

Trade Marks Review

of the Year 2023



Bristows

Quotation of the Year:

“[the] EUIPO’s register cannot be compared to a strategic and static depository granting an inactive proprietor a legal monopoly for an unlimited period.”

General Court in T-102/22 Transgourmet Ibérica SAU v EUIPO

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The information contained in this document is intended for general guidance only.

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Introduction

Another mixed year of some good and some perhaps questionable or unhelpful trade mark decisions.

Our review of 2023 includes cases from the EUIPO on some of the more unusual mark types, sounds and multimedia marks. There is an interesting case on licences and a reminder to future proof them, considering the various changes in circumstance which could come into play. There is a case on the more unusual Reverse Passing Off claim. Also from the EUIPO, we have some additional guidance on where goods or services can be considered similar on account of complementarity and recent cases on genuine use. Finally, the Lidl v Tesco dispute played out in the High Court and the Court of Appeal looked at the defence of statutory acquiescence.

We hope that you find the review an interesting read and we look forward to 2024 bringing more of the same.

Distinctiveness/absolute grounds

Distinctiveness – multi-media marks



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CHIEVER B.V.. EUIPO¹

Board of Appeal

The Board of Appeal of the EUIPO provided helpful clarification on the requirements for registration of a multimedia trade mark.

Background

In May 2019, Chiever B.V. (the ‘Applicant’) filed an application for registration of a multimedia mark consisting of a 22 second video showing a super hero, named Super Simon, flying from the BOIP to go on holiday, in comic book style. Some screenshots from the mark are shown below. The application covered various goods and services, including ‘books’ in class 16, ‘wines’ in class 33 and ‘cultural activities/relaxation activities’ in class 41.

Video



¹ *Chiever B.V.*. EUIPO Fifth Board of Appeal, R 1490/2022-5, 7 March 2023



The Office issued a refusal of protection on the grounds that the application was not eligible for registration under Article 7(1)(b) EUTMR in relation to all the goods and services covered by the specification.

The Examiner considered that the application would not be perceived as a sign of origin by consumers. To support its decision, the Examiner argued that (i) the video is quite complex and (ii) does not contain clearly identified products and services; and (iii) the identity of the producer or supplier of these goods and services is unclear from the video. The Examiner noted that the video does not provide a clear indication of commercial origin and (iv) that the Super Simon mark does not have a sufficient link with the goods and services applied for.

The Applicant filed an appeal against this decision, requesting that the decision be annulled.

The Board of Appeal disagreed with the Office's arguments, overturned this refusal and found the applied for mark to be distinctive. The key reasons are as follows:

- The Board reiterated that, as a general rule, if at least one of the elements of a multimedia mark (the sound or the image) is distinctive, the mark as a whole will be regarded as distinctive.
- The Board also noted that multimedia marks are, by their nature, complex signs including a variety of figurative, sound and word elements. The Board of Appeal saw no reason why the relevant public could not identify the video as originating from a particular undertaking. It confirmed that the main character of the video, Super Simon, is distinctive and the relevant public will remember that the character runs away to a holiday destination.

- The Board of Appeal referenced the relevant case law which confirmed that it is not necessary for a trade mark to convey precise information as to the identity of the manufacturer of the goods or the service provider. Therefore, an additional requirement should not be imposed on multimedia trade marks.
- As a principle, the fact that a multimedia mark is a video does not mean that it must be compared automatically with a television advertisement. Advertising and trade marks have a completely different purpose (the first being used to promote the sale of goods and services whereas the latter is used to guarantee the identity of the origin of such goods and services). Therefore, the sign should not be compared with or analyzed as if it is an advertisement for television. Likewise, the requirement that the multimedia mark applied for should show a clearly perceptible product or service is a condition which does not apply to any other mark and therefore should not apply in this case.

As a conclusion, the Board held that, “consumers may not have previously been accustomed to assigning a function of origin to a combination of images and sounds. This has changed with the digital evolution. [...] There is an increase in the number of signs combining images and sound used as part of market strategies, which will lead consumers to perceive them more as indications of commercial origin. The applicant also rightly points out that the multimedia mark consists of moving images and sounds to which modern consumers are entirely accustomed (sic) to their mobile phone”.

The conclusion therefore was that the application does not only have original features (although these are not necessary), but the video also enables the public to distinguish the goods and services in question from those with a different commercial origin. Accordingly, the Board of Appeal entirely annulled the decision.

Comment

This decision highlights the way that examination of trade marks needs to adapt to the new ways that brands are promoted and exist in the digital space and likewise, the options for brand owners to look at trade mark protection for their wider brand features.

Distinctiveness – sound marks



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Berliner Verkehrsbetriebe. EUIPO²

EUIPO Examination

In this case, the EUIPO confirmed that a two-second long jingle will not be regarded as an indication of the commercial origin of a transportation service, and refused its registration for lack of distinctiveness. The service sector at issue was one of the factors taken into consideration.

Background

Berliner Verkehrsbetriebe, the company operating the public transportation system in Berlin (“the Applicant”), applied to register a two-second long sound mark (available [here](#)) in relation to “*transportation; passenger transport; packaging of goods; storage of goods; organization of trips*” in class 39.

The Office raised an objection under Article 7(1)(b) EUTMR, on the ground that the mark lacks distinctiveness.

The Examiner reiterated that, while the general public is used to word and figurative signs indicating the commercial origin of goods and services, the same does not apply to sounds, especially when it comes to a very simple sound sequence. The Office relied on the settled case law, according to which a sound mark must have a certain resonance which enables the target consumer to perceive and regard it as a trade mark, and not as a functional element or as an indicator without any inherent characteristics.

The Examiner noted that the application consists of a banal melody that only lasts two seconds and considered that consumers will not be able to remember it because the melody is too short, not sufficiently memorable and also quite monotonous. The Office also commented that jingles are common in the transport sector. They precede or end announcements and are meant to increase the attention of the public. The applied for sound was deemed too simple and not catchy enough to serve as a sign of origin.

Therefore, the Examiner confirmed that the Application was non-distinctive in relation to the covered services in class 39, and refused its registration for these services.

Comment

This case illustrates that whilst sound marks can be registered, there has to be sufficient in the sound to justify acceptance, and that in examining the mark, the nature of the relevant goods/services and whether sound marks are common in that sector could be relevant factors.

Distinctiveness – shape marks



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Apart sp. Zoo v EUIPO/Intervener - S.Tous, SL³

General Court

Is the shape of a teddy bear distinctive enough for a mark to be registrable in respect of jewellery?



² *Berliner Verkehrsbetriebe*. EUIPO, Trade Mark Application No. 018849003, 3 October 2023

³ Case T-591/21 *Apart sp. Zoo v EUIPO* 26 July 2023 General Court

The General Court decided that the shape of a teddy bear is not connected with jewellery and the fact that jewellery *could* take the shape of a teddy bear, is not justification to refuse a mark on the grounds it consists of a 2D shape of the goods at issue. The GC further found that the contested sign did have distinctive character.

Background

In 2009, S. Tous, SL ('Tous')- a Spanish jewellery, accessories and fashion retailer- filed for the EUTM no. 8127128 for the figurative sign depicted above. It registered in 2010, *inter alia* for jewellery in class 14.

In 2017, Apart sp. z o.o. ('Apart')- a Polish jewellery retailer- filed an application for a declaration of invalidity of Tous' EUTM, arguing that it lacks distinctiveness as it is a sign consisting exclusively of a shape that gives substantial value to the goods.

The Cancellation Division as well as the Board of Appeal of EUIPO (BoA) rejected Apart's application.

Apart appealed to the General Court.

General Court's Decision

The General Court applied the principles in respect of signs consisting of the shape of a product. They said:

"Average consumers are not in the habit of making assumptions about the origin of products on the basis of their shape or the shape of their packaging in the absence of any graphic or word element.

The more closely the shape registered as a mark resembles the shape most likely to be taken by the product in question, the greater the likelihood of the registered shape being devoid of any distinctive character."

The General Court found that the contested mark could be interpreted in various ways, including as the outline of a teddy bear. However, this is merely evocative and not all consumers will find it to be the silhouette of a teddy bear. This will require a further mental step and imagination. This seems at odds with other cases where if a sufficient part of the relevant public would see the mark as non-distinctive, this is sufficient.

The GC also concluded that the shape of a teddy bear does not have a connection with items of jewellery as these products vary in appearance and stylisation. A teddy bear is normally associated with children's toys so the relevant public will not link the contested sign with articles of jewellery:

"Consequently, the contested mark consists of a sign unrelated to the appearance of the goods it covers and not of a sign which consists exclusively of the shape of those goods."

They therefore found that the BoA finding that the contested mark had distinctive character was correct.

Comments

The decision leaves it unclear whether consumers need to perceive all potential uses as distinctive or whether it is sufficient if just one of the forms of use could be perceived as distinctive and that is therefore sufficient for registration. This seems an odd and unhelpful decision.

Had there been more to the mark, for example, if it was more clearly a teddy bear rather than a somewhat ambiguous outline, the decision may have been different. Furthermore, had more persuasive evidence of the nature of jewellery products been presented, i.e. evidence to show they come in many shapes, again perhaps there would have been a different outcome. One would have thought, that if the sign is non-distinctive for products falling in a general category such as jewellery, it should be non-distinctive for the general category itself.

Distinctiveness – 3D marks



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Wajos GmbH v EUIPO⁴

General Court

An appeal to the General Court has been partially upheld, refusing the registration of a 3D bottle shape as an EUTM on the basis that the essential elements of the shape had a technical function.

Background

The Applicant filed a mark for the following 3D sign for various foodstuff and beverages in classes 29, 30, 32 and 33.



At first instance, the EUIPO rejected the mark on the basis that it lacked distinctive character and noted that the beading separating the upper and lower parts were a technical feature.

The Applicant's appeal to the First Board of Appeal failed and it was determined that the mark was simply a variation of a customary shape.

However, on further appeal in 2018 to the General Court, it was held that the mark was in fact distinctive due to its curved shape at the centre of the container and a ridge which added "*aesthetic value*". The Court agreed with the EUIPO that the beads were indeed a technical feature however, there was a sufficient aesthetic element which resulted in the finding of distinctiveness.

The EUIPO attempted to appeal the decision before the ECJ, this was rejected and the case was remitted to the Board of Appeal. Notably, at this point, a further ground of objection was raised by the EUIPO; the fact that the mark consists exclusively of the shape of goods necessary to obtain a technical result under Article 7(1)(e)(ii) EUTMR. The Applicant appealed this objection to the General Court.

The Decision

The Applicant's appeal was based on:

1. infringement of *res judicata* due to the Board of Appeal reviewing another absolute ground for refusal *after* the General Court had annulled the first decision; and
2. infringement of Art 7(1)(e)(ii) based on the Board of Appeal's first decision that the shape did not consist solely of technical features.

The infringement of *res judicata* failed on the basis that *res judicata* only extends to questions of fact or law that have been the subject of judicial decision. The General Court's first finding was based on another ground of refusal (distinctive character) and it is widely accepted from case law that the absolute grounds found in Art 7(1) apply independently of each other and so could be examined independently and separately. The Board was entitled to re-open its examination of the application if it found that the mark in question fell within another absolute ground of refusal.

⁴ *Wajos GmbH v EUIPO*, [2023], T-10/22, 5 July 2023

The Court further concluded that all the essential characteristics of the mark corresponded to a technical function for the goods applied for, particular attention was given to the beading separating the top and bottom parts of the bottle enabling it to be stored in a hole designed for that purpose. The Applicant argued the beading was not solely functional but was also “unusual” and “aesthetic” however, it was held that this would not exclude Art 7(1)(e)(ii) from applying.

Comment

The case reminds practitioners of the strict case law surrounding functionality grounds. It will not matter how aesthetic or unusual the essential elements of a shape are, if they all serve a functional purpose. Article 7(1)(e)(ii) operates to prevent trade mark owners from gaining a monopoly over functional shapes and products that should be easily accessible on the market.

Distinctiveness – 3D marks (cont.)



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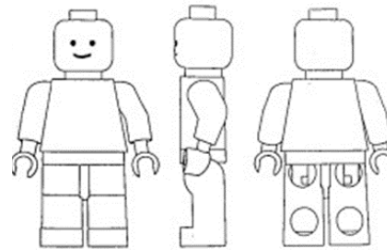
BB Services GmbH v EUIPO⁵

General Court

In two parallel proceedings, the General Court confirmed the validity of two Lego minifigures as EUTMs.

Background

In 1996, Lego Juris A/S, via its predecessor in title, Kirkbi A/S, filed two applications to register EU 3D trade marks for two toy figures in classes 9, 25 and 28 based on distinctiveness acquired through use.



In 2020, BB Services GmbH (“BB”) applied for the cancellation of both trade marks, relying on the absolute grounds under Regulation (EU) 2017/1001. BB argued that the marks consisted exclusively of a “*shape, or another characteristic, which results from the nature of the goods themselves*” under Article 7(1)(e)(i), and a “*shape or another characteristic, of goods which is necessary to obtain a technical result*” under Article 7(1)(e)(ii). The Cancellation Division rejected the application and BB’s subsequent appeal to the Board of Appeal (BoA) was also rejected, while noting that the correct regulation to be relied upon was Regulation (EC) No 40/94, which restricted the examination to the shape alone.

In its assessment of the shape’s relationship with the nature of the goods, the General Court considered the nature of the goods to be a combination of the argument submitted by BB, an ‘interlocking building figure’, and the finding of the BoA, that it was a toy figure in the category of ‘games and playthings’. The goods therefore consisted of an ‘interlocking toy figure’ with the non-technical purpose of playing and the technical purpose of enabling assembly or combination.

The General Court also considered the BoA to have erred in limiting the essential characteristics of the sign to being those which gave the toy figure a human aspect (the head, torso, arms and legs), in conjunction with its decorative and imaginative elements (the cylindrical shape of the head, short and rectangular shape of the neck and the trapezoidal shape of the torso).

⁵ T297/22, T298/22 *BB Services GmbH v EUIPO*, 6 December 2023

The BoA should have considered more than just the graphic representation of the sign, particularly the public's knowledge of Lego's modular building system. In doing so, the General Court extended the essential characteristics to also include the protrusion on the head, the hooks on the hands and the holes at the back of the legs and under the feet of the figure.

Despite the BoA's errors of assessment, the General Court reached the same conclusion that both the technical and decorative essential characteristics of the sign were not essential to the generic function of a plaything or interlocking building figure.

As regards Article 7(1)(e)(ii), the General Court agreed with the BoA that the human characteristics of the toy figure are intended to enable it to be played with independently of any other element in Lego's modular building system and therefore do not derive from a technical result. However, the function of the goods also extended to an interlocking building figure with the technical result of being interlocked with the Lego building system.

Furthermore, in light of the mark's nature as an interlocking building figure, the essential characteristics extended to the protrusion on the head, the hooks on its hands and the holes under its feet and at the back of its legs. These essential characteristics can be inferred from the graphical representation of the trade mark, and also from the public's knowledge of Lego's modular building system.

Nonetheless, the General Court agreed that the decorative and imaginative essential characteristics of the trade mark contain a wide freedom of design, so as to refute the claim that they are 'exclusively' necessary to obtain a technical result.

Comment

Whilst this is not the first time Lego's marks have been challenged on these grounds, the case still provides some insight into how the validity of 3D marks is assessed.

Distinctiveness – word marks



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Iceland Foods Ltd v Íslandsstofa (Promote Iceland) and others⁶

Board of Appeal

The Grand Board of Appeal has confirmed the findings of the EUIPO Cancellation Division, namely that ICELAND is descriptive of the goods and services for which the marks had been registered.

Background

In 2014 Iceland Foods Limited ("Iceland Foods") registered ICELAND both as a word mark and a figurative mark in the EU for a range of goods and services. In November 2016 Íslandsstofa (the Icelandic Ministry of Foreign Affairs) and SA - Business Iceland filed a request for a declaration of invalidity against the word mark registration. In January 2018 Icelandic Trademark Holding ehf filed a request for a declaration of invalidity against the figurative mark registration. The Cancellation Applicants filed an extensive amount of evidence in support of both invalidity applications, and Iceland Foods submitted a large amount of evidence in reply, including evidence to demonstrate acquired distinctive character in the marks.

Applying Article 7(1)(c), the EUIPO Cancellation Division declared the contested EUTMs to be invalid on the basis that the ICELAND trade marks designate the geographical origin of the goods and services covered by the registrations. Iceland Foods appealed both decisions and the First Board of Appeal referred the case to the Grand Board of Appeal.

⁶ *Iceland Foods Ltd v Icelandic Trademark Holding ehf* [15 December 2022] Case R 1613/2019-G

Decision

In evaluating the application of Article 7(1)(c), the Grand Board took into account the public interest that underlines the provision, namely the need to keep certain marks free so that other traders can make use of them in order to compete effectively. The Board confirmed that it is in the public interest that signs or indications which may serve to designate the geographical origin of the categories of goods in relation to which registration is sought remain available, not least because they may be an indication of the quality and other characteristics of the goods, and may also influence consumer tastes by, for instance, associating the goods with a place that may give rise to a favourable response.

Article 7(1)(c) does not, in principle, preclude the registration of geographical names which are unknown to the relevant class of persons – or at least unknown as the designation of a geographical location – or of names in respect of which, because of the type of place they designate, such persons are unlikely to believe that the category of goods or services concerned originates there. However, this was not the case here. Iceland Food’s own survey evidence confirmed the universal recognition of Iceland as a country name. Moreover, the name does not relate to a small town or lake, but rather a European country which, as an EEA Member State, is an important economic partner of the European Union. The evidence also showed the high ranking of Iceland as a “nation brand”. The Board accordingly found that the degree of familiarity of the relevant public with the geographical name of Iceland was very high. Furthermore, the evidence submitted by the Cancellation Applicants demonstrated that the geographical name Iceland projects positive associations of eco-quality and sustainability that the country has worked hard over many years to achieve, and that were liable to add value to the goods and services that its national undertakings market abroad.

The product and service associations relating to Iceland and the characteristics of the country in terms of nature, eco-friendliness, renewable energy, economic prosperity, and a skilled workforce allowed the Board to reach the conclusion that the country of Iceland is capable of producing a wide range of goods and services. Furthermore, consumers in the EU are used to

seeing an indication of the country of origin, production or processing on a variety of products. Given that Iceland will have a propensity to describe sustainable and environmentally-friendly goods, such an image can easily influence purchasing decisions of the relevant public.

Therefore it is reasonable to assume that ‘ICELAND’ is, in the mind of the relevant class of persons, capable of designating the geographical origin of the goods. Due to the degree of familiarity amongst the relevant persons with the country of Iceland, and with that nation’s characteristics, as well as with the goods concerned, it is reasonable to conclude that the sign is liable to be used in the future by undertakings as an indication of the geographical origin of the goods. Consequently, it is reasonable to consider the contested mark to be descriptive of the contested goods (which included food and drink in classes 29, 30, 31 and 32, whitegoods in classes 7 and 11, and paper, stationery in class 16) and services (such as retail services in class 35).

Finally, the Board noted that Iceland Foods had submitted a claim of acquired distinctiveness. The Cancellation Division had considered that the evidence showed that the mark ‘Iceland’ will indeed be associated by at least a significant proportion of the relevant public in the UK and Ireland as identifying the products or services concerned as originating from a particular undertaking. However, there was no evidence at all regarding Malta, Cyprus, Sweden, Denmark, the Netherlands, and Finland – the remaining territories where ‘Iceland’ will also be understood in a descriptive sense. Accordingly, the claim of acquired distinctiveness had to be dismissed.

Comment

These cases are a reminder that whilst there is not an absolute bar to owning trade marks consisting of geographical names, brand owners must be careful that their trade marks do not fall on the wrong side of the exclusion. In addition, when claiming acquired distinctiveness, evidence should be submitted regarding public awareness in *all* of the relevant territories.

Confusion - similarity of goods



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Marriott Worldwide Corporation v Delta Air Lines⁷

High Court

Hotels v air transport services

Complementarity may be the sole ground of a finding of similarity between goods or services.

Background

The High Court dismissed an appeal brought by hotel giant Marriott Worldwide Corporation against a Hearing Officer's decision to invalidate its word mark "DELTA" for various services following Delta Air Lines application to invalidate this registration based on its earlier registration for "DELTA" covering "air transportation services", amongst others.

Marriott appealed the Hearing Officer's decision on three grounds, one of which was that the Hearing Officer was wrong to make a finding of similarity based on complementarity only, resulting in the findings that "hotel services; resort lodging services; reservations services for hotel accommodations" were similar to "air transportation services" as they were commonly sold through the same channels. Whilst these services were not in competition with one another, the complementarity between them was sufficient to give rise to a likelihood of confusion.

The High Court held that, since the decision of *Kurt Hesse*, complementarity may be the sole ground of a finding of similarity and therefore the Hearing Officer had made no error of principle in her approach to satisfying section 5(2)(a) of the Trade Marks Act 1994. Further, the High Court stated that the Hearing Officer was entitled to reach this decision based on her own experience despite the lack of evidence from the parties as to how the relevant services were sold – indicating that judicial notice was permitted unless it was so unreasonable that it warranted interference.



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JOKO v Joro⁸

General Court

Alcoholic v non-alcoholic drinks

Background

In 2019, the Applicant filed an application for the word 'Joro', covering various alcoholic and non-alcoholic beverages in Classes 32 and 33. The Opponent filed an opposition citing Article 8(1)(b) EUTMR and their earlier 'JOKO' mark registered for both specific and general non-alcoholic beverages.

The Opposition Division rejected part of the opposition in Class 33 for certain alcoholic drinks. The Opponent appealed, however, the Board of Appeal upheld the decision, emphasizing that consumers would be able to distinguish between alcoholic and non-alcoholic beverages.

The Opponent then appealed the decision to the General Court.

⁷ *Marriott Worldwide Corporation v Delta Air Lines Inc* [2023] EWHC 283 (Ch)

⁸ *Joro/JOKO* [2023], T 68/22, 24 May 2023

Decision

The General Court criticised the Board of Appeal for relying on general distinctions between alcoholic and non-alcoholic beverages rather than conducting a specific assessment of the goods involved. It stressed the importance of considering relevant factors like ingredients, manufacturing processes, and distribution channels in determining similarity.

The Court argued that undertaking a broad comparison, merely based on the alcoholic or non-alcoholic nature of the beverages, could lead to a presumption of dissimilarity that overlooks crucial factors. Consequently, the Court annulled the Board's decision, sending the case back for a more detailed evaluation of the specific goods in question.

Comment

This ruling clarifies that past judgments indicating differences between alcoholic and non-alcoholic beverages should not create a blanket assumption. It highlights that comparisons made under Article 8(1)(b) must be comprehensive and individual consideration should be given to the characteristics of each product.

Confusion – similarity of logos



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Iconix Luxembourg Holdings Sarl V Dream Pairs Europe Inc⁹

High Court

Background

In March 2023, famous sportswear manufacturer Umbro failed in its High Court claim for trade mark infringement against online footwear seller 'Dream Pairs'.

Dream Pairs is an online retailer of footwear in the UK and elsewhere under the following "DP Logo". The use at issue was primarily the advertisement and offering for sale of football boots and trainers on Amazon's UK online marketplace under the DP Logo.



The claim was based on Umbro's 'Double Diamond' logo (depicted below), which was registered for, among other things, articles of clothing for use in sports and footwear. The Claimant alleged its mark had been infringed by Dreams Pairs' use under section 10(2)(b) and 10(3) of the Trade Marks Act 1994.



⁹ Iconix Luxembourg Holdings Sarl V Dream Pairs Europe Inc [2023] EWHC 706 (Ch)

As a preliminary point, the Judge considered the reputation of the Umbro mark and concluded that the Double Diamond logo had significant reputation and a highly distinctive character acquired as a result of its extensive and widely publicised use.

Section 10 (2)(b)

Despite this very significant and enhanced level of distinctiveness (which would normally tend towards a finding of a likelihood of confusion) the Court held that there was no infringement under section 10(2)(b).

It was accepted by the Defendant that their DP Logo was being used for similar goods to those covered by the Double Diamond registration, so the primary issue before the court was the similarity (or otherwise) of the two logos.

Crucially, on that point, the Court determined that the visual similarity between the logos was “*very faint indeed*” (and that there was no conceptual or aural similarity). In the Judge’s view, the Double Diamond logo would be perceived as “flat, elongated diamonds”, whereas the DP Logo would be perceived as a tilted, broken square with a P-shape element in the middle.

Having established similarity between the marks (albeit to a very limited degree), the Judge performed a likelihood of confusion assessment. In doing so, the context of use of the DP Logo was considered critical to the decision. In particular, the Judge concluded that when viewed in the context of the Amazon listings which formed the basis of the claim, the use of the DP Logo would not result in a likelihood of confusion. Relevant factors in that regard included that the online Amazon listings always featured the DP Logo alongside the Dream Pairs brand name and there was no reference to Umbro.

Section 10(3)

The court also rejected the claim under section 10(3), again despite the preliminary finding that the Double Diamond mark enjoyed a significant reputation.

As with the section 10(2) claim, the low level of similarity between the two marks was considered the critical factor in the finding of no infringement.

In this case, the “very faint” and low degree of visual similarity meant the Judge concluded that the necessary link would not be established between the two brands in the mind of consumers, as required for section 10(3) claims.

Comment

The case is a useful reminder that context is crucial when performing a likelihood of confusion analysis and that a very significant reputation in a brand is sometimes not enough to overcome a fundamental low level of similarity between two marks.

The decision has been appealed by the Claimant so it would appear this is not the end of the story. We await the Court of Appeal’s judgement with interest.

Confusion (cont.)



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YOGA ALLIANCE INDIA INTERNATIONAL¹⁰

General Court

The GC in this case found that where the word component shared by two marks is not distinctive, there is no likelihood of confusion.

¹⁰ T-443/21, YOGA ALLIANCE INDIA INTERNATIONAL EU:T:2023

Background

Swami Vidyanand applied to register the mark



at the EUIPO, for class 41 services (*Education; training; entertainment; sporting and cultural activities*).

The application was opposed by YAplus DBA Yoga Alliance based on their earlier trade mark (set out below) and based on all of the services covered by the trade mark in classes 35, 41 and 42, which are all yoga related services.



The Opposition Division of the European Union Intellectual Property Office (“EUIPO”) upheld the opposition on the basis that there was similarity between the trade marks, and identity and similarity between the services. This decision was annulled by the Board of Appeal (“BoA”) who found that there was no likelihood of confusion between both trade marks.

YAplus DBA Yoga Alliance (the “Applicant”) appealed the BoA decision on the basis that the BoA erred in its assessment on the basis of the following points:

1. An error that the absence of a likelihood of confusion was based on incorrect explanations relating to the word ‘alliance’
2. An incorrect assessment of the level of attention of the relevant public
3. An error in the assessment of the degree of similarity of the signs at issue
4. An incorrect assessment of the factors relevant to the analysis of the overall likelihood of confusion.

- **Explanations relating to the word ‘alliance’**

The General Court (GC) held that the BoA was correct in finding limited distinctiveness of the common element ‘alliance’ and that the relevant public would not perceive that word as an indication of the commercial origin of the services at issue. The BoA found that the word ‘alliance’ could easily be understood by the relevant public because it is a basic English word and due to its linguistic proximity to equivalent words in different languages of EU Member States. The BoA therefore found that given there are many foundations, associations, clubs etc, which might have formed alliances with one another, the use of the word ‘alliance’ would not mislead the relevant public.

- **Level of attention**

The BoA found that the level of attention of the average consumer in respect of education services and training services was above average. Upon examination the GC agreed with the BoA that the average consumer of ‘training services’ would pay an above average level of attention because training services in the field of yoga would mean the training of future teachers or instructors in the yoga field and thus those services would be aimed at the general public with an above average level of attention. This is because of the long-term commitment, the fact that they are not everyday consumer services, and the size of the investment in terms of money and time.

However, the GC disagreed with the level of attention of the average consumer in respect of ‘education services’. It found that the level of attention varies between average and above average, because it can refer to the

teaching of yoga through a course which is aimed at people who can pay a high price or people that pay a reduced price, and thus the level of attention in relation to education services can vary, so the GC overturned the BoA's finding on this point.

- **Degree of similarity of the signs**

The BoA found that the words 'yoga alliance' had very weak distinctive character in relation to class 41 services, all of which can be for the purpose of yoga. In particular the BoA found that the term "yoga" could be easily understood by others in the EU because of how similar the term was in other languages, such as Croatian, Polish and Greek etc. The GC agreed with this reasoning, commenting that consumers will most probably know the international word 'yoga' as it is a worldwide phenomenon that is highly popular. As discussed above, the GC also agreed that the word 'alliance' has limited distinctiveness.

Therefore, the GC concluded that the word elements of the earlier mark have very weak distinctive character.

The BoA found that there was a low degree of visual similarity, which the GC agreed with, stating that the words 'yoga alliance' are descriptive of the services applied for, and the trade marks display clear aesthetic differences in the overall impression.

The BoA also found there to be an average degree of phonetic similarity, and again the GC confirmed this is correct due to the fact that 'yoga alliance' has limited impact on consumers because of its weak distinctive character.

The GC also agreed with the BoA's finding that there was an average degree of conceptual similarity, because the applied for mark (due to the words 'India international' and the wreath of leaves, which could symbolise aspects such as glory, success or high quality) could refer to the concept of an internationally oriented yoga alliance established in India and enjoying considerable prestige. The earlier mark, due to the presence of the device element, which consumers could perceive to be a lotus flower, commonly used in yoga, could be perceived as a yoga alliance.

- **The factors relevant to the likelihood of confusion**

In assessing the overall likelihood of confusion, the GC emphasised that excessive protection of trade marks consisting of elements that have weak distinctive character should be prevented. It held that the visual, conceptual and phonetic aspects of a trade mark do not carry the same weight in the overall assessment of the likelihood of confusion, and that the visual differences played a greater part due to the fact that the words 'yoga alliance' has weak distinctive character.

As such, the GC ruled there to be no likelihood of confusion due to the differing graphical elements and the descriptiveness of the words 'yoga alliance'.

Comment

This is a helpful decision for those situations where one party is overreaching and trying to monopolise non-distinctive terms.



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Deutsche Glasfaser Wholesale v O2 Worldwide Ltd¹¹ (BLUE v brightblue (stylised))

General Court

The General Court has upheld a Board of Appeal decision that there is a likelihood of confusion between an earlier work mark “BLUE” and an application for a figurative mark containing the wording “brightblue”, registered for goods and services in the same classes.

Intervener’s Mark

BLUE

Applicant’s Mark



Background

In June 2018, the Applicant filed an application for an EU figurative trade mark (shown below) to cover classes 9, 35, 38 and 42. The specified goods/services included, by way of example: “Magnetic data carriers”, “Marketing, advertising and promotion services”, “Telecommunications services” and “Computer services for interactive communications and broadcasting”.

This was opposed by the intervener, O2 Worldwide Ltd (the “Intervener”), relying on their earlier word mark for BLUE, which covers numerous goods and services in the same classes as those applied for by the Applicant. The ground relied upon was Article 8(1)(b) of Regulation (EU) 2017/1001 (the EU Trade Mark Regulation, or “EUTMR”).

The opposition was upheld by the Opposition Division. An appeal to the Board of Appeal was then dismissed on the ground that there was a likelihood of confusion under Article 8(1)(b) EUTMR.

This decision is the General Court’s decision in response to the Applicant seeking to annul the Board of Appeal’s decision. The Applicant puts forward two pleas in law, alleging infringement of (1) Article 8(1)(b) EUTMR and (2) Article 95 EUTMR.

- **The first plea – Infringement of Article 8(1)(b) EUTMR**

The first plea consisted of five parts, as set out below.

Part 1 – consumers’ level of attention

The first part of the Applicant’s plea, relating to the level of attention of consumers, was dealt with somewhat briefly by the General Court.

The Board of Appeal had found the level of attention of consumers could be average relying on three different goods and services. The Applicant objected to this finding and submitted that the Board of Appeal should have found a high level of attention on the part of consumers for all goods and services.

This was rejected as an ineffective plea, on the basis that the Board of Appeal had found a likelihood of confusion even taking into account a high level of attention.

Part 2 – distinctive character of BLUE

The Applicant submitted that the Board of Appeal erred in finding that the Intervener’s Mark, BLUE, was distinctive to a normal degree. As part of this submission, they argued that consumers would perceive BLUE to be a laudatory advertisement for the goods and services in question, and not an indication of origin, meaning the Board of Appeal erred in finding that BLUE did not have a meaning in relation to the goods and services in question.

¹¹ **T-516/22** – brightblue (fig.)/BLUE et al Deutsche Glasfaser Wholesale v O2 Worldwide Ltd (BLUE v brightblue (stylised))

The General Court considered the Board of Appeal was correct in finding that (1) “BLUE” referred to a colour, and (2) “BLUE” had no direct meaning in the context of the goods and services at issue.

The General Court commented that the mere fact that the goods at issue may have been available in blue, just as they may be available in other colours, was irrelevant. For that reason, the General Court considered it was not reasonable to believe that the relevant public would recognise BLUE to be descriptive or an intrinsic characteristic which is inherent to the nature of the goods in question.

Accordingly, the General Court upheld the finding of the Board of Appeal that BLUE has a normal degree of distinctiveness.

Part 3 – most distinctive and dominant parts of brightblue (stylised)

In support of this plea, the Applicant argued that the Board of Appeal erred by finding that the Applicant’s Mark was essentially characterised by the term “blue”. The Applicant contended that “blue” does not occupy an independent position in the Applicant’s Mark and is not dominant; rather, it would be seen as an inseparable part of the term “brightblue”.

The Board of Appeal had noted that: consumers tended to focus on the textual elements of a sign; the distinctive element of the Applicant’s Mark was “blue”, for which “bright” would be seen as a qualifying adjective; and there was nothing about the figurative element that would lead a consumer to focus on it. Accordingly, the word element “bright” and the figurative element were both “secondary” elements to the Applicant’s Mark. The General Court agreed with this assessment, holding that it was correct that the public would break the word element down into the elements “bright” and “blue”, with the former having a low degree of distinctiveness and the latter having a normal degree of distinctiveness.

The General Court noted that the Board of Appeal did not confine itself to taking into consideration the term “blue” within the Applicant’s Mark. Instead, the Board of Appeal examined the Applicant’s Mark as a whole.

The Applicant also argued that it was contradictory for the Board of Appeal to simultaneously consider the figurative elements in the Applicant’s Mark as “*striking, sizable and prominently positioned*”, and yet also find that there was nothing about them that would lead a consumer to focus on them.

The General Court rejected this apparent contradiction: they explained that the Board of Appeal’s finding that the figurative elements were “*striking, sizable and prominently positioned*” did not contradict that that element had limited distinctive character, since it had taken the view that it would be perceived as “*an abstract configuration and radiant lines*”; there was nothing about the figurative element that would lead the consumer to focus on it in the sense of using it for identification purposes.

Part 4 – comparison of the signs at issue

The Applicant criticised the Board of Appeal’s findings on similarity, those being: below-average visual similarity, average phonetic similarity, and at least average conceptual similarity.

On visual similarity, the Applicant referred to the different lengths of the words, the placement of “blue” at the end of the Applicant’s Mark, and the inclusion of figurative elements in the Applicant’s Mark. Phonetically, the Applicant argued insufficient account was taken for the fact that the Applicant’s Mark also includes the “bright” element. Finally, on conceptual similarity, the Applicant argued that, if “bright” was considered an adjective, then it created sufficient conceptual distance between the signs.

The General Court rejected the criticisms and accepted the Board of Appeal’s findings. It considered that the Board of Appeal had correctly identified the differences between the marks and how the consumer would perceive each of them: the “bright” element played a secondary role in relation to the word “blue”, which was common between the signs; the figurative element was secondary to the words; and the colours and background used were purely decorative.

Part 5 – likelihood of confusion

The Applicant claimed that the Board of Appeal incorrectly determined the relevant factors for determining likelihood of confusion, and also incorrectly assessed their interdependence.

This was rejected by the General Court, who pointed out that the Board of Appeal had taken into account the below-average visual similarity, the average phonetic similarity and the above-average conceptual similarity of the signs as well as the identity and similarity of the goods and services in question. Relying on these factors it considered there was a likelihood of confusion on the part of the English-speaking public, even taking into account a high level of attention on the part of the public. In carrying out its assessment of the similarity of the signs, the Board of Appeal had taken into consideration the word element “bright” and the figurative element in the Applicant’s Mark.

- **The second plea – Infringement of Article 95 EUTMR**

In its second plea, alleging infringement of Article 95 EUTMR, the Applicant submitted that the Board of Appeal did not take into account a number of annexes to the Statement of Grounds.

However, the General Court explained that it was apparent from the decision that the Board of Appeal did take the annexes into account. Indeed, the Board of Appeal refuted the arguments which the Applicant had derived from the same annexes.

Comment

This decision is perhaps most interesting for its consideration of the distinctiveness of the name of a colour. Specifically, for the finding that a colour may be distinctive of goods even if those goods could be in that colour, provided that they could also be in other colours, so long as the colour in question would not be recognised as an intrinsic characteristic which is inherent to the nature of the goods in question.

It was also a good reminder that the more distinctive elements of a mark (here: “blue”) are more likely to be the riskier elements when considering prior rights. In addition, it is important to consider how elements of a mark will be perceived by a consumer. Here, the word “bright” played a secondary role to the more distinctive “blue”, and would be perceived as an adjective. The figurative element was also considered to be secondary and would not lead a consumer to focus on it in the relevant sense, namely as an identifier of origin.

Reputation



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T-726/21, *Rolex SA v EUIPO*¹²

General Court

The General Court on 18 January 2023¹³, issued their decision on an application made by Rolex SA, in which the latter sought an annulment of the decision of the Fourth Board of Appeal of the EUIPO¹⁴, in which it was held that there was no likelihood of confusion between an application for a crown figurative mark and Rolex's earlier marks that consist of or include crown figurative elements.

This is also a case where we can see that proving reputation is the responsibility of the party claiming that reputation; no matter how it is perceived in the general public, strong evidence of a claimed reputation must be put forward.

Background



Rolex filed an opposition against a 2015 EU Designation of an International Registration for the above crown device covering class 25 for clothing, footwear, headgear ('the Application').

The opposition was based on the following marks, both covering class 14.



(Figurative Mark)



ROLEX

(Composite Mark)

Rolex was required to provide proof of genuine use of the earlier marks relied on in support of the opposition, and the Opposition Division upheld the opposition on the basis of Article 8(5) EUTMR¹⁵.

Board of Appeal

The Applicant appealed the decision which was upheld by the Board of Appeal, concluding that it had to examine the opposition in respect of the goods in class 25, where it was found that there was no likelihood of confusion with respect to the goods in class 14 covered by the registrations on which the opposition was based. It also found that in relation to Article 8(5), the reputation of the Figurative Mark relied upon by Rolex was not sufficiently established, and the reputation of the Composite Mark was only established for wrist watches. It was added that on comparison of the marks, there was only at best a very low degree of visual similarity, phonetic comparison was not possible, and conceptually the representation of a crown was common and therefore had very limited impact. In light of this assessment, it was concluded that the relevant public would not make a link, and as a result there would be no risk of injury to the reputation of Rolex's marks.

¹² T-726/21, *Rolex SA v EUIPO*, General Court, 18 January 2023

¹³ T-726/21, *Rolex SA v EUIPO*, General Court, 18 January 2023

¹⁴ Case R 2389/2020-4 25 August 2021

¹⁵ Please see the report on the Google reputation case in this publication for an explanation of this legislation

Rolex's Appeal to General Court

In its appeal to the General Court, Rolex entered two pleas:

(1) First Plea

Firstly, they claimed that it was incorrectly held that there were no similarities between the goods at issue, and then finding no likelihood of confusion. In comparing the goods at issue, Rolex claimed that *"the goods belong to market segments which are proximate and that their purchase may be motivated by the search for an aesthetic complementarity."*¹⁶

The General Court rejected this and cited case law that it was already established that clothing on the one hand and jewellery and watches on the other hand are not regarded as similar.

The General Court further stated that Rolex's argument that the goods are in markets close to each other does not correspond to the Board of Appeal's assessment that the goods are not in competition with each other, further emphasising that comparison of the goods must be based on the description of the goods in the specification, and not on use.

The General Court went on to dismiss other parts of the plea as the claims were not supported by any evidence.

The Board of Appeal's decision that the goods were dissimilar on comparison and that there was no likelihood of confusion, was therefore upheld by the General Court.

(2) Second Plea

The second plea entered by Rolex was that the Board of Appeal incorrectly assessed the similarities of the signs at issue and incorrectly failed to find that the use of the mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier composite mark.

As a general rule, the owner of the earlier mark must prove that there is a serious risk that an injury to its mark will occur for the purposes of Article 8(5).

The Board of Appeal criticised the evidence that Rolex had provided and noted that Rolex had not submitted sufficient observations to prove that there is a serious risk of such injury.

The General Court further stated that Rolex did not substantiate its arguments in its appeal, and therefore no other assessment can be made other than to uphold the Board of Appeal's decision. It was made clear that an Appellant needs to go into detail and cannot simply call for a reassessment of a contested decision without evidence to support such a request.

This second plea was only substantiated by references to parts of Rolex's observations in the opposition proceedings. On that basis, the General Court rejected this plea.

It seems that pointing to evidence or submissions previously filed, was not enough for Rolex to succeed in their appeal in the circumstances. As the evidence had already been deemed insufficient, without any new information to substantiate Rolex's claims, the General Court was bound to uphold the Board of Appeal's decision. *"It must be held that the applicant's arguments referred to in paragraph 46 above do not make it possible to establish the existence of such proof. The applicant confines itself in that regard to stating that the Board of Appeal recognised the reputation of the earlier composite mark for wrist watches, citing an extract from paragraph 35 of the judgment of 22 March 2007, VIPS (T-215/03, EU:T:2007:93), and submitting a general consideration relating to the size of the investment necessary for the acquisition of a reputation."*¹⁷

Comments

Although in its application to the General Court, Rolex was disputing the Board of Appeal's evaluation of their evidence, it appears that once deemed insufficient by the Opposition Division, it will be very difficult to get such an assessment overturned without fresh evidence to substantiate the claim.

¹⁶ T-726/21, *Rolex SA v EUIPO*, General Court, 18 January 2023, paragraph 20

¹⁷ T-726/21, *Rolex SA v EUIPO*, General Court, 18 January 2023, paragraph 51



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Zoubier Harbaoui v EUIPO¹⁸

General Court

This case decided at the General Court¹⁹, sets out the fundamentals of assessing link and unfair advantage. It is doubtful as to whether the case should have gone through to appeal at the General Court in the first place, not least due to the apparent slam dunk for Google in the opposition proceedings, against two applications wholly incorporating GOOGLE as the dominant and distinctive element in both the figurative and word applications, but also against the backdrop of the questionable dealings of the Applicant himself.

Interestingly, we can see how the reputation of a mark as well-known as GOOGLE, can stretch to goods and services that were not relied upon in the opposition. However, this was only possible as GOOGLE was able to demonstrate their widespread reputation through strong evidence in the proceedings. We have seen in other cases where well-known brands were penalised for their insufficient evidence to demonstrate their reputation, despite general popular consensus that these trade marks would be able to take up space in the minds of the relevant consumers.

This case is a reminder of the ground rules regarding reputation, and a successful outcome for GOOGLE.

Background

In October 2018 and January 2019, the Applicant, a French individual, filed two applications with the EUIPO to register the word sign "GOOGLE CAR" and the below reproduced figurative sign "GC GOOGLE CAR" respectively. Both applications covered goods in class 12, namely vehicles and means of transport, and associated parts.



Google opposed both applications, relying on Articles 8(1)(b) and 8(5) EUTMR²⁰, and invoking 13 earlier EUTMs, including its EU word mark No 1104306 "GOOGLE". These earlier marks cover goods and services in classes 9, 35, 38, and 42.

The oppositions were successful, the applied for marks were refused pursuant to Article 8(5) EUTMR, considering the distinctive character and repute of the earlier GOOGLE trade mark.

The Applicant appealed, and the Fifth Board of Appeal of the EUIPO dismissed the appeal in its entirety.

The Applicant did not challenge the Opposition Division's findings relating to reputation in the appeal. Nor did he submit any comments on due cause. The issues therefore are with regard to link and unfair advantage.

To recap the legal considerations:

In accordance with Article 8(5) EUTMR, upon opposition by the proprietor of an earlier trade mark within the meaning of paragraph 2, the trade mark applied for shall not be registered where it is identical with or similar to the earlier trade mark and is to be registered for goods or services which are not similar to those for which the earlier trade mark is registered, where in the case of an earlier EUTM the trade mark has a reputation in the EU and, in the case of an earlier national trade mark, the trade mark has a reputation in the Member

¹⁸ T-568/21 and T-569/21 – *Zoubier Harbaoui v EUIPO*, General Court, 1 February 2023

¹⁹ T-568/21 and T-569/21 – *Zoubier Harbaoui v EUIPO*, General Court, 1 February 2023

²⁰ European Union Trade Mark Regulation 2017/1001

State concerned and where the use without due cause of the trade mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.

The types of injury referred to in Article 8(5) EUTMR, where they occur, are the consequence of a certain degree of similarity between the earlier and later marks, by virtue of which the relevant section of the public makes a connection between those two marks, that is to say, establishes a link between them even though it does not confuse them²¹.

Unfair advantage has been taken of the distinctive character or the repute of the earlier mark where there is an attempt at clear exploitation and free-riding on the coat-tails of a famous mark²² and that taking unfair advantage of that distinctive character or repute is, therefore, behind the idea of ‘the risk of free-riding’.

It is clear from case law²³ that, the more immediately and strongly the mark is brought to mind by the sign, the greater the likelihood that the current or future use of the sign is taking, or will take, unfair advantage of the distinctive character or the repute of the mark or is, or will be, detrimental to it.

The First Board of Appeal of the EUIPO considered that the signs had at best an average degree of similarity. However, in light of the strength of the reputation of the earlier mark as established by the evidence, this average degree of similarity is enough for the Board of Appeal to find that use of the Applicant’s applied for marks would take unfair advantage of Google’s earlier marks.

In its decision, the First Board of Appeal stated the following in relation to the reputation of the GOOGLE mark:

“On the basis of the extensive evidence, the Board fully endorses the Opposition Division’s finding as to the reputation enjoyed by the ‘GOOGLE’ mark, notably as a search engine. It has to be stressed that the level of reputation is extremely high, ‘GOOGLE’ is ranked as one of the most valuable brands worldwide. The reputation is linked to its information technology (internet search engine, software for online maps and online translation). The earlier mark enjoys an image of a successful technological brand and is an everyday internet search tool.”²⁴

The Board went on to reference case law that certain marks gain a reputation that extends further than the goods and services it is registered for, and in applying this exception to *“the case at hand, the earlier mark enjoys a truly global reputation. It is an everyday tool used by everybody. Its reputation reaches both the public at large and specialised public in any sector, including the automotive business.”²⁵*

The Applicant then brought an action for annulment against the Board’s decision before the General Court. The Court upheld the reasoning of the Fifth Board, and dismissed the Applicant’s action in its entirety.

General Court

The Applicant sought annulment of the decisions of the First Board of Appeal of the EUIPO.

The Applicant submitted a single plea in each appeal, with the plea in relation to the application for the GOOGLE CAR mark split into two parts (one addressing link, the other addressing unfair advantage), and the plea in relation to the application for GC GOOGLE CAR (figurative) split into three parts (covering the same two parts as those addressed in the word mark appeal, i.e. link and unfair advantage, with the addition of a part concerning comparison of the signs).

²¹ 29/11/2018, T-373/17, LV BET ZAKŁADY BUKMACHERSKIE/LV, EU:T:2018:850, § 105; 06/07/2012, T-60/10, ROYAL SHAKESPEARE, EU:T:2012:348, § 19; 12/03/2009, C-320/07 P, Antartica, EU:C:2009:146, § 43

²² 25/05/2005, T-67/04, Spa-Finders, EU:T:2005:179, § 51; 10/05/2007, T-47/06, Nasdaq, EU:T:2007:131, § 55; 29/03/2012, T-369/10, Beattie, EU:T:2012:177, § 63

²³ 27/11/2008, C-252/07, Intel, EU:C:2008:655, § 67-69 and 18/06/2009, C-487/07, L’Oréal, EU:C:2009:378, § 44

²⁴ Case R 904/2020-1, Zoubier Harbaoui v Google LLC, First Board of Appeal 29 June 2021, paragraph 20; and Case R 902/2020-1, Zoubier Harbaoui v Google LLC, First Board of Appeal 18 June 2021, paragraph 20

²⁵ Ibid., paragraph 30; and ibid., paragraph 33

The first part of the Applicant's single plea relied on in the appeal relating to the application for GC GOOGLE CAR (figurative), deals with the comparison of the signs. The Applicant alleges that the Board of Appeal made an error in the visual and conceptual comparison of the signs at issue, and submitted that the Board's finding of an average degree of similarity between the marks is incorrect, and instead should be considered low or very low.

The General Court set out a brief analysis in comparing the marks, and upheld the Board of Appeal's assessment that the signs have an average degree of similarity.

Assessment of link

This part of the Applicant's plea is relied upon both in relation to the application for GC GOOGLE CAR (figurative), as well as the word mark application for GOOGLE CAR.

The Applicant did not raise any argument with regard to the high degree of similarity between the marks as assessed by the Board of Appeal, and instead requested that the General Court examine the nature of the goods and services and the respective market sectors, which the Applicant argued is necessary to establish the existence of a link between the marks.

The Applicant made the argument that there is no overlap in the sections of the relevant public targeted by their applied for marks and Google's registrations due to the differences in the goods and services, and from that assertion submitted the conclusion that there cannot be a link between those marks as a result.

It was established that the difference between the goods and services is not sufficient to preclude proximity, and a direct and immediate link is not necessary, and the General Court confirms this.

The General Court further pointed out that the Board of Appeal in fact took into account the argument that the goods are not similar on comparison, and that despite the differences "*the relevant public which will be aware of Google's reputation will accordingly associate the mark applied for with a car linked to Google*"²⁶.

The General Court went on to confirm the assessments made by the Board of Appeal in relation to (1) stating overall reasons for the goods when conducting the comparison, grouping the goods as they are considered to have analogous features instead of picking out each of the individual goods and services specified in the Application; and (2) the fact that Google has its own trade mark WAYMO for its own self-driving vehicles is irrelevant, as it does not affect the fact that consumers will establish a link between GOOGLE CAR and GOOGLE, in particular because WAYMO is often colloquially and commonly referred to in the press as 'Google car' in any case (this point was supported by evidence produced by Google in the previous rounds).

*"Moreover, the Board of Appeal found, correctly and without being challenged by the applicant in that regard, that the earlier mark is known and has a considerable reputation with specialised publics in every sector, so that its finding that the general public and specialised publics will establish a link between the marks at issue is not flawed."*²⁷

This part of the Applicant's plea was therefore rejected, and the Board of Appeal's assessment upheld.

Assessment of unfair advantage

Once again, this final part of the Applicant's plea was relied upon both in relation to the application for GC GOOGLE CAR (figurative), as well as the word mark application for GOOGLE CAR.

The Applicant argued that establishing a link does not mean that it would negatively affect Google's trade mark rights. The Applicant goes further with a bizarre claim that Google's trade mark for WAYMO covers 'cars' in Class 12 and therefore prevents any unfair advantage or dilution of the GOOGLE brand, with no support for this allegation.

²⁶ T-568/21 and T-569/21 – *Zoubier Harbaoui v EUIPO*, General Court, 1 February 2023, paragraph 51/paragraph 23

²⁷ T-569/21 – *Zoubier Harbaoui v EUIPO*, General Court, 1 February 2023, paragraph 31

The General Court set out the fundamentals of unfair advantage, and then stated that “*the risk of free-riding is obvious*”²⁸. The claim regarding Google’s trade mark for WAYMO is dismissed without any further consideration, as the mere existence of a mark owned by the proprietor “*cannot have the effect of reducing or even eliminating the risk of free-riding to the detriment of the earlier mark*”²⁹.

This part of the Applicant’s plea was therefore rejected, and the Board of Appeal’s assessment upheld.

Therefore overall, the action was dismissed by the General Court, and none of the parts of the plea raised by the Applicant were upheld.

Comment

This case showed a straightforward application of the law, which nevertheless proves to be a helpful exercise in the upkeep of the rules. GOOGLE is one of the best-known marks in the world, and the General Court acknowledged this several times in their decision.

The General Court’s analysis is based on the consideration that the reputation in GOOGLE has been established and accepted. It also served as an explanation of the Board of Appeal’s decision in response to the Applicant’s appeal. However, it calls into question whether the appeal should have been allowed in the first place.

In fact, there may have been an argument for bad faith, as this Applicant seems to be notorious³⁰ for filing applications that incorporate well-known brands, such as Adidas, Universal Music, Yeezy. Google only appeared to be his latest target, and with the protracted court proceedings, perhaps the Applicant sees himself as a modern day Robin Hood of trade marks, with money to burn. The Applicant had even attempted to register a plain word mark for GOOGLE, and appealed the decision to allow the opposition (the decision was upheld of course and the application refused!³¹)

The decision clearly sets out the assessment of the existence of a link in the minds of the relevant consumers and the risk of unfair advantage, based on the existence of a reputation in the earlier marks.

It is important to note however, that establishing the reputation with strong evidence, and not simply relying on the perception of the brand, is a prerequisite for the courts to then consider the next points in the assessment. The GOOGLE trade mark is one of the best-known marks in the world, and they demonstrated that in their evidence.

Without demonstrating this reputation, the outcome may have been different for Google...as we can see with the case for Rolex, also reported in this publication, where it is made clear that even for well-known brands, proving reputation is paramount and cannot be taken for granted.

²⁸ T-568/21 and T-569/21 – *Zoubier Harbaoui v EUIPO*, General Court, 1 February 2023, paragraph 63/paragraph 42

²⁹ *Ibid.*, paragraph 64/paragraph 43

³⁰ https://www.linforme.com/tech-telecom/article/ce-francais-qui-s-en-prend-a-google-kanye-west-et-adidas_628.html

³¹ Case R 903/2020-1 *Zoubier Harbaoui v Google LLC*, First Board of Appeal 26 June 2021

Genuine Use



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Hecht Pharma v EUIPO³²

General Court

The Applicant for revocation's challenge to evidence was not accepted, as even if the marketing of particular products was contrary to local laws, it was found that the EUIPO was not able to determine compliance with local laws and therefore, evidence of marketing, even if contrary to such laws, was still able to be taken into account. Furthermore, a name on pharmaceuticals can both be a company name and serve as an indicator of origin, i.e. be trade mark use.

Background

Gufic BioSciences Ltd ("the Proprietor") was the owner of an EUTM registration for GUFIC in classes 3, 5, and 29. Hecht Pharma GmbH ("the Applicant for Revocation") filed a request for revocation on the grounds of non-use, which was upheld by the EUIPO.

The Proprietor appealed and filed new evidence of use, namely invoices which demonstrated that goods were sold to pharmacies in Germany. As such, the appeal was successful for class 5 goods (namely, medicines), but failed in relation to classes 3 and 29.

The Applicant for Revocation appealed the decision to the General Court. The first ground related to the fact that medicinal products can only be imported and placed on the market in Germany by pharmacies, under the Medical Products Act. As such, the Applicant for Revocation argued that in order to comply, the Proprietor should have adduced invoices relating to the sale of goods bearing the trade mark to pharmacies.

However, the Proprietor had instead provided evidence of invoices from intermediaries who supplied the goods to pharmacies, which the Applicant for Revocation argued could not support a finding of genuine use. The Applicant for Revocation's final argument relied on the fact that because the Proprietor was not allowed to advertise its goods in Germany due to the Drug Advertising Act, it could not demonstrate use of the trade mark.

The General Court rejected this ground and found that the EUIPO was not in a position to determine whether evidence which has been filed in support of a claim of genuine use was in compliance with local laws and directives – even if marketing was unlawful, it does not rule out the fact that genuine use could have occurred. Neither did the EUIPO require evidence of use to originate from the pharmacies direct to the consumers – as this would mean that it would be impossible to demonstrate genuine use of marks used in business to business relationships. Finally, whilst advertising materials are one of the types of evidence which can be used to demonstrate genuine use, this is not mandatory and especially where the Proprietor is prevented from undertaking traditional advertising of its goods due to local laws.

The remaining grounds related to the Applicant for Revocation's argument that the use of the Proprietor's mark was as a company name rather than as a trade mark, and that the medicinal goods covered by the Proprietor's mark were wrongly classified in class 5. Both grounds of appeal were rejected by the General Court. The Court held that the average consumer of pharmaceutical or medicinal products would be used to seeing various marks on the packaging, and in this case, the manner of use of the trade mark would mean that the consumer would recognise this as a trade mark and not just a company name. In relation to the classification of medicinal products, the goods bearing the Proprietor's mark were sold via pharmacies and required a doctor's prescription. Furthermore, the information on the packaging would also lead the relevant public to determine that the goods were medical in nature.

³² T-346/21 Hecht Pharma v EUIPO_(Original decision issued in French)



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Transgourmet Ibérica SAU v EUIPO³³

General Court

The following case reinforces the message that a registered mark (however weak the word element may be) should be recognised as having at least a minimum degree of distinctive character and that the place to challenge this finding is via cancellation proceedings, rather than when assessing genuine use.

Background

Transgourmet Ibérica SAU (“the Applicant for Invalidation”) applied to invalidate the following stylised EUTM registration, owned by Aldi GmbH & Co KG (“the Proprietor”) on the basis of its own Spanish word registration for GOURMET.



The marks each covered conflicting goods in class 30. As the Applicant for Invalidation’s Spanish registration was over five years old at the time the application was filed, the Proprietor requested proof of use of the earlier registration. The EUIPO Cancellation Division then rejected the application for invalidity on the basis that they determined that the Applicant for Invalidation had not provided proof of genuine use of the earlier mark. The Applicant for Invalidation appealed to the EUIPO Board of Appeal, who dismissed the appeal on the basis that a) the evidence filed did not show use of the earlier mark as a trade mark and b) the evidence demonstrated use of the mark in a form which altered its distinctive character.

The Applicant for Invalidation then filed an appeal to the General Court.

- In its first plea, the Applicant for Invalidation argued that the Board of Appeal had assessed the distinctive character of its Spanish registration prior to the assessment of the evidence of genuine use. However, the fact that the national mark had already been registered meant that it should have been held to have a minimum degree of distinctive character. The Applicant for Invalidation also pointed to an earlier decision wherein this distinctive character had been confirmed by the Court. The EUIPO argued that the Board of Appeal had not found that the mark had a lack of distinctive character, but a low degree of distinctive character and the validity of the registration was not called into question in the decision. Further, the fact that the earlier mark must be seen to have at least a minimum degree of distinctive character does not automatically mean that all references to the word “gourmet” in the evidence would constitute use of the trade mark.

The General Court confirmed that the fact that the Applicant’s Spanish mark was registered meant that its validity could not be called into question within opposition proceedings, but only in cancellation proceedings brought in the Member State where the mark was registered. As such, it is necessary to acknowledge a certain degree of distinctiveness and characterisation of a sign as descriptive or generic amounts to denying this distinctive character. In the Board of Appeal’s decision, there were several references to the word “gourmet” being descriptive of the goods at issue. Whilst the Court acknowledged that the Board of Appeal was referring to the word itself rather than the Applicant’s Spanish mark, nevertheless, as the Applicant’s Spanish mark is comprised solely of this term, this constitutes an error in law and this plea was upheld.

³³ T-102/22 Transgourmet Ibérica SAU v EUIPO ³³– GOURMET

- In its second plea, the Applicant for Invalidity argued that the Board of Appeal had not taken into account several items of evidence which demonstrate use of the earlier mark. The Court pointed out that the rationale for provision of evidence of genuine use was that the register “cannot be compared to a strategic and static depository granting an inactive proprietor a legal monopoly for an unlimited period”.

The EUIPO noted that the Board of Appeal, when assessing the evidence filed, had instead drawn a distinction between the evidence which it considered constituted genuine use of the earlier mark, and the evidence wherein it considered that the term “gourmet” would be perceived as a descriptive term relating to the quality of the Applicant for Invalidity’s goods. However, the General Court held that it was wrong to examine whether the word “gourmet” was descriptive or would be perceived as a descriptive term when considering the evidence. The case law relating to genuine use does not require an examination of the distinctive character of a registration, and as noted above, the fact that the mark is registered means that it should be automatically held to hold a degree of distinctive character.

- In its final plea, the Applicant for Invalidity argued that the Board of Appeal had considered that use of the mark in a figurative form could not constitute genuine use of the word mark as registered, noting that some of the evidence supplied showed use of the mark in a stylised form, which it deemed to be unacceptable variants of the registered mark. The Applicant for Invalidity argued that the figurative elements did not alter the distinctive character of the mark as registered as they were not particularly striking.

The Court held that the additional elements (such as a chef’s hat or a red border design) did not alter the finding that the dominant element of the figurative marks would still be the word GOURMET.



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Kurt Hesse v Ferrari S.P.A TESTAROSSA³⁴

Board of Appeal

This case is a good reminder of the following:

- (a) to be meticulous when providing evidence of genuine use – in this case, the Proprietor had failed to provide key pieces of evidence to demonstrate any commercial link with the purported licensees and so the Board of Appeal could not conclude that they had put their mark to genuine use in relation to class 28 goods and
- (b) where trade mark licences are in place, to ensure that any licence agreements with third party manufacturers are consistent in terms of manner of presentation of trade marks, that they actually refer to the trade marks, as well as the quality of the goods concerned, so such use can support a finding that the trade mark has been put to genuine use with the consent of the trade mark owner.

Background

The decision relates to an application to revoke Ferrari S.P.A.’s (“the Proprietor”) registration for TESTAROSSA, which was filed by Kurt Hesse (“the Applicant for Revocation”). The registration had covered goods in classes 12 (vehicles) and 28 (games, playthings, toys) and the application for revocation on the grounds of non-use related to class 28 only.

The Proprietor filed evidence in defence which related chiefly to historical use of the mark TESTAROSSA in relation to a sports car which is no longer in production, but which is still in great demand on the collector’s market for sports cars.

³⁴ R-887/2016-5 TESTAROSSA Kurt Hesse (Cancellation Applicant) v Ferrari S.P.A. (IR Holder)

The Proprietor also filed evidence of licence agreements with third parties to produce toys and models, although it noted that the mark TESTAROSSA is not specifically shown in the licence agreements. They also supplied evidence such as third party catalogues showing model cars and model kits which related to the Testarossa model.

The Cancellation Division upheld the revocation action relating to most of the class 28 specification, but allowed the term “*scale toy land motor vehicles*” to remain. This was on the basis that use of the mark with the consent of the proprietor (such as under a licence agreement) is deemed to constitute genuine use of the trade mark.

The decision was appealed by the Applicant for Revocation, who argued that Ferrari had not shown genuine use of its mark in the evidence provided (i.e. the licence agreements which had no details of the mark in question) and in relation to the evidence which does include the trade mark (such as catalogues showing model cars), customers would not expect that such goods emanate from the trade mark owner or an economically linked undertaking.

The Board of Appeal held that:

- (a) display of a trade mark of a car on a toy car would not automatically be the same as use as a trade mark for the toy car,
- (b) customers would not expect that producers of cars would also produce model cars – toy car manufacturers usually produce a wide range of cars from all types of car manufacturers and
- (c) it was not clear whether in this case, Ferrari had consented to use of the TESTAROSSA trade mark by the toy car manufacturers as the licence agreements on file were incomplete.

- (d) Finally, whereas trade marks are used to denote trade origin, the fact that there were a number of different manufacturers producing different scale model cars of different quality and price instead speaks against the use of the trade mark with the consent of the Proprietor. As such, the Board of Appeal upheld the Applicant for Revocation’s appeal and the registration was revoked for class 28 in its entirety.

Infringement

Online market place infringements – liability of the platforms



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Christian Louboutin v Amazon³⁵

CJEU

Background

In December 2022, the CJEU gave its judgment in joined cases C-148/21 and C-184/21 both involving shoe-maker Christian Louboutin and Amazon.

Louboutin had brought proceedings against Amazon in Belgium and Luxembourg, who referred a series of questions to the CJEU.

The CJEU was asked to consider whether Amazon, as the operator of an online marketplace, is ‘using’ Louboutin’s red sole trade mark registration (see image below) when it provides an online marketplace on which third-party sellers offer goods which infringed that mark. If so, Amazon would be primarily liable for infringing Louboutin’s trade marks, despite the goods being offered and sold by third parties.



The CJEU’s judgment makes clear that a platform such as Amazon can be held liable for the goods offered on their platform if the manner in which the goods are presented does not allow consumers to distinguish easily between offers originating from the platform e.g. Amazon, and offers originating from third-party sellers.

The judgment states that the following factors are relevant in determining whether a user is likely to be able to distinguish the origin of the listings:

- First, if there is a “uniform method” of presenting the offers, then this will make it much harder for consumers to distinguish between Amazon listings and third-party listings.
- Second, if the logo of the platform (who in Amazon’s case is also known as a seller of goods, as well as the operator of a marketplace) is displayed in connection with the infringing listings.
- Third, if the platform offers third parties additional services (e.g. support in the presentation of the adverts, stocking the goods, shipping the goods to users).

As always, the domestic courts will now be tasked with applying the CJEU’s judgment to the facts of each case, but it is clear from the factors set out above that the CJEU considers Amazon to be in a difficult position.

Comment

This marks an interesting development in the law. Previous CJEU judgments on the question of ‘use’, including *L’Oreal v eBay* and *Google France*, have recognised that trade mark infringement can occur on an online platform and tended to insulate the platform operator from primary liability on the basis that is not “using” the infringing sign in its own commercial communication. The “own commercial communication” test remains the same, but the key difference in *Louboutin* is that the CJEU was asked to consider an online platform which, unlike eBay for example, offers goods itself as well as acting as a marketplace for third parties.

³⁵ C-148/21 and C-184/21 (joined), *Christian Louboutin v Amazon Europe Core Sàrl, Amazon EU Sàrl, Amazon Services Europe Sàrl, Amazon.com Inc, and Amazon Services LLC*

In those circumstances, platforms will face increased risks if consumers cannot easily distinguish who is offering the goods. The CJEU judgment is clear that this should be assessed in each case on the consumers' perception of what they encounter on the site, including how the listings are presented and other factors which will affect that perception such as the other services which the platform provides. The *Louboutin* judgment does not provide brand owners with an automatic route to pursue platforms for all trade mark infringements which take place online, but it does indicate an increased risk of findings against platforms such as Amazon if they do not distinguish between their own goods and those of third party sellers.



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Vetsure v Petsure³⁶

High Court

The High Court recently examined a potential invalidity, infringement and passing off claim brought by the owner of the mark VETSURE, in objection to the Defendants' mark PETSURE. Both marks were being used in the pet insurance industry.



Invalidity

Mr Karet, sitting as Deputy High Court Judge, first considered whether the PETSURE mark was invalid for:

- being confusingly similar to a registered mark (section 5(2) Trade Marks Act 1994 ("TMA"));
- taking unfair advantage or causing detriment to the reputation of a registered mark (section 5(3) TMA); and/or
- passing off an unregistered mark (section 5(4) TMA).

The parties agreed that the average consumer would be a pet owner with an average level of attention, who would be aware that insurance providers' names often refer to pets and their care, would understand "sure" to mean "insurance," and would know that this suffix is often used by insurance providers in relation to their services.

Section 5(2) TMA

On the first ground, Mr Karet found that the marks were registered for identical or similar goods and that the marks were visually and aurally similar (having the same number of letters and similar sounds). However, the marks were conceptually different as the words "vet" and "pet" have different meanings, which the average consumer would distinguish between. Overall, there was no likelihood of confusion because the common feature between the marks was descriptive of insurance services and the remaining elements would be unlikely to indicate any particular source of pet insurance. Therefore, the PETSURE mark was not invalid under section 5(2) TMA.

Section 5(3) TMA

Although the VETSURE mark was held to have the required reputation under section 5(3), Mr Karet commented that the "strength of the mark [was] not high" due to its descriptive nature. The mark had acquired some distinctive character through use but as a descriptive mark it would have started from a low base. The Claimant had failed to establish the required "calling to mind" between the marks – also due to the marks' descriptive nature. Additionally, neither pleaded form of injury arose on the facts: without a link

³⁶ *TVIS Ltd v Howserv Services Ltd and others* [2023] EWHC 2589 (Ch), 18 October 2023

between the marks, there could be no dilution; and because the VETSURE mark did not have a high reputation, there was no risk of confusion, and therefore, no unfair advantage.

Section 5(4) TMA

The elements for a claim in passing off were also not established. Although the Claimant owned goodwill in the VETSURE mark for pet insurance in the UK, there had not been any actionable misrepresentation.

Infringement

The Claimant's evidence of infringement consisted of various customer service phone transcripts. Among these, Mr Karet identified various examples of administrative errors; for example, a Vetsure customer calling to confirm that her policy was with Vetsure, rather than Petsure (but which showed that the caller could distinguish between the parties), or a Vetsure policyholder misnaming the Claimant as Petsure (but having correctly contacted Vetsure). This evidence was not compelling. Mr Karet did identify one instance of confusion in the form of a customer cancelling their insurance with Petsure, explaining that they had accidentally chosen the wrong insurance and had intended to contract with Vetsure.

Mr Karet emphasised that the descriptive nature of the VETSURE mark meant that administrative errors were common, but that this did not mean that confusion as to trade origin had taken place. On this basis, Mr Karet dismissed the claim for trade mark infringement. Similarly, Mr Karet rejected the Claimant's argument for passing off, noting that there was no evidence of confusion or deception as to origin, nor any likelihood thereof.

Key takeaways

- Avoid descriptive marks, especially in an industry where descriptive marks are commonly used by traders.
- Be cautious when relying on phone call transcripts for evidence of confusion, since the transcripts may be read in different ways and are subject to errors by the transcriber.
- Be careful when providing an analysis of factual evidence, as this risks "[making] an assumption that each side is right in its characterisation of each instance relied upon as part of the overall data".



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Lidl v Tesco^{37,38}

High Court

The UK High Court has held that Lidl's rights in the Lidl logo were infringed by Tesco's Clubcard Price(s) signs. Specifically, the court made the following findings.

Trade mark infringement – Lidl's trade mark for the Lidl logo was infringed by Tesco's Clubcard Price(s) signs, which took unfair advantage of Lidl's reputation for low prices and damaged the distinctive character of Lidl's logo.

Passing off – Consumers were mistakenly believing that Tesco's Clubcard prices matched Lidl's prices or the products were equivalent in value.

Copyright infringement – Copyright subsists in the Lidl logo and this was copied by Tesco in creating their Clubcard Price(s) signs.

³⁷ Lidl Great Britain Ltd and another v Tesco Stores Ltd and another [2023] EWHC 873 (Ch)

³⁸ A version of this article was first published in Kluwer Copyright Blog, October 2023, available at:

<https://copyrightblog.kluweriplaw.com/2023/10/30/supermarket-showdown-lidl-v-tesco-lidls-rights-trade-marks-and-copyright-in-the-lidl-logo-are-infringed-by-tescos-clubcard-price-signs/>

The judgment consolidated this infringement claim with Tesco’s counterclaim for invalidity of various of Lidl’s trade marks covering the wordless background of the Lidl logo (the “**Wordless Mark(s)**”). The judge held that certain of these Wordless Marks were invalid for bad faith. However, Lidl’s key trade mark for the Lidl Logo including the word LIDL (the “**Mark with Text**”) was valid and so Tesco remained liable for trade mark infringement.

On copyright subsistence, the judge held that the Mark with Text is an artistic work, falling within the sub-category of “graphic works”. Tesco had objected to copyright subsistence on the basis that the Mark with Text was not original, having been created in stages and being too simple. However, the judge found that the Mark with Text, by its combination of text, colours and shapes involved sufficient skill, labour and creative freedom to satisfy the requirement for originality. More details on the findings on copyright subsistence and infringement can be found in our Designs and Copyright Review of the Year publication.

Lidl’s marks and Tesco’s signs are shown below:



Tesco’s Clubcard Price(s) signs (the/Tesco’s “CCP Signs”)



You might be wondering why you’re still seeing Tesco’s Clubcard Price(s) signs (the “**CCP Signs**”) in Tesco stores. While a final injunction against such use has been granted in a consequential hearing³⁹, that injunction is stayed pending the outcome of any appeals to the Court of Appeal.

In September 2023, the Court of Appeal allowed appeals, apparently from both parties. These are understood to have been heard on 19 February 2024, although a judgment has not yet been released. The precise details of what is being appealed is not yet known.

The parties

The parties are well-known competing supermarkets in the UK.

Lidl is described in the judgment as a “discounter” supermarket: it focuses on own-branded products and a “*more curated selection of goods thus enabling greater control over price*” Another example of a “discounter” supermarket is Aldi.

³⁹ [2023] EWHC 1517 (Ch)

Tesco is described as a “mid-tier” supermarket: it has a “*selection of own-brand and third party products at a range of price points*” (Paragraph [51]). Other “mid-tier” supermarkets are Sainsbury’s, Asda, Morrisons and Co-Op.

Lidl opened its first UK store in 1994 and has always operated under the Mark with Text.

In 1995, Tesco launched its “Clubcard” loyalty scheme to reward customers for shopping at Tesco. As part of this scheme, in September 2020, Tesco introduced the Clubcard Prices promotion: Tesco Clubcard holders were given discounts at the point of sale on certain products. Those discounts were identified using Tesco’s CCP Signs, which either stated a price figure alongside “Clubcard Price” or merely read “Clubcard Prices”.

Lidl alleged that Tesco’s CCP Signs infringed various rights in Lidl’s Mark with Text and Lidl’s Wordless Mark.

Trade Mark Infringement

Lidl relied on various registrations for each of: the Mark with Text, and the Wordless Mark. The judgment focused on the Mark with Text. The judge considered that the correct comparison was between the Lidl marks on the one hand, and Tesco’s CCP Signs with the text they comprised on the other, rather than with Tesco’s CCP Signs absent their text.

In short, Lidl’s case was as follows, relying on section 10(3) of the UK’s Trade Marks Act 1994 (“TMA”):

- consumers seeing Tesco’s CCP Signs would link them to Lidl’s brand and reputation;
- those consumers would then believe that Tesco’s prices are being said to be comparable to Lidl’s low prices and/or price-matched to Lidl; and
- this would: (1) give Tesco an unfair advantage, and/or (2) be detrimental to the distinctive character of Lidl’s mark (which was being a low-priced brand), by suggesting Tesco was price-matched to Lidl.

Similarity

The judge noted that both Lidl’s Mark with Text and Tesco’s CCP Signs comprised “*background components made up of a yellow circle within a blue square*” and “*writing in the centre of the blue circle*”, presumably meaning yellow circle in latter quote. While she referred to the contrasting text as an important point of difference, she held that this did not extinguish the “*strong impression of similarity conveyed by their backgrounds*”

On the whole, the judge held the overall impression in the mind of the average consumer was of similarity. There was a lot of support for this finding in the evidence, including emails between members of Tesco’s internal team, which stated: “*Price tiles: The yellow circle inside the blue tile looks a bit like a Lidl ad*” (Paragraph [92ii]).

Link

The judge found that the evidence was sufficient to demonstrate that the average consumer encountering the CCP Signs at the date of launch of the Clubcard Price campaign “*would draw a link between the Uses of the CCP Signs and the Mark with Text*”.

Specifically, the judge referred to numerous examples of references to the similarity between the signs and of consumers referring to Lidl upon seeing Tesco’s CCP Signs, including in the following evidence: research reports, consumer surveys, Lidl’s member-of-the-public witnesses, and a document called the “Lidl Vox Populi” which comprised statements from members of the public, such as on Twitter (as it was named then).

Injury (detriment and unfair advantage)

While the judge rejected Lidl’s claim of subjective intent and deliberate “coat tailing”, she recognised this was not fatal to an infringement claim under section 10(3) of the TMA. Instead, the court needed to consider, regardless of Tesco’s intention, whether Tesco’s use of the CCP Signs was likely to have resulted in what Lidl argued was a “*subtle but insidious transfer of image*” from Lidl’s Marks to the CCP Signs in the minds of some consumers”.

As regards demonstrating “detriment”, applying the case law, the judge required actual “*evidence of a change in economic behaviour since [the launch of the Clubcard Prices campaign in 2020]*” (Paragraph [158]), while appreciating this can be difficult to obtain. Given the Tesco’s Clubcard Prices had launched well over two years prior to trial, she did not consider it sufficient for Lidl to contend that there was merely a serious likelihood of a change in economic behaviour of the average consumer in the future.

The judge accepted Lidl’s evidence of a campaign by Lidl designed to show consumers that Tesco’s Clubcard prices were not in fact price-matched to those of Lidl. She noted the specific steps Lidl had been “*forced to take*” in response to Tesco’s extensive use of the CCP Signs to prevent any consequential dilution of Lidl’s reputation as a low cost discounter, in the form of “*corrective advertising*”. This assisted in demonstrating detriment to the distinctive character of the Mark with Text.

Regarding unfair advantage, relying on her findings on similarity and link above, the judge found that Tesco had taken unfair advantage of the distinctive reputation residing in the Mark with Text for low price (discounted) value. While the evidence did not demonstrate that was Tesco’s intention, it did support that being the objective effect of the creation of the link.

It is worth highlighting the nuance here: the judge did find that Tesco intended, via its use of the CCP Signs, to convey value to consumers and thereby influence the economic behaviour of shoppers; however, that is not the same as a specific intention to free-ride on Lidl’s specific reputation (see Paragraph [176]). Essentially, Tesco were more easily and effectively able to convey value in their Clubcard Prices promotion (which was their intention) by reason of the connection between the CCP Signs and Lidl’s Mark with Text (which was not their intention, but was the objective effect).

Conclusion on trade mark infringement

Accordingly, Tesco’s use of the CCP Signs infringed Lidl’s Mark with Text under section 10(3) of the TMA. The judge found the “*position as to infringement is the same*” for Lidl’s Wordless Mark.

Trade mark validity – the Wordless Mark

Tesco’s counterclaim of invalidity was only in relation to the Wordless Mark. The grounds were: non-use, lack of distinctive character and bad faith.

Non-use

The judge found that Lidl’s use of the Mark with Text was sufficient to establish use of the Wordless Mark, accordingly the non-use ground failed.

Lack of distinctive character

Tesco argued that the Wordless Mark was a decorative background, and not distinctive of Lidl. However, the evidence indicated that the Wordless Mark on its own had indeed “*acquired the ability to demonstrate exclusive origin*” (Paragraph [211]), and so the Wordless Mark had distinctive character. In particular, the judge referred to a survey carried out on behalf of Lidl whereby 73% of participants mentioned Lidl only upon being shown the Wordless Mark and asked: “*What do you think this image is?*”.

Bad faith

The judge found that when Lidl originally filed the first application for the Wordless Mark in 1995 it did not intend to use it as a trade mark, but rather as a “legal weapon”. This was despite the court’s finding that Lidl had in fact used the Wordless Mark and it had distinctive character. However, Lidl was unable to demonstrate a plausible explanation of its objective and commercial logic pursued by the application for the Wordless Mark; as such, it was found to be filed in bad faith.

Subsequent registrations of the Wordless Mark were also found to be invalid for bad faith. The judge noted that these subsequent registrations covered goods/services already covered by previous Wordless Mark registrations. As such, the judge found that they were filed in part to evergreen the Wordless Mark and avoid sanctions for five years’ non-use which amounts to an “*abuse of the trade mark system*” (Paragraph [256]).

Conclusion

A long judgment often indicates a lot of evidence, or a complex legal case. Here, it was arguably both.

From a trade mark perspective, Lidl's case as put forward was not particularly straightforward or conventional: they claimed passing off as to equivalence and 10(3) TMA infringement requiring that Lidl demonstrate detriment they suffered or an unfair advantage accrued to Tesco through Tesco's use of the CCP Signs.

However, that was what the facts required. It was quite clear that consumers were unlikely to see Tesco's CCP Signs and believe they were shopping in a Lidl, as such, confusion as to origin was not really an option.

What seemed to work strongly in Lidl's favour was the evidence in terms of quality and quantity. The judge was able to point to numerous clear examples of consumers forming a link between Tesco's signs and Lidl's marks. That evidence took the form of customer surveys conducted by Lidl, internal Tesco communication, market research reports and publicly available consumer statements (the Lidl Vox Populi). However, it also included two member-of-the-public witnesses called by Lidl, whose evidence covered their responses to seeing Tesco's CCP Signs.

In a context where there is strong evidence that Lidl had educated the public that their brand was well-recognised and really meant something – namely: low prices/good value – a finding of 10(3) TMA infringement followed more easily.

One evidential challenge Lidl faced was on demonstrating detriment to the distinctive character of their mark. Given the CCP Signs were being used for up to 2 years up to trial, it was not enough for Lidl to rely on merely potential future detriment. From a practical perspective, it is worth remembering to keep collating evidence throughout and before the litigation process. It is also worth noting that Lidl's own steps taken to prevent such detriment (in the form of corrective advertising) was helpful evidence in support of a detriment suffered.

Infringement – acquiescence defence



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Industrial Cleaning Equipment (Southampton) Ltd v Intelligent Cleaning Equipment Holdings Co Ltd & Anor⁴⁰

Court of Appeal

Industrial Cleaning is an important Court of Appeal decision regarding the defence of statutory acquiescence. Statutory acquiescence effectively prevents the proprietor of an earlier trade mark from challenging the registration or use of a later trade mark after five years' acquiescence in its use.

Prior to the *Industrial Cleaning* decision, it was well-established from the CJEU decision in Case C-482/09 *Budějovický Budvar np v Anheuser-Busch Inc* [2011] ECR I-08701 ("**Budvar**") that the five-year period required for statutory acquiescence commenced on the date the

⁴⁰ *Industrial Cleaning Equipment (Southampton) Ltd v Intelligent Cleaning Equipment Holdings Co Ltd & Anor* [2023] EWCA Civ 1451

proprietor became aware of the registration **and** use of a later registered mark.

However, in *Industrial Cleaning* the Court of Appeal, led by Lord Justice Arnold, deemed it appropriate to exercise its power to depart from CJEU case law and decide that the five-year period for statutory acquiescence under s.48 of the Act now runs from the date the proprietor of an earlier registered mark becomes aware of the use of a later registered mark alone, regardless of when the proprietor becomes aware of the registration of the later mark.

Background and IPEC decision

In May 2021 Industrial Cleaning Equipment (the “**Claimant**”) issued proceedings for registered trade mark infringement and passing off against Intelligent Cleaning Equipment and related parties (the “**Defendants**”) concerning their use of the acronym “ICE”. The primary mark relied upon by the Claimant, amongst other registered marks, was the following figurative logo, which the Claimant had used since 2007 (the “**Claimant’s Mark**”):



The Defendant had applied for international trade marks for the word “ICE” and the following logo:



Equivalent EU marks were subsequently registered in May and June 2016 respectively, and post-Brexit, the EU marks were cloned with two comparable international UK marks.

The Defendants denied the alleged trade mark infringement and passing off and relied on the defence of statutory acquiescence, amongst other defences. The Defendants also challenged the validity of the Claimant’s trade marks and counterclaimed for infringement. Despite initially denying knowledge of the Defendant’s use of the “ICE” brand, the Claimant eventually admitted knowledge of the Defendant’s use from around July 2014.

The judge at first instance found that if the Claimant’s trade marks were valid, subject to the application of the defences argued by the Defendants, the First and Fourth Defendants’ use of the ICE acronym infringed the Claimant’s marks. Similarly, subject to the application of statutory acquiescence, the judge held that the Defendants’ marks were invalid because the use of those marks was liable to be restrained as passing off.

The judge rejected the defence of statutory acquiescence on the basis that the five-year period only started to run when the proprietor of the earlier registered mark has knowledge of both the use and the registration of the later filed mark, applying the established principles from the CJEU decision in *Budvar* as she was obliged to do. Even though the Claimant was aware of the Defendants’ use, it first became aware of the registration of the Defendants’ marks upon receipt of a letter on 26 May 2019 in response to the Claimant’s letter before action. Since the claim form was issued on 24 May 2021 and served by first class post on 22 June 2021, the claim had been issued and served long before the required five-year period of acquiescence.

The appeal

The Defendants appealed the judge’s decision on acquiescence based on two core grounds, both concerning the date on which the five-year period starts for the purposes of applying statutory acquiescence:

1. First, the Defendants argued that the clock for the five-year acquiescence period should start running on the date the earlier proprietor becomes aware of the use of the later registered mark, not the date the proprietor becomes aware of the registration of the later mark and its subsequent use (“**Issue 1**”).

2. Second, the Defendants argued that where the later filed mark is an international registration protected in the EU, the relevant date for determining when the five-year acquiescence period can commence is the registration date of the international mark, rather than the registration date of subsequent EU and/or UK derivative trade marks (“**Issue 2**”).

The Court of Appeal’s decision

Issue 1 – is knowledge of the registration of a mark required?

Arnold J’s judgment on Issue 1 begins by outlining the relevant statutory framework under EU and English law. He then goes on to review the decision in *Budvar* where the CJEU outlined the conditions for the defence of statutory acquiescence to apply.

After considering *Budvar*, Arnold analysed a line of authorities including the Second Board of Appeal decision in Case R 1299/2007-2 *Cristanini v Ghibli SpA* (“*Ghibli*”) and the *Marchi Italiani* General Court (Case T-133/09) and CJEU (Case C-381/12) decisions, which appeared to take a different approach to *Budvar* where the proprietor of an earlier mark only needed to be aware of the use of the later trade mark after it had in fact been registered for the acquiescence clock to start running, rather than requiring knowledge of the registration and use. Arnold’s analysis of *Ghibli* and the *Marchi Italiani* authorities highlighted a conflict between the decisions of the EUIPO Board of Appeal and General Court decisions and the CJEU decision in *Budvar*. Post-Brexit it fell on the national court to resolve that conflict, and in order to do so, Arnold LJ felt the court needed to address the following two questions:

1. What is the correct interpretation of the legislative provisions; and
2. Should the court depart from the decision in *Budvar*.

Correct interpretation of the statutory provision

Arnold LJ began his reasoning by assessing the language of the relevant legislative provisions. In his view the more natural reading of the statutory language required that the proprietor of the earlier mark must be aware of the use of the later registered mark but not the registration of the mark (in contrast to the CJEU’s decision in *Budvar*). In reaching his conclusion Arnold LJ echoed the comments of the CJEU in *Ghibli* that if the intention behind the legislation was to require knowledge of both use **and** registration, it would have been straightforward for the legislation to say so.

Turning to the context and objectives of the legislation, Arnold LJ stressed the difference between the *conditions* for the defence of statutory acquiescence to apply and the *consequences* of its application, referring back to observations made in his previous judgment in *Combe v Wolf*. Arnold LJ explained that the *condition* for acquiescence to apply according to a natural reading of the statutory language is concerned with *use* of the later registered mark, whereas the *consequences* of the mark are concerned with registration *and* use. Recognising this distinction supported interpreting the legislation as only requiring knowledge of the use of the later trade mark and not knowledge of its registration.

Further, Arnold LJ noted that requiring knowledge of registration could have unintended consequences. First, he acknowledged that knowledge of registration could give proprietors a “perverse incentive” not to consult the register to delay the statutory clock from running. Second, it could be significantly more burdensome to demonstrate proof of knowledge, because the knowledge was likely to arise in the context of communications between owners of earlier marks and their legal advisers, and those communications would be protected by legal professional privilege.

Departing from *Budvar*

Arnold LJ recognised that in order to give effect to his interpretation of the legislation the court must depart from *Budvar*, which formed part of “retained EU case law” under section 6(7) of the European Union (Withdrawal) Act 2018 (the “**2018 Act**”). Post-Brexit, under s. 6(5A) of the 2018 Act the Court of Appeal and the Supreme Court have power to depart from retained EU cases law, but only on the same basis that the Supreme Court has power to depart from one of its own precedents (or those of the House of Lords) in accordance with the *Practice Statement (Judicial Precedent)* [1966] 1 WLR 1234.

Despite recognising that the Supreme Court had consistently exercised its power sparingly and with “great caution”, Arnold LJ decided that this was an appropriate case for the Court of Appeal to exercise its power. In reaching this conclusion Arnold LJ was influenced by the following factors:

- Neither the CJEU judgment nor the Advocate General’s Opinion in *Budvar* contained any analysis of the substantive issue; *Budvar* simply contained a bald conclusion on the requirements for statutory acquiescence.
- Further, the CJEU and Advocate General did not consider the decision in *Ghibli* and did not benefit from arguments on the principles applied in that case. Likewise, they did not give consideration to the factors considered by Arnold LJ in *Combe*.
- *Budvar* was an “isolated” case that had been applied inconsistently by the EUIPO and General Court. This stood in contrast to the CJEU’s case law on other legal issues, such as the body of case law on communication to the public, therefore this case was very different to other cases where the court has considered departing from EU case law, such as *Warner Music UK Ltd v TuneIn Inc* [2021] EWCA Civ 441.

- Whilst legal certainty is typically a key factor for the Supreme Court when departing from previous, that factor was of little weight in this context because in Arnold LJ’s view very few proprietors would have based their commercial strategy on this aspect of *Budvar* and a well-advised proprietor would be aware of the divergent approaches of the EUIPO and General Court and appreciated the CJEU might depart from *Budvar*.

In view of those factors Arnold LJ felt the court should depart from *Budvar* to decide that the clock for statutory acquiescence starts ticking from the date the proprietor of an earlier trade mark becomes aware of the use of a later registered trade mark, regardless of whether the proprietor is aware of the registration of the later trade mark.

Issue 2 – the relevant date for international trade mark registrations

Issue 2 arose because the Defendants’ EU trade marks were derived from an international trade mark registration filed under the Madrid Protocol. The question for the court was whether the “registration date” referred to in the statutory provisions was the date of the international filing, or a later date, such as the date the EU mark is accepted by the EUIPO. After considering the legislative framework, Arnold LJ rejected the Defendants’ appeal on Issue 2, finding that “registration date” of an international trade mark protected in the EU for the purpose of statutory acquiescence is either the date on which the international trade mark is accepted by EUIPO or the second republication date on the EUIPO register. Arnold cited the General Court’s finding in *Marchi Italiani* that an application for a declaration of invalidity cannot be filed against a later trade mark until that later trade mark is registered, so in the case of an international trade mark protected in the EU, this cannot be any earlier than the date of acceptance of the international mark by the EUIPO.

On that basis, Arnold LJ held that the registration dates of the Defendants’ two EU trade marks were either 24 or 25 May 2016 and either 14 or 15 June 2016 respectively. That meant that even if the registration date was 24 May 2016, the claim form had been filed on 24 May 2021, the last available day to stop the five-year period of acquiescence.

For the same reason, Arnold was not required to determine whether the correct date was the acceptance date or the publication date, because it made no difference due to the date the claim form was filed.

So, although the Defendant was successful on Issue 1, the appeal on Issue 2 was unsuccessful therefore the appeal was dismissed unanimously by the Court of Appeal. Even though the appeal was dismissed, the Court's decision on Issue 1 marks a significant albeit subtle shift in the application of statutory acquiescence under English Law.

Passing off



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YNNY v KMS – (Skincare industry)

Court of Appeal

On 19 December 2023⁴¹, the Court of Appeal handed down its judgment in the appeal against the IPEC's decision in *Yours Naturally Naturally Yours v KMS*⁴², a case concerning reverse passing off.

Background

The Claimant, a skincare company called Yours Naturally Naturally Yours ("YNNY"), brought a claim for passing off against another skincare company, KMS, and its founder, Ms Mclver, over claims that Ms Mclver was the creator of YNNY's anti-age serum "Elixir" and that its reformulated product was the same product as "Elixir". YNNY also brought a claim for copyright infringement in relation to marketing materials used by the Defendants, as well as claims for unlawful interference and malicious falsehood. The latter two claims were dismissed at first instance by Hacon HHJ, but the claims for passing off and copyright infringement were upheld.

In 2015, Ms Tang (who later incorporated YNNY) developed Elixir and began selling it to beauty practitioners and consumers in the UK. In 2017, she agreed to sell Elixir to Ms Mclver wholesale, allowing Ms Mclver to add her own branding to it (including "KATE MCIVER" and "SECRET WEAPON"). Throughout 2017 and 2018, Ms Mclver made various statements implying that she had created the Kate Mclver serum. The arrangement continued until late 2018, when Ms Mclver stopped buying Elixir and began selling her own reformulated version of the serum. In 2020, YNNY brought proceedings against KMS (Ms Mclver having passed away).

⁴¹ *Yours Naturally Naturally Yours Ltd v Kate Mclver Skin Ltd and another* [2023] EWCA Civ 1493, 19 December 2023

⁴² *Yours Naturally Naturally Yours Limited v Kate Mclver Skin Limited and another* [2023] EWHC 890 (IPEC), 20 April 2023

First Instance

At first instance, Hacon HHJ held that YNNY owned goodwill associated in the public mind with the trade name “Elixir”. By using “Elixir” on her products, Ms Mclver represented that the serum marketed by her was the same as the Elixir serum marketed by others. Ms Mclver’s statement that she had put her life and soul into researching and creating the Kate Mclver serum was an express representation that she was the creator of that serum and an implied representation that she was the creator of the Elixir serum sold by anyone, including YNNY; both of which were false.

Furthermore, the use of the word “original” in marketing for a reformulated version of the serum implied that it was the same serum as Elixir, when changes to the formulation had been such that this was no longer the case. Although there had been no damage due to loss of sales, Elixir’s reputation had been damaged and there was a risk of loss of distinctiveness of the Elixir brand name.

Reverse Passing Off

Before considering the appeal, Arnold LJ recalled the three leading authorities on reverse passing off: *Samuelson*⁴³, *Plomien*⁴⁴ and *Bristol Conservatories*⁴⁵. Whereas traditional passing off occurs when the defendant misrepresents its goods as those of the claimant (consider, for example, a competitor of Jif Lemon selling lemon juice in a lemon-shaped plastic container), reverse passing off takes place when the defendant misrepresents the claimant’s goods as its own.

In *Samuelson*, the defendants had passed off a popular sketch by rewriting it and advertising the new sketch as if it were the original. In *Plomien*, the defendants represented that the claimants’ economisers were the defendants’ economisers and that the claimants’ customers were the defendants’. Lord Greene MR noted that “[i]f that is not passing-off, I really do not know what is”. Finally, in *Bristol Conservatories*, the defendants showed photographs of the claimants’ conservatories to prospective customers as examples of conservatories the defendants had

built. This misrepresentation, according to Ralph Gibson LJ, left “no room for confusion”.

Arnold LJ also considered the more recent case of *ScanSafe v MessageLabs*⁴⁶. Here, the claimant had developed a product and entered into a reseller agreement with the defendant, allowing the defendant to market the product under its own name. After terminating the agreement, the defendant started marketing its own version of the product, describing it as “Version 2” or “2.0”. The judge found it arguable that this misrepresentation was actionable as passing off.

The Appeal

Passing Off

Arnold LJ held that Hacon HHJ had erred in finding that YNNY owned goodwill associated with “Elixir” as no such case had been pleaded; instead, the judge should have found that goodwill was associated with YNNY’s product and with YNNY as the originator of that product.

As regards the misrepresentations made by Ms Mclver, insofar as the judge’s reasoning was based on the trade name “Elixir”, no such case had been pleaded by YNNY. That said, Hacon HHJ was entitled to find that Ms Mclver had misrepresented that she was the creator of Elixir and that the reformulated serums were the same serum as the Elixir serum. This second misrepresentation was material because it deceived KMS’s customers into believing they were getting the same product as before, when in fact they were getting a different product (a classic case of reverse passing off).

Arnold LJ agreed with Hacon HHJ that YNNY had not suffered any loss of sales as a result of the misrepresentations, but that there was a risk of damage to the reputation of YNNY’s product (and to YNNY’s goodwill as a result). If a customer found the reformulated product to be unsatisfactory and believed it to be the same product as YNNY’s product, they would regard YNNY’s product with the same dissatisfaction. On the facts, there was at least one such example of an unsatisfied customer.

⁴³ *Samuelson v Producers Distributing Co Ltd* (1931) 48 RPC 580

⁴⁴ *Plomien Fuel Economiser Co Ltd v National School of Salesmanship Ltd* (1943) 60 RPC 209

⁴⁵ *Bristol Conservatories Ltd v Conservatories Custom Built Ltd* [1989] RPC 455

⁴⁶ *ScanSafe Ltd v MessageLabs Ltd* [2006] EWHC 2015 (Pat)

That said, Arnold LJ disagreed that there was any damage due to a risk of genericization of the name of Elixir because YNNY had not pleaded any case based on goodwill in that name.

Copyright

As to the copyright claim, Arnold LJ found that the defendants' implied licence to use the marketing materials written by Ms Tang had ended when the parties parted ways, so that the public availability of social media posts after that date constituted copyright infringement.

Comment

This case is interesting being only concerned with passing off, rather than passing off as an addition to an infringement claim which is the more usual scenario. It also illustrates the importance of considering the continued availability of media such as social media posts after a licence has ended and to make sure that this is considered on drafting licences etc. and provision made for removal of these if desired.

Licences



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Virgin Aviation TM Ltd v Alaska Airlines⁴⁷

High Court

This decision provides a cautionary tale, confirming that the terms of a licence agreement will be followed regardless of the supposed commercial irrationality of their outcome, and should therefore attract exceptional scrutiny in the context of any related transaction. In particular, care must be taken in respect of clauses in licenses where payments are not intended to be directly connected to turnover, as this case demonstrates that a flat fee can be guaranteed for the mere grant of rights – regardless of their use.

Background

The case centres on the terms of a 2014 trade mark licence agreement (“TMLA”) between companies under the Virgin Group (“**Virgin**”) and Virgin America (which later merged with Alaska Airlines) (“**Alaska**”), which included a licence of the Virgin brand (consisting of certain Virgin trade marks and names) for a term of 25 years and which included a minimum royalty figure.

Following the conclusion of the TMLA, Virgin America was acquired and merged with Alaska Airlines, and by the end of May 2019, Alaska ceased to use all Virgin names and marks. As a result, Alaska had not paid any royalties to Virgin since July 2019, which prompted these proceedings. Whilst Alaska argued that there was no obligation to pay the royalties if there was no usage of the brand, Virgin contended that the Minimum Royalty was due irrespective of whether Alaska used the Virgin names and marks.

⁴⁷ Virgin Aviation TM Ltd v Alaska Airlines Inc [2023] EWHC 322 (Comm)

The High Court turned to the terms of the TMLA, which it concluded were clear and obvious in setting out how the minimum royalty was to be paid. The minimum royalty was expressed as a defined term, payable every year, regardless of the level of usage. The fact that it was expressed as a “Minimum Royalty” did not mean it was derived from royalties in fact earned: it was a flat fee for the right to use the Virgin brand, whether or not the right was taken up.

The High Court stated that the relevant perspective in analysing the TMLA was that of Virgin America, not Alaska Airlines, since at the time the TMLA was signed Alaska Airlines was a third party competitor. In this context, it was in Virgin America’s interests to have a long term relationship with Virgin and *they* had requested the 25 year term. On the other hand, Virgin also sought to secure its position for a set term given its knowledge of Virgin America’s anticipated initial public offering and the threat of Virgin America’s de-branding – a risk which ultimately materialised.

Despite Alaska’s arguments that agreeing to pay about \$8 million a year until 2039 for trade marks it had no intention of using was commercially nonsensical, the High Court considered that the TMLA indicated otherwise in very clear language.

Invalidity/opposition and Brexit



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European Union Intellectual Property Office v Indo European Foods Ltd⁴⁸

AG Opinion

In the first Brexit-related AG opinion, the case concerned what happens if a prior right relied on in an invalidity or opposition action ceases to exist during an action.

The Advocate General recommends dismissing the EUIPO’s appeal to the ECJ requesting annulment of the General Court’s decision, which itself annulled the EUIPO’s decision (issued before Brexit) to dismiss an opposition involving an unregistered in the UK.

Background

Indo European Foods Ltd (“Indo”) opposed an EU trade mark application on the basis of an earlier non-registered trade mark used in the UK. The Opposition was rejected, and the Board of Appeal subsequently dismissed an appeal on the ground that Indo had failed to prove that the extended form of passing off would allow it to prohibit use of the Application mark in the UK. Indo then appealed to the General Court which annulled the EUIPO’s decision. The Advocate General’s opinion concerns the EUIPO’s appeal to the European Court of Justice, which raised an issue that was significant with respect to the unity, consistency and development of EU law.

⁴⁸ European Union Intellectual Property Office v Indo European Foods Ltd [23 November 2023] Case C-801/21 P

Advocate General's Opinion

The EUIPO contended that the General Court ("GC") confused the review of legality with the requirement for a continuing interest in the proceedings. However, the Advocate General ("AG") notes that the Court did not examine either of these issues, but that of the action becoming devoid of purpose.

The purpose of an action and the interest in bringing proceedings are two separate issues. The purpose of an action for annulment is obtaining a remedy, whereas the interest in bringing proceedings is to procure an advantage to the party which brought it. Although the two are linked, an applicant's interest in proceedings could cease to exist whilst the purpose of an action continues to subsist.

In the AG's opinion, the GC's analysis is free from any error of law. The GC made a justified distinction between the purpose of the Opposition before the EUIPO, and the purpose of the action before the GC (the latter which concerns the decision adopted at the end of the proceedings before the EUIPO at a time when the earlier right was still valid). The extinction of the earlier right as a result of Brexit cannot have any effect on the proceedings before the EUIPO, when it occurs after the decision has already been adopted, since it cannot be considered to eliminate the earlier right such that it is deemed to have never existed. There was nothing in the Withdrawal Agreement to suggest that the UK's withdrawal from the EU led to the extinction of the earlier right from the outset. Accordingly, the GC was right to hold that the action before it still had a purpose.

The EUIPO also argued that the GC failed to state sufficient reasons for its decision by failing to assess *in concreto* whether Indo European Foods retained an interest in bringing proceedings. However, the AG found that the GC had not erred in law or failed to state sufficient reasons for its decision. Even if it had been established that the GC had erred in assessing Indo's interest in bringing proceedings, it would not lead to the judgment being set aside as the operative part of the decision was still well founded. It is clear that Indo had an interest in seeking annulment of the decision at the time the action was lodged.

As the AG pointed out, the existence of an interest in bringing proceedings at the time when the action was brought before the GC did not depend on whether registration of the Application mark was capable of harming the legal interests of Indo. That should also be the case with regard to the continuation of that interest, despite the withdrawal of the UK from the EU. There is no reason to conclude that an action is inadmissible where the earlier right on which the Opposition is based ceased to exist during the course of the proceedings (as opposed to being non-existent from the outset, which is not the case here).

The AG also noted that if it were necessary, in order to establish Indo's continuing interest in bringing proceedings, to determine whether the registration of the opposed mark was capable of adversely affecting its legal interests, then the answer would be yes. Article 11(2) of Regulation provides that reasonable compensation may be claimed in respect of acts occurring after the date of publication of an EU trade mark application, where those acts would be prohibited by virtue of that publication. According to Indo that provision may allow them to bring infringement proceedings in the UK for acts committed between the publication of the EU Application and the end of the transition period. The existence of the right to claim reasonable compensation, is in the AG's view, sufficient to establish Indo's interest in bringing proceedings.

Lastly, the EUIPO argued that the GC erred in law by requiring that the Board of Appeal not take into account the legal effects of the end of the transition period in the event that its decision was annulled and it had to re-examine the decision of the Opposition Division. According to the EUIPO this would have the effect of stopping them from examining whether Indo retains an interest in the annulment of the decision and would mean they would need to assess the Opposition on the basis of a conflict between rights which can never arise.

However, the admissibility of the action for annulment of the GC's decision does not depend on whether Indo retains an interest in the refusal of the opposed mark. That question is only relevant during the proceedings before EUIPO, it is not for the GC to consider as part of its examination of Indo's action for annulment, as they cannot take into account grounds that arose after the decision was made.

Comment

The AG’s opinion confirmed that an Opponent can still retain an interest in the outcome of an Opposition decision under appeal, even if the Opponent’s earlier right ceases to have effect after the decision was issued. The interest can be the possibility of claiming compensation after the publication of an EU trade mark.

Invalidity (cont.) - Bad faith



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Neratax v EUIPO⁴⁹

General Court

Background

Krentin owned three Greek national trade marks for “MORFAT”, “MORFAT CREAMY” and “ELLO” for food products in classes 29 and 30 but they allowed the “ELLO” mark to lapse in 2014 and surrendered the “MORFAT” and “MORFAT CREAMY” marks in 2017. Krentin also took out several large loans with various banks: Piraeus Bank, Eurobank Ergasias and National Bank of Greece.

Neratax Ltd (“Neratax”) filed three trade marks (the “Contested Marks”) in the EU in 2014 and 2015 for the following device marks:



⁴⁹ Case T-528/21: Judgment of the General Court of 18 January 2023 — Neratax v EUIPO

Neratax then granted an exclusive licence to Krentin in 2016 which was subsequently cancelled in 2017 and instead a non-exclusive licence was granted with the beneficiary having the same address as Krentin. In 2017 Krentin filed an application to the Greek Court requesting that it be declared insolvent.

In 2019 the banks, Piraeus Bank, Eurobank Ergasias and National Bank of Greece (the “Applicants”) filed declarations of invalidity, on the basis of bad faith, against the Contested Marks. The EUIPO found that Neratax had acted in bad faith and Neratax appealed, and this was dismissed by the Board of Appeal (“BoA”).

The General Court Decision

Overall, the General Court (GC) upheld the BoA’s decision that Neratax had acted in bad faith when it filed the Contested Marks, as it had been part of their overall coordinated plan and dishonest intention to obtain EU trade mark protection whilst removing their earlier national Greek marks (before they could be claimed by their creditors as part of their insolvency, given their high value).

The GC held that Neratax did not provide any explanation as to the commercial logic behind filing the Contested Marks, given the chain of events (i.e. that Krentin surrendered their rights in the Greek national marks, but then the Contested Marks were licensed back to Krentin or companies with close links to Krentin).

Neratax argued that they were still solvent and fully functional when applications were made for the Contested Marks. The GC held that even though Krentin’s application for declaration of insolvency was made in 2017, Krentin had clearly been experiencing financial difficulty when obtaining the bank loans between 2013 to 2016 due to the shrinkage of the local market, which were all facts that Neratax was aware of when filing the Contested Marks.

Neratax argued that there was no bad faith because there was a lack of evidence showing that harm was caused to the Applicants for Invalidity. The GC confirmed that the existence of bad faith cannot be called into question by the lack of evidence showing that actual harm was caused to the Applicants or to the general public.

Neratax also argued that the BoA reversed the burden of proof because they were required to submit evidence showing there was no link between it and Krentin. However the GC confirmed that this was not the case and that it was apparent that Neratax had filed the Contested Marks with an aim other than that of engaging fairly in competition and thus the presumption of good faith had been rebutted and that it was therefore up to Neratax to prove its good faith and show that there was no link between it and Krentin.

Therefore the GC ruled that BoA was right to conclude that Neratax’s intention when filing the Contested Marks was dishonest and Neratax had acted in bad faith.

Jurisdiction



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Beverage City & Lifestyle GmbH v Advance Magazine Publishers Inc⁵⁰

CJEU

Last year the CJEU issued a decision which shed light on the interpretation of ‘closely connected claims’ under Art. 8(1) of the Brussels I bis Regulation No 1215/2012 (‘the Recast Brussels Regulation’). This provision allows departure from the principle that the defendant is to be sued at its domicile Courts and enables the claimant to bring a single claim against various defendants before the Courts of any of them provided the claims are ‘closely connected’. In this case, the CJEU confirmed that an exclusive distribution agreement fulfilled the ‘close connection’ requirement to tie unrelated defendants in different EU countries to the jurisdiction of the EU Court where only one of them is based.

Background

This case involved a dispute between Advance Magazine Publishers Inc (‘AMP’), the owner of the mark VOGUE, and the companies Beverage City & Lifestyle GmbH (‘BCL’) and Beverage City Polska Sp. Zoo (‘BCP’). The latter party, BCP, is a Polish company who had been using the mark ‘Diamant Vogue’ in Poland. BCL is a German company who had an exclusive agreement with BCP to distribute the ‘Diamant Vogue’ products in Germany. Despite the similar names, BCL and BCP are only connected by the distribution agreement as the companies are not part of the same corporate group.

AMP commenced proceedings for trade mark infringement against BCL, BCP and their managing directors in a German Court. The jurisdiction of the German Court was disputed by BCP (the Polish company) who argued that BCP had only used the mark in Poland and that there was no ‘close connection’ between the companies as required by the Recast Brussels Regulation.

The crux of the case was therefore whether the existence of an exclusive distribution agreement between the defendant companies (BCL and BCP) was sufficient to establish a ‘close connection’ within the meaning of Art. 8(1) of the Recast Brussels Regulation. The Higher Regional Court in Germany referred this question to the CJEU who concluded that an exclusive distribution agreement was sufficient for the following reasons:

- Under Art. 8(1) of the Recast Brussels Regulation, a defendant domiciled in an EU member state may be sued in the Courts for the place where any one of the defendants is domiciled, provided the claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings. For the judgements to be considered irreconcilable, a divergence in the outcome is not sufficient. As per the precedent set in *Nintendo (C-24/16)*, the divergence must also arise in the context of the same situation of law and fact.
- In the CJEU’s view, the first condition relating to ‘the same situation of law’ was satisfied as this matter concerned trade mark infringement allegations of an EU registered trade mark which is to have equal effect throughout the European Union.
- Coming to the second condition relating to ‘the same situation of fact’, the CJEU pointed out that both BCL and BCP were being accused of the same acts of infringement for the same goods and that a ‘close connection’, as required by law, relates primarily to the relationship between the acts of infringement rather than to the organisational connection between the defendants.

⁵⁰ Case C-832/21 Beverage City & Lifestyle GmbH v Advance Magazine Publishers Inc EU:C:2023:635

In this context, an exclusive contractual relationship between the parties in the nature of 'customer' and 'supplier' concerning the infringing goods is relevant when it comes to there being a 'close connection' between the claims. This is because the existence of an exclusive agreement between defendants would make it more likely that the acts of infringement would concern the same situation of fact.

Comment

This decision could have interesting ramifications across the EU as it allows a claimant to sue a distributor and/or manufacturer, even if otherwise unrelated, before the same Court. The existence of an exclusive distribution agreement between the defendants concerning the infringing goods could be enough to establish the 'close connection' requirement provided the claim is for infringement of an EU trade mark.

Practically speaking, establishing whether the distribution relationship is exclusive or not is something that could be difficult to ascertain before making a claim. However, even where that cannot be ascertained, claimants could perhaps still rely on the principles laid down by this judgement to bring an action that concerns non-exclusive distribution relationships as the rationale for this decision may be applicable to any form of distribution relationship depending on the circumstances.

A further interesting point is that claimants would be free to shop for their Court of preference (amongst the defendants' Courts).



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Entertainment One UK Ltd & Anor v Sconnect Co Ltd & Ors⁵¹

High Court

(Infringement and targeting of consumers on global platforms)

In this case, the High Court considered the issue of targeting and the circumstances in which the English Courts will be the appropriate venue to decide on disputes concerning the infringement of UK intellectual property rights via globally accessible platforms. This is a further decision which confirms that targeting of UK consumers can take place even if unintended by the defendant. The assessment of targeting is to consider all the relevant circumstances and could extend beyond the website itself and include, for example, the characteristics of the goods and services.

Background

The dispute arose between the owners/creators of the character Peppa Pig, the well known anthropomorphic pig, and Vietnamese/US companies who uploaded an animated series called Wolfoo featuring an anthropomorphic wolf to YouTube. The claimants made allegations of copyright and trade mark infringement against the defendants who, in turn, made an application for a declaration that the English Courts had no jurisdiction or, in the alternative, that they were not the appropriate venue.

Targeting

For the defendants to be subject to the laws of the UK and English Courts, it must be shown that they have 'targeted' UK consumers. *Lifestyle Equities (EWCA Civ 552)* laid down a number of principles to determine this which can be boiled down to the following:

⁵¹ Entertainment One UK Ltd & Anor v Sconnect Co Ltd & Ors [2022] EWHC 3295 (Ch)

1. it is necessary to assess whether the advertisement is targeted at UK consumers in a way that constitutes use of the mark in relation to goods/services in the course of trade in the UK;
2. the mere fact that a website is accessible from the UK is not a sufficient;
3. 'targeting' must be considered objectively from the perspective of a UK consumer. The question is whether an UK average consumer would consider that the advertising is targeted at them; and
4. all the relevant circumstances ought to be considered. These may include any expressions of an intention to solicit custom in the UK such as including the UK in a list of the geographic areas to which the trader is willing to dispatch its products. The appearance and content of the website including whether it is possible to buy goods or services from it. However, the relevant circumstances may extend beyond the website itself and include, for example, the nature and size of the trader's business, the characteristics of the goods or services in issue and the number of visits made to the website by UK consumers.

The Judge concluded that the defendants were targeting UK consumers given the appearance, content and characteristics of the Wolfoo character, the use of British-English and the size of viewings in the UK (20 million). It was also considered that Wolfoo at times used the name Peppa Pig in its episodes.

The defendants' contention that Wolfoo was only broadcast and used in the US and Vietnam could not be substantiated. The Judge noted that they did not set conditions on their YouTube channel to block viewers from the UK. Further, merchandise was available online to UK consumers.

The above was enough for the Courts of England and Wales to seize jurisdiction.

Forum conveniens – were the English Courts the appropriate venue?

The defendants also argued that the English Courts were not the appropriate venue to decide the claims and that another Court with jurisdiction would be better placed.

In particular, the defendants argued that the claims should be served in Vietnam, their jurisdiction, and that the claimants have shown their willingness to litigate in different jurisdictions such as Russia so there is no reason why they should not litigate in Vietnam. The defendants also mentioned prospective witnesses who were Vietnamese speakers and based in Vietnam.

In response, the claimants argued that, importantly, Peppa Pig was created and exploited in the UK so the protection of the claimants' goodwill, trade marks and copyright could only realistically be accomplished within the UK. Further, the claimants noted that they are UK companies and that their witnesses were UK based too.

The Judge applied the two-limb test under *The Spiliada*[1987] 1 AC 460 whereby:

1. the defendant must establish that the alternative forum is both (i) "available" and (ii) clearly or distinctly more appropriate than the English courts; and
2. if the limb above was satisfied, the claimants need to show that justice requires that a stay of the English proceedings should not be granted (i.e. that there is a real risk that justice will not be obtained if the case is brought before the alternative Court).

The defendants could not show that there was an alternative forum available or, more appropriate. In the Judge's view, England and Wales was appropriate, amongst other reasons, because the claimants' conceived and implemented protectable works in England and Wales, there was damage to goodwill and other losses claimed in England and Wales (as opposed to Vietnam) and there were witnesses situated in England and Wales.

Comment

This decision reinforces the shift from the traditional position of the UK Courts that was more concerned with the intention of the website operator. UK Courts are now focusing on actual 'specific uses' and the UK average consumer's experience. Importantly, targeting of UK consumers can take place even if unintended (so parties will need to consider measures to avoid infringement).

This expansive view on 'targeting' will be welcomed by UK IP rightsholders but should also be seen as a cautionary tale for businesses who could be unintentionally targeting UK consumers.

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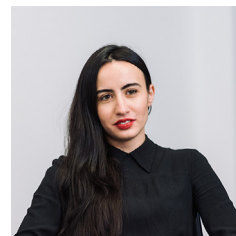
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Trade Marks Review of the Year 2023



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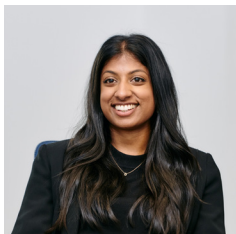
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