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# ITMA REVIEW

The journal of the Institute of Trade Mark Attorneys



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# Autumn offers serious issues



**W**elcome to the October/November issue of *ITMA Review*. I wish I could give you a detailed report of the ITMA Autumn Seminar, which was held very recently, but unfortunately, my copy deadline was a few weeks before the seminar date. However, I feel confident in predicting that the seminar and the post-seminar drinks were both well-attended, the venue was excellent, the lectures fascinating and the questions rigorous. Viva Birmingham!

With weeks to go until the London and Northern Christmas dinners, and months before the Spring Conference in March 2013, this review is full of serious content, from an international survey of personality/image rights to the section 52 reform, and from the recent Oracle decision on Euro-defences to the Apple v Samsung case on iPad designs. Thanks to all our contributors, and happy reading to our members!

Yours

**Catherine Wolfe**  
ITMA President

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# ITMA business

## Chief Executive's Bulletin

As the days get shorter and the nights get longer, here's a little about what we've been doing here at HQ to help keep you up to date in the final quarter of 2012



04

### New Minister for Intellectual Property

Many of you will have heard the news that there is a new Minister for IP in the UK. In fact, to be completely accurate, the new Minister has IP within their portfolio of responsibilities. It's goodbye to Baroness Wilcox and hello to Lord Marland. Lord Marland joins the team at the Department for Business Innovation & Skills (BIS) and

ITMA has written to him to offer its continued assistance.



### Merging trade marks

A reminder that the IPO introduced new requirements for merging trade marks and a new form (TM17) with effect from 1 October 2012. From that date, when requesting a merger:

- the trade marks must have the same filing date;
- the trade marks must be registered;
- no trade mark is subject to cancellation proceedings;

- no trade mark that is the base for an international registration shall be within the five-year dependency period.

### Direct Debit

As previously mentioned in the *ITMA Review*, ITMA has the function to use Direct Debit as a payment mechanism and intends to use this as the primary source of payment method for the membership subscriptions paid annually. Several firms have signed up to this method and I understand it to have been beneficial and more straightforward for them, as well as for the ITMA office. ITMA is keen to sign up more companies and individuals to use this method of payment for the 2013 subscriptions. Our current thinking is that payment would be taken in early January 2013. Prior to any payment being taken, an invitation to pay or an invoice would be issued that identifies the membership subscriptions applicable for that company (relevant for the situation in which a company pays the membership subscriptions for its employees). These will be sent out in November to allow time for any



amendments to be made before the correct payment amount is taken. Please email [keven@itma.org.uk](mailto:keven@itma.org.uk) or the ITMA office if you or your company are interested in using Direct Debit.

### Student Induction Day

On 4 December 2012, ITMA and CIPA will co-host a Student Induction Day at CIPA Hall from 10.30am until 5pm. If you joined the profession within the past year to eighteen months, the Presidents and Chief Executive Officers of CIPA and ITMA, the Chairman of IPReg, and many others, will look forward to meeting you and welcoming you to the profession and the Institutes.

### CPD hours

As the final quarter of the year approaches, UK Registered Trade

## ABS broadcast proves popular

The CIPA-ITMA broadcast of 24 July 2012 had a webinar attendance of 485 different IP addresses, almost all of which remained logged in for the full duration of the event. Several issues were discussed during the broadcast, and the CIPA and ITMA Presidents afterwards met Michael Heap, Chair of IPReg, on 6 August 2012 to discuss these further. Many topics were noted for further progress, including

IPReg jurisdiction and insurance and compensation arrangements, and many issues have been clarified further, such as confidentiality of questionnaire data, the entity status of a sole practitioner who operates through a limited company, and the complex questions around various structures that use a service company model. These will be addressed directly in a letter from Michael Heap.



Mark Attorneys should make sure they have completed the 16 hours of Continuing Professional Development (CPD) required by IPReg (see [ipreg.org.uk](http://ipreg.org.uk) for more information).

Of course, many of the ITMA events and activities provide the perfect opportunity for individuals to obtain CPD hours, see page 42 and [itma.org.uk](http://itma.org.uk) for details. And don't forget that the Commercial Skills Programme, also called the Non-Core Skills Programme, can also provide some CPD hours. Details of these programmes are also on our website.

### Join in the work of ITMA

Are you interested in joining in with the work of ITMA and representing your profession? Perhaps sitting on the ITMA Council or on a committee of the Institute? You might be able to help with ITMA's PR activities, writing articles, delivering presentations, or giving advice at clinics. Professional membership organisations rely on the goodwill and hard work of active members to help the profession, the organisation and the membership,

and ITMA is no different. ITMA is always looking for members to become involved. It currently has several core people who help out by offering time and energy to the business and there is a lot of goodwill from the firms who let people have time out to help. If you are interested in getting involved in some way, however big or small, please email [keven@itma.org.uk](mailto:keven@itma.org.uk) to discuss this further.

Kevin Bader  
Chief Executive

*This is an edited version of the bulletin sent to members on 18 September 2012.*

## TMA top scorer



Congratulations to Sarah Harden of Kilburn & Strode LLP, who achieved the highest score on the Trade Mark Administrator's exam and will receive a complimentary one-year membership to ITMA.

## Member benefits



## Winter Ski Holidays

Travellers Advantage has partnered with the UK's leading ski operators, including Crystal, Neilson, Inghams, Balkan and Thomson Ski to bring you a wide range of offers and destinations, allowing you to plan and tailor your next exciting winter getaway. Ski holidays are fantastic fun, and whether you stay in a chalet, hotel or self-catering accommodation, regardless of whether you're new to the slopes or a more experienced skier, Travellers Advantage has something for everyone. It offers a huge range of ski resorts throughout Europe, including France, Austria, Bulgaria, Switzerland, Italy and Andorra, as well as further afield in the US and Canada. ITMA members will receive a 10 per cent\* online discount (6.5 per cent when booking over the telephone).

For more information, speak to one of the Travellers Advantage team on 0800 783 2191 or visit IP Benefits Plus via [itma.org.uk](http://itma.org.uk)

\*Terms and conditions apply. See website for further details. Thomson Ski, Inghams and Crystal are only available when booking by telephone (6.5 per cent discount).

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## Media Watch

# Smoking is the top story

Ken Storey talks sense on cigarette packaging, soft drink skirmishes and so much more

Leaving aside the Olympics, by far the biggest trade mark story during the summer was the decision by Australia's High Court to uphold the world's toughest law on cigarette promotion. It did this despite protests from tobacco companies, which had argued that the value of their trade marks would be destroyed under new rules that will strip all logos from cigarette packs.

According to Associated Press, whose reports featured in most national and many regional media outlets, the decision means that, from December, tobacco companies will no longer be able to display distinctive colours, brand designs and logos on packs of cigarettes. Instead, the packs will be a uniform shade of olive and feature graphic health warnings and images of cancer-riddled mouths, blinded eyeballs and sickly children. The Australian Government hopes the new packs will make smoking as unglamorous as possible.

ITMA's position on proposals to introduce similar legislation in the UK was set out in a statement issued in April, which said: "The Institute of Trade Mark Attorneys welcomes the Government's consultation on the question of standardised packaging for tobacco products.

The Government will be looking at this important issue from many perspectives.



ITMA urges the Secretary of State for Health to carefully consider the legal issues, from the earliest stages of the consultation. A key element is IP. For example, trade marks are controlled, protected and enforced in the UK through common law, statutory law and international conventions. It is vitally important that IP law is cogent and clear in all aspects, in order for the economy to function well. We urge the Health Secretary to continue to liaise within the government and with the legal profession on this important topic."

There is clearly more to come on this story and any more news will be available on the ITMA website.

Briefly harking back to the Olympics, however, one article that amused me appeared in

the *Irish Times* in early August. This mocked, among other things, the renaming of the O<sub>2</sub> arena (once the Millennium Dome) as the North Greenwich Arena during the Olympic period and the practice of removing the names of non-sponsoring manufacturers from hand-dryers in lavatories. The reporter, Donald Clarke, found echoes of Soviet practices in the Olympic authorities' decision that



any products made by manufacturers that did not contribute as sponsors were "non-products". I wouldn't have gone quite that far, but his article did manage to prominently name all the products that he claimed had become non-products, so those trade mark owners should probably buy him a pint or two of the black stuff!

And while I'm mentioning national drinks, the orange stuff has also been in the headlines over the summer with stories that refer to drinks from mainland UK, and Scotland in particular, where Irn-Bru, produced by AG Barr, has been embroiled in a trade mark dispute with Russian copycats for several months. According to the *Daily Record*, a judge in Moscow's Commercial Court has thrown out the

'I am sure you could come up with your own song title to fit the case, but in my experience, most trade mark disputes follow "The Long and Winding Road"'

copycat's claim to the Irn-Bru name, allowing the Scottish company to retain its exclusive rights in the fizzy drink's biggest foreign market - where Irn-Bru lies third behind Coca-Cola and Pepsi.

Remaining in the drinks market, but this time even closer to home, in the England and Wales High Court, Arnold J ruled in favour of Red Bull GmbH (of Austria) against a company, Sun Mark, and its associated shipping firm, Sea Air & Land Forwarding, that wanted to name a drink "BULLET", with the advertising slogan "no bull in this can". Arnold J appreciated that Red Bull GmbH had trade marks for the words "BULLIT" and "RED BULL" and ruled that Sun Mark's use of "BULLET" created a clear likelihood of confusion and that the proposed slogan took unfair advantage of the repute of Red Bull. A case that perhaps Steve McQueen could have taken up! (See page 34 for more on this case.)

Staying on this theme, I came across a postscript to previous Media Watch stories concerning the Hobbit pub in Southampton. BBC News (Hampshire & Isle of Wight) reported in mid-August that the pub was holding a fundraising party to cover the legal fees of its dispute with SZC, owners of the rights to several brands associated with *The Lord of the Rings* and JRR Tolkien characters. The middle of August, with holidaymakers aplenty, would seem an ideal time to host a fundraising party, though whether Stephen Fry



and Sir Ian McKellen - the pub's main supporters - were able to attend is unclear. Whenever this story emerges, their names appear, so the publicity machine is certainly making the most of their patronage.

From one bar to another, I saw from *Wirral News* that the Cavern Club is fighting to protect the use of its name in Canada. Cavern City Tours, which owns the Club, had Canadian trade mark registration covering clothing, entertainment, musical performances, nightclub services, DJs and cabaret, but a Canadian bar owner has claimed non-use. ITMA member Kara Bearfield of Forresters (which has been hired to represent Cavern City Tours in a Canadian appeal) is quoted as saying: "This is a case of another company trying to piggy-back on the success of a globally recognised brand." I am sure readers could come up with a suitably Cavern-inspired song title to fit this case, but in my experience, most trade mark

disputes follow "The Long and Winding Road"!

In a Media Watch column it seems appropriate that the final story should concern the media itself. The *Financial Times* (FT), produced by Pearson plc, is suing the *Times of India* (TOI) over a supplement it has named the *Financial Times*. Though some arrangements are currently in place between Pearson and the TOI, the TOI's new supplement prompted the FT's Chief Executive, John Ridding, to issue a disclaimer in the *Hindustan Times*. It was thought that the war had been settled in a court ruling in May, but a second court hearing is now due in October. Watch this space.

**Ken Storey**  
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## Member moves



**Jayne McClelland** joined pharmaceutical company Abbott in its Established Pharmaceuticals Division in July, as Trademark Counsel, after 12 years at AstraZeneca in the UK. She is based in Basel, Switzerland, and can be contacted at jayne.mcclelland@abbott.com or +41 (0)61 487 0481.

**Tanya Buckley** has joined RGC Jenkins & Co as an Associate and can now be contacted at tbuckley@jenkins.eu. Prior to joining Jenkins in 2012, Tanya worked in private practice gaining extensive experience in all aspects of trade marks, particularly in pre-filing searching and portfolio management.



**Amanda McDowall** has joined the trade mark team as an Associate in the London office of Squire Sanders (UK) LLP. She recently qualified as a trade mark attorney, having completed her training at another trade mark practice. Amanda can be contacted at amanda.mcdowall@squiresanders.com.



## The lowdown on lookalikes

08 Tom Albertini of J A Kemp reports on the first ITMA/ECTA/INTA joint seminar, which brought together a range of experts to examine the complex subject of trade dress, get-up and packaging

On 29 June around 120 people briefly escaped the rain of a typical London summer by attending a morning seminar on the role of get-up, trade dress and packaging in the protection and enforcement of brands. The event, jointly organised by INTA, ECTA and ITMA, drew speakers from law, psychology and economics. The programme covered practice in the UK and EU, how features of trade dress, get-up and branding contribute to brand value, and the UK Government consultation on standardised packaging for tobacco products.



Annick Motteit (ECTA),  
Kate O'Rourke (ITMA)  
and Anna Carboni (INTA)

Talks from Nathan Abraham, Practice Manager and Ex Parte Hearing Officer at the UK IPO, and Gordon Humphreys of OHIM, set out the protection available for trade marks or designs, and reminded the audience of the difficulties of obtaining registered trade mark protection for features such as plain colours and shapes without a radical departure from the norm or significant prior use. Next came two talks on the differing approaches of EU Member States to lookalikes and the law of unfair competition. Evie Kyriakides of Mars Inc gave an in-house counsel view, defining parasitic copying as “a product that closely mimics [the established brand] by combining several features to create a similar overall appearance”.

David Latham of Hogan Lovells LLP reported on the European Commission's study into parasitic copying in the EU, and showed how much laws vary at present. Germany seems to have the most robust laws against lookalikes, mere imitation (with intent but without

confusion) often being actionable, while the UK and many other Member States require likelihood of confusion before there is hope that an action would be sustained. Both talks highlighted the importance of forum shopping in the EU when acting against lookalikes, with Germany being the preferred forum for most brand owners.

### Branding

After these legal perspectives, Jane Leighton of Mountainview Learning highlighted why branding is so important, in her talk on the psychology of product recognition. She explained that we consumers are “cognitive misers”, subconsciously using mental shortcuts, or heuristics, to pick out products from a crowded supermarket shelf. Branding (including trade dress and get-up) helps us identify and choose a product more quickly, with the distinctiveness and familiarity of that brand speeding up the process. She introduced the concept of “fluent



brands”, where fluency equates to the speed of recognition.

Lookalikes gain an advantage by adopting the familiar clothing of the established brand, becoming more fluent as a result. This makes the established brand less fluent, as it becomes less distinctive than before. Together with London law firm Speechly Bircham, Mountainview is engaged in research to try and demonstrate, in a scientific and quantifiable way, how branding affects decision-making and how lookalikes can damage an established brand. The difficult question of how to value brands and quantify damages in lookalike cases was then tackled by Andrew Wynn of FTI Consulting.

### Current affairs

Lastly, the UK Government’s ongoing consultation on standardised packaging for tobacco products was discussed from a legal and economic perspective. Fabio Angelini of De Simone & Partners did his best to make this dry topic entertaining, setting out ECTA’s position and its conclusion that standardised or plain packaging would not deliver the desired result (fewer people smoking) and would endanger the IP architecture that promotes growth in the EU. Max

Oker-Blom of the Hanken School of Economics, Finland, gave an economic perspective, running through the opposing arguments and advancing two interesting concepts of his own: if you remove brands from cigarette packaging, all consumers will have to differentiate rival products is price, which may drive prices (and product quality) down; and if you remove the link between the trade mark and product, you decrease the barrier between branded and counterfeit goods. Neither can aid the desired result.

The event ended with lunch provided by the host, Charles Russell LLP, before a few headed outside, reached for a shiny pack of Marlboro, and wondered whether a ‘no logo’ version would taste as good.

*A version of this article previously appeared in the INTA Bulletin*

It is hoped that further joint events will be scheduled with ECTA and INTA, with the aim of sharing knowledge on topics that involve trade mark professionals across the world. Check the events page at [itma.org.uk](http://itma.org.uk) for developments, and we hope to see you at the next event.

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Tom has a long track record in advising clients on all aspects of trade mark and design clearance, prosecution, portfolio management and enforcement.



## Patent Box - what a relief?

The 2012 Budget has introduced a lower rate of tax on patent income, but the calculation is not entirely straightforward, as Chris Riley of Littlejohn considers

In recent years, successive UK Governments have aimed to make the UK a more attractive taxation environment in which companies can operate. One area in particular in which the UK has been seen as uncompetitive is the taxation of income derived from IP. In an attempt to remedy this, the 'Patent Box' regime of corporation tax was introduced in the 2012 Finance Bill, and will apply from 1 April 2013.

The Patent Box regime provides the opportunity for holders of relevant patents to benefit from an effective 10 per cent rate of corporation tax on profits arising from the exploitation of those patents (compared to the 'normal' rate of 23 per cent from the same date). However, calculation of the relief is complex, and in most cases the actual effective rate of tax will be higher than the headline rate.

### Qualifying conditions

Qualifying income is that derived from qualifying patents held by the company in the UK, or from an

exclusive licence in respect of such patents held by another party. Qualifying patents are those granted by the UK IPO, the European Patent Office, or certain other European Economic Area patent offices.

However, for relief to be available, the claimant must have made a significant contribution to the invention specified in the patent, or the development of a product incorporating the patent. This will prevent relief being available for patents that are acquired and held passively. There are further rules dealing with changes in ownership of a company that has developed qualifying patents, which could deny relief.

Patent Box is an opt-in regime. However, once a company elects to take part, the election will apply to all qualifying patent income (relevant IP income, or "RIPI") of the company. An election can be subsequently revoked, but if such a revocation is made, the company is prevented from re-entering the regime for five years.

### Qualifying income

RIPI can be derived from the following five internal sources:

- worldwide income from sales of a patented item, or items incorporating it;
- worldwide licence fees and royalties;
- proceeds from the sale or disposal of patent rights;
- income received as a result of patent infringement; and
- associated income, such as damages or insurance proceeds and compensation for lost income relating to the relevant IP.

However, rules prevent income from being artificially structured as RIPI. These cover the inclusion of a patented item within a product, or structuring exclusive licence arrangements for no good commercial reason other than to benefit from the Patent Box rules. A more general provision prevents schemes that could otherwise artificially enhance profits derived from qualifying patents.

A final potential source of RIPI is based on the calculation of a notional

## 'The Patent Box regime provides the opportunity for holders of relevant patents to benefit from a 10 per cent corporation tax from profits arising from patents'

royalty, and is most likely to arise where a patented process is applied by a company in a manner that does not generate income that falls within the five internal categories, but nonetheless results in the company deriving income. In such a scenario, RIPI is the value that the company would be prepared to pay for the related services provided internally via the patented process, if a third party was used.

### Profit calculation

Having determined the level of RIPI for the company, a basic profit computation must be derived to establish the profit attributable to RIPI. This can be done by either apportioning total profits using the ratio of RIPI to gross income, or splitting expenses on a just and reasonable basis between RIPI and non-RIPI to determine an appropriate profit from the RIPI income stream.

The second option must be applied in certain prescribed circumstances; otherwise, companies are free to apply their preferred method. In either calculation scenario, finance income and expenses and any uplift of expenses for the purposes of R&D relief should not be included.

Further, three notional adjustments must be made to the profit calculated above before the relevant IP profits

(RP) can be determined, against which the reduced rate of tax applies.

1. The "R&D shortfall adjustment", to increase R&D costs attributable to RIPI to 75 per cent of the long-term annual average cost (if the actual cost is lower than this amount). This adjustment applies only for the first four years from the company entering the Patent Box regime.
2. An adjustment referred to as the "Routine Return" is also made, by effectively increasing most expenses included in the calculation of RIPI derived profit by 10 per cent. This aims to reflect the normal commercial return that could be expected from incurring those costs.
3. Finally, a notional marketing royalty gives a further expense for Patent Box profits, which is intended to separate out the value of income derived from marketing activities from the pure patent income. This will be a complex calculation, although companies with low Patent Box Income (generally, up to £1 million, although this can increase to £3 million in some cases) can opt for a fixed 25 per cent notional charge.

These adjustments all have the effect of reducing Patent Box profits and increasing non-qualifying profits (subject to the main rate of corporation tax) by the same amount. The purpose of these adjustments is to restrict the extent of the Patent Box rate to pure patent-derived profits.

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Chris provides corporate tax advisory services to a wide range of clients.

The derived result is then used to calculate a reduction to total taxable profits for the company, to give rise to the effective 10 per cent rate on the calculated RP figure.

There are also transitional provisions that delay the full benefit of the regime. For the year to 31 March 2014, only 60 per cent of RP will be available to claim the Patent Box rate. The level of RP to which the regime will be applied will then increase by 10 per cent per annum. The year commencing 1 April 2017 will be the first year in which 100 per cent of RP will qualify for the regime. Companies with accounting years that cross 31 March will need to apportion profits in each qualifying period. ■

## Taking action

Although the 10 per cent rate is highlighted as the key benefit of the new regime, significant adjustments are required to calculate the level of eligible profits. These bring new complexity to the tax computation and in most cases will mean that the full benefit of the 10 per cent rate is not met on pure accounting profits. This impact is magnified in the transitional years before the full benefit of the regime applies. However, the new rules are nonetheless likely to be of significant benefit to many holders of profitable qualifying patents. It is therefore now time to consider the following actions:

**Identify qualifying income streams** – although the Patent Box rules take effect

from 1 April 2013, some companies may already have commenced an accounting period in which the rules can have an effect. Companies have 24 months from the end of the accounting period to decide whether to opt into the regime for that and subsequent periods, but will need to identify those qualifying income streams as soon as possible to plan accordingly.

**Registration location** – are patents registered in a jurisdiction that will ensure that the regime is available? Are those rights held in UK entities that pay corporation tax? Groups may wish to restructure group activities to take better advantage of the regime, although there may be tax consequences overseas of transferring assets into the UK.

**Accounting action** – accounting functions should be reviewed to ensure that they provide the requisite level of data to separate qualifying and non-qualifying income streams. Can they identify whether RIPI would differ significantly if calculated on a ratio of gross income, or by separately allocating expenses? Are the mechanisms for cost apportionment reasonable?

The methodology to calculate the three notional profit adjustments will also require serious consideration.

**Look out for losses** – identify qualifying IP that generates a recurring annual loss and therefore may be transferred to a non Patent-Box entity, to ensure that the loss does not reduce the level of RIPI qualifying for relief.



# Wanted dead or alive

Tim Bamford of Withers LLP examines the world's approach to protecting the rights of the great, the good and the dead

In 2008, CKX Inc, a US entertainment conglomerate, reportedly paid \$100m for an 85 per cent stake in the Elvis Presley estate, which earns, on average, \$50m per year through advertising, merchandising and other entertainment deals. As recently as 2011, the licensing rights to Marilyn Monroe's image were bought by a marketing firm, Authentic Brands Group, for a sum thought to be in the region of \$20 to \$30m.

US revenue generated by "delebs" – dead celebrities – is today estimated at around \$2.25bn (not including TV or other forms of advertising). And developments related to the internet and digital technology have increased the scope and scale of the use of realistic images of deceased personalities. For example, the digital image of Tupac Shakur, a deceased rap star, recently appeared on stage and greeted fans at the Coachella music festival.

This demonstration of the huge commercial potential of image rights (or publicity rights) gives us context in which to consider the legal issues related to this area internationally.

## The US

Considering the figures quoted, it will come as no surprise that the US has perhaps gone the furthest in developing standalone rights

of publicity, both *inter vivos* and post mortem.

The origins of an economic right of publicity in the US go back to the early 1950s. Since then, the right of publicity has become recognised by statute or common law in most US states and, in some cases, has achieved the status of a fully fledged IP Right – although there are still significant variations between individual states:

### > California

California recognises both a common law and a statutory right of publicity. A post mortem right extends to 70 years after the death of the deceased person (reflecting, perhaps, the quasi-copyright nature of the right). The post mortem right, however, applies only to persons domiciled in California at the time they die (so it could not, therefore, benefit the estate of Marilyn Monroe, who was held to have been a domiciliary of New York at the time of her death).

### > New York

In contrast, New York has no common law or statutory rights of publicity, although such a right has been said to have been encompassed in statutory civil rights law "as an aspect of the right to privacy". The right to privacy extends to unauthorised use of a person's name, portrait, picture or voice.

### > Tennessee

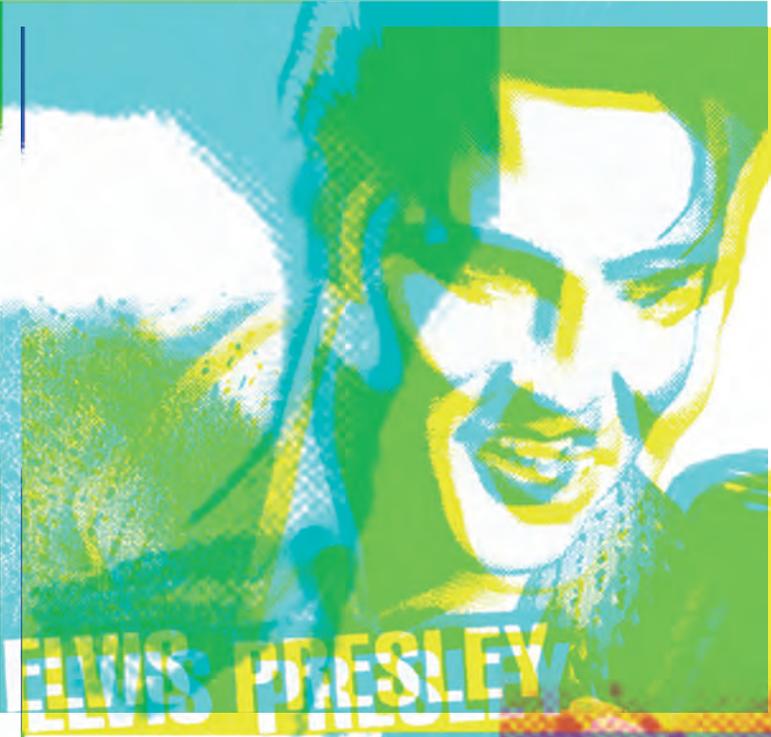
Perhaps for one obvious reason, Tennessee recognises both a common law and a statutory right of publicity that grants every individual (not just people called Elvis) a property right in the use of their name, photograph or likeness. Civil liability will ensue if a defendant "knowingly uses or infringes upon" those rights "as an item of commerce for the purposes of advertising products, merchandise, goods or services".

### > Massachusetts

Although Massachusetts has never definitively recognised a common law right to publicity, it has enacted a statutory right. This prevents the unauthorised use of any person's "name, portrait or picture... for advertising purposes or for the purposes of trade". Enforcement is by way of civil action.

### > Indiana

Indiana is thought to have the strongest right of publicity protection in the US. The state grants a statutory post mortem right of publicity lasting 100 years after death, which reaches back to include anyone who has died since 1894. For the benefit of delebs, the statute states that it "attempts to apply to the identity of all persons" whose identity appears in advertisements or other ►



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commercial activities that enter Indiana, regardless of the state of domicile of the deceased person.

As will be apparent, the protection of celebrity personas, whether under privacy or publicity rights, can hardly be said to conform to any recognised international standard. Rights of publicity in the EU cover as broad a spectrum as in the US; but no attempt has yet been made to formulate a directive designed to harmonise those rights that may exist. French law probably offers the most sanctuary to personalities, while the position in Germany is less protective and in the UK even less so.

### The UK

Of the EU countries, the UK probably has the most conservative approach to the protection of both privacy and publicity. There is no statutory or common law tort of the invasion of privacy that is analogous to the position in the US. Indeed, such rights were not recognised in any manner until the UK Government incorporated the European Convention on Human Rights (ECHR) into legislation in 1998.

As for publicity rights, again UK law has no real equivalent to the US rights. Rather, it has sought to protect aspects of an individual's identity and commercial value in a piecemeal fashion by adapting and applying established principles of passing-off claims to situations in which rights akin to personality rights are said to have been misused.

In the 2002 case of *Irvine v Talksport Limited*, Formula One racing driver Eddie Irvine sued Talksport Radio for the use of his image in an advertising brochure without obtaining his consent. Laddie J said he was prepared to take "judicial notice of the fact that it is common for famous people to exploit their names and images by way of endorsement" and he held that nothing prevents an action for passing off succeeding in a false endorsement case if the claimant proves two interrelated facts: (1) at the time of the acts complained of "he had a significant reputation or goodwill"; and (2) that the actions of the defendant gave rise to a false message that would be understood by "a not insignificant section of his market that his goods [had] been endorsed, recommended, or are approved of by the claimant". That is not to say that Irvine had the right to control the

commercial use of his name or image *per se*. Mere misappropriation is no basis for any claim under UK law.

As for the ECHR, the question arises whether this has provided an alternative route to the development of publicity rights similar to those found in the US. In many ways, this legislation is concerned with the reverse side of the coin; that is, to protect and preserve a person's private and family life rather than the commercial exploitation through promotion, advertising or merchandising of a personality's image, likeness etc. In other words, it might be regarded more as a negative right than a positive one in commercial terms.

A related right concerns actions for breach of confidence that have been extended to protect a celebrity's commercial interests and private information. See, for example, the *OK v Hello* case and the photographs of Michael Douglas and Catherine Zeta Jones' wedding. In that case, the publication of photographs as a misuse of private information justified damages for distress, and the misuse of commercially confidential information justified damages for injury to the individual's commercial interests.

### France

Surprisingly, as a civil law country, the development of the law in France concerning the rights of an individual in relation to a likeness, shape, voice or persona has been the product of case law. Specifically, there is no express statutory provision for the specific protection of the elements of

**'French law probably offers the most sanctuary to personalities, while the position in Germany is less protective and in the UK even less so'**

personality. Accordingly, the French courts have developed a strand of law in this area based on the notion of personality rights in general. The genesis of this line of cases appears to have concerned Marlene Dietrich, in a case dating back to 1955, when the Paris Court of Appeal held that, "the recollections of each individual concerning her private life are part of her moral property... no one may publish them, even without malicious intent, without the express and unequivocal authorisation of the person whose life is recounted."



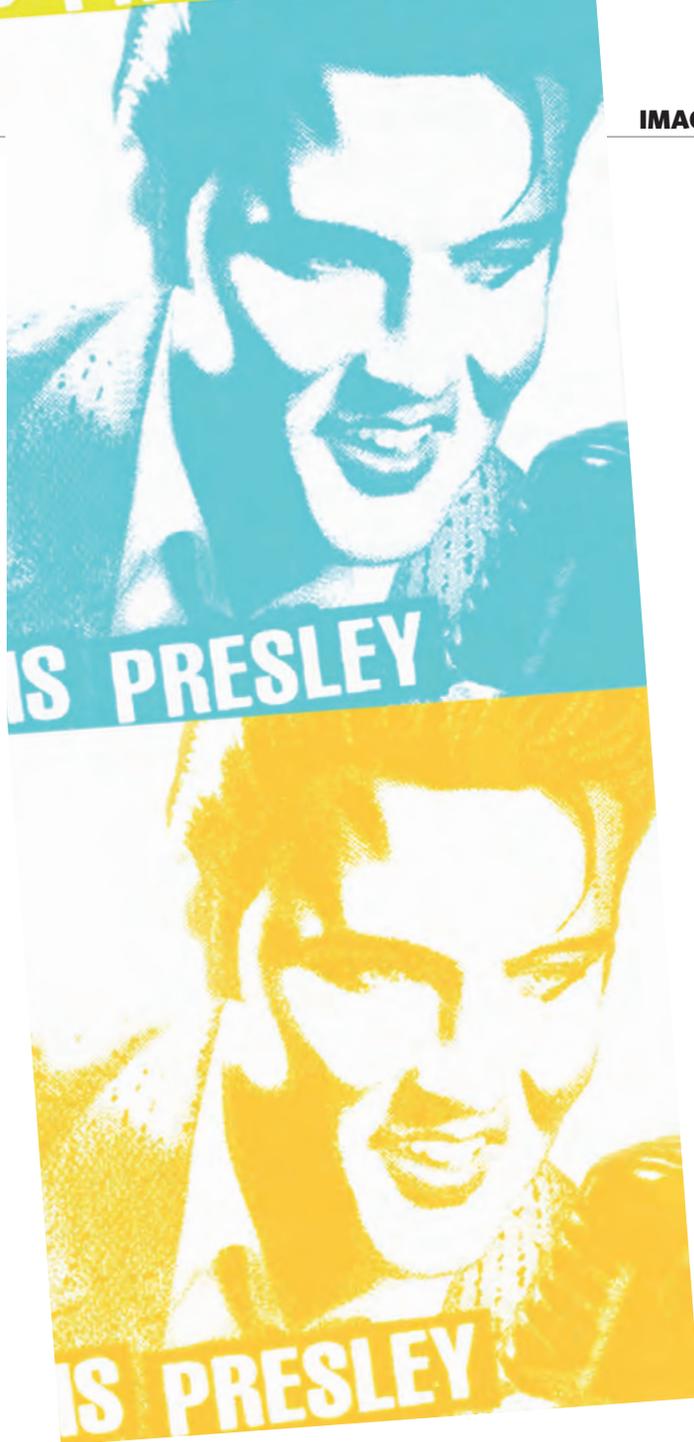
Moreover, the French judiciary has approached the rights to image and persona as being derived from the right of privacy, which is protected under Article 9 of the French Civil Code. The simple statement that “everyone has the right to respect for his private life (or privacy)” is considered to be a matrix of both image and persona protection. The link with ECHR is clear, in particular with regard to Article 8, which provides “a right to respect for private and family life: everyone has the right to respect for his private and family life, his home and his correspondence”. The right of privacy has been broadly construed by the French courts.

However, case law in France has also developed to include protection for the commercial value of an image. Recognising that many celebrities now grant exclusive rights to third parties to exploit their image commercially, and that this has nothing to do with notions of rights to privacy, French law has developed to accommodate the need to protect rights in exclusive licences of image rights, based on the following principles expressed by the French courts: “Everyone has an exclusive right on its image and can oppose to its reproduction or its use even for commercial purpose without his authorisation.” Based on this concept, French courts do not intend to protect individuals from intrusion to their private rights, but to confer on them a commercial monopoly in their image.

### Germany

In 1954 the Federal Court of Justice first acknowledged the existence of personality rights, which were said to derive from constitutional rights. This has given rise to a general right of personality, an umbrella right protecting various aspects of personality, and a more specific right of personality that protects a person’s name and likeness. However, for some time such rights were considered non-commercial, and were therefore enforced primarily for anti-infringement (negative) purposes, as opposed to the more positive exploitable right of publicity.

However, in 1999, in a landmark case – featuring, once again, Marlene Dietrich – the Federal Court held that the pecuniary aspects of personality rights could also be protected under German law. Moreover, these rights were regarded as assets forming part



of the estate of a deceased person. The famous actress’s daughter was therefore able to successfully claim for damages against a company that had used the name, signature and picture of Marlene Dietrich for merchandising and licensing purposes.

As seen elsewhere, the law in Germany has developed so that the negative copyright-based rights to a person’s likeness are protected under the German Copyright Act of 1907 and the right to a person’s name is enshrined in section 12 of the Civil Law Code. However, the general right of

personality, covering all other aspects of personality rights, is based on case law.

### Italy

Italian law recognises both the right of publicity and a right of privacy. In general, the protection of rights of personality is enshrined in the Italian Constitution, which is said to preserve the rights of the individual in their integrity and in all essential ways of expression. However, as in France, Italian public law has developed a right of personality that ascribes an economic value to those rights. This

enables a holder to seek compensation and to be able to give permission for the use of their name or image as a distinctive sign of a product or a service, or an element in an advertising or sponsorship campaign, as well as using other contacts such as films, portraits, etc.

Specifically, Article 10 of the Italian Civil Code provides that, “if the image of a person or its parents, its spouse or its children has been exposed or published outside the cases in which the display or the publication is allowed by law or rather with damage to the dignity, credit or reputation of that person or of such relatives, the courts, upon request of the concerned subject, may order the cease of such abuse, without prejudice to the reimbursement of damages.”

In particular, it is never permissible to make unauthorised use of an image of an individual for profit-making or

## Japan

As an illustration of a non-EU approach, in Japan the position is less straightforward. Lower court decisions have accepted a right of publicity, but there is no Supreme Court decision in this area. A right of privacy has been recognised by the Supreme Court. However, neither right has been recognised nor are they covered by any express provision under statute or case law.

Accordingly, it is not clear under what conditions these rights exist or what requirements need to be satisfied for them to subsist and how they might be protected. They appear to be left to be interpreted and granted case-by-case by each court.

As elsewhere, the approach has been to draw a distinction between a negative right and a positive one. The right of publicity protects a commercial value

## ‘There is a lack of uniformity so great care is needed in approaching the enforcement or exploitation of personality rights on a multi-jurisdictional basis’

promotional reasons. Both injunctive relief and damages are available, and the latter is often connected to the “price for consent”, a notional licence fee. In common with other jurisdictions, there are allied rights under privacy law that have more to do with prevention than cure.

## Spain

The position in Spain is commendably straightforward. Under Spanish law, image rights and privacy rights are protected as separate human rights under the Spanish Constitution. There are said to be three separate categories of the right protected: honour, personal and family privacy, and own image.

Image rights are enforceable by civil proceedings for which damages and injunction are available remedies. However, in contrast to traditional IP Rights, image rights do not derive from a legally recognised monopoly granting the right to exclude third parties from the market for that activity. Rather, it is the right to protect against abuses of certain rights that the Spanish Constitution states to be fundamental rights particular to human individuals. As such, image rights, being human rights, are inalienable and unwaivable, so no transfer, assignment or testamentary disposition is possible.

or benefit, but is a property right obtained through commercial use of the name, portraits, voice, movements or other characteristics of famous artists or famous persons who can show a reputation and goodwill among members of the public. On the other hand, a right to privacy is akin to a moral right and is more concerned with restraining unauthorised activities than with the positive exploitation of a commercial right for monetary gains.

As mentioned, a right of publicity is available only to celebrities and other famous people, so Japanese legal scholars have expressed the view that the right is an aspect of the general unfair competition prevention law because it concerns the tangible commercial power of attracting customers, so some form of protection is needed, without which there is a risk that consumers will be misled about the origin of goods or services. In this regard, the position is similar to that in the UK.

However, the right of publicity is not entirely a subset of unfair competition law, in that the former is derived from the pulling power of the celebrity *per se*, whereas the law of unfair competition is more concerned with protecting consumers from being confused about the origin of goods or services in a commercial context.

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## Final thoughts

There are several general points to note from this overview, the first and most obvious being the lack of uniformity in approach not only across jurisdictions but, considering the US, even within each jurisdiction. So great care is needed in approaching the enforcement or exploitation of personality rights on a multi-jurisdictional basis.

However, common themes do emerge, namely the distinction between negative rights based on notions of privacy or copyright law and positive property rights based on more familiar notions of unfair competition and prevention of consumer confusion.

Other practical considerations involve an analysis of the way in which such rights exist or expire post mortem and the ability of heirs and assignees of dependants to enforce and exploit those rights.

Finally, notice should be taken of the imminent implementation of a fully codified law of image rights in Guernsey, which, “...establishes a new form of intellectual property, previously unrecognised in a registerable form anywhere else in the world. It centres on two key concepts – the ‘registered personality’ and the ‘registered image’.”

This radical legislation may open the door to an international unified right of personality – only time will tell. ■

*The author wishes to thank his foreign associates for providing information on which this article is based in relation to non-UK jurisdictions. Any errors remain the author's own.*

# Get out in front

Delivering effective presentations is not about bombarding your audience with information, argues Bernard Savage, Director, Size 10½ Boots

Have you ever sat through a turgid presentation at a professional seminar or conference? How did you feel? Perhaps an adviser was updating you on new legislation and its implications for your business. That adviser may have been very experienced, the advice technically strong, and the perspectives informed. Unfortunately, this is not enough to hold an audience's attention and engage them with your subject.

After all, if your listeners just want technical information, this can be sent to them in the post or gleaned from the internet. Instead, presenters in person owe it to their audience to engage with them. Time is precious, as we are all expected to deliver more from less. It's therefore critical that face-time is used to build an emotional connection, not simply to impart knowledge.

So what exactly do you need to consider as you prepare for the next time you will be speaking in public or presenting to an audience?

## Tools and techniques

Speakers who are able to influence their audience focus on engaging people and learn techniques that will help them to do this. A great example is David Cameron's speech at the Conservative Party conference in Bournemouth in 2006. In a leadership contest to succeed Michael Howard, Cameron beat the bookmakers' favourite, David Davis. Did Davis deliver a poor speech? Did Cameron deliver a great speech? No, not really – in both cases.

The difference between the two speakers was how they communicated with those who

were in the room ready to be influenced. What did Cameron do, and how can we apply these techniques?

First, Cameron moved away from the lectern and focused on engaging his audience with simple messages. He had the confidence to remove the physical barrier of the lectern and get closer to the audience. Second, he did not stick to a script, but instead spoke without notes, as you would at the pub with friends. Third, he walked around, ensuring that he made eye contact with everyone. Finally, good speakers, such as Cameron, use their hands to amplify messages and connect with people.

At a recent presentation skills webinar hosted by ITMA and CIPA, I highlighted several other key points. Here are a few of the most important:

### > Power points

Learn to use PowerPoint properly. Slides should engage through use of images, not lots of text. If you need words to make your point, keep it to no more than five or six on each slide.

### > Back off bullets

Bullet points are the devil. Use alternatives such as putting words in tables or using pictures.

### > Delay the detail

If you need to impart lots of technical information, provide this as a handout.

But give it out only after the presentation, so people listen to you instead of reading while you talk.

### > Image building

Create a library of in-house images that you can use to personalise presentations. For a shortcut, buy images from a photo library to avoid any IP issues.

### > Equal time

Instead of rushing to produce slides, allocate time in equal measure to planning and considering your delivery.

### > Be engaging

Most importantly, don't be boring!

What are you going to do differently the next time you are invited to talk to an audience? If you have children you are probably familiar with the concept of "show and tell", when children bring something to the classroom to talk about. How about explaining passing-off cases or highlighting issues by showing your audience photographs, or – even better – actual exhibits?

Go on, try it. Think engage, engage, engage and you might reach the dizzy heights that Cameron has.

*Bernard spoke on this subject as part of the ITMA/CIPA webinar series, which is still underway. See page 42 for forthcoming events on crucial commercial skills.* ■

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## 18 Decision could mean new dawn

Robert Buchan of Brodies LLP explains the recent decision in *Oracle v M-Tech*, what it means for the Euro-defence argument, and where it leaves brand-owners in campaigns against illegal parallel-imported goods

At this time last year, an article in this publication asked whether or not “Euro-defences” had teeth and could be used as a shield by parallel importers in defence to what were otherwise clear claims for trade mark infringement when dealing in illegal parallel-imported goods (“Have Euro-defences got teeth?”, Gill Grassie, page 14, *ITMA Review* October/November 2011). Many brand owners were disappointed by the decision of the Court of Appeal in the case of *Oracle America Inc (formerly Sun Microsystems Inc) v M-Tech Data Limited* [2010] EWCA Civ 997, 24 August 2010. Following that ruling, the ground was set for a battle between IP and competition law, with the prospect of a full trial on the merits of the Euro-defences in the High Court and a reference being made to the Court of Justice of the European Union (CJEU)

following that trial or direct from the Supreme Court. Parallel importers may thus have felt secure that they had a new Euro weapon in their arsenal, with brand owners being more reluctant to seek summary disposal of any case where Euro-defences were or could be raised.

The 27 June decision of the Supreme Court in the *Oracle* case ([2012] UKSC 27), however, unanimously overruled the Court of Appeal and sent a strong message to trade mark owners that harmonised IP Rights trump Euro-defences, at least in the context of clearly illegal grey-market goods.

In a unanimous judgment delivered by Lord Sumption, the Supreme Court overturned the Court of Appeal and reinstated the summary judgment issued in the High Court by Kitchin J ([2009] EWHC 2992 (Pat), 25 November 2009). That involved the granting of an

injunction preventing the marketing by M-Tech in the European Economic Area (EEA) of Sun’s trade marked goods that had not previously been marketed there by Sun or with its consent. So, has the sun now broken through the clouds of uncertainty on the thorny issue of the interplay between IP and competition law, or are there still circumstances in which Euro-defences could still be credibly relied on by parallel importers?

### Crucial question

The key question that had to be decided was whether Articles 5 and 7 of the Trade Mark Directive (TMD, now the Trade Mark Directive 2008/95/EC) are an exhaustive code of the rights of trade mark proprietors in relation to taking action against illegal parallel imported goods, or whether they must be interpreted in accordance with and

## 'Where goods have not previously been placed on the market by or with the consent of the trade mark owner, the proprietor is exercising its right to control the first marketing of the branded goods'

essentially limited to give effect to the Articles referred.

In my opinion, the Supreme Court correctly avoided the trap into which the Court of Appeal appeared to fall in accepting M-Tech's arguments. The Court of Appeal confused two distinct issues where a brand owner is enforcing rights under Article 5 of the TMD:

- 1) controlling the first marketing of trade marked goods on the market in the EEA, which was key in the Oracle case (as per Article 7.1 of the TMD); and
- 2) attempting to further restrict the free movement of goods already placed on the market in the EEA (on the grounds of legitimate reasons to prevent further commercialisation as per Article 7.2 of the TMD).

The Supreme Court went back to first principles and asked whether there was any relevant arguable Euro-defence.

Before the ruling of the Court of Appeal in the Oracle case, in the UK it was firmly established that following the seminal ruling of the CJEU in *Zino Davidoff SA v AMG Imports Limited* (joint cases C-414/99 to 416/99 *Zino Davidoff SA v A&G Imports and Levi Strauss & Co v Tesco Stores Limited*) that Articles 5 and 7 of the TMD were a complete harmonised code of the rules on European trade mark exhaustion, allowing a trade mark proprietor the right to control the first marketing of trade marked goods in the EEA. However, the Court of Appeal distinguished the *Davidoff* ruling on the basis that the same competition issues did not arise in that ruling. It was of the view that the lack of a direct authority on whether the facts in the Oracle case would amount to a breach of the various competition Articles meant that there was a reasonable prospect that

Euro-defences could be established at trial. Thus summary disposal was not appropriate. In my view, the Court of Appeal went out of its way not to follow such clear earlier authorities. That may have stemmed from the huge commercial value and scale of the market at issue, the highly political and controversial nature of stopping the sale of grey goods or taking the view that Oracle's distribution network and practice of not providing a provenance-checking service was potentially linked to partitioning and effectively controlling the wider market.

The Supreme Court stressed that it was not enough for M-Tech to establish a potential breach of the Treaty on the Functioning of the EU: it had to show that a breach gave it a good defence to trade mark infringement. The court went as far as to characterise the case advanced by M-Tech as "extreme" (see paragraph 28 of the judgment), noting that if M-Tech's arguments were upheld it would effectively suspend trade mark rights indiscriminately as against the entire EEA market. It would allow such defences to be available even where a parallel importer was knowingly importing trade marked goods without the consent of the trade mark owner or even by other categories of infringers, such as industrial counterfeiters.

Taking account of earlier case law and bearing in mind that the underlying rationale of harmonised EU legislation is to facilitate the creation of a single market, the Supreme Court was of the firm view that the TMD did provide a complete code on the exhaustion of trade mark rights. The TMD had to be interpreted on the assumption that it was consistent with other treaty provisions relating to the free

### Euro-defences in short

"Euro-defences" is the colloquial term for a defence based on an article of the EC Treaty, or the Treaty on the Functioning of the European Union (TFEU), as it is now known. The Oracle case focused on Articles 28, 30 and 81 EC (now Articles 34, 36 and 101 of TFEU). The primary aim of these Articles is to create a harmonised single market in the European Economic Area, which involves prohibiting practices that directly or indirectly partition the market or that prevent, restrict or distort competition.

movement of goods (ie the TFEU). It was not appropriate or necessary to limit the effect of Articles 5 and 7 of the TMD as Article 7.1 already exhausted a trade mark owner's rights within the EEA once the goods had been placed on the market by or with the consent of the trade mark proprietor. The Supreme Court dismissed as irrelevant the case law relating to Article 7.2 of the TMD (cases that essentially dealt with pharmaceutical relabelling and repackaging of branded goods already in circulation in the EEA).

Where goods have not previously been placed on the market by or with the consent of the trade mark owner, the proprietor is exercising its right to control the first marketing of the branded goods, which does not engage the treaty provisions dealing with the free movement of goods.

M-Tech alleged that Oracle engaged in a "chilling" series of activities that effectively cut off trade in parallel imports, such as refusing to provide information about the provenance of the goods, vigorously enforcing its trade mark rights and forcing official distributors to obtain supplies direct from Oracle or from other authorised Oracle dealers. Trade mark owners will welcome the robust stance adopted by the Supreme Court that Oracle ►



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## 'The Supreme Court judgment in the Oracle case demonstrates that parallel importers are effectively prevented from relying on Euro-defences at all'

should not be prevented from doing something that was entirely lawful (ie enforcing its rights under Articles 5 and 7 of the TMD) simply because it may carry out other activities that could be unlawful and inconsistent with the principle of free movement of goods. A trade mark owner should not be penalised for enforcing legitimate rights vigorously. Overall, no relevant connection was established between Oracle's practices of enforcing its right to control the first marketing in the EEA of its trade marked goods and the alleged distortion of competition.

The Court restored the summary judgment and did not believe there was any requirement to refer any questions to the CJEU.

### Evolving interaction

Although this is a summary decision, it demonstrates not only that parallel importers are effectively prevented from relying on Euro-defences in

relation to illegal grey goods to avoid summary disposal of a matter, but also from potentially relying on such defences at all. However, given the complex and evolving interaction between IP and competition law, it could prove risky for brand owners to view Euro-defences as dead in the water in relation to IP enforcement.

Such defences may yet have a greater role to play when assessing the legitimacy of actions by trade mark owners to prevent the further commercialisation of branded goods already on the market in the EEA. The Supreme Court also commented that M-Tech may have a good ground of action to seek financial compensation from the trade mark owner, if it can demonstrate that the policy of withholding information about the previous history of the goods resulted in it being prevented from selling branded products. Furthermore, while Oracle did not operate a general provenance checking system, it is worth noting that the injunction initially granted and ultimately reinstated did contain provisions to ensure that M-Tech was provided with information about the provenance of the goods in order to establish whether or not the injunction applied.

While it is again correct to categorise Euro-defences in this context as being a sword rather than a shield, brand

owners may be well advised to review the scope and extent of any checking system that they operate for parallel importers, as well as the prohibitions placed on members of any official distribution network, with a view to further limiting the possibility of Euro-defences coming back to bite. It does seem clear to me that unless there is a policy or legislative change in Europe to limit the right of the trade mark owner to control the first placing of goods on the market in the EEA, Euro-defences have effectively had their teeth removed and it may be some time before the battleground is redrawn. ■

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# A blueprint for innovation?

Chris McLeod and Gill Dennis of Squire Sanders (UK) LLP explore the Government plans for copyright reform

While it is safe to assume that anyone reading this publication makes it their business to keep on top of developments in trade mark, design and copyright law and practice, the inclusion of the Government's latest round of proposals to amend the copyright regime in the Enterprise and Regulatory Reform Bill 2012-13 may have thrown even the most eager of copyright devotees off the scent. However, if enacted in its current form, the Bill will make

some changes to copyright law of real importance, including the repeal of section 52 of the Copyright, Designs and Patents Act 1988 (CDPA).

## The current law

In essence, section 52 of the CDPA provides that where artistic copyright has been exploited industrially by making and marketing copies, the copyright term is reduced from the usual life of the author plus 70 years, to 25 years from the end of the calendar year in which the articles in question were first marketed.

Under the Copyright (Industrial Process and Excluded Articles) (No 2) Order 1989 (SI 1989/1070), an article is considered to have been made using an industrial process where more than 50 articles are made. Although the CDPA and the 1989 Order refer to "industrial process", the only consideration is the number of articles made and not the nature of the production process, so section 52 would potentially apply to 51 articles that had been handmade. Also, for section 52 to bite, the articles must have been marketed. The marketing of

an article for this purpose is defined in section 52(6)(b) of the CDPA as selling or letting for hire, or offering or exposing it for sale or hire. There is no requirement that the marketing take place in the UK.

The 1989 Order provides that the following are excluded from the operation of section 52:

- works of sculpture, other than casts of models used or intended to be used as models or patterns to be multiplied by any industrial process;
- wall plaques, medals and medallions;
- printed matter primarily of literary or artistic character, including book jackets, calendars, certificates, coupons, dress-making patterns, greetings cards, labels, leaflets, maps, plans, playing cards, postcards, stamps, trade advertisements, trade forms and cards, transfers and similar articles.

## The law in practice

An artist creates a painting. As an artistic work, the painting would be protected by copyright for the life of the artist plus 70 years. However, if the artist decided to license the painting to be reproduced on the side of teapots, 2,000 of which were manufactured and subsequently sold in the UK, then the duration of protection for the original painting would be reduced to 25 years, running

**'The UK is one of only three EU Member States that reduces the term of protection for artistic works on industrial exploitation, and indeed international importers currently take advantage of this loophole in the UK regime'**

from the end of the year in which the teapots were first marketed.

In contrast, if only 49 teapots were manufactured, then the duration of copyright in the original painting would be unaffected. Similarly, if the same artist had drawn a design that was subsequently applied to medals, copyright term in the original drawing would be unaffected, as medals are excluded from the operation of section 52 by the 1989 Order.

Section 52 is intended to dovetail copyright and designs. The thinking was that anything that should more properly be protected by a registered design (that would last for 25 years) should not get better protection from copyright. So an artistic work that was kept as just that, artistic, would be protected for the author's life plus 70 years. However, once that work is brought out of the artistic realm into the industrial and exploited, it should receive no better protection than a registered design. The 1989 Order excludes from the operation of section 52 those designs that would not be registrable (the list in the Order

corresponds with the list of exclusions from design registration in the Registered Design Rules 1995 r26).

### Proposed reform

The proposed reform, which would repeal section 52 in its entirety, is the result of long-term lobbying by designers, who feel that their works should attract equal protection, whether industrially exploited or not. The UK is one of only three EU Member States (the others being Estonia and Romania) that reduces the term of protection for artistic works on industrial exploitation, and indeed international importers currently take advantage of this loophole in the UK regime.

It is believed that reform is needed to create a level playing field for UK designers with their European counterparts and to remove a barrier to business for new designers thinking of starting up in the UK. Designers also argued that their reputation was being damaged and profits hit by the influx of replicas of inferior quality sold at much lower prices, leaving them no money to invest in design innovation and business growth. The Government specifically cites a desire to boost the UK economy as a reason for reform. The Bill is said to be "central in the Government's aim for strong, sustainable and balanced growth, powered by investment, exports, technology and enterprise".

### Implications of reform

If clause 56 of the Bill is enacted in its current form it will have significant commercial implications. Designers will certainly see the reform as positive, because they will directly benefit from the increase in the duration of copyright protection for their industrially exploited designs, primarily via the receipt of royalties from their designs beyond 25 years.

However, the reform also has its limitations from the designers' perspective. They will only benefit if their design qualifies for copyright protection in the first place. It is clear from case law that determining whether a particular work falls within one of the categories of artistic work can be a vexed question (what is a work of artistic craftsmanship is a case in point), and the reform will not improve the position of designers here. Similarly, designers will not benefit from royalties where a third party is manufacturing or selling products that are not copies; that is, they are not substantially similar to an existing design.

It is the importers, manufacturers and retailers of replica "classic" designs that will be likely to suffer most from this reform, particularly those in the furniture sector, which made the most applications to OHIM for registered designs between 2003 and 2010, of which 6 per cent came from

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'Designers will certainly see the reform as positive, because they will directly benefit from the increase in the duration of copyright protection for their industrially exploited designs. However, they will only benefit if their design qualifies for copyright protection in the first place'

UK designers (source: Government Impact Assessment 15 May 2012). Their business will be based on selling arguably lower-quality lookalikes of designs that are outside the 25-year term of protection. To be able to continue they will have no choice but to change their business model and use only designs not protectable by copyright or design (difficult to locate and potentially unattractive products for consumers), invest in substitutes (their own original designs, which is likely to be costly) or take licences in respect of the designs that would usually have been available free of charge (also potentially costly).

There is also the problem of the products currently held by these businesses, the sale of which, once the Bill is enacted, will infringe copyright. The Government has indicated that it will provide a long transition period during which these businesses can sell off existing stock lawfully (however long or short it is, it will inevitably provoke controversy).

Nonetheless, this is still an unsatisfactory position for manufacturers and retailers, who, in the current economic conditions, may experience severe difficulty in selling off stock relatively quickly. They may be forced to take the hit of holding worthless

(actually unlawful) stock. These are all serious issues because, if these businesses get it wrong, they face not merely a civil penalty (arguably bad enough), but also criminal prosecution.

On a wider level, it is possible that the creative freedom of new designers may become constrained for fear of unlawfully stepping on the toes of their predecessors. This is exactly the opposite of what the designers lobbying for the reforms hoped to achieve in terms of design innovation and business growth. More generally, as a result of this reform, consumers may experience increased prices and reduced choice.

The Bill has some way to go in Parliament before it becomes law and changes are possible. However, given the simplicity of this reform (section 52 is repealed in its entirety) and the perceived benefits in terms of aligning the UK with the rest of the EU and economic growth, it would probably be unwise to bet against clause 56, as currently drafted, becoming law. ■



**Case in point:** O/259/12, Paul Squire v Gabrielle Jemmott, Decision of the Appointed Person Amanda Michaels, 2 July 2012

# A step too far for 1AWAYS

Is mere use of a sign enough to establish goodwill? According to the UK IPO, not necessarily, as Gemma Kirkland of D Young & Co LLP reports

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Gemma specialises in all aspects of trade marks, providing advice on both prosecution and enforcement matters in the UK, Europe and internationally, across a wide variety of industry sectors.

On 16 November 2009, Paul Squire filed an application for the mark shown below, which was applied for in relation to goods and services in classes 25 and 35. On 17 March 2010, Gabrielle Jemmott opposed the application on the basis of claimed unregistered rights in the sign 1AWAYS dating from 2006 in relation to promotional T-shirts and the design and production of sports shoes and trainers.

Both parties filed evidence, and the Hearing Officer (HO) found that, as Jemmott had not sufficiently proven that she owned the requisite goodwill in the sign 1AWAYS at 16 November 2009, the opposition should be rejected.

At paragraph 32 of his decision, the HO stated that though the website 1AWAYS was created as early as summer 2006 and Jemmott had traded to some extent under the name 1AWAYS, the evidence was not sufficient to show that she had goodwill in the name such that the first requirement of the law of passing off could be made out. Quoting the decision in *Hart v Relentless Records* ([2002] EWHC 1984 (Ch)), the HO stated that any goodwill must be of “more than a trivial nature”, and the evidence simply did not demonstrate that Jemmott had acquired a protectable goodwill in the sign 1AWAYS at the relevant date. Without the goodwill, there could be no misrepresentation or damage and the opposition should fail.

## AP appeal

Jemmott appealed to the Appointed Person (AP), but failed to attend the hearing in person. Therefore, the AP

only had Jemmott’s grounds of appeal to consider.

Jemmott claimed her promotional activities and use of the sign 1AWAYS had not been given due consideration by the HO. However, while this was an apparent criticism of the HO’s assessment of Jemmott’s evidence, the appeal statement of grounds lacked any valid criticism of the HO’s conclusions. The AP held that the HO had analysed the evidence and had not made any material error or error of principle in reaching his conclusions.

Further, though the evidence showed that Jemmott had taken steps to raise awareness of her use of 1AWAYS, the evidence did not show any sales under the sign. More importantly, in the appeal statement of grounds, Jemmott added a claim that she had incurred promotional costs of more than £31,000. This had not been reflected in the evidence during the opposition proceedings, and the AP was loathe to allow her to add such evidence into the appeal, especially as Jemmott had made no application to include additional evidence, or explained why this new evidence should be allowed on appeal. Ultimately, the AP held that the claim amounted to a bare assertion, unsupported by documentary evidence.

The AP also felt that there was doubt whether the claimed expenditure was relevant, as it was not clear that it had been made before 16 November 2009. Jemmott’s claims referred to promotional giveaways “to date”, which implied these included giveaways right up to the date Jemmott’s statement of grounds was filed. In addition, the figure specified was higher than the £420 promotional

costs submitted by Jemmott during the opposition proceedings.

Other grounds claimed by Jemmott included an increased volume of sales during 2010/2011, but the AP felt these were irrelevant, occurring after the relevant date, and could not support a claim that she had goodwill in the 1AWAYS sign on 16 November 2009.

The AP dismissed the appeal in its entirety. No evidence had been presented that supported Jemmott’s grounds of appeal and neither was there anything in the HO’s decision that led the AP to believe that the HO was wrong to reach the conclusion he did.

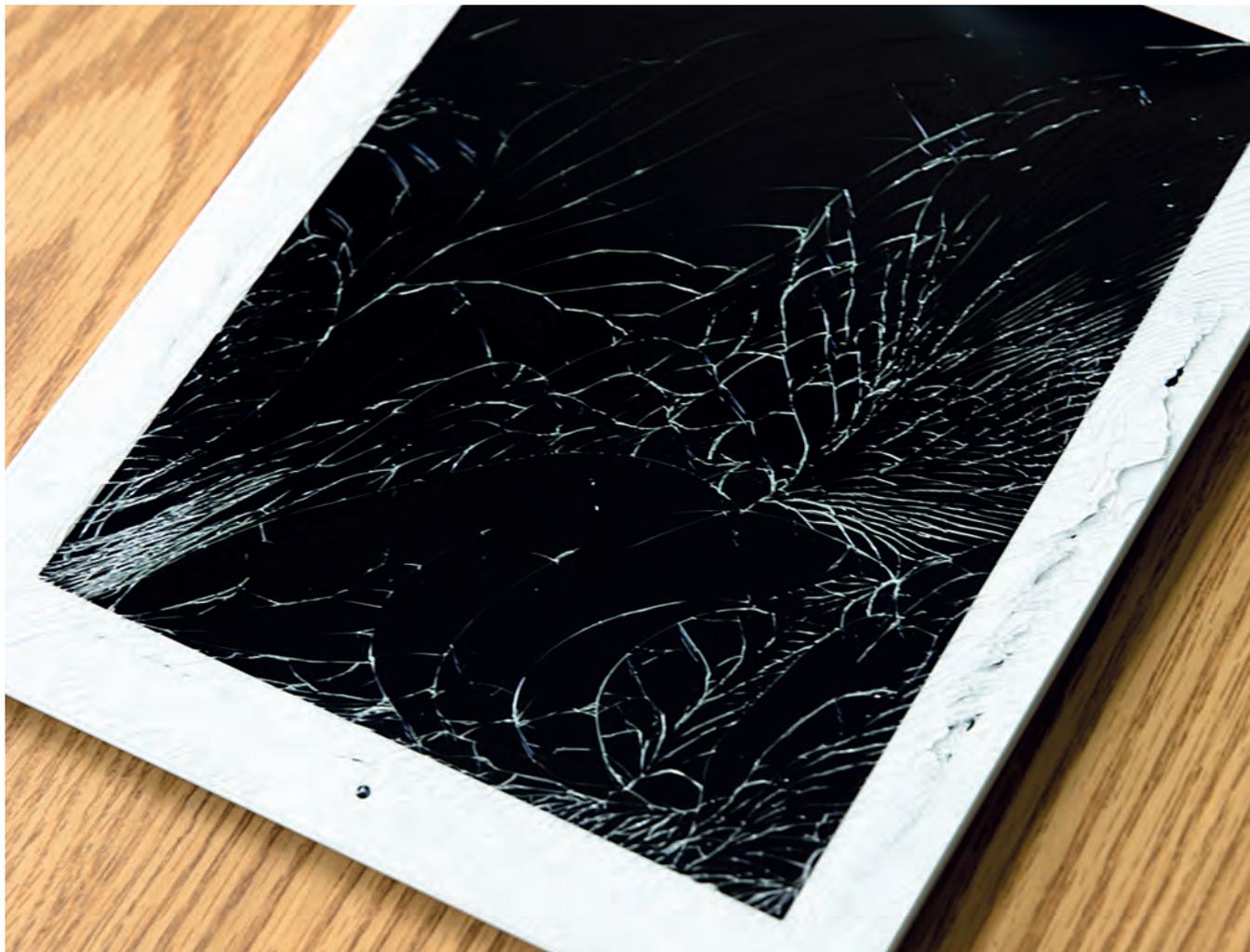
The case demonstrates the difficulties of succeeding in an opposition on the basis of section 5(4)(a) and unregistered rights. Merely using the sign does not automatically mean you will be able to prevent the use or registration of a later trade mark. You must be able to unequivocally demonstrate your

goodwill in the sign, and the goodwill must be present before the relevant date.

One wonders whether the result would have been the same if Jemmott had filed a trade mark application for the 1AWAYS sign when she began using it in 2006. ■



**Case in point:** [2012] EWHC 1882 (Pat), Samsung Electronics (UK) Limited v Apple Inc, HHJ Birss QC (sitting as a Judge of the High Court), 9 July 2012



## A bitter tablet to swallow

Martin Noble of Shakespeares reflects on Apple's failure in the UK High Court to stop rival Samsung with its iPad-registered designs

Substantive design cases seem like buses: none for a while, then several turn up at once. HHJ Birss QC has been busy, not only with the Apple decision in the High Court in July 2012, but also the Gimex case in the Patents County Court in the same month.<sup>1</sup> But Apple's failure in this case will no doubt bring back the memories of Dyson's similar fate against Vax<sup>2</sup> and the last substantive Registered Community Design case in the UK, when Procter & Gamble's

Air Wick design did not catch the alleged infringer.<sup>3</sup>

### Background

Samsung took the initiative in this case by issuing proceedings for a declaration of non-infringement in respect of Apple's Registered Community Design No 000181607-0001 (the RCD). Apple counterclaimed for infringement.

The validity of the RCD was already in issue before OHIM and therefore Article 91(1) of Council Regulation

(EC) No 6/2002 required the counterclaim for infringement to be stayed unless there were "special circumstances" allowing it to proceed. Having been undecided before the Court of Appeal, HHJ Birss dealt with this issue swiftly at trial. He held that Apple would suffer an injustice if the Samsung tablets were found to infringe while having to wait for relief pending the outcome of the OHIM proceedings – so the counterclaim was not stayed.

These were not the only proceedings in which the RCD was in issue. Samsung won at the preliminary stage in the Netherlands and Germany. HHJ Birss disagreed with these courts' views on the interpretation of some of the prior art and therefore placed no reliance on their decisions in this case. Notably, the German court granted an injunction based on German unfair competition law. It is also understood that in the US there is a preliminary injunction under the American design against Samsung. This UK High Court decision is the first Community substantive decision on infringement of the RCD.

### The designs and products

Most consumers will recognise Apple's iPad, but the product itself is irrelevant for these purposes; it is the design as registered that has to be compared with the Samsung products. An example set of comparisons is shown on this page.

There was an issue over the use of dotted lines in the RCD. For example, the dotted lines creating a border around the edge of the screen (front view) were held to show an edge under the glass that was visible at all times (see also Case T 68/10 Sphere Time v OHIM, Punch SAS, General Court (Fourth Chamber), 14 June 2011, where the use of dotted lines was also debated).

### Judge's approach

This case reinforces the approach to infringement in design cases, which provides a useful structure for practitioners. The informed user must be identified, the existing design corpus must be established and then the differences and similarities between the RCD and the alleged infringement must be weighed up.

Although infringement depends on the overall impression produced on the informed user, the registered design is still broken down into separate features. Any exclusions must also be disregarded (such as the technical function exclusion under Article 8(i) of the Community Design Regulations). Each feature is also considered against the design corpus and given due weight according to the level of

design freedom. HHJ Birss stated that "Community design infringement cases are supposed to be simple", although he did not criticise the parties for their lengthy written submissions. It turns out that his judgment was "much longer than should be necessary" (perhaps because of its commercial importance).

### User and design corpus

Several well-thumbed European decisions were relied on to restate that the informed user was "particularly observant"; a user, but not a designer. In this case, the informed user was a user of handheld (tablet) computers.

HHJ Birss made it clear that while function was important to the informed user, in this case they would be interested in how a product looks (the technology took a back seat). He also held that the informed user would compare products side by side and that attention to detail matters – principles that will ultimately narrow the protection afforded by an RCD.

Samsung's case was that 51 designs made up the design corpus when the RCD was applied for in May 2004, including an Etch A Sketch. The judge commented that he would be surprised if the design corpus included this. However, no issue arose in this case over the design corpus alleged by Samsung, but there was disagreement about the interpretation of some of the designs (not dealt with here).

### Features and function

To assist the court, there was expert evidence on design freedom and whether particular features were solely dictated by technical function (even though validity was not being determined).

These seven features were considered:

- i) A rectangular, biaxially symmetrical slab with four evenly, slightly rounded corners: as to the first element, the judge found that the designer had a fair degree of design freedom, but when it came to the degree of corner rounding their freedom was limited. All of the Samsung tablets in issue were held to be virtually identical to the RCD for this feature, but its significance was reduced by the fact

that the design corpus contained similar features.

- ii) A flat transparent surface without any ornamentation covering the entire face of the device up to the rim: the judge found this feature to be less common than feature (i) in the design corpus, and that the Samsung tablets were nearly the same. The small amount of ornamentation on the Samsung tablets reduced the significance of this feature.
- iii) A very thin rim of constant width, surrounding and flush with the front



1. *Gimex International Groupe Import Export v The Chill Bag Company Limited and others* [2012] EWPC 31, HHJ Birss QC, 20 July 2012

2. *Dyson Limited v Vax Limited* [2010] EWHC 1923 (Pat), Arnold J, 29 July 2010

3. *Procter & Gamble Company v Reckitt Benckiser (UK) Limited* [2007] EWCA Civ 936, Court of Appeal, 10 October 2007

transparent surface: the judge found that there was significant design freedom, both from the expert evidence and from the design corpus. The availability of identical designs in the design corpus reduced the overall significance of the identity between the RCD and the Samsung tablets.

- iv) A rectangular display screen surrounded by a plain border of generally constant width centred beneath the transparent surface: the judge held that there was limited design freedom as such devices needed a border of some sort. However, he found that this was a common feature in the design corpus. He found some identity between this feature and the Samsung tablets that was not influenced by a limit on the designer's freedom, but the overall effect of this was reduced due to it being common in the design corpus.
- v) A substantially flat rear surface that curves upwards at the sides and comes to meet the front surface as a crisp outer edge: the judge found that there was a serious limitation on design freedom in respect of the flat rear surface, but the second element was found to be purely aesthetic. The Samsung tablets were held to be "members of the same familiar class".
- vi) A thin profile, the impression of which is emphasised by (v) above: here Apple submitted that the advances in technology meant that the informed user would attract less weight to the thinner profile of the Samsung tablets. The judge rejected this argument on the basis that it was always a trade-off between function and aesthetics, but also to avoid the scope of protection of the RCD from expanding as technology advanced. The judge found that the thinness of the Samsung would have been important to the informed user.
- vii) Overall, a design of extreme simplicity, without features that specify orientation: the judge held that there was no design constraint, given the number of "busy designs" in the design corpus. The fronts of the Samsung tablets were not as simple as the RCD but the judge found that the

'The judge admitted he was struck by how similar the Samsung products were to the RCD (Apple's Registered Community Design). But the common elements appeared less significant when also seen in the "kindred prior art"

back of them would be unusual to the informed user. However, the fact that the unusual elements appeared on the back was held to reduce their significance (see also Shenzen<sup>4</sup> on this point). The judge did accept that the front is important but should not be overemphasised as the informed user would pick up these devices and look at the back.

### Overall impression

The judge found that the "extreme simplicity of the Apple design is striking" and it was an object the informed user would want to pick up and hold. He also said: "It is an understated, smooth and simple product. It is a cool design."

Despite the similarities between the RCD and the Samsung tablets, there were held to be two major differences, the most important being the thinness of the Samsung tablets, followed by the detail on the back. The judge admitted he was struck by how similar the Samsung products were to the RCD when he first saw them because of the similar front screen design. However, the common elements appeared less significant when also seen in the "kindred prior art". So he held that while the Samsung tablets belong to the same family as the RCD, "they are not as cool" and (therefore!) do not infringe. This almost follows the comparison that vexed Dyson: the Vax designs being "rugged, angular and industrial, even somewhat brutal" when compared to the registered design, which was "smooth, curving and elegant".

### Where now?

This case clearly shows the importance of looking carefully at the prior art and the relatively high level of attention to detail attributed to the informed user.

Recent research published by the UK IPO says that "the design community considers the law expensive and unpredictable",<sup>5</sup> and highlights a mismatch between users of the court

and the court as to the scope of protection expected for designs. Rights-holders expect more, particularly for new products. It will always seem worse for them when the design is for a product that also incorporates ground-breaking technology – the courts are doing a good job at divorcing themselves from such prejudices.

In a follow-up decision in this case, [2012] EWHC 2049 (Pat), 18 July 2012, HHJ Birss handed down a declaration of non-infringement but refused to grant an injunction in favour of Samsung to stop Apple from making untrue assertions regarding infringement. The judge accounted for the fact Apple had been given permission to appeal and would need to positively assert a case for infringement. Samsung did, however, obtain an order that Apple should publicise the judgment on its UK website for six months, using the court's powers under section 37 of the Senior Courts Act (incorporating Article 15 of the Enforcement Directive). This was interesting, though unsurprising, as it is normally the rights-holder that seeks this when obtaining an injunction against an alleged infringer. ■

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4. T-153/08, Shenzhen Taiden Industrial Co Limited v OHIM, intervener Bosch Security Systems BV, European General Court (Second Chamber), 22 June 2010

5. 'The Development of Design Law – Past and Future', published by the IPO, 24 July 2012

**Case in point:** [2012] EWHC 1842 (Ch), Starbucks (UK) Ltd v British Sky Broadcasting Group plc and others, 29 June 2012

# Now, not later, for Sky

Chris Hoole of Walker Morris explains why Starbucks was successful in speeding its CTM case into court

Like many, my commute consists of leafing through the paper and checking Twitter updates. One August morning, one advertiser bombarded me in both mediums. Sky was promoting its new internet TV and film service, Now TV. Beneath the marketing, however, court proceedings were under way, including the case I'll address here.

## Back story

On 22 June 2005, Starbucks (UK) Limited ("Starbucks") filed Community Trade Mark application number 4504891 for the figurative mark shown below left for, *inter alia*, "telecommunication services... telecommunication of information (web pages), computer programs and data" in classes 9, 35, 38, 41 and 42. The mark ("the CTM") was registered on 17 September 2008.

In March this year, British Sky Broadcasting Group plc ("Sky") announced its new pay-as-you-go and subscription internet TV and film service. Soon after this, on 27 March, PCCW Group, the Hong Kong-based parent company of Starbucks, sent a letter before action to Sky alleging infringement of the CTM. Sky requested additional time and a further eight days was agreed.

On the day of the deadline, Sky replied. Among its arguments, it informed Starbucks that it had applied, that same day, to invalidate the CTM. As a result, Sky had "seized" the OHIM's jurisdiction first under Article 104(1), which states that: "A Community Trade Mark court hearing an action referred to in Article 96 [actions of infringement and validity],

other than an action for a declaration of non-infringement shall, unless there are special grounds for continuing the hearing... stay the proceedings where the validity of the Community Trade Mark is already in issue before another Community Trade Mark court..."

On 19 April 2012 Starbucks filed the claim form and particulars of claim in the High Court and, in light of the invalidity proceedings, applied for an expedited trial against Sky. Sky sought to stay proceedings under Article 104(1).

## Special grounds

In Starbucks' view, Article 104(1) could have severe ramifications. Validity claims can take close to a decade to resolve. In view of this, Starbucks relied on the following, which it contended amounted to "special grounds" under Article 104(1):

- 1) Sky began OHIM proceedings only after receipt of Starbucks' letter before action and after requesting an extension of time.
- 2) The passing-off claim, which, Starbucks contested, created evidential overlap between the claims, so, although it could continue irrespective of Article 104, it would be desirable to try the matters concurrently.
- 3) The Court is the correct forum to resolve issues of both infringement and invalidity, including passing off, which cannot be brought before OHIM.
- 4) The case is suitable for expedition, which, if granted, would bring trial forward to early 2013.

## Judgment

Without any definition of "special grounds" in the Community Trade Mark Regulation, it was open for Arnold J, on the facts and the dearth of precedence

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before him, to interpret this exemption. He held that Starbucks' arguments did constitute "special grounds" under Article 104(1) and refused the stay. He emphasised that Sky's OHIM application, instituted only in "direct response" to the letter before action and only after Starbucks agreed to an extension, would delay resolution of Starbucks' claim. In the circumstances, and in view of the conflict that affronted Arnold J, perhaps equity was a factor in this decision.

Arnold J then turned to the application for expedition. After considering factors including the imminent launch of Sky's service, the expedience with which Sky would accrue its own goodwill and the interests of consumers, it was easy to grant the application. This decision shows the limits of Article 104, which, although useful, must be balanced with an objective and cautious approach once litigation has been threatened. This logical and equitable interpretation of Article 104(1)'s special grounds is also a reminder to those launching new products of the need to be active at the outset, thorough in due diligence and creative in branding. ■



## Contested marks

The Starbucks mark



The Sky mark



# The end for THE ENID dispute

Case closed for a cult rock band, as the Court recognised the role of a founding member, says Mathew Healey of Bates Wells & Braithwaite

The Enid is a progressive rock band formed by Robert John Godfrey and other members in 1974. Godfrey created the name at the band's inception, and the logo shown below in 1997.

The band has released more than 20 studio albums and has a cult following. It has undergone numerous line-up changes, the only constant being Godfrey, who is the driving force and *de facto* leader. The band was run on a cooperative basis: when members left, they did so unencumbered of liabilities, but as a quid pro quo retained no claim over the band's assets.

In 2001, Godfrey made an agreement titled "Recording Heads of Agreement" with Palmer's company Adasam Limited, which allowed Adasam to manufacture, sell, licence and distribute recordings by The Enid. This was superseded in 2008 by the "Master Recording Buyout Agreement" ("MRBA") between Godfrey and Palmer's company Atlantic Motion Limited, which transferred rights in all recordings extant at that time to Atlantic Motion.

Both agreements provided Palmer's companies with the "exclusive right to use [Godfrey's] name(s), [and] 'professional name[s]' in connection with existing recordings". The MRBA also provided the same rights to Atlantic Motion Limited, as well as an assignment of "all original record artwork".

Around the time of signing the MRBA, there were exchanges between Godfrey and Palmer about Palmer registering the band's name as a trade mark. The parties' evidence is contradictory as to whether Palmer sought Godfrey's permission or whether

he simply indicated his intentions; it is clear that Godfrey conveyed that he was not happy for Palmer to do this.

In around 2009, the relationship between Godfrey and Palmer deteriorated. The reasons are not directly relevant, but seem to be connected with Godfrey reviving the band's activities around this time (both recording new material and playing live) and each party being dissatisfied with the way the other was addressing these developments.

Palmer applied to register a logo version of the mark THE ENID (which Godfrey had created in 1997) on 29 June 2009, for principally musical recordings, clothing and entertainment services in classes 9, 25 and 41. Godfrey applied to register the word mark THE ENID on 30 October 2009 for broadly equivalent goods and services. Godfrey opposed Palmer's application on 2 November 2009; Palmer cross-opposed Godfrey's in class 9 on 1 March 2010. The IPO consolidated the two sets of proceedings.

## Parties' pleadings

Godfrey opposed Palmer's application on the following grounds:

**Section 3(6)** – Godfrey argued that the band's name was synonymous with him. At no time during his relationship with Palmer had he conveyed that Palmer could apply to register the band's name and logo. In fact, he had specifically told him that he may not. Against this background, Palmer's application was made in bad faith.

**Section 5(4)(a)** – Godfrey argued that use of the THE ENID logo without his agreement would constitute passing off by Palmer. Therefore Palmer was not entitled to register the mark. This pleading relied on the claim that Godfrey possessed the relevant goodwill.

**Section 5(4)(b)** – Godfrey contended that he owned the logo's copyright and



that unauthorised use by Palmer would breach that copyright. Again, therefore, Palmer was not entitled to registration.

Palmer's opposition relied on the following grounds:

**Section 3(6)** – Palmer argued that the terms of the MRBA gave him the better interest in the name in connection with recordings. By contrast, Godfrey had never released music under the name THE ENID – all legitimate releases since 2001 had been via Palmer's companies. Therefore, Godfrey was not entitled to register the name for musical recordings.

**Section 5(2)(a)** – clearly, if Godfrey's opposition against Palmer failed, there was a strong argument that Godfrey's application should be refused in view of Palmer's earlier right.

Both parties filed counterstatements that, as far as "bad faith" was concerned, broadly mirrored the claims made in each party's "outgoing" opposition, namely that circumstances gave them the "better" claim to the band's name.

## The decision

The Hearing Officer found for Godfrey. His opposition to Palmer's application was successful and the cross-opposition was not. Godfrey's application was



successful and Palmer's was refused. The Hearing Officer's reasoning follows:

### Godfrey's opposition

#### > Section 3(6)

Much here turned on the interpretation of the agreements between the parties.

The Hearing Officer invoked Investors Compensation Scheme Limited v West Bromwich Building Society [1998] 1 WLR 896 and Anglo Continental Educational Group (GB) Limited v Capital Homes (Southern) Limited [2009] EWCA Civ 218 on the principles of interpreting agreements. These provide that the words in an agreement must be given their "natural and ordinary meaning", but that it is also valid to consider the surrounding circumstances, including what interpretation makes "business commonsense".

Palmer's evidence, and his comments under cross-examination, show that he appreciated that the agreement did not constitute a transfer of rights in the name, and merely gave him the right to use the name in relation to the recordings he had purchased – ie that all he possessed was a licence. Moreover, he understood that the agreement was not a transfer of the copyright in future recordings.

In addition, he plainly understood that a registration for the mark he had applied for could block Godfrey's use of the name for new material – he specifically mentioned that Godfrey would need a licence from him. Such a registration would deprive the band/Godfrey of its entitlement to the goodwill in its name. A reasonable and experienced person in the field would consider that to be an action falling short of the standard of acceptable commercial behaviour.

#### > Section 5(4)(b)

Godfrey was held to own copyright in the band's logo, which would be infringed by Palmer's use of the mark applied for. Again, interpretation of the

MRBA was important. While all "original record artwork" was assigned, this was distinct from the band's logo. Moreover, the "licence" clauses discussed above could not be seen as a transfer of rights in the logo. If the agreement had intended this, it would have said so.

#### > Section 5(4)(a)

Palmer questioned whether Godfrey possessed goodwill in the name separately from the band. However, the evidence filed showed that "Mr Godfrey is synonymous with The Enid". Moreover, the Hearing Officer commented that, even if Godfrey did not enjoy the prominent position in the band that he does, he would still have a proprietary interest in the name that could be enforced against Palmer.

Palmer appeared to believe that the goodwill in the name accrued to his company because it sold the band's recordings. However, the Hearing Officer found that, as the company's right to use the name was as a licensee, the goodwill remained with Godfrey, with whom the public associated the band's name. Godfrey would be entitled to prevent use of the name by Palmer without his permission under the law of passing off.

### Palmer's opposition

Largely as a result of the finding in the other opposition, Palmer's opposition against Godfrey's application was doomed to fail. The 5(2)(a) ground fell away with the refusal of his own application; his section 3(6) ground failed mainly on the basis that the MRBA did not give Palmer the rights and interest in the band's identity that he claimed. In addition, the allegation that Godfrey had never released recorded material under the name was untrue, as there were numerous releases before his relationship with Palmer. ■

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**Case in point:** C-149/11, Leno Merken BV v Hagelkruis Beheer BV, CJEU, Opinion of Advocate General Sharpston, 5 July 2012



## Single state uncertainty remains

This AG opinion on what constitutes a reputation for EU CTMs was far from definitive, as Bonita Trimmer of Wragge & Co LLP explains

In theory, the Community Trade Mark (CTM) is a unitary right granted under the directly effective Council Regulation (EC) No 207/2009 (“the CTM Regulation”) and is intended to provide protection across the 27 Member States of the European Union. However, how this works in practice is sometimes a vexed question.

For example, in the PAGO case (C-301/07) the Court of Justice of the European Union (CJEU) was asked to consider whether a mark is to be regarded as having a reputation in the Community if it has a reputation in a single Member State. The CJEU decided that, for a CTM to have a reputation in the Community (for the purposes of obtaining additional protection under

Article 9(i)(c) of the CTM Regulation) it must have a reputation in a substantial part of the territory of the Community (as an undivided whole). That substantial part may consist of the territory of a Member State or even a part of it.

The CJEU was more recently asked by The Hague (the Netherlands Regional Court of Appeal) to determine the extent of the territorial area in which a CTM must be used to satisfy the “genuine use” condition that it must fulfil to escape revocation five years after its registration (see below). In particular, it was asked whether it is sufficient to use the mark in the territory of a single Member State. Advocate General Sharpston has now given her opinion on how the CJEU should answer this question.

Article 15(i) of the CTM Regulation provides that a CTM is to be subject to revocation if, within five years of registration, it has not been put to “genuine use in the Community in connection with the goods or services in respect of which it is registered” (unless proper reasons for non-use exist).

This Article, in the Advocate General’s view, “aims to ensure that the register does not contain marks that obstruct, rather than improve, competition in the market place because they limit the range of signs which can be registered as trade marks by others, serve no commercial purpose and do not actually help to distinguish between goods or services in the relevant market and associate them with the proprietor of the mark”.

**‘What matters is the impact of the use in the EU’s internal market. Does it contribute to a commercially relevant presence of the goods and services in that market? If the answer is yes, “genuine use” has been made. If no, it hasn’t’**

## History

The Benelux Office for Intellectual Property rejected Leno Merken BV (“Leno”)’s opposition (based on its prior ONEL Community trade mark) and concluded that Hagelkruis Beheer BV (“Hagelkruis”) should be permitted to register OMEL as a Benelux trade mark. Leno appealed that decision to The Hague.

It was common ground between the parties before The Hague that:

- i) there is a likelihood of confusion on the part of the public between OMEL and ONEL; and
- ii) Leno had put ONEL to genuine use in the Netherlands.

The only disagreement concerned whether or not Leno was required to demonstrate genuine use of ONEL in more than a single Member State (ie the Netherlands) to be able to rely on its CTM to oppose Hagelkruis’s registration of OMEL. The Hague stayed the proceedings and referred several questions to the CJEU, the essence of which was: “Is use in one Member State enough for genuine use to have been made of a CTM?”

In fact, the Advocate General’s suggested answer is not terribly helpful or illuminating, since it can be paraphrased as “it might not be, but it might be; it all depends on the facts”.

## What matters?

First, it is clear that use of a CTM outside the territory of the 27 Member States cannot contribute to establishing that the mark has been put to genuine use in order to avoid the sanctions in the Regulation.

Second, the CJEU has already accepted in the Sunrider case (C-416/04 P, decided under the Trade Mark Directive, which harmonises national trade mark law, rather than the CTM Regulation) that “the territorial scope of the use is only one of the several factors to be taken into account in the determination of whether [such use] is genuine or not”.

The Advocate General was clear that:

- “Whether a CTM has been used in one Member State or several is irrelevant”;
- “The borders between Member States and the respective sizes of their territories are not pertinent”;
- “Whether [the use made] results in actual commercial success is not relevant.”

What matters is the impact of the use in the EU’s internal market. Is it sufficient to maintain or create market share in that market for the goods and services covered by the mark? Does it contribute to a commercially relevant presence of the goods and services in that market? If the answer is yes, “genuine use” has been made. If no, it hasn’t.

To answer these questions the national court must consider and assess:

- 1) the characteristics of the EU internal market (as a whole) for the particular goods and services involved (taking into account the fact that those features may change over time);
- 2) whether demand or supply in, or access to, parts of the EU internal market may be limited (for example due to language obstacles, transportation or investment costs, or consumer tastes and habits); and
- 3) whether use of the mark is made in a territory where the market is particularly concentrated.

## Iffy outcome

Although the Advocate General was careful to make it clear that the assessment described above was for the national court to make on a “case by case” basis, it is difficult not to detect an assumption that use in one Member State alone (however large) will rarely amount to genuine use.

For example, the Advocate General notes “it is also conceivable that local use of a CTM nonetheless produces effects on the internal market by, for example, ensuring that the goods are known – in a commercially relevant manner – by participants in a market that is larger than

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that corresponding to the territory where the mark is used”.

She also goes out of her way to stress that the CTM “was established for undertakings which want to deploy or continue activities on a Community level and wish to do so immediately or soon” and points out that if “use in a Member State was [found by a court to be] insufficient to constitute genuine use in the Community, it may still be possible to convert the CTM into a national trade mark...”

So perhaps the underlying answer to the core question “Is use in one Member State enough for genuine use to have been made of a Community Trade Mark?” is “probably not”. The reason for this view appears to be that by the end of five years you should normally be able to demonstrate evidence of your intention (when filing) to trade “on a Community level”. If you only intend to trade on a national level you should only apply for a national mark. We hope the CJEU’s judgment will be a little less opaque. ■

**Case in point:** [2012] EWHC 1929 (Ch), Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited, Arnold J, 17 July 2012

# Red Bull beats the BULLET

Intention plays an important part in this international case, writes Joanna Lucas Munce of Keltie



In 2000, Red Bull applied to extend its international registration number 715928 for BULLIT to the UK. The BULLIT mark was part of a series of BULL trade marks that Red Bull had applied to protect. At this stage, it appears that there was interest in using the BULL series in the future, probably in relation to energy drinks. However, there were no definite plans to produce a drink in the UK under any of the trade marks immediately following the filing of the applications.

The UK designation of Red Bull's international registration number 715928 was rejected on the basis of conflicts with earlier registrations, including a UK registration for BULLIT dated 31 May 1996 in the name of W&S Holding BV ("W&S") for BULLIT, covering various non-alcoholic drinks in class 32. As a result, the specification of Red Bull's application was limited to "beer".

Sun Mark Limited ("Sun Mark"), a company dealing in the import,

export and distribution of fast-moving consumer goods, first filed an application to register the BULLET trade mark on 8 September 2000. The application specified "health fruit drink; health fruit juice drink, still and carbonated" in class 32. The application proceeded to registration in December 2001.

In 2002, Red Bull, together with its marketing agency, further developed the idea of using the BULL series of trade marks (although there were still no plans to launch the BULL series imminently at this point). Red Bull then filed another round of applications for the marks in the series, including the BULLIT mark. An international registration was filed (number 790389) for BULLIT on 14 October 2002, which designated the UK. Unsurprisingly, the UK designation of this international registration was provisionally refused protection; the earlier registrations for BULLIT in the name of W&S and BULLET in

the name of Sun Mark were both cited as bars to registration. This provisional refusal ignited a prolonged dispute between Red Bull and Sun Mark.

## Tactics

Red Bull adopted various different tactics to overcome the provisional refusal, including making an (unsuccessful) approach for coexistence to Sun Mark, as well as an attempt to purchase Sun Mark's registration.

Ultimately, Red Bull overcame the provisional refusal as a result of the purchase of the business and trade mark registrations of W&S in connection with the BULLIT trade mark in June 2005. The W&S UK registration clearly had priority over Sun Mark's BULLET registration and the provisional refusal was waived accordingly.

In the meantime, however, Red Bull had filed another international registration for the BULLIT mark (number 824548) in classes 32, 33 and



43, which designated the UK, on 13 February 2004. Red Bull maintains that this international registration was filed to deal with concerns that the earlier international registration (number 790389) would be finally refused protection if Red Bull could not obtain further extensions of time to

**Decision in brief:** Red Bull successfully claimed infringement of its registrations for BULLIT and RED BULL on account of Sun Mark's use of BULLET in conjunction with the strapline "NO BULL IN THIS CAN". The Court found Red Bull held sufficient intention to use its trade mark BULLET that Sun Mark could not claim the BULLIT registrations were in bad faith and therefore invalid. The judgment provides guidance on what constitutes a genuine intention to use a trade mark to meet requirements of section 32(3), Trade Marks Act 1994.

'Sun Mark/SALF counterclaimed that Red Bull's two international registrations for BULLIT were invalid in the UK on the grounds that Red Bull applied for these registrations in bad faith, with no genuine intention to use the trade mark in the UK'

deal with the provisional refusal while it approached Sun Mark and W&S. This international registration was also provisionally refused protection, but this was overcome following the acquisition of the W&S registration, as outlined above.

Following the acquisition of the W&S BULLIT business and associated trade mark registrations, Red Bull commenced the manufacture and sale of a BULLIT energy drink in the Netherlands in 2005 (the product was subsequently launched in Russia in 2006, Poland in 2007, Ukraine in 2008 and the UK in 2010).

Around this time, following an unsuccessful attempt to persuade Sun Mark to withdraw its BULLET registration in the UK on account of Red Bull's ownership of the BULLIT registration (acquired from W&S), Red Bull filed an application for a declaration of invalidity in respect of Sun Mark's UK Registration for BULLET, as well as an opposition against its recently filed Community Trade Mark (CTM) application for the BULLET mark. Both actions were decided in Red Bull's favour in 2008.

Red Bull sent Sun Mark a cease and desist letter in 2007. However, there was some confusion as to the extent to which Sun Mark was actually using the BULLET mark in the UK and Red Bull did not commence infringement proceedings until 2010, following investigations that revealed use of the BULLET mark in conjunction with the strapline NO BULL IN THIS CAN.

### The claims

Red Bull claimed infringement of its international registrations 790389 and



The contested Sun Mark/SALF marks

824548 for BULLIT under section 10(2) (b) of the Trade Marks Act 1994 ("the Act") through use of the sign BULLET in relation to an energy drink by Sun Mark and Sea Air & Land Forwarding Limited ("SALF"). It also claimed infringement of a CTM Registration for RED BULL under Article 9(i)(c) Council Regulation 207/2009/EC by use of the strapline "NO BULL IN THIS CAN."

Sun Mark/SALF counterclaimed that the two international registrations for BULLIT were invalid in the UK on the grounds that Red Bull applied for these registrations in bad faith, with no genuine intention to use the trade mark in the UK.

Sun Mark/SALF argued that the adoption of the BULLIT mark by Red Bull in the UK started well after the dates that the UK was designated from international registrations 790389 and 824548 (following the acquisition of the W&S business), and that, at the relevant dates, Red Bull had no concrete and present intention to adopt the trade mark BULLIT for beverages.

### The decision

Arnold J held that the trade mark BULLIT and the BULLET ▶

**'Arnold J agreed that a "possible or contingent intention to use [a] mark at some future date may suffice" to defeat an allegation of bad faith. Whether it does depends on the circumstances of the case'**

sign (in both plain type and in the form of the logo shown on page 35) were visually, aurally and conceptually very similar. Bearing in mind identical goods, he found there would be a clear likelihood of confusion. Red Bull's claim under section 10(2)(b) therefore succeeded.

Further, Arnold J found in favour of Red Bull in respect of the claim of infringement of its CTM registration for RED BULL under Article 9(1)(c). In this respect, he held that Sun Mark/SALF had intentionally adopted the sign BULL in the strapline "NO BULL IN THIS CAN" to call to mind the RED BULL trade mark. The use of the strapline was akin to saying "Here is an energy drink which is as good as the famous RED BULL drink, with which you are familiar, but cheaper". As such, the strapline was held to take unfair advantage of Red Bull's reputation in its RED BULL trade mark.

The most interesting part of the decision from a UK practitioner's perspective is likely to be the discussion of Red Bull's intentions when filing its international registrations and the guidance provided on the level of intent required to satisfy section 32(3) of the Act.

Red Bull argued that the fact that it had gone to substantial trouble and effort to clear the way for its BULLIT registrations, including either acquiring or invalidating conflicting prior rights, demonstrated its genuine intention to use the BULLIT mark in the UK at the relevant dates.

While it had no definite plans to launch a BULLIT drink in the UK at the filing dates of its international registrations, such use was at least contemplated at these dates. This contemplated use was contingent on dealing with potential conflicts and obtaining a registration for the mark.

Arnold J agreed that a "possible or contingent intention to use [a] mark at some future date may suffice" to defeat an allegation of bad faith. Whether it does depends on the circumstances of the case.

In the present circumstances, he felt that the trouble that Red Bull had gone to in order to obtain protection for the BULLIT mark in the UK (as well as other factors such as the sum spent on acquiring the W&S business and trade marks and the marketing of the BULLIT energy drink in other countries) did suggest that Red Bull had a concrete intention to use the trade mark in countries including the UK at some point, but not necessarily by February 2004 (the date of the UK designation of international registration number 824548).

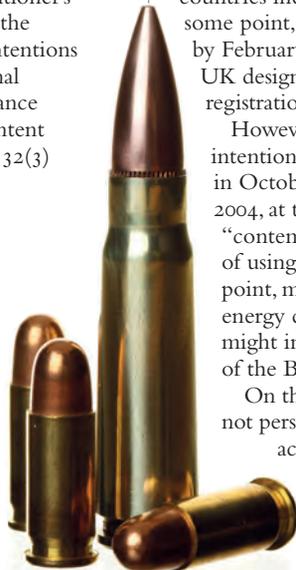
However, even if no concrete intention to use the mark existed in October 2002 and February 2004, at these dates Red Bull had "contemplated the possibility of using the mark at some future point, most likely in relation to energy drinks, in countries which might include the UK", as part of the BULL series.

On that basis, Arnold J was not persuaded that Red Bull had acted in bad faith when applying for protection of its international registrations 790389 and 824548 in the UK.

In his view, Red Bull's contemplated future use was sufficient for it to be able to claim in good faith that it intended to use the mark at least in relation to energy drinks. Accordingly, the counterclaim failed.

The decision on the counterclaim is currently under appeal.

The decision provides a thorough analysis of the principles to be applied when considering bad faith and, in particular, bad faith as a result of a lack of a genuine intention to use a mark at the date of filing an application. There was also discussion of the extent to which section 32(3) of the Act is compatible with the European Parliament and Council Directive 2008/95/EC, although Arnold J declined to make a reference to the CJEU on this point, bearing in mind that Red Bull was found not to have acted in bad faith at all. However, in light of the appeal, the question may arise again. ■



#### ABOUT THE AUTHOR

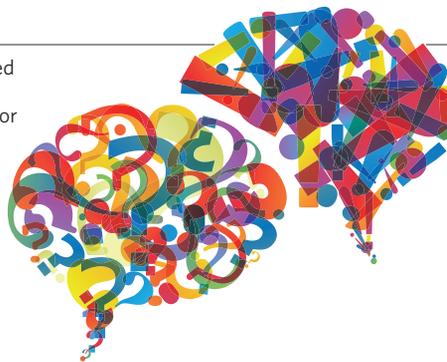


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**Case in point:** O/255/12, Mood Clothing Concessions Limited (PREVIEW) v Peek & Cloppenburg KG and CBM Creative Brands Marken GmbH (REVIEW), Appointed Person Professor Ruth Annand, 19 June 2012



# Rules row

Was the HO too prescriptive when it considered conceptual counteraction in this case? Roberto Pescador of SJ Berwin LLP has the answer

The Appointed Person (AP) has upheld the Hearing Officer's (HO) decision that there was no likelihood of confusion between the applied-for mark PREVIEW and the earlier marks REVIEW and REVIEW (figurative), all in class 25. The decision confirms that while criticism may be made of "matters of expression", the AP will not interfere with an HO's decision unless there is an error of principle or the decision is clearly wrong.

Leading up to this decision, the HO had dismissed a joint opposition by Peek & Cloppenburg KG and CBM Creative Brands Marken GmbH (the Opponent) against an application for PREVIEW in the name of Mood Clothing Concessions Limited. The Opponent relied on the earlier marks REVIEW and REVIEW (figurative), covering identical goods.

The HO held that, in spite of six out of seven characters being identical, the letter P at the beginning of the applied-for trade mark was sufficient to create a difference both phonetically and visually since "it is... a rule of thumb that the beginnings of words are more important, in considering similarity, than the ends. In this case, there is no reason that the rule of thumb should not apply". Further, the respective marks had clear different meanings and, while the HO noted that "conceptual difference does not always trump visual and aural similarities", he concluded that the conceptual dissonance of the respective marks meant that there was no likelihood of confusion.

## The appeal

The Opponent's main grounds of appeal were that the HO had wrongly decided that, in the case of word marks, the rule of thumb that the beginning of marks are more important in the

comparison than the ends applied, and that he had misapplied the principle of conceptual counteraction.

In making her determination on this point, the AP referred to the General Court's (GC) decision in *Les Éditions Albert René v OHIM (OBELIX v MOBILIX, T-336/03)*, in which the Court had observed that the attention of a consumer is usually directed to the beginning of words. The AP pointed out that the GC had also recognised that this is not an invariable rule (*Spa Monopole v OHIM, T-438/07*). The Opponent argued that the HO had wrongly treated the GC's statement in OBELIX as a rule that had to be displaced in order not to apply, rather than an observation to be assessed in the particular circumstances of the case.

The AP agreed that the terminology used by the HO was "unfortunate", but stated that any criticism that could be made was limited to a matter of expression.

In particular, after considering the context in which the expression "rule of thumb" was used, the AP decided that the HO merely sought to express the GC's points about the importance of the beginning of the words. In the circumstances, the HO was entitled to find that the letter P would not go unnoticed by the average consumer and would create sufficient dissimilarities between the marks.

## Conceptual counteraction

The Opponent's main ground of appeal was that the HO had applied conceptual counteraction mechanistically, and had attached undue importance to the conceptual aspect in the global appreciation of likelihood of confusion.

The HO had cited the GC's decision in *Phillips-Van Heusen Corp v OHIM (T-292/01)*, where it had decided that the conceptual differences were such

that they counteracted, to a large extent, the visual and aural similarities. The HO noted that conceptual differences do not always trump visual and aural similarities, but in this case held that there were clear different conceptual meanings that outweighed the visual and phonetic similarities.

The AP again criticised the HO's terminology but decided that the HO had not treated conceptual counteraction as an inevitable rule or afforded it undue prominence. Rather, the HO had applied the test correctly and, after considering all aspects of the case, decided that the balance was in favour of the differences between the respective marks and there was no likelihood of confusion.

Accordingly, as the HO had not made any errors of principle, the AP concluded that she should not interfere with the HO's decision. ■

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**Case in point:** C-311/11, Smart Technologies ULC v OHIM, CJEU, 12 July 2012. Based on a German-language judgment

# Special slogan not special enough

Promotional phrases are at issue once again, as Kate Swaine of Wragge & Co LLP reports

Smart Technologies filed a Community Trade Mark (CTM) application for WIR MACHEN DAS BESONDERE EINFACH (which translates as “we make special (things) simple”) in relation to goods in class 9 including “computerised systems for capturing coordinate inputs, namely graphics, script, drawings and gestures, for interaction with a computer generated display utilising a pen, stylus, finger or hand”. The application was rejected on the basis that it lacked distinctive character as required by Article 7(1) of Council Regulation (EC) No 40/94 (“the CTM Regulation”).

Smart Technologies appealed the decision to the General Court. The General Court, in dismissing the appeal, concluded that a mark for an advertising slogan must be treated as devoid of distinctive character if it is likely to serve purely as a “promotional formula” and not serve as an indication of origin.

The standard nature of the German words, lack of wordplay or variation of syntax or grammar did not confer a distinctive character on the mark. The fact that the mark contained the word WIR (we) did not render it an indication of the commercial origin of the goods or services applied for. Smart Technologies appealed to the CJEU.

## Appeal grounds

The appeal was based on the following grounds:

### Decision in brief

The Court of Justice of the European Union summarised the approach to assessing the distinctiveness of trade marks, particularly advertising slogans. It confirmed that promotional formulas can indicate trade origin and are not

- 1) the General Court wrongly applied the CJEU’s criteria for assessing the distinctive character of an advertising slogan, as set out in *Audi v OHIM* (C-398/08), by restricting itself to an evaluation of whether the mark would be perceived as a promotional formula;
- 2) the General Court wrongly found that it is more difficult legally to establish distinctiveness in relation to advertising slogans;
- 3) a lower level of distinctiveness should be applied to the mark because the relevant public in question is specialised and has a “level of attention and knowledge [which] is higher than that of the average consumer”; and
- 4) the General Court was wrong to agree with the Board of Appeal that consumers do not place trade mark value on advertising claims.

## CJEU findings

The Court began by reiterating the evaluation that must be made in relation to distinctiveness. The mark must be able to identify the product for which registration is sought as originating from a particular undertaking. The assessment of distinctiveness must be made by reference to the goods and or services for which registration is sought and by the relevant public’s perception of the mark.

The Court noted that marks that are also used as “advertising slogans, indications of quality or incitements to purchase” are not excluded from

subject to any more stringent legal test for distinctiveness than other marks. However, it did acknowledge that factually it may be more difficult to prove distinctiveness for some types of marks, such as advertising slogans or shape marks.



registration and are not subject to harsher criteria for distinctiveness than other signs (*Audi v OHIM* and *OHIM v Erpo Möbelwerk* C-64/02P). The Court acknowledged that the public’s potentially differing perception of such marks may make distinctiveness more difficult to establish. Yet, at the same time, it stated that the fact that a mark may be perceived as a promotional formula, or have a laudatory connotation, does not in itself render it devoid of distinctive character.

‘The Court in Smart Technologies noted that marks that are also used as “advertising slogans, indications of quality or incitements to purchase” are not excluded from registration and are not subject to harsher criteria for distinctiveness than other signs’

General Court had treated slogans as a subcategory or a separate category from word marks. The General Court had rightly concluded that it would be inappropriate to apply stricter criteria for distinctiveness to slogans than to more straightforward word marks.

With regard to the relevant public, the General Court held that this was made up of “German speakers who are specialists in the computer field and whose level of knowledge in the area is greater than that of the general public”. However, the CJEU found that the specialist nature of the relevant public did not allow for a different assessment of distinctive character.

In any event, the perception and approach of the relevant public concerns appraisals of fact for which the General Court has exclusive jurisdiction to assess the evidence. The CJEU may interfere with that assessment only if there is a distortion of the facts or evidence. As there was no evidence that any distortion had taken place, those

elements of the appeal that related to the General Court’s finding of facts were rejected and the appeal was dismissed.

### Failed function

The decision rightly confirms that a mark can, in some circumstances, function both as a promotional formula and as an indication of origin. The mark in question, however, was rejected because of its failure to meet the latter requirement rather than an ability to function as the former.

The factual challenge of the relevant public’s perception of slogan marks in satisfying distinctiveness remains. In light of the earlier “Have a break” case – *Société des Produits Nestlé SA v Mars UK Limited* (C-353/03), in which the combination with the phrase “Have a KitKat” was judged to make a crucial link to its trade origin – however, it is arguable that distinctiveness is more likely to be achieved where use of the slogan has been in conjunction with a registered trade mark. ■

Against these observations, the CJEU concluded that the General Court had not misapplied the criteria set out in *Audi v OHIM*. In its view, the Court had correctly considered whether the relevant public perceived the mark as an indication of the commercial origin of the goods to which the mark was to be applied and not simply as a promotional formula.

The CJEU did not accept Smart Technologies’ argument that the

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**Case in point:** DRS 11271, DCM (Optical Holdings) Limited v Sasha Rodoy, 3 August 2012; DRS 10948, Gillingham Football Club Limited v Alan Liptrott (Gills Supporters Club), 8 June 2012; DRS 10802, Barclays plc v Martin Sayers, 12 April 2012



## Fair use or abuse?

Geoff Weller of Ipulse reviews recent DRS decisions that show how the balance is being struck on free speech

This article looks at three domain complaints, two successful and one not, under the Nominet Dispute Resolution Service (DRS) from the past few months, all of which involved domains linked to criticism sites: [opticaexpressruinedmylife.co.uk](http://opticaexpressruinedmylife.co.uk), [gillinghamfc.co.uk](http://gillinghamfc.co.uk) and [mybarclays.co.uk](http://mybarclays.co.uk).

Under the DRS system a complainant needs to convince the expert making the decision, on the balance of probabilities, that it has rights in a name or mark that is identical or similar to the domain name and also that the domain name, in the hands of the owner, is an abusive registration.

A domain registration is considered to be abusive if:

i) at the time of registration or acquisition it took unfair advantage of or was

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

The DRS Policy gives a non-exhaustive list of factors that speak for and against a registration being abusive. One of the factors against is if the owner has "made legitimate non-commercial or fair use of the domain name" and, of particular relevance to these cases, the policy expressly notes that "fair use may include sites operated solely in tribute to or in criticism of a person or business".

In all of these cases the ownership of appropriate rights (trade mark registrations or passing-off rights) by the complainants that were similar to the domains was uncontentious and the

cases hung on whether these were abusive registrations.

### Positive view

In the DCM (Optical Holdings) Limited case, the Complainant – who used the brand OPTICAL EXPRESS in relation to its clinics that offered, *inter alia*, laser eye surgery – argued the domain [opticaexpressruinedmylife.co.uk](http://opticaexpressruinedmylife.co.uk) (which was run by an individual to publicise her complaints and concerns and those of others) was abusive because of a range of factors. These included that the domain was in and of itself defamatory. As is often the case in complaints where areas of law outside the core are raised, the expert felt the complex tort of defamation, which would usually require significant assessment of evidence, was beyond

**'The expert noted that the effect of the criticism part of the policy is not to absolve a tribute or criticism site from being an abusive registration, but to enable its use to be considered as possibly fair if other necessary conditions of fairness are met'**

the scope of the DRS, so he confined his decision to the other factors.

He felt the statement in the domain was an opinion (albeit critical) and not intrinsically unfair. He also felt that no viewer seeing the domain would believe that it was associated with, or endorsed by, the business whose trade mark is mentioned, and that web users are accustomed to such criticism sites and would not be confused. In the expert's view, such a situation amounts to fair use of the mark for critical purposes. He also discussed the balance that must be struck in respect of managing public criticism and quoted from other decisions, which held that domains may well be detrimental to the rights of the business but that this was not necessarily unfair. He was similarly not persuaded by the remainder of the Complainant's arguments, and in conclusion found there was no abusive registration. As such, no action needed to be taken in relation to the complaint.

### Fan furore

Gillingham Football Club, which had rights in GILLINGHAM FC, felt the domain gillinghamfc.co.uk was abusive. This domain was owned by an individual (a fan) and simply contained a banner and a link to a separate "Gills Connect" site (Gills being the nickname of the football team). The facts were that there were disputes between individuals at the Club and the fan concerned, and that the Gills Connect site aired criticism. There were also similarities in the presentation of the Gills Connect site and the official Club site (gillinghamfootballclub.com), yet neither site offered an indication at that time of whether they had official status.

The expert felt casual visitors would be confused on entering the gillinghamfc.co.uk site and believe they had come to the club's official site. Regarding the criticism, the club clearly

did not like the critical content of the Gills Connect site and also argued the domain was being used to funnel people to the critical site. While the expert seemed to have no serious problem with what he felt was a pretty common type of fan site, he did feel that the only real rationale for the domain name's use was to capture the attention of those searching for the club and then direct them to a separate website not authorised by it. As such, he felt the use of the domain name did not constitute fair use. He noted that if the domain name were to be transferred to the club, it would make no difference to the Gills Connect website, which would still exist.

He concluded that, as the domain was being used in a way that was likely to confuse people into believing that the domain name was registered to, operated or authorised by, or otherwise connected with the Complainant, it was abusive, and he ordered it to be transferred.

### Disruptive domain

In the final case, the high street staple Barclays, which has rights in BARCLAYS, felt that the domain mybarclays.co.uk was abusive. The owner of the domain argued that he had legitimately registered it for the purpose of producing a moderated forum within which to allow the general public to air their complaints or otherwise about the bank, of which he himself expresses certain criticisms.

The facts suggested otherwise. Until the complaint was filed the domain had simply been parked and had no content – critical or otherwise. The fair use defence was systematically whittled away. The expert noted that the effect of the criticism part of the policy is not to absolve a tribute or criticism site from being an abusive registration, but to enable its use to be considered as possibly fair if other necessary conditions of fairness are met.

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Geoff is experienced in filing and prosecuting trade mark applications in the UK and internationally, as well as in handling contentious matters.

Here, in particular, he found the style of the site portrayed every indication of being an authentic Barclays banking website and displayed no indication that it was set up by an external entity, intended as a tribute or criticism website, or that it had any other plausible function not associated with Barclays. He felt it probable that any use of the domain name, including its intended use as a tribute or criticism site, would cause many internet users to be confused into thinking that it would offer an authentic service of Barclays. Thus, on the balance of probabilities, the domain name was registered primarily for the purpose of unfairly disrupting the business of the Complainant, whether by the operation of a conflicting website or otherwise, and thus it was abusive and he ordered it to be transferred.

### Conclusion

These three cases are of interest to practitioners in highlighting how criticism sites – which can clearly be of great concern to the rights-holder, but are also arguably valuable voices in a democracy – are handled under the Nominet DRS and how a balance is being struck between businesses, brands, critics and customers. ■

# ITMA events

More details can be found at [itma.org.uk](http://itma.org.uk)



Start wrapping your oranges  
for the ITMA Christmas  
events in December

Date	Event	Location	CPD Hrs
18 October	ITMA Webinar IP Translator Michael Edenborough QC, Serle Court		1
23 October	ITMA London Evening Meeting* Bribery Update Richard Goddard, BP plc	Royal College of Surgeons, London	1
25 October	ITMA Round Table	Withers & Rogers LLP, Sheffield	1
25-27 October	AIPLA Annual Meeting	Washington DC	
29 October	ITMA & CIPA Webinar How to use social media to win business Bernard Savage, Size 10½ Boots		
26 November	ITMA & CIPA Webinar How to sell professional services Bernard Savage, Size 10½ Boots		
27 November	ITMA London Evening Meeting*	Royal College of Surgeons, London	1
3-4 December	INTA Conference on Anti-counterfeiting	Istanbul, Turkey	
5 December	ITMA Northern Christmas Dinner	The Grill on the Alley, Manchester	
11 December	ITMA Christmas Lunch with pre-lunch drinks**	InterContinental Park Lane, London	
29 January	ITMA London Evening Meeting	Royal College of Surgeons, London	1
22 February	ITMA Trade Mark Administrators' Seminar	Marks & Clerks LLP, London	
26 February	ITMA London Evening Meeting	Royal College of Surgeons	1
20-22 March	ITMA Spring Conference	8 Northumberland, London	
26 March	ITMA London Evening Meeting	Royal College of Surgeons, London	1
30 April	ITMA London Evening Meeting	Royal College of Surgeons, London	1



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Identical Domain name (Checkmark)  
Telephone directory (Yell.com)

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Comprehensive—up to 3 classes	£100	£140	£175
Additional classes	£15	£15	£15

#### UK Device Search

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Community Trade Marks Register

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