KEY DEVELOPMENTS IN IP

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Case Law Summaries

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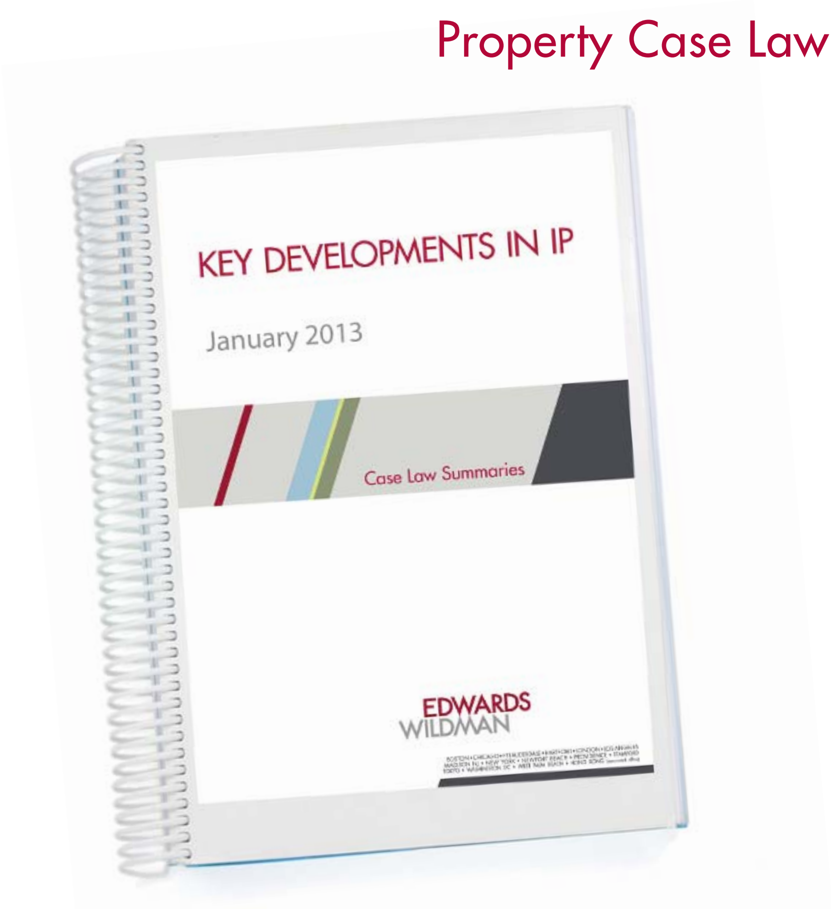
Real Intellectual Property Case Law



At Edwards Wildman we know time is precious. We also know how important it is for you to be able to keep your eyes on the road before you. We believe that knowledge is power, and knowing about the lessons others have learned is a great way to avoid speed bumps. That is why we've developed our Real Intellectual Property Case Law Guide, a handy little tool to fill you in on some of the most significant cases tried to date. So go ahead, keep your eyes on the road before you, we'll be on the lookout for anything that could get in your way.

Get Real... Real Lessons. Real IP Case Law.

Contents

English court has jurisdiction to hear pan-European declarations of non-infringement

Actavis Group hf v Eli Lilly and Company [2012] EWHC 3316 (Pat)

The High Court ruled that declarations for non-infringement relating to foreign designations of a European patent can be brought before the English court, to be heard concurrently with a UK declaration.

Key Practical Consequences

- This decision opens the door for more pan-European declarations emanating from the English court and shows that the court is increasingly willing to assert jurisdiction over foreign IP matters, following the Lucasfilm decision.

- For potential defendants of patent infringement claims, it means having the benefit of being able to pursue a declaration of non-infringement for multiple jurisdictions in one court within the EU.

Discussion

Actavis brought a claim against Eli Lilly for a declaration that its proposed dealings in the drug pemextred dipotassium (a cancer treatment) would not infringe Eli Lilly's patent ("the Patent"). The declarations were sought in relation to the UK, French, German, Italian and Spanish designations of the Patent (Actavis were clear in their claim that there was no challenge to the validity of the Patent).

Following various pre-action correspondence between Actavis' and Eli Lilly's legal teams, during the course of which Eli Lilly's solicitors confirmed in writing that they were instructed to accept service on behalf of their client, Actavis accordingly served proceedings on Eli Lilly's solicitors in relation to all five country designations of the Patent. (An identical second claim was also brought by an associated company of Actavis, but that is not important to this analysis of the judgment.)

Eli Lilly contested service of proceedings in relation to the non-UK designations on the basis that (1) they were not validly served and (2), if they were validly served, the English court did not have, or should not exercise, jurisdiction over the claims for declarations in respect of the non-UK designations of the Patent. It was accepted that the English court did have and should exercise jurisdiction over the claim in respect of the UK designation.

Arnold J held that proceedings were validly served in respect of both the UK and the associated European designations, by virtue of the consent to service given by Eli Lilly's legal team.

However, even if he was wrong on that conclusion, the proceedings were validly served in accordance with CPR 6.9(2) (the relevant civil procedure rule), which enables a claim form to be served on a company or corporation other than one registered in England and Wales at "[a]ny place within the jurisdiction where the corporation carries on its activities; or any place of business of the company within the jurisdiction". This was based on the fact that the US-based Eli Lilly had a place of business and carried out the requisite business "activities" in the UK.

With regard to Eli Lilly's desired stay of the proceedings relating to the non-UK designations, as Eli Lilly had consented to service, it was held that it could not contest jurisdiction on the ground of forum non conveniens.

However, would Eli Lilly be entitled to a stay if the judge was wrong on that point, and proceedings were not validly served on the basis of consent but were in fact served in accordance with CPR 6.9(2) – place of business in the UK? It was common ground that the principle to be applied was that stated by Lord Goff in the case of Spiliada Maritime Corp v Cansulex Limited [1987] AC 460, namely that "a stay will only be granted on the basis of forum non conveniens where the court is satisfied that there is some other available forum, having competent jurisdiction, which is the appropriate forum for the trial of the action, i.e. in which the case may be tried more suitably for the interests of all the parties and the ends of justice".

It was not in question that the declarations for non-infringement of the French, German, Italian and Spanish designations of the patent could be tried in their respective national courts, however the High Court did not agree with Eli Lilly in that they were more "appropriate" forums than the UK court.

Indeed, Arnold J drew attention to the decision of the Supreme Court in Lucasfilm v Ainsworth [2011] UKSC 39. The Court of Appeal in Lucasfilm acknowledged that the common law rule in British South Africa Co v Companhia de Moçambique [1893] AC 602 that an English court had no jurisdiction to entertain an action for the determination of title to foreign land, or the recovery of damages for trespass to such land, was an example of a general principle which applied to claims for infringement of foreign intellectual property rights. However the Supreme Court concluded in that case that, provided there is a basis for in personam jurisdiction over the defendant, an English court does have jurisdiction to try a claim for infringement of foreign copyright. Arnold J continued that as patents are no different to copyright for the purposes of justiciability, they should not be treated differently for the purposes of forum non conveniens when validity is not in issue.

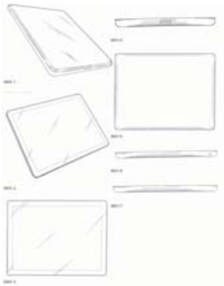
Accordingly, and on the basis that it was advantageous in these circumstances for one court to determine all five claims (for ease and reduced cost of conducting proceedings, and the fact that it will reduce the likelihood of inconsistent decisions at first instance and on appeal), the High Court held that the English court was entitled to hear the five declarations together, with no stay for non-UK designations on the grounds of forum non conveniens.

Comment

As with many cases, this decision was decided on the specific facts in question. However, the clear view of the High Court in granting the English court the ability to hear the infringement proceedings in relation to all five designations of the Patent is that, following the decision in Lucasfilm, such pan-European declarations may become more common. Arnold J stated that "it is increasingly common in intellectual property cases for the courts of this country to apply case law from other EU Member States when deciding questions of European Union law or national law based on European conventions" and as the existence of the European unitary patent moves ever closer, the differences in national approaches may become fewer. It is to be hoped that increased efficiency and therefore lower costs in pursuing patent litigation in Europe could be the result. This decision, and the possibility of more pan-European declarations, may be a warm-up for what is to come.

English Court of Appeal confirms Samsung Galaxy Tablet did not infringe Apple's Community Design

Samsung Electronics (UK) Ltd v Apple Inc. [2012] EWCA Civ 1339



The Court of Appeal affirmed the High Court decision that Samsung's Galaxy tablet computers did not infringe the Registered Community Design owned by Apple. On the issue of non-infringement, Sir Robin Jacob held that the High Court had made no material error in its assessment that the Galaxy design created a different overall impression on the informed user to the Apple design.

Key Practical Consequences

- When considering design infringement, it is important to assess the respective designs in light of the existing design corpus as well as the degree of the designer's freedom.
- Even where designs appear similar, subtle differences that would affect the informed user's overall impression can render the designs different.

Discussion

Samsung originally sought a declaration of non-infringement in the English High Court that three of its Galaxy tablet computers did not infringe Apple's rights in its Registered Community Designs (RCDs). Apple, in turn, counterclaimed for infringement of its RCD.

According to the Community Designs Regulation (6/2002/EC), the scope of the protection conferred by a Community design includes any design which does not produce on the informed user a different overall impression. The assessment of the scope of protection is influenced by such factors as the existing design corpus, the degree of technical freedom of the designer and whether any features of the design are dictated by their technical function.

The English High Court ruled that Samsung's Galaxy tablet computers did not infringe Apple's RCD. Apple had identified seven features which supported its claim that the respective designs were similar. The Court considered these features, and determined some to be dictated by technical function as well as noting that the existing design corpus also contained designs with identical and similar features. Further, the Court considered the thinness of the Samsung tablets as well as the detailing on the backs of these products to be an important difference. However, while the Court noted the similarity between the Samsung tablets and the Apple RCD from the front, it determined that the informed user's overall impression would be that the products were different in view of the thinness and details on the back of the Samsung tablets. Further, the Court considered the Apple RCD to be understated and striking in its simplicity which made it "cool", a quality not shared by the Samsung tablets.

The Court of Appeal thereafter held that the High Court had made no material error in its finding that the overall impression created by the designs was different. In particular, the Court considered that the informed user would view the thickness of Apple's RCD to be a deliberate choice, even if thinner designs could be manufactured. Further, the Court agreed with the High Court's assessment that while the fronts of the respective designs were similar, the thinness and details on the back of the Galaxy tablets did not create the same overall impression. The Court went on to state that had the RCD been awarded as wide a scope as had been sought, then this would foreclose much of the market in tablet computers and impact upon competition.

Comment

The judgments confirm that designs of this type will usually only enjoy a fairly narrow scope of protection. Even where two such designs share similarities, if the informed user can tell the difference between the two products then this will be enough to determine there has been no infringement. Features that are dictated by technical function, or are commonly shared in the prior art will be unenforceable. Instead, features which affect the overall impression of a design, such as those which made Apple's RCD "cool", will be important in any assessment for design infringement.

A trade mark proprietor's right to restrict the first marketing of goods under that mark in the European Economic Area is not qualified by any proviso relating to the free movement of goods

ORACLE

Oracle America Inc (formerly Sun Microsystems Inc) v M-Tech Data Ltd [2012] UKSC 27

The Supreme Court of England and Wales has held that Articles 5 to 7 of Directive 2008/95/EC (the "Trade Marks Directive") contain an exhaustive code already consistent with the obligations laid down by Articles 34 to 36 of the Treaty on the Functioning of the European Union ("TFEU"). Accordingly, a trade mark proprietor's right to restrict the first marketing of goods under its mark cannot be limited by any qualification relating to the free movement of goods.

Key Practical Consequences

- This decision rescinds the uncertainty created by the Court of Appeal's judgment, confirming that unlawful parallel importers cannot rely upon European defences to avoid liability for trade mark infringement, at least where a claimant is enforcing its rights under article 7(1) of the Trade Mark Directive.

- In so holding, the Supreme Court has effectively confirmed the availability of summary judgment as an effective means by which rights holders can quickly and cost-effectively control the importation of goods bearing their trade marks from outside the European Economic Area ("EEA").

Discussion

Articles 5 and 7 of the Trade Mark Directive provide a trade mark proprietor with the exclusive right to control the first marketing of goods bearing its trade mark in the EEA, even if those goods are authentic. This right subsists even where the trade mark proprietor has previously marketed such goods outside the EEA. Ultimately, the practical implication of this provision is that third parties cannot import or sell products in the EEA which have not already been placed on the market in the EEA by the trade mark proprietor or with its consent.

Sun was the proprietor of trade marks registered for use in connection with computer hardware. In 2009, a trap order was placed by a UK purchaser called KSS Associates for 64 Sun disk drives, which were subsequently supplied by a company called M-Tech Data Limited ("M-Tech"). Although the drives had previously been sold in China, Chile and the USA, they had not yet been marketed in the EEA and therefore M-Tech's actions constituted de facto infringement of Sun's registered trade marks.

Sun sought summary judgment for damages for the infringement and an injunction restraining further infringements. M-Tech raised a number of defences, arguing that enforcement of Sun's trade marks would partition the EEA market contrary to the principle of free movement of goods, and that such action would also distort competition in the EEA market for those goods.

Kitchin J agreed with Sun's submissions and granted summary judgment. The Court of Appeal allowed M-Tech's appeal and set aside the order.

On appeal to the Supreme Court, the key issue for consideration was whether a party who had imported and marketed goods in the EEA in contravention of Article 7 of the Trade Marks Directive could defend its position on the basis that the trade mark proprietor was engaged in conduct calculated to obstruct the free movement of goods or distort competition in the EEA market. As European trade mark law is harmonised, in the event the Supreme Court considered this an arguable defence, a reference to the Court of Justice of the European Union ("CJEU") would be required.

After consideration, the Supreme Court unanimously allowed Sun's appeal, restoring the order of Kitchin J. The court held that the principle of free movement is incapable of restricting a trade mark proprietor's right to control first marketing of goods bearing its mark within the EEA. The Trade Marks Directive already takes account of the issue of free movement, Article 7(2) qualifying a rights holder's ability to restrict further commercialisation of its goods. In any event, the Supreme Court observed that the right afforded by Article 7(1) of the Trade Marks Directive only affects the entry of goods onto the market and does not in itself restrict the movement of goods within the EEA. In the circumstances, therefore, a reference to the CJEU was deemed unnecessary.

Comment

Trade mark proprietors will welcome the Supreme Court's decision, principally on the basis that it preserves the availability of summary judgment as a cost-effective and practical means by which to tackle infringement. In the event M-Tech's defence based on free movement had been acknowledged, summary judgment would effectively have been removed as a viable option for rights holders, enabling parallel importers to argue that they would have a real prospect of successfully defending the claim.

CJEU holds use in multiple Member States is a factual, not a legal, necessity for Community Trade Marks

Leno Merken BV v Hagelkruis Beheer BV Case C-149/11

The Court of Justice of the European Union (CJEU) issued a decision concerning the geographical extent to which a Community trade mark must be used to avoid sanctions for non-use. The CJEU concluded that national borders should be ignored. Rather, an assessment is made of the market for the relevant goods and whether the trade mark owner has used the trade mark to create or maintain market share within that market.

For certain goods the geographical extent of the market is very limited, and therefore "genuine use in the Community" would be limited to use in that limited geographical area. In most cases however, the market for the relevant goods is likely to be far more geographically extensive and in these cases use of a trade mark within a single Member State would not be sufficient to establish genuine use "in the Community".

Key Practical Consequences

- Rights holders must consider the market for the relevant goods when proving use, and whether they have used the trade mark in question to create or maintain market share.
- The geographical extent of the market is relevant, and depending on the goods in question, can be small.
- Where the market is geographically extensive, then evidence of use in a single Member States alone may be insufficient.

Discussion

A Community Trade Mark (CTM) becomes subject to use requirements five years after it has been registered, meaning that it can only be relied upon in litigation or trade mark opposition proceedings to the extent that it has been put to "genuine use in the Community in connection with the goods or services in respect of which it has been registered". Without proof of such use, the CTM may also suffer sanctions, such as removal from the register. The present case concerned whether evidence demonstrating use in a single Member State could meet the requirement of "genuine use in the Community" and, if so, under what circumstances.

In its decision, the CJEU held that the phrase "in the Community" serves only to define the extent of the marketplace at issue and to make clear that use outside the Community cannot validate CTM usage. It does not introduce a US-style interstate requirement of trade mark use per se, the Court stating that "the territorial scope of the use is not a separate condition for genuine use" and therefore "territorial borders of the Member States should be disregarded".

As a result, whether a CTM has been put to genuine use in the Community will depend on whether the CTM has been used to create or maintain market share for the goods and/or services protected by the registration. This common sense approach reflects the reality of a marketplace as large and diverse as Europe, since the markets for particular goods or services may exist predominantly, or even entirely, within the territory of a single Member State. Introducing a cross-border requirement on these markets would prevent businesses from obtaining a CTM, thereby potentially restricting their ability to grow into new territories and dividing up the internal market.

The Court also ruled out imposing any kind of de minimis threshold for genuine use, stating that to do so would deprive national courts of the ability to look at all the circumstances of the market(s) in question. It did state, however, that there was no requirement that the use extend to a "substantial part" of the Community: that requirement, which was introduced by earlier CJEU case-law, applies only to CTMs that have a reputation or are well known. The "genuine use" requirements, which apply to all CTMs, pursue a different objective.

As to whether use in a single Member State can ever be sufficient to constitute genuine use "in the Community", the Court says that it can, but only in circumstances where the relevant market "is in fact restricted to the territory of a single Member State". This is unlikely to be the case for a large number of markets, meaning that for most businesses some degree of use in more than one Member State is likely to be required.

Comment

Many businesses will be relieved that the sufficiency of their trade mark use will continue to be assessed according to the circumstances of their own markets and not according to those of other markets or even a hybrid of several markets. The Court's narrow wording regarding use within a single Member State, however, implies that cross-border use is likely to be a requirement for all but the most local of markets. Strictly speaking, of course, this is a factual and an economic question rather than a legal one, but the end result is the same.

The approach adopted by the CJEU and to be followed by national courts may be summarised as follows:

1. Identify the market for the goods and/or services protected by the CTM.
2. Has the use of the CTM been in more than one Member State? If not, is the relevant market limited to the territory of a single Member State?
3. Has the use in accordance with point 2 above served to designate the origin of those goods or services?
4. Has the use in accordance with point 3 above been for the purpose of creating or maintaining a share of the Community's market for those goods or services?

Unless questions 2, 3 and 4 above can all be answered "Yes", the use of the relevant CTM is unlikely to be "genuine use in the Community" and, if the CTM has been registered for more than five years, its continued existence on the Community Trade Marks register may be vulnerable.

A game of one half as CJEU's ruling in Football Dataco v. Sportradar lands short of the goal

Football Dataco v. Sportradar Case C-173/11

The Court of Justice of the European Union (CJEU) held that where a company in Member State A unlawfully acquires data from a protected database and sends that data to a person located in Member State B, it may be sued in Member State B, provided that it intended to target the data to members of the public in Member State B. The Court of Appeal had asked the CJEU, in effect, whether the company could also be sued in the Member State in which the unlawful database content was hosted. The CJEU declined to answer that question fully, saying only that the Member State hosting the database would not have exclusive jurisdiction to hear the case.

Key Practical Consequences

- The decision provides that a database right can be infringed in the Member State where the general public is targeted, regardless of where the defendant's servers may be located.
- This is good news for database rights holders, as they can potentially enforce rights in Member States where protected data is received.
- Potential infringers now cannot simply rely on locating their servers in a jurisdiction less favourable to the rights owner in order to avoid liability.

Discussion

Football Dataco maintains a database of statistics about football matches. They claim that the database is protected by the sui generis database right provided for under Directive 96/9/EC (the "Database Directive"), and alleged that Sportradar, a German company which also provides statistics about football matches, had unlawfully used its statistics in betting services targeted at members of the UK public. Sportradar said that its data had been generated independently and, when sued in the UK, challenged the jurisdiction of the courts of England and Wales.

Although the High Court found that it had jurisdiction over Sportradar in relation to claims that it shared joint liability with its UK customers, it declined jurisdiction in relation to Football Dataco's claims for direct infringement. Football Dataco appealed the point to the Court of Appeal, who in turn sought guidance from the CJEU.

The Court of Appeal asked first whether the sending of data taken from a database protected by the sui generis database right under the Database Directive was an act of extraction or re-utilisation.

Second, it asked which of three mutually exclusive scenarios accurately described which courts could take jurisdiction in the proceedings before it. Was it:

Only the courts of Member State A, where the database server was located;

Only the courts of Member State B, where the recipient of the data was located; or

The courts of both Member State A and Member State B (in which case the courts first seised would have the better claim to jurisdiction)?

The Advocate General, who gives a non-binding advisory opinion to the CJEU on how it should rule, took the view that the sending of data amounted to a re-utilisation, and that it took place in both Member State A and Member State B. In his view, both Member States would have been competent to take jurisdiction to hear the case.

The CJEU agreed with the Advocate General that the sending of data in the manner described by the reference constituted a re-utilisation of the data and as such was subject to the database owner's authorisation.

The Court also agreed that such re-utilisation takes place in Member State B, i.e. where the recipient of the data is located, but added that this would only be the case where there is evidence that the Defendant intended to target members of the public in that Member State. In other words, mere accessibility of the data within a Member State would be an insufficient basis for the courts of that Member State to assume jurisdiction. This part of the ruling is consistent with the Court's rulings earlier this year in Wintersteiger v. Products 4U, Case 523/10 and in Titus Donner, Case C-5/11, where similar legislation was at issue.

Whether it agrees with the Advocate General on the status of the courts of Member State A, however, remains to be seen as the CJEU elected not to answer that part of the reference. Since the Court of Appeal had only sought guidance from the CJEU in order to establish its own jurisdiction to hear the case, being Member State B in the questions, it was not strictly necessary for the CJEU to address whether Member State A would also have jurisdiction. It therefore avoided doing so and, beyond saying that Member State A would not have exclusive jurisdiction in these circumstances, provided no further guidance on the point.

Comment

Although the judgment deals with the essentials of the reference from the UK Court of Appeal, it represents a missed opportunity for the CJEU to bring further clarity and certainty to the complex issue of jurisdiction in online disputes. Indeed, because the CJEU has repeatedly said that the Internet requires special consideration in disputes over jurisdiction, and given the similarity of the database legislation to legislation governing aspects of copyright, this case could have been a valuable aid to e-tailers, to software developers using online distribution methods, and to website developers and other online content providers. Unfortunately for the e-commerce industry, the important question of whether the Member State in which a server is located automatically has jurisdiction in database, and certain copyright, infringement claims, continues to go unanswered.

English Court of Appeal Confirms Readiness to Hear Claims Against Foreign Cartelists

Toshiba Carrier UK Ltd and Others v. KME Yorkshire Ltd and Others [2012] EWCA Civ 1190

The English Court of Appeal dismissed an appeal against a judgment of the Chancellor of the High Court, in which he dismissed an application for orders to strike out a competition law damages claim or summarily to dismiss it as having no real prospects of success. By finding that the claimants' pleaded claim against the only remaining UK-domiciled defendant could stand, the Court of Appeal enabled the claimants to proceed before the High Court with their claim against the remaining defendants, all of which are domiciled outside the UK.

Key Practical Consequences

- In reaching this conclusion, the Court of Appeal has reaffirmed its willingness to accept jurisdiction over competition law damages claims involving non-UK parties, provided that at least one defendant is domiciled in the UK, and to resist attempts by defendants to use jurisdictional arguments to defeat claims before reaching trial.
- The Court of Appeal has also taken this opportunity to provide some valuable guidance on the circumstances in which the illegal conduct of one company can be imputed to companies within the same corporate group. As such, it addresses the tension between the concept of the legal entity, which is the specific person to whom an infringement decision is addressed and which can be sued for damages arising from that infringement, with the broader EU law concept of the undertaking, which is the viewed as the 'economic unit' that committed the infringement and may comprise a number of entities.

Discussion

On 16 December 2003, the European Commission issued a decision that, over a 23 year period, three manufacturers of industrial copper tubes had engaged in unlawful cartel activities, including price-fixing and market partitioning, contrary to what is now Article 101 of the Treaty on the Functioning of the European Union (TFEU). The three manufacturers, Wieland Werke of Germany, Outokumpu of Finland and KME of Germany were fined a total of €79 million.

On 15 December 2009, Toshiba Carrier UK and various associated companies brought a competition law damages claim in the English High Court against nine entities within the respective corporate groups of Wieland Werke, Outokumpu and KME. The claim relied on the infringement finding by the European Commission as the basis for liability. By the time of the Court of Appeal's judgment, the defendants had been reduced to five entities, four within the KME group plus Outokumpu Oyj, presumably due to a settlement having been reached with Wieland Werke.

Under the Brussels Regulation, the presumption is that companies should be sued in the EU Member State of the country in which they are domiciled. Of the five remaining defendants in this case, only one is domiciled in the UK, namely KME Yorkshire Limited (KME UK). Since KME UK was not an addressee of the Commission's infringement decision, the question arose as to how far it could be viewed, on the basis of that decision alone, as having infringed Article 101 TFEU and thereby caused harm to the claimants. Furthermore, to ensure that the English High Court had jurisdiction to hear the claim, it was essential that the claimants could show that they had a valid claim against KME UK, notwithstanding the fact that it was not an addressee of the original infringement decision.

The defendants challenged the claim against KME UK on the basis that there was no reasonable ground for bringing it (under CPR Rule 3.4(2)(a)) and alternatively that the claimant had no real prospect of succeeding (under CPR Rule 24.2(a)(i)). By the time of the appeal it was common ground that, as long as the claimants could demonstrate that they had a valid claim against KME UK, they could rely on Article 6(1) of the Brussels Regulation to bring proceedings in the High Court against the four non-UK defendants, all of which were addressees of the infringement decision, on the basis that the claims against all five defendants were "so closely connected that it is expedient to hear and determine them together". In other words, the case turned on whether KME UK could serve as an 'anchor defendant'.

The High Court Judgment

On 19 October 2011, the Chancellor of the High Court rejected the defendants' application for strike-out or dismissal of the claim, on the basis that the claimants had properly pleaded that KME UK formed part of the same undertaking as addressees of the Commission's decision in the same corporate group. In addition, the court found that, following the provision of further particulars of their claim through correspondence with defendants' solicitors, the claimants were not simply relying on the Commission decision for their infringement claim against KME UK but were also pleading, as a standalone claim, that KME UK had itself implemented the unlawful arrangements entered into by the other KME entities, with knowledge of their existence. On this basis, the claimants did not need to impute liability to KME UK solely because of its membership of the wider 'KME undertaking'.

The Appeal Judgment

The Court of Appeal dismissed the defendants' appeal in a judgment of only 40 paragraphs. The Court ruled that the claimants had met the required standard in their pleadings to ground a cause of action against KME UK for infringement of Article 101 TFEU, as a stand-alone claim. Specifically, they had clearly alleged that KME UK, with knowledge of the agreement and arrangements described in the Commission's decision, obtained and exchanged information with competitors with a view to promoting the cartel agreement and arrangements. Citing relevant European law precedent, Etherton LJ noted that it was clear that "acts of implementation alone are capable of amounting to concerted practice where they are carried out pursuant to an anti-competitive agreement made between others and with knowledge of that agreement". Given this finding, the issue of whether a follow-on claim alone would have been sufficient to anchor the case to the English Court's jurisdiction was not considered.

Although this ruling was sufficient to dispose of the appeal, Etherton LJ went on to provide some significant commentary on the circumstances in which the infringing actions of one corporate entity can lead to liability of another entity within the same corporate group. In so doing, he tackled the apparent tension between the judgment of Aikens J in Provimi2, which indicated that all entities that form part of a single undertaking may be held equally liable for damages caused by any other entity within that undertaking, and the judgment of the Court of Appeal in Cooper Tire3, which appeared to cast doubt on the earlier judgment. Citing the established European competition law principle of parent liability, Etherton LJ noted that, although "the unlawful conduct of [a] subsidiary will be imputed to [its] parent company", "the mere fact that the share capital of two commercial companies is held by the same person … is insufficient in itself to establish that those two companies are an economic unit with the result that … the actions of one company can be attributed to the other". In other words, while it may be presumed that a parent will be found liable, as a matter of European competition law, for the unlawful actions of its controlled subsidiary, and vice versa, it does not follow that the subsidiary is also liable for the actions of its sister companies, unless it can be shown that the subsidiary knowingly implemented the anticompetitive arrangement.

Comment

This judgment is a reminder of the importance of being able to identify a UK-domiciled defendant to anchor a competition law damages action in the English courts. The need to plead specific infringing acts by the UK defendant, through a distinct stand-alone claim, also serves to underline the limitations of the Competition Appeal Tribunal (CAT) as a forum, compared with the High Court, given that the CAT's jurisdiction is currently limited to hearing follow-on claims only (though this is set to change).

Although this is an important victory for the claimants in this case, it should be remembered that they have simply survived a jurisdictional challenge. They will still need to prove at trial that the defendants, including KME UK, really did implement the cartel and that this had an impact on the prices charged to the claimants. This is unlikely to be straightforward, even once they have the benefit of access to documents produced as a result of pre-trial disclosure. Of course, it is quite possible that the parties will reach a settlement before then, as has so far been the case with every other cartel damages claim brought before the UK courts. As a result, while there is a growing body of case law on preliminary issues such as jurisdiction, significant uncertainties remain over the attribution of liability and quantification of losses in competition law damages actions.

Court of Justice of the European Union holds that the free movement of goods does not prevent the criminal prosecution of those who aid and abet the prohibited distribution of copyright-protected works

Titus Alexander Jochen Donner, Case C-5/11

The Court of Justice of the European Union (CJEU) ruled that a "distribution to the public" of a copyright-protected work in the Member State where delivery takes place if there is evidence that the trader has simply targeted consumers in that Member State (through advertising, the provision of delivery systems or payment methods). The Court further ruled that the concept of free movement of goods would not prevent a Member State bringing a prosecution for the aiding and abetting of such a distribution. This would be the case even where the sale was concluded in another Member State where the works in question were not copyright-protected or where the protection was unenforceable as against third parties.

Key Practical Consequences

- The Court has clarified that the "distribution to the public" offence under copyright law should be construed broadly which puts the onus on companies to consider which consumers they are targeting and to ensure that all relevant copyright laws are complied with in each Member State where their consumers reside.

Discussion

Mr Donner, a German national, was the principal director and shareholder of In.Sp.Em. Srl (Inspem), a freight forwarding company established in Italy. Inspem transported goods sold by another Italian company, Dimensione Direct Sales Srl (Dimensione). Dimensione used advertisements in German newspapers and a German-language internet website to sell replicas of "Bauhaus"-style furniture to customers in Germany. The goods were protected works under copyright law in Germany. However, in Italy, the goods either received no copyright protection or the copyright protection was unenforceable as against third parties.

Mr Donner was prosecuted under German criminal law for aiding and abetting the distribution of goods in breach of German copyright law which had implemented the Copyright Directive. Article 4(1) of the Copyright Directive requires Member States to provide authors of works "the exclusive right to authorise or prohibit any form or distribution to the public by sale or otherwise."

Mr Donner appealed, arguing, that a "distribution to the public" under Article 4(1) of Directive 2009/21 presupposed a transfer of ownership of the goods and this transfer, and therefore the distribution, had taken place in Italy rather than Germany; and that his conviction was contrary to the principle of the free movement of goods under Article 34 TFEU as it created an artificial portioning of markets.

The Bundesgerichtshof (the Federal Supreme Court of Germany) referred the following questions to the CJEU:

(1) Had there been a distribution to the public under Article 4(1) of the Copyright Directive?

(2) Did Articles 34 and 36 of the TFEU preclude a Member State from prosecuting the aiding and abetting of such a distribution where the copyright-protected works were distributed to the public in that Member State but the sale had been concluded in another Member State where the works were not copyright-protected or where the protection was unenforceable as against third parties?

The interpretation of Article 4(1) of the Copyright Directive

The CJEU said that under Article 4(1) of the Copyright Directive a distribution to the public could be characterised by a series of acts going from the conclusion of the contract to delivery to members of the public. Therefore, in the context of a cross-border sale, a copyright owner's exclusive right to authorise or prohibit any form of distribution to the public could be infringed in a number of Member States and, in this case, a distribution could have taken place in both Italy and Germany.

The CJEU ruled that a trader will have made a "distribution to the public" in the Member State where works protected by copyright are delivered if there is evidence that the trader was targeting consumers in that Member State. Relevant evidence will include the language of websites (where the language is different to that used in the trader's Member State), the content and distribution channels of advertising materials, and the provision of specific delivery systems or payment methods.

The interpretation of Articles 34 and 36 TFEU

The CJEU ruled that while the offence of aiding and abetting the distribution of copyright-protected works was a restriction on the free movement of goods and prima facie contrary to Article 34 TFEU it could be justified under Article 36 TFEU. National laws could be used to restrict the free circulation of works within the European Union where the works had only been placed on the market because of the disparity between the copyright laws of different Member States (on the period of protection or enforceability against third parties for example) and not as a result of the copyright owner's consent.

Therefore Articles 34 and 36 TFEU was not to be interpreted as precluding a Member State from bringing a prosecution under national criminal law for the offence of aiding and abetting the prohibited distribution of copyright-protected works, even if the sale had been concluded in another Member State where the works in question were not copyright-protected or where the protection was unenforceable as against third parties.

Comment

The CJEU's decision is helpful for copyright owners in that it provides usual clarification on the definition of a "distribution to the public" under Article 4(1) Copyright Directive in the context of cross-border transactions. A trader may infringe the copyright owner's exclusive right of distribution to the public in a Member State where goods are delivered if there is evidence that the trader has targeted consumers in that Member State, regardless of the copyright protection (or lack thereof) afforded to the goods in the trader's own Member State.

The decision also provides further assistance for copyright owners by confirming that traders must comply with copyright laws in all of the Member States in which they make a distribution for the purposes of Article 4(1) Copyright Directive and that such a requirement does not contravene the free movement of goods rules under Articles 34 and 36 TFEU.

CJEU: Customers Can Resell Copies of Downloaded Software; Developers Can Try To Stop Them

UsedSoft GmbH v. Oracle International Corp. Case C-128/11

Summary

The Court of Justice of the European Union (CJEU) ruled in UsedSoft v. Oracle that online purchasers of software may resell copies of their downloads provided that they render the original download unusable. The Court also endorsed software developers' use of "technical protective measures" to enforce that restriction.

Key Practical Consequences

- According to this ruling, there is no difference between physical and digital delivery methods and a "licence" of software can constitute a sale. Although, strictly speaking, the Court was addressing only the resale of downloaded software, aspects of the Court's judgment indicate that it would be willing to allow music and movie downloads to also be resold.

- The court emphasised that the sale of downloaded software involved a fee and a licence for an unlimited time period. Distributors of downloadable software may therefore consider limiting the length of licence periods to avoid the "sale" of such software, and therefore the right of resale. They should also seek advice from their commercial and legal advisers about the wider impact this judgment may have on their business models.

Discussion

Oracle sued UsedSoft for copyright infringement after UsedSoft began reselling licences to use copies of software downloaded from the Oracle website. These licences had been expressed to be personal and "non-transferable," and Oracle did not permit new copies of their software to be run on users' computers without a new licence. UsedSoft relied on the exception under EU copyright law that an owner of copyright in a computer program cannot prevent the resale of copies of that computer program if those copies have been sold within the EU with the copyright owner's consent.

At issue in this case was whether a copy of a computer program is "sold" when it has been downloaded by the customer directly to his hard drive. A further issue is whether further copies of the software can be made for onward resale.

The Court has adopted what it calls an "independent and uniform interpretation" of "sale" in the context of downloaded copyright works, where the essence of a sale is that "a person, in return for payment, transfers to another person his rights of ownership in an item". Following this ruling, downloaded materials are "sold" where the terms of the download (i.e. the licence agreement) are "intended to make the copy usable by the customer, permanently, in return for payment of a fee designed to enable the copyright holder to obtain remuneration corresponding to the economic value of the copy of the work of which it is the proprietor".

The Court states that its interpretation of sale is intended to be "a broad interpretation … encompassing all forms of product marketing" conforming to these characteristics. It placed no weight on the fact that Oracle's licences are personal to the purchaser alone (indeed this is what prompted the proceedings in the first place) nor the fact that they are explicitly identified as "non-transferable": the Court still found that Oracle had transferred its ownership of the copy of the software to the purchaser.

The Court then found that, contrary to the views of several Member States as well as the Commission, it was "abundantly clear" that the EU legislature intended there to be no distinction between works delivered on physical media or via the Internet when it comes to a customer's resale rights. Oracle, relying on legislative provisions that exclude online services from the operation of the doctrine of exhaustion, had argued that a resale right only arose in respect of programs originally sold on physical media and that downloads did not exhaust Oracle's right. The Court rejected that argument, in part because "from an economic point of view … the online transmission method is the functional equivalent of the supply of a material medium." That statement may be doubted, however, given that counterfeiting is an economic issue and the genuine origin of physical media can be much more easily assured than that of digital files.

Perhaps surprisingly, the Court has also indicated that when reselling a copy of a computer program, a reseller appears to be allowed to create a further copy of the work in order to avoid having to sell the hardware onto which he originally downloaded the software, in effect transferring the exhausted copy of the program from one piece of hardware to another. In allowing a reseller this convenience, the Court stressed that he must make his own copy of the program "unusable" at the time of resale. The Court also specifically endorsed the use of "technical protective measures" to mitigate the likelihood that some resellers will not comply with this requirement and the difficulties of enforcing it. A copyright holder is entitled, said the Court, "to ensure by all technical means at his disposal that the copy is made unusable". This could include DRM to prevent the software from being copied at all, so that the resale of the software can only take place on the original hardware, or to uniquely identify each download to ensure that only one piece of hardware can run it at any given time. Another option would be moving towards cloud-based business models.

If there is any good news for software developers in this judgment, it is that the resale of copies of software must be coupled with the resale of the relevant user licence. A reseller is not allowed to divide a multi-user licence and resell only the rights for some, but not all, users covered by it, nor can he resell licences separately from the copies downloaded when those licence were entered into. This is so even if the second purchaser only requires a new licence because he already has, or can otherwise obtain, his own copy of the program. In practice, however, it is expected that technical measures will provide developers with greater protection than legal remedies in all but the most egregious circumstances.

Comment

The judgment is the second major setback for software developers in as many months, after the same court ruled, in May 2012, that a computer program's functionality, language and data formats are not protected by copyright under the Software Directive (see: SAS Institute Inc. v World Programming Ltd Case C-406/10). There are, however, practical steps which will allow developers to mitigate some of the effects of this ruling. In defining where there is a "sale" of downloaded software, the Court has emphasised, above all other criteria, that the transaction must involve a fee and a licence for an unlimited period of time. It may be, then, that limiting the length of a licence will mean that there is no "sale" of the software, and therefore no right to resell it. Many developers, however, will feel that the writing is on the wall when it comes to relying on copyright to protect their work. Certainly, the tenor of the Court's recent judgments on computer programs has been to encourage competition and the secondary market, seemingly at the expense of extending developers' copyright protections.

It is therefore expected that the next big issue to come before the Court will involve other industries, such as music and film, in light of comments in the judgment that the exhaustion of rights applies not only to physical media - the doctrine which permits DVDs and CDs to be lawfully resold at car boot sales - but also to digital media. The Court was careful to note that it was ruling only on the first sale question as it applied to computer software, but it also affirmed its desire to adopt a uniform interpretation of "first sale" across all relevant legislation, a position which is also consistent with its earlier case-law. Together, these statements suggest that the next time the Court looks at this question, it will involve music downloads and/or digital copies of movies.

Those who deliver copyright protected content via the Internet, wherever they are based, should now consult with their legal and commercial advisers to assess the impact of recent rulings on their business models.

Court decision highlights awareness of jurisdiction when using UDRP

Jeffrey Walter Vs. Ville De Paris Civil Action No. 4:09-Cv-3939

A court in the United States rendered a judgment in favour of the respondent which had lost in a domain name dispute

Key Practical Consequences

- Brand holders should consider jurisdiction issues when using the UDRP.
- Brand holders should also be aware of the New gTLD domain name extensions expected to launch later this year given that this may create new registrars with new jurisdictions.
- Brand holders should appreciate the lack of appeal process within the UDRP in comparison to other domain name dispute resolution processes.
- Brand holders should ensure that they maintain awareness of New gTLD developments such the planned companion to the UDRP the Uniform Rapid Suspension System (URS).

Discussion

The city of Paris (Ville de Paris) was awarded the domain name parvi.org in a WIPO Uniform Domain-Name Dispute-Resolution Policy (UDRP) decision D2009-1278. The UDRP lacks any internal appeal process as part of the administrative process. Instead the UDRP requires that Complainants submit to the courts in at least one Mutual Jurisdiction under the Rules 3.b.(xiii).

The Rules define mutual 'the principal office of the Registrar (provided the domain-name holder has submitted in its Registration Agreement to that jurisdiction for court adjudication of disputes concerning or arising from the use of the domain name) or (b) the domain-name holder's address as shown for the registration of the domain name in Registrar's Whois database at the time the complaint is submitted to the Provider.' The United States of America was the Mutual Jurisdiction in this instance. The Respondent subsequently sought a judgement against the original Complainant in the United States.

The city of Paris did not contest the judgement which found in favour of the Respondent. Significantly the Respondent was awarded $100,000 for reverse domain name hijacking under Lanham (Trademark) Act (Lanham Act) in damages together with $26,830 in costs and ultimately the domain name itself.

Comment

This decision highlights that brand holders should consider the jurisdiction they submit themselves to when using the UDRP. This is likely to be of more importance for decisions that are likely to be contested where the domain names may have high value to third parties other than the brand holder, this is likely to be the case where the domain name consists of terms that may be considered dictionary words/industry keywords which may be more generic or descriptive. Interestingly WIPO provide the potential for the Complainant to submit themselves more than one Mutual Jurisdictions, with the ability to select both the principle office of the concerned registrar or the address of the registrant at the time of filing. This is possible as the Rules/ Policy require that Complainant submit themselves to at least one Mutual Jurisdiction.

This decision reiterates that there is no appeal mechanism within the UDRP itself. This contrasts with the Dispute Resolution Service for domain names for the United Kingdom such as (.co.uk and .org.uk etc). Brand holders always have the option of not contesting any subsequent judgement, however this may be a bitter pill to swallow having just invested in obtaining the domain name.

English High Court finds infringement of RED BULL and BULLIT marks

Red Bull GmBH v Sun Mark Limited and another [2012] EWHC 1929 (Ch)

The High Court held that the Defendants infringed the Claimant's IRs for BULLIT and CTM for RED BULL by their use of the sign BULLIT and the strapline NO BULL IN THE CAN for energy drinks. Arnold J dismissed the Defendants' counterclaim that the Claimant's IRs were invalid because the Claimant acted in bad faith since it had no genuine intention to use the BULLIT mark.

Key Practical Consequences

- When filing UK trade mark applications, brand owners are not required to have concrete intention to use the mark, however they must at least contemplate the possibility of using the mark at some future point in order to be able to claim good faith.
- Brand owners should be aware that the use of straplines which contain even indirect references (e.g. play on words) to a trade mark with reputation may infringe such mark on the ground of unfair advantage of such repute.

Discussion

The Claimant, Red Bull GmBH ("Red Bull"), was the Austrian manufacturer of the well-known RED BULL energy drink, which was launched in Austria in 1987 and introduced into the UK in 1994. Although the Claimant had a reputation as a one-product company, in more recent years the Claimant has introduced a number of brand extensions such as RED BULL SUGARFREE, RED BULL COLA and RED BULL SHOTS and has launched three "special editions": THE RED EDITION (cranberry flavoured), THE BLUE EDITION (blueberry flavoured) and THE SILVER EDITION (lime flavoured).

The Claimant filed its first applications to register the BULLIT mark in 1999. Some of these applications were rejected or withdrawn because of conflicts with prior rights in the BULLIT mark owned by a third party, W & S Holding ("W&S"), which in about 1995 had launched an energy drink under the name BULLIT, sold mainly in the Netherlands. In 2005, the Claimant acquired the BULLIT trade marks and business from W&S. As a result of such acquisition, the Claimant commenced manufacture and sale of the product in the Netherlands first, and then in other countries including (it claims) the UK in 2010.

The Defendants, Sun Mark Ltd ("Sun Mark") and Sea Air and Land Forwarding Ltd ("SALF"), were UK based companies specialised in the import, export and distribution of fast moving consumer products. Sun Mark was responsible for the distribution and sale of the products and SALF was responsible for shipping them.

The Defendants started selling an energy drink under the name BULLET in 2006, and in 2009 they started using the advertising strapline NO BULL IN THIS CAN.

Following a number of trade mark disputes which date back to 2002, in May 2010 the Claimant brought trade mark infringement proceedings against the Defendants' use of the sign BULLET on the basis of two International Registrations ("IRs"), designating the UK, for the BULLIT mark for non-alcoholic beverages, and against their use of the strapline NO BULL IN THIS CAN on the basis of its Community Trade Mark registration ("CTM") for RED BULL for energy drinks.

The Defendants counterclaimed that the Claimant's IRs for BULLIT were invalid on the ground that the Claimant had no genuine intention to use the BULLIT mark in the UK at the time the IRs were filed and that, on such basis, the marks were applied for in bad faith under Section 32(3) of the Trade Marks Act ("TMA").

The High Court held that the Defendants' use of the sign BULLET for energy drinks infringed the Claimant's IRs for BULLIT. It was found that the marks were confusingly similar under Article 5(1)(b) of the EC Directive because of the visual, aural and conceptual similarities between the sign and the mark and given the identity of the respective goods, namely energy drinks which were covered by the Claimant's IRs.

The High Court also held that the Defendants' use of the strapline NO BULL IN THIS CAN infringed the Claimant's CTM for RED BULL on the ground that the strapline took unfair advantage of the repute of RED BULL under Article 9(1)(c) of the EC Regulation. Arnold J stated that it was plain that the use of the sign BULL in the context of the strapline in question would call the trade mark RED BULL to the mind of the average consumer, making a link between the sign and the mark. He also stated that the average consumer would appreciate that the strapline is a play on words, which means both "NO [RED] BULL IN THIS CAN" (because it is a competitor to RED BULL) and "NO BULL[SHIT] IN THIS CAN" (because it is a straightforward, inexpensive product with no gimmicks). On the other hand, the High Court held that the use of the strapline was not detrimental to the repute of the RED BULL mark because the average consumer would appreciate that there was an element of humour in the strapline.

The High Court dismissed the Defendants' counterclaim that the Claimant's IRs for BULLIT were invalid because they were applied for in bad faith. Arnold J stated that the Claimant had no concrete intention to use the BULLIT mark when it applied for the IRs, however the Claimant did contemplate the possibility of using the mark at some future point, most likely in relation to energy drinks, in countries which might include the UK. On this basis, the High Court held that the Claimant had a sufficient intention to use the mark in the UK to be able to claim in good faith that it intended to use the mark at least in relation to energy drinks.

The decision has been appealed by the Defendants. Moreover, the Defendants have filed non-use revocation actions against the Claimant's IRs for BULLIT in the UK. However, in a subsequent hearing on 24 July 2012, the High Court issued a further judgment which inter alia awarded remedies to the Claimant and granted a EU-wide injunction against the Defendants, notwithstanding the pending appeal and non-use revocation actions.

Comment

This decision is good news for brand owners who wish to apply to register their trade marks in the UK. In his pragmatic approach to the intention to use requirement, Arnold J noted that, given the risk of conflicts with owners of prior rights, many traders prefer to obtain the protection of registration first and then launch the product. He also noted that, in such circumstances, an applicant may decide to file applications for a number of different trade marks simultaneously in order to give himself options in the event that some of the applications are objected by third parties.

The High Court addressed the issue of the discrepancy between the UK trade mark system, which requires bona fide intention to use when applying, and the CTM system, which has no such a requirement. Counsel for the Claimant submitted that the intention to use requirement was incompatible with the EC Directive, and

Arnold J noted that those submissions raised important and difficult issues of European law. Arnold J stated that these were issues which required the guidance of the CJEU at some point, however he decided that a reference to the CJEU was not necessary in this case.

This case is also interesting as it shows various strategies which brand owners may pursue in order to secure protection of their marks in the event of conflicts with third parties, e.g. filing oppositions and invalidity actions, negotiating co-existence agreements, acquiring earlier rights from third parties, etc. In this regard, Arnold J stated that in this case there were sequences of moves that resembled moves in a game of chess.

Youview vs Your View – Youview loses battle over confusing similarity

YouView TV Ltd v Total Ltd [2012], EWHC 3158 (Ch)

The English High Court dismissed an appeal sought by YouView TV Ltd, agreeing with the decision of the Hearing Officer that the marks YOUVIEW (stylised) and YOUR VIEW were confusingly similar, and that YOUVIEW (stylised) did therefore infringe Total's registered mark YOUR VIEW.

Key Practical Consequences

- The High Court highlighted the fact that test for confusing similarity is a multi-factorial assessment.
- Companies must ensure they conduct a full trade mark search before launching a new product, no matter how well funded it is or what strong reputation the new name goes on to build.

Discussion

Total successfully opposed YouView's registration in May 2012. YouView appealed this decision but Mr Justice Floyd found strongly in favour of the respondent, Total.

YouView made three criticisms during the hearing of the way in which the original Hearing Officer made her comparison of the marks and gauged the likelihood of confusion. These were that:

1. the marks should not have been compared as two-word phrases, as YouView's mark was a composite single word embedded in a logo;

2. the conceptual element of the two marks differed. YouView was perhaps imperative whilst YOUR VIEW possessive; and

3. the two marks were not aurally similar. YouView had assonance and YOUR VIEW did not.

Mr Justice Floyd dismissed each of these criticisms:

1. the hearing officer was clearly aware of the one word / two word distinction but regarded it as overly analytical in this case. She also took the logo into consideration. Mr Justice Floyd said that he could not detect any error of principle in the visual comparison of the marks;

2. Mr Justice Floyd agreed that there was a conceptual difference, albeit a subtle one, but said that the hearing officer had sufficiently taken this into account; and

3. aural similarity is a matter of judgement and Mr Justice Floyd agreed with the Hearing Officer's assessment.

Mr Justice Floyd concluded that "The hearing officer was engaged in a multifactorial assessment which her expertise ideally qualified her to undertake. This is not a fruitful field in which to discover an error of principle. I am unable to see any error of principle in her legal approach, or in the way in which she applied it to the comparison in this case. She reached the conclusion she was entitled to reach."

Mr Justice Floyd ordered that the appeal be dismissed. In such cases the losing side, YouView must also bear the costs of the respondent Total.

Comment

Despite a very clear judgement against them by the Court of Appeal YouView have stated that it has "no intention of changing its name", adding "this matter is complex and subject to a number of ongoing legal actions and will be settled in the courts."

In response Total's managing director Stuart Baikie said: "Despite the recent vindication of our position in the appeal proceedings we believe that YouView has continued to act without regard to our registered mark and business interests. We have had no choice but to issue infringement proceedings and we are confident of success." Total have now started infringement proceedings against YouView. As well as seeking a financial settlement, Total want an injunction which would prevent YouView from using its name. The company would not speculate on the level of damages it expected to receive.

When the infringement claim is considered it will be interesting to see how the Judge differentiates, if at all, the previous opposition action and the infringement claim.

Use of "FINE" is not fine, rules English High Court

Fine & Country Ltd and others v Okotoks Ltd and others [2012] EWHC 2230 (Ch)

The English High Court held that the use of the trade mark "FINE" amounts to passing off and trade mark infringement of "FINE & COUNTRY".

Key Practical Consequences

- Licensors should ensure that any goodwill accrued by its licensees should be assigned to the licensor under the terms of the license agreement, so that the licensor can freely bring claims for passing off without joining its licensees.
- Conclusive evidence of "deception" in passing off cases is not necessary for a finding of deception – the Courts appreciate that such evidence is hard to compile, and that a finding of deception is ultimately a decision for the court to make based on the facts of the case, irrespective of evidence of actual deception.
- Stylised trade mark registrations can be more useful than word only marks in cases where the infringing mark uses similar stylistic elements in addition to verbal elements.
- In addition to the similarities between the respective marks, the use of marketing slogans is also relevant when assessing the existence of misrepresentation in passing off cases. Brand owners should therefore be conscious of their marketing slogans increasing the likelihood of deception with a competitor's brand.

Discussion

Fine & Country ("F&C") is a company which licenses the "FINE & COUNTRY" brand to a network of independent estate agents throughout the U.K., in order to allow them to compete with the major brands which arguably dominate the premium real estate sector. F&C argued that the use of the mark "FINE" by another estate agency amounted to both trade mark infringement and passing off.

1. Passing Off

A finding of passing off requires:

(a) the necessary goodwill or reputation;

(b) a misrepresentation (whether or not intentional); and

(c) damage or a likelihood of damage.

Goodwill

Okotoks argued several defenses to the claims brought by F&C, including the fact that F&C did not operate estate agency services themselves, but allowed others to do so under the FINE & COUNTRY brand, thereby resulting in a situation where the requisite goodwill was enjoyed by the licensees, rather than F&C. However, the judge held that the goodwill in the services provided accrued to F&C under the respective license agreements, and as a result of the considerable "attractive force" generated in the FINE & COUNTRY brand by the licensing and promotional activities of F&C.

Misrepresentation / Deception

The parties both called several witnesses over the issue of misrepresentation. The judge decided that although evidence of actual deception was a powerful tool in fulfilling the test for passing off, it was not necessary, given the difficulty in obtaining such evidence. Evidence of the intentions of Okotoks was also helpful in proving misrepresentation, especially given that one of the staff in charge of the adoption of the FINE mark by Okotoks was formerly employed by a licensee of F&C.

The judge also helpfully clarified that the "deception" of customers for the purposes of passing off is more onerous to prove than "confusion" in trade mark law, namely:

- Confusion: "I wonder if there is a connection"
- Deception: "I assume there is a connection"

The fact that any deception or confusion was dispelled or corrected prior to any purchase being made did not preclude a finding of deception or confusion, especially if any such initial deception resulted in harm being done to the Claimant's business.

2. Trade Mark Infringement

With respect to the trade mark infringement claim, Okotoks produced significant evidence that the terms "fine", "finest" and "country" were used descriptively by estate agents, and that the FINE & COUNTRY trade mark was thereby descriptive and should be invalidated. However, although the judge accepted that the individual terms were descriptive, the FINE & COUNTRY mark as a whole had developed a secondary meaning designating the origin of the Claimant's services, and was therefore a valid registration.

Okotoks also argued that the FINE & COUNTRY mark was used by licensees, rather than the brand owner, and that the mark was therefore deceptive as to trade origin. However, it was found that F&C exerted significant control over its licensees (although it was denied by F&C that it operated a franchise business) and that such arrangements were commonly used, without being regarded as deceptive. The argument was therefore rejected.

Given that deception had already been found in the passing off case, the trade mark infringement case was also successful on the basis of a likelihood of confusion. The judge also decided that the Claimant's mark enjoyed a reputation, and that the use of the FINE mark by Okotoks took unfair advantage of that reputation.

Comment

This case provides a helpful and comprehensive overview of the arguments and evidence needed to succeed in a joint passing off and trade mark infringement claim. It also demonstrates some of the issues faced by franchisors and other licensors in bringing claims without joining licensees into proceedings. .

CJEU holds that the General Court had taken a step too far when it questioned the validity of an earlier national trademark registration in Community Trade Mark opposition proceedings.

Formula One Licensing v OHIM Case C-196/11 P

The Court of Justice of the European Union overruled the General Court and held that neither OHIM nor the General Court has the jurisdiction to question the validity of a national trade mark in the course of Community Trade Mark opposition proceedings.

Key Practical Consequences

- When assessing a prior national right in the course of Community Trade Mark opposition proceedings, OHIM and the General Court are required to verify the way in which the public perceives the sign and, if necessary, evaluate the degree of distinctiveness. However, these powers are limited and the Court is required to acknowledge a certain degree of distinctiveness in any national registration.
- The validity of a prior national right cannot be questioned in the course of Community Trade Mark opposition proceedings. Instead, a national right can only be challenged by an action for invalidity in the appropriate national court.
- A court cannot determine that a sign, which is identical to a national mark, lacks distinctive character because this would eliminate the protection which national trade marks are supposed to provide
- Community Trade Marks do not replace national rights and instead both rights must co-exist and be respected as valid and enforceable rights in CTM opposition proceedings. In questioning the validity of a national right, the Court was guilty of infringing the Regulation which requires the co-existence of Community Trade Marks and national rights.

Discussion

Racing-Live SAS, which was later replaced by Global Sports Media Ltd, filed a Community Trade Mark application for a figurative mark including the text “F1-Live” in Classes 16, 38 and 41. Formula One Licensing BV opposed the application on the basis of likelihood of confusion and detriment to reputation. The opposition relied on a prior International Registration designating Denmark, Germany, Spain, France, Italy and Hungary and a German and United Kingdom national registration for the word mark “F1” and a Community Trade Mark for the “F1 Formula 1” (Stylised) mark, which covered the same goods and services as cited within the “F1-Live” application.

The Opposition Division of OHIM upheld the Opposition on the basis of the earlier International Registration and found that the goods and services covered by the marks were identical or similar and that the signs were similar to the medium degree such that there existed a likelihood of confusion for the purposes of Article 8(1)(b) of the Regulation. Racing-Live SAS appealed the decision and by Decision dated 16 October 2008 OHIM dismissed the Opposition and held that there could be no likelihood of confusion between the marks in so far as they both contain the "F1" element, since the "F1" element is descriptive.

Formula One Licensing thereafter appealed to the General Court, which dismissed the appeal and affirmed the OHIM's decision. Formula One Licensing then appealed to the Court of Justice of the European Union (CJEU) which held that the validity of a national mark cannot be challenged by the OHIM or the General Court in the course of proceedings concerning the registrability of a Community Trade Mark. Instead, the validity of a national mark can only be challenged by an action for invalidity in the member state in which the mark was registered. In particular, the CJEU referred to the established case law and emphasised that the Community Legislature has established a system which is based on the co-existence of Community Trade Marks alongside national trade marks.

It was also held that, in opposition proceedings such as these, there can be no finding, with regard to a sign that is identical to a registered national trade mark, of an absolute ground for refusal, such as the mark being devoid of distinctive character, provided by Article 7(1)(b) of the Regulation. In particular, a finding that a sign is descriptive or generic is no different to denying the mark's distinctive character and therefore eliminates the protection which national trade marks are supposed to provide. Instead, OHIM and the General Court must verify the way that this sign, which is identical to the national mark, is perceived by the public, solely in relation to the mark applied for and, if necessary, evaluate the degree of distinctiveness of the sign.

However, as was asserted by Formula One Licensing, this verification has limits and must not result in the finding of a lack of distinctive character since this would not be compatible with the co-existence of Community Trade Marks and national marks or with Article 8(1)(b) of Regulation 40/94, read in conjunction with Article 8(2)(a)(ii). Instead, in order to avoid infringing Article 8(1)(b) of the Regulation, OHIM and the General Court must recognise the "certain degree of distinctiveness" that exists in any national registration, and respect the co-existence between Community Trade Marks and national rights as prescribed by the Regulation.

The CJEU held that in finding that the sign "F1" was descriptive, generic and devoid of distinctive character, the General Court had called into question the validity of Formula One Licensing's earlier marks and therefore infringed Article 8(1)(b) of the Regulation. The CJEU agreed with Formula One Licensing's claim that there had been an error of law and therefore set aside the judgment and referred it back to the General Court who it deemed best placed to give final judgment.

Comment

The CJEU's decision refers to the established case law and reiterates that the co-existence of Community trade marks and national trade marks is at the very heart of the Community Legislation. Furthermore, despite the broad and far-reaching scope of Community Trade Marks, national registered rights have an important role to play in Community Trade Mark opposition proceedings and national protection should therefore be considered by rights-holders as part of a robust trade mark portfolio.

No Immunity against infringement proceedings for Owners of later registered trade marks?

Fédération Cynologique Internationale v Federación Canina Internacional de Perros de Pura Raza Case C-561-11

Following the rationale of the Court of Justice of the European Union (the "CJEU") in Celaya Emparanza y Galdos International, Advocate-General (A-G) Mengozzi recommended that holders of earlier registered trade marks should be able to bring infringement proceedings against all third parties including holders of later identical and similar registered marks.

Key Practical Consequences

If the Opinion of the A-G is followed by the Court:

- A number of EU members, including the UK and Spain, will need to reverse current legislation or case law preventing trade mark owners from bringing infringement proceedings against holders of later registered marks, until the later marks have been declared invalid.
- It will become more important for businesses to conduct a trade mark search prior to adopting a new brand.
- There may be a resumption of the practice of seeking consent from holders of earlier registered trade marks prior to registration or use of a later mark to obtain certainty against infringement proceedings.

Discussion

The A-G's Opinion was in response to a reference for a preliminary ruling by Commercial Court No. 1 of Alicante, Spain. The facts of the main proceedings are mostly secondary to the legal issue. In brief, Fédération Cynologique Internationale ("FCI"), the owner of a CTM registration for FCI composite logo in Classes 35, 41, 42 and 44, filed infringement proceedings against Federación Canina Internacional de Perros de Pura Raza ("FCIPRR"). FCIPRR owns two Spanish registrations incorporating F.C.I. in Class 16, one of which is earlier than FCI's CTM, and a later CTM registration in Class 16 for an F.C.I composite logo which bears similarity with FCI's CTM.

The Spanish Court referred a question on the interpretation of Article 9(1) of Regulation No. 207/2009 (the "CTM Regulation") which can be summarised as follows: can a CTM owner start infringement proceedings against all third parties who use an identical or similar mark in trade or are they precluded from suing a person who uses a later conflicting CTM, until such time as the later CTM has been declared invalid?

The same question was posed by the same Spanish Court in relation to registered Community Designs ("RCD") in the Celaya case. In Celaya, the Court held that RCD holders could bring infringement proceedings against owners of later similar RCDs, without having to first obtain a declaration of invalidity. In the A-G's view, the only difference between CTMs and RCDs is the registration process of CTMs, which is more rigorous. Particularly, owners of earlier CTMs are given the opportunity to oppose CTM applications which are prejudicial to their rights, which is not the case with RCDs. For the A-G, the crux of the matter was whether this warranted a departure from the principle adopted in Celaya, and the answer was no.

While the A-G acknowledged that in the interest of legal certainty, there was some merit in precluding owners of later CTMs from being sued for use of those CTMs, he did not consider that this should take precedence over the priority principle, in accordance with which earlier rights prevail over later ones. He found that requiring a CTM holder to invalidate a later conflicting CTM before bringing infringement proceedings, risks a disproportionate amount of delay while the question of validity is dealt with by the OHIM and possibly the General Court and then the CJEU. The longer the CTMs co-exist the greater the likely prejudice to the earlier CTM.

The A-G noted that Article 9 does state that a CTM proprietor shall be entitled to prevent "all third parties" not having his consent from using identical or similar marks in the course of trade. If the legislature had wanted to exclude proprietors of later CTMs, it would have done so explicitly and acquiescence, under article 54 of the CTM Regulation, is the only bar to infringement actions.

Finally, the A-G recommended that if the CJEU followed his opinion, that the same interpretation should be given to Article 5 of the Directive 2008/95 - the Trade Marks Directive, meaning that the same approach will be implemented in the national trade mark systems of all the EU Member States.

Comment

The A-G stated that owners of later trade marks are protected against frivolous infringement actions, because they can defend themselves by referring to any rejection of an opposition on the substance, or counterclaiming for revocation or invalidity of the earlier trade mark. However, it is costly to defend against an infringement claim. Also invalidity proceedings although public rarely make the headlines whereas infringement actions do.

One of the arguments against ex officio examination of relative grounds put forward is that it is for a trade mark owner to defend his rights. This is why trade mark owners are advised to opt-in for notifications and subscribe to watching services, so that they can oppose applications for conflicting marks. Therefore, it does seem unfair to trade mark owners who have gone through the process of registration, to be subject to the risk of an infringement claim regardless. However, it is difficult to argue with the A-G's point that the EU trade mark systems function on the basis of priority.

While, if the CJEU follows the Opinion, infringement actions are unlikely to increase because they remain expensive to bring, it should dampen previous gung ho attitudes of filing trade marks without first conducting a search or regardless of receiving negative search results.

EU General Court allows opposition to word mark DOLPHIN in part

Hand Held Products, Inc. v OHIM, Case T-361/11

orange™

The EU General Court partially allowed an opposition against the registration of the word mark DOLPHIN for interactive terminals, telecommunications systems and installations, and electrical and electronic accessories, which had been previously rejected by the OHIM Board of Appeal.

Key Practical Consequences

- In this case the General Court displayed its willingness to draw clear distinctions between goods within the same class.
- Trade mark proprietors should be aware when submitting oppositions that in certain circumstances the scope of protection afforded to their earlier marks may well be quite limited.

Discussion

Orange Brand Services Ltd sought to register the word mark DOLPHIN ("the contested mark") in respect of goods in Class 9 corresponding to the following description: "telecommunications systems and installations; interactive terminals for displaying and ordering goods and services; electrical and electronic accessories" ("the goods at issue"). Hand Held Products Inc. ("the applicant") sought to oppose the registration under Article 8(1)(b) of Regulation No. 207/2009 on the basis of their earlier, identical word mark DOLPHIN ("the earlier mark") for goods in Class 9 corresponding to the following description: "barcode and image scanners and related software for use therewith".

The applicant's opposition was rejected firstly by the Opposition Division, and then on appeal by the First Board of Appeal of OHIM. The applicant then appealed again, to the EU General Court.

Article 8(1)(b) provides that, upon opposition by the proprietor of an earlier trade mark, the trade mark applied for is not to be registered if, because of its identity with or similarity to, the earlier trade mark and, because of the identity with or similarity to the goods or services covered by the trade marks, there exists a likelihood of confusion (including the likelihood of association) on the part of the public in the territory in which the earlier trade mark is protected.

The parties concurred that the earlier mark and the contested mark were identical, so the General Court concerned itself solely with a comparison of the goods at issue with barcode scanners – which it defined as follows: "an optical scanning device designed to read information printed in the form of bars and to transmit that information to a computer or network".

Comparison of the goods at issue

The General Court held that whereas a barcode scanner is a device intended to be used by professionals for capturing data encrypted in a particular way, with a view especially to the processing or sale of goods, an interactive terminal for displaying and ordering goods and services is a product whose specific purpose is to enable consumers to obtain information about goods and services. As a result, the General Court held that the two products did not have the same purpose, were not substitutable or in competition with each other, and were not complementary (in the sense that one is indispensable or important for the use of the other). It followed that barcode scanners and interactive terminals for displaying and ordering goods and services were not similar.

The General Court determined that telecommunication systems serve to transmit a range of different types of digitised information, only one of which might be data captured from barcodes. Consequently, such a system had a considerably broader use than barcode scanners. In addition, unlike barcode scanners which are intended for storage and sales professionals, telecommunications systems and installations are targeted at the general public. On this basis it was held that barcode and image scanners were not similar to telecommunications systems and installations.

Finally, the General Court held that barcode scanners ought not to be considered stand-alone devices, but rather accessories to main devices (for example tills in shops, or computers in libraries), without which they would serve no purpose. Electrical and electronic accessories were considered to be "something added to a machine, which has a useful or decorative purpose", and so must be regarded as similar to barcode scanners. This was a reversal of the position taken by First Board of Appeal of OHIM. In this sole respect the General Court upheld the applicant's appeal.

The overall likelihood of confusion

The General Court noted firstly that it is settled case-law that the likelihood of confusion is to be assessed globally, taking into account all factors relevant to the circumstances of the case.

As regards interactive terminals for displaying and ordering goods and services, and telecommunication systems and installations, the General Court held that these were not similar to the goods covered by the earlier trade mark, and as a result there was no likelihood of confusion in respect of them.

However, as regards electrical and electronic accessories, inasmuch as they are similar to the goods covered by the earlier trade mark, the General Court held that there was a real risk that the public might believe that the goods at issue came from the same undertaking or from economically linked undertakings.

Comment

This case confirmed the approach the General Court will take when applying Article 8(1)(b). It highlighted some of the various factors that will be taken into account when assessing the overall likelihood of confusion, such as purpose, substitutability, and whether the goods or services are in competition with or complementary to each other.

Accordingly, if the CJEU follows the AG's decision, it is likely to impact heavily upon the CTM application and examination process and could cause the "class-heading-covers-all" approach adopted by OHIM to be revised significantly. The possible implications here are therefore vast, as all existing registrations would be affected as well as future CTM applications. Early indications suggest that around 20-25% of existing CTM registrations could be affected. Furthermore, this change could also affect enforcement proceedings and invalidity and revocation actions where the scope of protection is called into question. However, ultimately, the implications will be determined by how the national courts choose to apply the guidance provided by the CJEU.

Drinks and theatre – an Austrian beverages company is not allowed to ride on the Royal Shakespeare Company's coat-tails

Jackson International Trading Co. Kurt D. Brühl GmbH & Co. KG, v OHIM, Case T-60/10

The General Court of the European Union upheld the Board of Appeal's decision that the Community trade mark (CTM) ROYAL SHAKESPEARE took unfair advantage of the earlier CTM RSC-ROYAL SHAKESPEARE COMPANY. Consequently, the contested mark had been registered invalidly pursuant to Article 52(1)(a) in conjunction with Article 8(5) of Regulation No 207/2009.

Key Practical Consequences

- Where a trade mark has a reputation for certain goods and/or services, the court will declare invalid a mark registered later for complementary goods and/or services if the marks are similar or identical.
- The court will not allow a third party, through the use of a sign similar to a mark with a reputation, to ride on the coat-tails of that mark in order to benefit from its power of attraction, its reputation and prestige, to exploit – without paying any financial compensation – the marketing effort made by the proprietor of the earlier mark in order to create and maintain the image of that mark.
- Seeking to restrict the reputation of a mark to those people who buy the goods and/or services associated with it, is likely to be impossible if the mark is considered to have an "exceptional" reputation.

Discussion

Jackson International Trading Co. Kurt D. Brühl GmbH & Co. KG ("Jackson"), an Austrian company, registered the contested mark in Classes 32, 33 and 42 of the Nice Agreement (drinks and catering services). In response, the Royal Shakespeare Company ("RSC") filed an application for a declaration of invalidity, relying on their earlier mark which covered Class 41 (theatre productions and cultural events). There followed a series of hearings before the case came before the General Court.

Under Article 8(5) of the Community Trade Mark Regulation, a number of conditions must be met for a CTM to be declared invalid. First, the earlier mark must be registered. Second, the marks must be identical or similar. Third, the earlier mark must have a reputation in the European Union (the "EU"). Fourth, the use without due cause of the contested mark must lead to the risk that unfair advantage might be taken of the distinctive character or repute of the earlier mark.

Jackson sought to convince the court that the signs were sufficiently different so as to preclude the likelihood of association by the consumer. However, the General Court held that - as the contested trade mark was made up exclusively of what it considered to be the central and distinctive element of the earlier trade mark (namely the expression 'Royal Shakespeare') - the marks were visually, phonetically and conceptually similar. Consequently, there was a likelihood of association.

Jackson also argued that as the earlier mark's reputation was for theatre productions, the relevant public was not the public at large, but rather a limited number of British consumers who had an interest in culture and theatre. To support this position, Jackson International portrayed theatre tickets as luxuries rather than everyday goods accessible to all. However, the General Court was swayed by the affordability of theatre tickets, and the tours undertaken by the RSC to different regions throughout the United Kingdom ("UK"). Additionally, the RSC produced advertisements and commentary concerning the theatre which had been published in numerous newspapers addressed to the public at large. The court determined that the RSC provided a service to the public at large, and held that this was the relevant public for assessing the reputation of theatre productions. The court also held that the reputation of the earlier mark in the UK was sufficient to establish a reputation in the EU, since the UK was considered to constitute a substantial part of the EU.

On the central issue of unfair advantage, the General Court noted initially that in order to determine whether the use of the contested mark took unfair advantage of the distinctive character or repute of the earlier mark, it was necessary to undertake a global assessment, taking into account all factors relevant to the circumstances of the case. This included an assessment of the strength of the earlier mark's reputation and its distinctive character, the level of similarity between the marks, and the proximity of the goods or services concerned.

The General Court agreed with the Board of Appeal's assessment of the reputation of the earlier mark as 'exceptional', and stated that this reinforced the earlier mark's distinctive character, which was strong.

The court's view that there was a high degree of similarity between the marks has already been discussed above.

As regards proximity, the General Court held that although the goods and services provided by Jackson did not appear to be directly and immediately linked to the RSC's theatre productions, there was nevertheless a certain proximity and link between them. The court pointed to the fact that previous cases had already acknowledged the link between entertainment services and beer due to their "complementarity". It is, after all, common practice in theatres for bar and catering services to be offered either side of and in the interval of a performance.

Given the established reputation of the earlier mark, the relevant public would be able to make a link with the RSC when seeing a beer with the contested mark.

The General Court held that Jackson would benefit from the power of attraction, the reputation and prestige of the earlier mark for its own goods, such as beer and other beverages. In the beverages market, those goods would attract consumers' attention thanks to the association with the RSC and its earlier mark. This would give Jackson a commercial advantage derived from exploiting the RSC's efforts in establishing the reputation and image of it earlier mark. This equated to unfair advantage within Article 8(5) of Regulation No 207/2009.

Comment

The court's application of the principle of "complementarity" affords broad protection for owners of existing marks. Companies seeking to exploit a gap in the market will find they cannot to do so by siphoning the reputation of existing trade marks onto their own goods and/or services through the use of similar or identical marks.

EU General Court considers the EU public's knowledge of languages

Phonebook of the World v OHIM, Case T-589/11

The General Court of the European Union (the "General Court") upheld a decision by the OHIM Board of Appeal dismissing an application for a declaration of invalidity of a Community Trade Mark (CTM) for PAGINE GIALLE. The General Court decided that the OHIM Board of Appeal was fully entitled to conclude that Italian was not one of the languages generally known by the public in non-Italian speaking EU Member States and therefore the Italian expression "pagine gialle" would not be understood as lacking distinctive character or descriptive of the goods and services concerned.

Key Practical Consequences

- In assessing whether a mark lacks distinctive character or is descriptive, it is important to consider the public's knowledge of languages, as this will effect the public's perception of the mark.
- The EU public has a limited knowledge of languages, and for those outside of Italy, this knowledge does not extend to Italian.
- If the relevant public's lack of knowledge of a language means that they are unable to understand a mark - and cannot therefore connect the mark to the relevant goods and services - the mark is more likely to be understood as a wholly fanciful expression with a distinctive character.

Discussion

Seat Pagine Gialle SpA is the registered proprietor of a CTM for PAGINE GIALLE in Classes 16 ("printed matter of all kinds, including books, magazines, yearbooks, catalogues, telephone directories") and 35 ("advertising and business services"). In order to successfully the register the CTM, Seat had submitted evidence that PAGINE GIALLE had acquired distinctiveness through use in Italy to overcome the objection that the expression "pagine gialle", the Italian translation of the English words "yellow pages", was descriptive of the goods and services concerned.

Phonebook of the World filed an application for a declaration of invalidity against the CTM on the basis that it was devoid of distinctive character, descriptive and generic, as the expression "pagine gialle" would be understood by the public in all EU Member States as a translation of the words, "yellow pages".

Both the Cancellation Division and the OHIM Board of Appeal rejected the application and confirmed that in relation to the 'Italian-speaking public' in Italy the mark had become distinctive through use. The OHIM Board of Appeal also found that Phonebook of the World had failed to demonstrate that the public in all other EU Member States had sufficient knowledge of Italian to enable them to recognise the expression 'pagine gialle' as the translation of the English words 'yellow pages' or its equivalent expressions in French, Spanish or Portuguese. Phonebook of the World appealed to the General Court.

The General Court said that the OHIM Board of Appeal had been fully entitled to conclude that Italian is not one of the second languages generally known by the EU public. The General Court noted that the OHIM Board of Appeal's reliance on a survey (Eurobarometer) conducted by the European Commission in 2006 that did not identify Italian as one of the second languages generally known by the EU public had not been disputed.

Phonebook of the World also argued that the General Court should follow its earlier decision in Case T-322/03 Telefon & Buch v OHIM – Herold Business Data (WEISSE SEITEN) [2006] ECR II-835 in which it held that the German expression, 'weisse seiten', meaning 'white pages', could not be registered for telephone directories for private individuals because it had become customary as a generic term for those directories. The General Court distinguished the WEISSE SEITEN case as in that case there was no evidence of acquired distinctiveness in Germany, so the key question had been how the German-speaking public would understand the German expression 'weisse seiten'.

The General Court also held that the references made by Phonebook of the World to official texts of the EU institutions, historical texts and to websites were irrelevant as they referred to the use of the expression 'yellow pages' in the official language of the EU Member States concerned and gave no indication as to the understanding of those terms in other languages.

Comment

In what it seen as an expanding and increasingly multi-lingual EU, it is interesting that both OHIM and the General Court appear to have taken a narrow view of the languages that are generally known by the EU public. Once a mark has acquired distinctiveness in the EU Member State where the language of the mark is spoken, it is likely to be extremely difficult to succeed in an application for a declaration of invalidity that is made on the basis that the mark lacks distinctive character or would be understood as descriptive of the goods and services concerned by the public in the remainder of the EU. Any such application that is successful is likely to concern a mark in one of the most commonly spoken second languages, namely, English, French and German.

Minimal stylisation is insufficient to save "natural beauty" figurative mark

Laboratoire Garnier et Cie v OHIM, Case T-559/10

GARNIER

The General Court of the European Union ruled that the "natural beauty" figurative mark below ("the mark") applied for by Laboratoire Garnier et Cie ("Garnier") is descriptive within the terms of Article 7(1)(c) of Regulation No 207/2009.

Key Practical Consequences

- The General Court focussed upon the essential function of a trade mark, namely that of identifying the commercial origin of goods or services, and explicitly pointed to the mark's inability to perform this function.
- The centrality of this issue should be at the forefront of any applicant's mind when seeking to register a Community trade mark.

Discussion

Garnier sought to register the mark in respect of goods in Class 3 of the Nice Agreement corresponding to the following description: "cosmetics; body and beauty care products". The examiner rejected the application on the basis that the mark was descriptive, pointing to the fact that the mark immediately informed the consumer that the goods in question were cosmetics that have a positive effect, namely the capacity to preserve one's natural beauty. He also considered the mark to be devoid of any distinctive character as the stylisation of the mark was negligible.

In dismissing Garnier's appeal, the Board of Appeal ("the Board") reiterated much of the examiner's original reasoning. In reaching their determination, the Board also noted that the mark would be used both in writing and orally, and that the oral non-distinctiveness was even more obvious and striking that the visual non-distinctiveness.

The General Court concurred and found against Garnier, rejecting Garnier's claim that the mark included a degree of stylisation sufficient to achieve distinctiveness. The General Court held that the typeface applied was banal, and the presentation, one above the other, of the two word elements could not be regarded as unusual. In addition, the fact that the letter 'b' was larger than the rest was barely perceptible, and incapable of conferring a distinctive character upon the mark.

Comment

This case highlights the central function of trade marks – namely enabling consumers to identify the origin of goods or services. As a result, registering marks which are descriptive of the goods at issue is likely to be extremely difficult. It is worth bearing in mind that in this instance, Garnier incurred not only the cost of developing the mark in the first place, but also the cost of the application and two subsequent appeal hearings. In addition, Garnier was ordered to pay OHIM's costs by the General Court. After all this expense, Garnier is no closer to having a mark. Involving solicitors as early as possible in the planning process when developing brands and the marks which flow from them could assist in reducing wasted expense of this kind.

CJEU Confirms Cancellation of BOTOLIST and BOTOCYL in light of earlier BOTOX Marks

Helena Rubenstein SNC & L'Oreal v OHIM (C-100/11 P)

The Court of Justice of the European Union ("CJEU") dismissed an appeal upholding a declaration of invalidity against the marks BOTOLIST and BOTOCYL which had been brought by the owner of the mark BOTOX. The case highlights once again that the CJEU is loathe to interfere with a decision of the General Court unless there is a genuine reason for doing so.

Key Practical Consequences

- This case is a useful illustration of where there is no likelihood of confusion a claimant may still be successful if it has a reputation and can establish all the necessary ingredients under Article 8(5).
- It is also serves as a reminder that the CJEU will only make its own assessment of the facts if it is clear that the General Court failed to do so.
- If a trade mark enjoys a reputation with the general public then, it is to be assumed in general that it is also known to professionals

Discussion

The Appellants (Helena Rubenstein and L'Oreal) filed separate Community trade mark applications for the marks BOTOLIST and BOTOCYL ("the Disputed Marks") in respect of a range of goods in Class 3 including "perfumes, eau de toilette; bath and shower gels and salts not for medical purposes; toilet soaps". These marks were subsequently registered.

The applicant at the first instance proceedings, Allergan Inc, filed for a declaration of invalidity against the Disputed Marks. These applications were based on a number of earlier Community and national figurative and word marks relating to the sign BOTOX and which were primarily registered in Class 5 in respect of a range of goods including "pharmaceutical preparations for the treatment of neurological disorders, muscle dystonias and smooth muscle disorders". The grounds relied on included Article 8(1)(b), 8(4) and 8(5).

The Cancellation Division dismissed both applications and Allergan appealed. Both appeals were upheld by the First Board of Appeal on the basis of Article 8(5).

The Appellants brought actions for annulment of the decisions to the General Court and the cases were subsequently joined. The application was dismissed and the Appellants appealed to the CJEU.

Appeal Before the CJEU

The Appellants relied on four grounds of appeal, three of which related to procedural aspects and one which dealt with the substantive issue. The substantive ground is dealt with here and can be broken down into four parts, namely 1) whether the General Court had erred by confining itself to a review of earlier UK marks, whereas the Board of Appeal had focussed on an earlier Community mark, 2) whether the earlier mark BOTOX had a reputation, 3) whether the General Court had erred in establishing the necessary "link" for the purposes of Article 8(5) between the marks and 4) whether the General Court was wrong to have accepted there was a risk of detriment based on all the relevant factors.

1) In response to the first point, the CJEU dismissed this, ruling that the General Court did not err in confining itself to a review of earlier UK marks since the UK was the territory in respect of which Allergen had produced the most evidence.

2) In relation to the second point, the Appellants had argued that the General Court had not assessed whether the earlier mark had a reputation in respect of both the general public as well as health care professionals. The Court stated that this was not necessary since it is generally to be assumed that where a trade mark enjoys a reputation with the general public, it will also be known to the relevant professional. The Court went on to state that although the General Court had not identified the relevant territory where the earlier mark was considered to have a reputation, this was to be inferred to be the UK since the General Court had based its decision on two earlier UK marks.

3) The Court noted that this third point was an assessment of fact: whether there was a link between the BOTOX mark and the Disputed Marks (BOTOLIST and BOTOCYL) and the Court reminded the parties that an appeal to the CJEU lies on points of law only. However, as part of this ground, the Appellants also submitted that it must be permitted to include within a mark an element that is descriptive. The Court agreed that this part raised a question of law on which the Court could rule. In any event, the Court dismissed the Appellants' argument and ruled that the prefixes "bot" and or "boto" were not descriptive.

4) Finally, the Appellants had argued that the General Court erred in accepting that there was a risk of detriment to the reputation of the earlier mark. They stated that although there was a reference to the same ingredient (botulinum toxin) within their products, it was not their intention to be associated with the earlier mark. The Court, however, taking into account all the relevant factors and, in particular, the "slam dunk" of which was the Appellants' admission at the hearing that they had intended to "take advantage of the image which was associated with the product, which is to be found in the BOTOX trade mark", also dismissed this point.

Comment

This case is a salient reminder, that unless there is a genuine point of law or where the Court has failed to undertake a correct assessment of the facts, the CJEU is loathe to interfere with decisions from the General Court. This case is also interesting for right holders of marks which have a reputation but where there is no likelihood of confusion with a later mark.

The General Court rules that the word marks BIMBO DOUGHNUTS and DOGHNUTS are confusingly similar

Bimbo SA v OHIM, Case T-569/10

In a decision that has received some criticism in the legal press, the General Court of the European Union confirmed a decision by the OHIM Board of Appeal that there was a likelihood of confusion between the word mark BIMBO DOUGHNUTS and the earlier word mark DOGHNUTS on the grounds that DOGHNUTS was not devoid of distinctive character in the eyes of the relevant (in this case Spanish) public and therefore should form a basis of comparison between the marks.

Key Practical Consequences

- The General Court gave a very literal interpretation of when a member of the relevant public may understand a word, finding that because a word lacked meaning in the applicable language, the relevant members of the public would not understand it.
- This may impact upon rights holders future attempts to argue that foreign-language words are recognisable on the grounds of similarity to a local-language word.

Discussion

In October 2012, the EU General Court ("GC") upheld a decision that there was a likelihood of confusion between the word mark BIMBO DOUGHNUTS and the earlier word mark DOGHNUTS.

The background to the case was a 2006 application by Bimbo SA for the word mark BIMBO DOUGHNUTS as a Community Trade Mark (CTM) in Class 30 for "pastry and bakery products, specially doughnuts". The application was opposed by Panrico SA on the grounds that there was a likelihood of confusion between BIMBO DOUGHNUTS and its own earlier Spanish registration for DOGHNUTS in Class 30 for "all kinds of confectionary and pastry products, sugar, chocolate, tea, cocoa, candy, chewing gum tablets and biscuits".

In 2009, the opposition was allowed and later confirmed by the Board of Appeal. The applicant, Bimbo SA, appealed again, coming before the GC in 2012.

The GC found that there was a likelihood of confusion between the proposed CTM and the earlier Spanish mark on the grounds (under Article 8(1)(b) of the CTM Regulation (207/2009/EC) that because of "similarity [of BIMBO DOUGHNUTS] to, the earlier trade mark [namely, DOGHNUTS] and the identity…of the goods or services covered by the trade marks [which wasn't disputed], there exists a likelihood of confusion on the part of the public in the territory in which the earlier trade mark is protected [namely, Spain]".

The GC rejected the argument that the trade mark applied for was dominated by the element 'bimbo', which was placed at the start of that mark and was itself a trade mark with a reputation in Spain and that the word 'doughnuts' would be considered descriptive by the relevant public and would therefore not retain the public's attention. It instead found that the average Spanish consumer would not consider 'doughnuts' descriptive as it was an English language word, which did not exist in the Spanish language.

Comment

The decision has received some criticism for its conclusion that the Spanish consumer would not recognise the English language word 'doughnut' on the grounds that it did not exist in the Spanish language. Whilst on a literal interpretation this may be true, it has been noted that, given the existence of the Spanish word dónut (of the same meaning), realistically, Spanish consumers probably would recognise 'doughnut' as a word.

CJEU confirms that the "date of filing" of a CTM means only the date and not the exact time, which is therefore irrelevant when assessing a registration's priority

Génesis Seguros Generales Sociedad Anónima de Seguros y Reaseguros v Boys Toys SA, Administración del Estado, Case C-190/10

The Court of Justice of the European Union (CJEU) considered the meaning off "the date of filing" for a CTM registration. Despite it being possible to establish the exact time of filing when an application has been filed electronically the CJEU held that only the day month and year are what is referred to by "date of filing"

Key Practical Consequences

- The "date of filing" a CTM application means no more than the date and does not take into account the exact time of filing.
- Even in circumstances where the national legislation governing registration does take into account the hour, minute and second of filing, the time is still irrelevant when assessing a CTM's priority.

Discussion

The question put to the CJEU was "may Article 27 of Regulation No 40/94 be interpreted in such a way as to enable account to be taken not only of the day but also of the hour and minute of filing an application for registration of a Community trade mark within OHIM (provided that such information has been recorded) for the purposes of establishing temporal priority over a national trade mark application filed on the same day, where national legislation governing the registration of national trade marks considers the time of filing to be relevant".

Génesis sought to oppose the national Spanish application of Boys Toys. Both parties had registered the word mark RIZO in class 28. Génesis' opposition was based on two CTM applications that had been filed on the same day as Boys Toys' the Spanish application. Génesis sought to claim priority over Boys Toys' Spanish application based on the fact that its CTM's had been filed five hours before the Spanish application.

The CJEU began its judgement with a discussion of the protection of trade marks within the EU, and how this protection is characterised by the coexistence of several systems of protection. The CJEU said that Article 27 of the Regulation No 40/94 is to be interpreted as not requiring account to be taken of the hour or the minute of filing that application.

Further, the CJEU said that the Regulation precludes the hour and minute of filing an application for a Community trade mark from being taken into account under national law for the purposes of establishing a Community trade mark's priority over a national trade mark filed on the same day when the national legislation governing the registration of nation trade marks does consider the hour and minute of filing to be relevant.

Comment

The CJEU has clarified the fact that national Courts are not free to interpret or base their assessment of a CTM on their own national laws, which would undermine the uniform protection that the Community trade mark was designed to give.

The CJEU affirms that promotional slogans are not subjected to stricter criteria when compared with trade marks

Smart Technologies ULC v OHIM, Case C-311/11 P

The CJEU examined the test for the distinctiveness of a slogan as a trade mark. The CJEU affirmed that a slogan is capable being a trade mark and acting as a bag of origin and that slogans were not subject to a stricter test for distinctiveness than other types of marks.

Key Practical Consequences

- Promotional formulas can be distinctive and indicate trade origin.
- It is inappropriate to apply slogans criteria which are stricter than those applicable to other types of signs however this same criteria for distinctiveness, when applied to slogans, is often more of a factual challenge than with more normal types of trade marks.

Discussion

Smart Technologies ULC ("Smart Technologies") failed in their appeal to the CJEU to overturn the German Court's ruling that there was no distinctive character in their word sign "WIR MACHEN DAS BESONDERE EINFACH" ("we make special (things) simple".)

The CJEU rejected Smart Technologies' appeal of the decisions of the OHIM and the General Court which found that the German five word slogan "WIR MACHEN DAS BESONDERE EINFACH" (meaning "We make special things simple") was not registrable in class 9 (computer products) as the mark lacked distinctive character under Article 7(1)(b) of the CTM Regulation.

The Court referred to the Audi v OHIM(Case C-398/08 P) judgement and agreed that it is not sufficient in the analysis of distinctive character merely to highlight the fact that the mark consists of and is understood as a promotional formula. Equally such a mark must be recognised as having distinctiveness if, apart from its promotional function, it may be perceived immediately as an indication of the commercial origin of the goods or services in question.

The Court found that the concise nature and the terms of the slogan "WIR MACHEN DAS BESONDERE EINFACH" did not introduce any word play or elements of conceptual intrigue or surprise such as to confer distinctive character on the mark applied for in the minds of the relevant public. The proposed mark was found to be a laudatory message which contained no unusual variations in regard to the German rules of syntax and grammar.

Comment

Brand owners seeking to register a promotional slogan must ensure that the slogan operates as an indication of the commercial origin of the goods or services in question. This must be the case when the slogan is used without a supporting trade mark or logo, if it to be registered as a trade mark itself.

Bad faith – an onerous test

Peeters Landbouwmachines BV v OHIM AS Fors MW, Case T-33/11

The General Court rejected AS Fors MW's claim that Peeters Landbouwmachines BV acted in bad faith in registering its mark BIGAB despite Fors's earlier unregistered mark for BIGA.

Key Practical Consequences

- An applicant does not act in bad faith in seeking to register a mark solely because they knew or ought to have known of another conflicting unregistered mark in use.
- Evidence of bad faith must clearly show dishonesty that falls below the standards of acceptable commercial behaviour.
- The Community trade mark system is based on a strictly "first to file" principle.

Discussion

In May 2005 AS Fors filed an application for the registration of the word mark BIGAB in classes 6, 7 and 12 (metal goods, machines and tools and other similar goods). In September 2007 Peeters filed an application with OHIM for a declaration of invalidity for all the goods and services it had been registered for.

The applicant, AS Fors, alleged that Peeters was acting in bad faith at the time of filing the application. AS Fors contended that Peeters' sole objective in making the application was to prevent AS Fors from continuing to market agricultural goods under the name BIGA. AS Fors made this argument despite having used their BIGA mark since only 1996 and and Peeters had been using the BIGAB mark since 1991.

For this reason the First Board of Appeal of OHIM rejected AS Fors application, as Peeters had failed to adequately show AS Fors was acting in bad faith as laid down in Article 52(1)(b) of the CTMR. Case law has defined bad faith as meaning "dishonesty which would fall short of the standards of acceptable commercial behaviour". In fact Peeters had a prior unregistered right in the mark so the Court rejected the allegation of bad faith. The General Court similarly found that AS Fors was not acting in bad faith at the time of the application.

Comment

In its appeal Peeters relied upon the previous case of Chocoladefabriken Lindt & Sprünglis Case C 529/07 2009 ECR I 4893 in which one of the factors the Court said would be evidence of bad faith was "the fact that the applicant knows or must know that a third party is using, in at least one Member State, an identical or similar sign for identical or similar goods, which could give rise to confusion with the sign for which the registration is sought".

The General Court said that this was a factor but was not the sole factor and that an overall analysis account may also be taken of may other factors such as:

- the origin of the sign at issue;
- its use since creation; and
- the commercial logic underlying the filing of the application for a Community trade mark.

In this case the Court said the sign at issue was neither created nor used by AS Fors with the deliberate intention of creating confusion with the existing BIGA sign and, in that way, of competing with Peeters in an unfair manner. The Court also commented that it was understandable, from a commercial point of view, that AS Fors wished to extend the protection of the mark by registering it as a Community trade mark. The Court also stressed that the CTM system was based on a first to file principle and concluded that AS Fors was entitled to register its mark and so dismissed the appeal in its entirety.

Filing Trade Mark Applications in Europe: Mind Your Spec…

The Chartered Institute of Patent Attorneys v Registrar of Trade Marks, Case C-307/10

The Court of Justice of the European Union ruled that specifications for trade mark applications must be identified with clarity and precision.

Key Practical Consequences

- The use of full Class Headings, for a CTM application or national application, may be sufficient in some cases to indicate which goods and services are to be protected.
- This is as long as the intention to cover the entire Class or not is clearly and explicitly stated.
- Partial use of the Class Headings to claim part of a Class is also likely to be acceptable where the relevant headings are clear enough to indicate with 'sufficient clarity and precision' the goods or services claimed..

Discussion

On 16 October 2009, the Chartered Institute of Patent Attorneys (CIPA) applied to register the mark 'IP TRANSLATOR' in the United Kingdom for the general Class Heading in Class 41 of the Nice Classification system (namely "Education; providing of training; entertainment; sporting and cultural activities"). The application was rejected by the UK Intellectual Property Office on the basis that the application covered not only services listed in CIPA's application, but, by virtue of the inclusion of the Class Heading, also included all services falling within Class 41 shown in the alphabetical list provided under the Nice Classification system, including "translation services" for which the mark 'IP TRANSLATOR' was held to be devoid of distinctive character and descriptive in nature.

The Court of Justice of the European Union stated that it requires the goods and services for which protection is sought to be identified by the applicant with sufficient 'clarity and precision' to enable the competent authorities to determine the extent of the protection conferred by the trade mark.

Significantly, the Court observed that some of the general indications in the Class Headings are in themselves unclear as they are too general or too varied to be compatible with a trade mark's function as an indication of origin for specified goods and services. The Court of Justice also held that use of Class Headings to identify goods and services was not prohibited under EU law. The Court also observed that for a national trade mark application which contains the whole of the relevant Class Heading(s) to identify goods and/or services in the relevant Classes, the applicant must specify whether the application is intended to cover all the goods and services in the Class or only some of those goods and services.

Use of Class Headings

The use of full Class Headings, for a CTM application or national application, may be sufficient in some cases to indicate which goods and services are to be protected. This is as long as the intention to cover the entire Class or not is clearly and explicitly stated.

Partial use of the Class Headings to claim part of a Class is also likely to be acceptable where the relevant headings are clear enough to indicate with 'sufficient clarity and precision' the goods or services claimed.

However, the partial use of Class Headings, which are unclear or very broad, is likely to result in objections from Examiners where the wording used does not clearly or specifically indicate any goods or services, but instead ambiguously designates a broad category of goods or services. For example, goods in Class 15 (Musical instruments) are clear cut as to the goods they cover, however Class 28 (Games and playthings; gymnastic and sporting articles not included in other classes; decorations for Christmas trees) demonstrates Class Headings which would be considered insufficiently clear or precise to indicate which goods are protected.

Comment

Existing CTM applications and registrations covering the entirety of Class Headings are unlikely to be affected. National registries are also likely to treat applications filed prior to the decision in line with their practices before the decision was issued.

A perhaps unintended consequence of this decision is the effect of partial refusals. It is clear that certain Classes contain a combination of broad and specific wording. In the event that an entire Class Heading is used to claim the entirety of a Class (for example: "Games and playthings; gymnastic and sporting articles not included in other classes; decorations for Christmas trees" in Class 28, and the more specific element of that specification (ie: decorations for Christmas trees) is refused for any reason, the remainder of the wording (Games and playthings; gymnastic and sporting articles not included in other classes) will not cover the entire Class, and furthermore will not identify the goods covered by the mark with sufficient clarity and precision, and will also thereby be liable to refusal following the rejection of "decorations for Christmas trees". Applicants filing applications using Class Headings alone must be wary of this potential pitfall.

Another consequence of this decision will be felt when negotiating specification restrictions from third parties in opposition proceedings. For oppositions against applications filed after 20 June 2012 claiming all goods or services in the Class, opponents may wish to have the applicant withdraw any stated intention to claim all goods/services as a part of the process of settling the opposition on the basis of a specification restriction.

Lindt Chocolate Rabbit Held to be Not Distinctive

Chocoladefabriken Lindt & Sprüngli AG v OHIM (Case C-98/11 P)

The Court of Justice of the European Union upheld the General Court's decision that a three-dimensional mark comprising of a gold foil covered chocolate bunny rabbit with a red ribbon and a bell around its neck was devoid of distinctive character for chocolate products. The Court considered that the characteristics of the combination of the shape, the colours and the pleated ribbon with small bell were not sufficiently different from basic shapes commonly used for wrappers of chocolate and chocolate products, especially chocolate rabbits.

Key Practical Consequences

- Registration of a mark at the national level is not sufficient to prove inherent distinctiveness for a Community trade mark application, as the OHIM is not bound by the decisions of national registries.
- A claim of acquired distinctiveness for a three-dimensional or shape mark must cover all Member States of the European Union.
- Rights holders may consider it easier to obtain protection for three-dimensional or shape marks at the national level as opposed to in the OHIM.

Discussion

The applicant, Lindt, filed a three-dimensional trade mark application in the OHIM, which comprised of a gold foil covered chocolate bunny rabbit with a red ribbon and a bell around its neck. The application was refused on the ground that none of the elements constituting the shape of the chocolate product, the gold foil wrapping or the ribbon and bell were distinctive. In its decision, the OHIM stated that it considered it quite normal for businesses to manufacture chocolate products using these elements. Further, Lindt's evidence of acquired distinctiveness was rejected as it related only to Germany, whereas the distinctiveness objection extended throughout the entire European Union.

The OHIM decision was affirmed by the Board of Appeal, and then by the General Court. The Court of Justice of the European Union also upheld the decision, finding that the application mark was devoid of any distinctive character in respect of "Chocolate and chocolate products" in class 30, and agreeing that "rabbits are one of the typical shapes which chocolate products may take, especially at Easter". In view of the fact that the application mark was a three dimensional mark, Lindt had argued that the shape applied for departed significantly from the customs of the industry. However, the

Court of Justice considered that overall, the characteristics of the combination of the shape, the colours and the pleated ribbon with small bell were not "sufficiently different from those of the basic shapes commonly used for wrappers of chocolate and chocolate products, more specifically, chocolate rabbits".

Lindt further argued that the application mark possessed inherent distinctive character by virtue of its registration as a national trade mark in 15 Member States, and therefore it only needed to prove acquired distinctiveness for the remaining Member States. The Court of Justice rejected this argument, reasoning that that the OHIM was under no obligation to follow the findings of the national registries. Accordingly, Lindt had not shown acquired distinctiveness for the application mark in all Member States in order to overcome the absolute grounds objection.

Comment

Due to its unitary nature, a Community trade mark must be distinctive throughout all Member States of the European Union. This can create challenges for three dimensional or shape marks, since these could be viewed as non-distinctive in all Member States. As a result, the applicant faces a significant evidential burden to show that the public does actually view the mark in question as distinctive, which can prove to be expensive. Further, as the decision has shown, the fact of registration at the national level does not assist in establishing distinctiveness.

In view of these challenges, rights holders may well decide to seek to protect three dimensional or shape marks in the national registries of the Member States, as opposed to at the Community level. An alternative strategy can be to file for a Community trade mark, but if distinctiveness cannot be evidenced throughout the entire European Union, an applicant may want to consider converting the application to national filings in those Member States where distinctiveness can be shown.

CORONA v KARUNA: Two crowns but no confusion

Kraft Foods Schweiz Holding GmbH v OHIM, Case T-357/10

The EU General Court upheld the OHIM's finding that there was no likelihood of confusion between Kraft's earlier KARUNA marks and the later mark CORONA. The General Court agreed there was no visual or conceptual similarity between the marks, and only low phonetic similarity. Significantly, despite the identical nature of the goods, and the fact that both marks meant "crown" (in Spanish and Lithuanian respectively), the General Court was not convinced that the relevant public would associate the earlier mark with a foreign word without meaning in Estonian, Latvian or Lithuanian.

Key Practical Consequences

- Brand owners should consider registering any figurative elements present in their finished product to coincide with their use, in order to maximise protection for their brand across linguistic borders.
- This may be in combination with, and/or in addition to any word marks used to market the product.

Discussion

Kraft appealed the decision of the Fourth Board of Appeal of OHIM that there was no likelihood of confusion between Kraft's earlier word marks KARUNA, filed in Estonia, Latvia and Lithuania for chocolate in class 30, and the intervener's mark CORONA, also filed for chocolate in class 30. Kraft also claimed that later mark took unfair advantage of the reputation of its marks.

The General Court dismissed the appeal in its entirety, agreeing with the Board of Appeal that the marks created a different visual impression overall, particularly considering the later mark's figurative elements, and had a low degree of phonetic similarity. For the conceptual comparison, Kraft had argued that because its KARUNA sign means "crown" in Lithuanian, there was conceptual similarity between the marks as CORONA means "crown" in Spanish. Kraft submitted evidence that the Russian language is understood by residents of the Baltic states, and that as the Russian word for "crown" is transcribed into the Latin script as "korona", the relevant public would directly associate CORONA with the earlier KARUNA marks.

The General Court disagreed, observing that CORONA is a foreign (Spanish) word and there was no evidence to suggest that the relevant public in the Baltic states would associate CORONA with the Russian word for crown transcribed into the Latin script. As such, no conceptual comparison between the marks was possible as CORONA was a foreign word with no meaning to the relevant public in the Baltic states.

Kraft also sought to rely upon the crown graphic it had long featured along with its KARUNA marks to argue that the relevant public would associate chocolate with the representation of a crown. However, the General Court noted that Kraft's earlier marks were all word marks and did not feature any graphic representations. It was therefore not possible for the Court to include figurative signs in its comparison of the marks as they did not form any part of the opposition proceedings.

In its analysis of the likelihood of confusion, the Court recognised that the visual aspect of the marks was most important in this case because chocolate is usually selected by consumers from shop shelves, rather than ordered verbally. Taking into account all the circumstances, the General Court agreed there was "no possibility" of confusion. As Article 8(1)(b) of the CTM Regulation features cumulative conditions, the fact that the marks were not similar meant the infringement claim could not succeed. This lack of similarity also proved fatal to Kraft's Article 8(5) claim, which also required that the marks at issue were at least similar as one of its cumulative conditions. The Court observed that "the factual assessment of similarity is carried out on the basis of the same criteria" for Article 8(5) as for Article 8(1)(b), and therefore did not consider this claim further.

Comment

This case highlights the difficulty brand owners face in establishing a likelihood of confusion between their marks and foreign words which have no meaning to the relevant public. Although Kraft argued that a connection would be made in the mind of the average consumer between the foreign word and its earlier marks, the Court was not convinced, perhaps because the connection required Cyrillic Russian to be transcribed into the Latin script and then considered alongside the later mark and so may not have been immediate enough to persuade the Court.

Kraft may have been assisted by its long-running use of a graphic representation of a crown alongside its marks, however its failure to incorporate these figurative elements into its trade mark registrations meant the Court could not consider this issue. This may well serve as a timely reminder to other brand owners to review their own trade mark portfolios and ensure they are providing the broadest protection possible.

Satellite Decoder Case Runs into Extra Time

Football Association Premier League Ltd. & others v QC Leisure & others [2012] EWHC 108 (Ch)

The High Court issued its judgment in the long-running, and closely followed, copyright infringement action by the English Football Association Premier League (FAPL) against importers of foreign satellite decoders and a representative sample of UK publicans. The case revolves around the publicans' use of decoders imported into the UK from other EU Member States (within which their use was ostensibly restricted by the FAPL) to show foreign broadcasts of Premier League football matches in their pubs and thereby avoid paying the high cost of a commercial subscription from the FAPL's UK licensee, BSkyB.

Seeking clarification on a number of points of EU law, the High Court made a reference in 2008 to the Court of Justice of the European Union (CJEU) under Article 267 of the Treaty on the Functioning of the European Union (TFEU). On 4 October 2011, the CJEU confirmed that, once a satellite decoder had been lawfully placed on the market in one EU Member State, any national law or contract term which purports to prevent cross-border trade in that product is contrary to the single market and competition provisions of the TFEU, and is hence unenforceable (see our client advisory here). As an exception to this principle, restrictions to the free movement of goods and services are permitted to the extent that they are necessary to protect copyright.

According to Article 3(1) of Directive 2001/29/EC (the Copyright Directive), Member States must provide authors with the exclusive right to prohibit communication to the public of their works. The CJEU concluded that, as no copyright could subsist in the football match itself, the FAPL could not prevent broadcasters that it had authorised in one EU Member State from supplying coverage of matches across the EU. The CJEU did accept, however, that certain elements of match broadcasts were subject to copyright, namely the Premier League Anthem, its logo and additional filmed content, such as highlight compilations. The FAPL was, therefore, entitled to prevent these elements being communicated to the public.

FAPL's civil action against the importers and publicans was based on an argument that the defendants had breached s.20 of the Copyright, Designs and Patents Act 1988 (CDPA), which implements Article 3(1) of the Copyright Directive to protect copyright in (inter alia) broadcasts, sound recordings, films and musical works. On this point, the High Court has now ruled (following the CJEU's interpretation of Article 3(1)) that showing a television broadcast match in a pub is indeed a "communication to the public" within the meaning of s.20 CDPA. For these purposes, the Court ruled that the requirement in s.20 (but not in Article 3(1)) that the communication be "by electronic transmission" was met in this case. The Court also confirmed that showing matches was also caught by s.19 CDPA, which provides for infringement of copyright in a sound recording, film or broadcast by the "playing of [the] work in public".

Importantly, Lord Justice Kitchin went on to rule that s.72 CDPA provides a complete defence to the claim of copyright infringement of the FAPL's broadcast, sound recording and film rights, on the grounds that this provision provides a specific statutory exception for "the showing or playing in public of a broadcast to an audience who have not paid for admission". Kitchin LJ noted that the exception was somewhat at odds with Article 3(1) of the Copyright Directive, the piece of EU legislation which the CDPA was designed to implement. He acknowledged the established EU principle that, to the extent of any conflict between a directive and the implementing legislation, the national court had a duty to interpret the national law as far as possible in the light of the wording and the purpose of the directive, in order to achieve the result pursued by it. Making specific reference to the background to this provision, as well as its express wording, Kitchin LJ concluded that s.72 CDPA reflected a clear parliamentary intention "to allow films included in broadcasts to be seen and heard in public houses without the consent of the owners of the copyright in those films". In the Court's view, interpreting the provision in a way consistent with Article 3(1) would "change the substance of the provision completely […] in a way which goes against the grain of the legislation and contradicts the plain intention of the legislature".

In applying s.72 in this manner, Kitchin LJ disposed of FAPL's infringement claims in respect of its broadcast, sound recording and film rights entirely. Importantly, s.72 does not apply to any underlying literary, dramatic or musical works contained in the material broadcast. As a result, the Court found that the defendants had still breached FAPL's copyright in the Premier League Anthem (and potentially other embedded artistic works, including the FAPL's logos) and agreed to make a formal declaration to this effect.

Since this judgment now confirms that use of the decoders by publicans did amount to a copyright infringement, albeit of a very minor nature, the FAPL is entitled to relief. In keeping with the nature of the infringement, however, the relief is substantially less than the claimants sought. Rather than granting a broad injunction, the Court voiced a willingness to accept an undertaking from the defendants not to play the Anthem out loud and to instruct others not to do so. The question of the amount of damages FAPL are to be awarded has been referred to Patents County Court, "in light of the scale of the infringements". This appears to be a signal from the judge that the level of such damages is likely to be low.

One way or another, this long-running case is finally coming to a close and, perhaps contrary to the expectations of the copyright owners, the publicans appear likely to come out on top at the final whistle.

EU General Court found no similarity between “beer” and “tequila”

Mustafa Yilmaz vs. OHIM – Tequila Cuervo, SA de CV, Case T-584/10

The EC General Court held that there is a difference between “beer” and “alcoholic beverages”, and in particular “Tequila originating in Mexico, alcoholic cocktails containing tequila originating from Mexico, tequila liqueurs originating in Mexico”.

Key Practical Consequences

- The court held that “tequila” and “beer” are not similar as a matter of law.
- This decision could potentially have an impact on the strong competition already existing in the alcohol industry.
- Often, the Court tends to find similarities when it comes to comparing two signs, but in this case, the Court choose to emphasize on consistency rather than focusing on specifics when it comes to similarity between goods.

Discussion

In 2004, Tequila Cuervo filed a Community trade mark (CTM) application for a figurative sign including the word TEQUILA MATADOR HECHO EN MEXICO. The goods in respect of which registration was sought were in Class 33 for “Alcoholic beverages, premixed alcoholic cocktails, tequila originating in Mexico and tequila liqueurs originating in Mexico”. In 2005, Mustafa Yilmaz filed a notice of opposition, against the registration of the CTM application. The opponent based its action on its earlier word marks MATADOR. covering goods in Class 32 for “Beers; mineral and aerated waters and other non alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages”.

In 2009, the Opposition Division found that the goods covered by the signs at issue were similar. In particular, the Court held that the description of the goods covered by the application was too general and included “alcoholic beverages”. Tequila Cuervo appealed the decision and restricted the list of goods in Class 33 to read “Tequila originating in Mexico, alcoholic cocktails containing tequila originating from Mexico, tequila liqueurs originating in Mexico”. On 13 October 2010, the Second Board of Appeal upheld the appeal and rejected the opposition. The Second Board allowed the registration of the application for “all the goods and services applied for”. Following that decision, the opponent filed an appeal to the General Court.

In its request, Mr Yilmaz called the General Court’s attention to the decision of the Opposition Division of 26 July 2011(Case B 1752545 – ‘Don Angel’), and, to the decision of the First Board of Appeal of OHIM of 4 May 2011 (Case R 1632/2010-1). In both decisions, “alcoholic beverages" and "beers" were considered similar. OHIM held that notwithstanding the differences in the production processes, both goods belong to the same category of alcoholic drinks intended for a wider public. Both goods are sold in supermarkets and grocery stores, most of the time in the same area, and they can also be served in restaurants and in bars. In addition, it is possible to mix beers and alcoholic beverages and consume them together for example in cocktails. Finally, these goods may originate from the same undertakings and are usually part of a generalised distribution. As to the similarity between "alcoholic beverages" and "mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages", OHIM considered that there is a low degree of similarity.

Despites these decisions, the General Court had to consider its own decisions, particularly in Coca-Cola v OHIM of 18 June 2008, Case T 175/06 (MEZZOPANE), in which it held that there was no similarity between "wines" and "beers", and in other decisions regarding goods in Classes 32 and 33 and their similarities. The General Court held that while "alcoholic beverages" and "beers" belong to the same general category of beverages, and more specifically to the category of alcoholic beverages, they are different as for their ingredients, method of production, colour, smell and taste. Consequently, average consumer will perceive them to be different in nature. Those goods are not normally displayed in the same shelves in the areas of supermarkets and other outlets selling drinks. The other difference between these goods is that beer quenches thirst while it is not usually the case for other alcoholic beverages. Then, even if those goods can be consumed in similar places, at similar occasions or to satisfy the same need– for example, enjoyment of a drink during a meal or as an aperitif –they still do not belong to the same family of alcoholic beverages and consumers perceive them as two distinct products (see paragraph 66 MEZZOPANE).

The General Court also held that while there are alcoholic cocktails which mix beer with another alcohol, in particular tequila, it does not change the fact that "beers" and "alcoholic beverages" are still different, as it is also true for many drinks which are not similar (for example, rum and cola, Case T 296/02 Lidl Stiftung v OHIM – REWE-Zentral). Then, the Court held that complementary goods are goods which are closely connected in the sense that one is indispensable or important for the use of the other (Case T 169/03 Sergio Rossi v OHIM – Sissi Rossi). In the present case, "alcoholic beverages" are neither indispensable nor important for the use of "beers" and vice versa. Nothing proves that consumers of one of them would also buy the other. The Court concluded that "beers" and "alcoholic beverages" are not complementary even if they can be mixed and consumed together.

In considering whether "beers" and "alcoholic beverages" are in competition with each other, the Court referred to the MEZZOPANE decision and the case-law of the Court of Justice according to which wine and beer are, to some extent, in competition with each other on the ground that they are capable of meeting identical needs, which means that a certain measure of mutual substitutability must be acknowledged. However, in view of the significant differences in quality – and, accordingly, in price – between wines, the decisive competitive relationship between beer, a popular and widely consumed beverage, and wine must be established by reference to those wines which are the most accessible to the public at large, that is to say, generally speaking, the lightest and least expensive varieties. The "alcoholic beverages" in the present case are, in general, stronger and more expensive than "those wines which are the most accessible to the public at large", with the result that the Court's findings are not applicable to the present case.

Finally, the General Court considered the two decisions relied on by the opponent, only as part of decision-making practice, which is not always consistent. Furthermore, OHIM must exercise its powers in accordance with the general principles of EU law, including the principle of equal treatment and the principle of sound administration (see Case C 51/10 P Agencja Wydawnicza Technopol v OHIM [2011]). Nevertheless, these principles must be reconciled with the principle of legality (see, to that effect, Agencja Wydawnicza Technopol v OHIM). The "alcoholic beverages" at issue in the present case do not include wine, as in MEZZOPANE, but tequila-based beverages. The differences between the goods at issue in the present case are far more substantial than the differences between wine and non-alcoholic beverages, therefore those differences make it unlikely that the relevant public would believe that the same undertaking produces and markets the two types of beverage at the same time.

The existence of alcoholic cocktails and 'premixed' drinks which mix alcoholic beverages with a non-alcoholic ingredient does not remove the fundamental differences between those goods. Moreover, the undertakings offering their alcoholic beverages mixed with a non alcoholic ingredient so as to sell them as 'premixed' drinks do not sell that ingredient separately and under the same or similar mark as the alcoholic beverage at issue. Accordingly, the dissimilar elements of the goods at issue far override the similar elements and are sufficient in themselves to exclude the possibility of a likelihood of confusion. The General Court concluded that the goods at issue in the present case are not similar and dismissed the appeal.

Comment

In this case, the court held that "tequila" and "beer" are not similar. Although these beverages are both alcoholic drinks and share some similarities, the Court found that consumers will not be confused as to their origin. Often, the Court tends to find similarities when it comes to comparing two signs, but in this case, the Court choose to emphasize on consistency rather than focusing on specifics when it comes to similarity between goods.

This decision is good news for applicants who want to register trade marks for which earlier marks already exist for similar, but not identical, goods/services. For example, a company could try to register a mark for tequila, using a slightly different mark from its direct competitor who owns a trade mark registration covering beers, since these goods are not considered as similar.

Consequently, this decision could have an impact on the strong competition already existing in the alcohol industry, by allowing the registration of signs, which are similar to a certain degree, for goods that belongs to similar classes of drinks.

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