

Review of UK and European Trade Mark Cases 2016

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Introduction

This edition of A Review of UK and European Trade Mark Cases 2016 is the first after the UK Referendum on EU membership in June 2016. It is too early to say how leaving the EU will shape changes in UK trade mark law in the future, but developments will be followed with interest and future editions will undoubtedly reflect on this.

2016 has been an interesting year for practitioners, particularly in relation to decisions on non-traditional trade marks, most notably shapes, sounds and colours.

Distinctiveness - Shapes, Colours and Sounds

Shapes

Acquired Distinctiveness

Long-running disputes over the registrability of Nestlé's Kit-Kat shape mark applications continued in 2016. Separate proceedings are ongoing in respect of the UK trade mark application (6 years in the running) and the EU trade mark application (10 years in the running) although both centre upon issues relating to acquired distinctiveness.



January 2016 saw a decision of the High Court in relation to the UK shape mark application in *Société Des Produits Nestlé SA v Cadbury UK Ltd*¹. As we reported

in last year's review, Mr Justice Arnold had asked the CJEU for clarification concerning the threshold for establishing acquired distinctiveness of shape marks as well as the shape-specific exclusions to registrability under Article 3(1)(e) Trade Mark Directive².

Arnold J's first question asked whether in order to establish acquired distinctiveness it is sufficient for a shape mark merely to be recognised as/associated with a particular product; or whether it is necessary

for the shape mark to be relied upon by customers to identify the origin of the product. Consistent with the approach traditionally taken by the UK courts in this regard, Arnold J expressed a preference for the stricter requirement of reliance.

In its response, the CJEU reformulated the reference and did not use the term "reliance", instead confirming that the shape mark alone (as opposed to any other trade mark which may be present) must be "perceived" as an indicator of origin. The judgment added that it is a "fundamental condition" that, as a consequence of use, the sign alone must serve to identify in the minds of the relevant persons the goods to which it relates as originating from a particular company.

Arnold J then had to interpret what the CJEU meant by its use of the word "perceives". He had some doubts about whether the CJEU had addressed the precise question he had asked. Nevertheless, he thought that re-referring the question would not yield a materially different response and obtained support for interpreting the answer from its similarity with the AG's opinion, from what the CJEU had said previously in *Nestlé v Mars*³ and from its similarity with his own preferred position. Accordingly, the level of perception required must be such that consumers would rely upon the signs as denoting the origin of the goods if it were used on its own. On the facts Nestlé's appeal was dismissed.

Nestlé's appeal to the Court of Appeal was heard in February 2017 but at the time of writing has not been decided. Arnold J's interpretation of the CJEU's answer will therefore likely be the subject of further judicial scrutiny.

The other two questions referred by Arnold J concerned the scope of the exclusions for shape mark registrations under Article 3(1)(e), specifically in relation to essential features and technical effect.

Essential Features

Arnold J asked whether, where a shape consists of two or more essential features, different exclusions under Article 3(1)(e) can apply to the different essential features respectively to preclude the shape mark from

¹ [2016] EWHC 50 (Ch), 20 January 2016

³ C-353/03, 7 July 2005

² Directive 2008/95/EC

registration. Arnold J's preliminary view was that they could.

In line with its earlier decision in the *Hauck*⁴ ("TRIPP TRAPP chair") case (reported in our 2014 review) the CJEU confirmed that the answer is no. The Court found that the exclusions under Article 3(1)(e) operate independently of each other and, whilst it is possible for essential features of a shape mark to be covered by more than one exclusion, registration should only be refused where at least one of the exclusions is fully applicable to all of the essential features of the shape. The implication of this may be that the definition of "essential features" will come under additional strain and be subject to additional references.

Technical Effect

The final question related specifically to the exclusion under Article 3(1)(e)(ii), namely that a mark shall not be registered if it consists of the shape of goods necessary to obtain a technical result.

The question for the CJEU was whether this exclusion should be interpreted as having regard to the matter in which the goods are manufactured as opposed to the manner in which the goods function. It was confirmed by the CJEU that it is only the manner in which the goods function that should be considered, not the manner of manufacture.

When justifying its answer, the CJEU recalled that the rationale for the grounds of refusal under 3(1)(e) was to prevent a monopoly from being granted on technical solutions which a user is likely to seek in the goods of competitors, observing that "from the customer's perspective, the manner in which the goods function is decisive and their method of manufacture is not important".

In light of the CJEU's answers, Cadbury did not pursue its arguments that the trade mark was precluded from registration under Article 3(1)(e) in relation to essential features and technical effect. These matters were not subject to the appeal heard in February 2017.

2016 also saw a further decision relating to Nestlé's application to register its four-finger Kit-Kat shape

as an EU trade mark. The General Court held the registration to be invalid in *Mondelez UK Holdings & Services Ltd v EUIPO*⁵.

The case turned on the Board of Appeal's failure to apply the correct test to determine whether the sign had acquired distinctiveness throughout the EU. Specifically it had failed to require evidence of acquired distinctiveness in all of the relevant EU Member States, instead conducting an assessment of the level of recognition of the shape within Member States as a whole.

Territorial Scope of Acquired Distinctiveness

Where a mark does not have inherent distinctive character throughout the EU, acquired distinctiveness must be shown throughout the territory of the EU. Nestlé had provided survey evidence for acquired distinctiveness for 10 of the 15 states which comprised the EU at the time of the registration. The Court held that it was not enough to show sufficient use of the mark in a substantial part, or even the majority of the EU. If the evidence failed to cover even one Member State, acquired distinctiveness would not have been demonstrated. The relevant question is not whether a substantial proportion of the public, merging all the member states and regions, perceive that mark as an indication of origin, but whether, throughout the EU, a significant proportion of the relevant public perceive the mark as an indication of origin. A lack of recognition in one part of the EU cannot be offset by a higher level of awareness in another part.

Although not determinative of the outcome, it is also worth examining the conclusions reached by the General Court in relation to the three other parts of the case.

Use of the Mark Across All Goods Specified

Mondelez contended that the mark was used only for chocolate, chocolate products and confectionery, for which it had previously been refused registration for lack of distinctive character, and had not been used in respect of the goods for which it was registered - sweets, bakery products, pastries, biscuits, cakes and waffles.

⁴*Hauck GmbH & Co. KG v Stokke Nederland BV, Peter Opsvik & Peter Opsvik A/S*, C-205/13, 18 September 2014

⁵T-112/13, 15 December 2016

The Court held that the Board of Appeal had fallen into error in concluding that the evidence showed use of the mark for all the goods listed in the specification (which it stated were all sub-categories of confectionery, capable of being viewed independently). It took into account the survey evidence identification of the product as a 'sweet', 'candy' or 'biscuit', and advertising materials which showed the product's internal composition and in some cases referred to 'chocolate-covered wafers or crunchy biscuits'. It concluded that a product which may reasonably be classified as a sweet or a biscuit cannot entail protection for other categories of goods such as bakery products, pastries, cakes and waffles. It therefore only fell within the category of sweets and biscuits.

Use of Mark in the Form Registered

Mondelez argued that the mark had only ever been used with the KIT KAT name, the dominance of which was so great that it was the sole source of any alleged distinctive character acquired.

The Court noted that a three-dimensional mark could acquire distinctive character even when used in conjunction with another mark. Such is the case where the mark consists of the shape of a product or its packaging which systematically bear a word mark under which they are marketed. The fact that the shape of a product or the appearance of its packaging has always been used in conjunction with a word element does not mean that shape or appearance may not itself be perceived as an indication of commercial origin. A considerable percentage of those surveyed had spontaneously and immediately associated the shape with the word mark KIT KAT or Nestlé. The Board of Appeal was therefore correct to have considered use of the mark in conjunction with that word mark.

Evidence of Use / Use as an Indicator of Origin

The General Court dismissed arguments put forward by Mondelez calling into question the objectivity and probative value of the surveys and whether some were carried out too recently. It noted that the surveys had been carried out by specialist companies, that no

explanation had been given as to the way in which the wording of the questions was said to be biased, and that the Board of Appeal was fully entitled to take the more recent survey results into consideration, in so far as they enabled it to draw conclusions regarding the relevant dates. It went on to consider other elements of Nestlé's evidence, some of which constituted secondary evidence and/or was not capable in itself of establishing acquired distinctiveness, but could form part of the global assessment. The Court concluded that, when assessed globally, the evidence as a whole was capable of establishing distinctiveness.

The Court then referred to the recent CJEU decision in relation to the UK trade mark in *Société Des Produits Nestlé SA v Cadbury UK Ltd*⁶. It emphasised that the fact that the relevant public had recognised the contested trade mark by referring to another mark which designated the same goods and was used in conjunction with the contested trade mark did not mean that the contested trade mark was not used as a means of identification in itself. The CJEU had merely confirmed that it was necessary to show whether the mark representing the shape of the product, when used independently of its packaging or of any reference to the word KIT KAT, serves to identify the product in question as being the product known as 'Kit Kat 4 fingers'. It went on to note that it was not necessary for the shape to appear on the packaging of the product or to be visible at the time of sale in order to assess whether it had acquired distinctive character – it was capable of doing so through use visible in advertisements or when the product is consumed.

Accordingly the Board had properly evaluated the issue of whether the mark had acquired distinctive character and substantiated its conclusions so far as the countries for which survey evidence had been adduced were concerned.

It is likely that this decision will be subject to an appeal to the CJEU, continuing this long-running dispute into 2017.

Inherent Distinctiveness

In *The London Taxi Corporation Ltd (t/a The London Taxi Company) v Frazer-Nash Research Ltd and*

⁶C-215/14, 16 September 2015

⁷[2016] EWHC 52 (Ch), 20 January 2016

*another*⁷ registered UK and EU trade marks for the shape of a London taxi were held by the High Court to be invalid on several grounds. First, they were found to lack distinctive character. In Arnold J's view they would be regarded by the average consumer as merely a variation of the typical shape of a taxi and (even if the shape was regarded as differing from the norms and customers of the sector) would not be perceived as identifying the origin of the goods. They had also not acquired distinctiveness through use. There was no direct evidence that the average consumer perceived taxis embodying the marks as emanating from the claimant because of their shape (as opposed to the conventional trade marks under and by reference to which the goods were sold). Arnold J applied the test from the Kit Kat CJEU reference which he had interpreted in a separate judgment⁸ handed down the same day as the handing down of this decision (and reviewed above).

Secondly, they were found to consist exclusively of the shape which gives substantial value to the goods. A relevant, but not determinative, factor was that the UK trade mark was protected as a registered design and the EU trade mark could have been protected as a registered design. The rationale being that a key purpose of Article 3(1)(e)(iii) was to prevent trade marks being used indefinitely to extend the time limited protection of other intellectual property rights. The Judge found the position was analogous to where the shape had been patented which the CJEU had held to be relevant to an objection under this section in *Lego Juris A/S v OHIM*⁹. Considering in detail the AG's opinion in *Hauck*, Arnold J also considered other relevant factors such as consumer perception, the category of goods, the artistic value of the shape (which was regarded as "iconic" and a "design classic"), the dissimilarity of the shape from other shapes in common use, the price of the goods and the manufacturer's promotional strategy (promoting its taxis as "iconic").



EU Mark



UK Mark

Finally, the EU mark was also revoked for non-use because the only use of taxis embodying the mark was through second-hand sales and sales for scrap. In the Judge's view the question of whether second-hand sales constitute use of a trade mark for the purposes of defeating a claim for revocation for non-use is a difficult question of law which would ultimately have to be resolved by a reference to the CJEU (although it was not necessary in this case and he simply assumed that such acts did amount to use). The judgment contains an interesting discussion as to the extent to which second-hand sales or the sale of goods as scrap may suffice to establish genuine use.

Finally, the Judge held that, even if the marks had been valid, they would not be infringed by the defendant's taxis, given the low degree of similarity between the marks and their low distinctive character, such that there was no likelihood of confusion. The passing off claim also failed. It was not enough that consumers perceived features of the claimant's taxis as denoting that vehicles were licensed London taxis. The claimant had to go further and establish that these features denoted a particular source of London taxis.

Ultimately, in the court's view, conventional word and figurative marks were what indicated the origin of the claimant's taxis, not the shape itself, which the public did not perceive as designating origin. This meant that the shape marks did not acquire distinctive character and was also a key factor in the passing off case since the claimant could not establish that the features of its taxis denoted a particular source.

⁸ See footnote 1

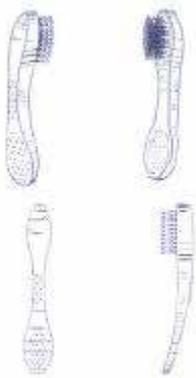
⁹ C-48/09 P, 14 September 2010



In *Coca-Cola v OHIM*¹⁰ the General Court dismissed the action brought by Coca-Cola seeking registration of a “contour bottle without fluting” as a Community trade mark as the mark sought was devoid of distinctive character.

The General Court confirmed that the mark applied for did not possess any characteristics that distinguished it from other bottles available on the market. It was thus a mere variant of the shape and packaging of the good concerned (i.e. a bottle) which would not enable the average consumer to distinguish Coca-Cola’s goods from those of other undertakings. Accordingly, the sign was devoid of distinctive character.

The Court also found that Coca-Cola had failed to establish that the sign had acquired distinctive character through use. Surveys conducted in 10 EU Member States were held not capable of proving acquired distinctiveness throughout the EU, which had 27 Member States at the date of the application. In respect of Member States for which no survey had been conducted, proof of acquired distinctiveness could not be furnished by the mere production of sales figures and advertising material. This was “secondary evidence” which may support direct evidence of distinctive character such as provided by the surveys. This was particularly so given the imprecision and inconsistencies in the sales figures and the advertising material which did not specifically relate to the mark applied for.



In *Loops v EUIPO*¹¹ the General Court upheld the decision of the Board of Appeal to refuse registration of a 3D mark in the shape of a toothbrush, on the basis that the mark was devoid of distinctive character.

The applicant claimed that the mark applied for was distinguished from representations of everyday

toothbrushes and was “presented as a type of cross between a brush and a teaspoon”. The Court was not persuaded by this argument and upheld the view that the mark applied for was in the form of a toothbrush and would directly and immediately be perceived by the consumer as such. Its features were similar to variations of toothbrushes usually available on the market and the mark as a whole did not diverge significantly from the usual forms of those goods.

Functional Characteristics

In *Simba Toys GmbH & Co. KG v EUIPO*¹², the CJEU held that the Rubik’s cube shape could not qualify for trade mark protection due to its inherent functionality.

The Court noted that in order to analyse the functionality of a sign for the purposes of Article 7(1)(e)(ii) EUTMR¹³, which concerns signs which consist of the shape of the actual goods, the essential characteristics of a shape must be assessed in the light of the technical function of the actual goods themselves. When examining functional characteristics, a detailed examination by the competent authority may take into account material in addition to graphic representation and any descriptions filed at the time of application. The CJEU said the General Court should have defined the technical function of the actual goods - namely a three-dimensional puzzle with a rotating capability - and taken this into account when assessing the functionality of the essential characteristics of the sign.

Given the mark was registered for three-dimensional puzzles in general, and not restricted to those with rotating capability (i.e. by way of description), the CJEU noted that the General Court’s narrow interpretation of the Article 7(1)(e)(ii) criteria would give the proprietor protection which covered every type of puzzle with a similar shape - namely any three-dimensional puzzle with cube-shaped elements - regardless of the principles by which it functions. The Court noted, as it has pointed out previously in *Lego Juris v OHIM*¹⁴, that Article 7(1)(e)(ii) seeks to prevent trade mark law from granting a monopoly on technical solutions or functional characteristics of a product.

¹⁰ T-411/14, 24 February 2016

¹¹ T-385/15, 14 June 2016

¹² C 30/15 P, 25 May 2016

¹³ Council Regulation (EC) No 207/2009 (as amended)

¹⁴ C-48/09 P, para 43

Figurative Marks

In *Universal Protein Supplements Corp v EUIPO*¹⁵, the General Court rejected an application to register a figurative EUTM of an image of a body-builder because it was descriptive of the goods and services (nutritional supplements, clothing, footwear and related online retail store services) contrary to Article 7(1)(c) EUTMR. It was held that the black silhouette of a body-builder would inform the relevant public that the goods or services were made or adapted for body-building and had a sufficiently direct and specific link with nutritional supplements, clothing, footwear and online retail services of those goods.

The General Court held that no detail or characteristic of the image went beyond the standard representation of a body-builder. The possibility of drawing a body-builder slightly differently did not alter the fact that the mark applied for was descriptive.

The applicant argued that the sign had several meanings and conveyed a message that went beyond body-building, preventing the relevant public from perceiving it as merely descriptive. The General Court disagreed, finding that the stylised image did not require any mental effort on behalf of the relevant public in order to perceive its meaning. Furthermore, the Court noted that, where a sign has several meanings, it must be refused registration if any one of them designates a characteristic of the goods.



In *Novartis v EUIPO*¹⁶, the General Court held that figurative marks comprising a grey curve and a green curve (left) for pharmaceutical preparations were not devoid of distinctive character.



The Board of Appeal had stated that the signs represented nothing beyond the stylised outline of an oval-shaped pill, viewed from above and from an angular perspective. The General Court disagreed. As the curves making up the signs were not closed, they were more like “crescents or the letter ‘C’”. It was therefore very unlikely that the relevant public would perceive them to be the shape of a pill, even once

affixed to pharmaceutical products. The “slight twist” and “play of light and shadow” were found to steer the signs further still from the representation of a pill.

The General Court also disagreed with the finding that the signs lacked distinctive character because of their excessive simplicity. It noted that a sign which constitutes a basic geometrical figure, such as a circle or line, is not being capable of being protected unless it has acquired distinctiveness through use. That said, a sign need not attain a specific level of linguistic or artistic creativity or imaginativeness in order to have requisite distinctive character. It suffices that it enables the relevant public to identify the origin of the goods and distinguish them from those of other undertakings.

In this case the signs were not geometrical figures. They contained features which could be easily and instantly memorised (being reminiscent of the letter ‘C’ and a crescent moon) and could immediately be perceived as indications of commercial origin. Accordingly they were endowed with the minimum distinctive character necessary for registration.

Placement/Positional Marks

Another category of unconventional trade marks is placement or positional marks. Such marks comprise a sign together with details of its position on and in proportion to a product. Our 2014 and 2015 reviews examined cases concerning these types of marks, such as the position of a button attached to the ear of a teddy bear in *Margarete Steiff GmbH v OHIM*¹⁷ and the placement of stripes on the side of shoes in *K-Swiss Inc v OHIM*¹⁸ (see also further below a case concerning positional marks in the Confusion section). Both marks were ultimately rejected. There are no additional requirements for registration of placement/positional marks but they have traditionally been difficult to register given the challenge in describing them with sufficient precision.

A number of cases in national courts in recent years relate to a mark consisting of the colour red applied to the sole of a shoe, a feature used by designer Christian Louboutin. Such actions have had to grapple with whether this mark is a positional mark, a colour mark or indeed a shape mark (the latter being subject

¹⁵ T-335/15, 29 September 2016

¹⁶ T-678/15 and T-679/15, 15 December 2016

¹⁷ T-433/12 and T434/12, 16 January 2014

¹⁸ T-3/15, 4 December 2015¹⁹ C-163/16, pending, reference from Rechtbank Den Haag, Netherlands, in HA ZA 13-999

to additional grounds of exclusion which cannot be overcome by demonstrating acquired distinctiveness).

In this regard, it is worth noting a reference made to the CJEU by the Dutch court in March 2016 in *Christian Louboutin v Van Haren Schoenen*¹⁹, asking whether the notion of shape within Article 3(1)(e)(iii) Trade Mark Directive is limited to the three-dimensional properties of goods, such as their contours, measurements and volume or whether it includes other (non-3D) properties of the goods, such as their colour. In other words, does the exclusion from protection as a trade mark for shape marks on the basis that the shape gives substantial value to the goods also apply to two-dimensional features, such as colour? The change to the wording of Article 7(1)(e) of the Regulation to “shape or another characteristic” suggests that the answer may be yes, although we await the CJEU’s guidance on the matter.

Interpretation of Colour Marks

In a case which provides useful guidance on the interpretation of colour marks, HHJ Hacon (sitting as a judge in the High Court) summarily rejected the validity of Glaxo’s combination colour EU trade mark for inhalers and dismissed its claims of infringement of the mark against Sandoz²⁰.



The mark in question was registered in the form of a photograph (left), together with the following description:

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

Sandoz argued that, based on the description, the mark claimed was not a single sign, but a collection of almost limitless signs. As a consequence of the wide variety of possible signs it encompassed, it was neither a sign nor was it capable of graphical representation as required under Article 4 EUTMR.



In contrast, Glaxo argued that the correct starting point for construing the scope of the mark was the visual representation (i.e. the photograph) rather than the description and that the single sign being claimed was an abstraction of the visual representation.

In the alternative, Glaxo argued that even if the mark was construed as encompassing more than one sign, these were merely variants of a single sign which is permitted under EU trade mark law.

The two questions of legal principle that arose for HHJ Hacon were as follows:

1. How should a trade mark application or registration be construed where there is no strict congruence between (i) the visual representation and (ii) the description, particularly in the context of colour marks?
2. May a colour mark encompass more than one form, i.e. can there be variants without contravening Article 4.
4. If so, how much freedom of variation is possible?

Regarding the first question, HHJ Hacon considered that where there is a lack of consistency between the visual representation and the description there is no automatic precedence. Both must be considered and reconciled as far as possible, with appropriate weight given to each depending on the circumstances and taking account of the INID (Internationally agreed Numbers for the Identification of (bibliographic) Data) designation (in this case 558, indicating that this mark consisted exclusively of one or several colours). This was a matter for the Court, without reference to the average consumer. It was also confirmed that use of the words “consists of...” is not a term of art and does not indicate that what follows is definitive description of the mark.

Regarding the second question, colour marks could not be validly composed of variants around a single sign. An EU trade mark must be clear, precise, unambiguous and uniform in order to satisfy Article

¹⁹ C-163/16, pending, reference from Rechtbank Den Haag, Netherlands, in HA ZA 13-99

²⁰ *Glaxo Wellcome UK Limited and Glaxo Group Limited v Sandoz Limited* [2016] EWHC 1537 (Ch)

4. Whilst very minor variations could exist, they must be insignificant and go unnoticed by an average consumer.

Taking these answers into account, HHJ Hacon considered that this particular trade mark set the reader a “puzzle”. Possible solutions included interpreting the mark based on (i) its graphical representation (i.e. the photograph), (ii) the abstraction proposed by Glaxo; or (iii) the description.

Whilst the judge accepted that the first of these solutions was a single sign, the second and third solutions left the reader uncertain as to the form the mark takes. In particular, the words “significant proportion” used in the description were too vague to be able to define the precise scope of the mark, in the same way that “predominant colour” wording used by Cadbury for their purple colour mark also failed in their case against Nestlé²¹ (as summarised in our 2013 edition).

This uncertainty, together with the overall “puzzle”, meant that the mark did not meet the requirements of being clear, unambiguous, precise and uniform and was therefore declared invalid under Article 4.

The decision serves as a reminder of the inherent difficulty in protecting and enforcing colour marks, particularly where the description creates uncertainty as to the scope of the mark.

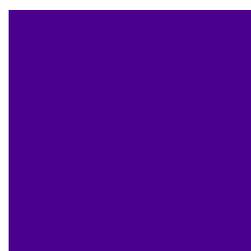
As noted above, in our 2013 edition we reported on the Court of Appeal’s decision in *Nestlé v Cadbury*, in which Nestlé successfully challenged Cadbury’s registration of the colour purple with the following description:

“The colour purple (Pantone 2685C), as shown on the form of application, applied to the whole visible surface, or being the predominant colour applied to the whole visible surface, of the packaging of the goods”.

The Court of Appeal held that this description did not constitute a “sign”, but multiple possible “signs” due to the use of the word “predominant”.

The decision led Cadbury to try to save its 1995

registration – which had a very similar description – from potential invalidity vulnerability in *Cadbury v The Comptroller of Patents, Designs and Trade Marks*²².



The problem faced by Cadbury was that alteration of an existing trade mark is prohibited²³. Cadbury therefore argued that, in fact, the mark description constituted a series of two marks (which is allowed)²⁴, one for the colour purple

“applied to the whole visible surface” and the other in which purple is **“the predominant colour applied to the whole visible surface”**. The reason for doing so was that it is permissible to delete a mark in a series under rule 28(5) of the Trade Mark Rules 2008. Cadbury sought to delete what was argued to be the second mark in the series (highlighted in bold above).

The Hearing Officer rejected Cadbury’s request on the basis that: (i) Cadbury had not sought to register the marks as a series so deletion could not be entertained; (ii) the words sought to be deleted did not actually describe a mark so no mark could be deleted; and (iii) deletion would involve the impermissible alteration of the mark contrary to s 44 TMA.

Mr Baldwin QC sitting as a Deputy Judge in the High Court concurred with the Hearing Officer. In doing so, he referred back to Sir John Mummery’s 2013 judgment in the Court of Appeal, finding that there was never any suggestion that the description is of two marks in series. Rather, the description was of an unknown number of signs including not just the colour purple but others in which the colour purple predominates.

Sounds



Following an appeal by the Brazilian TV channel “Globo”, the General Court has affirmed the EUIPO’s refusal to register a sound mark consisting of the

²¹ *Société des Produits Nestlé S.A. v Cadbury UK Ltd* [2013] EWCA Civ 1174

²² [2016] EWHC 79 (Ch), 18 April 2016

²³ Section 44 UK Trade Marks Act 1994

²⁴ Section 41 UK Trade Marks Act 1994

repetition of two identical notes on the grounds of lack of distinctive character under Article 7(1)(b) of the EUTMR. The Board of Appeal had previously considered that the mark, which resembled the standard ringing of an alarm or ringtone, was excessively simple and “too banal” to convey a message that customers could remember.

In principle, the General Court confirmed the position that sound marks are registerable provided that they are represented graphically (which was the case in this instance); it also recognized that, in the TV and media sectors, it is common for the consumer to identify the origin of a product or service by a sound element or jingle. However, it was observed that a sound mark consisting of only a basic ringing sound can only be distinctive if it includes elements distinguishing it from other sound marks. Whilst this does not need to be original or fanciful, a mark consisting simply of a note repeated twice does not provide consumers with any indication as to commercial origin, unless it had acquired distinctive character through use (which it had not in this case).

Separately, the General Court confirmed that the Board of Appeal had not erred in providing only one reason for refusing registration in relation to all goods and services, on the basis that the reason detailed above applied to all the goods and services in question.

Changes to the law in 2017

The “graphical representation” requirement in the EUTMR is due to be removed as of 1 October 2017, making it potentially easier to define non-traditional trade marks. For sound marks, this will mean that electronic files (as opposed to musical notation) will be registrable. All marks will still be required, however, to be “capable of being represented on the register in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor.”

While the practical effect of this replacement wording remains to be seen, it does not appear to represent a major shift in the challenges faced by proprietors in registering the majority of non-traditional marks.

Distinctiveness – Word Marks

Inherent distinctiveness

The *HOT SOX*²⁵ case provided an entertaining example of how the meaning of the sign as a whole needs to be taken into account in analysing the applicability of the absolute grounds for refusal.

This case concerned an application for a declaration of invalidity of an International Registration (designating the EU) for the mark HOT SOX, registered in class 25 in respect of ‘hosiery’. The application for invalidity under Article 52(1)(a) (read in conjunction with Articles 7(1)(b) and (c) EUTMR) was rejected by both the EUIPO Cancellation Division and the Second Board of Appeal.

The General Court affirmed the earlier decisions, namely that the mark was neither descriptive of the goods under Article 7(1)(c), nor devoid of distinctive character under Article 7(1)(b). In coming to this conclusion, the General Court considered the relevant public’s likely understanding of the mark (which, given the nature of the goods at issue, was held to be the average consumer who would demonstrate an average level of attention). The invalidity applicant argued that the element SOX was simply a misspelling of the word ‘socks’, which would render the mark descriptive in relation to hosiery. However, the General Court noted that the evidence submitted in the proceedings showed the term ‘sox’ was used as a trade mark by the proprietor. It was never used alone and never to replace the word ‘socks’. There were also examples in the evidence of the element ‘sox’ being used alongside the word ‘socks’ with the correct spelling. Regardless of any possible descriptive meaning attributable to the element ‘SOX’, the General Court further stated that it was not sufficient to show that just one element of the mark was descriptive. The descriptive character had to be demonstrated for the mark as a whole:

“...descriptiveness must be determined not only in relation to each word taken separately but also in relation to the whole which they form. Any perceptible difference between the combination of words submitted for registration and the terms used in the common parlance of the relevant class of consumers to designate the goods or services or their essential

²⁵ Case T-543/14, *provima Warenshandel GmbH v OHIM and Renfro Corp.*, 26 February 2016

characteristics is apt to confer distinctive character on the word combination enabling it to be registered as a trade mark.”

The General Court then went on to consider the meaning of the mark as a whole. To do this, it had to assess three possible meanings of the word ‘HOT’, namely, (i) a ‘high temperature’ or ‘very warm’, (ii) ‘currently popular, fashionable or in high demand’ and (iii) ‘erotic or sexy’. In respect of all three possible meanings of the word ‘hot’, in the context of the goods at issue, none were considered to be likely to be associated with socks and thus could not have any descriptive meaning attributable to them. For example, in the context of the first possible meaning, it was noted that ‘hot’ would not be a positive or common characteristic designating temperature in the context of clothing. *“No consumer would wish to have socks which caused hot feet.”* The General Court endorsed the Board of Appeal decision that the mark was not descriptive under the meaning of Article 7(1)(c).

In respect of the plea for non-distinctiveness under Article 7(1)(b), the invalidity applicant argued that, since the mark was descriptive, it was necessarily devoid of distinctive character. The General Court disagreed, endorsing the Board of Appeal’s observations that *“the word ‘hot’ does not normally describe socks and that the spelling of the element ‘sox’ would attract the attention of consumers”*. It followed therefore that the mark was capable of indicating commercial origin. In summing up its opinion on the distinctiveness of the mark, the General Court noted, the unusual combination of words: *“form a sufficiently original whole to have a minimal distinctive character to avoid the absolute ground for refusal under Article 7(1)(b).”* The invalidity applicant’s appeal was dismissed in its entirety.

This case is a reminder that a mark is more than the sum of its parts: it needs to be assessed as a whole. Whilst individual elements may have descriptive connotations, it is only if the entire mark can be perceived as such that it ought to fall foul of the requirements laid down in Articles 7(1)(b) and (c). This is a useful point to bear in mind, both in applying to register trade marks and in assessing the validity of others’ trade marks on the register.

In *Jääkiekon SM-liiga Oy v EUIPO*²⁶, the General Court reaffirmed the well-established principle that adding simple stylised or figurative elements to a descriptive word, will not be sufficient in order to render the mark registrable.



This case concerned an application to register the word Liiga (meaning a competitive sports division in Finnish) as a stylised mark (depicted left) in respect of goods and services in classes 9, 16, 25, 28, 29, 30, 32, 33, 39, 41 and 42.

The mark was refused by the EUIPO examiner in respect of “games and playthings; gymnastic and sporting articles not included in other classes” in class 28 and “sporting activities” in class 41 under Articles 7(1)(b), 7(1)(c) and 7(2) EUTMR. The Applicant’s appeal was dismissed by the EUIPO’s Second Board of Appeal. The Board of Appeal considered the mark to display a clear and direct relationship with the category, the quality and the intended purpose of the goods and services at issue. It also considered the stylised and figurative elements of the mark to be banal and incapable of directing the consumer’s attention away from the descriptive meaning of the mark.

The Applicant submitted to the General Court that the mark was in fact ‘strongly stylised’ and the letters ‘ii’ could in fact be read as ‘ü’. On that analysis, the mark could be read in four different ways, namely, ‘Liiga’, ‘Lüga’, ‘liiga’ or ‘lüga’, factors which rendered the mark distinctive in the Applicant’s opinion.

It was not disputed in this action that the relevant public was composed of average Finnish-speaking consumers and furthermore that as the Finnish language does not feature the letter ‘ü’, that it would be very unlikely that the Finnish consumer would read the mark as ‘Lüga’. In that context, the conclusion which was reached by the General Court was that the average Finnish-speaking consumer would perceive the mark as meaning a competitive sports league, namely a championship. It was much less likely that such a consumer would read the mark in such a way that it would make no sense. Consequently, the mark conveyed a clear and direct message relating (at the

²⁶ Case T-54/15, 28 April 2016

very least) to the intended purpose of the goods and services at issue.

The stylised nature of the word element was limited to a handwritten appearance but the word ‘Liiga’ was still easily legible. The black circle would merely be seen as a background or even if it were seen a ball or a hockey puck (as the Applicant submitted), this would merely serve to reinforce the link between the mark and a particular sport. Overall, the General Court observed that, *“the various elements which compose the mark applied for do not interact in such a way as to eclipse the relationship between the mark and the characteristics of the goods and services for which the registration was refused”*.

This decision is not a departure from usual EU practice on stylised marks, and serves as a useful reminder that in attempting to overcome absolute grounds objections, it is necessary to bear in mind how the relevant consumer is likely to react when encountering the mark. Arguments which do not follow this principle (such as the suggestion that a Finnish consumer reading ‘ii’ as ‘ü’, when that letter does not exist in that language) are unlikely to be persuasive to the tribunal considering the matter.

The invalidity applicant in the case of *Trinity Haircare AG v EUIPO and Advance Magazine Publishers, Inc.*²⁷

sought to invalidate the registration of the figurative word mark:

VOGUE

in respect of goods falling into class 3 under Article 52(1)(a) (read in conjunction with Article 7(1)(b) and 7(1)(c)) and Article 52(1)(b) EUTMR. Having been unsuccessful in the Cancellation Division and at the EUIPO Fourth Board of Appeal, Trinity Haircare appealed to the General Court.

Trinity Healthcare was ultimately unsuccessful in all three of its pleas. First, with regard to the purported descriptiveness of the mark under Article 7(1)(c), it was noted by the General Court that the goods at issue all fell within the field of beauty and baby care and were intended for end consumers. The relevant public was held to be the average English-speaking or French-speaking consumer, who is reasonably well informed and reasonably observant and circumspect. These factors were not in contention in the proceedings.

The General Court repeated the Board of Appeal’s findings that in both French and English, the word ‘vogue’ means “popularity, use or general acceptance; popularity with the audience”. The related expressions ‘en vogue’ in French and ‘in vogue’ in English meant “fashionable, tendency”. However, the General Court agreed with the Board of Appeal that the invalidity applicant had failed to demonstrate that the word ‘vogue’ was used as a synonym for either of those expressions, nor was there any indication that the word ‘vogue’ was descriptive of the goods at issue. There was nothing in the definition of ‘vogue’ which indicated that the word had a sufficiently direct, concrete link to the goods in question that would enable the public concerned to perceive a description of any characteristic of the goods in question. The General Court stated that the characteristic function of the goods was care or beauty care, which it said did not fall within the area of fashion. Thus, the mark ‘vogue’ was not descriptive of the goods at issue.

Unsurprisingly, given the finding in relation to descriptiveness, Trinity Healthcare’s allegation of non-distinctiveness under Article 7(1)(b) was also rejected. It was said to have erred in its attempt to demonstrate that the mark was devoid of distinctive character on the basis of its allegedly descriptive nature. There was also nothing on the file which permitted the General Court to make the inference that the mark was laudatory (and therefore non-distinctive), as the applicant alleged. The General Court held that the word ‘vogue’ is not used as a synonym of the word ‘fashion’ or the expression ‘en vogue’.

Lastly, the third plea alleging that the trade mark proprietor had acted in bad faith in filing the application was also rejected. This claim was made on the basis that the proprietor/intervener (Advance Magazine Publishers) had repeatedly submitted between the years 1962 to 2003, applications in numerous Member States for the mark VOGUE in relation to class 3 goods. The invalidity applicant alleged that this was done without it having any intention to use the mark in relation to these goods but instead with the sole aim of avoiding the consequences of non-use. The General Court noted that there was no evidence of repeated lodgings by the proprietor/intervener for EUTM protection in respect of the contested mark, in class

²⁷ Case T-453-15, 15 September 2016

3. In respect of the earlier national and international filings, the General Court affirmed the Board of Appeal decision that:

“The possibility of submitting an application for an EU trade mark in order to obtain unitary protection at Union level, over and above the protection granted by national marks registered in the various Member States, is the very object of the EU trade mark system and is not, therefore, to be considered in itself to be an act of bad faith. Moreover, the lodging of an EU trade mark application identical or very similar to national or international marks already lodged is consonant with commercial logic and does not by itself constitute evidence of bad faith”.

On the basis of the evidence before it, the General Court found that the intervener had marketed to the general public goods falling within class 3. The third plea, and consequently the whole action, was dismissed in its entirety. The General Court ended its judgment with the following comments:

“...EUIPO does not have the right to carry out once again an examination of its own motion of all the absolute grounds for refusal, but only an examination of those submitted by the applicant. The EU trade mark enjoys a presumption of validity and it is for the person who submitted the application for a declaration of invalidity to invoke, before EUIPO, specific information calling into question the validity of the contested mark”.

Thus, any prospective invalidity applicant should look to establish robust, well-founded arguments based on the framework laid out in statute and in the case-law, in order to have good prospects of convincing the EUIPO that a mark was invalidly registered and should be removed from the register.

Acquired distinctiveness

The General Court had to assess evidence of acquired distinctiveness in relation to a mark which was prima facie descriptive and non-distinctive in the case of *Zuffa, LLC v EUIPO*²⁸.

The background of the case is as follows: the Applicant, Zuffa, LLC filed an EUTM application for

the mark **ULTIMATE FIGHTING CHAMPIONSHIP** in respect of goods and services falling into classes 9, 16, 28 and 41. The EUIPO examination report contained objections under Articles 7(1)(b) and 7(2) EUTMR to the goods falling into classes 9, 16 and 28 and under Articles 7(1)(b), 7(1)(c) and 7(2) for the services in class 41. As the mark consisted of English words, the refusal was based on the English-speaking public in the European Union. The Applicant sought to overcome these objections and submitted evidence in an attempt to show that the mark had acquired distinctive character through use, under Article 7(3). The examiner’s decision in May 2013 refused the application for all goods and services, save for a few goods in classes 16 and 28. The Applicant then appealed this decision to the EUIPO Board of Appeal.

The Second Board of Appeal dismissed the Applicant’s appeal and stated that the mark was descriptive and devoid of distinctive character for all goods and services at issue. Furthermore, the Board was not convinced that the evidence submitted was sufficient to prove that the mark applied for had acquired distinctive character through use.

Zuffa’s first plea pertained to a failure by the Board of Appeal to state proper reasons for its decision, and its second plea purported to argue that the Articles 7(1)(c) and 7(1)(b) objections had been raised erroneously. Both were ultimately unsuccessful. The mark was held to be descriptive of all goods and services under the meaning of Article 7(1)(c). The General Court took note of the Applicant’s own statement that the sign **ULTIMATE FIGHTING CHAMPIONSHIP** is an identification of the name of its mixed martial arts competition which clearly involves a ‘fighting championship’. The addition of the laudatory term ‘ultimate’ was not sufficient to render the expression as a whole any less descriptive. Thus the Board was entitled to make its finding under Article 7(1)(c) and Zuffa’s only option therefore was to rely on its use of the mark in the European Union which pre-dated the filing date of the application, to try to overcome the objections.

In this regard, the General Court was satisfied (in contrast to the EUIPO examiner and the Board of Appeal), that the evidence did show the mark had

²⁸ Case T-590/14, 12 May 2016

acquired distinctive character through use. However this finding was only in relation to the goods and services which were specifically linked to mixed martial arts, namely:

Class 9: pre-recorded audio cassettes; phonograph records; compact discs; pre-recorded video cassettes; laser video discs; digital video discs; digital versatile discs; electronic storage media; USB flashdrives; CD-ROM discs all featuring mixed martial arts competitions, events and programs; motion picture films in the field of mixed martial arts.

Class 41: provision of information relating to mixed martial arts via communication and computer networks; providing news and information in the fields of sports, fitness and mixed martial arts via communication and computer networks.

Crucially, it was noted that the relevant public in respect of these goods and services was not the general public (as was the case with the remainder of the specification), but those consumers who are specifically interested in mixed martial arts.

The Applicant submitted evidence pertaining to a number of Member States, including the UK, Ireland, Sweden, Malta, Denmark, the Netherlands and Germany. It was clear from this evidence that ULTIMATE FIGHTING CHAMPIONSHIP referred to a specific martial arts competition, organised by the Applicant. Furthermore, it was observed by the General Court that the relevant specialist public would also regard the terms 'ultimate fighting' and even the acronym 'UFC' as equivalent to the mark ULTIMATE FIGHTING CHAMPIONSHIP. As such, the vast majority of the evidence submitted was taken into account by the General Court, even where the use of the mark was in these forms, which differed to the mark as applied for.

It is settled case-law that to demonstrate a mark has acquired distinctiveness, at least a significant proportion of the relevant section of the public must identify the goods and services concerned as originating from a particular undertaking. In applying that test, it was held that, whilst the evidence was insufficient to show that the mark had acquired

distinctiveness for the general public, it was enough to prove the same for the specialist public consisting of mixed martial arts fans. Therefore, the General Court annulled the Board's decision insofar as it related to the specific goods and services in classes 9 and 41 set out above.

This case is a reminder to consider carefully the specification of goods and services, in applying for a prima facie non-distinctive trade mark, where the mark has been in use and there is likely to be an opportunity to file evidence of acquired distinctiveness. Because the assessment of acquired distinctiveness will always be carried out through the eyes of the relevant public of the goods and services, identifying and then particularising the goods and services which are likely to be known to the specialist public may afford an applicant greater prospects of success in securing its desired trade mark registration.

Confusion

By way of reminder, factors that are relevant in determining whether there is a likelihood of confusion include similarity of signs (including analysis of visual, phonetic and conceptual similarities), similarity of goods and services, the distinctiveness of the earlier mark, the distinctive and dominant elements of the conflicting signs and the relevant public.

The following cases that are worthy of mention considered these factors in 2016.

Relevant Consumer

In *Shoe Branding Europe BVBA v Adidas and OHIM*²⁹ the General Court overturned the decision of the Opposition Division and the Board of Appeal and found that an opposition to an application for the mark shown below, should succeed. The mark in question is a position mark which was opposed by Adidas on the basis of various earlier rights including the EUTM illustrated on the next page.



²⁹ Case C 396/15 P, 17 February 2016



The key issue was the visual similarity of the signs at issue in light of the relevant public's perception of the signs. The Board of Appeal had concluded that the differences resulting from the number of stripes and their respective position on the shoe were sufficient to conclude that the signs were dissimilar overall.

The General Court pointed out that the public's perception that a sign is a decoration cannot constitute a restriction of the protection conferred by Article 8(1)(b), when, despite its decorative nature, that sign is so similar to the registered trade mark that the relevant public is likely to believe that the goods come from the same undertaking, or economically linked undertakings. The General Court concluded that the Board of Appeal's finding that the differences between the positioning of the stripes and their inclination on the shoes will be noticed by consumers is at odds with the fact that the consumer of those products does not demonstrate a high degree of attention, given they are everyday consumer goods.

The General Court therefore disagreed with the Board of Appeal and concluded that a certain visual similarity did exist between the signs given the position of the stripes on the outside of the shoes and that similarity could not be called into question by the differences of positioning and inclination. On further appeal, the CJEU found to be inadmissible arguments that consumers, in fact, pay a high level of attention to sports footwear, as this would be disputing the General Court's findings of fact which it was entitled to make.

The General Court had held that the Board of Appeal was wrong to consider that only the position and number of stripes were highly relevant in a comparison of the marks and they should have explained why other elements of the stripe configuration, such as their shape, size and colour were not relevant factors in the comparison. The General Court considered that the difference between two or three stripes could not be regarded as important for the average consumer paying an average level of attention. In conclusion,

regarding visual similarity, the General Court found that the common elements which it identified as parallel sloping stripes, equidistant, of the same width, contrasting with the base colour of the shoe, placed on the outside of the shoe meant that the overall impression produced by the marks must to a certain extent be similar. The Board of Appeal therefore had been wrong to conclude that the marks were visually dissimilar. The CJEU rejected arguments that the General Court's analysis above had misinterpreted the case law and contradicted itself, instead holding that the lower court had carried out a proper global assessment of the likelihood of confusion.

While the Board of Appeal had found that the earlier marks enjoyed a reputation in the sport shoes and clothing sector and that the reputation extended to the three-stripe figurative device, the General Court reiterated the broader scope of protection which should be afforded to such marks and the impact such a reputation has on an assessment of likelihood of confusion.

The CJEU did not find that the General Court had erred by not considering the (lack of) inherent distinctive character of the mark. There was no need to take into account inherent distinctive character once proof of the reputation of a mark had been made out. The Appellant's submissions in this regard were therefore dismissed and the relevant grounds of appeal found to be manifestly unfounded.

The General Court held that the errors made by the Board of Appeal in its assessment of the similarity of the signs at issue were liable to have consequences on the validity of its assessment of the likelihood of confusion. These errors affected the assessment in respect of both the Article 8(1)(b) and 8(5) grounds of opposition. Contrary to the arguments of the Appellant, the CJEU did not find that the General Court had exceeded its powers.

The appeal to the CJEU was dismissed on all grounds having been found to be, in part, manifestly inadmissible and in part, manifestly unfounded. The CJEU held that the General Court was correct in its conduct of a global assessment of likelihood of confusion and the Appellant's arguments that the

General Court had contradicted itself, misinterpreted the contested decision and had exceeded the powers conferred on it were also rejected.

In this case the level of attention of the relevant consumer was crucial in assessing whether the initial similarities between the marks were outweighed by the detailed differences.

The relevant consumer was again the focus in *Calcit Füllstoffgesellschaft mbH v EUIPO (CALCILITE)*³⁰. In this case the important point was the crossover between the professional and private public which turned out to be key in finding a likelihood of confusion.

In this invalidation action filed on the basis of Article 8(1)(b) the General Court had to consider whether the professional public in the industrial sector which were the consumers of the earlier mark, would also purchase the more general products such as paint and varnish, covered by the later registration. The General Court held that, just because the goods covered by the later registration were sold to private individuals and painting businesses, it did not mean they would not also be marketed to industrial professionals for the manufacture of other products.

The General Court held that the appellant was entitled to criticise the Board of Appeal for failing to take into consideration the fact that industry professionals using its products may also purchase paints in order to manufacture their finished products.

The appeal was therefore upheld in respect of 'paints, varnishes, lacquers; preservatives against rust and against deterioration of wood; colorants; mordants'.

In another case concerning both a specialist and a general public, the General Court affirmed the Board of Appeal's decision in *LG Développement v OHIM*³¹.

The applicant for MINICARGO (logo) shown below, appealed the decision of the Board of Appeal (contrary to the decision of the Opposition Division) that there was a likelihood of confusion. The opposition was filed on the basis of an EUTM registration for MINI covering identical goods in class 12 ('Land vehicles; parts, components and accessories for all the aforesaid

goods' as against 'Apparatus for locomotion by land, namely trailers').



The Board of Appeal had found that there was a likelihood of confusion amongst the relevant public, which were held to be both specialists and the general public in the UK as there was an average degree of visual, phonetic and conceptual similarity, identical goods and that the earlier mark had a reputation in the UK for the goods concerned.

The General Court concurred with the Board of Appeal's assessment of the relevant consumer, the identity of the goods and the visual and phonetic similarities between the marks (average degree of similarity). However the General Court did disagree with the Board of Appeal's conclusions in respect of the conceptual similarity.

While the applied for mark would be perceived as meaning 'very small load' by English speaking consumers, more consideration should have been given to the fact that 'mini' is an adjective and 'cargo' is a noun. Therefore, it is the noun element of the mark which determines its main meaning, as the adjective only serves to characterise the size of the object. The General Court therefore found there to be a lower level of conceptual similarity than was found by the Board of Appeal.

Significantly though, the General Court did not find that the Board of Appeal's errors in this affected the overall assessment that there was an average degree of similarity between the marks taken as a whole. The Board of Appeal was correct to find that there was a risk that consumers would believe that goods bearing the mark applied for were connected to the proprietor of the earlier mark, even when taking into account the higher level of attention paid by the relevant consumers.

Similarly, in *Mederer GmbH v OHIM (intervener: Cadbury International Holdings)*³² the question of the relevant consumer was key, this time though the main

³⁰ Case T-742/14, 19 July 2016

³¹ Case T-160/15, 10 March 2016

³² Case T-210/14, 26 February 2016

consideration was regarding their understanding of English.

Cadbury opposed an EUTM application for the mark below (top) (Gummi Bear-Rings and logo) on the basis of its Spanish registration for the mark below (bottom) (GUMMY (stylised)).



Both the application and the earlier registration covered confectionery in class 30. The opposition was successful and that decision was upheld by the Board of Appeal.

The goods were identical and the signs were similar due to their visual and phonetic similarities due to the elements 'gummy' and 'gummi'. The Board of Appeal held that, conceptually, the term 'gummy' had no meaning in Spain and would be perceived as fanciful. There was a likelihood of confusion in part because the 'gummi' element of the applied for mark retained an independent distinctive role within the mark which would be understood by consumers to be a company identifier and because the 'Bear-Rings' component could be understood as a reference to the contents of the packaging. The Applicant appealed the decision to the General Court.

The General Court agreed with the Board of Appeal's assessment that the relevant territory was Spain and that the goods at issue are targeted at the general public. The level of attention paid by the relevant public is low in relation to confectionery. The goods were clearly identical and therefore the pertinent issue was the comparison of the marks.

The difference between the spelling of GUMMY and GUMMI was unlikely to be noticed by consumers. The General Court held that the signs were visually similar to a low extent, phonetically similar and that there was

no conceptual similarity as the earlier mark did not have a meaning to the relevant public.

There was a great deal of consideration given to the level of understanding of the English language which should be attributed to the average Spanish consumer. It has been established in case law that when it comes to average consumers, knowledge of a foreign language cannot be assumed. Further, case law has also established that the Spanish public in particular has a low level of familiarity with the English language. The Board of Appeal was therefore correct to conclude that a word such as 'GUMMY' which is not a common English word would not be understood by the Spanish public. The Applicant in the opposition did not provide any evidence that Spanish consumers would understand the term.

The General Court also considered in detail the Board of Appeal's conclusion that Spanish consumers would not understand 'GUMMY'/'GUMMI' but would understand 'BEAR-RINGS'. The General Court held that this conclusion was correct on the basis that both 'BEAR' and 'RINGS' were common English words and therefore more likely to be understood. Presumably, the image of a boy wearing rings with bears on them also had an impact on this conclusion.

The General Court confirmed, contrary to the arguments of the Applicant in the opposition proceedings, that whilst (according to settled case law) the more distinctive an earlier mark, the greater the risk of confusion, case law does not imply that there is necessarily no confusion where the distinctive character of the earlier mark is low. In this case, given the identity of the goods, the visual and phonetic similarity and the low level of attention of the public, there exists a likelihood of confusion. For the same reason, the fact that confectionery is generally bought in self-service shops where the visual impact of a mark is arguably more important, was not sufficient to conclude in this case that there was not a likelihood of confusion.

Another case where the understanding of language was key in impacting the dominant and distinctive elements of the marks in question was *Gervais Danone v EUIPO (Mahou-B'lue)*³³.

³³ Case T-803/14, 28 April 2016

An application for the mark depicted below in class 32 for 'isotonic beverages [not for medical purposes]; high energy drinks' was opposed by San Miguel on the basis of an EUTM registration for BLU DE SAN MIGUEL covering 'beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages' in class 32.



The General Court agreed with the Board of Appeal's assessment that the relevant consumer was the general public in the EU who would afford the mark a level of attention which was neither particularly high, nor particularly low.

The General Court focussed its attention on assessing whether the BLU element of the earlier mark was a distinctive and dominant element.

It found that 'BLU' will generally be understood by consumers in the EU as a reference to the English word for the colour blue. This was considered to be part of the basic vocabulary capable of being understood by an average consumer, even if he or she is not English-speaking and only has a basic knowledge of English. In the case of German, French, Italian and Dutch consumers the word may even look familiar as it is not too dissimilar to the word for blue in those languages.

The General Court found that the distinctiveness of the earlier mark would vary, with the importance of the BLU element and the distinctive character of the mark being weaker where the relevant public understood the meaning of 'DE SAN MIGUEL'. Interestingly, despite finding that even consumers with a rudimentary understanding of English would recognise 'BLU' to be a reference to the English word blue, the General Court did not think that consumers in the EU who did not speak Spanish or another Romance language, such as French, Italian, Portuguese or Romanian would understand the 'de' element of the earlier mark sufficiently to attribute any meaning to it.

The General Court found there was a likelihood of confusion given the identity of the goods concerned, the similarities between the marks and the average degree of attention of the relevant public of non-alcoholic drinks. In particular the Court found phonetic and conceptual similarities, especially amongst consumers who would understand the 'DE SAN MIGUEL' element, who would be likely to use the 'BLU' part of the mark to distinguish it from other marks including 'SAN MIGUEL' and might even abbreviate the mark to 'BLU'.

Dominant and Distinctive Elements

In *Tayto Group Ltd v OHIM*³⁴ the General Court again considered the relevant consumer's understanding of English (this time in respect of German consumers) but focussed its attention on the dominant and distinctive elements of two weak figurative marks, the opposed application 'REAL HANDCOOKED' and the earlier mark 'real QUALITY' (below, left and right respectively).



The General Court upheld the decisions of the Opposition Division and the Board of Appeal to allow the opposition to succeed.

The Applicant did not contest the fact that the relevant consumer is the average German consumer and that the goods at issue are identical or similar.

The Board of Appeal found that the dominant element in both marks was the word REAL and that the signs were therefore similar. The General Court held that the Board of Appeal did carry out an assessment of the overall impression created by the signs, based on all the elements of the signs. The question for the General Court was therefore whether the Board of Appeal correctly assessed the distinctive and dominant elements.

³⁴ Case T-816/14, 24 February 2016

An important point was that, although it was accepted that both 'REAL' and 'QUALITY' would be understood by the relevant public, the mark was not descriptive of the goods in question. For a mark to be descriptive it must have a sufficiently direct and specific relationship with the goods and services in question to enable the public concerned to immediately perceive, without further thought, a description of the goods or services or one of their characteristics.

The General Court agreed with the Board of Appeal's conclusion that REAL was the dominant element of both signs as it was the first element of the marks, it was larger than the other word elements and that, as the graphic elements of the marks were commonplace, they would be perceived as ornamental and ancillary. The second word element of the applied for mark 'HAND COOKED' was difficult to perceive due to its very small size. The marks were therefore visually similar.

The word element 'quality' which has a secondary position in the sign and is written in a smaller font, does not result in a lack of phonetic similarity, especially as consumers tend to abbreviate a mark comprising a number of terms and that they tend to take more note of the beginning of a mark, rather than the end. The General Court agreed with the Board of Appeal's conclusion that there was an average level of visual similarity and an above-average level of phonetic similarity between the signs.

Given the negligible nature of the 'HAND COOKED' element the two terms 'REAL' and 'HAND COOKED' could not be said to form a meaningful whole. It is therefore correct that the signs are conceptually similar because they share the dominant word element 'REAL'. Interestingly the Court held that even if the element 'HAND COOKED' had not been considered to be negligible, taken as a whole the signs would still have been regarded as similar as they have identical first word elements. The Board of Appeal was therefore correct to find that, given the similarities between the signs and the identity and similarity between the goods, there was a likelihood of confusion³⁵.

The distinctiveness of common surnames was the subject of consideration in *Ayuantepui Corp. v EUIPO*³⁶

where the General Court found that even such names can form the distinctive and dominant elements of a mark.



An application for the above mark for goods and services in classes 18, 25 and 35 was opposed on the basis of an International Registration designating the EU for the mark below for leather goods and bags in class 18 and all of class 25.

J o n e s

The Board of Appeal upheld the decision of the Opposition Division to partially uphold the opposition against the application. The Board of Appeal found that the marks were visually and phonetically similar and that they were conceptually similar for those consumers who recognised the word 'Jones' as a common English surname.

The General Court focussed its assessment on the relevance of the common nature of 'Jones' as an English surname. The designation 'Mr' was agreed to be a common abbreviation that always precedes a surname and therefore, despite being the first element of the applied for mark, 'Jones' was held to be the most distinctive and dominant element of the applied for mark.

The General Court pointed out that even a common surname can perform a trade mark function and that it should be assessed by the same criteria as any other sign. The General Court concluded that the fact that 'Jones' is a common surname is irrelevant to the assessment of the distinctive character of the word. The stylised nature of both marks and even the yellow 'O' and hat in the applied for mark were not considered sufficient to detract from the fact that the marks coincided in the identical element 'Jones' which was the dominant and distinctive element of the later mark.

³⁵ This case was appealed (Case C-272/16 P) but was found in part manifestly inadmissible and in part manifestly unfounded and accordingly dismissed.

³⁶ Case T-8/15, 12 April 2016

Descriptive elements can also be dominant elements of a mark in certain circumstances according to *TeamBank v EUIPO (e@sy Credit)*³⁷.

In this appeal to the General Court regarding a decision of the Board of Appeal to overturn a decision of the Cancellation Division and find a likelihood of confusion, the important issue was the role played by the identical wording in the two marks, despite their descriptive meaning.



The later mark is the one shown above (top) which was contested on the basis of the mark also shown above (bottom).

It was accepted that the services in question were identical (financial services in class 36 and telecommunication services in class 38).

The signs were found to be visually strongly similar, and phonetically and conceptually identical. These findings were due to the identical word elements and negligible stylisation. The General Court accepted that it is established in case law that in general the public will not consider descriptive elements of a mark to be the dominant components. However, in some specific circumstances it can be justified to treat a descriptive element as having a dominant character. This was found to be the case in this matter, where, despite the descriptive nature of the word elements, they still dominate the respective marks. The General Court also reiterated that a registered mark must be considered to have at least a minimum level of inherent distinctiveness.

The General Court agreed with the Board of Appeal that there was a likelihood of confusion and the invalidation action should therefore succeed.

Interpretation of Signs

In the following two appeals to the General Court it is interesting to note the different interpretations of the mark MITOCHRON adopted by the Court, albeit leading to the same result in both cases. Both *Market Watch Franchise & Consulting, Inc v EUIPO – Glaxo Group*³⁸ and *Market Watch Franchise & Consulting, Inc v EUIPO (El Corte Ingles, SA)*³⁹ were further appealed to the CJEU which dismissed the appeals as being in part inadmissible and in part unfounded.

The General Court decisions confirmed the decisions of the Opposition Division that there was a likelihood of confusion between an application for 'MITOCHRON' and 'MIVACRON' in the one case and 'MITOCHRON' and 'mito' in the other.

In the comparison of 'MITOCHRON' and 'MIVACRON', in which the goods in question were pharmaceutical preparations in class 5, the General Court held that the Board of Appeal was right to consider that the relevant public was comprised of medical and pharmaceutical professionals as well as general end consumers, all with a high level of attention.

It was agreed that the goods at issue were partly identical and partly similar and therefore the General Court did not need to consider this point.

The General Court agreed with the Board of Appeal that, on the basis that the signs at issue share six letters and that the marks were almost identical in length, the marks were visually similar.

The Board of Appeal was also correct to state that as the signs shared the first 'mi' and last 'cron' syllables, the signs were phonetically similar.

In terms of the conceptual comparison, the Board of Appeal was right to find that only part of the relevant public would understand the meaning of the 'mito' prefix in the field of medicine, i.e. relating to mitochondrial disorders and of the 'chron' element, relating to time. The Court held that even for that part of the public, the association of those two elements does not result in a word with a clear and specific meaning and therefore it is impossible to carry out a

³⁷ Case T-745/14, 20 July 2016

³⁸ Case T-312/15, 13 May 2016

³⁹ Case T-62/15, 13 May 2016

conceptual comparison of the marks.

Even with the high level of attention paid by the relevant public there was a likelihood of confusion amongst consumers in the UK, given the identity and similarity of the goods, the visual and phonetic similarities between the marks and the (at least) normal level of distinctiveness of the earlier mark.

In the second case the same application for 'MITOCHRON' was being considered but this time in relation to an earlier EUTM registration for 'mito' (stylised and shown below). This time the goods in question for the application were 'bleaching preparations and other substances for laundry use, soaps, perfumery, essential oils, cosmetics, hair lotions and dentifrices' in class 3 and advertising services in class 35.



The earlier right covered 'soaps, perfumery, cosmetics' in class 3 and 'commercial retailing or retailing via global computer networks' in class 35.

The General Court agreed that the relevant consumers in relation to the class 5 goods were patients and animal owners assisted by doctors or vets and pharmacists and were generally well informed and particularly attentive and circumspect and that, in relation to the class 3 goods, the relevant consumer was the general public, which is deemed to be reasonably well informed and reasonably observant and circumspect.

It was agreed that the goods in class 3 were partly identical and partly similar and that pharmaceutical, veterinary and sanitary preparations in class 5 were similar to a low degree to cosmetics and soaps in class 3 of the earlier mark.

The Board of Appeal was correct in finding that the marks were visually and phonetically similar. This was largely due to the common element 'mito' meaning 'myth' in Italian and the weak nature of 'chron' which

would apparently be understood by Italian consumers.

The Court therefore concluded that there was a likelihood of confusion amongst the Italian-speaking relevant public given the earlier mark had a normal level of distinctive character, the identity and similarity of the goods and the visual, phonetic and conceptual similarities between the marks, despite the level of attention of the relevant public being partly high and partly average.

It is interesting to note the differences that the language perception makes. As will be apparent, Italian speaking consumers would view the 'MITO' and 'CHRON' elements very differently to English speaking consumers.

A further example of how signs may be interpreted arises from Volkswagen's opposition against a UK application for VW DERRINGTON in class 12 on the basis of several earlier registrations for VW (both word and logo marks).

In this decision of the Appointed Person the perception of the contested mark by the Registrar at the UK IPO and the Appointed Person was key in determining whether there was a likelihood of confusion Appointed Person decision VW Derrington⁴⁰.

The opposition and subsequent appeal to the Appointed Person were unsuccessful. The Appointed Person agreed with the Registrar's view that the contested mark would be perceived as initials and a surname and would not therefore be mistaken for a VW sub-brand or VW dealer. Importantly, the mark would not be seen by consumers as a composite mark comprising two elements, 'VW' and 'DERRINGTON'. Therefore, despite finding that, based on Volkswagen's use of VW it was strongly distinctive of the goods and indeed had an enhanced reputation, there was found to be no likelihood of confusion.

Lastly, in Guccio Gucci SpA v EUIPO⁴¹ the General Court agreed with the Board of Appeal that it was not necessary to conduct a global assessment of similarity when the marks were found to be completely different.

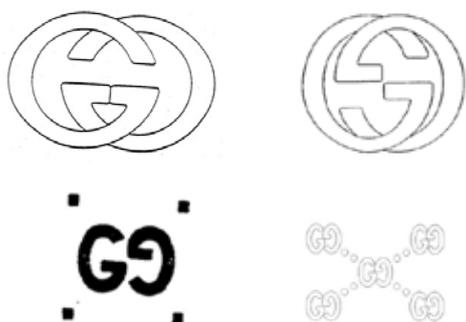
⁴⁰ O-229-16, 9 May 2016

⁴¹ Case T-461/15, 11 October 2016

In this case it was crucial that the contested mark (shown below) would be perceived as an abstract motif, rather than four interlocking letter G's.



This case concerned a registration for the mark above by Guess? IP Holder LP and an invalidation action thereto filed on the basis of registrations for the four marks shown below.



The Board of Appeal dismissed the appeal on the grounds that none of the earlier marks was similar to the later filed mark and therefore it did not need to examine the similarity or identity of the goods and services concerned or a possible reputation or enhanced distinctiveness in the earlier marks.

The General Court considered whether the Board of Appeal had been correct in its approach and found that the relevant public would, as the Board of Appeal had stated, perceive the contested mark as a purely figurative and abstract sign, rather than interlocking capital letter G's. By contrast the earlier marks are much more clearly recognisable as containing the letter G and therefore the marks were visually different.

Given that the contested mark is purely figurative, no phonetic comparison could be carried out. As the contested mark is an abstract motif and as such has no meaning, the General Court also found that no conceptual comparison could be made.

The Board of Appeal was therefore correct to conclude that the marks were different. The Court also found that the Board of Appeal was right not to continue with a global assessment of similarity once it had found that the marks were completely different.

The General Court noted that "Article 8(5) ...like Article 8(1)(b), is manifestly inapplicable where the General Court rules out any similarity between the marks at issue. It is only if there is some similarity, even faint, between the marks at issue that the General Court must carry out an overall assessment in order to ascertain whether, notwithstanding the low degree of similarity between them, there is, on account of the presence of other relevant factors such as the renown or reputation enjoyed by the earlier mark, a likelihood of confusion or a link made between those marks on the part of the relevant public."

Website Blocking Injunctions

Two decisions this year have confirmed the English court's jurisdiction to order internet service providers (such as BT and Sky) to block their users' access to websites which offer to sell counterfeit goods to UK consumers.

In our 2014 issue, we reported on the High Court judgment in *Cartier International AG & Others v BSKyB & Others*⁴². In that judgment, the High Court granted its first ever website-blocking order based on trade marks for the purpose of combatting the sale of counterfeit goods. *Cartier I*, as it became known, meant that brand owners had access to a remedy which is explicitly provided to copyright owners by s.97A of the Copyright Designs and Patents Act 1988.

In 2016, the general principle that such injunctions were available has been confirmed by a further decision by the High Court, and then by the Court of Appeal.

First, in February 2016, Cartier successfully obtained a website blocking injunction against five ISPs in respect of a further set of counterfeit-selling websites⁴³. In the judgment, HHJ Hacon applied the principles set out by Mr. Justice Arnold in *Cartier I*.

⁴² [2014] EWHC 3354 (Ch), 17 October 2014

⁴³ *Cartier International & Others v BT Plc & others* ([2016] EWHC 339 (Ch), 23 February 2016)

Later in 2016, the Court of Appeal dismissed an appeal by the ISPs against the decision in *Cartier I*. The Court of Appeal thereby confirmed that the High Court has jurisdiction to make trade mark-based website-blocking orders. The Court of Appeal held that the power to do so is found in s.37(1) of the Senior Courts Act 1981 (which says that the Court can grant an injunction “in all cases in which it appears to the court to be just and convenient to do so”), when that section is interpreted in the light of Article 11 of the Intellectual Property Rights Enforcement Directive⁴⁴ (which says that EU Member States must ensure that IP right holders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right).

The Court of Appeal also confirmed that the threshold conditions which must be met before it will grant a website blocking order are that: (1) the ISP must be an intermediary within the meaning of Article 11 of the Intellectual Property Rights Enforcement Directive; (2) either the users or the operators of the website must infringe the claimant’s trade marks; (3) the users or the operators of the website must use the services of the ISPs; and (4) the ISP must have actual knowledge of the infringing activity. The relief will then be granted provided that it is proportionate in the circumstances to do so.

Interestingly, the Court of Appeal was somewhat split on the question of which party (i.e. the brand owner or the ISP) should bear the costs of implementing the website block that is put in place. The Court of Appeal decided, by a majority of two to one, that those costs should be borne by the ISPs. Lord Justice Briggs gave a dissenting judgment stating that the costs should instead be borne by the brand owner. We have recently heard that the Supreme Court is willing to hear the appeal about the costs issue but not about the thresholds issue. This will be one to watch.

Keywords

Since the end of the long-running Google AdWords dispute between Interflora and M&S (which settled shortly after the Court of Appeal ordered that the case be remitted to the High Court for a retrial), there has been little new case law in the area of trade mark

infringement in the context of competitor keyword bidding. That was until late 2016, when Mr Justice Carr gave his judgment in *Victoria Plum Limited v Victorian Plumbing Ltd*⁴⁵. However, whilst the conduct complained of by Victoria Plum related to the defendant’s competitor keyword bidding, this was in fact a more conventional trade mark infringement case about two confusingly similar brands.

The parties, which are both bathroom retailers, have co-existed under the similar brands ‘Victoria Plum’ and ‘Victorian Plumbing’ since each commenced trading in 2001. The peaceful co-existence came to an end in around 2014 when the defendant significantly increased⁴⁶ the amount it spent bidding to purchase the claimant’s trade mark (for VICTORIA PLUM) as a keyword on Google’s AdWords platform.

Readers may be aware that, in response to users’ searches on Google, Google’s AdWords platform displays adverts linked to keywords which have been bid on. In this case, in response to a user’s search for the claimant’s trade mark, the defendant’s adverts for its own brand, “Victorian Plumbing” were displayed. The defendant admitted that “Victorian Plumbing” and the claimant’s trade mark for “Victoria Plum” were confusingly similar.

In the absence of any sort of indication within the advert that the defendant’s goods were not those of the claimant, the real issue was therefore whether the defendant could rely on a defence of honest concurrent use, by virtue of the parties co-existing in the ‘real’ world since 2001.

Carr J agreed that honest co-existence for a long period of time of the same or closely similar names may have to be tolerated. However, he found that the defence did not apply to the defendant’s keyword bidding, because the defendant was using the claimant’s VICTORIA PLUM trade mark, by bidding on it as a keyword, rather than using its own brand.

This is, therefore, a slightly unusual keyword bidding case, and the law in the area remains that as stated by the CJEU in *Google France*⁴⁷. That is: do the adverts displayed enable normally informed and reasonably attentive internet users, or enable them only with difficulty, to ascertain whether the goods or services

⁴⁴ 2004/48/EC

⁴⁵ [2016] EWHC 2911, 18 November 2016

⁴⁶ The defendant’s spending increased from just £1,053 in 2012, to £626,175 in 2015.

⁴⁷ Applying the test in *Google France Sarl v Louis Vuitton Malletier SA* (Case C-236/08).

referred to in the advert originate from the owner of the trade mark which was used as a keyword or from a third party?

Reputation

Marks With a Reputation

There have been three decisions of note this year concerning marks with a reputation, two focussing on Article 8(5) CTMR and one on Article 9(1)(c) CTMR (Article 9(2)(c) in the recently-amended CTMR, now known as the EUTMR). As discussed further below, the CTMR was amended by Regulation (EU) 2015/2424 and the majority of the changes came into effect on 23 March 2016, although none of the amendments materially affect the three decisions discussed under this section.

Both Articles 8(5) and former 9(1)(c) (now 9(2)(c)) provide the proprietor of a mark with a reputation with a right to object to an identical or similar mark or sign where the use of that mark or sign without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark; Article 8(5) relates to the registrability of a trade mark and former Article 9(1)(c) relates to infringement.

Unfair Advantage or Detriment to Distinctive Character or Repute

In March, the General Court dismissed an appeal by The Body Shop in relation to its on-going attempts to register an EU trade mark for 'SPA WISDOM' for goods including perfumes, soaps, shampoos and cosmetics, finding a risk that it would take unfair advantage of the distinctive character or repute of an earlier Benelux mark held by Spa Monopole for 'SPA' covering mineral water, contrary to Article 8(5) CTMR (*The Body Shop International plc v OHIM*⁴⁸).

It was not disputed that the earlier mark for 'SPA' had acquired a high reputation for mineral water in the Benelux territory (Benelux is treated like a territory of a Member State for these purposes). However, The Body Shop disputed two of the Board of Appeal's findings. First, The Body Shop argued that the signs 'SPA' and

'SPA WISDOM' were not similar due to the descriptive and generic nature of the word 'spa' in the applied-for 'SPA WISDOM' mark. Second, The Body Shop insisted that a risk of one of the relevant injuries to the earlier mark (taking unfair advantage of, or being detrimental to, the distinctive character or the repute of the earlier mark) did not exist and, in any event, that it had due cause to use the term 'spa' in the applied-for mark.

Perhaps unsurprisingly, the General Court agreed with the Board of Appeal's finding that there was an average degree of visual, phonetic and conceptual similarity between the signs 'SPA' and 'SPA WISDOM' when assessing the overall impression given.

When considering The Body Shop's second argument, the General Court stressed that in order for one of the injuries to be established, the relevant public must make a link between the marks at issue (although this does not have to amount to confusion). When assessing whether there was such a link in this case, the General Court noted that the mark applied for by The Body Shop covers cosmetic products and that there is a natural connection between the activity of producing mineral water and the marketing of cosmetic products. This connection is supported by the fact that proprietors of well-known water brands have been involved in the development of their own lines of cosmetic products which have their waters or related minerals as an ingredient. On this basis, the relevant public was likely to establish a link between the signs at issue.

In light of that link, the General Court then turned to the issue of whether there is a risk that the applied-for mark would take unfair advantage of the repute of the earlier mark. Unfair advantage, or "parasitism", does not require any detriment to the earlier mark; instead, it covers cases where the relevant public is attracted to the applied-for mark (and its related goods or services) by virtue of its link with the earlier mark with a reputation, such that the applied-for mark is "riding on the coat-tails" of the earlier mark's reputation. The more immediately and strongly the earlier mark is brought to mind, the greater the likelihood that this risk of injury occurs. In this case, the General Court concluded that the message conveyed by the earlier mark relating to health, beauty, purity and richness in

⁴⁸ Case T-201/14, 16 March 2016

minerals may also apply to cosmetic products, and the transfer of this message to The Body Shop's products risks free-riding on the advertising effort made by Spa Monopole.

Finally, the General Court was not convinced by The Body Shop's arguments that it had due cause to use the term 'spa' in the applied-for mark on the basis that this term shows that the goods covered by the mark are destined to be used to create a 'home spa' experience, finding that due cause must be interpreted restrictively.

The issue of unfair advantage or detriment to distinctive character or repute was further considered by Hacon HHJ in the IPEC⁴⁹ in June in the dispute between SkyScape Cloud Services, a provider of cloud computer services, and the Sky group who offer broadcasting and other communication services under the well-known mark SKY (*Skyscape Cloud Services Limited v Sky plc, Sky UK Limited and Sky International AG*⁵⁰). After a few months of pre-action correspondence, SkyScape sought a declaration that their use of the sign SkyScape does not infringe five of Sky's marks.

The declaration of non-infringement ("DNI") sought was extremely wide in scope, covering the signs SKYSCAPE and SKYSCAPE CLOUD SERVICES in a variety of fonts, alternative colours and in upper and lower case and 18 logos, each of which covered 10 different types of services. SkyScape further submitted that if the Court considered that the DNI sought was too wide, it should make a DNI in whatever narrower form it thought appropriate. The IPEC had little sympathy with this approach, finding that this would be unfair to Sky as it would not know where to direct its arguments. Although SkyScape attempted to address this on the second day of trial by producing a table to assist and two fall-back DNIs, the Court considered that these came too late to be of value and declined to consider them. Hacon HHJ commented (at paragraphs 27-28): *"Applications for a DNI in relation to trade mark rights are unusual but can serve a useful purpose. For instance, I can see no real difficulty in granting a trade mark DNI if the declaration sought is in relation to, say, all fair and notional use of one or even a number of identified signs... But where the applicant*

seeks a qualified and detailed DNI and wants complete flexibility in the possible outcome, it risks the sort of difficulties that SkyScape has run into in this case".

The infringement arguments focussed on Articles 9(1)(b) and 9(1)(c) CTMR (Article 9(2)(b) and 9(2)(c) in the new EUTMR). Under Article 9(1)(b), Hacon HHJ held that there was a risk that the Skyscape sign was confusingly similar to the SKY mark and, if the average consumer was already familiar with the Sky email service, the SkyScape sign would probably be thought to be a replacement or modified Sky email service. Skyscape had therefore failed to prove that the SKY mark would not be infringed by its use of the Skyscape sign for email services.

As regards Article 9(1)(c) regarding infringement of marks with a reputation. It was admitted by SkyScape that the SKY mark has a reputation in the Community for its core business. The Court was satisfied that the use of "SkyScape" for an email service would call the SKY mark to the average consumer's mind, which would certainly give rise to a 'link'.

The question was therefore whether the use of the later sign would give rise to one of the three relevant injuries, and whether such use would be without due cause. Hacon HHJ commented that whilst the overall burden in DNI proceedings rests on the party seeking the DNI, in establishing one of the three injuries, the evidential burden may well fall on the trade mark proprietor. Hacon HHJ further commented that the parties had filed no direct evidence of any real value in relation to these questions, which left him to make his own assessment.

As SKY is a very well known mark, the Court considered that it is likely that the average consumer would regard the mark favourably as denoting a large and competent supplier and related services, and that the link in the mind of the average consumer between "Sky" and "Skyscape" would enable SkyScape to benefit from Sky's reputation and goodwill. Consequently Skyscape failed to establish that unfair advantage would not be taken of the distinctive character or repute of the SKY mark.

⁴⁹ Intellectual Property Enterprise Court

⁵⁰ [2016] EWHC 1340 (IPEC)

Following the CJEU decision in *Intel*⁵¹, Hacon HHJ reiterated that there can be no finding of detriment to distinctive character unless there has been, or is likely to be, a change in economic behaviour of the average consumer. Although there was no evidence about change in economic behaviour, the judge considered such a change was likely, particularly as Sky offers a cloud-based email service under the mark SKY and SkyScape offer cloud-based services under the sign SKYSCAPE.

Although Hacon HHJ found that there was no risk of the third type of injury, detriment to the repute of the SKY mark, there only needed to be the risk of one type of injury for the DNI to fail. SkyScape's application for a DNI was therefore dismissed.

Family of Marks

The General Court turned its attention to Article 8(5) CTMR again in July, in *Future Enterprises Pte Ltd v EUIPO*⁵² regarding the mark MACCOFFEE. Future Enterprises registered MACCOFFEE as an EU trade mark in January 2010 and, in August of that year, McDonald's International Property Co. Ltd applied for a declaration of invalidity based on its earlier trade marks, including the EUTM for McDONALD'S. In April 2012, the Cancellation Division declared the MACCOFFEE mark to be invalid in its entirety, and this decision was confirmed by the First Board of Appeal in June 2013. Future Enterprises appealed this decision to the General Court.

Future Enterprises' first argument was that there was not a relevant degree of similarity between the marks at issue. The General Court conceded that the marks McDONALD'S and MACCOFFEE have substantial visual differences. However, the General Court considered that the marks had a certain amount of conceptual similarity, both having the prefix of a Gaelic surname 'Mc' or 'Mac', and it being common knowledge that the two prefixes are written interchangeably. Despite there being some disagreement regarding the pronunciation of 'Mc' and 'Mac', the General Court was convinced that there was some phonetic similarity between the marks from the highly similar pronunciation of their initial part, notwithstanding their differing latter parts. On

this basis, the General Court agreed with the Board of Appeal's assessment that the marks at issue were similar overall.

The next issue considered by the General Court was whether the relevant public will establish a link between the marks at issue. In its contested decision, the Board of Appeal concluded that the element 'Mac' in the contested mark could result in the relevant public associating the mark with the 'Mc' family of trade marks owned by McDonald's. The General Court agreed with this assessment. McDonald's had provided sufficient evidence to prove use of not only the McDONALD'S mark for fast-food restaurant services, but also a variety of marks combining the prefix 'Mc' with another word, such as McCHICKEN, McFISH, McMUFFIN and McRIB, amongst others. This evidence demonstrated that the prefix 'Mc' combined with the name of a menu item or foodstuff had acquired its own distinctive character in relation to fast-food restaurant services and goods on the menu of fast-food establishments, so that the 'Mc' prefix was capable of characterising a family of marks.

The contested mark MACCOFFEE had characteristics capable of associating it with the 'Mc' family of marks, namely its almost identical prefix, its structure and the position of its various elements.

The General Court was further convinced that there was a certain degree of similarity between the goods offered under the contested mark (foodstuffs and beverages) and the fast-food restaurant services provided under the McDONALD'S mark. Taking all of these factors into account, the Court agreed with the Board of Appeal that the relevant public could establish a link between the marks at issue.

The considerable reputation enjoyed by the McDONALD'S trade mark made it highly likely that the MACCOFFEE mark rode on its coat-tails, benefitting from its power of attraction and prestige, such that there was a risk that the MACCOFFEE mark would take unfair advantage of its repute without due cause. The appeal was therefore dismissed.

⁵¹ *Intel Corporation Inc. v CPR United Kingdom Ltd* (C-252/07, 27 November 2008)

⁵² Case T-518/13, 5 July 2016

Bad Faith

The UK High Court in *Jaguar Land Rover v Bombardier Recreational Products*⁵³ reiterated that overreaching in relation to an EUTM specification (i.e. claiming a broader range of goods/services than that for which it is intended that the mark will be used) does not, in and of itself, amount to bad faith. It has to be coupled with something further – for example, dishonest intention or unethical behaviour – to substantiate such a finding.

Jaguar Land Rover (JLR) had a class 12 registration for DEFENDER for “motor land vehicles”. The essence of a bad faith challenge brought by Bombardier Recreational Products (BRP) was that JLR, having sold a very specific type of vehicle for over 60 years had no intention to use the mark for any broader category of cars.

The judgment noted the distinction between section 32(3) of the Trade Marks Act 1994 (as amended), which requires a declaration of bona fide intention to use, and the EUTMR which does not. JLR conceded that it was arguable that a false declaration (in the UK) could found a bad faith objection. Mr Justice Nugee then went on to consider whether an application to invalidate an EUTM based on bad faith could be founded on the basis of “no intention to use”.

After conducting a review of relevant EU case law, Nugee J concluded that the bad faith contention based on the breadth of the specification did not, as a matter of law, amount to bad faith within the meaning of the EUTMR. He went on to note, however, that “there have been expressions of disquiet, to put it no higher, by much more qualified English judges than me on whether that is really the law...” If, as Counsel for BRP submitted, the position is not *acte clair*, this could well be the subject of a future reference to the CJEU. However, Nugee J was satisfied that it is clearly established that bad faith as a matter of EU law connotes a state of mind that is akin to, if not precisely the same as, dishonesty.

Genuine Use

In *Futbol Club Barcelona v EUIPO*⁵⁴ the General Court upheld a decision of the Board of Appeal to reject an

opposition filed by Futbol Club Barcelona (FCB) due to lack of genuine use of the earlier rights relied upon.

The Applicant, Kule LLC, had filed an application for the word mark ‘KULE’ covering class 14, 18 and 25 goods. FCB filed an opposition based on its earlier registered rights for ‘CULE’ covering the same classes of goods and alleging that the mark ‘CULE’ was well known in Spain.

As often happens when earlier marks which are potentially vulnerable are relied upon by an opponent, the applicant put the opponent to proof of use of its earlier registrations. FCB sought to show that the mark ‘CULE’ was used to designate a player or supporter of the club, and the evidence comprised printouts from Wikipedia, sports news sites, a lottery ticket and an extract from the Spanish dictionary. None of the evidence filed demonstrated the extent of use of the ‘CULE’ marks, nor gave any indication of the place or time of use or use for the goods for which the marks were registered. Furthermore, in relation to the claim that the mark ‘CULE’ was well known FCB failed to prove the existence, validity and scope of protection of the ‘CULE’ mark.

FCB attempted to file evidence out of time which was deemed irrelevant by the Board of Appeal. In any event, this evidence, again, did not demonstrate the extent, time and place of use. The evidence of use of the ‘CULE’ marks filed by FCB was not considered solid and objective evidence of sufficient use and therefore genuine use was not demonstrated.

In *Victor International GmbH v EUIPO*⁵⁵ the General Court found that use in a different form to that identified in the EU Trade Mark Regulation included use of a national trade mark.

Victor International GmbH had filed an application for the word mark ‘VICTOR’ covering classes 25 and 35. An opposition was filed by Jiménez and Guibert based on a number of earlier Spanish marks for ‘VICTORIA’ and stylised forms of the mark, covering goods in class 25. The applicant required the opponent to file evidence of use of the earlier registrations.

⁵³ [2016] EWHC 3266 (Ch), 18 March 2016

⁵⁴ Case T-614/14, 16 June 2016

⁵⁵ Case T-204/14, 7 September 2016

The Board of Appeal and Opposition Division had considered that genuine use had been sufficiently demonstrated by the opponent at least so far it concerned the goods ‘footwear (except orthopaedic)’.

They also considered that the distinctive character of the mark as registered was not altered by changes made to the sign as used (a figurative element and colours were used). The dominant and distinctive component of the mark remained VICTORIA, while the figurative element could be perceived as a decorative element.

The mark under consideration by the General Court was that set out below.



The General Court agreed with the Board of Appeal and further held that the colour of the letters does not alter the distinctive character of the mark in use (paragraph 38): “[I]f no particular colour is claimed in a mark, the use of various combinations of colours does not alter the distinctive character of a mark, in so far as the letters constituting the word stand out against the background and their arrangement and orientation within the sign and the contrast remain faithful to the earlier mark”.

The applicant attempted to discredit the proof of use filed by the opponent, but the General Court found that the evidence filed was sufficient, taking into account that use of the mark on footwear is quite often within the inner sole of a shoe or affixed to a sole. Accordingly, the evidence filed of shoe catalogues which did not always visibly show the mark was deemed sufficient.

In any event, a connection between use of the mark can be established without it being affixed to goods. The presence of the mark on invoices, advertisements, catalogues and press articles enables such a link to be established.

This case provides some comfort to brand owners who use their marks in a form which differs slightly

from that which is registered. Furthermore, the case demonstrates that the General Court will look at evidence of use in such a way as to take into account the relevant ways in which a mark may be affixed to (or used in connection with) the goods in question.

In *Johnny Rockets THE ORIGINAL HAMBURGER*⁵⁶, evidence of use was required in order to defend a revocation action. Johnny Rockets runs restaurants on foreign cruise ships which occasionally docked at Southampton, taking on board British passengers. The mark was used on board the vessels, which are normally at sea or docked at foreign ports. The UKIPO decided that such use did not constitute use in the UK.

The proprietor appealed to the Appointed Person⁵⁷ who found⁵⁸ that the Trade Marks Act 1994 extends to UK territorial waters and extends and applies to foreign ships therein. The consideration of the right of innocent passage as provided in the UN Convention on the Law of the Sea means that only ships docked in a UK port are not engaged in innocent passage. Use of a trade mark on a foreign ship engaged in innocent passage is not use in the UK⁵⁹.

The Appointed Person came to this finding for the following reasons: the market on ships at sea is very distinct to that onshore – any person selling goods on a ship is not in direct competition with sellers onshore. The sale of goods on board a ship is inappropriate for preserving or creating market share for the goods in the UK.

There was no evidence of use of the mark while the ship was docked in the UK. Even though it was reasonable to infer that more than a trivial number of UK passengers would have dined at Johnny Rockets *during* their cruise, this is not material to find that there was genuine use. In addition, advertising of the mark on the cruise ship website also did not amount to genuine use given that this advertising was not targeted towards creating a market share under the brand in the UK (it is to increase sales for cruise tickets). Furthermore, no evidence was presented that dining reservations were taken from UK passengers prior to starting the cruise.

⁵⁶ O/491/15, 21 October 2015

⁵⁷ Rather unusually, the appellant did not appear at the hearing or file a skeleton argument or written submissions.

⁵⁸ O/240/16

⁵⁹ Although the 1994 TMA precedes the UK’s accession to the Convention the Appointed Person thought it right to take it into consideration as a longstanding principle of international law.

Perhaps importantly, this case involved foreign ships in UK territorial waters. The Appointed Person was keen to point out that different considerations may apply where ships sail under a British flag where they (“controversially”) may be considered an extension of British territory wherever they are in the world.

In the *DeLorean*⁶⁰ case, an application was filed for a series of two De Lorean marks by Delorean Motor Company Limited (“DMCL”) based in the UK.

DeLorean Motor Company (“DMC”), based in the US, filed an opposition against the application on the basis of earlier unregistered rights. At the same time DMC also filed an application to revoke an earlier (2005) registration for the same series of De Lorean marks held by DMCL on the grounds of non-use.

The earlier series registration was revoked and the opposition was dismissed. Both parties appealed to the Appointed Person.

The use which was relied on by DMC was in relation to (i) ‘parked’ domain names generating advertising revenue, (ii) shared website use and (iii) potential buyer/supplier correspondence.

The evidence was that several domain names were purchased and were shortly thereafter ‘parked’ so as to direct users to a non-trading website to generate revenue from advertising. There were very few visitors to the website from the UK, and the Hearing Officer had found that, at best, the activity might constitute some sort of retail portal service. The Appointed Person found that the Hearing Officer had not erred in her judgment in relation to this not being genuine use.

In relation to the shared website use that was claimed by DMCL, this related to a website which showed DeLorean car parts for sale. Although there were replacement sills available for sale, other third party parts were clearly marked at the top of the page with the relevant brand, whereas the DeLorean parts were simply listed in their respective descriptions as being “DeLorean near side sills”. This was not considered trade mark use by the Hearing Officer, instead it was considered to be a retail service by a third party undertaking selling sills for DeLorean cars. DMCL

argued that there was a legend at the footer of the website stating that the parts were sold under the DeLorean product and trading names (as well as listing other third party brands). However, the Appointed Person found that the Hearing Officer was correct to find that this did not amount to genuine use even if it were trade mark use – only two sills had been advertised, no orders were received and no sales had been made.

The final type of use relied upon by DMCL was email correspondence from a Chinese supplier and email enquiry from prospective buyer. The former was in relation to whether the Chinese supplier could make spare parts in stainless steel. The latter email enquiry was for a different vehicle. Neither example could be said to advance DCML’s case.

The Appointed Person confirmed that she was satisfied with the Hearing Officer’s decision, wherein, even taking into account *Ansu*⁶¹ and the de minimis rule, the evidence filed did not demonstrate that a market share was created or maintained (even for a specialist niche market). Accordingly, the decision of the Hearing Officer was upheld and the registration revoked⁶².

When dealing with evidence of use, it is important to remember that the tribunal will not analyse each piece of evidence separately, but rather together in order to determine the most likely and coherent picture. Even if the probative value of an item appears limited and that item alone may not be decisive, it may nevertheless be taken into account in the overall assessment of whether the use of a mark is genuine. In times of calm, good record keeping of use by proprietors is essential and, in times of strife, a careful analysis of the available evidence is invaluable.

Passing Off

Following the Supreme Court’s refusal to extend passing off protection from goodwill to mere reputation in last year’s *Now TV* blockbuster case⁶³, one might have expected that passing off cases might be few and far between. However, it appears that the cause of action continues to keep intellectual property practitioners busy. The IPEC, in particular, has heard a significant number of cases.

⁶⁰ O/317/16

⁶¹ C-40/01, 11 March 2003

⁶² The opposition based on passing off rights succeeded in part.

⁶³ *Starbucks (HK) Limited and another (Appellants) v British Sky Broadcasting Group plc and others (Respondents)* [2015] UKSC 31

The IPEC has been asked to consider:

1. whether a claimant has protectable goodwill in the shape of a conical measuring jug (it did not)⁶⁴;
2. if a non-UK based defendant could be liable for infringement of the claimant's UK marks and be liable for passing off by directing its non-UK website at consumers in the UK (it was)⁶⁵;
3. whether a defendant could be liable for passing off when an infringing advertisement appeared online by accident – there being an issue with the website which caused it to replicate old content after crashing (it was not – as the defendant neither knew that this had happened nor intended that it should happen)⁶⁶.

In March the High Court refused to transfer a claim for passing off and trade mark infringement to the IPEC on the basis that not only was the case complex and that the court would be sitting as a Community Trade Mark Court, but the value of any injunction was likely to be substantial as it would be protecting a brand that had been widely used for over 30 years⁶⁷.

Additionally, in July, the IPEC was asked to determine whether a compromise agreement released the defendant from a claim of passing off and trade mark infringement⁶⁸.

Here, the defendant, upon leaving the claimant's company to set up his own competing business using a similar name, argued that he had been released from any claim based on a provision in his compromise agreement that his former employer "had no claim against [him] ... in common law and/or statute". The judge⁶⁹ held that a reasonable person would construe the provision to release the defendant from any passing off or trade mark claims. The circumstances of the compromise agreement were such that it was signed some time after the defendant had left his former employer and begun trading using the name complained of. The defendant also gave up a claim to €600,000 in back pay.

Contract interpretation has also featured in an intellectual property case in the High Court this year.

In *Millen v Karen Millen Fashions Ltd & Anor*⁷⁰ the High Court was asked to consider whether the undertaking not to use any Intellectual Property Rights, defined as including "the right to prevent passing off" also included "goodwill", which had been erroneously omitted from a sale purchase agreement between the parties.

When looking at the provisions of the contract in relation to passing off, the High Court held that, whilst the relevant provision had not expressly included goodwill, the undertaking not to use "the right to prevent passing off" achieved the same aim and as such the claimant was prevented from using the KAREN MILLEN name.

The Court of Appeal also considered passing off this year in *Comic Enterprises Ltd v Twentieth Century Fox Film Corporation*⁷¹ (*GLEE*). Here, the Court of Appeal rejected Comic Enterprise's appeal against the High Court's finding that Twentieth Century Fox had passed itself off as Comic Enterprises Ltd (it was also found to be infringing Comic's trade marks). The Supreme Court has granted Twentieth Century Fox leave to appeal on a point of law concerning series marks (and their potential incompatibility with EU law), so whilst the passing off aspect of this case has come to an end, this will be one to watch in 2017 for clarification of this anomaly of UK trade mark practice.

The General Court has also been asked to consider passing off in the context of an opposition to an application for an EU trade mark⁷². Whilst this appeal concerned a technical point on the clarity of the reasons given by the Board of Appeal in its decision making, it serves as a timely reminder that there are four cumulative requirements to be successful in an opposition based on Article 8(4) EUTMR, namely: (i) the sign must be used in the course of trade; (ii) it must be of more than mere local significance; (iii) the right to that sign must have been acquired in accordance with the law of the Member State in which the sign was used prior to the date of application for registration of the Community trade mark (now EUTM) or the date of the priority claimed for the application for registration of the Community trade mark; and (iv) the sign must confer on its proprietor the right to prohibit the use of a subsequent trade mark.

⁶⁴ *George East Housewares Ltd v Fackelmann GMBH & Co KG and another* [2016] EWHC 2476 (IPEC), 11 October 2016

⁶⁵ *AMS Neve Ltd and others v Heritage Audio SL and another* [2016] EWHC 2563 (IPEC), 18 October 2016

⁶⁶ *National Guild of Removers And Storers Ltd v Bee Moved Ltd and others* [2016] EWHC 3192 (IPEC), 13 December 2016

⁶⁷ *The Entertainer (Amersham) Ltd v The Entertainer FZ LLC and others* [2016] EWHC 344 (Ch), 23 February 2016
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⁶⁸ *Oran Pre-Cast Ltd v Oranmore Precast Ltd and others* [2016] EWHC 1846 (IPEC), 21 July 2016 (IPEC), 21 July 2016

⁶⁹ HHJ Melissa Clarke

⁷⁰ [2016] EWHC 2104, 16 August 2016

⁷¹ EWCA Civ 41, 8 February 2016

⁷² T-62/14 BR IP Holder v OHIM - Greyleg Investments (HOKEY POKEY), 21 January 2016.

The General Court reiterated that points (i) and (ii) should be interpreted in light of European law, whereas points (iii) and (iv) must be considered from the perspective of the Member State (in this case the UK). Rights owners and their attorneys would be well served to consider these different perspectives when preparing evidence to support an opposition or invalidity at the EUIPO based on Article 8(4).

The General Court will be considering passing off again in early 2017 when the appeal to an invalidity decision in *Morton's of Chicago v EUIPO*⁷³ is heard. In this case a EUTM for, among others restaurant services, was successfully invalidated based on the earlier unregistered rights of a private members club in London. This case will be one to watch.

EU Trade Mark Reforms

In the previous review we mentioned that a new EU Trade Mark Regulation (No. 2015/2424) and a new Trade Mark Directive (No. 2015/2436) had been published in December 2015. The new Regulation entered into force on 23 March 2016 and amends the old CTMR (207/2009). EU Member States will have until 15 January 2019 to implement the new Directive (although it remains to be seen what the UK will do in light of Brexit).

We have set out below some of the more significant changes that have resulted from the new Regulation and Directive:

Name changes

Community trade marks are now known as European Union trade marks (EU trade marks or EUTMs) and OHIM (Office for Harmonisation in the Internal Market), the registry that administers them, has become the European Union Intellectual Property Office (EUIPO).

Fees

The EUTM filing and renewal fee now only cover a single class. EUTM applicants will pay a slightly lower fee than before if they apply for only one class (€850), the same fee as before if they apply for two classes (€900) and an extra €150 for each class after

that. Renewal fees have been set to the same level as application fees (€850/€900/€1,050), reduced from €1,350 for the first three classes. There are reductions in other EUIPO fees too.

Specifications with class headings

From 24 September 2016, any EUTM specification of goods or services that includes certain phrases known as class headings will be interpreted literally. In the past, all the goods that fell in a particular numbered class of the Nice Classification were deemed to fall within a specification if it simply repeated the class headings. This was so even if under a literal interpretation the goods were not covered. For example, spectacle frames were deemed to fall within the Class 8 class heading of 'hand tools and implements (hand operated); cutlery; side arms; razors' because the law categorised them as Class 8 though they couldn't naturally be interpreted as a hand tool or any other term in the class heading.

Because of this change, trade mark owners of EUTMs applied for before 22 June 2012 had an opportunity to file a declaration to restate the goods in a clear, precise and specific manner. The period for filing the declaration ended on 23 September 2016 and, as of January 2017, the EUIPO is still processing and examining declarations that were filed during the declaration window.

Removal of graphical representation requirement

From 1 October 2017, a trade mark will no longer need a graphical representation to be registered. It will still have to be capable, however, of being represented on the Register in a manner which enables the competent authorities and the public to determine the clear and precise subject matter. This change may allow applicants to define some marks, such as sound marks, more easily, but, for the reasons described earlier in this review, is unlikely to represent a major shift in the challenges faced by proprietors in registering the majority of non-traditional marks.

⁷³ T-62/14 *BR IP Holder v OHIM - Greyleg Investments (HOKEY POKEY)*, 21 January 2016

Certification and collective marks

There is a new right of an EU certification mark that a non-trading body can apply for in order to certify others to use the mark if they comply with the standards. Member States have to bring in legislation for certification marks and also collective marks if they do not already have legislation for these (the UK does). Collective marks already exist at EU level and allow associations of manufacturers, producers and traders to register a mark and set the standards for compliance, including for geographical indications.

Bad faith invalidity

By the Directive, national trade marks can now be declared invalid if registered in bad faith. Member States also have the option to specify that applications can be refused registration for bad faith. The Regulation already allows for the EUIPO to accept invalidity applications against EUTM's that were filed in bad faith.

Additional ground for refusal for functional trade marks (e.g. shape marks)

Both the Regulation and the Directive now provide that these can now be refused on the basis that they consist exclusively of "another characteristic" which either results from the nature of the goods themselves or is necessary to obtain a technical result or which gives substantial value to the goods.

Earlier opposition period for International (WIPO) Registrations

For International Registrations that designate the EU as one of the territories, the Regulation provides that the opposition period now starts one month after the date of publication where it was previously six months.

Protection of Designations of Origin and Geographical Indications

These can now form the basis of an opposition nationally and for EUTMs.

Filing observations against an EUTM application

It has always been possible to file an observation instead of formal opposition to an application, and the EUIPO may take these into account when considering the application. However, when this can be done has now been codified, although there is no other change to the practice. They have to be filed at any time after the application has been filed and before the end of the opposition period or, if an opposition has been filed by someone, then before the final decision on the opposition has been made. Member States may allow observations to be filed in relation to national trade mark applications.

Protection of trade mark with a reputation

The new law finally codifies existing case law that broadened the scope of protection for marks with a reputation. As long as a competitor's use is without due cause that takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark, the use can be in relation to goods or services which are identical with, similar to or not similar to those for which the mark is registered.

Infringement by breach of Comparative Advertising Directive

Use of a trade mark by competitors in breach of the Comparative Advertising Directive⁷⁴ will now be trade mark infringement, eliminating previous uncertainty.

Counterfeit goods in transit

These will now infringe a registered trade mark overturning previous case law which held that goods could only infringe in the EU if they had been released for free circulation in the EU. Also, customs detention can now be invoked to prevent import into the EU of goods bearing a mark that cannot be distinguished in its essential aspects from that trade mark – i.e. a very similar but not identical mark – unless the trade mark owner could not prevent sale of the goods in the country of destination.

⁷⁴ Directive 2006/114/EC

Defence to infringement of using one's own name or address

This will only be available to an individual using his or her own name or address in the course of trade in accordance with honest practices. The defence will no longer be available to companies.

Company and trading names

It has been confirmed that these may infringe a registered trade mark.

EUIPO Procedure

Following a request for partial renewal of a three class trade mark registration by Nissan, the EUIPO confirmed renewal of classes 7 and 12, and the removal of class 9 from the registration on the basis that Nissan had effectively surrendered the class by virtue of its partial renewal request. The EUIPO refused Nissan's requests to add class 9 to the renewal and an appeal was later dismissed by the Board of Appeal. Nissan sought annulment of the decision at the General Court, which ruled that the EUIPO had erred in treating Nissan's request for partial renewal as an equivalent to a surrender of the mark. Nevertheless the Court found that the decision could not be annulled, as the EUIPO was justified in only partially renewing the registration on the basis of Article 47 of the EUTMR, which sets out the conditions for renewal.

Nissan appealed to the CJEU pleading infringement of Articles 47 and 48. The CJEU noted (*Nissan Jidosha KK v EUIPO*⁷⁵) that in its judgment the General Court had referred to the wording of Article 47(3) (which states that a request for renewal shall be submitted 6 months prior to the expiry of a registration, failing which a request may be submitted within a further 6 month period provided that an additional fee is paid), stating that it was clear from the expression "failing" that the possibility of submitting a request for renewal after the expiry of the initial six month period is conditional on no renewal request having been submitted during that period.

The CJEU noted that certain language versions do not use words corresponding to "failing" in Article

47(3) and that, in accordance with settled case law, the wording used in one language of an EU provision cannot serve as the sole basis for interpretation of that provision. It ruled that the objectives pursued by the Regulation support the interpretation that staggered requests for renewal of different classes should be accepted, provided they are lodged before the expiry of the further six month period.

In *Universal Protein Supplements (UPS) v EUIPO*⁷⁶, the General Court confirmed that the EUIPO, and subsequently the Board of Appeal, were right to refuse invalidity applications based on earlier unregistered rights because the applicant had failed to provide sufficient particulars of the national rights relied upon.

In support of its applications for declarations of invalidity, UPS had submitted a copy of a table entitled "national rights which constitute "earlier rights" within the sense of Article 8(4)" from the EUIPO Guidelines. The EUIPO Cancellation Division considered that the table of national rights was insufficient and the Board of Appeal agreed. UPS appealed to the General Court pleading infringement of Article 8(4) and Rule 37 of the EUTM Implementing Regulation (EUTMIR)⁷⁷, and breach of Article 76 (examination of the facts by the EUIPO of its own motion).

The General Court recalled previous CJEU decisions which stated that Rule 37 requires an applicant for invalidity to not only provide the EUIPO with particulars showing that it satisfies the necessary conditions of the national law relied upon, but also particulars establishing the content of the law.

The General Court agreed with the Board of Appeal that the table of national rights did not allow the EUIPO to identify the provisions of the national law relied upon, or to apply the content of those rights, nor did it allow the registered proprietor to exercise his rights of defence.

Furthermore, the table of rights did not demonstrate that UPS had fulfilled the conditions required under the national laws relied upon. In response to the second plea, namely that the EUIPO failed in its duty to obtain of its own motion information on the national law of the Member States concerned, the Court reaffirmed that

⁷⁵ Case C-207/15, 22 June 2016

⁷⁶ Case T-400/15, 28 September 2016

⁷⁷ Commission Regulation (EC) No 2868/95

verification must be exercised only if the applicant for a declaration of invalidity has provided the particulars necessary regarding the applicable rights.

In another case, the applicant, Ana Canhoto, opposed an application by University College London for the mark CITRUS SATURDAY for clothing, headgear and footwear goods in class 25. The opposition was based on an earlier Portuguese registration for the word mark CITRUS for clothing, footwear, headgear and belts in class 25. The applicant submitted a copy of the Portuguese registration certificate and the EUIPO granted the applicant a period in which to submit a translation of the certificate.

Although the applicant duly translated the certificate and posted it to the EUIPO, the translation was received outside of the relevant period. The Opposition Division accordingly rejected the opposition and the Board of Appeal subsequently agreed with this decision. The applicant then appealed to the General Court. The General Court considered the law and confirmed (*Ana Isabel Pinto Eliseu Baptista Lopes Canhoto v EUIPO*⁷⁸) that it is clear from the provisions set out in the EUTMR that proof of the existence, validity and scope of protection of the earlier right relied upon must be received by the EUIPO within the prescribed period. The date on which those documents were sent is irrelevant. The Court also stated that, where an opposition is based on an earlier national right, it is common ground that the existence of that earlier right must be substantiated and so an opponent is aware, even before filing the opposition, of the documents that are required in support of that opposition.

European Food SA applied to have Nestlé's (Société des Produits Nestlé SA) EUTM registration for the word mark FITNESS in classes 29, 30 and 32 declared invalid on the basis that, at the time of filing, the mark was devoid of distinctive character and descriptive of the goods for which registration was sought.

The EUIPO Cancellation Division rejected the invalidity application and a subsequent appeal was dismissed by the Board of Appeal. European Food appealed the decision to the General Court, arguing that the Board of Appeal should have taken into consideration

evidence submitted for the first time at the appeal stage of the proceedings and claiming infringement of Article 76(1) of the EUTMR.

The General Court (*European Food SA v EUIPO*⁷⁹) considered Article 76(1) which states that in proceedings before it, the EUIPO shall examine facts of its own motion, however, in invalidity proceedings taken pursuant to Article 52 (absolute grounds for invalidity), the EUIPO shall limit its examination to the grounds and arguments submitted by the parties. It follows from Articles 52 and 55 of the EUTMR that an EU trade mark is regarded as valid until it has been declared invalid following invalidity proceedings. By virtue of this presumption of validity, the EUIPO is only obliged to examine facts of its own motion during examination of the application. As confirmed in previous judgments, in invalidity proceedings the EU trade mark registration is presumed to be valid and therefore it is for the applicant for a declaration of invalidity to present the relevant facts which call the validity of the trade mark into question to the EUIPO.

The EUIPO had relied upon Rule 37(b)(iv) of the EUTMIR to declare the evidence filed by European Foods during the Appeal as belated. The Court considered Rule 37(b)(iv) and confirmed that the rule does not imply that any evidence submitted after the filing of the application for a declaration of invalidity, either before the Cancellation Division or before the Board of Appeal, is to be regarded as belated. In addition, the General Court stated that the EUTMR and EUTMIR do not contain any provisions for setting a time limit for the production of evidence in relation to an invalidity application based on absolute grounds for refusal. The General Court also pointed out that the purpose of invalidity proceedings based on absolute grounds for refusal is to review the validity of a registration and where necessary to adopt the position the EUIPO ought to have adopted of its own motion.

Consequently the EUIPO cannot, as it contends, apply provisions relating to deadlines for opposition appeal cases to appeal cases based on absolute grounds for invalidity, because to do so would run counter to the public interest pursued under the absolute grounds provisions.

⁷⁸ Case T-400/15, 28 September 2016

⁷⁹ Case T-476/15, 28 September 2016

The General Court, accordingly, ruled that the Board of Appeal had erred in law in holding that the evidence produced by European Foods for the first time was not to be taken into consideration.

Apple and Pear Australia Ltd and Star Fruits Diffusion (“Appellants”) opposed an EU trade mark application for the word mark “English Pink” filed in respect of goods in class 31.

The opposition was based on EUTM registrations in class 31 for the word mark PINK LADY and two figurative marks featuring the same. The opposition was rejected and an appeal also dismissed. The Appellants had submitted a copy of a judgment issued by a Brussels Commercial Court (acting as an EU trade mark court) which annulled a Benelux mark for ENGLISH PINK and ordered the applicant to refrain from using that sign in the EU. However, the Board of Appeal did not take this judgment into account when issuing their decision and so the Appellants appealed to the General Court to have the judgment altered or in the alternative annulled.

The General Court annulled the EUIPO’s decision because it did not take the judgment from the Brussels Court into account and had not assessed the potential impact that the judgment could have on the outcome of the opposition proceedings. However, for the same reasons the General Court was not able to exercise its power of alteration and the Appellants consequently appealed to the CJEU.

The CJEU (*P Apple and Pear Australia Ltd and Star Fruits Diffusion v EUIPO*⁸⁰) noted that the EUTMR grants the EUIPO exclusive jurisdiction over the registration of EU trade marks, meaning that the EUIPO is the only body empowered by the Union legislature to grant or refuse EU trade mark applications. The CJEU further noted that the Regulation does not contain any provision by which the EUIPO is bound by a decision of an EU trade mark court delivered in an action for infringement, in the context of the exercise of its exclusive jurisdiction over registration of EU trade marks. Although the Regulation does not explicitly define the concept of ‘res judicata’, it follows from Articles 56(3) and Article 100(2) that, in order for

decisions of a Member State Court or EUIPO which, having become final are res judicata and therefore binding on such a Court or the EUIPO, it is required that parallel proceedings before them have the same parties, subject matter and cause of action.

The CJEU ruled that in the present case the subject matter is not identical, as the action for infringement before the Brussels Court sought annulment of the Benelux mark ENGLISH PINK, whereas the subject matter of the EUIPO proceedings was opposition to the registration of the EU trade mark ENGLISH PINK. In light of the exclusive competence of the EUIPO to authorise or refuse registration of an EU trade mark, the subject matter of any proceedings before the EUIPO which relate to registration of an EU mark, or opposition to that registration, is different to any proceedings before a National Court, even where that Court may be an EUTM court. Accordingly the General Court was able to find, without erring in law, that the principle of res judicata did not mean that the EUIPO was bound by the judgment of the Brussels Commercial Court.

An opposition was filed by El Corte Ingles against an EUTM application for auctioneering and retail services in class 35. The opposition was based on an earlier EUTM registration covering services ‘advertising; business management; business administration; office functions’ in class 35.

The Opposition Division partially upheld the opposition and refused registration of the application for all the contested services, taking the view that El Corte’s intention was to cover all of the services included in the alphabetical list in class 35 of the Nice Classification. The applicant appealed and the Board of Appeal annulled and altered the decision, stating that the scope of the opposition was limited to services expressly listed in the notice of opposition. Because auctioneering services were not listed in the notice of opposition, and as El Corte had never claimed that the opposition was based on any additional services other than those specifically listed in the notice, the services in question were dissimilar.

⁸⁰ Case C-226/15, 21 July 2016

El Corte appealed to the General Court invoking Communication No 2/12 of the President of the OHIM which states under point V that EUTMs registered before 21 June 2012 which use all the general indications listed in the class heading are considered by the EUIPO to cover all the goods and services included in the alphabetical list of that class heading.

The General Court (*El Corte Ingles SA v EUIPO*⁸¹) noted that it cannot be inferred from the Communication alone that the broad interpretation for class headings also applies to the notice of opposition. Rule 15(2)(f) of the EUTMIR requires that the notice of opposition must contain goods and services on which the opposition is based, and Rule 17(4) states that the opposition will be rejected as inadmissible if the requirement under Rule 15(2)(f) is not met. Furthermore, the Court noted that the requirements of ‘clarity and precision’ must be regarded as binding upon the opposing party in relation to the designation of goods and services upon which the opposition is based, for the purposes of allowing the EUIPO to decide on the opposition and for the applicant for the opposed application to prepare its defence. The General Court accordingly dismissed the appeal.

Looking Ahead

The Cartier I decision will go to the Supreme Court in 2017 where it will be decided who should bear the costs of a website-blocking order (the brand owners or the ISPs).

The appeal to the General Court of *Morton’s of Chicago v EUIPO* is likely to deal with the earlier unregistered rights of a private members club in London and the ownership and transfer of goodwill and how to define what is “*of more than mere local significance*”.

The Supreme Court has granted *Twentieth Century Fox (GLEE)* leave to appeal on a point of law concerning series marks. This could provide clarification of this anomaly of UK trade mark practice.

Two significant cases involving non-traditional trade marks are due to be heard by the Court of Appeal in 2017: *Glaxo v Sandoz* and *Nestle v Cadbury* (as

described earlier in this review).

It seems likely that Article 50 will be invoked in the course of 2017 and practitioners and trade mark proprietors alike await clarity as to the fate of EUTMs which presently cover the UK.

⁸¹ Case T-126/15, 24 May 2016

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