

## A SMILING SENEGALESE RIFLEMAN SHOWS HIS TEETH

It may be a little known fact but a recent decision from OHIM's Board of Appeal has confirmed that it is never sensible to take issue with a Senegalese rifleman, especially when he has a broad grin on his face.

Case R677/2008-2 concerned the application by the owner of the allegedly well known trade mark BANANIA in France to cancel CTM Registration No. 4318804 (as shown) for alcoholic beverages. The mark was described on the application form as "the nice smiling Senegalian rifleman which was unfairly involved in the 1st World War" [sic].

BANANIA is a chocolate drink made from cocoa, banana flour, cereal, honey and sugar and has been popular in France for many years. The original logo used for the chocolate drink was as depicted in the representation above right, but had evolved over time to something quite different. The BANANIA name, however, remained constant and was the subject of a French trade mark registration dating from 1985.

Relying on this registration, the proprietors (Nutrimaine) alleged in their cancellation action that the BANANIA mark was one of the most famous "since the 2nd World War". In France, they submitted that "99.2% of the population recognise it" – a high level of recognition indeed, even for any of the iconic brands mentioned elsewhere in this newsletter.

At first instance, the Cancellation Division rejected the application by Nutrimaine on the basis that the evidence submitted for reputation was not particularly strong although it recognised that there was a reputation in

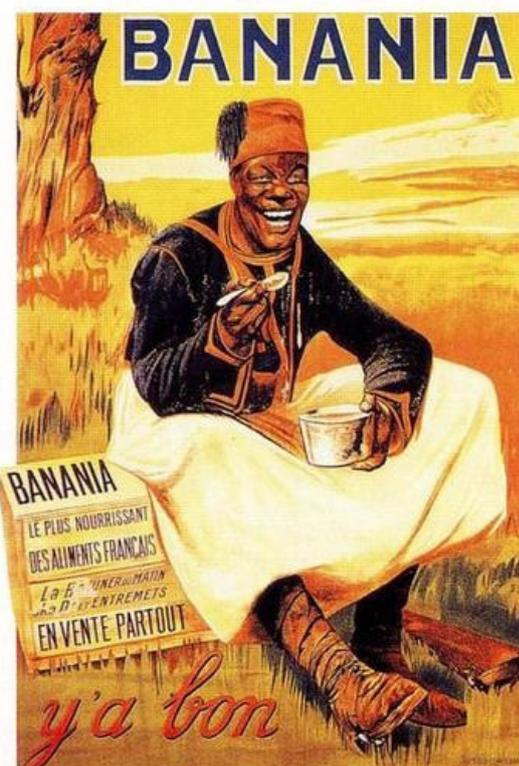
the mark in France for cocoa powder and chocolate drinks. Nutrimaine had argued that because the proprietor's Senegalese rifleman was registered in respect of alcoholic beverages, there was a likelihood of detriment in relation to their brand, as known for chocolate drinks, presumably because an association with alcoholic drinks was undesirable. OHIM didn't accept this and stated that Nutrimaine had not successfully established detriment by way of its evidence.

In an effort to wipe the smile off the Senegalese rifleman's face, Nutrimaine appealed OHIM's decision to reject their cancellation action.

The Board of Appeal undertook a detailed analysis of the requirements of a claim under Article 8(5) of the CTM Regulation relating to (1) detriment to the distinctive character of the earlier mark, (2) detriment to the repute of the earlier mark and (3) the unfair advantage taken of the distinctive character or repute of the earlier mark.

The Board went on to compare the marks and concluded that due to the identity between the dominant word element appearing above the Senegalese rifleman, the marks should be considered as "highly similar".

The Board confirmed that it had a broad discretion to admit new evidence and therefore accepted Nutrimaine's supplemental evidence (filed on Appeal) concerning the reputation of the earlier trade mark in France. Nutrimaine were therefore successful in satisfying the first two conditions in Article 8(5) namely, that the marks must



be viewed as being similar and that the earlier mark must have a reputation.

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The Board then went on to consider detriment to the repute of the earlier mark, the second type of risk outlined above and the only one where Nutrimaine could have made out a reasonable case.

The assertion that the earlier mark would be tarnished because of an unwanted association with alcoholic drinks was given short shrift. The Board stated (possibly after a good lunch):

*"Wine is typically drunk at meal times by the ordinary French family. Liquors will be consumed after lunch. Ordinary French people drink cocktails and spirits. There is no evidence that in French culture the consumption of alcoholic drinks is frowned on. On the contrary, the drinking of alcohol, in moderation, is a well established tradition all over France and is not a habit which is*

*seen to be prejudicial to health."*

The Board of Appeal clearly felt that Nutrimaine was arguing that drinking alcoholic beverages is dangerous to health and has negative connotations. Getting into their stride, they responded:

*"On the whole they (a French family) will perceive it as something essential, to be consumed at social gatherings, parties and at ordinary meal times. It will, in fact, convey a positive not a negative image... On the contrary, it is now common knowledge that a little alcohol is actually good for the system."*

Having firmly rejected Nutrimaine's appeal and finding decisively in the favour of the Senegalese rifleman, the Board of Appeal added a further comment that alcoholic drinks are not on a par with tobacco products "which do indeed have an increasingly

negative image everywhere in the community, because of their well-documented deleterious effects on the health and the unpleasant consequences for other people in the vicinity of cigarette and cigar smoke".

We have to remember that as the registered trade mark proprietors relied on a French national application as the basis of the cancellation action, the relevant public for the purposes of the Board of Appeal's analysis were French nationals only. Attitudes to alcohol clearly do differ across Europe and one wonders whether findings might have been different in other jurisdictions.

What is clear from this case is that detriment is a difficult ground to make out and in making your case for such a ground, bear in mind that cultural attitudes and differences in Europe may be of vital importance.

## MORE ON COMPANY NAME CHANGES...

Readers will remember that new rules came into force in October 2008 regarding opportunistic practices in the registration of company names. The Company Names Tribunal was set up to deal with complaints where a disputed name is sufficiently similar to an earlier registration so as to mislead the public, who may assume that there is a connection between the two.

Further changes recently came into force on 1 October 2009. These changes allow for action to be taken against company names considered to be the "same" as existing registrations under The Company and Business Name (Miscellaneous Provisions) Regulations 2009.

The method and procedure for determining whether a proposed company name is the same as a registered company name will depend on considering whether elements should be disregarded, such as "UK", "net", "Group" and "Services", and words, expressions, signs and symbols which are to be regarded as the same, such as % and "per cent", @ and "at" and + and "plus". Those who seek to register names which are considered

to be the same as existing registrations will be directed to change their name.

In the Explanatory Memorandum to the new Regulations, it is suggested that Companies House must adapt its systems for registering company names to incorporate the changes to the rules. To date, Companies House has allowed very minor variations in names to make their way onto the register.

The changes will be reviewed in 2011 as part of the evaluation of the Companies Act 2006 with particular focus on developments following the above changes. Readers are, in the meantime, advised to consider setting up a Company Names watching service to monitor similar company names. Please contact your usual D Young & Co adviser for more information.



# THE NUDE PERFUME CASE

## NAKED INFRINGEMENT OF TRADE MARK RIGHTS ALLOWED BY UK COURTS

[Case reference 2009 EWHC 2154 (CH) case no. HC09c02715 – Decision dated 20 August 2009].

When prospective trade mark infringements come to the attention of rights owners, they will commonly seek an interim order or injunction to prevent use of the alleged infringing mark pending full trial of the case. A recent decision of the UK High Court illustrates some of the potential pitfalls which this can entail.

The case concerned a Community Trade Mark registration for the word NUDE in respect of class 3 cosmetics and perfumery. The proprietors, Nude Brands Limited (NBL), sold a range of skincare products under the brand although they had never sold perfumery. However the registered mark was less than 5 years old and the actual grant of registration had only occurred two months prior to the issue of the UK legal proceedings.

NBL filed evidence that their sales of NUDE branded skincare products had commenced in 2007 in the UK and were respectable and ongoing. In addition they had spent more than £250,000 on advertising and promotion of the NUDE skincare brand, which had received extensive editorial coverage in the UK and Ireland.

The Defendants were three fashion and beauty companies. One defendant, Stella McCartney Limited, was

associated with the fashion designer, Stella McCartney and appeared to have a licensing arrangement with L'Oreal (further affiliated with YSL Beauté) which enabled them to sell perfume products under the brand names STELLA and SHEER STELLA.

In April 2008, while NBL's Community trade mark application was still unregistered, the French attorney for the Defendant companies wrote to the French attorneys representing NBL seeking consent to the use of NUDE in relation to a STELLA MCCARTNEY branded eau de toilette. The initial proposal was to use the word NUDE below the mark STELLA on the pack, in capital letters and featuring a smaller typeface. This consent request was refused.

Several months later the attorney for the Defendant companies contacted NBL's French representative again, proposing an amended version of the product packaging where the word NUDE was less prominent. They also suggested that the manner in which NUDE would be used on the pack was as a description rather than as a trade mark.

This second consent request went without a formal reply; there was a conflict of evidence between the respective trade mark attorneys as to what each side had understood by the second exchange of correspondence. NBL's attorney maintained that the follow up correspondence suggested that the defendants had decided to drop use of the word NUDE. The Defendants' attorney denied this; a subsequent reminder was apparently not received by NBL's French representative.

The matter then went quiet until May 2009 when a further letter was sent by the Defendants' representative indicating that they had decided to use STELLANUDE rather

than NUDE. Again there was a conflict between the parties as to whether or not this correspondence was seen by NBL's French attorney, or the company themselves. They denied this.

When NBL learned of the proposed launch of the STELLANUDE product in July 2009 they issued proceedings for trade mark infringement in the UK and made an application for an interim order preventing sales of the perfume product pending full trial of the action. The Defendants were allowed by the judge hearing the application to put in evidence and the case was subsequently heard by Mr Justice Floyd (sitting in the August vacation) on an urgent basis.

It does not appear that NBL argued that this use of STELLANUDE as a totality amounted to use of the identical mark on identical goods, thus avoiding the need to demonstrate likelihood of confusion. This argument might have been available given the actual manner of use on the packaging and some of the statements by the ECJ in the THOMSON LIFE decision.

Instead they relied on similarity of marks and likelihood of confusion. Since this was an application for an interim order, the complainant only had to establish an arguable case on the infringement point.

The Defendants sought to argue that the word NUDE was non-distinctive and unregistrable for the goods in issue, by analogy with cosmetics where this term is used as a descriptor. The judge did not accept this argument or find that there was a generic use of the NUDE word as a customary indication in trade for perfumery.

He thus concluded, given the similarity between STELLANUDE and NUDE, that there was a triable issue on infringement; the fact that the trade press had apparently referred to the Defendants' product as NUDE as well as



STELLANUDE did not help their defence.

On the other hand he also found that the defence to infringement was arguable, i.e. it was not inconceivable that there was no likelihood of confusion given all the circumstances.

The discussion then turned to whether it would be appropriate to grant an injunction to prevent continued sales of the STELLANUDE product pending full trial of the action. NBL argued that if sales of the STELLANUDE perfumes were allowed to continue they would effectively “swamp” their own brand and lead to loss of business opportunity in respect of planned future sales of a NUDE branded perfume by NBL. They argued that irreparable harm would be caused to their reputation in the NUDE brand because the STELLANUDE product was less exclusive (and cheaper) and did not share the same commitment to use of natural ingredients as the established NUDE product ranges for cosmetics.

The judge dismissed NBL’s argument on irreparable harm, basically finding that there was no real likelihood of confusion between the respective products and also that NBL had not made out its claims to exclusivity in the NUDE brand.

The case for exclusivity was not helped by the fact that NBL had in the past licensed Dior to use NUDE in relation to a Dior Skin make-up product, and had failed to exercise any quality control.

The argument that NBL were potentially deprived of the loss of opportunity to sell their own NUDE perfume was rejected on the basis that if the case was successful at full trial, the Defendants’ goods would be off the market long before NBL launched their own NUDE perfume.

The judge considered that all these factors militated against an order for an expedited trial; he also commented that agreeing to this could advance the case to the prejudice of other litigants, earlier in the queue, with equally or more pressing commercial and other claims.

As is usual in such cases, he then went on to consider the “balance of convenience” as between the parties, taking account of the likely consequences to each side if he were

to grant an injunction, or if he were not.

The Defendants’ principal argument was that their worldwide launch for STELLANUDE was well advanced and if they were forced to postpone this they would suffer millions of pounds in lost investment as well as incalculable damage to their goodwill and reputation in the industry, as well as amongst the media and consumers.

NBL had argued that this damage would not be so acute if an early trial of the case were to be ordered. However, the judge having already decided against this, that argument carried little or no weight.

The judge did comment briefly on the potential prejudice to the Defendants’ overall case arising from their apparent decision to regard silence from NBL’s French attorney as equivalent to consent to their proposed use of the STELLANUDE name. However he concluded that this should not cloud the issue and that the Defendants had evinced a genuine belief that their products, presented in the final version, i.e. STELLA NUDE, did not infringe. This seems a rather sanguine conclusion in all the circumstances.

Having weighed all of these factors in the balance he concluded that the likely damage to the Defendants if an injunction was wrongly granted outweighed the damage to NBL if it were to be refused. He concluded that an award of damages to NBL, if they were to be ultimately successful at trial, would compensate them for their losses, whereas the effect of an injunction wrongly granted against the three Defendants would be massive disruption to their business, and possibly lead to their having to abandon the STELLANUDE brand altogether.

He also mentioned that in his view the likelihood of actual confusion between the respective products in the marketplace in the form in which they are currently presented was minimal.

This is a somewhat surprising statement especially since, when assessing

trade mark infringement, it is not correct simply to look at the manner in which the trade mark owner has used their own trade mark in the past but instead to compare the defendant’s sign as used with the registered mark.

Finally, despite the fact that substantial financial guarantees (of more than £1 million) had been put forward by NBL’s solicitors on their behalf he concluded that NBL did not have sufficient assets to provide full protection to the Defendants if they were required to make an award of damages or pay compensation further down the line.

Cynics may consider that this case suggests that major multinationals can get away with riding roughshod over medium-sized enterprises who have earlier trade mark rights, relying on their superior financial position and claims that the earlier mark is invalid, simply by adding an established brand (in this case STELLA) to the registered mark. The Defendants appear to have successfully “highjacked” the earlier rights in NUDE owned by NBL. Even the failure to secure a formal consent to this proposed use in clear terms does not appear to have counted against them.

It is also of some concern that the High Court judge considered that an order for expedited trial was not appropriate. Effectively, the failure to stop the STELLANUDE product in its tracks will have deprived NBL of their right to enter the market first under the NUDE brand for perfumery; if the Defendants’ principal argument was that no-one should be entitled to such a registration in the first place, surely it would have been better to grant an order for expedited trial and resolve the validity issue sooner rather than later?



# GOOGLE'S SALE OF AD WORDS DOES NOT AMOUNT TO TRADE MARK INFRINGEMENT

On 22 September 2009, the Advocate General issued his opinion that Google's ad word program does not infringe registered trade marks.

Readers will be aware that Google operates an ad word system which allows advertisers to purchase competitors' trade marks as key words in order to trigger sponsored links in search results.

Although, according to the Advocate General, Google's sale of key words in this manner does amount to use of the relevant trade mark in the course of trade, he found that there was no use of the relevant trade mark in relation to goods or services for which the trade mark was registered. As such, this use by Google could not be considered to be trade mark infringement.

Moreover, the Advocate General felt that the use by Google of key words corresponding to registered trade marks did not affect the

essential function of the trade mark, i.e. it did not create confusion as to origin, quality, communication, investment, or advertising of the relevant brand. The Advocate General was of the view that consumers will understand that the results returned both in the sponsored link section and in the natural search results will contain links to websites other than those of the trade mark proprietor and will need to be sifted through by the user. The Advocate General was careful to point out, however, that any visible use of the trade mark within the advertisement triggered by that key word or on the website linked to, may well infringe the registered trade mark. And, if such an infringement by an advertiser was to be established, Google may be held jointly liable for it (if national law so allows). If Google is jointly liable in infringement, then it wouldn't be entitled to a host defence under Article 14 of the Ecommerce Directive.

a blow for brand owners who are particularly keen to prevent the use of their trade marks as key words – a practice often exploited by counterfeiters.

The Advocate General's analysis that Google's sale of key words used to generate adverts in relation to identical services does not amount to use of that trade mark in relation to the goods and services covered by the registration is a curious one. Under the normal principles of trade mark use, a trade mark would be found to be used in relation to the goods and services for which it is registered not only when it is used in relation to the actual goods and services themselves but also in the advertisement of such goods and services. Moreover, Article 5 (1)(a) of the Community Trade Mark Regulation (relating to use of an identical trade mark in relation to identical goods and services) does not have any requirement to prove confusion. If it is found that there is use in the course of trade of an identical trade mark in relation to the advertisement of identical goods or services, the finding of infringement should be automatic.

The full decision from the ECJ is perhaps unlikely to issue before the end of this year although with now numerous references on this issue before the court, it is clear that this is an area of the law which requires early clarification.

The Advocate General's opinion is the forerunner to the full judgment of the European Court of Justice. The Court usually, but does not always, follows the opinion. If the Court were to follow the Advocate General's opinion, this would clearly be



## FAKE INVOICES FROM 'OFFICIAL' ORGANISATIONS

In the last months, we have received a number of enquiries from clients regarding "invoices" received from official sounding "bodies" for services related to either (a) the inclusion of their trade mark in various "publications" or "registers"; or (b) for the preparation of a Community Trade Mark application on the basis of the data present in a UK application or registration.

Please be aware that these bodies are not linked to any Government department or Community institution and there is no obligation to pay these invoices.

The only Offices that are able to provide legal protection for your trade marks in the UK are the UK Intellectual Property

Office or the Community Trade Mark Office (formally known as the Office for Harmonisation in the Internal Market - OHIM).

In addition, if you instruct D Young & Co to seek protection for intellectual property rights on your behalf, whether in the UK, Europe or overseas, you will only be invoiced for these services - whether in relation to the payment of government fees or foreign attorney fees - by D Young & Co, directly.

If you receive any invoice or communication from an unfamiliar third party seeking payment from you for intellectual property services and you have doubts about the legitimacy of the approach, please contact your usual attorney at D Young & Co to clarify the position. We are happy to help!



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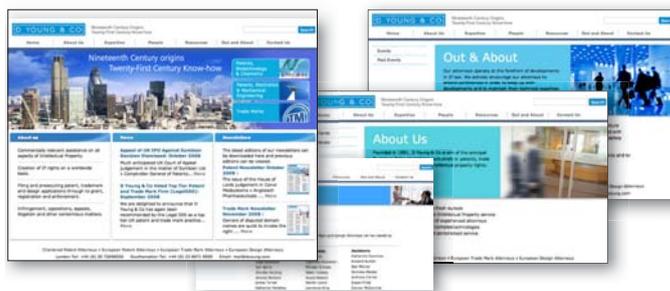
# BUSINESS WEEK GLOBAL BRANDS 2009

In September, Business Week issued their annual report on the biggest global brands for 2009.

D Young & Co are proud to represent 10 of the top 100 global brands, namely Gillette, LVMH, Pepsi, Sony, Budweiser, UPS, Johnson & Johnson, Duracell, Ferrari and Burger King.

## Managing Intellectual Property TOP TIER UK TRADE MARK FIRM World IP Survey 2009

The D Young & Co Trade Mark Group has been recognised by two leading international intellectual property surveys as a top tier UK trade mark practice. The Legal 500 survey has ranked D Young & Co as a top tier UK trade mark practice for the 7th consecutive year while MIP has ranked D Young & Co as one of only two top tier firms for trade mark prosecution work in the UK in its World IP Survey. The firm also features in the Expert Guides Leading UK IP Practitioners publication.



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