Review of UK and European Trade Mark Cases 2017

BRISTOWS

Quotation of the Year:

"The Defendants pleaded the own name defence in the Defence with reference to Ms Vanderbilt's dog Zuma. As a matter of law this cannot succeed. As Mr Malynicz succinctly submits, the dog is not a party to the proceedings, nor is it a natural person or company."

Per the High Court
Azumi Ltd v Zuma's Choice Pet Products Ltd and another [2017] EWHC 609 (IPEC)

With thanks to our authors Paul Walsh, Jennifer Dzafic, Lucie Fortune, Amelie Gerard, Saaira Gill, Tim Heaps, Sarah Husslein, Remya Jayakkar, Victoria Rodriguez and Abigail Wise.

Index

Introduction

This edition of a Review of UK and European Trade Mark Cases 2017 includes a number of interesting cases in relation to shapes, jurisdiction, abuse of process and Google advertising.

Further, the validity of non-traditional marks such as shapes and colour marks is now changing, with continuing debate about whether 3D marks will also suffer the same fate.

2017 has seen the introduction of the UK Unjustified Threats Act which will no doubt provide more comfort for practitioners when instructed by clients in relation to infringement proceedings.

Distinctiveness – Shape Marks

The past year saw a number of interesting decisions concerning shape marks. Some of these are arguably not so encouraging for those considering to register the shapes of their products.

Unwrapping Acquired Distinctiveness

Nestlé's appeal in *Société des Produits Nestlé v Cadbury UK Ltd*[1] was dismissed by the Court of Appeal which upheld the High Court's decision in finding that Nestlé is not permitted to register a UK mark for the shape of the Kit Kat as Nestlé has failed to demonstrate acquired distinctiveness in the shape

Last year the Court of Appeal (Kitchin LJ, Floyd LJ and Vos VC) handed down its decision in the long-running dispute concerning the registrability of Nestlé's four-finger Kit Kat chocolate shape. In short, Nestlé's attempt to register the shape of their Kit Kat chocolate bar was rejected by the Court of Appeal as recognition and association of a shape with a particular trade origin was insufficient to merit an all-time monopoly. Consumers have to perceive the shape as a trade mark, namely a badge of origin of one commercial entity.

By way of summary, Nestlé applied to register a three-dimensional sign representing the shape of their Kit Kat four-finger chocolate without the KIT KAT brand embossed on the fingers as a UK trade mark in respect of, inter alia, chocolate bars, biscuits, pastries and cakes.

Cadbury opposed the application on a number of grounds, including that the applied for mark lacked distinctive character. Nestlé, however, contended that the trade mark had acquired distinctive character as a result of its use.

In the UKIPO Hearing Officer's view, the applied for mark was not inherently distinctive for confectionery and biscuit products in class 30 as the shape was within the norms and customs of the sector (except for 'cakes and pastries' as the Hearing Officer had not seen any such products made to such a shape - although this was later overturned by the High Court) and it had not acquired distinctive character though use in relation to the other goods covered by the application.

Recognition or reliance?

One of the core questions that the Hearing Officer asked himself was what needs to be proven by the Applicant in order to establish that its mark had acquired a distinctive character as a result of the use which had been made of it. To this effect, the Hearing Officer turned to the *Vibe Technologies Ltd's*[2] case which sets out that '*… what must be shown is that a significant proportion of the relevant class of persons rely upon the sign in question on its own as indicating the origin of the goods*' (emphasis added).

Following this test the Hearing Officer concluded that a significant proportion of consumers recognise the mark for chocolate confectionery and associate the shape with Kit Kat (and therefore the makers of Kit Kat) but no more than that. Crucially, consumers have not come to rely on the shape to identify the origin of the goods. Amongst other reasons, the Hearing Officer considered that the product is sold in an opaque wrapper so the shape of the chocolate was not shown at the point of sale which meant that consumers did not rely upon the shape in selecting or purchasing the goods.

Nestlé contested these findings and argued on appeal that a significant portion of consumers did rely upon the applied for mark as indicating the origin of the products. Arnold J, however, confirmed that the Hearing Officer was correct in concluding that there was no evidence suggesting that Kit Kat consumers rely on the shape of the chocolate to confirm its origin. In this respect, he noted that the fact that Nestlé ensured that each finger of the chocolate was embossed with the Kit Kat logo was a clear recognition that consumers relied upon the trade mark Kit Kat rather than its shape to ascertain the origin of the goods.

Nestlé also contested that the Hearing Officer had incorrectly interpreted Article 3(3) of Directive 2008/95 in concluding that *recognition* in addition to *association* were insufficient to show the acquisition of distinctive character.

1 [2017] EWCA Civ 358, 17 May 2017

2 O-166-08, 16 June 2008

As discussed in last year's review, Arnold J thought it was necessary to obtain guidance from the Court of Justice of the European Union ("CJEU") on what needs to be proved for establishing acquired distinctiveness of shape marks. The CJEU was asked whether it is sufficient for a shape mark to be recognised and associated with a particular product, or whether it is necessary for the shape mark to be relied upon by consumers to identify the origin of the product.

In its response, the CJEU reformulated the referred questions omitting the term reliance and, instead, took the view that the goods designated by the applied for shape mark only (as opposed to any other mark which might also be present) must be *perceived* as originating from a particular undertaking.

Arnold J's interpretation of the CJEU's decision was, that to establish that a mark has acquired distinctive character, it must be shown that a significant proportion of the relevant public *perceives* the designated goods as originating from a particular undertaking *because of the sign in question* (as opposed to any other trade mark which may also be present). In assessing this, it is legitimate to consider whether consumers would rely upon the sign as denoting the origin of the goods if it were used on its own.

Another important conclusion drawn by the High Court from the CJEU's decision was that establishing that a significant proportion of the relevant public *recognises* and *associates* the mark with the designated goods was not sufficient to show the acquisition of distinctive character.

On the facts Nestlé's appeal was dismissed by the High Court.

The UK Court of Appeal's take on acquired distinctiveness

As anticipated the IP Court of Appeal dismissed Nestlé's appeal and handed down a first-class decision which at its core touches on the very nature of trade marks. We mention below a few of the points not to be missed.

In Floyd LJ's view, for the shape to have acquired distinctiveness, a significant proportion of consumers, seeing the shape used in relation to chocolate bars, must conclude that the goods in question are from one undertaking. To illustrate this, he resorted to an imaginary basket of unwrapped and unmarked chocolate bars, some of which would be in the shape of the applied for mark. For there to be acquired distinctiveness the consumers must perceive these chocolate bars as being Kit Kat's (or originating from the Kit Kat makers), and not from other makers. A mere association with Kit Kat's is not enough as acquired distinctiveness carries with it an indication of exclusive origin.

Given that the essential function of a trade mark is to guarantee the origin of the goods so as to enable consumers to distinguish these from others, if consumers perceive that certain designated goods originate from a particular undertaking this means they can rely upon the mark in making a transactional decision. As noted by Kitchin LJ, '*reliance is a behavioural consequence of perception*'.

Although reliance is not a precondition, if the mark has been used in such a way that a significant proportion of consumers have come to rely on it as a badge of origin the same will indeed be distinctive. What is crucial, however, is that the mark, used on its own, has acquired the ability to demonstrate exclusive origin.

Where a mark has been used in conjunction with a registered trade mark, it is harder to prove that consumers have relied upon it in making a transactional decision, particularly when the mark is not visible at the point of sale (in this case the product had been sold in an opaque wrapper).

It must not be understated that, while Nestlé had shown recognition and association of the shape with Kit Kat, this was clearly not sufficient to prove that the shape had acquired a distinctive character and to merit a monopoly for all time as a result.

The end result is that recognition and association is not enough and those seeking to register inherently non-distinctive shape marks will need to prove that consumers perceive the shape as a trade mark, that is to say a badge of origin of one commercial entity.

EU parallel proceedings

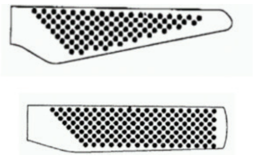
Meanwhile in the EU there are parallel proceedings concerning the identical trade mark at an EUTM level. As reported in last year's review, the General Court held Nestlé's registration to be invalid in *Mondelez UK Holdings & Services v EUIPO*[3] on the grounds that the EUIPO had failed to require evidence of acquired distinctiveness in all of the relevant EU Member States instead of conducting an assessment of the level of recognition of the shape in relation to a substantial part of the EU.

It remains to be seen whether the CJEU will reach the same conclusions on the appeal that is due to be heard this year. Interestingly, this could lead to a post-Brexit scenario where Nestlé keeps its registration at an EU level but is prevented from registering the shape of its product in the UK with all the consequences which might flow from this.

3 Case T-112/13, 15 December 2016

Functional Characteristics

In *Yoshida Metal Industry Co Ltd v EUIPO*[4] the CJEU concurred with the General Court's finding that two figurative EUTM registrations consisting of two-dimensional representations of Yoshida's knife handles covered in black dots (representing dents) were invalid as these consisted *exclusively* of shapes necessary to obtain a technical result.



The Applicant contended that, in line with the CJEU's decision in *Lego Juris v OHIM*[5], the grounds for refusal to signs consisting exclusively of the shape of goods necessary to obtain a technical solution (Article 7(1)(e)(ii)) had to be reserved for signs consisting of shapes of goods which *only* incorporate a technical solution and should not prevent the registration of 'hybrid signs' containing significant decorative designs which not only incorporate a technical solution but also perform a distinguishing function.

The CJEU dismissed the appeal holding that, insofar as the ornamental aspects of the sign played no important role in the shape of the goods, the application of the grounds for refusal based on a sign consisting exclusively of the shape of goods to obtain a technical solution could not be precluded if all the essential characteristics of the sign performed a technical function. The 'array of black dots' on the knife handles were therefore not considered to incorporate a major non-functional element so as to exclude the application of these grounds for refusal.

As reported in last year's review, the CJEU held in *Simba Toys GmbH & Co KG v EUIPO*[6] that the Rubik's cube shape could not qualify for protection due to its inherent functionality.

In solving this legal puzzle concerning the functionality of a sign for the purposes of Article 7(1)(e)(ii) (shape of goods necessary to obtain a technical solution), the CJEU held that the essential characteristics of a shape must be assessed in light of the technical function of the actual goods. Taking note of this the CJEU concluded that the General Court should have defined the technical function of the actual goods (a three-dimensional puzzle with a rotating capability), and considered this when assessing the functionality of the essential characteristics of the sign.

As the mark was registered for three-dimensional puzzles in general (thereby not restricted to those with rotating capability), the CJEU noted that the General Court's narrow interpretation of the Article[7] would grant the proprietor protection covering every type of puzzle with a similar shape notwithstanding the principles by which it functions.

Distinctiveness - Figurative Marks

In *Smarter Travel Media v EUIPO*[8] a figurative mark consisting of the (slightly stylised) words "smarter" and "travel" together with a design of a light blue suitcase (which, according to the Applicant was a combination of a suitcase and a speech bubble, shown below) was considered to be descriptive for travel-related services and devoid of distinctive character by the General Court.

Rather unsurprisingly, the figurative element consisting of the light blue suitcase was found not capable of rendering the sign fanciful or unusual. On the contrary, the blue suitcase underlined the idea of travel conveyed by the word elements and was incapable of diminishing the descriptive message given by these words.

Distinctiveness - Colour Marks

Interpretation of Colour Marks

As of **1 October 2017** the graphical representation requirement no longer applies when submitting a trade mark application[9] and the new wording simply requires the sign to be capable of being "*represented, in a manner which enables the competent authorities and public to determine the clear and precise subject matter of the protection afforded to the proprietor*". (The same changes to the Trade Marks Directive are due to be implemented by member states by January 2019). The reality is that a sign will still need to be "represented" with sufficient clarity and precision and where the description is such that the mark can take a multitude of forms, validity is still likely to be a significant issue.

The below cases illustrate the problems that can be faced when trying to protect colour marks. A narrowly scoped registration is more likely to be valid but in terms of capturing potential imitators, is likely to be less effective. Imitators could do just enough to evade the net. However, a widely scoped registration, whilst more likely to catch imitators, is more vulnerable to validity challenges.

4 Case C-421/15 P, 11 May 2017
5 C-48/09 P, 14 September 2010
6 Case C-30/15 P, 10 November 2016
7 Council Regulation (EC) No 207/2009 (as amended)
8 Case T-290/15, 9 November 2016
9 https://euipo.europa.eu/ohimportal/en/elimination-of-graphical-representation-requirement

We reported on the High Court decision in Glaxo's infringement action against Sandoz in last year's review[10]. HHJ Hacon (sitting as a judge in the High Court) had rejected the validity of Glaxo's combination colour EU trade mark and dismissed the infringement claim against Sandoz. The mark at issue was the following registered in respect of Class 10 'Inhalers.'

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

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

The INID (a colour calibration/identification system) number attaching to the registration was code 558; "*mark consisting exclusively of one or several colours*".

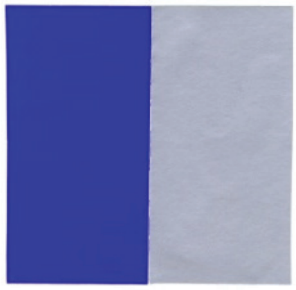
In May 2017, the Court of Appeal rejected Glaxo's Appeal, (Kitchin LJ) holding that the EUTM registration did not define the registered sign with sufficient clarity, and on one interpretation of the scope, it related not to a single sign but to a multiplicity or class of different signs and its registration was therefore in contravention of Articles 4 (signs of which an EU trade mark may consist) and 7(1)(a) (which pertains to absolute grounds where signs do not conform to the requirements of Article 4) of the EU Trade Mark Regulation. According to Kitchin LJ, "*I believe that the public, including economic operators, looking at the certificate of the Trade Mark on the register, would be left in a position of complete uncertainty as to what the protected sign actually is.*" He further commented that the uncertainty would give "*Glaxo an unfair competitive advantage*."[11]

Kitchin LJ held that the representation of a mark encompasses (i) the visual representation and (ii) any verbal description. The verbal description must be taken into account together with the pictorial representation, as a whole. He found that the code attached to the registration meant the trade mark would be understood to be a colour *per se* mark. The sign was not limited to the shape of an inhaler and it was impossible to say how the mark would be applied to an inhaler. Equally, he considered that the use of very general terms in the description, such as the statement that the trade mark "*consists of*" dark purple applied to a significant proportion of "*an*" inhaler and light purple applied to the "*remainder*" adds to the uncertainty.

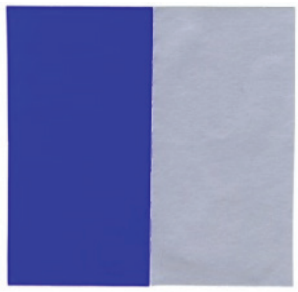
The Court of Appeal held the case was suitable for summary judgment and that the trade mark as registered was invalid. Kitchin LJ further took the view that no reference to the CJEU was required.

The General Court's judgment in *Red Bull GmbH v EUIPO*[12] related to Red Bull's appeal against a decision of the Board of Appeal declaring 2 of its colour marks to be invalid.

Red Bull originally filed 2 applications in the EU. The first was filed in 2002 with the description "protection is claimed for the colours blue (RAL 5002) and silver (RAL 9006). The ratio of the colours is approximately 50%-50%".



The second application was filed in 2010 with the colours "blue (Pantone 2747C), silver (Pantone 877C)" with its description being "the two colours will be applied in equal proportion and juxtaposed to each other". Both marks registered in due course with evidence of acquired distinctiveness.



An Intervener (Optimum Mark sp. Z o.o.) filed invalidity applications in 2013, stating that the first mark was registered in breach of the requirements of Article 7(1)(a) which relates to a graphic representation being clear, precise, self-contained, easily accessible, intelligible, durable and objective and must be systematically arranged by associating the colours in a predetermined and uniform way, and that the description of the mark allowed for numerous different colour combinations

10 Glaxo Wellcome UK Limited and Glaxo Group Limited v Sandoz Limited [2016] EWHC 1537 (CH), 28 June 2016
11 Glaxo Wellcome UK Limited and Glaxo Group Limited v Sandoz Limited [2017] EWCA Civ 335, 10 May 2017
12 Joined Cases T-101/15 and T-102/15, 30 November 2017

given the wording 'approximately'. The invalidity application against the second mark was filed on the same Article 7(1)(a) breach and that the description of the mark with use of the word 'juxtaposed' could be understood as 'having a border in common' or 'placed side by side'.

The Cancellation Division declared the marks invalid by way of decision in 2013 on the basis that the marks did not exhibit the qualities of precision and uniformity required since it allowed numerous different combinations. Therefore both invalidity applications succeeded on Article 7(1)(a) without the need for the other grounds to be examined.

Red Bull subsequently filed appeal wherein the Board of Appeal dismissed both appeals as unfounded in 2014. The Board of Appeal also noted that the fact that a sign has acquired distinctiveness through use does not enable the requirements laid down in Article 4 (signs of which an EU trade mark may consist) to be overridden.

A further appeal was then filed by Red Bull to the General Court on two grounds; that of infringement of Article 4 and breach of the principles or proportionality and equal treatment (which had subjected colour trade marks to disproportionate and discriminatory treatment).

The appeal was unsuccessful; distinctiveness was not the issue with the registrations in itself, but more the fact that, again, the Court stated that the marks did not fit the necessary requirements of a trade mark. The Court agreed with the Cancellation Division and the Board of Appeal that the wording used as descriptions for the trade marks "*allowed for the arrangement of those colours in numerous different combinations*". Accordingly, this did not "*therefore constitute a systematic arrangement associating the colours in a predetermined and uniform way, producing a very different overall impression and preventing consumers from repeating with certainty a purchase experience*".

This judgment, although not surprising, has not provided any useful guidance on what would be an acceptable way of presenting a description of a colour combination mark to satisfy the requirements of Article 4. However, it does appear that, although descriptions are not required for EUTM applications, if one is denoted on the application form, it then becomes an "integral part" of the registration along with the graphic representation.

Distinctiveness – Word Marks

Inherent distinctiveness

In *Anta (China) v EUIPO*, the General Court upheld a decision of the Board of Appeal of the EU Intellectual Property Office which had refused an EUTM registration for a "figurative sign representing two lines forming an acute angle" in respect of various consumer goods including bags, clothing, games and sporting articles.

The sign at issue was the following:

The Applicant had submitted various arguments to try to overcome the objection that the mark lacked distinctive character. One of the arguments they ran was that the relevant public's level of attention was generally higher for goods such as clothing which they inspect and try on before purchasing. Although it was accepted that there are certain types of purchase, within the general categories of, for example clothing, where the consumers' attention may be higher, such as an expensive item of clothing, this approach was not appropriate for all clothing goods. The goods were generally common consumer goods, that were neither particularly costly nor rare or goods for which the use or acquisition required specialist knowledge. With sports goods by way of further example, although they can be purchased by athletes, they can also be purchased by ordinary consumers. The General Court therefore held that the Board of Appeal had not erred in their assessment of the 'relevant public'.

In terms of the mark itself, the General Court upheld the finding that the simplicity of the sign was comparable to a basic geometric figure and that it was not inherently capable of performing the essential origin function of a trade mark. The Board of Appeal was entitled to find that the relevant public would simply see the sign as an ordinary decorative element and not attribute any trade mark significance to it in the absence of distinctiveness acquired through use.

The Applicant further tried to rely on earlier acceptances by the EUIPO of marks it considered on a par and that the EUIPO was under the obligations of equal treatment and 'sound administration.' Although the Court agreed that the EUIPO should be mindful of prior cases where similar applications had been accepted, it was not bound by these and the Board of Appeal could not be criticised for reaching a different conclusion.

Finally, the Applicant relied on its registrations before national offices, including EU Member States. In response to this, the General Court simply reiterated that the EUIPO is not bound by decisions given in another Member State and that such prior acceptances elsewhere are not decisive.

This case is a further example of what often proves to be inconsistency before the EUIPO and illustrates that whilst it can be worth trying to achieve protection of simple figurative signs on a *prima facie* basis, this should also be part of a wider brand strategy in case such applications are refused, for example, word and logo combination marks, pending such time as a claim to acquired distinctiveness can be supported.

In *KLOSTERSTOFF*[13], the EU General Court upheld an EUIPO Board of Appeal decision that the word mark KLOSTERSTOFF was descriptive of alcoholic beverages and misleading if used for non-alcoholic beverages. Therefore, the application of KLOSTERSTOFF as an EU trade mark for both alcoholic and non-alcoholic beverages should be refused. The decision was based on the finding that the relevant German-speaking public would understand the terms “kloster” and “stoff” as descriptive and referring to goods containing alcohol (STOFF) and coming from or produced in a monastery (KLOSTER). Consumers would not identify the commercial origin of the goods. The fact that other STOFF suffixed marks had been registered was not decisive.

The Board of Appeal had taken account of the fact that the relevant public were accustomed to seeing representations of or names of monasteries associated with alcoholic beverages. The Board of Appeal had therefore inferred that there was a clear link between the sign and the goods applied for.

The Applicant took issue with the decision and argued that the Board of Appeal was incorrect in its finding of descriptiveness and that they had not taken account of the overall impression of the mark. They argued that the word STOFF was not common place in German speaking countries and they adduced evidence of dictionaries, search engines and Internet sites where the definition attributed to the word by the EUIPO was not present. They further submitted that the average consumer is unaware of the historic links between monasteries and alcoholic drinks.

Rejecting these arguments, the General Court found that the Board of Appeal had not erred in its assessment. The fact that the Applicant found other reference examples and sources which did not support the Examiner’s finding did not put the Board of Appeal’s decision in doubt. Neither was it relevant if the meaning is not commonplace. It was deemed sufficient if one of the potential meanings refers to a characteristic of the goods. Although the tradition of monasteries making beverages may not be known by everyone, it was sufficient if a segment of the relevant public would know of it.

As the General Court had already found in favour of the decision on descriptiveness, there was no need for them to consider the plea on distinctiveness (Article 7(1)(b)).

The EUIPO had also rejected the mark on the grounds that it was misleading for non-alcoholic beverages. Under Article 7(1)(g), registration is to be refused for trade marks which are of such a nature as to deceive the public, for instance as to the nature, quality etc. of the product or service. The Board of Appeal had found that the average consumer, on seeing the sign KLOSTERSTOFF on packaging for non-alcoholic drinks, would be misled by the word STOFF into thinking that the drink contained alcohol. The General Court upheld the Board of Appeal’s finding on this point. The Applicant tried to argue the fact that the drink was non-alcoholic would be apparent to the consumer from the label of the drink but this was rejected. Citing earlier case law, the General Court determined that offering consumers the opportunity to check the label does not of itself preclude the mark from being misleading.[14]

In *LG Electronics, Inc v EUIPO*[15], LG applied to register ‘QD’ as an EUTM in Class 9 (consumer electronic products and associated software). The application was refused as the mark was deemed descriptive and non-distinctive, the conclusion being that QD was an acronym for ‘quantum dot’, which was a type of display technology and was therefore a ‘direct and obvious reference’ to the nature or purpose of the goods applied for.

On Appeal, the Applicant claimed that there had been infringement of Article 7(1)(c) as the mark was not descriptive. The Board of Appeal had considered various reference materials in finding the mark descriptive, including online dictionaries which gave the definition of QD as being quantum dot. There was also material from websites showing the abbreviation in commercial use. The Applicant disputed the reliability of the sources relied on but the Board of Appeal was not convinced. The fact that QD had other meanings and Quantum Dot was not the usual abbreviation was not sufficient. Registration must be refused if at least one meaning identifies a feature of the goods. The Applicant’s attempt to adduce evidence of other dictionaries where QD was not so described was also unsuccessful. There is no obligation to show a sign in a dictionary in order for the objection to stand.

The Applicant also argued that the Board of Appeal had not shown that the mark was **actually** used to designate the goods at issue but this was also unsuccessful. It was deemed sufficient that the sign *could* be used for such purpose. The Appeal was therefore rejected and the mark refused.

LG’s second plea in law was that the mark was distinctive – the Court did not examine this having found that the mark was descriptive.

13 Alpirsbacher Klosterbräu glauner v EUIPO, Case T 844/16, EU General Court, 26 October 2017

14 See Judgment Torresan v OHIM – Klosterbrauereri Weissenohe (CANNABI) T234/06, 19 November 2009

15 Case T-650/16, EU General Court, 13 July 2017

The Royal Mint Ltd v The Commonwealth Mint and Philatelic Bureau Ltd[16] was an opposition case which concerned an application by the HM Treasury owned company Royal Mint Limited (RML) to register SOVEREIGN as a trade mark for gold commemorative coins. The application was opposed successfully by The Commonwealth Mint and Philatelic Bureau Ltd (CMPB) on the grounds that the word SOVEREIGN was commonly used to describe "*coins of a particular type and denomination that may be legal tender in any one of a number of different countries/territories*"

Although RML were the only entity authorised to make or issue sovereign coins as legal tender in the UK, there is nothing to prohibit trade in sovereign coins issued elsewhere and the Hearing Officer found that there was an international trade in gold commemorative coins. The fact that RML had this 'monopoly' over sovereigns as legal tender in the UK did not mean that 'sovereign' was distinctive of their coin products. On appeal to the High Court, Newey J found that the Hearing Officer had been entitled to conclude that "the word sovereign alone did not guarantee trade origin" as it had become customary in the current language or *bona fide* and established practices. Newey J also found that SOVEREIGN had not acquired distinctiveness, even if a large proportion of the public associated the word with coins issued by RML, as they had failed to show that such association was because of the sign in question.

When considering some of the evidence adduced by the RML from two coinage experts from the British Museum and Royal Mint Museum, the Hearing Officer concluded that although there was value in their evidence in terms of its commentary on historical matters, the evidence of these experts was not representative of the average consumer. The High Court supported this assessment and agreed that the Hearing Officer was entitled to discount their opinions.

The *Lidl Stiftung & Co. KG v European Intellectual Property Office (EUIPO)*[17] case concerned an application for a declaration of invalidity of an EU Trade Mark Registration for the word mark LOVE TO LOUNGE registered in class 25 in respect of "*clothing footwear, headgear*", owned by Primark Holdings. The application for invalidity under Article 52(1)(a) (read in conjunction with Articles 7(1)(b) and (c) EUTMR) was rejected by both the EUIPO Cancellation Division and the Board of Appeal.

The General Court affirmed the earlier decisions, namely that the mark was neither descriptive of the goods (Article 7(1)(c)), nor devoid of distinctive character (Article 7(1)(b)). In coming to this conclusion, the General Court considered the relevant public's likely understanding of the mark. Given the nature of the goods at issue, the relevant public was held to be the average consumer who would demonstrate an average level of attention. Considering that the mark consists of English words, the relevant public was at least the public in the Member States in which English is an official language but also the public in Member States in which there is a sufficient knowledge of English.

The General Court noted that LOVE TO LOUNGE meant "*wholehearted pleasure in lazing around*" in everyday language. In respect of this meaning and in the context of the goods at issue, the mark is to be understood simply as a vague and evocative message alluding to a particular interest or pleasure in relaxing. It does not designate an easily recognisable property of the goods at issue. The mark was not considered to be likely associated with "*clothing, footwear and headgear*" and thus could not have any descriptive meaning attributable to it. The General Court also pointed out that the expression LOVE TO LOUNGE is not synonymous with the terms 'loungewear' or 'loungers' meaning clothing suitable for relaxing in or comfortable leisurewear, as claimed by the invalidity Applicant.

The General Court then went on to consider the evidence submitted by the invalidity Applicant in the proceedings and noted that the expression LOVE TO LOUNGE was used as a trade mark. There was also evidence bearing a date subsequent to the filing date (which does not make possible to assess the situation at that particular date), or showing the elements LOVE TO LOUNGE being used with the meaning of physically sitting or lying in a relaxed way (but this evidence related to furniture and not the goods at issue).

The General Court endorsed the Board of Appeal's decision that the mark was not descriptive.

In respect of the plea for non-distinctiveness (Article 7(1)(b)), the invalidity Applicant argued that the mark LOVE TO LOUNGE is a slogan and will be perceived as a piece of information and not as an indication of the commercial origin of the goods which it covers. The General Court disagreed, again endorsing the Board of Appeal's observations that the mark LOVE TO LOUNGE conveys an abstract message referring to the interest of potential consumers in relaxing and requires some cognitive effort on the part of the relevant public to place the mark in the certain context of the goods at issue. It noted that the mark has a certain originality which is likely to be remembered by consumers and is not without a certain elegance as the combination of the elements lend a degree of euphony to the mark as a whole. The General Court concluded that the mark will be perceived as an incitement to purchase and not as a mere piece of information.

It followed that the mark was capable of indicating commercial origin. The invalidity Applicant's appeal was therefore dismissed in its entirety.

16 [2017] EWHC 417, 3 March 2017
17 Case T-305/16, 15 September 2017

Acquired distinctiveness

In DIRTY DANCING[18], the EUIPO Fourth Board of Appeal upheld a refusal to accept the registration of the mark for a wide variety of Class 41 entertainment type services, such as stage shows, entertainment services in the form of production, presentation, syndication of motion pictures, plays, TV programs, video recordings. The EUIPO held that "*dirty dancing*" was descriptive of entertainment involving the performance of "*dancing… in a sexually provocative manner.*" Various dictionary definitions of this phrase were produced by the Examiner. The Examiner concluded that the mark would not be inherently capable of distinguishing the services of the Applicant from those provided by other undertakings.

They further rejected the Applicant's argument that the trade mark had acquired distinctiveness. LionsGate had submitted a significant amount of evidence of DVD sales figures, internet references, press mentions, awards and advance ticket sales for the musical, as well as details about the movie itself.

In terms of the inherent descriptiveness, the Board of Appeal further commented that irrespective of the actual phrase DIRTY DANCING being in the dictionary, '*dirty*' is itself a word used and recognised as meaning lewd or obscene and that consumers are familiar with it in examples such as '*dirty joke, dirty old man*'. Combining it with the word DANCING, the phrase simply describes dancing in a sexually provocative manner, irrespective of whether it is a recognised style of dancing. They concluded that nothing in the combination deviates from the descriptive meaning. The sign therefore simply informs consumers that the services offer entertainment relating to a style of dancing. The Applicant's argument that some of the services do not involve dancing, e.g. karaoke services, was dismissed on the basis that any dancing activity involves music of some sort and that the mark is also therefore descriptive of the music which would accompany the dancing and the mark is equally descriptive of services such as concerts, sing-a-long events and karaoke.

With regards to the acquired distinctiveness argument and evidence put forward by the Applicant to try to achieve registration under Article 7(3) EUTMR, the evidence was deemed insufficient.

The EUIPO did not dispute that the film itself had enjoyed significant commercial success. They felt however that the evidence did not show that consumers identified the activities such as the stage show as having been produced by the Applicant. Granting a licence for the production of entertainment goods, e.g. licensed games, clothing etc. was not an entertainment service. There were licence agreements permitting the broadcasting of the film on cable, satellite and on-demand television networks. However, this was a licence to 'broadcast' which is a class 38 service and not a class 41 service. Furthermore, there was no evidence of the number of times the film was broadcast, number of viewers or any other way that the intensity of the use or consumer's perception could be assessed.

DIRTY DANCING was not perceived as a sign of commercial origin of the film, but merely as a sign of its "artistic origin". The use as a title for the film was not a use for "entertainment services" in class 41. The Board of Appeal added that the mark was not applied for "cinematographic films" (class 9), though did not elaborate as to whether that would have helped. Further, the Board of Appeal recognised that the Applicant had not shown use of the mark in relation to any other films or plays other than *Dirty Dancing*.

This case illustrates the difficulties that can be faced in protecting pure word mark titles, particularly descriptive titles. Building a film brand around a logo / visual cue as well as the title and protecting this alongside an attempt for the word mark would be the best protective strategy.

In Apple Inc v Arcadia Trade Ltd[19] Arcadia opposed Apple's application (filed in 2014) to register the sign 'IWATCH' on the grounds that it was a) made in bad faith and b) that it was descriptive or devoid of distinctive character. The Hearing Officer found that the application had not been made in bad faith but accepted that IWATCH was descriptive of some of the Class 9 goods (computer software, computers, monitors, hardware etc). The application was therefore only permitted to proceed in relation to goods such as security devices, cameras, computer peripherals etc.

Apple appealed the decision to the High Court on the grounds that:

1) the Hearing Officer had erred in finding that the Class 9 specification covered smartphones in the shape of a watch or smart watches;
2) the Hearing Officer had erred in finding that the trade mark was descriptive for computer software; and
3) the Hearing Officer had been wrong to reject the acquired distinctiveness claim.

A core question at issue was the nature of a smartwatch. The Hearing Officer had decided that smart watches have a dual functionality, i.e. they are both a watch and phone with internet connectivity. When the application was filed, smartwatches did not appear in the Nice Agreement edition in force at the time, although they had made an appearance by the 11th edition. It was therefore found that the Applicant had correctly classified smart watches in both Class 9 and Class 14.

18 Case T-64/17, Lions Gate Entertainment v EUIPO, 1 February 2017

19 Apple Inc v Arcadia Trade Ltd [2017] EWHC 440 (Ch) High Court, 10 March 2017

It is also interesting to note by way of reminder that, as argued by Arcadia, the Hearing Officer's determination of the correct classification is final and not appealable[20]. Therefore the first appeal ground failed.

In terms of the second ground of appeal, the issue was whether IWATCH is descriptive of a watch and phone with internet functionality.

The Hearing Officer had concluded that an 'I' prefix meant 'internet' to the average consumer. Although Apple often used the 'I' prefix, they did not do so exclusively, and others also did in the context of internet related goods / services, e.g. BBC iPlayer. The Hearing Officer had therefore concluded that IWATCH simply described a smartwatch which had internet functionality. The objection was also relevant to coverage of software goods as these were closely related goods and the High Court agreed with the Hearing Officer's conclusion on that point.

Apple had finally tried to claim acquired distinctiveness as a result of their use of various 'I' prefixed marks. Although the Hearing Officer felt that their pattern of use of 'I' prefixes meant that this may reduce the time taken to acquire a distinctive character, their use of other marks such as iPod, iPad etc. did not equate to use of the applied for mark and it was further noted that Apple's use was of the 'i' prefix in lower case rather than in upper case as per the applied for mark.

Although not a safety net for Apple in their claim to acquired distinctiveness in this case, the General Court MACCOFFEE[21] decision referred to by Apple's Counsel, supports the contention that evidence of use of a family of marks with a common feature could assist an Opponent in trying to argue for a likelihood of confusion / association arising from inclusion of such common features. The success of such a claim would of course depend on the adequacy of the family mark evidence.

Confusion

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

The following cases that are worthy of mention considered these factors in 2017.

Dominant and Distinctive Elements

A case where the dominant and distinctive elements of the marks in question was key in impacting the assessment of the likelihood of confusion was *Brewdog PLC (Elvis Juice & Brewdog Elvis Juice) v ABG EPE IP LLC*[22].

Applications for the marks ELVIS JUICE and BREWDOG ELVIS JUICE covering "*beer; ale*" and, for the latter mark, other goods in class 32 were opposed by ABG EPE IP LLC (who manage Elvis Presley's estate) on the basis of confusing similarity with EUTM registrations for ELVIS and ELVIS PRESLEY covering class 32 goods, as well as class 35 services. As the Opponent's case was not improved by relying on its ELVIS PRESLEY mark, the UKIPO focused principally on the ELVIS registration[23].

The Hearing Officer focussed on assessing the similarities between the marks as the goods were deemed to be identical or similar.

The Opponent did not file any evidence in the matter (nor was it obliged to do so given that the earlier rights were not yet vulnerable to non-use revocation) and simply relied on its very brief submissions that the word JUICE is generic and that BREWDOG is somewhat non-distinctive. The Applicant filed evidence pertaining to the use and distinctive character of BREWDOG and the use which had been made of its ELVIS JUICE since July 2015.

The Hearing Officer considered the earlier mark's inherent qualities. It found that 'ELVIS' was such an iconic figure that it would be very surprising if many people had not heard of him. As ELVIS is a relatively uncommon name and given that Mr Presley is the most famous of Elvises, it considered that the most average consumers on seeing the name Elvis alone, are likely to conceptualise that on the basis of Elvis Presley. However, the Hearing Officer considered that the earlier ELVIS mark had an average level of inherent distinctiveness (not high as claimed by the Opponent, not low as claimed by the Applicant).

With regards to the comparison between ELVIS and ELVIS JUICE, it was found by the Hearing Officer that neither the word ELVIS nor the word JUICE dominates the other but it is likely that the mild allusion of the word JUICE (to the liquid) means that the element ELVIS may play a greater role as a point of recall rather than JUICE. The marks under comparison were found to be visually, aurally and conceptually similar. The same conclusion was reached for BREWDOG ELVIS JUICE despite BREWDOG having an independent distinctive role.

The Hearing Officer pointed out that even the average consumers, whose recall is better, would assume from the combination of the distinctive word ELVIS and

20 Section 34(2) Trade Marks Act 1994
21 Case T-518/13, 5 July 2016
22 Appointed Person, O-048-18, 16 January 2018
23 UKIPO O-291-17, 23 June 2017

the mildly allusive word JUICE that no other trader would use the ELVIS JUICE mark other than the party responsible for the ELVIS mark. Therefore, ELVIS JUICE would likely be viewed as a sub-brand of ELVIS, giving rise to a risk of indirect confusion for consumers.

Regarding BREWDOG ELVIS JUICE, the Hearing Officer found that the reputation argued for BREWDOG was not enough for the claimed lessening of confusion to be applicable in this case. The Hearing Officer considered that the ELVIS JUICE element would still play an important role (and be seen as a sub-brand of ELVIS) and there is no reason why the sub-brand will lessen materially in significance. The Hearing Officer concluded there to be a likelihood of indirect confusion.

The Applicant appealed the decisions before the Appointed Person. In summary, the appeal was dismissed in relation to the ELVIS JUICE mark (upholding the Hearing Officer's decision) but allowed the appeal in relation to the BREWDOG ELVIS JUICE mark in relation to "*beer and ale*" in class 32 (the other goods were not pursued on appeal, with the Hearing Officer's decision therefore being upheld in respect of those goods).

The Appointed Person considered that the Hearing Officer was not entitled to take judicial notice that beer consumers who see the word ELVIS will always think of Elvis Presley, but he disagreed with the Applicant's claim that this error would change the entire decision. Indeed, he confirmed the Hearing Officer's conclusion regarding the roles played by the two elements of the mark ELVIS and JUICE. The Appointed Person considered that if the word ELVIS was taken to be a person's name (rather than a reference to Elvis Presley), the analysis made by the Hearing Officer still appeared to be appropriate in relation to the aural and visual similarity. Although the finding related to the conceptual similarity would be slightly different, there would still be at least a medium degree of conceptual similarity between the marks.

The Appointed Person endorsed the Hearing Officer's decision that there was a likelihood of confusion between the marks ELVIS JUICE and ELVIS, and dismissed the appeal in relation to the mark ELVIS JUICE.

Regarding the mark BREWDOG ELVIS JUICE, it may be recalled that before finding that the elements of a composite mark have independent distinctive character, it is necessary to identify that at least one element is either the same or similar to the invoked earlier mark. The Appointed Person considered that the Hearing Officer did not explain how ELVIS JUICE is similar enough to ELVIS for ELVIS JUICE to be considered to be the house mark of the Opponent, thereby treating the element as having an independent distinctive character. The mark BREWDOG ELVIS JUICE should have been considered as a whole. The Appointed Person considered that the two marks were too different for there to be direct confusion. It concluded that the common element ELVIS was not enough to make consumers think that there is a link between the mark ELVIS and BREWDOG ELVIS JUICE.

Accordingly, the Appointed Person dismissed the Hearing Officer's conclusion that there was a likelihood of confusion between the marks and the mark BREWDOG ELVIS JUICE was accepted for "*beer and ale*".

Relevant Consumer

In *Soulcycle Inc v Matalan Ltd*[24], the High Court upheld the UKIPO decision that there was no likelihood of confusion under Section 5(2)(b) between the application to register the figurative mark "Souluxe" (represented below) filed in classes 18, 25, 28 and 35 in the name of Matalan Ltd and the earlier word mark SOUL filed in class 25 in the name of SoulCycle Inc.

souluxe

When considering the similarity between the marks, the Hearing Officer considered that there were two groups of average consumer. The first group would see the mark SOULUXE as an invented word, without separating SOUL from the rest of the word LUXE. The second group would separate the beginning part SOUL from the rest. However, even if the word LUXE evokes luxury, the Hearing Officer considered that it would not indicate that SOULUXE would be a sub-brand of the earlier mark SOUL. Indeed, the Hearing Officer indicated that even if part of the public would break down the mark into two elements, SOUL and LUXE, the similarity should not be placed at a high level because of the way that the words were combined, creating an invented and meaningless word. Moreover, the Hearing Officer held that it was not the normal way in which a sub or variant brand will usually be presented. Although there was some conceptual similarity between the marks given the inclusion of SOUL, this was not enough given the mark as a whole. Therefore, it was concluded that there was no likelihood of confusion.

An appeal to the High Court was made by Soulcycle, on the basis that the Hearing Officer had not given proper effect to the fact that the word SOUL was the first word of their mark and that 2 different classes of the average consumer should not have been considered.

24 [2017] EWHC 496 (Ch), 14 March 2017

Mann J agreed with the Hearing Officer's approach and held that he had not been mistaken in recognising two groups of average consumer which was following Arnold J's reasoning in *Interflora Inc v Marks and Spencer plc [2013] EWHC 1291 (Ch)*. Soulcycle's appeal was dismissed in its entirety.

In *Azanta A/S v European Intellectual Property Office (EUIPO)*[25], the General Court confirmed the Board of Appeal's decision finding a likelihood of confusion between the word marks NIMORAL and NEORAL in relation to "*pharmaceutical preparations*" in class 5.

The EUTM application for the word sign NIMORAL, covering "*pharmaceutical preparations for enhancing the effect of radiotherapy on cancer patients*" in class 5, was opposed on the basis of confusing similarity with an earlier word mark for NEORAL registered in class 5 for "*pharmaceutical preparations*". The opposition was successful and was appealed by the Applicant. The Board of Appeal dismissed the appeal, as it considered the goods to be identical and the signs to be visually and aurally similar to an average degree. The Board of Appeal concluded there was a likelihood of confusion between the marks at issue.

The General Court confirmed the Board of Appeal's view that the relevant public was composed of health professionals and patients. The end-consumers of the goods at issue were qualified oncologists and health professionals specialised in the administration of radiotherapy as well as the cancer patients themselves. The Court also affirmed that the relevant public would be particularly attentive as regards the goods at issue, given that they related to very serious health issues.

Likewise, the General Court confirmed the Board of Appeal's finding, which was not disputed by the Applicant/Appellant, that the "*pharmaceutical preparations for enhancing the effect of radiotherapy on cancer patients*" were included in the earlier mark's broad term "*pharmaceutical preparations*" and were therefore identical.

The Court considered that the signs at issue had average visual similarity. It was recalled that what matters in the assessment of the visual similarity of two word marks is the presence, in each term, of several letters in the same order. The substitution of the letter E by the letters IM in the middle sections of the signs were not enough to exclude finding visual similarity. This is notable because neither of the marks is composed of more dominant or distinctive elements than the other. The signs were also found to be phonetically similar.

The Applicant submitted that the earlier mark had a conceptual meaning as it contained the elements 'neo' and 'oral'. Given the method of consumption of the goods in question, the Applicant argued that the dominant part of the mark was 'neo' and there could not be a likelihood of confusion. The admissibility of this argument cannot be taken into account given that the letter 'o' would already be used in the term 'neo' and therefore could not be taken into account for the word 'oral'. The Court confirmed that no conceptual comparison could be made.

Accordingly, the Court confirmed the Board of Appeal's conclusion that there was a likelihood of confusion between the marks and the appeal was dismissed in its entirety.

Overall Comparison of signs and goods/services

The CJEU dismissed an appeal against the General Court's decision to allow an opposition to registration in *Novomatic AG v EUIPO*[26]. The EUIPO and General Court had found there to be a likelihood of confusion between an application to register the EU figurative mark "Hot Joker" filed in classes 9 and 28, in respect of '*hardware and software, in particular for casino and amusement arcade games, and casino fittings*' in the name of Novomatic and the earlier French figurative mark containing the word "Joker" registered in classes 28 and 41, in respect of '*games and toys, and entertainment*' in the name of Granini France.

The CJEU held that the General Court had not erred by holding that hardware and software goods were similar to games given that games covers amusements and games of chance. The CJEU also held that the Board of Appeal was correct to hold that while there was a low degree of visual similarity between the marks, there was a medium degree of phonetic and conceptual similarity between them taking into account that the term HOT does not create the unique impression of the mark, in particular in the presence of the word element JOKER. The Court also stated that the grounds of appeal were all either inadmissible or unfounded.

25 Case T-49/16, 6 April 2017

26 Case C-342/16 P, 6 December 2016

In *Morgese v EUIPO (2 STAR)*[27], the EU General Court upheld a decision of the EUIPO Board of Appeal finding a likelihood of confusion after an Opposition filed by Converse, Inc on the basis of its ALL STAR and ONE STAR figurative registrations. The Applicant, XY3 Srl, filed an application for a figurative mark incorporating a reversed letter ‘S’ or number ‘2’ and the word STAR filed in respect of class 9 (spectacle frames, etc), class 18 (leather goods, etc) and class 25 (clothing, etc) (below left).

The EU General Court held that certain goods were identical and that there was a degree of similarity between the other goods and services. Given the similar structure of the marks, it was found that there would be a likelihood of confusion. Even though the Applicant argued that there was no similarity between the goods in class 9 for sunglasses frames and other related goods and retail of those goods in class 35 given that goods and retail services are different in nature, the EU General Court rejected this argument and found a certain degree of similarity between retail services in class 35 and the goods in class 9.

The EU General Court also held that there was an above average degree of visual similarity between the marks as they share the word STAR and the identical figurative shape of a star. The General Court stated that the relevant public will read the number 2 at the beginning of the Applicant’s mark rather than a reversed letter ‘S’, which is similar to the word ONE in the earlier EU mark.

The General Court held that there was an average degree of phonetic similarity given that the EU earlier mark contains the word ‘one’ and the Applicant’s mark contains the number ‘2’ which will be read ‘two’ and both also shared the word STAR.

The General Court finally found an average degree of conceptual similarity between the marks as the word STAR is an ordinary English word which is generally known by a large part of the public in the EU, including non-English-speaking territories.

Jurisdiction

In *Merck v Merck*[28] the CJEU provided useful clarification in relation to the *lis pendens* rule, in circumstances where infringement proceedings are brought in two different Member States – one under a national trade mark and the other under the identical EU trade mark.

The Applicant (*Merck KGaA*) and the Defendants (*Merck & Co Inc. and Merck Sharp & Dohme Corp.*) were initially part of the same group, though have been separate since 1919. The Applicant owns both the UK national trade marks and identical EU trade marks for MERCK. Whilst the companies had agreements in place for the use of the sign, a dispute arose in relation to the Defendants’ use of MERCK online.

The Applicant commenced proceedings, firstly in the UK based on its UK trade mark and subsequently in Germany under its identical EU trade mark. Parallel proceedings were therefore running with a partial overlap regarding infringement in the UK.

The *lis pendens* rule under Article 109(1) of the EUTMR provides for a scenario where parallel actions are brought for actions involving identical EU and national marks for identical goods/services and between identical parties, the aim of which is to avoid contradictory judgments in separate jurisdictions.

Specifically, Article 109(1) states that “*where actions for infringement involving the same cause of action … are brought in the Courts of different Member States, one seized on the basis of an EU trade mark and the other based on a national trade mark, the Court other than the first Court seized shall of its own motion decline jurisdiction in favour of that Court*”.

The key question for the CJEU was therefore whether the second Court seized was obligated to decline jurisdiction and, if so, to what extent.

Interpreting Article 109(1), the CJEU confirmed that although the two actions involved the same parties and the same sign, the “cause of action” was only the same to the extent that the territorial effect of the prohibitions sought overlapped.

It therefore concluded that the second Court seized must decline jurisdiction, but only with regard to the part of the action which concerned the national territory common to both actions, in this case the UK.

Reputation

The EU General Court annulled a decision by the EUIPO Board of Appeal which rejected an opposition to the registration of the word mark LAND GLIDER.

In *Jaguar Land Rover v EUIPO*[29], Nissan Jidosha KK filed an EUTM application on 27 May 2009 for the word mark LAND GLIDER for “electric vehicles (concept

27 Case T-568/15, 15 February 2017
28 Case C-231/16, 19 October 2017
29 Case T-71/15, 16 February 2017

cars), except two-wheel vehicles" in class 12. On 10 November 2009 Jaguar Land Rover Ltd opposed the application on the basis of numerous EU, UK and German trade mark registrations for LAND ROVER (the word and its figurative device) in class 12 on the basis of Article 8(1)(b) (likelihood of confusion) and 8(5) (reputation of earlier mark) EUTMR.

Land Glider

On 30 May 2013 the Opposition Division upheld the opposition on the basis of the applied for trade mark taking unfair advantage of, or being detrimental to, the distinctive character or repute of the earlier rights held by Jaguar Land Rover and refused the application. The Opposition Division considered the evidence submitted by Jaguar Land Rover to be sufficient to demonstrate a reputation in the EU for land vehicles. The decision found that the marks were similar due to the presence of the word 'LAND' and that it would be understood in some languages.

Nissan appealed and on 9 December 2014 the Board of Appeal rejected the opposition, stating that they considered the marks to be of low similarity and the relevant public consisted of consumers with an enhanced level of attention throughout all Member States. Furthermore, the Board of Appeal considered that the earlier marks have average inherent distinctiveness and the probative value of evidence of use did not allow any conclusion as to whether Jaguar Land Rover enjoyed an enhanced distinctive character through use.

The General Court found that the Board of Appeal had based its reasoning on the incorrect premise that for the whole of the relevant public the element "land" was descriptive and weakly distinctive, or even devoid of distinctive character. The Court also found that a considerable part of the relevant public did not understand the meaning of the word "land", or at least did not understand it as a reference to the solid part of the Earth's surface or to the countryside. Therefore the Board of Appeal's finding that the trade mark applied for and the earlier word marks were visually and phonetically similar only to a low degree, because the relevant public would pay more attention to the second element of the signs, was flawed.

Further, in the context of assessing whether there is a link between the marks, the Board of Appeal's reasoning that even if the earlier trade marks had a reputation, the relevant public would not establish a link between the signs on the basis of the common element "land", was similarly flawed. The Judge also noted that the Board of Appeal did not explain its reasons for which the 2,500 pages of evidence of use submitted by Jaguar Land Rover were not, in its view, sufficient to establish the enhanced distinctive character or reputation of the earlier marks.

The Judge's conclusion was that the Board of Appeal erred in rejecting the opposition on the basis of Article 8(5) EUTMR without carrying out a comprehensive analysis of the cumulative conditions required under that Article. The Board of Appeal's decision was therefore annulled.

Protected Designations of Origin

The CJEU rejected an application for a declaration of invalidity in *EUIPO v Instituto dos Vinhos do Douro e do PortoIP*[30]. This decision was in relation to an EU trade mark for PORT CHARLOTTE covering "Whisky" in class 33 in the name of Bruichladdich Distillery Company Limited. Opposition was filed on the basis of earlier rights in protected designations of origin (PDO's) for Port wine. This decision is important as it clarifies the extent of PDO's which are protected under EU law and states that national law cannot provide improved protection than that provided under EU law.

In 2007, a Scottish distillery registered the EU trade mark for PORT CHARLOTTE in respect of Whisky. The Port Institute applied to invalidate this EU registration on the basis of PDO's for 'Porto' and 'Port' which were protected both under the Portuguese law and under the Single CMO Regulation (Council Regulation (EC) 1234/2007), setting out the rules for wine.

After a long dispute up to the CJEU, it was held that there is no confusion between PORT CHARLOTTE and 'Porto' or 'Port' and that there are differences between Port wine and whisky products.

The CJEU also held that the protection afforded to PDOs under the relevant EU regulation was to be interpreted as exhaustive so that it rendered irrelevant any Portuguese law that might have provided additional protection to the PDOs.

30 Case C-56/16 P, 14 September 2017

Abuse of Process

In *Sherlock Systems CV and others v Apple Inc*[31], the UKIPO held that the 68 revocation applications filed against Apple's registrations should be struck out as an abuse of process. Within a short period of two months, Mr Michael Gleissner, owner of Sherlock Systems CV, filed 68 revocation applications for non-use of Apple's trade mark registrations, including the well-known marks, APPLE, iPHONE and iTUNES. Mr Gleissner had also filed a number of trade mark applications in Benelux for Apple-owned marks which were subject to revocation applications, covering the same goods and services as those of the Apple-owned marks.

Apple claimed that Mr Gleissner was a trade mark troll and referred to the IPKAT blog which stated that Gleissner was '*an individual who abuses the trade mark system by filing oppositions and revocation actions without legitimate commercial grounds for doing so and for the collateral purpose of extracting revenue from trade mark owners*'. Apple claimed that the revocation applications were an abuse of process given that in addition to the revocation applications in the UK, revocation proceedings had commenced in Singapore, the US and the EU against one of Apple's marks, SHERLOCK, as well as a further 120 revocation applications to revoke Apple's marks at the EUIPO and other revocation applications. The cost of defending the revocation applications was out of proportion to any legitimate commercial benefit to the revocation Applicant. Apple also claimed that Mr Gleissner is the owner of 1000 UK companies as well as many more in the US, Belgium, China and elsewhere.

Gleissner denied all claims and argued that it all started when he became aware that Apple was not using the mark SHERLOCK and that they changed their program to another name SPOTLIGHT. Gleissner looked into all of Apple's trade mark registrations in the EU and UK. Gleissner considered that many of the Apple registrations were covering a broad range of goods and services which seemed to be excessive. Gleissner then decided to initiate revocation proceedings against those marks, arguing that he never had any intentions or expectations of 'coercing' Apple into a settlement. Gleissner further claimed that the legislation has not limited the right of third parties to challenge the use of registered marks.

The UKIPO held that, given the surrounding circumstances, the revocations were brought for an ulterior purpose, without which these proceedings would not have commenced and that the real purpose of the revocation applications were to coerce Apple to surrender or assign its SHERLOCK registrations.

Bad Faith

In the *COME TO THE DARK SIDE* Opposition case[32], the UKIPO's decision demonstrated that the bar for providing bad faith remains high.

Brand Protection Limited (BPL) filed an application for "Come To The Dark Side" for goods in classes 14, 21 and 25. ABT Merchandising Limited (ABT) opposed the application in class 25, claiming that it offends as it did not satisfy the requirements of a sign capable of distinguishing goods of an undertaking from another undertaking, it was devoid of distinctive character and it had been filed in bad faith (Sections 3(1)(a) and (b) and 3(6) of the Trade Marks Act 1994 ("the Act") respectively).

The Hearing Officer reviewed the three conditions which must be satisfied in order for a sign to be considered a trade mark (for the purposes of Section 1(1) of the Act) as discussed by Arnold J in *Stitching BDO* and as further explained by the CJEU in the *POSTKANTOOR* case, and concluded that the application mark is not incapable of distinguishing any goods and so the ground under Section 3(1)(a) must fail.

Although ABT had not submitted any evidence to show that "Come To The Dark Side" is a term used within *Star Wars*, BPL had admitted this within its counterstatement. The Hearing Officer found that the mark was devoid of distinctive character for goods which are apt to carry phrases, statements or slogans (bath robes, footwear, aprons, hats etc.) but that it is not objectionable as being devoid of distinctive character for goods that do not typically carry phrases e.g. heels, detachable collars, sarongs and fur stoles. This seems to be a somewhat arbitrary division given that some of the goods for which the mark was found to be distinctive are capable of carrying slogans e.g. football boots and wet suits for water-skiing.

In assessing the bad faith claim under Section 3(6), the Hearing Officer recited the principles summarised by Arnold J in Red Bull and found that ABT had not

31 Case O/015/17, UK IPO, 18 January 2017

32 Case O-106-17, 8 March 2017

made a sufficient case under bad faith. ABT had claimed that BPL obtains registrations to remove competing companies' clothing listings from online sales platforms. However, the Hearing Officer found the evidence submitted by ABT to be irrelevant to the case. He considered ABT's complaint to be that BPL will have a statutory monopoly in a term which is a commonly used slogan and would use its registration to remove from online listings third party goods which carry the same or similar words. The Hearing Officer found that this was not a sound basis for a bad faith claim, otherwise it would be a valid objection against every trade mark that is devoid of distinctive character on the grounds that the Applicant seeks a monopoly in a non-distinctive mark. Whilst this is valid reasoning, the present case is distinguishable as it relates to a relatively well-known slogan and not a non-distinctive term which is unassociated with a third party. Despite BPL acknowledging the origin of "Come To The Dark Side", this did not seem to influence the Hearing Officer's decision, presumably because the Opponent did not submit any evidence that the phrase originates from and is associated with *Star Wars*.

In *Paypal v Hub Culture*[33], the General Court applied the established factors which contribute to a finding of bad faith.

In 2007 Hub Culture Ltd ("Hub Culture") established a virtual digital social currency called VEN and applied to register VEN as a US word mark for financial services in class 36. The application registered in April 2009. In the same month Venmo Inc ("Venmo"), a company specialising in online payment services, was established in the USA under the name VENMO. (Venmo was eventually acquired by Paypal.)

In June 2010 Hub Culture wrote to Venmo expressing their concern at the use of the mark. They followed up with another letter in October 2010 and the parties then had a meeting in early November 2010.

On 9 November 2010 Hub Culture applied to register VENMO as an EU trade mark in classes 9 and 36. Correspondence between the parties continued between December 2010 and January 2011, with Venmo disputing that there was a likelihood of confusion and Hub Culture proposing a licence agreement in respect of Venmo's use of VENMO. The EU application for VENMO registered on 26 April 2011.

On 27 June 2013, Venmo's former owner filed a request for a declaration of invalidity. On 23 September 2014 the Cancellation Division declared that the mark was invalid because 1) even though no formal agreement had been signed, a pre-contractual relationship existed between the parties, and 2) Hub Culture had sought to register VENMO as a "weapon" or defensive mark which was not in line with the essential function of a trade mark. Hub Culture appealed and the Board of Appeal annulled the decision taking the view that bad faith had not been established.

The General Court annulled the Board of Appeal's decision stating that it was vitiated by a number of errors. In its analysis the Court took into account the bad faith principles that have been established in a number of cases including *Chocoladefabriken Lindt & Sprüngli*.

The Court noted that Hub Culture knew about Venmo's use of the VENMO mark but acknowledged that this in itself is not sufficient to permit the conclusion of bad faith.

The Board of Appeal had concluded that it was logical for Hub Culture to register VENMO on the basis of the use of the sign VEN MONEY and the domain name "venmoney.net" which had been registered by Hub Culture in October 2010. The Court noted that, with the exception of the domain venmoney.net (which redirected to the main Ven website), there was no evidence that VEN MONEY had been used. Further, the "mo" element of VENMO cannot be understood as a natural abbreviation of the word "money".

The Court considered that if it was Hub Culture's intention to protect its trade mark, it could have registered VEN MONEY, which it claimed to use, but instead it opted to register VENMO which had not been used by it at all and which it knew was used by Venmo.

It was relevant that the application for VENMO was made in the course of negotiations with Venmo. The Court noted that, instead of continuing to explore the possibilities of a commercial resolution, Hub Culture chose to "appropriate" Venmo's trade mark, without notice, with the result that the application could be regarded as a "concealed act".

Other factors were also taken into consideration, such as Venmo's letter of 8 December 2010 which stated that it was trying to confine its services to specific cities in the US. The Court noted that Venmo had not entirely excluded the possibility of the intention to have global operations in the future.

The General Court restated the position on bad faith in *Arrigo Ciprani v EUIPO*[34] and confirmed that the application for registration of CIPRIANI as an EU trade mark had not been made in bad faith.

In 1956 Guiseppe Cipriani, his son Arrigo Cipriani and a third party created Hotel Cipriani SpA. A hotel bearing the name Cipriani was opened in 1958. In 1966 the third party sold its shares in Hotel Cipriani SpA to Stondon,

33 Case T-132/16, 5 May 2017

34 Case T343/14, 29 June 2017

Ondale and Patmore Company Ltd ("Stondon"). In 1967 Guiseppe Cipriani also transferred its shares to Stondon, and Hotel Cipriani SpA was authorised to use the name Cipriani subject to certain conditions.

Hotel Cipriani SpA (now Hotel Cipriani Srl) obtained an Italian trade mark registration for the word mark CIPRIANI for 'hotels, restaurants, bars, cafeterias, snack-bars and refreshment places' on 9 December 1971. The company then obtained an EUTM registration for CIPRIANI on 9 July 1998 in classes 16, 35 and 42.

On 31 July 2009, Arrigo Cipriani ("Applicant") filed an invalidity application against the EU registration for CIPRIANI on the basis that the application for registration had been made in bad faith and that the mark infringed the right of a well-known person to his name under the Italian Industrial Property Code. On 29 November 2011 the Cancellation Division rejected the invalidity application. An appeal was dismissed by the EUIPO Board of Appeal and the case was then taken to the General Court.

The Court rejected the Applicant's argument that the Board of Appeal had erroneously concluded that there had been no bad faith. The Court observed that at the relevant date Hotel Cipriani SpA was the proprietor of an Italian registration for CIPRIANI, of which the use and registration had not been challenged by the Applicant. The registration of the same mark in the EU was considered to be part of a normal commercial strategy. Despite the Applicant's contention that Hotel Cipriani SpA's intention in registering the mark in the EU had been to hinder his activity in the hotel sector, there was no evidence to support this allegation.

The Court also rejected the Applicant's claim that Hotel Cipriani SpA had intended to free ride on his renown by imitating his initiatives and profiting from the renown enjoyed by the name Cipriani at the relevant date. To support this claim the Applicant referred to the fact that in 1979 Hotel Cipriani SpA had opened a bar in London which was a copy of the Applicant's bar in Venice. However, the Court noted that the Applicant had not set out the reason why the existence of a bar in London enabled the conclusion that Hotel Cipriani SpA had acted in bad faith at the relevant date which was some 16 years later. Furthermore, as already noted, at the relevant date Hotel Cipriani SpA was the proprietor of an Italian trade mark for the same mark that had never been challenged by the Applicant.

Genuine Use

It was confirmed by the CJEU that, during the five year period following registration of an EUTM, the proprietor may, if there is a likelihood of confusion, prevent third parties from using an identical or similar mark in respect of identical or similar goods and services, without having to demonstrate genuine use of its registered trade mark. The question arose in *Lansforsakringar AB v Matek A/S*[35], wherein the Court confirmed that the scope of protection conferred by a registered EUTM is not limited, in the first five years, to the use that has been made of the mark. Consequently the infringement of a registered trade mark should be assessed with regard to the goods and services for which the mark has been registered.

In the LAMBRETTA case (*Brandconcern v EUIPO*)[36], the CJEU dismissed an appeal against a decision of the EU General Court which had previously annulled the decision of the EUIPO Board of Appeal, revoking the mark for lack of genuine use.

Scooters India Limited is the proprietor of EUTM registration for LAMBRETTA registered in classes 3, 12, 18 and 25. Class 12 covers "vehicles; apparatus for locomotion by land, air or water" (class heading). Brandconcern applied for partial revocation (under Articles 58(1)(a) and 58(2) EUTMR of the EUTM registration; that the trade mark had not been put to genuine use in connection with the goods for which it was registered within a continuous period of 5 years, and that there are no proper reasons for non-use; and where revocation exists in respect of only some of the goods, the rights of the proprietor would be revoked in respect of those goods only.

The Cancellation Division revoked the registration in class 12. Scooters India appealed the decision and the Board of Appeal rejected the appeal, confining its examination of genuine use solely to "vehicles; apparatus for locomotion by land, air or water" in the literal sense of those terms. Scooters India had submitted evidence of use in relation to the sale of spare parts of scooters but the Board of Appeal took the view that "*it cannot be inferred from the sale of spare parts that [Scooters India] had also manufactured and sold…any vehicle*".

Scooters India sought annulment of the decision at the General Court. The General Court found that the reference to "vehicles; apparatus for locomotion by land, air or water" had to be interpreted as intended to protect the mark in respect of all of the goods in the alphabetical list in class 12. It also took the view that even if "spare parts for scooters" did not actually appear in the alphabetical list of goods for class 12, the Board of Appeal was required to examine whether there had been any genuine use of LAMBRETTA in respect of the many parts and fittings listed therein. Brandconcern appealed to the CJEU.

The CJEU rejected Brandconcern's argument that, following the ruling in *CIPA v Registrar of Trade Marks (Case C-307/10)*, only goods expressly included in the EUTM application were protected; that ruling concerned

35 Case C-654/15, 21 December 2016
36 Case C-577/14 P, 16 February 2017

only trade mark Applicants and not owners of trade marks that had already been registered. Further, the ruling was inapplicable to the registration of the LAMBRETTA trade mark as it had taken place before the delivery of the ruling.

Moreover, the General Court's interpretation was substantiated by the transitional provision introduced into Article 28(8) which allowed EUTM proprietors to file a declaration that, at the date their application was filed, they had intended to apply for protection for goods and services other than those covered by the literal meaning of the class heading but included in the alphabetical list for that class.

Accordingly, this decision confirmed that the IP Translator ruling does not have retrospective effect.

In, *M.I. Industries v EUIPO*[37], the EU General Court annulled an EUIPO decision that genuine use of the EU word mark INSTINCT for pet foods had not been shown.

Natural Instinct Ltd filed an application for the following mark for goods in class 31:

Natural Instinct
Dog and Cat food as nature intended

The Opponent, M.I. Industries, filed opposition against the application on the basis of its two earlier EU registrations, both for "pet foods and pet treats in class 31" for the words marks INSTINCT and NATURE'S VARIETY.

The Applicant requested the Opponent to be put to proof of use of its earlier marks. The evidence submitted by the Opponent was:

- graphic presentation in German for a can packaging containing the word "instinct";
- three invoices containing the sign NATURE'S VARIETY and the name "instinct" concerning products mentioned in them, addressed to the company Cats' Country
- (the Applicant's sole customer and, its importer and distributor in Germany);
- a set of three affidavits from M.I's financial director and
- an affidavit from the owner of Cats' Country, Mr. S, confirming the contents of the affidavits made by the financial director and confirming the independence of Cats' Country from M.I.

The Opposition Division rejected the opposition in its entirety as it found the evidence produced to be insufficient to prove genuine use of INSTINCT. It also held that there was no likelihood of confusion between NATURE'S VARIETY and the application mark.

The Opponent appealed the decision which the Board of Appeal dismissed. In particular, the Board of Appeal found that the nature of the use of the earlier marks had not been proven as, with the exception of the unsupported affidavits, the evidence did not show that the earlier marks had been used publicly and outwardly. The Opponent further appealed this decision to the General Court.

The General Court found that the Board of Appeal had erred in giving an affidavit from the owner of Cats' Country a lower evidential value than an affidavit from third parties, because of the close links it believed existed between the trade mark owner and Cats' Country (the trade mark owner's sole importer and EU distributor). The Court said that the existence of contractual links between two distinct entities did not, on its own, mean that the affidavit from one of those entities was not that of a third party.

The Court also held that, regarding the INSTINCT mark, the Board of Appeal had erred in holding that the evidence was not sufficient to prove that the goods delivered to Cats' Country had actually entered the German market. The evidence demonstrated that the trade mark owner sold to Cats' Country goods bearing the INSTINCT mark from 2008 to 2010 (affidavits and invoices addressed to Cats' Country), that those goods were marketed by Cats' Country (affidavits and an invoice addressed to an individual) and that those goods bore the INSTINCT mark (affidavits, body of invoices, mock-up of a label). This evidence permitted a finding that the goods bearing the INSTINCT mark actually made their way on to the German market.

It was also found that the Board of Appeal had made a mistake in finding that evidence relating to the sale of goods to end consumers should have been submitted to prove that the mark had been used publicly and outwardly. Evidence of use for the sale of goods to a single customer, namely Cats' Country, does not a priori preclude the use being genuine.

A case which is also of significance with regards to genuine use is that of *Abanka D.D v Abanca Corporacion Bancaria S.A.*[38]. The UK High Court partially overturned an IPO decision to revoke international registrations for ABANKA, which had formed the basis of an unsuccessful opposition against a UK trade mark application for the word ABANCA for financial services in class 36.

37 Case T-30/16, 15 February 2017

38 [2017] EWHC 2428 (Ch), 6 October 2017

The Judge took into consideration the fact that Abanka was a Slovenian bank without a UK banking licence. Abanka had only minor activities in the UK, much of which appeared to be focused on the Slovenian expatriate community.

Evidence relating to advanced payment guarantees and cheques was considered by the Judge, who concluded that Abanka was providing guarantees and cheques to customers in Slovenia; even though the cheque or guarantee may be provided by the Slovenian customer to an undertaking in the UK, it was deemed that the ABANKA trade mark was being used by Abanka in Slovenia, not the UK.

The Judge considered Abanka's website, which had an English language version and was accessible from the UK, and concluded that the evidence was insufficient to establish genuine use in the UK. The Judge agreed with the Hearing Officer's reasoning that even though the website had been accessed from the UK, it was not targeted at the UK market. It was also relevant that the evidence did not contain "*reliable material relating to comparative access of the website from the UK or elsewhere*".

However, a 2009 application to the London Stock Exchange by Abanka was considered by the Judge to be genuine use in relation to the issuance of Euro denomination bonds in the UK. The Hearing Officer's decision was overturned in respect of Eurobonds only and Abanka was requested to provide a draft specification to reflect the use proven.

This case highlights what may constitute genuine use with respect to a brand owner's website; even if a website is accessible in the UK, unless the goods and/or services are available in the UK, this will not necessarily equate to genuine use.

Evidence of Use in Invalidity Proceedings

In *Repsol YPF SA v EUIPO*[39] (the intervener being Basic AG Lebensmittelhandel), the General Court annulled an invalidity declaration on the basis that the Invalidity Applicant had not shown use of the earlier sign up to the date the invalidity application was filed.

Repsol YPF SA ("Repsol") had obtained an EUTM registration for a figurative mark comprising of the word BASIC and the colours blue, red, orange and white, for services in classes 35, 37 and 39 on 4 May 2009. On 26 September 2011, Basic AG Lebensmittelhandel ("Basic AG") submitted an application seeking a declaration of partial invalidity for services in classes 35 and 39. In support of its application Basic AG relied upon the business signs "basic" and "basic AG" which it claimed had been used in the course of trade in Germany and Austria.

Following consideration of the evidence submitted by Basic AG, the EUIPO Cancellation Division declared the registration partially invalid for services in classes 35 and 39. The EUIPO Board of Appeal confirmed the decision of the Cancellation Division and dismissed a subsequent appeal by Repsol.

The case then went to the General Court, with Repsol seeking an annulment of the contested decision. The Court considered the evidence and noted that whilst Basic AG had demonstrated that it had been using the business signs "basic" and "basic AG" in Germany before the filing date of the registration, the evidence did not establish, to the requisite legal standard, that the business signs had been in use by the date the invalidity application had been filed. The Court therefore held that it could not be concluded, on the basis of the evidence, that the condition requiring use of the earlier sign in the course of trade had been satisfied. The contested decision was accordingly annulled.

Infringement

Use – Informative or Misleading?

In June 2017, the Court of Appeal heard Bayerischer *Motoren Werke Aktiengesellschaft v Technosport London Limited and another*[40], which was an appeal of a 2016 IPEC decision.

The Appellant, Bayerischer Motoren Werke Aktiengesellschaft ("BMW") is the well-known German car manufacturer. The first Respondent ("Technosport") is a company dealing with the repair and maintenance of cars, mainly BMWs and Minis. Although Technosport specialises in the repair and maintenance of BMW cars, it has no formal connection with BMW, other than as a purchaser and user of BMW manufactured spare parts.

BMW had originally brought the action for trade mark infringement and passing off for various uses which Technosport had made of three of its registered EU trade marks – the BMW word mark, "the Roundel" and "the M Logo", all registered for, inter alia, car repair services in class 37. At first instance, infringement was found in respect of the Roundel and the M Logo, as the judge concluded that the average consumer would perceive these marks to only be used by those businesses which were authorised by BMW. There was no appeal in relation to these conclusions. In relation to the word mark, however, the trial judge was not convinced that the average consumer would perceive use of the word mark in the contexts complained of as implying that Technosport was an authorised dealer.

39 General Court Case T-609/15, 21 September 2017

40 [2017] EWCA Civ 779, 21 June 2017

The appeal therefore centred around the issue of infringement of the word mark, which BMW lost at first instance, under both Articles 9(1)(b) and 9(1)(c) – likelihood of confusion and unfair advantage/detriment to distinctive character or repute. The issue of passing off was treated at trial and on appeal as standing or falling with the infringement action, therefore it was not considered separately.

There were three uses of the word mark complained of – (i) use on shirts bearing the words TECHNOSPORT together with BMW (which appeared either directly below or alongside TECHNOSPORT), which the sole director of Technosport was photographed wearing on two separate occasions in 2013 and 2015; (ii) use of the Twitter handle @TechnosportBMW and (iii) use of the words TECHNOSPORT – BMW on the back of Technosport's van, which was used for short trips around the local area in North West London.

BMW argued that these uses by Technosport conveyed the message that Technosport was a BMW authorised dealer, or at least economically linked to BMW in some way. If the trial judge had been correct in his findings on the uses of the word mark being non-infringing, it would seem that any independent repairer could incorporate the letters BMW into its trading name in the way that Technosport had done without infringing the BMW word mark. The appeal therefore represented an issue of particular importance to BMW.

The Court of Appeal found in favour of BMW in respect of all three uses, finding infringement under Article 9(1)(b) – likelihood of confusion. Given the success under this ground, the Court did not go on to consider infringement under Article 9(1)(c) - reputation.

In coming to its decision, the Court of Appeal noted that there would be some uses of the BMW word mark which would be necessary and legitimate in order to communicate to the public what the business in question actually does (which would not be an infringement) and some which would convey a false message of a commercial connection with BMW (which would be an infringement). These types of uses were referred to as "informative use" and "misleading use" respectively and the key question was assessing which of the two types of use Technosport's activities fell into. Such an assessment required the close consideration of the detail and context of the use.

The trial judge considered that BMW had failed to prove that the average consumer's perception of the incorporation of the word BMW into the trading style of Technosport was misleading use and thought that BMW ought to have called more evidence to that effect, including evidence from actual consumers. Lord Justice Floyd criticised this part of the decision and noted that BMW's case was that Technosport had been styling its business as "Technosport BMW" which was being used as an *identifier* of its business and services, rather than a *description* of what it did. It did not take specialist knowledge on the part of the average consumer to determine that use of a trade mark in this manner (as part of a trading style) is intended to make a statement about the identity of the business and services it provides and may indicate a connection with the trade mark owner. This type of use was objectionable to BMW. By contrast, BMW rightly took no objection to descriptive use such as use of the slogan "*the BMW specialists*" by Technosport on the facia of their old premises.

Floyd LJ also noted the trial judge made an error in principle and that there was no requirement for BMW to prove that all authorised dealers used the trade style "Dealer BMW" to support its submission that the immediate juxtaposition of Technosport and BMW in the three uses complained of gave rise to the risk of consumer confusion. Furthermore, he noted that the judge was wrong to say that it required evidence of actual consumers to establish BMW's case. He reaffirmed the principle from *Interflora*[41] that where what is in issue is an ordinary consumer product, the Court is not normally assisted by the evidence of individual consumers to establish what impression is conveyed by a sign.

The trial judge's focus on the absence of this particular type of evidence meant he lost sight of the need to consider each use in context. Had he done so, it was inevitable that he would have concluded each use of the TECHNOSPORT BMW sign was more than informative use and carried the risk that it would be understood as misleading use.

41 [2012] EWCA Civ 1501, at [40] – [43]

Each of the three uses were deemed to be more than mere informative use. Even in the absence of the presence of the Roundel logo, the use of TECHNOSPORT BMW was still held to be an infringement in and of itself. This was because there was nothing in this sign to indicate that it was being used informatively, in contrast to acceptable phrases such as "BMW repair specialist". Whilst Floyd LJ noted it was not the strongest of BMW's points, he held that use of the Twitter handle was also an infringement (in addition to use of the sign on the van and on the shirts).

This decision provides clarity for both brand owners and third parties alike. Whilst immediately relevant to the car repair industry, it is likely to have applicability to many other sectors as well. Third parties should be cautious to ensure that any registered trade mark is only used in a descriptive and informative manner, and not as a trading style which could give rise to a likelihood of confusion or a false impression of a commercial connection with the brand owner. The finding of infringement in relation to the Twitter handle, which bears significance in 21st century commerce as a way in which consumers identify companies, is also a point which will be of interest to brand owners for their brand enforcement strategy and should also serve as a note of caution to third parties.

Google Advertising

The complex issue of trade mark infringement in the context of Google advertising was considered by the *High Court in the case of Argos Ltd v Argos Systems Inc*[42]. In a substantial judgment running to more than 100 pages, Deputy Judge Richard Spearman QC considered issues of trade mark infringement and passing off which arose in the context of an unusual factual background.

The relevant facts can be summarised as follows: the Claimant in this action was the well-known UK retailer, Argos Limited ("Argos UK"). Argos UK has been trading since 1973 through both catalogues and its retail stores. It registered the domain name www.argos.co.uk in 1996 and launched an e-commerce website through this address in around 2004. Argos UK was the proprietor of two EU trade marks for ARGOS, one covering in particular "*advertising services*" in class 35 and another covering in particular "*retail services*" in class 35. It was not in dispute that ARGOS was extremely well known to a substantial proportion of consumers in the UK and the Republic of Ireland, in relation to the provision of catalogue and store and internet based retail services. It was also not in dispute that Argos UK owned goodwill in the sign ARGOS in the UK.

The Defendant was a US company, Argos Systems Inc. ("Argos US"), which specialises in CAD systems for the design and construction of residential and commercial buildings. It was incorporated as a Delaware corporation in 1991. In 1992, Argos US registered the domain name www.argos.com, for its own legitimate business purposes and in ignorance of the existence of Argos UK. Argos US used the website as a commercial website and for email. The .com domain was registered four years before Argos UK secured the .co.uk domain. The Defendant operated solely in North and South America and had never attempted to enter the EU market.

It is important to understand the basics of Google's two main advertising programmes, Google AdWords and Google AdSense, to fully comprehend the nature of this dispute. The Google AdWords programme allows parties wishing to advertise their goods and services online to create adverts which will appear on relevant Google search results pages and on Google's network of partner sites. The adverts are linked to relevant keywords which the advertiser chooses and which potential customers are likely to use when searching the Internet. Advertisers using the AdWords service pay Google on a cost-per-click (CPC) basis. Google AdSense, on the other hand, provides an opportunity for website owners to partner with Google and display those AdWords ads on their website. In return for the provision of the advertising space for Google to display the AdWords ads, Google will pay its AdSense partner on the basis of user clicks on the adverts or ad impressions, depending on the type of advert.

In the context of this case, Argos UK was a customer of Google AdWords and Argos US, was for a time (namely from December 2008 to September 2015), a partner to the Google AdSense programme, displaying adverts on its website. The adverts displayed on the argos.com website included adverts for Argos UK itself. These adverts appeared as a result of Argos UK's participation in the AdWords programme. Argos UK also submitted that adverts for its competitors were also displayed on the argos.com website. During December 2008 to January 2012, all visitors to argos.com were shown Google AdSense ads. However, in January 2012, Argos US introduced a new configuration of the website which featured two different versions of the home or landing page, using geo-targeting source code, which meant that AdSense ads were not displayed to visitors detected as coming from the Americas, but were displayed to all other visitors, regardless of their location. Argos UK decided to blacklist its ads from appearing on argos.com in July 2013. In September 2015, Argos US disabled ads entirely from argos.com.

As the final part of the factual matrix, it should be noted that traffic to the argos.com website was significant. Google Analytics data for the period January 2012 onwards showed that 89% of traffic came from the UK. 85% of the UK visitors left the website after less than 1 second and the median session duration was under 10 seconds. Irish visitors behaved in a similar fashion.

42 [2017] EWHC 231 (Ch), 15 February 2017

Almost no UK users clicked past the landing page: out of the 7.3 million sampled UK sessions, 7.2 million "dropped off" the home page. 90% of users accessed argos.com by typing the URL directly into their web browser's address bar. After the ads were removed in September 2015, these statistics did not materially change.

Argos UK brought claims for trade mark infringement under Articles 9(1)(a) (double identity of mark and goods/ services) and 9(1)(c) (unfair advantage/detriment to distinctive character/repute of earlier mark) of Council Regulation 207/2009 and passing off, centred around the display of adverts on the argos.com site.

Argos UK did not object, and accepted that it could not have objected to, Argos US's use of the domain name argos.com as a simple website promoting its CAD software and related services, so its analysis focused on the use of Argos US's domain name *in conjunction with ads*. Argos UK argued that by virtue of Argos US' participation in the Google AdSense programme in the years 2008-2015, Argos US was able to generate advertising revenue from visitors, the vast majority of whom were visiting the site in the mistaken belief that argos.com was the website address of Argos UK. A number of the adverts placed on Argos US' website in this manner were actually for Argos UK and were placed on Argos US' website by virtue of Argos UK's participation in the Google AdWords programme. Against this very specific factual background, Argos UK contended that Argos US' use of the argos.com domain name in these circumstances was abusive, because it amounted to unfair free-riding on, and was liable to damage, the distinctive character and reputation of its trade marks. Argos UK also claimed that this use also confused a significant number of Internet users. Furthermore, as a significant amount of the ads displayed on argos.com related to Argos UK itself, this added insult to injury. On Argos UK's analysis, it meant that part of the payments it paid to Google for the AdWords programme for clicks on these adverts were received by Argos US, so Argos UK was effectively paying Argos US for carrying out activities which it deemed to be infringing.

Argos US denied there had been any infringement or passing off and counterclaimed for a declaration of non-infringement. It also claimed an indemnity under a contract made between Argos UK and Google, on the basis that this contract conferred third party rights on Argos US. Argos US also made some interesting preliminary remarks in defending the case, namely that the high level of traffic to its argos.com website caused serious bandwidth issues and created significant inconvenience and expense for it. In nearly seven years as a partner in Google's AdSense programme, it only generated $100,000 in advertising revenue. It submitted that this sum was tiny relative to the scale of either party's business and that some of the funds were used to offset the costs of the bandwidth and infrastructure needed to host the argos.com website. The issue with the high level of traffic was caused by visitors speculatively guessing the website address of Argos UK to be argos.com. This error was not Argos US' fault. Furthermore, it became clear in relation to Argos UK's own ads displayed on the argos.com website, that where users clicked on these ads, this generated significant profits for Argos UK. With respect to its decision to introduce the geo-targeting of ads in 2012, Argos US explained that this decision was taken in order to minimise bandwidth consumption and server load on the argos.com website. Argos US's main concern was to provide quick and easy access for the unwanted visitors to leave the page.

The judge dismissed the claims for trade mark infringement under both Articles 9(1)(a) and 9(1)(c). In particular, the issues of consent and targeting of UK customers were central in coming to this conclusion and were considered in detail by the judge.

With regards to consent, there was no infringement as Argos UK had consented to the display of its ads on the argos.com website. The consent was derived from Argos UK's participation in the Google AdWords programme for a number of years. As part of the standard terms of the Google AdWords agreement, the advertiser agrees to the display of its adverts on <u>all</u> Google network websites (which included argos.com). It was open to Argos UK to exclude argos.com from the list of websites which could display its adverts but it chose not to do so until 2013. Even if Argos UK did not know about the adverts directly, this information was available to its advertising agency. Taking all of this into account, it was not possible for Argos to complain of the display of advertisements on a website which it had already consented to. This finding was fact-specific and does not mean that by signing up to Google AdWords, all advertisers are deemed to have consented to any use of their trade marks which might be made by a third party in connection with a website which is selected by Google to display their ads.

In respect of targeting, the judge had to decide whether there was any targeting of customers in the UK. Was there an actual offer of goods or services or an advertisement targeted at consumers in the UK? The test to determine the issue of targeting is an objective rather than subjective one, assessed from the perspective of the average consumer. There were deemed to be two types of average UK internet users – (i) those that were enquiring and (ii) those that were unenquiring. In relation to the display of third party Google adverts on a website, would the average Internet user think these were targeted at them by the website proprietor or by the advertiser (linked to their browsing history)? The judge held that the first class of enquiring consumers would consider that the ad was being directed at them from the advertiser (not the website proprietor) based on their browsing history, and that the second class of unenquiring consumers would not trouble themselves to think of the reason why the ad was displayed there. The Defendant's case on there being no targeting was assisted by the fact that most visitors to the website ended up there in error and they did so as a result of their own mistake, not because of something which Argos US did. On that basis, there was no targeting of UK customers and therefore, no infringement.

Whilst the above two findings were sufficient to dispose of the action, the judge also noted in *obiter* remarks that in relation to the claim under 9(1)(a) (double identity) that even if there had been targeting, the action would have failed as the use was not in relation to the identical services, namely "advertising services". Argos UK tried to argue that Argos US was effectively running a secondary advertising-based business, which was separate to its US activities. This argument was rejected; Argos US was simply providing a medium for the dissemination of advertising. It was Google, not Argos US, which was providing the advertising services. The use was also held not to affect the functions of the trade mark. With respect to the claim under 9(1)(c) (reputation), there was held to be no link and no detriment or unfair advantage established. In relation to the issue of due cause, whilst it seemed to be the case that Argos US signed up to the Google AdSense programme in order to make money from the high volumes of traffic visiting its argos.com site, this was a lawful activity even where the website was split into two versions based on the visitors location being in the Americas or outside of them. The geo-targeting and showing of ads only to customers based outside of the Americas was a point of particular objection to Argos UK. However, the judge held that such use was not for illegitimate purposes and Argos US's use had not been without due cause.

In the event of a finding of infringement, the judge was satisfied that the Defendant could in any event successfully have made out the own name defence under Article 12(a) Regulation 207/2009 (which has since been amended under the Regulation and this defence no longer applies to corporate entities). Argos was a name from Greek mythology and it had been adopted by the Defendant in good faith in 1991. Argos US had been acting in accordance with honest practices.

The passing off claim also failed. Whilst there was undoubtedly goodwill owned by Argos UK, there was held to be no misrepresentation or damage or likelihood of damage. Argos.com was not inherently deceptive, nor was it an instrument of fraud.

Lastly (and the only point to be decided in Argos UK's favour), the issue of indemnity which Argos US pleaded was rejected. The relevant clause under the Google Adwords terms (in the contract between Google and Argos UK) was deemed not to be apt to provide Argos US with an indemnity in respect of any liability it may have incurred to Argos UK as a result of displaying Argos UK's ads on its website, whether for damages for infringement of a trade mark or passing off or for the costs of the present proceedings. The judge did not rule on the issue of the counterclaim for a declaration of non-infringement, as he noted that this and the appropriate remedies were best addressed after the judgment on liability had been handed down.

Interestingly in this case, Argos UK's disclosure showed that in a 3 month period in 2013, it had generated revenue in excess of £100,000 based on click-throughs from argos.com. The email correspondence also made it clear that Argos UK was not really concerned that Argos US' activities were giving rise to trade mark infringement or passing off. Rather, Argos UK's primary interest in the nature and extent of the website traffic was as a means of assessing the value of the domain to Argos US, in order to make a bid to purchase it. Argos UK's repeated attempts to purchase the domain from Argos US were all refused.

This was an unusual case but at the heart of it seemed to be the desire on Argos UK's part to try to acquire the www.argos.com domain. The evidence suggested that after failed attempts to negotiate with the Defendant to purchase the same, the threat of legal proceedings was used as a tactic. This tactic ultimately failed. Whilst an identical factual scenario seems unlikely to arise again in the near future, brand owners should seek to ensure that key domains are registered as soon as possible, in order to avoid finding themselves in a similar situation to Argos UK.

Threats

The High Court considered an application for summary judgment in an action for unjustified threats under Section 21 of the Trade Marks Act 1994 in *Nvidia Corporation and others v Hardware Labs Performance Systems Inc*[43]. The Claimants were all members of an international group of companies, of which the parent company, Nvidia Corp, was based in California, US. The Defendant was a Philippines corporation and proprietor of three EU trade mark registrations for GTX, GTS and GTR.

The application to strike out turned on the construction of a letter sent by Hardware Labs' German lawyers to Nvidia Corp in California regarding acts of alleged infringement by Nvidia Corp's German subsidiary, Nvidia GmbH, in particular with reference to its use of the

43 [2016] EWHC 3135 (Ch), 6 December 2016 trade mark GTX. The key points to note regarding the letter are that it referenced activities in Germany (with specific references to the German website, www.nvidia.de) and all references to relevant trade mark legislation contained in the letter were to EU law or to German national law. The letter included a proposed declaration which required Nvidia to cease and desist from using the marks in the course of trade in the *European Union* and the letter was in English.

There was no dispute as to whether the letter contained a threat of infringement proceedings – it clearly did. The key question was whether it contained a threat of infringement proceedings *in the UK*, as Nvidia was alleging in its unjustified threats action.

The judge held that there was no threat of an infringement action in the UK. Although the letter was addressed to the US parent company and included a requirement to cease and desist from using the marks in the course of trade in the EU, it referred only to activities in Germany, carried out by a German company, by reference to German national and EU legislation. This finding was not affected by the fact that the Nvidia group of companies includes three UK subsidiary companies and that Nvidia has significant commercial dealings in the UK.

It was held that a reasonable businessman would understand, on reading the letter, that unless he offered the requested restraint on pan-European activities, he would find himself subject to trade mark infringement proceedings *in Germany*. The threat related to proceedings in Germany, not the UK. The Defendant was entitled to summary judgment on the effects of the threats letter and that part of the claim was struck out.

The claim for unjustified threats seemed to be a tactical move on the part of Nvidia Corp, which ultimately failed. The decision seems to properly limit the scope of UK threats law to infringement actions which are intended to be brought in the UK, and not those contemplated for another Member State of the EU. This case can be contrasted with the case of *Best Buy*[44] in which it was held that claims of EU-wide trade mark infringement were held to constitute a threat of proceedings in the UK, as it was known that Best Buy was intending to launch its European business in the UK. A claim for groundless threats will turn on its particular facts, and parties should proceed with caution before launching such actions merely for tactical reasons.

Own name defence

Perhaps the most entertaining trade mark case of the year involved the unlikely combination of a dog and a high-end Japanese restaurant in London. The case being referred to is *Azumi Ltd v Zuma's Choice Pet Products Ltd and another*[45], which the High Court heard in February 2017, with judgment being handed down in March 2017.

This was a claim for trade mark infringement under Section 10(3) of the Trade Marks Act (use in course of trade which takes unfair advantage/causes detriment to distinctive character/repute of trade mark) and Article 9(2)(c) (entitlement to prevent import or export of goods under sign) of Council Regulation 207/2009, as amended by EU Trade Mark Regulation 2015/2424. The Claimant, Azumi Ltd, owns and operates high-end Japanese restaurants, located in London and other locations around the world. The first Defendant ("ZCPP") was incorporated in 2014 for the purpose of manufacturing and selling high quality pet food for dogs and cats. The second Defendant was the sole director of the company, Ms. Zoe Vanderbilt. She purportedly named the company after her dog, Zuma, a Japanese Akita/German Shepherd cross.

The second Defendant registered the domain name www.dineinwithzuma.com in June 2014. The domain directed users to a website which markets pet food products. The website included use of the word ZUMA, the phrase DINE IN WITH ZUMA and the following banner:

The Defendant also applied for a UK trade mark for DINE IN WITH ZUMA, which the Claimant opposed. The Claimant's representatives wrote 2 letters to Ms. Vanderbilt (one open and the other on a without prejudice basis) and the second Defendant also had a meeting with Mr. Rainer Becker, director and co-founder of Zuma restaurants. No settlement was reached and Ms. Vanderbilt stated that she considered the contents of the letters and the statements made by Mr. Becker during their meeting to constitute unjustified threats to bring trade mark infringement proceedings.

The Claimant, as the owner of a UK and EU trade mark registration for the word mark ZUMA and a further EU trade mark for **zuma** then issued trade mark infringement proceedings. The Defendants brought a counterclaim for groundless threats against the Claimant and its advisors. The Defendant also brought two separate groundless threat claims. With reference to the numerous threats claims and the pleaded own name defence of the name of a dog, it may not come as much of a surprise to our readers to note that the Defendant in these proceedings was a litigant in person.

44 Best Buy Co Inc & Another v Worldwide Sales Corporation Espana SL [2011] EWCA Civ 618

45 [2017] EWHC 609 (IPEC), 24 March 2017

The claim for trade mark infringement was successful. Some of the notable issues discussed in relation to infringement were as follows:

Did the marks have a reputation in the UK/ EU? What is the relevant market? The judge noted that despite the Claimant only operating one restaurant in Knightsbridge, it had an international list of clientele (including a significant proportion of reservations coming from customers located in the EU) and it often attracted A-list celebrity visitors. It was also ranked as one of London's best restaurants, had won numerous awards and generated revenue of £14 million in 2015. Furthermore, the relevant market was not, as the Defendant contended, the UK restaurant business as a whole, but rather the smaller market for high quality, high-end restaurants in London. On the basis of the evidence (which included over 250 press cuttings from UK newspapers), the judge concluded that the restaurant did in fact have a reputation amongst that section of the public concerned with high quality, high-end restaurants in London. It was also submitted and accepted by the judge that the number of people aware of the Zuma restaurant would far exceed the amount of people who had actually dined in the restaurant (notably, those who had telephoned and were unable to secure a reservation at a convenient date or time and those who were aware of the restaurant due its reputation and press coverage, but had never attempted to make a reservation). Taking all these factors into account, the judge was satisfied that the marks had a substantial reputation in the UK, which was also deemed sufficient to establish a reputation in the EU.

Use of a sign by the Defendant? The Defendants accepted that they had used both DINE IN WITH ZUMA and the device mark (the banner shown above) as signs. They disputed use of the sign ZUMA *solus* as a sign, as they argued all use of ZUMA alone was in reference to the name of the second Defendant's dog. This submission was rejected on the basis that nowhere on the website did it explain that Zuma was a real dog. A consumer could assume that Zuma was a fictional brand mascot, like Churchill the bulldog used by Churchill Insurance. The judge therefore found that ZUMA *solus* had been used as a sign. Following *BT v One in a Million*[46], it was also held that dineinwithzuma.com was used as a sign. The Defendants were successfully able to argue that the company name, Zuma's Choice Pet Products Limited ("ZCPP") had not been used as a sign. Whilst company names may amount to trade mark infringement where they indicate origin, the Defendants had only ever used the company name as a company name and that use alone could not amount to infringement.

Use in the course of trade? Although no actual sales had been made by the Defendant, the concrete plans to launch the pet food business were held to be sufficient to find that there was use in the course of trade. The Defendant was held to have used all of the signs complained of (expect for the company name), in the context of a commercial activity with a view to economic advantage, albeit prospectively.

Is there a link? The judge applied a two-stage test, namely (i) was there an opportunity for an average consumer to make a link? And (ii) would an average consumer make that link? There was found to be an opportunity, in that a proportion of the relevant consumers of the Claimant's marks would be dog owners. Moreover, those customers who are attracted to the high quality fresh food at Zuma may also be drawn to high quality dog food which the Defendants were seeking to market under the ZUMA (and other) signs. On stage two of the test, it was held that an average consumer would make a link as there were several attempts to "humanise" the dog food, for example through the use of the phrase "dine in" which was seen to be a human activity, rather than one associated with dogs. Per counsel for the Claimant, "*dogs eat, they do not dine*". The names of the various dog food ranges such as "*slow braised pork*" and "*chicken and lentils*" also sounded like descriptions which would be applied to human food. Lastly, the imagery of the dog on the website "*smartly dressed in a bow tie*" was also said to add to the impression of humanising the goods. The judge was therefore satisfied that the average consumer aware of the Claimant's marks would, on exposure to the signs complained of, call the marks to mind and make a link.

Is there tarnishment and/or dilution? The judge accepted that there is an inherent tension between dog food and human food of any type, even more so in the case of the type of food served in high quality restaurants such as Zuma. She therefore found that use of the signs in association with dog food would be likely to tarnish the reputation of the Claimant's marks. On the question of dilution, the Defendants attempted to argue that there would be no dilution as "Zuma" is already used by numerous other businesses around the world, including a popular computer game, *Zuma's Revenge*, and a coffee bean supplier in Bristol. Searches of the Companies House and Trade Marks Register showing a number of other "Zuma" entities submitted by the Defendant were disregarded by the judge, as there was no accompanying evidence to suggest which, if any, were actively trading under those names. The judge accepted per *Intel*[47] that there is no requirement for uniqueness of the trade mark in order to establish dilution. Accordingly, the judge was satisfied that there was a serious likelihood that the use of the signs complained of would have an adverse effect on the economic behaviour of the average consumer with knowledge of the marks.

46 [1999] 1 ETMR 61

47 Intel Corporation Inc. v CPM United Kingdom Ltd, Case C-252/07

Possibly the most interesting part of this case was a claim to the registered trade mark not being infringed by the use by a person of his own name or address (Section 11(2)(a) of the TMA and Article 12(1)(a) of the Regulation). There were two prongs to the purported own name defence – (i) Zuma was the name of the second Defendant's dog and (ii) the company name, ZCPP.

First, it should be noted that since 23 March 2016, under the EU Regulation, there is no longer an own name defence available to corporate entities. The defence is only available to natural persons. Under the UK statute, the defence is still available to both natural persons and corporate entities.

The claim insofar as it related to the dog's name was given short shrift as, "*the dog is not a party to the proceedings, nor is a natural person or a company*". The Defendants also failed to make out the defence in relation to the company name, as their company name was not the same as the signs complained of – ZUMA or DINE IN WITH ZUMA.

Finally, with respect to the counterclaim for groundless threats – it was held (as a logical conclusion to the finding of infringement) that the threats were justified. The only exception to this was the request to change the company name of the first Defendant (the judge had earlier accepted the submission that use by of the ZCPP name as a company name, will not, of itself, infringe the trade marks). Whilst successful to a very limited degree in the groundless threats claim, as the Defendant failed to provide any evidence of loss or damage suffered as a result of the threat to change the company name, the judge held that there was no entitlement to damages.

The case highlights that if a Claimant runs a geographically limited, but very successful business, it may be possible to successfully claim that it enjoys a reputation in its mark(s) in the UK and possibly the EU as a whole. Given the enhanced protection afforded to proprietors of trade marks with a reputation, this could be of crucial importance in a trade mark infringement action particularly where the Defendant may be active in a different market to that of the Claimant, and where a claim for tarnishment or dilution may be more convincing than likelihood of confusion. It also highlights the limited scope of the own name defence, which insofar as a defence to an EUTM infringement action is concerned, now only applies to natural persons and not corporate entities. Whilst the defence still applies to both natural persons and corporate entities in UK infringement actions, we can say with some certainty that it is not applicable to pets(!)

In *Sky plc and another v SkyKick UK Ltd and another*[48], SkyKick applied for an order to make a reference to the CJEU to ascertain if Article 1(13) of Regulation (EU) 2015/2424 (own name defence) was contrary to fundamental EU rights. SkyKick is a US company which provides products and services to partners to assist them in migrating their customers' data to the cloud. SkyKick applied to register SKYKICK in the US in 2012. In 2016, they filed an International Registration designating the EU and other territories. SkyKick also filed invalidation actions against Sky's EU trade marks on the basis that they were not distinctive in relation to cloud-computing and sought a declaration of non-infringement from IPEC. Sky counterclaimed, bringing proceedings against SkyKick for infringement of its EU and UK trade mark rights.

Skykick relied on the own name defence, stating that it was used in accordance with honest practice. They also stated that they had very different businesses from Sky and operated in a different commercial field of interest and were therefore not in competition with one another.

The own name defence provision was amended to apply to natural persons only and SkyKick therefore applied for a reference to the CJEU to review the validity of the Article given that they considered it an interference with freedom to conduct businesses and that the amendment was discriminatory between natural of legal persons.

Sky argued that the legislator in the EU originally intended that the law relating to the own name defence to trade mark infringement would only apply to natural persons.

The judge rejected the application for a reference to the CJEU as he considered that the parties had a properly arguable case on the merits and that SkyKick may win without making the reference, for instance, by arguing that there is no confusion in view of the difference between the goods and services. The judge also stated that Sky may win the action if SkyKick fail to establish use of its name in accordance with honest practice. The Court also rejected a stay of proceedings (Article 104(1) of the EUTM Regulation) as there were special grounds for continuing being the need to keep the early 2018 trial on track, the risk of inconsistent decisions and the High Court claim concerning passing off and UK trade mark infringement.

Account of profits

In our 2015 review, we reported on *Roederer v JGC*[49], in which the High Court ruled that the Claimant's CRISTAL trade mark (used for its prestige champagne) had been infringed by the Defendant's "*Cristalino*" cava product.

The subsequent hearing in relation to quantum, although fact specific, provides useful guidance as to how the Court assesses account of profits when the Defendant refuses to engage with the process.

48 [2017] EWHC 1769 (Ch), 13 July 2017

49 Champagne Louis Roederer v J Garcia Carrion S.A. and Others [2015] EWHC 2760 (Ch)

Following the 2015 judgment on liability, the Claimant chose an account of profits assessment (rather than a damages inquiry) and the Court duly ordered the Defendant to provide disclosure of their number and sales of the product in the UK. Notably, the Defendant refused to comply with the disclosure obligations and refused to engage with any further proceedings.

In light of the total non-compliance by the Defendant and in the absence of any request by it to cross-examine the Claimant's witnesses, the High Court[50] accepted the Claimant's evidence unchallenged in calculating gross profit.

This included evidence that had been provided by the Defendant in other proceedings in the Commercial Court in Brussels, the UKIPO and the US District Court of Minnesota, as well as information from UK supermarkets which had been produced in the original UK proceedings. The Claimant also submitted expert evidence from an accounting expert.

Using this evidence the Court determined the number of infringing bottles, accepting that this should be reduced to reflect a temporary name change by the Defendant.

In order to then calculate the gross profit, the Court concluded that this could be assessed with reference to the 'contribution margin' for each bottle; a figure which had previously been calculated in proceedings in the Minnesota Court.

It was then left to determine whether the gross profit should be reduced to reflect (i) general overheads in the business; and/or (ii) the part of the profit which was not attributable to the infringement (i.e. where it could be shown that the infringement did not "drive the sale").

With regard to the former, the Court confirmed that the evidential burden of proving there were relevant overheads was with the Defendant. In the absence of any relevant submissions, the Court refused to make any deductions on the basis that they would be purely speculative.

With regard to the latter, the Court considered that Rose J's findings on infringement indicated that the demand for the product was driven by the infringing use of the '*Cristalino*' label and get up. Whilst the Defendant could have made arguments that consumers of the infringing product were motivated by other factors, such as the price, availability or quality, in the absence of any such submissions the Court refused to make any deductions.

Consequently, the Claimant was awarded the full amount of gross profits totalling EUR 1.3 million, providing a reminder as to the risks associated with refusing to engage in proceedings.

Passing Off

An interesting passing off case was raised when the IPEC considered the question of whether a solicitor can own the goodwill associated with their own name. The decision reaffirmed that reputation must be distinguished from goodwill, where goodwill is the first limb of the passing off "trinity" and a prerequisite for a successful passing off case. The background of the dispute in *Bhayani and another v Taylor Bracewell LLP*[51] was as follows: the first Claimant, Ms. Bhayani, was a solicitor specialising in employment law. She had worked in the field for over 20 years and had built up a significant reputation, prior to her joining Taylor Bracewell LLP. She was approached in 2011 to join Taylor Bracewell as a salaried partner, as the firm was looking to build up its employment law practice.

On 1 April 2011, Ms. Bhanyani entered into a contract of employment, as well as entering into a limited liability partnership with Taylor Bracewell. Under the Partnership Agreement, it was agreed that the firm would offer its employment law services under the name "Bhayani Bracewell". On 14 February 2014, Taylor Bracewell applied for a UK trade mark for BHAYANI BRACEWELL ("the Trade Mark") in a stylised form for, amongst other services, "legal services" in class 45. The mark was registered on 23 May 2014. There followed a breakdown of trust between Ms. Bhayani and the other Partners, with a finding of gross misconduct, and Ms. Bhayani was dismissed on 17 October 2014. In November 2014, she set up her own employment law practice, Bhayani Law Limited ("BLL"), the second Claimant in these proceedings. She also raised an employment claim against her old employer.

For a time after her departure, Taylor Bracewell continued to offer its employment law services under the "Bhayani Bracewell" name. Ms. Bhayani objected to this and there followed correspondence between the parties. On 8 January 2016, Ms. Bhayani and BLL commenced the present proceedings for passing off, claiming that Taylor Bracewell had passed off its services as those of Ms. Bhayani through a number of different acts including by way of its continued use of the "Bhayani Bracewell" name, thereby falsely representing that Ms Bhayani was still working for the firm. The Claimants also sought revocation of the Trade Mark, pursuant to Section 46(1)(d) of the Trade Marks Act 1994, namely that its continued use would be liable to mislead the public. The Defendant, Taylor Bracewell, applied for summary judgment on the two issues.

Hacon J held that judgment be entered in favour of the Defendants in respect of the passing off claim, and for the Claimant in respect of the claim for revocation of the trade mark.

50 Champagne Louis Roederer v J Garcia Carrion S.A. [2017] EWHC 289 (Ch), 23 February 2017

51 [2016] EWHC 3360 (IPEC), 22 December 2016

The passing off case hinged on the issue of goodwill: Taylor Bracewell argued that Ms. Bhayani did not own any goodwill to find a case in passing off. Ms. Bhayani had never worked as a sole practitioner; before joining Taylor Bracewell, she was an employee and then an equity partner at a firm called Watson Esam. Therefore, any goodwill generated by her before October 2014 when she left the Defendant firm, would have vested in Watson Esam and thereafter in Taylor Bracewell, and not in Ms. Bhayani herself. Ms. Bhayani contended that the goodwill generated by her was associated with her own name and was at all times owned by her.

It was common ground that during the course of her career, Ms. Bhayani had acquired a significant *reputation* as an employment law solicitor. However, reputation must be distinguished from goodwill, which is a prerequisite for a passing off claim:

> "*Goodwill cannot in law subsist as a thing alone - it is indivisible from the business with which it is associated… This is to be distinguished from reputation which exists by itself. A solicitor celebrated for his or her expertise may enjoy the highest possible reputation and this will be personal, attaching only to that individual. But reputation alone cannot form the basis of an action for passing off, no matter how high the wattage of celebrity*."

The general rule reiterated in this case was that goodwill generated by acts of an employee will be vested in the employer and similarly, where an individual works in a partnership, the goodwill generated by their acts will in the normal course vest in the partnership. However, this general rule does not apply to goodwill generated by acts done *outside* duties to the employer or partnership, in which case it would be possible for the employee or partner to generate goodwill of their own, distinct from that of the employer or partnership. The judge then considered a line of cases which explored this exception to the general rule, which he was able to distinguish from the present case. In particular, it was not possible to follow the line of reasoning from *Irvine v Talksport Ltd*[52] whereby it was noted that Eddie Irvine was employed by Ferrari solely as a racing driver, not to endorse products (which was the activity at issue in this passing off case). As Irvine's business activities in relation to the endorsement of products were quite separate from his business as a racing driver, this generated a distinct goodwill which vested in Mr. Irvine himself. This was not the case here as Ms. Bhayani never had a separate business to which goodwill could be attached. The general rule will apply, save for in unusual circumstances, none of which were pleaded in this case. The judge noted in respect of solicitors,

> "*Leaving aside sole practitioners, the public are well aware that a solicitor, whether employed or an equity partner, is not a free agent. His or her performance will be both assisted and constrained by the terms of employment or partnership and by the advice and pressure exerted by colleagues. Ultimately the quality of services of any individual solicitor is guaranteed by the firm. If the quality falls short, any compensation is available from the firm, not the individual solicitor. The goodwill generated by a solicitor's work qua solicitor vests in the firm.*"

Hacon J concluded that Ms. Bhayani would have no realistic prospect of establishing that she owned any goodwill on which to base a passing off case. Furthermore, the terms of the Partnership Agreement made it clear that any goodwill generated by Ms. Bhayani during her time at Taylor Bracewell would vest in the firm. Any goodwill which she generated in the years 2011 – 2014 was never hers. Therefore, the Court granted summary judgment in favour of the Defendant on the issue of passing off.

Interestingly, the judge expressly made the point that a solicitor may still have recourse to the law, where they move from Firm A to Firm B and Firm A represents that the solicitor is still employed or remains a partner at that firm. This could be on the basis that the goodwill associated with the name of the solicitor now vests in Firm B (thus giving rise to a possible passing off action) or that there may be an action for injurious falsehood.

Finally, with respect to the issue of revocation of the Trade Mark under Section 46(1)(d), (which provides that a registration may be revoked if its use made by the proprietor is liable to mislead the public), whilst the Defendants maintained they had a contractual right under the Partnership Agreement to continue to use the "Bhayani Bracewell" name should they choose to do so, the judge noted that even if the Defendants were correct on this point, it does not necessarily follow that Section 46(1)(d) would not be engaged. The Claimants' claim to revoke the Trade Mark was deemed to have a realistic, as opposed to fanciful, prospect of success at trial and therefore has been allowed to proceed.

This decision reaffirms the general principle that goodwill generated through acts carried out whilst in employment or in a partnership will accrue to the employer or the partnership, not the individual. It will generally be difficult for a solicitor (or other professional) to show that he or she owns goodwill separate to that of the business. Reputation does not equate to actionable goodwill. Prominent solicitors (or other professionals) may need to consider more closely the clauses in their contracts of employment or partnership agreements relating

52 [2002] EWHC 367 (Ch), 13 March 2002 specifically to ownership of goodwill, and the rights to use their name, should they ever choose to leave.

Turning to the entertainment sector, the EU General Court confirmed the EUIPO's decision to declare a figurative mark including the word 'MORTON'S' invalid given the existence of a UK private club's earlier unregistered marks including or consisting of the same word in *Morton's of Chicago, Inc v EUIPO*[53].

The proprietor contended inter alia that the intervener (the cancellation Applicant) had to rely on successive agreements regarding the management of Morton's club which indicated that the intervener did not own the goodwill in the unregistered marks being merely a manager of Morton's Club rather than the owner, and was therefore not entitled to bring an action under Article 8(4) of the Regulation No 207/2009 (use of a sign of more than mere local significance).

In this respect, the General Court observed that goodwill is considered inseparable from the business to which it adds value thus being legal property that may be assigned (*IRC v Muller [1901] AC 217*). When examining the respective management agreements the Court concluded that the parties' intention to transfer the goodwill was clear from these and that the goodwill linked to Morton's Club had been assigned to the intervener.

The importance of considering goodwill when transferring rights or acquiring businesses cannot be overly emphasised.

It was also found that the club was sufficiently known in the UK to claim passing off even when the number of members was restricted due to its exclusivity.

Parallel Imports

There have been three key cases in the last year that have dealt with "parallel imports", i.e. when a third party buys trade marked goods outside the UK and then imports them for sale into the UK, when the trade mark owner or its licensee has its own arrangements for selling the products in the UK. The cases grapple with the interplay between the EU rules about free movement of goods on the one hand (in particular Article 36 of the Treaty on the Functioning of the European Union ("TFEU") which prohibits "disguised restrictions" on trade between member states) and the right of a trade mark owner to enforce its rights on the other.

The Court of Appeal considered parallel imports in *Flynn Pharma v Drugsrus Limited and Tenolol Limited*[54]. The facts of this case were quite unique: Flynn sells the anti-epileptic drug phenytoin sodium in the UK. Anti-epileptic drugs typically have a narrow therapeutic window; i.e. there is only a small difference between therapeutic efficacy and toxicity. To mitigate this risk, the Medicines and Healthcare Products Regulatory Agency ("MHRA") advises doctors to ensure that their patients are maintained on a specific manufacturer's product. Prior to September 2012, all phenytoin sodium capsules supplied in the UK were sold under Pfizer's brand name "Epanutin". Pfizer then entered into a series of agreements with Flynn, such that Flynn took over all supply of phenytoin sodium capsules in the UK. The MHRA did not permit Flynn to change the name of Epanutin to simply "Phenytoin Sodium", as it insisted that doctors and patients should be able to distinguish the name of the manufacturer, because of the risks already mentioned. Flynn therefore began to sell the drug under the name "Phenytoin Sodium Flynn" and invested in a significant campaign to educate patients and doctors that Phenytoin Sodium Flynn was exactly the same as Epanutin. By the end of 2012, Epanutin disappeared from the UK market. Pfizer continued to sell Epanutin in other EU countries.

Drugsrus runs a pharmaceutical parallel import business, buying Epanutin from Pfizer in Spain and importing it into the UK. Flynn's position was that Drugsrus could not re-package the Epanutin bought in Spain and label it "Phenytoin Sodium Flynn" as this was an infringement of Flynn's trade mark rights. Drugsrus disagreed, contending that this constituted a disguised restriction on trade between Member States contrary to Article 36 TFEU. At first instance, the judge found in favour of Flynn. Drugsrus appealed.

As well as Article 36 TFEU, the Court of Appeal considered Article 7 of Directive 2008/95 (transposed into national law by Section 12 of the Trade Marks Act 1994), which provides:

"1. The trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.

2. Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market."

53 Case T-223/15, 15 May 2017

54 [2017] EWCA Civ 226, 6 April 2017

The Court of Appeal said that there were two questions to be answered in this case. First, was the Epanutin which Drugsrus wished to import from Spain placed on the market by Flynn (the trade mark owner), or with its consent? The answer was plainly no: Epanutin had been put on the market by Pfizer in Spain. Although the Epanutin which Drugsrus wanted to import was from the same source as Flynn's own product, Flynn had no power to control the quality of the products provided to Drugsrus.

Second, is Flynn's use of the mark Phenytoin Sodium Flynn under Pfizer's control? The answer to this was also no: Flynn was free to choose its supplies from elsewhere, other than Pfizer. Pfizer therefore had no control over Flynn's use of the mark.

As the answer to both questions was no, the Court concluded that the enforcement of the trade mark against Drugrus protected the origin function of the mark; namely, it guaranteed that the Phenytoin Sodium Flynn came only from Flynn. If Drugsrus were permitted to re-label the Epanutin product bought in Spain to Phenytoin Sodium Flynn this would dilute the ability of the Phenytoin Sodium Flynn trade mark to indicate the origin of the product. Flynn's enforcement of its trade mark rights did not therefore amount to a disguised restriction on trade between member states.

In *Ferring Lægemidler A/S v Orifarm A/S*[55], the CJEU also considered the interpretation of Article 7 of Directive 2008/95.

Ferring markets a medicinal product under the trade mark KLYX, of which it is the proprietor in Denmark, Finland, Sweden and Norway. In all of these countries, KLYX is sold in identical containers of either 120ml or 240ml, in packets containing 1 or 10 such containers.

Orifarm ran a parallel import business, purchasing KLYX in Norway in packets of 10 containers, re-packaging it into new packets of 1 container and then selling these individual containers on the Danish market. Ferring objected to this and brought proceedings against Orifarm in Denmark. The Danish Court had to consider the effect of the enforcement of Ferring's mark: as noted in the *Flynn Pharma v Drugsrus* case above, a trade mark proprietor's enforcement cannot constitute a disguised restriction on trade between EU Member States. The Danish Court stayed the proceedings and referred two questions to the CJEU:

> 1) Must Article 7(2) of Directive 2008/95/EC and the related case-law be interpreted as meaning that a trade mark proprietor may lawfully object to the continued marketing of a medicinal product by a parallel importer, where the importer has repackaged the medicinal product in a new, outer packaging and reaffixed the trade mark in a situation where the trade mark proprietor has marketed the medicinal product in the same volume and packet sizes in all EEA countries where the medicinal product is sold?
>
> 2) Will the answer to the first question be different if the trade mark proprietor in both the country of export and the country of import has marketed the medicinal product in two different packet sizes (10-piece packets and 1-piece packets) and the importer has purchased 10-piece packets in the country of export and repackaged them in 1-piece packets, on which the trade mark has been reaffixed before the products are marketed in the country of import?'

The CJEU noted that the specific purpose of a trade mark is to guarantee origin - the repackaging of that product by a third party without the consent of the trade mark proprietor is likely to create real risks for that guarantee of origin. This risk cannot be justified unless: (i) the repackaging of the products is necessary to enable the product to be marketed in the importing state (e.g. to comply with local laws on packaging); and (ii) the legitimate interests of the trade mark proprietor are also safeguarded.

The answer to the referred question was therefore that a trade mark proprietor can object to the marketing of a medicinal product by a parallel importer, where that importer has repackaged that medicinal product in a new outer packaging and reaffixed the trade mark where: (i) the medicinal product at issue can be marketed in the importing state in the same packaging as that in which it is marketed in the exporting state; and (ii) the importer has not demonstrated that the imported market can only be marketed in a limited part of the importing State's market (i.e. the repackaging is not necessary). Both are matters for the national referring Court to determine.

The third interesting decision regarding parallel imports is, unusually, an interlocutory appeal in a criminal case, which was heard by the Supreme Court (*R v M*)[56] The Defendants were accused of the large scale importation and subsequent sale of goods manufactured outside the European Union bearing the trade marks of well-known brands, such as Ralph Lauren, Adidas, Under Armour, Jack Wills and Fred Perry. Some of the goods were fakes or counterfeits, but some were so-called "grey goods" (products which had been manufactured with the authorisation of the trade mark owners but disposed

55 Case C-297/17, 10 November 2016

56 [2017] UKSC 58, 3 August 2017

of without their consent). The Defendants were charged with the criminal offence of unauthorised use of the trade marks contrary to Section 92(1)(b) and (c) of the Trade Marks Act 1994, which provides:

"*(1) A person commits an offence who with a view to gain for himself or another, or with intent to cause loss to another, and without the consent of the proprietor—*
(a) applies to goods or their packaging a sign identical to, or likely to be mistaken for, a registered trade mark, or
(b) sells or lets for hire, offers or exposes for sale or hire or distributes goods which bear, or the packaging of which bears, such a sign, or
(c) has in his possession, custody or control in the course of a business any such goods with a view to the doing of anything, by himself or another, which would be an offence under paragraph (b)."

The Defendants contended that this offence only applied to the counterfeit products and not to the grey goods.

The Supreme Court held that the offences contrary to Section 92(1) were committed where the use of the trade mark was without the consent of its proprietor. This included where goods had been manufactured with the consent of the trade mark owner, but had been later sold or offered for sale without its consent. This offence could therefore apply both to the counterfeit goods and to the grey goods. The Defendants' interlocutory appeal was therefore dismissed and the criminal trial was ordered to proceed.

EU Trade Mark Reforms

In 2015, the European Parliament adopted a package of reform proposals for EU laws on trade marks. The implications of these reforms have been addressed in previous reviews. The second tranche of changes came into effect on 1 October 2017 by way of secondary legislation. The new Regulation (EU) 2015/2424 entered into force on 23 March 2016 and amends the old CTMR (207/2009). EU Member States will have until 15 January 2019 to implement the new Directive (although it remains to be seen what the UK will do in light of Brexit).

We have set out below some of the more significant changes which have been implemented from 1 October 2017:

Changes to the requirements for EUTM Applications

A trade mark no longer needs a graphical representation to be registered. The sign can now be represented in any appropriate form using generally available technology as long as the representation is clear, precise, self-contained, easily accessible, intelligible, durable and objective.

A sound trade mark was previously filed by way of a musical notation (with optional sound file) or a sonograph which had to be accompanied by a sound file. A sound trade mark should now be represented by submitting an audio file or by an accurate representation of the sound in musical notation.

A hologram trade mark should be represented by way of a video file or a graphic or photographic reproduction containing the view which are necessary to sufficiently identify the holographic effect in its entirety.

Introduction of EU certification trade marks

It is now possible to protect certification marks at an EU level, although these have existed in certain Member States for some years. An EU certification mark indicates that the goods and services bearing the mark comply with a given standard set out in the regulations of use and controlled under the responsibility of the certification mark owner, irrespective of the undertaking that actually produces or provides the goods and services at issue and actually uses the certification mark.

Regulation of use of a certification mark must be filed within 2 months of filing the application and are required to contain: 1) the characteristics of the goods and services to be certified; 2) the conditions governing use of the certification mark and 3) the testing and supervision measures to be applied by the certification mark owner.

Finally, a certification mark cannot be owned by a person carrying out a business involving the supply of the goods and services of the kind certified, neither can it be filed for the purposes of distinguishing goods or services certified in respect of geographical origin.

EUIPO Procedure

From 1 January 2018, fax will no longer be accepted for filing EUTM applications or renewals except as a backup system if technical malfunctions prevent e-filing. In such a case, Applicants can secure an application filing date by fax if they resubmit the same application by e-filing within 3 working days and, in the case of renewals, the renewal application is submitted by fax no more than 3 working days before the expiry of the initial or extended statutory time limit for renewal.

Priority claims must be filed together with the EUTM application and supporting documentation must be filed within 3 months of the filing date.

Provisions applicable to cancellation proceedings are aligned with opposition proceedings except where differences are justified by their different nature.

Where evidence that concerns earlier registered rights or the contents of relevant national law is accessible from an online source recognised by the EUIPO, the Opponent or cancellation Applicant may provide such evidence by making reference to that source. The EUIPO recognises all of the databases of the national and regional EU IP offices and TMview is acceptable as a portal for access to national offices.

Aside from certificates of filing, registration and renewal or provisions of relevant law which must be submitted or translated in the language of proceedings, translations will only be required for evidence of substantiation where requested by the EUIPO or upon reasoned request by the other party to the EUIPO. Such evidence includes that pertaining to acquired distinctiveness or reputation.

UK Unjustified Threats Provision

On 1 October 2017, the Intellectual Property (Unjustified Threats) Act 2017 came into force. The Act creates a framework within which parties can negotiate fairly over intellectual property disputes, but will protect those who can be most harmed by unjustified threats to sue for infringement.

The test

A new test sets out the principles the Court will apply in order to decide whether a communication contains a threat to sue for the infringement of a trade mark. The test has 2 parts: a communication/correspondence which is deemed to contain a threat of infringement proceedings where a reasonable person in the position of a recipient would understand that:

1) a trade mark exists
2) a person intends to bring infringement proceedings in respect of this trade mark for an act done in the UK.

Threats need not be made directly to an identified individual to satisfy the test. A threat can be made in a more general way but must be more than a general warning. If the test is satisfied, attention then turns to the rest of the threats provisions which governs the circumstances under which a threats action may be brought.

Permitted Communication

A threat will not be actionable if it is not an express threat to sue and it is contained within a ‘permitted communication’. A communication is permitted communication where it is made for a permitted purposes, i.e. giving notice that a trade mark right exists; giving notice that a person has a right in or under that trade mark right where a 3rd party’s awareness of the trade mark right is relevant to any proceedings and seeking information to identify an infringer.

A permitted communication should contain all the information that relates to the threat that is necessary for that permitted purpose, and the person making the communication reasonably believes it to be true.

Defences

If the act which is the subject of a threat is shown to be an infringing act, or an intended act which, if carried out, would be infringing, the threat is justified. A person having made a threat may defend themselves in an unjustified threats action by showing that the threat was justified either because infringement occurred or was intended.

The defence allows businesses and individuals to threaten to sue alleged secondary infringers of their IP, where a primary actor (a manufacturer or importer) cannot be found. This allows the rights holder to prevent further commercial damage where they believe that infringement is occurring or would occur. A person who has made a threat to another who is not a primary actor has a defence if they can show that they have taken reasonable steps to identify a primary actor but have not been able to identify anyone, that they have notified the person to whom they made the threat of the steps taken to find a primary actor and the notification was given either before or at the time of making the threat.

The implementation of this Act grants some protection to professional advisors in respect of unjustified threats claims, provided that the advisor is acting on the instructions of a client, who must be identified in the communication.

UKIPO Procedure

A few procedural changes were implemented at the UKIPO pertaining to contentious matters.

The UKIPO now requires that Statements of Grounds filed with a Notice of Opposition (or fast track opposition) or with an Invalidity Application have numbered paragraphs.

In addition, the Registrar will no longer accept the wording “please see attached Statement of Grounds”. If relying on a separate Statement of Grounds, the applicable paragraph numbers being relied upon should be entered on the form in respect of each question.

WIPO country additions

Brunei Darussalam and Thailand became members of the Protocol relating to the Madrid Agreement concerning the International Registration of Marks (known as the Madrid Protocol). Applicants have been able to designate these countries from 6 January and 7 November 2017 respectively. Indonesia has joined the Madrid Protocol as of 2 January 2018.

Looking Ahead

We still await the *Cartier I* decision which is due to be heard at the Supreme Court in 2018. It will be decided who should bear the costs of a website-blocking order (the brand owners or the ISPs).

Red Bull will surely attempt one last appeal to the CJEU regarding the validity of its colour marks. If the appeal is filed, it will be interesting to see whether any guidance is provided as to how one may sufficiently describe a colour mark to the satisfaction of the Registries.

In the early part of 2018 we should see the latest consideration of the CJEU in the *Kit Kat* shape trade mark case discussed above (in relation to the identical UK shape trade mark). This hearing relates to Nestle's EU trade mark for the same shape and goods. The CJEU is likely to revisit the question of "perception as a trade mark". The future issue before it is one of acquired distinctiveness. Does an Applicant whose mark (here the shape) lacks inherent distinctiveness have to prove acquired distinctiveness in all Member States?

The team

Paul Walsh
Partner

Paul Jordan
Partner

Simon Clark
Partner

Ian Gruselle
Partner

Jeremy Blum
Partner

Toby Headdon
Senior Associate

Jennifer Dzafic
Associate (Senior Trade Mark Attorney)

Catriona MacLeod
Senior Associate

Stephanie Taylor
Associate (Senior Trade Mark Attorney)

The team continued

Andrew Butcher
Associate

Sean Ibbetson
Associate

Lucie Fortune
Associate

Tim Heaps
Associate

Catherine Byfield
Associate (Trade Mark Attorney)

Abigail Wise
Associate (Trade Mark Attorney)

Remya Jayakkar
Associate (Trade Mark Attorney)

Saaira Gill
Associate (Trade Mark Attorney)

Amelie Gerard
Associate (Trade Mark Attorney)

Sarah Husslein
Associate
(French Qualified)

Victoria Rodriguez
Associate
(Argentinian Qualified)

In addition to the lawyers shown above the brands and design protection team also includes paralegals and formality clerks. For more information about the brands and design protection team at Bristows see: ***bristows.com/practice-areas/intellectual-property***

100 Victoria Embankment
London EC4Y 0DH
T +44(0)20 7400 8000

www.bristows.com

This paper contains material sourced from responsibly managed and sustainable commercial forests, certified in accordance with the FSC (Forest Stewardship Council). It is produced using recyclable 100% ECF (elemental chlorine free) pulp; an environmentally friendly bleaching process.