

December 2004

Brands update



Introduction

Taylor Wessing Brands Forum

Taylor Wessing is sponsoring a brands forum at the Institute of Electrical Engineers (London) on 23 February 2005.

Guest speakers will include David Keeling from OHIM (the Community Trade Mark Office), Richard Arnold QC (one of the UK's Appointed Persons, who hears appeals from decisions of the UK Trade Marks Registry) and Peter Lawrence from the UK Patent Office.

Entrance is free of charge. If you would like further details, please email us at london@taylorwessing.com

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Main news

QUORN hunted

Marlow Foods, the owner of the QUORN trade mark, has successfully prevented the registration of the mark THE QUORN HUNT for a variety of goods, none of which included foodstuffs.

The opposition proceedings were based on various grounds, including sections 5(2)(b) and 5(3) of the Trade Marks Act 1994 ("TMA"). The main complaint raised by Marlow was that the mark QUORN enjoyed a substantial reputation in the UK in relation to a wide range of meat substitute and meat free meals, which would be damaged if the mark THE QUORN HUNT was held to be capable of registration.

The Hearing Officer hearing the case held that the two marks were similar (with the element QUORN being determined to be the dominant and most memorable element of both marks) and that there would be a likelihood of confusion if the mark THE QUORN HUNT was to be registered in relation to certain of the goods for which registration was sought.

Of more significance were the Hearing Officer's comments in relation to Marlow's objection, based on section 5(3) of the TMA. The Hearing Officer reviewed the case law interpreting this section, including the Mastercard International Inc. v. Hitachi case involving the CREDIT MASTER trade mark (see both the May 2004 and this month's edition of Brands Update for further information concerning this case). In his view, in order to succeed in opposition proceedings which are based on section 5(3) of the TMA, an opponent does not have to produce actual evidence of the claimed form of damage having occurred (as in many cases no evidence of actual damage will be possible, for example where the applicant's mark has not been used to date, or such use has only been recently and on a small scale). Instead, the opponent must establish that it is a "reasonably foreseeable consequence" that use of the mark for which registration is sought will have the claimed adverse consequences (i.e. that unfair advantage will be taken of the opponent's mark, or that use of the applicant's mark will be detrimental to the opponent's mark) and that such damage must be "more than simply of trivial extent".

On the facts before him, the Hearing Officer felt that, if the mark THE QUORN HUNT was registered for a large proportion of the goods and services for which registration was sought, the detriment to the distinctive character of the QUORN mark would be sufficiently material as to allow the opposition to succeed. Registration of the mark (which was associated with a 300 year old fox-hunting event in the East Midlands) would tarnish the earlier QUORN mark, in that many persons eating QUORN products would disapprove of hunting and would "find such activities to be repugnant". In his view, a significant number of people would make an association between the words QUORN HUNT, the mark QUORN and QUORN products and this association would be damaging. As a result, he held that the opposition succeeded on the section 5(3) ground of objection.

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Other news

Can I use my own name to trade?

Earlier this year the High Court of England and Wales handed down judgment in the case of *IBM v. Web-Sphere Ltd.*

The case concerned a claim by IBM that the Defendant's adoption of its WEB-SPHERE name, its registration of three domain names incorporating the word WEB-SPHERE and its trading activities conducted under its name amounted to infringement of IBM's Community trade mark registration for the word mark WEBSHERE.

The Defendant sought to defend the proceedings on various grounds, including that the use of its own corporate name for trading purposes meant that it had a valid defence to the claim for registered trade mark infringement. This defence is commonly known as the "own name" defence, which allows a trader to use in the course of trade their own name, provided such use is in accordance with "honest practices" in industrial or commercial matters.

Mr Justice Lewison, the Judge hearing the case, provided some useful guidance in order to assist brand owners to assess whether or not a trader's use of its own name is indeed "honest". In particular, he held that the following factors would help determine whether a defendant's actions are honest:

- did the defendant, before commencing trading under a particular name, search the relevant national and European registers of trademarks?
- if so, and the defendant was alerted to a potentially conflicting mark, did the defendant make reasonable investigation as to whether the mark had been used, such as to have acquired a reputation or goodwill?
- did the defendant's name exist before the claimant started using the trade mark in issue, or before the trade mark was registered?
- did the claimant heavily promote its use of its trade mark before the defendant's name existed?
- has the defendant taken steps to minimise the risk of confusion?
- is there an inference that the defendant's name was deliberately chosen to take advantage of the claimant's trade mark, and has the defendant rebutted the inference?

In the case in question, after having considered and applied the aforementioned factors, Mr Lewison concluded that the Defendant's actions had not been honest and thus it could not rely on the "own name" defence.

Philips v. Remington - the rematch

Readers may recall that in 2003 the European Court of Justice and the English Court of Appeal handed down their judgments in the *Philips v. Remington* case, concerning the registration of the shape of the face of one of Philips' three rotary headed shavers as a trade mark.

In that case it was held that Philips' trade mark had been registered in error, as the "essential characteristics" of the shape mark performed a technical function and obtained a technical result (i.e. in that the essential characteristics enabled the user of a Philips three rotary headed shaver to enjoy a smooth, safe shave).

In October of this year the High Court of England and Wales was asked by Remington to consider the validity of another of Philips' trade mark registrations. In this case, the mark concerned also comprised a three rotary headed shaver, but unlike in the earlier dispute between the parties the three heads sat within a raised triangular faceplate of clover leaf design, rather than within a plain triangular faceplate.

Philips claimed that this additional feature was an "essential characteristic" of the shape mark, and was not attributable to achieving a technical result. It claimed there was no difference in the relative efficiency of shavers with a plain faceplate and those with a clover leaf faceplate. As not all of the shape mark's essential characteristics were attributable only to achieving a technical result, Philips claimed that the shape mark should not be prevented from registration as a trade mark.

Mr Justice Rimer, the judge deciding the case at first instance, held that the only difference between the shape mark that had been invalidated by the English Court of Appeal in the earlier dispute between the parties and the registered

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mark in this case, was the fact that the faceplate forming part of the shape mark had been redrawn in the shape of a clover leaf. In his view, the clover leaf feature was not an essential feature of the shape of the registered mark, as it was not a feature of the overall shape of the mark that had a distinctive eye impact on the average user or potential purchaser of shavers so adorned.

However, the triangular faceplate as a whole (of which the clover leaf feature formed part) was held to be an essential feature of the shape mark. Nevertheless, he found this feature to be attributable solely to achieving a technical result (namely, that of stretching the skin and raising the facial hair of the user of the shaver, for effective and painless shaving).

In addition, he made it clear that provided each essential feature as a whole performs a technical function, it matters not that "some minute elements of it may not themselves contribute to that performance" - a somewhat restrictive interpretation of the legal test in issue. He further added that it was irrelevant that the clover leaf feature may have been included by Philips in the design of the three headed shaver for both functional and aesthetic reasons. If it served both a functional purpose and an aesthetic purpose, it was still a feature that obtained a technical result.

In the light of his findings of both law and fact, Mr Rimer concluded that Philips trade mark had been registered erroneously and so he declared the registration invalid.

In conclusion, this judgement is a further blow to those seeking to attempt to register functional shape marks as trade marks. It remains to be seen whether the decision will be reversed on appeal, or whether the ECJ will hold differently when a similar case of this nature is next before it for determination.

"Suggestive" trade marks - the legal mystery continues (Part 10)

The UK Trade Marks Registry has rejected an application to register the word mark MAX STRENGTH as a UK trade mark, for goods including pharmaceutical preparations and substances.

The Hearing Officer deciding the case held that the mark was prima facie devoid of any distinctive character and thus could not be registered. In particular, she held that the average consumer of pharmaceutical goods would not consider the words MAX STRENGTH to denote the trade origin of the goods, but instead as an indication of the strength of the products concerned, bearing in mind the nature of the goods.

In addition, she held that the mark had not acquired a distinctive character through use. There was nothing in the evidence as filed to support a finding that the words MAX STRENGTH had been used in a "distinctive manner as a trade mark or promoted as one." In fact, the evidence as filed seemed to show that the applicant had used the words MAX STRENGTH in their descriptive sense only (i.e. so as to indicate that the product was the "maximum strength" available), rather than to distinguish the applicant's goods from those of other traders.

"Suggestive" trade marks - the legal mystery continues (Part 11)

Other cases that have been decided recently on the issue of whether a mark is not capable of being registered because it does not have distinctive character include the following:

- **DUOFRESH** (for air freshening preparations) - held to be capable of indicating a product originating from one particular undertaking and therefore as having "distinctive character".
- **TELEPHARMACY SOLUTIONS** (for patient consulting services) - held to designate an essential characteristic of the goods covered by the application for registration and thus was refused registration.
- **ZURICH PRIVATE BANKING** (for services relating to financial affairs) - held not to be likely to be perceived as an indication of trade origin, but as an indication of the geographical origin of the services concerned. As a result, the mark was held to be excluded from registration for lack of distinctive character.
- **HOME PROTECT** (for insurance services) - held to be a "sufficiently unusual collocation of noun and verb", such as not to be devoid of distinctive character. The Registry felt that the mark was capable of serving as a badge of trade origin and was not a descriptive sign that needed to be kept free for other traders to use. The mark was held to create "an impression which is sufficiently far removed from that produced by the mere combination of meanings contained in the elements of which it is composed", and thus escaped objection on the ground that the mark was devoid of distinctive character.

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People can't register people

An application to register the words WHERE PEOPLE MEET PEOPLE MEET PEOPLE as a UK trade mark, for services such as hotel, bar and catering services, has failed on the basis that the mark consists of a non-distinctive slogan.

The Hearing Officer deciding the case felt that the slogan would not be perceived by a relevant consumer of such services as a trade mark without first educating the public that it is a trade mark. He applied the settled principle of law that the test for registering slogans is no different from any other type of mark. However, as he pointed out, unlike words, logos and signs, slogans are often used for advertising purposes, and as a consequence the relevant public may not so readily accept a slogan as a trade mark (i.e. as individualising the services in respect of which the slogan is used as belonging to one undertaking and one undertaking only).

In the Hearing Officer's opinion, a significant proportion of the relevant public were likely to perceive the words as a slogan "indicating that the premises where it is displayed are suitable for meeting other people" and would not see it as a trade mark indicating the services of just one undertaking (i.e. the commercial origin of the services).

Nor can a team be forever

In another slogan case, the UK Trade Marks Registry has rejected an application to register the words FOREVER A TEAM for a wide range of goods and services, including clothing, games and entertainment services.

The Hearing Officer concluded that the mark was devoid of any distinctive character because the mark sent a message that could apply to any undertaking's goods or services, and thus was not capable of individualising the goods or services of one undertaking.

In his view, the mark "would be perceived merely as a motivational or promotional statement by the relevant customer". A relevant customer "would not place any trade mark significance" on the mark. In the absence of prior knowledge, they would not perceive it in a manner other than in its promotional sense. As a consequence, he held that the mark had to be refused registration.

Supa Cat claws Whiskas

Mars UK Limited, the owner of the well-known WHISKAS range of cat foods, has failed to obtain an interim injunction preventing the sale of SUPA CAT cat food.

Mars claimed that the sale of SUPA CAT cat food infringed its registered trade marks and constituted passing off. It was alleged that the packaging and get-up of SUPA CAT imitated the product get-up for WHISKAS.

In particular, it was claimed that a particular feature of the WHISKAS product range was that the colour purple was used on all WHISKAS packaging, in order to assist the public with its recognition of such products. In this regard, the defendant's SUPA CAT product was being sold in packaging that incorporated a purple/maroon colour, but which was not the same as the purple used on WHISKAS products.

It was also asserted that the defendant was using an advertising slogan ("Two out of three cats prefer new Burgess SUPA CAT") that was similar to an advertising slogan used in connection with WHISKAS products ("Eight out of ten cats prefer it to their usual dry food").

The judge hearing the case held that Mars had "not shown a seriously arguable case" that the Defendant's packaging would be taken by shoppers as an indication that SUPA CAT is associated in any way with the makers of WHISKAS. Putting himself in the position of the hypothetical shopper, it seemed to him that "no customer, reasonably alert and with reasonable eyesight, would mistake the Defendant's products for WHISKAS", nor assume some sort of commercial association between the two. Whilst there were some "superficial similarities" between the packaging of SUPA CAT and that of WHISKAS, the differences in the names of the product, the purple colours used and the amount and layout of the purple were significant.

In addition, the judge held that the Claimant had put forward no evidence of the supposed reputation in the United Kingdom of its registered trade marks. As a consequence, he could not conclude that there was a seriously arguable case for registered trade mark infringement, and thus the application failed.

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Mastercard fails credit test (Part 2)

Readers of the May 2004 edition of Brands Update will recall Mastercard International Inc's failure (based on its ownership of the famous MASTERCARD trade mark) to prevent the registration of the word mark CREDIT MASTER as a UK trade mark for a variety of goods and services, including financial and banking services for businesses and financial risk management services.

Mastercard subsequently appealed the first instance decision, but limited its appeal to claiming that registration of the mark CREDIT MASTER would be contrary to section 5(3) of the Trade Marks Act 1994 ("TMA"). This provides that a mark which is identical with or similar to an earlier trade mark should not be registered if the earlier trade mark has a reputation in the United Kingdom and the use of the latter mark, without due cause, would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.

The judge hearing the appeal upheld the decision of the Hearing Officer and rejected the appeal. In particular, he held that the law as promulgated by the European Court of Justice makes it clear that, in order to succeed in an opposition based on section 5(3) of the TMA, an opponent has to prove that there is a real, as opposed to a theoretical, possibility of detriment or unfair advantage arising. This was the test the Hearing Officer applied to the facts of the case and, after doing so, the judge concluded that there were no proper grounds for a successful appeal.

An analysis of the judge's view of the law in relation to section 5(3) of the TMA was carried out recently in the QUORN case, which is also reviewed elsewhere in this month's Brands Update.

MORGAN defeats LORNA MORGAN

Morgan S.A., the owner of the well-known MORGAN fashion label, has, on appeal, successfully opposed an application to register the words LORNA MORGAN for clothing, footwear and headgear, by a company associated with the glamour model Lorna Morgan.

Mr Richard Arnold QC, hearing the appeal, declared that by the date the applicant filed its UK trade mark application the opponent's MORGAN trade mark had, through extensive use in connection with goods sold to consumers in the UK, acquired a substantial reputation in the field of clothing. In particular, he held that the MORGAN mark had, by this date, acquired a "strong reputation in the field of women's clothing" and that whilst it "may not have been quite a household name, it was certainly a well-known name in that field."

Further, given the significant reputation of MORGAN and the level of attention that is exercised by the average purchaser of clothing, he felt the average consumer who was familiar with MORGAN clothing might be confused when presented with clothing bearing the mark LORNA MORGAN into concluding that they "came from the same or economically-linked undertakings". He felt that the average consumer might make such a link in the same way as the marks COCO CHANEL and CHANEL and GIORGIO ARMANI and ARMANI.

As a consequence, he held that the opponent had established a likelihood of confusion, he allowed the appeal and he refused the application in so far as it related to clothing, footwear and headgear.

Advertising and the ASA

Readers of the July 2004 edition of Brands Update will recall that earlier this year Ofcom proposed that the Advertising Standards Authority ("ASA") should become responsible for the self-regulation of all advertising content across all media.

On 1 November 2004, this single letterbox approach was put into effect and from now onwards all advertising complaints (including complaints about TV and radio commercials) are the responsibility of the ASA.

In addition, as from 1 November 2004, the Committee of Advertising Practice has taken over responsibility for both the broadcast and non-broadcast Codes of Practice for advertising, sales promotion and direct marketing, with the former being the responsibility of the Committee of Advertising Practice (Broadcast) and the latter the responsibility of the Committee of Advertising Practice (Non-broadcast).

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SWEET FEET not genuine

A UK trade mark registration for the mark SWEET FEET (for "foot and shoe deodorant") has recently been revoked on the basis that the mark was not put to genuine use in the UK for a period of 5 years and there were no proper reasons for the non-use.

The registered proprietor of the mark claimed that it had made genuine use of the mark and submitted evidence allegedly showing that the mark had been used on samples of foot deodorant for test marketing and evaluation, and that SWEET FEET products had been published in the Chemist & Druggist Price List since 1997. However, no evidence of actual sales was submitted.

Applying the principles of law set down by the European Court of Justice in the *Ansul v. Ajax and La Mer v. Laboratories* cases, the Hearing Officer deciding the case held that, whilst there was "nothing fake or sham" about the evidence of the registered proprietor's activities in relation to the mark SWEET FEET, and that he had no reason to believe or infer that these activities were conducted merely to preserve the registration, he did not believe that the activities were "suffice to create a market share in the relevant goods, given the characteristic of the market (which is for a relatively ordinary consumer product) and the scale and frequency of the registered proprietor's use".

The evidence did not show that any actual sales took place, or that any active marketing campaigns had been conducted in respect of goods sold under the mark. The limited use made by the registered proprietor of the mark did not have any real impact in the market for the goods.

The Hearing Officer stated that the use made of the mark had to be either to maintain or create a share in the market for the goods for which the mark was registered. This had not happened in this case and as a consequence he declared that the registration for the mark was to be revoked.

Settling trade mark proceedings = no costs

An English court has recently held in a trade mark infringement case that, in circumstances where the parties have reached a settlement before trial, the right approach is to make no order as to costs.

In the case in issue, the Claimant commenced legal proceedings against the Defendant alleging registered trade mark infringement and passing off. In particular, the Claimant alleged that the Defendant was maintaining websites with the word UNITECH in their addresses. The Defendant's defence was that it had been using the name UNITECH some years before the Claimant began using it as a trade mark.

The parties subsequently reached a compromise under which the Defendant agreed to cease using the name UNITECH in various forms on its websites. The only remaining issue between the parties was the issue of costs. The parties agreed to abide by any costs order made by the Court.

The Claimant submitted that it should have its costs, since under the compromise agreement it had achieved what it set out to achieve and therefore, in substance, it was the successful party. The Court ruled that, whilst the general rule as set out in the Civil Procedure Rules was that the unsuccessful party to proceedings should be ordered to pay the costs of the successful party, the Court could make a different order. The Court felt that it was not proper to make an order for costs without forming a view in relation to the underlying merits of the case. In the instant case, unless the Court could dismiss the pleaded Defence as having been bound to fail at trial, it could not decide which of the parties would have been the successful one at trial. Accordingly, the right approach was not to make any order as to costs.

Thus, the moral of the story is that if you want to be sure that you will be able to recover your legal costs from the other side, make sure you expressly address the issue in the compromise agreement.

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Tip of the month

When granting a trade mark licence, entering into a trade mark assignment, or concluding some other legal document relating to the use or exploitation of trade marks, it is important to make sure that the written agreement that the parties enter into and sign is acknowledged as being the entire agreement in relation to the subject matter of the agreement.

As a consequence, a practice has developed of including an "entire agreement" clause in written agreements of a formal character. Typically, such a clause will provide that the agreement is the "entire and only" agreement between the parties and that it supersedes all previous understandings, promises, representations and agreements between the parties in relation to the subject matter of the agreement.

The drafting of an effective entire agreement clause is a particularly complex exercise. The established case law is full of examples where parties have drafted supposedly effective entire agreement clauses that subsequently have been found by the courts not to have their intended effect. We strongly suggest to all our readers that they consider taking legal advice before entering into a contract that contains an entire agreement clause, so as to ensure that the clause does indeed reflect the agreement that the parties have reached and is compliant with the underlying case law governing such clauses. Failure to do so might result in a subsequently unpleasant outcome for one or both of the parties to the agreement.

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Contacts

Taylor Wessing Intellectual Property specialists

For further details on any of the topics raised in this update please contact one of the individuals named below or your usual IP contact at Taylor Wessing, who will be pleased to answer your queries.

Trade Marks specialists:

Ruth Annand	020 7300 4233	r.annand@taylorwessing.com
Christopher Benson	020 7300 4803	c.benson@taylorwessing.com
John Linneker	020 7300 4844	j.linneker@taylorwessing.com
Charles Lloyd	020 7300 4806	c.lloyd@taylorwessing.com
Richard Price	020 7300 4826	r.price@taylorwessing.com
Jason Rawkins	020 7300 4834	j.rawkins@taylorwessing.com
Carl Steele	020 7300 4946	c.steele@taylorwessing.com

Editor:

Carl Steele

www.taylorwessing.com

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