

February 2007

Brands Update



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Main news

Relative grounds for refusal - How will they operate in future?

Later this year, the UK Registry will cease its present practice of examining trade mark applications on relative grounds for conflicts with earlier trade marks (UK, International (UK) and Community trade mark registrations and applications with an earlier filing and/or priority date).

We reported previously that as a result of consultations in February–May 2006, the Registry opted to abandon relative ground examination. The Registry has now issued a further consultation on the legislative changes necessary to bring the new practice into effect. The proposals give a good idea of how the system will work.

The changes to the Trade Marks Act 1994 and Trade Marks Rules 2000 will come into force in October 2007. The Registry will no longer be able to refuse an application on relative grounds unless a successful opposition is brought by the owner of an earlier trade mark or other earlier right. The Registry will still search for conflicts under section 5(1) and 5(2) of the Act but the search is for information purposes only. The search will be communicated to the applicant who will have around two months to decide whether to proceed, and if so how, in the light of any identified conflicts. The applicant may, for example, decide to restrict the specification of goods or services in order to avoid the conflict. Additionally, the applicant may make one written submission in response to the search report if the applicant believes that marks have been wrongly cited against the application.

Assuming the application proceeds to publication (and is not amended to escape the conflict) the Registry will notify the owners of certain of the earlier trade marks stated in the search. All UK and International (UK) trade mark proprietors are entitled to be notified unless they tell the Registry that they do not wish to receive such notifications. That might be the case where a proprietor's marks are already covered by a watching service. Community and International (EC) trade mark proprietors will not automatically receive notifications. They must opt-in to the notification system and pay a fee to the Registry (the amount of that fee has not yet been made public).

The right to bring opposition proceedings on relative grounds will be restricted under the new regime to earlier trade mark or other right owners. At present any person can commence opposition proceedings. After 2007 this unrestricted right will apply only in the case of oppositions brought on the basis of the absolute grounds for refusal. The same will be true for invalidity. Solely earlier trade mark or other earlier right owners can seek relative invalidity whereas anyone can apply to declare a registration invalid on absolute grounds.

The new regime will apply to applications made after or pending on the start date in October 2007. The only exception is where a pending application has been accepted by that time in which case the old rules govern the application.

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Other news

Gowers Review of Intellectual Property

The recent Gowers Review of Intellectual Property reported broad satisfaction with the UK trade mark system and its integration at Community and International levels.

However one omission was noted and that was the non-availability of a “fast-track” route to UK trade mark registration for firms that require protection more quickly in order to start building their brand. It is understood that the UK Registry is responding positively and is progressing plans for a “premium rate” application that can be examined for formalities and absolute grounds compliance within days rather than weeks. We shall report more fully once an announcement is made.

No trade mark protection for concepts

The vacuum cleaner manufacturer, Dyson, filed a UK trade mark application for “a transparent bin or collection chamber forming part of the external surface of a vacuum cleaner”. Two illustrations of different Dyson vacuum cleaners were included in the application as shown below. The English Court referred this to the European Court of Justice (“ECJ”). The ECJ stated that Dyson were not applying for a sign (which is permissible) but a concept. It found the application was not for a particular type of transparent collecting bin but all the conceivable shapes of a collecting bin. The Advocate General advising the ECJ had added for good measure that the concept was not capable of graphic representation (one of the requirements of a trade mark), was insufficiently precise to indicate goods coming from a particular source and in any event the collecting bin feature was necessary to obtain a technical result, and therefore ineligible for protection.



Comparative advertising is not trade mark infringement

Hutchison 3G used O2's bubbles in a comparative advertisement for phone services. The English Court has referred to the ECJ the question of whether comparative advertising amounts to registered trade mark infringement. Comparative advertising is defined broadly as “any advertising which explicitly or by implication identifies a competitor or goods or services offered by a competitor”. In the English Court's view the answer to the question should be no. This is because a competitor's trade mark in a comparative advertisement is used by an advertiser for the purpose of comparing the characteristics (and in particular the price) of the advertiser's goods or services with those of his competitor, and is not used as an indication of origin. In other words, the competitor's mark is used purely for making a price comparison and this does not cause confusion or otherwise affect the essential function of the trade mark.

If the European Court of Justice agrees with the English Court's view, the practical implication for brand owners is that they will not be able to use their trade mark registrations to prevent unfair or misleading comparative advertising. They can make a complaint to one of the advertising regulators for breach of e.g. the Control of Misleading

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Advertisement Regulations 1988 or the CAP Codes (broadcast and non-broadcast). They can take action themselves if they have a cause of action other than trade mark infringement, such as malicious falsehood. Regulators, such as the Office of Fair Trading or the Advertising Standards Authority, do not generally have the power to award damages or costs against an advertiser and so, without a threat of registered trade mark infringement, comparative advertising in the UK could become more prevalent.

Car trouble?

The OPEL LOGO mark is registered for cars and toys. The ECJ decided that use of the mark by Autec, a toy manufacturer, on a toy replica Opel car of the OPEL LOGO is use in the course of trade in relation to identical goods. However, that use cannot be prevented unless it affects the functions of the OPEL mark. If the relevant public does not perceive the sign on the toy cars as indicating that the Autec products are made by Opel (or an economically linked undertaking), the essential origin function of the mark is not affected and the trade mark not infringed. This is consistent with the ECJ's previous rulings in the Holterhoff and Arsenal cases.

EU Enlargement and Community Trade Marks and Designs

On 1 January 2007, the European Union was enlarged for the sixth time since its establishment in 1957 and welcomed Bulgaria and Romania.

This enlargement has had the same consequences as the previous enlargement that took place in May 2004 except that the rules are extended also to cover Community designs:

- From 1 January 2007, a Community Trade Mark, which has been registered or applied for before 1 January 2007, is automatically extended to the territories of the new Member States in order to have equal effect throughout the Community.
- Subject to the exception mentioned below, an extended CTM application cannot be objected to on absolute or relative grounds coming into existence because of the enlargement (e.g. the mark is not distinctive in the language of one of the new Member States or an earlier right exists in a new Member State). This "grandfathering" of CTMs is total in the case of invalidation.
- The exceptional right of opposition is also applicable: CTMs applied for between 1 July 2006 and 31 December 2006 can be opposed on publication by owners of earlier rights in Bulgaria or Romania. Any such earlier rights must be earlier in time than the CTM (i.e. pre-date the filing and/or priority date of the CTM) and must not have been acquired in bad faith. The exception does not apply for CTMs filed before 1 July 2006.
- Even though the validity of an extended CTM cannot be challenged, owners of earlier rights in Bulgaria and Romania may bring a local action to prevent use of the CTM in their territories. "Earlier" in this context means that the right was acquired in the new Member State before the date of enlargement, 1 January 2007. The right to prevent use of a CTM cannot be exercised where the earlier right in the new Member State was acquired or applied for in bad faith.
- Similarly Community registered designs filed on or before 31 December 2006 are automatically extended to cover Bulgaria and Romania. Again "grandfathering" occurs: extended RCDs cannot be refused registration or declared invalid because of objections that arise solely because of enlargement.
- However, the owners of earlier rights in Bulgaria and Romania can prevent the use of an extended RCD in their territories provided the earlier right was acquired before 1 January 2007 and there was no bad faith.

CTMs and RCDs filed from 1 January 2007 are examined by OHIM and the usual rules and procedures are applied.

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Tears at the wedding?

As readers may be aware, Elizabeth Emanuel (one of the designers of the wedding dress of Diana Princess of Wales) sold her business and the following registered trade mark to a purchaser in which she later ceased to have any interest.



The purchaser applied to register the words ELIZABETH EMANUEL as a trade mark. Ms Emanuel opposed the application and applied to have the registered trade mark declared invalid on the grounds that both marks were deceptive as she was no longer involved in the purchaser's business.

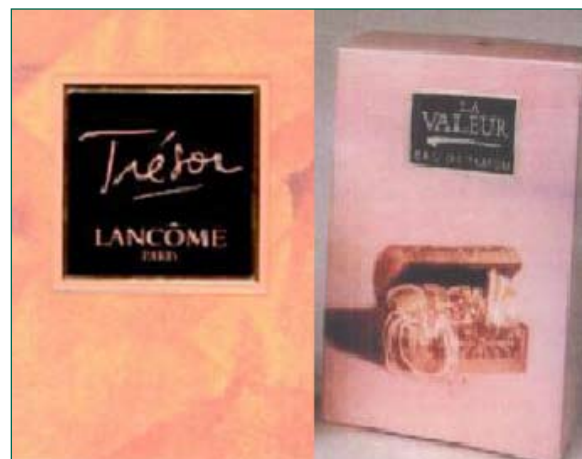
The UK Appointed Person, applying ECJ guidance, has rejected her claim finding that, although at the date of application a significant portion of the relevant public believed use of the mark ELIZABETH EMANUEL in relation to garments indicated that Elizabeth Emanuel was personally involved in their design and creation, and such a belief was likely to influence the purchasing behaviour of those persons, the characteristics and the qualities of the garments under the mark remain guaranteed by the undertaking which owns the trade mark. The mark fulfilled its function, denoting trade origin. Although the case confirms that personal names can be trade marks, this did not help Ms Emanuel who had voluntarily assigned her rights in the trade mark.

Smell-a-like protection?

L'Oreal sued the defendants in respect of the importation, distribution and sale of smell-alikes to its perfumes. Comparison lists were sent out to wholesalers and distributors and in the case of one defendant used to sell to the public. It was accepted that reproducing a smell in the UK is not copyright infringement.

L'Oreal sued for trade mark infringement and passing off in its names, bottle shapes and packagings (Tresor, Miracle, Anais Anais, Noa). None of the bottles or packaging used by the defendants was similar enough to be likely to be confused with L'Oreal's bottle and packaging marks and therefore there was no passing off. In order to succeed under registered trade mark infringement as well as showing similarity of marks, two further conditions had to be met: reputation in the claimant's marks and a link between the application of the defendant's sign and the tarnishing or the blurring of the claimant's mark causing detriment.

Infringement was established in relation to certain packaging – see the images below. The infringements got too close to the claimant's marks and reaped the rewards of their marketing efforts. The judge also found infringement of the perfume brand names on the part of one defendant through the use of comparison lists to sell to the public. That finding may be questionable in view of the comparative advertising reference made to the ECJ in the case of O2 described earlier in this update.



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Time for a cold drink?

IPSEI has been found by the Trade Marks Registry to be precluded from registration for soft drinks because of the earlier trade mark PEPSI. The surveys carried out by Taylor Wessing for Pepsi, including the tape recordings of pronunciations of IPSEI, were found to be key. The key questions posed in those surveys were fair, open, non-leading and contextually appropriate. The TW surveys indicated that the association likely to be made between the two marks was a strong one and that a soft drink marketed under the IPSEI mark would benefit to a material extent from the reputation of PEPSI. IPSEI would take unfair advantage. Similarly the uniqueness of PEPSI was likely to be diluted. In addition, the results indicated that the association the public would make between IPSEI and PEPSI was one likely to lead to confusion.

Or a glass of wine?

If a registered trade mark is not used for a continuous period of five years or more after registration, it is vulnerable to cancellation in respect of the goods or services for which it is registered. What if the trade mark has been used on only some of the goods covered by the registration? Under current Registry practice, it will strike out those goods. What if the goods are described broadly? In an opposition to registration of RIVERCLIFF for alcoholic beverages, use by E & J Gallo of RIVERCREST registered for wines was shown in relation to rose, red and white still wines from California. The Hearing Officer considered that still wines represent a clear sub-category of wines and that it was common practice for wines to be categorised according to territory. For the purposes of the opposition he believed a fair specification for the earlier trade mark was still Californian wines. Will this restrictive approach to specifications be followed in other cases?

Naturally Using a Mark

As set out above, a registered trade mark can be removed from the Register for five years non-use. However, this will not apply if the registered proprietor uses a mark, which does not differ in its material particulars from the registered mark. In the NIRVANA case, the UK Appointed Person had to consider whether NIRVANA NATURAL was use of NIRVANA (the registered mark) for cosmetic products. The mark NIRVANA (alone) had not been used. He found that NIRVANA NATURAL did not differ materially from NIRVANA (NATURAL describing the product) and therefore this use was use of NIRVANA.

We all speak the same language – or do we?

Bovemij applied to register EUROPOLIS in the Benelux in respect of insurance and travel. POLIS means insurance policy in Dutch and EURO is a common abbreviation for EUROPE. The application was refused, as it is not distinctive in the Netherlands and part of Belgium where Dutch is spoken. One way to overcome a non-distinctiveness objection is by showing use. The issue in this case was: did use have to be shown throughout the Benelux (which is treated as one Member State for the purposes of registration) or was it sufficient that the applicant had used the mark in the Netherlands? The ECJ has clarified that the applicant must show use of the mark throughout the area where the ground for refusal exists. For a UK mark in English this will be throughout the UK. If the mark is in a language used in a linguistic area, a significant proportion of the public must recognise the mark as indicating goods or services from one source. For a mark in Welsh, the mark must be distinctive in Wales. Bovemij will have to await the determination of the local court. On the one hand the ECJ decision indicates that use needs to be shown in the Netherlands and the Dutch speaking part of Belgium. On the other hand, it looks like Bovemij might successfully argue that because of their use of EUROPOLIS in the Netherlands a significant proportion of the Dutch speaking public in the Benelux perceives the mark as a trade mark.

Oil'll Be Back

What is the test for considering if marks are similar? The UK Appointed Person has confirmed that likelihood of confusion has to be assessed globally looking at the similarity of the respective marks, the similarity of the respective goods and services and the reputation of the earlier mark. The Appointed Person reversed the Hearing Officer's decision and found there was a likelihood of confusion between MOBIS and MOBIL (the earlier mark) for motor oil and motor oil-related goods.

Tip of the month

Sweets For My Sweet

August Storck has failed in its attempts to register the shape of the Werther's Original caramel and the wrapped sweet as Community trade marks. The ECJ confirmed decisions below that the shape of the unwrapped sweet was merely a variation on basic sweet shapes and did not depart significantly from the normal shape of a sweet. Evidence filed by the applicant of the pile of 15 sweets on the packaging to show the mark is distinctive failed, as the shape of the sweets on the packaging was not the same as the shape applied for.

The ECJ confirmed that the wrapper also did not depart from the norm. The sales and advertising figures submitted by the applicant were insufficient on their own to show the mark had acquired distinctiveness as market share information also had to be submitted. Market share information is therefore vital for marks objected to on distinctiveness grounds. It also shows the importance of ensuring the evidence filed is of the mark applied for.

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