to support dog breeding, and Federación Canina Internacional de Perros de Pura Raza (“FCIPPR”), a rival private body set up in 2004 in Spain.

In June 2005, FCI successfully applied to register its word and figurative mark as a CTM for services in relation to dog

breeding, training and rearing. In February 2009, FCIPPR applied to register a word and device mark for, *inter alia*, dog competitions and printed matters relating to dog breeds. Both parties used a stylised image of a globe with the initials “FCI” featuring prominently in the centre. In February 2010, FCI opposed FCIPPR’s application. However, FCI’s opposition was rejected because FCI had failed to pay the relevant fee.

In addition to its CTM registration, FCIPPR also owns a series of Spanish national registrations for similar word and device marks.

In June 2010, FCI filed proceedings against FCIPPR before the Commercial Court No 1 of Alicante and Community Trade Mark Court No 1 (Spain). The

proceedings contained an action for infringement of FCI’s CTM registration and an application for a declaration of invalidity of the national trade marks held by FCIPPR on the grounds of likelihood of confusion with FCI’s CTM.

In response, FCIPPR brought a counterclaim for invalidity of FCI’s CTM on the basis that the application was filed in bad faith and there was a likelihood of confusion with FCIPPR’s earlier national Spanish trade mark consisting of the words FEDERACIÓN CANINA INTERNACIONAL DE PERROS DE PURA RAZA.

The referring Court took the view that, before it could deliver a judgment, it was first necessary to establish the extent of the right conferred on the trade mark owner under Article 9(1) CTMR to enforce its rights against a third party. The Spanish Court considered that this right could be interpreted in two ways:

- 1) The exclusive right conferred by Article 9(1) CTMR does not entitle its proprietor to prohibit the proprietor of a subsequent CTM from making use of the latter mark. Only if the second CTM were to be declared invalid could the first proprietor bring infringement proceedings.
- 2) The right of a CTM proprietor can be enforced against any third party, including one who subsequently registered a CTM, even if the latter mark has not previously or simultaneously been declared invalid.

Because Article 9(1) could be construed either way, the referring Court stayed the proceedings and asked the following question of the CJEU:

“In proceedings for infringement of the exclusive right conferred by a Community Trade Mark, does the right to prevent the use thereof by third parties in the course of trade provided for in Article 9(1) of [the Regulation] extend to any third party who uses a sign that involves a likelihood of confusion (because it is similar to the Community Trade Mark and the services or goods are similar) or, on the contrary, is the third party who uses that sign (capable of being confused), which has been registered in his name as a CTM excluded until such time as that subsequent trade mark registration has been declared invalid?”

FCI tried to head off the reference on the basis that the question was inadmissible because the main proceedings did not concern FCIPPR's CTM rights, only its national registrations. Therefore, the question was hypothetical. FCI also contended that the interpretation of Article 9(i) left no scope for any "reasonable doubt" that the right conferred under that Article did not require invalidity of a later CTM as a prerequisite. Further, it argued that both parties had been prejudiced because they had not been given the opportunity to set out their views on whether the reference was appropriate.

The CJEU refuted this argument and made it clear that it is solely for the national court, before which the dispute has been brought, to determine whether there is a need for a preliminary ruling to enable that court to deliver judgment and whether the questions it submits are relevant to the matter before it.

'The CJEU ruled that the exclusive right conferred by Article 9(1) CTMR on the proprietor of a CTM extends to such use by a third-party proprietor of a later registered CTM'

While the CJEU may refuse to rule on a question referred for a preliminary ruling where it is obvious that the interpretation sought bears no relation to the facts, where the problem is hypothetical or where the Court does not have before it the factual or legal material necessary to give a useful answer to the question, in this case the CJEU found the question to be admissible.

Contested marks:

The FCI registration
No 4438751



The FCIPPR marks

No 2786697



No 2818217



CJEU judgment

In its judgment the CJEU noted that Article 9(i) does not make any distinction on the basis of whether or not the third party is the proprietor of a CTM.

The CJEU also made reference to the acquiescence provisions found in Article 54 of the CTMR, which states that: "where the Proprietor of a CTM has acquiesced, for a period of five successive years, in the use of a later CTM... he shall no longer be entitled... either to apply for a declaration that the later mark is invalid or to oppose the use of the later trade mark". The CJEU inferred from this provision that, before the limitation in consequence of acquiescence takes effect, the proprietor of a CTM is entitled both to apply to OHIM for a declaration of invalidity of the later CTM and to oppose its use through infringement proceedings.

Finally, the CJEU also pointed out that nowhere in the CTMR was there an express limitation of the effects of a CTM in favour of the third-party proprietor of a later CTM.

The CJEU acknowledged that the procedure for registration of a CTM is designed so that a trade mark liable to infringe an earlier CTM does not become registered. However, it is not entirely inconceivable that such an application might proceed to registration. An example of where this might happen is where the proprietor of the earlier right does not oppose the later application.

The view of the CJEU is that a requirement to await a declaration of invalidity of a later CTM before bringing an infringement action would have an impact on the essential function of a trade mark (to guarantee to consumers the origin of the goods), and significantly weaken the protection afforded by Article 9(i). On that basis the CJEU ruled that the exclusive right conferred by Article 9(i) CTMR on the proprietor of a CTM extends to such use by a third-party proprietor of a later registered CTM, without the need for that latter mark to have been declared invalid beforehand.

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The CJEU decision falls in line with the opinion of Advocate-General Mengozzi, delivered on 15 November 2012. He reasoned that, if the proprietor of a later CTM was protected from infringement proceedings on account of its registration, then a CTM no longer conferred absolute protection on its holder and this would undermine the priority principle.

He further stated that the same reasoning should apply to proprietors of later national registrations, irrespective of their national legislation. Any other interpretation would result in the situation whereby the proprietor of an earlier CTM would be afforded different protection in the various Member States, depending on whether cancellation was a prerequisite to instigating infringement proceedings. This is at odds with the unitary nature of European trade mark law.

Unfortunately, the CJEU did not address the Advocate General's views in respect of later national rights. As it currently stands, this decision is in conflict with the express defence to trade mark infringement in UK law (section 11(i) Trade Marks Act 1994), which states that a registered trade mark is not infringed by use of another registered trade mark. Whether the UK Courts will revise this position in light of this decision remains to be seen. ■

Jeans journey unjustified

Alexandra Brodie questions the conclusions of this lengthy fashion case

This case concerns the relative grounds for refusal and how to apply them in relation to an application for a Community Trade Mark (CTM).

On 18 May 2005, Seven for All Mankind LLC ("SAM") filed an application for a CTM word mark, SEVEN FOR ALL MANKIND, in relation to certain goods in classes 14 and 18. This application was opposed by Seven SpA ("Seven") based on three earlier figurative word marks for SEVEN in the same (and other) classes. Seven relied on Articles 8(1)(a) (double identity), 8(1)(b) (likelihood of confusion) and 8(5) (extended protection) of Regulation (EC) 207/2009. Nearly eight years later, on 21 February 2013, the Court of Justice of the European Union (CJEU) upheld Seven's opposition.

The marks

SAM's application was for SEVEN FOR ALL MANKIND for various goods in classes 14 and 18.

Seven's pre-existing marks were registered in relation to the same (and more) classes. The figurative marks are shown opposite.

General Court decision

The opposition was based on the relative grounds for refusal and so gave the General Court (and later, the CJEU) the opportunity to consider and restate the principles to be applied when assessing two competing marks and, in particular, the approach to be adopted in relation to dominant elements of competing marks.

Referring to Article 8(1)(b), the parties were in agreement that the goods to be considered were identical, so the case centred on whether SAM's mark, SEVEN FOR ALL MANKIND, was similar enough to Seven's figurative

word marks, SEVEN, to result in a likelihood of confusion.

The General Court held that the word SEVEN being present in both marks is an important point of similarity given "the not insignificant part played by that element in the perception of each of the marks at issue". It held that the figurative elements of Seven's marks are essentially ornamental and so of lesser importance than the word SEVEN. The General Court also held that the word SEVEN has an "average degree" of inherent distinctiveness in relation to the goods in issue.

The General Court noted that the word SEVEN appears at the beginning of SAM's and Seven's marks and so will have a greater visual and phonetic impact than the final part of the mark. The General Court regarded the impact of the words FOR ALL MANKIND in SAM's application as of less importance because they "could easily be perceived by the English-speaking section of the relevant public as indicating the public for whom the trade mark is intended". The General Court therefore found visual similarity between SAM's and Seven's marks.

With regard to the phonetic aspects of the marks SEVEN and SEVEN FOR ALL MANKIND the General Court again placed great weight on the presence of the word SEVEN at the start of both marks, and accordingly found a phonetic similarity between the marks.

The General Court, given its findings regarding the meaning of FOR ALL MANKIND, determined that the conceptual scope of SAM's mark will be mainly determined by the word SEVEN. Accordingly, it held that there

is some conceptual similarity between SAM's and Seven's marks.

The General Court therefore held that SAM's and Seven's marks possess an overall similarity and that SAM's application transgressed Article 8(1)(b) (likelihood of confusion) and 8(5) (extended protection).

The appeal

SAM, supported by OHIM, based its appeal on two grounds: first, a breach of procedure by the General Court, and second that the General Court had misapplied the law.

Ground one: breach of procedure

SAM contended that the General Court had not properly taken into account its arguments that, due to the large number of registered marks containing the word SEVEN or the numeral 7, that such element of the mark could only have a very weak distinctive character. The CJEU noted that for the plea to succeed such evidence should be led in relation to marks that are registered for the same goods or services and should be in relation to marks that are similar to the Seven marks in terms of ornamentation. The CJEU held that the General Court had considered the plea and the evidence, and, even had it not done so, that the General Court's decision would not have been affected. Accordingly, this element of the appeal failed.

Ground two: incorrect assessment of similarity

The CJEU noted that it is settled law that the existence of a likelihood of confusion must be assessed globally, taking into account all relevant factors.

'The global assessment of the visual, phonetic or conceptual similarity of the marks in question must be based on the overall impression given by the marks'

The global assessment of the visual, phonetic or conceptual similarity of the marks in question must be based on the overall impression given by the marks, bearing in mind in particular their distinctive and dominant components. The perception of the average consumer plays a "decisive role" in such an assessment. The CJEU also noted that it is settled case law that the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. However, the CJEU did state that if all of the other components of the mark are negligible then the assessment of the similarity of the marks may be carried out solely on the basis of the dominant element.

The CJEU noted that the General Court had considered the additional wording FOR ALL MANKIND but had focused on the word SEVEN, given its assessment that FOR ALL MANKIND would be regarded as simply designating the relevant consumers.

The General Court has exclusive jurisdiction to find facts, except where the substantive inaccuracy of its findings is apparent from the documents submitted to it, and to assess those facts. Once such facts are found and assessed, the CJEU has jurisdiction to review the

legal characterisation of those facts and the legal conclusions drawn from them.

The CJEU held that there had been no distortion of the facts or of the evidence relating to the assessments carried out by the General Court as to the importance of the word SEVEN, so it could not review the General Court's assessments in this regard, in relation to the assessment of the phrase FOR ALL MANKIND.

SAM also argued that the General Court's decision is internally contradictory; that it cannot hold that the phrase FOR ALL MANKIND has some limited meaning and also hold that the dual presence of the word SEVEN, due to its dominant nature, is sufficient to create sufficient similarity of the marks. In particular, SAM focused on the General Court's acceptance that the phrase FOR ALL MANKIND is a "remarkable" series of words and could conceptually evoke some philosophical concept. The CJEU dismissed these arguments, noting that the General Court had considered them, but had held that the dual presence of the dominant word SEVEN in both SAM's and Seven's marks overrode any such findings and, in conjunction with the likely interpretation of the phrase FOR ALL MANKIND by the relevant consumers, rendered the marks similar.

The appeal was dismissed and SAM was ordered to bear its own costs and to pay those of Seven. OHIM was ordered to bear its own costs.

The Seven marks



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Alexandra has 16 years' experience in IP Rights and has acted in many actions such as O2 v H3G and Hasbro v 123 Nahrungsmittel (Play-Doh).

Questions to consider

This case took seven years and nine months from SAM's application to the CJEU's decision. This is an extraordinary length of time, during which there was no commercial certainty and increasing legal bills. Surely it cannot be necessary for a simple decision about trade mark law to take this long?

The finding of fact that FOR ALL MANKIND would be regarded by English-speaking members of the relevant public to be a designation of the persons to whom the goods are directed is somewhat surprising. How was this fact found? What evidence was led? Based on an entirely unscientific voxpop of this writer's English-speaking, jeans-buying office, the assessment of the phrase by the General Court appears to be questionable at best. ■

Case in point: DRS 11995, Stop Go Networks Limited v Sinclair Technology Solutions Limited, 4 January 2013; DRS 12165, NetPlay TV Group Ltd v Mr Shiva Shanker, 16 Jan 2013; DRS 12328, Barclays Bank Plc v Mr Graham Kenny, 3 April 2013

Signs of the times

Recent DRS decisions reflect the concerns of the economic climate, as Geoff Weller points out in this Nominet update

By April 2013, the time of writing, some 74 Nominet Dispute Resolution Service (DRS) Complaint decisions had been issued during the year, notably those involving:

- Three complaints by Swarovski (for example, swarovskioutlet.co.uk) and one each by Lego (legobatman2.co.uk), Virgin (virginatlantic.org.uk), the NBA (nba-store.co.uk), BMW (usedbmws.co.uk) and McDonald's (goldenarchesinvestments.co.uk) - which show that well-known global brands are using the .uk DRS (and in each of these cases have used it successfully to have the offending domain names transferred to them).
- Seven complaints each by Karen Millen Fashions (for example, discountkarenmillensales.co.uk) and Coast Fashions (for example, coastdress-outlets.co.uk).
- A complaint by the Department of Health, which resulted in the transfer of the domain nhs-services.org.uk, and one by Guildford Town Centre Chaplaincy in respect of guildfordstreetangels.org.uk - which indicate that the public sector is joining the private in using the service to good effect.
- Use by political campaigners, over the names racismcutsbothways.org.uk and stopthebnp.org.uk, among others.
- Several financial service providers, including NatWest (regarding natwestbank.co.uk) and Diners Club International (regarding dinercard.co.uk).

There was also an interesting case between two more niche financial service firms catering to the Polish community (taxpol.co.uk).

- And to show that it is not all work, work, work in the UK, there was a case between two parties in the relatively niche field of horseracing holidays (horseracingabroad.co.uk).

But three cases in particular caught my eye as perhaps chiming with the pinched economic times in the UK and rather neatly highlighting three potential areas of economic growth. These cases were for domains relating to payday loans, payment protection insurance (PPI)

at the time of registration or acquisition it took unfair advantage of or was detrimental to the Complainant's rights; or ii) it has been used in a manner that took unfair advantage of or was unfairly detrimental to the Complainant's rights.

Expert criticism

A feature of the decision DRS 11995, which involved two providers of online loans and the domain name thepaydaypig.co.uk, was criticism by the Expert of the lack of clarity and irrelevant submissions in the Complaint. There is substantial online help available to assist even parties that forego legal

'Complainants must endeavour to address the two arms of the DRS policy and provide evidence to support those arguments appropriately'

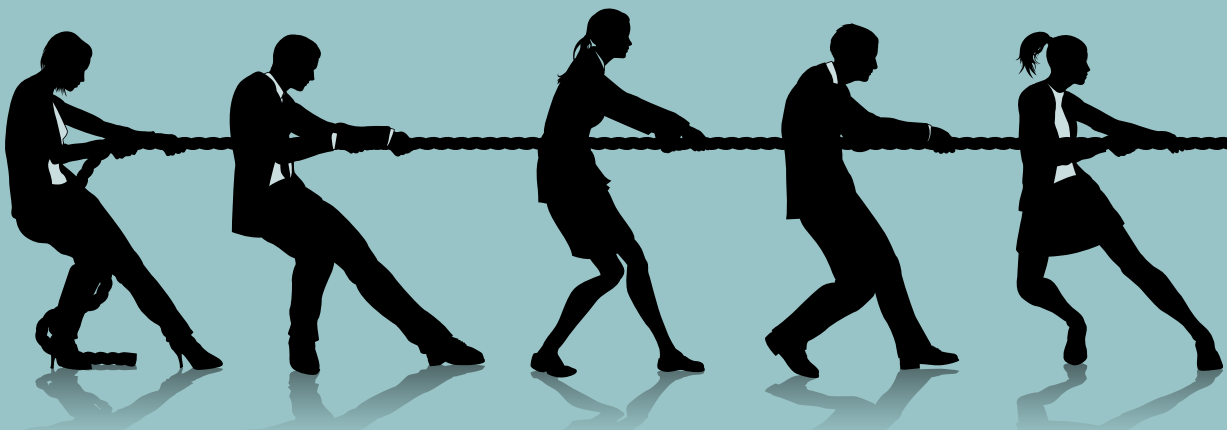
mis-selling (I hear you groan in between unsolicited texts) and online gambling.

While the cases differ greatly in their substance and outcome, they usefully illustrate key aspects of the DRS.

Before those details, let me offer a quick reminder that under the DRS policy a complainant needs to convince the Expert making the decision, on the balance of probabilities, that: a) it has rights in a name or mark that is identical or similar to the domain name; and b) that the domain name, in the hands of the owner, is an abusive registration. A domain registration is an abusive one if: i)

representation in the process, and the Experts often go to great lengths to construe unclear Complaints. Nonetheless, Complainants must endeavour to address the two arms of the policy - namely their rights, and why the domain is an abusive registration - and provide evidence to support those arguments appropriately.

Here, the Complainant had no registered rights. Unfortunately, he provided none of the suggested material - evidence of use of the mark for a not insignificant period or degree, (perhaps by sales figures or accounts)



and that the name is recognised by the public as indicating the goods and services of the Complainant (for example, advertising expenditure, orders, third-party editorial) – that might demonstrate the existence of his unregistered right. In addition, what he did provide was not clearly explained and was unsupported by corroborating material. In the Expert's view, this Complaint thus fell at the first hurdle (although for completeness he did go on to assess whether this was an abusive registration, and found it was not), so the decision was not to transfer the domain.

Casino confusion

In DRS 12165 (NetPlay TV Group Limited v Mr Shiva Shanker), related to supercasino-games.co.uk, the Complainant did have a trade mark registration, but this was not held to be enough on its own. The registration was for "SUPERCASINO.COM – feel if for real", which the Expert felt was some distance from "supercasino" *per se*. The Expert then considered whether the Complainant had shown that through its use, and despite its generic and descriptive nature, the name supercasino had acquired secondary meaning as being distinctive of the Complainant's services.

The Complaint was able to point to extensive exposure under the supercasino name on television. This, along with the absence of any challenge by the domain owner, was enough for the Expert to find that the Complainant did have rights in the name supercasino and that this was similar to the domain supercasino-games.co.uk. The Expert then looked at the second arm of the policy, and whether there was an abusive

registration. On the facts – which were that the domain in dispute resolved to another domain (supercasino-games.com) that had content referring to the Complainant, but included links to other third-party casino sites – the Expert felt confusion could arise. The finding that the domain name took unfair advantage, and that the owner had provided false contact details to Nominet were additional factors pointing to Abuse. The Expert therefore held that the Complaint was successful and ordered that the domain be transferred.

Extensive assessment

In DRS 12328 (Barclays Bank Plc v Mr Graham Kenny), the Complaint related to barclaycard-ppi-reclaim.co.uk and offered a more extensive assessment of what amounts to abuse under the DRS policy. There was a lengthy factual background to the Complaint, and this was one in a number of Complaints between the two parties. It was not a surprise, perhaps, that the Complainant met the rights arm of the test with multiple trade mark registrations, including one for BARCLAYCARD. What is interesting is the discussion as to whether this domain, in the hands of this owner, is abusive under the policy.

At the heart of the case was the fact that the owner was engaged in a lawful business of PPI claims management in relation to Barclaycard and was using the trade mark BARCLAYCARD in the domain name for that purpose. The Complainant contended that use is unfair and amounts to impersonation. The Expert made a detailed review of the guidance from previous DRS decisions to determine whether they could help characterise the use in this

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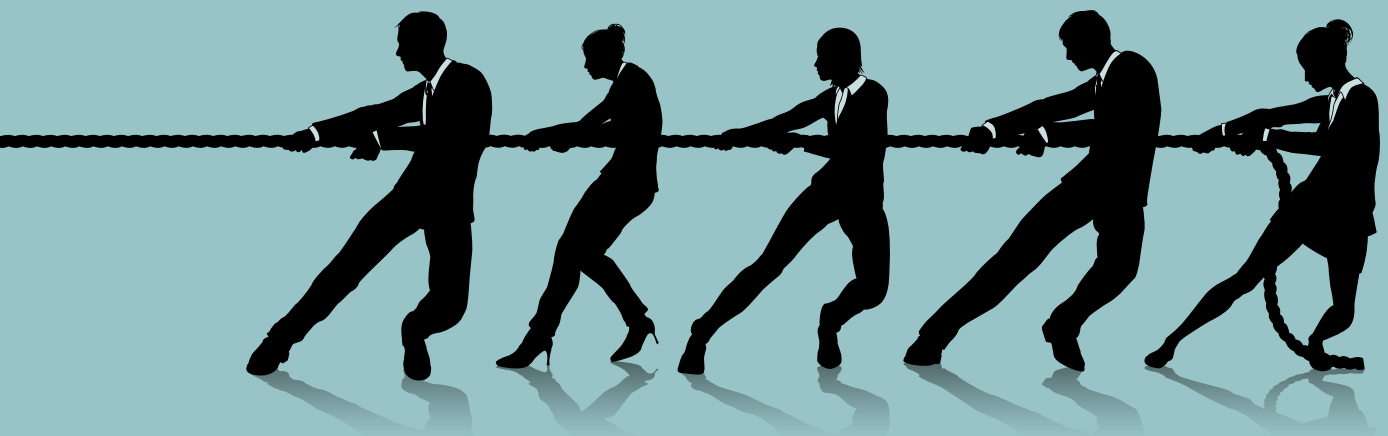
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case. He felt this case was most similar to a "reseller" case, and that a key factor would be whether the use of the trade mark in the domain would result in impermissible "initial interest confusion" on the part of the online consumer. It seems to me that the Expert may well have found this use, in principle, not to be abusive. However, what swayed him and allowed him to find a more clear-cut abuse was the prominent use of BARCLAYCARD and the Complainant's logo on the site with limited disclaimer or reference to the actual owners of the site. This was held to create the overwhelming impression the site was in some way authorised or controlled by the Complainant. On the balance of probabilities, this amounted to an Abusive Registration, felt the Expert, who ordered the domain to be transferred. ■



ITMA events

More details can be found at itma.org.uk



ITMA's Summer Reception takes place at Stationers' Hall in London

Date	Event	Location	CPD hrs
25 June	ITMA London Evening Meeting* Abuse of process in trade mark litigation Michael Edenborough QC, Serle Court	Royal College of Surgeons, London	1
2 July	ITMA Webinar, Commissioners for Oaths Ella Imison, Scrivener Notary, Imison & Co		1
9 July	ITMA Summer Reception**	Stationer's Hall, London	
15 July	ITMA CIPA Leeds Afternoon Talk The Jackson Reforms - Where are we now? Mark Engleman, Hardwicke	Walker Morris, Leeds	1
23 July	ITMA London Evening Meeting* Case management in the IPO Allan James, IPO	Royal College of Surgeons, London	1
12 September	ITMA Edinburgh Talk Certification marks - a case study on Harris Tweed	Burness Paul & Williamsons, Edinburgh	1
24 September	ITMA London Evening Meeting* Copyright and Design Update David Fyfield, Charles Russell LLP	Royal College of Surgeons, London	1
10 October	ITMA Autumn Seminar*	ICC Birmingham	tbc
29 October	ITMA London Evening Meeting*	Royal College of Surgeons, London	1
7 November	ITMA Glasgow Talk Brand protection for Glasgow Commonwealth Games 2014 and IP considerations in the Scottish independence debate	Brodies, Glasgow	1
12 November	ITMA Webinar		1
26 November	ITMA London Evening Meeting*	Royal College of Surgeons, London	1
5 December	ITMA Talk in Edinburgh Co-existence agreements: the risks and how best to avoid them A round-up of key IP developments in 2013	Pinsent Masons LLP, Edinburgh	
10 December	ITMA Christmas Lunch**	InterContinental, London	



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