

D YOUNG & CO TRADE MARK NEWSLETTER *no.91*

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General Court sweetens the pill EUIPO examiner overturned in Novartis logo appeal



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Spring brings a busy conference diary for our trade mark attorneys and solicitors, with trips planned within Europe and also to Japan and the US. We are also, like many of our readers, busy making plans for INTA in Barcelona. More details about our involvement and all our events (listed below) can be found on our website:

www.dyoung.com/events.

We look forward to meeting with friends, colleagues and clients at the forthcoming trade mark events – do let us know if you would be interested meeting up.

Editor:
Helen Cawley



Events



02-03 March 2017

MARQUES, Geneva, Switzerland
Matthew Dick will be attending the MARQUES 15th annual meeting.

13-14 March 2017

PTMG Conference, Paris, France
Tamsin Holman will be attending the Pharmaceutical Trade Marks Group Spring conference.

23 March 2017

TM Asset Lifecycle, Munich, Germany
Jackie Johnson will be attending the World Trademark Review 'Managing the Trademark Asset Lifecycle' event.

20-24 May 2017

INTA Conference, Barcelona, Spain
Members of our Trade Mark and Dispute Resolution & Legal groups will be attending INTA in May 2017.

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Registrability

General Court sweetens the pill EUIPO examiner overturned in Novartis logo appeal

As many of our regular readers will know once an examiner at the European Union Intellectual Property Office (EUIPO) has raised an objection it is rare for them to either change their mind or have their decision overturned. A judgment issued in December 2016 by the General Court of the European Union has been welcomed by applicants and practitioners alike for the pragmatic approach taken to analysing the facts. This contrasts with the often highly academic analysis adopted by some examiners with little, if any, commercial consideration when assessing the registrability of new applications.

A pill of rights?

The case involved Novartis who filed an application for the logo only mark shown here in shades of light and dark green filed in respect of pharmaceutical preparations:



The following day Novartis filed a separate application for the same mark but in greyscale:



In each case the examiner took objection to the applications alleging that they were reminiscent of the shape of the goods covered and also because the signs were too simple to be distinctive.

Novartis appealed to the Board of Appeal who upheld the examiner's decision rejecting the applications. In their opinion the marks applied for were perceived as representing the stylised outline of an oval-shaped pharmaceutical lozenge or pill viewed from

above and from an angular perspective, even though they were not faithful reproductions thereof. At this point the Board of Appeal departed from the examiner's assertion that the marks applied for were too simple to be distinctive but held instead that they consisted of a series of components which did not allow the consumer to differentiate the pharmaceutical preparations bearing the signs from those offered by third parties. The Board of Appeal also contended that the marks did not depart significantly from the norm or customs of the sector.

Novartis, still unhappy with the line of reasoning, appealed the cases to the General Court.

The main thrust of their appeal was this: far from resembling pills the marks would be seen as abstract and ambiguous. They picked up on the fact that the Board of Appeal had conceded the marks could be interpreted in many ways and argued that they have a unique character.

The applicant submitted that the marks would be seen as a crescent with different shades to create an abstract image of an ellipse or a representation of the letter 'C' or simply an elegant and unusual design.

Novartis argued that as the marks do not call to mind any one clear image, they leave considerable room for interpretation and encourage the relevant public to play with their various possible implied meanings.

The General Court distilled the issues down to the following two questions.

1. Are the marks representations of the goods themselves?
2. Are the marks too simple to be regarded as distinctive?

➤ *Case details at a glance*
Jurisdiction: European Union
Decision level: General Court
Parties: Novartis AG v EUIPO
Citation: Joined cases T-678/15 & T-679/15
Date: 15 December 2016
Full decision: <http://dycip.com/gcnovartis>

Objections based on marks being 'too simple' may well be open to challenge



endowed with the minimum distinctive character necessary for registration.

The court commented on the ambiguity of the objections raised by the Board of Appeal. Many years ago, in a UK case, a judge held that if an examiner is having difficulty in articulating the grounds for an objection, then perhaps there isn't the basis for a valid objection after all.

It will be interesting to see whether the EUIPO seeks to appeal the decisions up to the highest court in the European Union, the Court of Justice. In our view, however, the General Court has correctly overturned the decisions of the EUIPO and Board of Appeal and that its well reasoned judgment is likely to stand.

Author:
Jeremy Pennant



C'ing the light

In relation to the first question the General Court quite rightly (and three cheers for their common sense approach) held that the depictions would not be seen as the goods "viewed from an angular perspective". The court went on to assert that it is very unlikely the relevant public will see the mark as the shape of a pill. Perhaps getting a little carried away, the court went on to state that this was the case "because there is a slight twist in the signs and a play of light and shadow which steered them [the consumer] even further away from the representation of a pill".

The court concluded that as the marks would not be perceived as shapes with any link to pharmaceutical products they could not be regarded as devoid of any distinctive character.

Turning to the second question regarding the simplicity of the marks, the applicant drew attention to the differing views expressed by the examiner and the Board of Appeal. The examiner having concluded that the marks lack distinctive character "because of their excessive simplicity" was not reiterated by the Board of Appeal in their reasoning. The Board of Appeal sought to change the ground of objection arguing that the elements would not be perceived by the public as a trade mark.

Once again, the General Court adopted a more 'real world' approach and concluded that the simplicity of the signs is not such as to deprive them of the necessary minimum distinctive character.

Because the marks could be seen as both the letter 'C' and a crescent moon the court concluded that the marks are

In short

Objections based on marks being 'too simple' may well be open to challenge.

Marks (and not necessarily just logos) that can potentially be interpreted in a number of different ways can be regarded as distinctive.

Applicants should carefully consider the language used for any objections raised to see if it is consistent with the law and is applicable for the mark in question.

Clash of the TITANICS

The dangers of launching a brand without trade mark clearance searching

A recent High Court case has underlined the importance of conducting full clearance searches prior to launching or registering a brand, and the difficulties when two businesses trade under similar names in different locations.

Background

The Titanic Spa (TS) opened as a luxury spa with accommodation in Huddersfield in 2005, with current turnover of around £4.8 million. It registered the mark TITANIC SPA in 2011. The Titanic Hotel Liverpool (THL) opened in 2014 with a spa offering services originally known as T-Spa; then The Spa; then (from 2016) Maya Blue Spa. The hotel licenses the TITANIC mark from Titanic Belfast (TB), the company behind the Titanic Quarter in Belfast and owner of two trade marks for TITANIC QUARTER filed in 1999 (UK) and 2003 (European Union Trade Mark - EUTM).

TS objected to THL's use of TITANIC; successfully revoked TB's UK mark for non-use; and commenced a claim against THL for infringement/passing off. In July 2016, TB and THL started proceedings against TS for infringing its earlier marks. All claims were heard together.

Revocation action

The court granted an appeal against the revocation of TB's mark, admitting late-filed evidence because it would enable the TITANIC QUARTER mark to survive. Although only given the evidence on the day of the hearing, the Hearing Officer had had the opportunity to consider it. In deciding to refuse it, the Hearing Officer had only considered the prejudice this may cause to TS if she had accepted it (not the harm done to TB by not allowing it). Allowing the evidence would not have required an adjournment and it had been clearly presented and easy to follow. The TITANIC QUARTER mark was restored to the register.

Infringement claim

As regards TS's infringement claim, the court held that the addition of SPA to the TITANIC SPA mark was not negligible, and that it was a composite mark. However, there was conceptual similarity between TITANIC SPA and TITANIC HOTEL, and consumers might believe that there was a commercial link. Because

Did the TITANIC marks suggest a commercial link between unrelated businesses?



the TITANIC HOTEL/TITANIC LIVERPOOL marks were used for identical/highly similar services, they infringed the TITANIC SPA mark.

THL was unable to rely on the own name defence. Following the Cipriani case (see www.dyoung.com/trademarknewsletter-jan09), the court held that *inter alia*:

- TB had built up a strong reputation in the TITANIC QUARTER mark which predated TS's trade mark. However, TS's trade mark pre-dated THL's use.
- TS's primary business offering was a spa with hotel facilities; THL was a hotel with a spa – however, the similarity of services was clear.
- THL had taken steps to minimise confusion (eg, rebranding to T-Spa, then Maya Blue), but there was still evidence of confusion.
- THL had offered to put a disclaimer on its website with a link to TS's website, and remove all references to 'spa' (using 'health and fitness centre' instead).
- TB had been aware of TS's mark from 2011.

Ruling – own name defence

Although not an easy decision, the court held that the own name defence should not succeed, because there was evidence of confusion, and because steps taken to minimize this had been made relatively late. However, if THL added a disclaimer to its website (including a link to TS's website) and stopped using the word 'spa', the own name defence would succeed going forwards.

Ruling – trade mark infringement

Did TS's use infringe TB's TITANIC QUARTER marks? The court held that

Case details at a glance

Jurisdiction: England and Wales

Decision level: High Court (Chancery Division)

Parties: Property Renaissance Limited T/A Titanic Spa v Stanley Dock Hotel Limited T/A Titanic Hotel Liverpool, Stanley Dock Properties Limited T/A Titanic Hotel Liverpool and Titanic Trademark Limited and Titanic Quarter Limited

Date: 02 December 2016

Citation: [2016] EWHC 3103 (Ch)

Full decision: <http://dycip.com/ewhctitanic>

TITANIC SPA and TITANIC QUARTER were both composite marks and noted that although there was some similarity as regards TITANIC, the overall meanings were different (spa facilities v geographical area).

Ruling – passing off

As regards passing off, TS had acquired goodwill in its mark for spa services / accommodation but not in the name TITANIC alone. Before the rebrand to Maya Blue, there was a misrepresentation by THL, which was more than mere confusion, and damage to TS's goodwill could follow (eg, from customers frustrated that they had made a reservation at the wrong place). If THL took steps to benefit from the own name defence going forwards, it would also avoid passing off.

Author:

Matthew Dick



In short

The case highlights the importance of trade mark searches prior to using a trade mark. Also, the difficulty of submitting late evidence in revocation proceedings. Although not insurmountable, every effort should be made to meet official deadlines, particularly where – as here – relevant evidence may be pivotal to the end result of a dispute.

Ready to... General Court dismisses PRET A DINER appeal

➤ **Case details at a glance**
Jurisdiction: European Union
Decision level: General Court
Parties: K&K Group AG and Pret a Manger (Europe) Ltd
Date: 30 November 2016
Citation: T-2/16
Full decision: <http://dycip.com/pretadiner>

The General Court has provided guidance on the assessment of 'foreign' language marks from the English speaking public's perspective.

This case involved an opposition action brought by Pret A Manger Limited ('Pret') against K&K Group's (K&K) figurative EUTM application for PRET A DINER.

Pret | A | Diner

The opposition was based on Article 8(5) EUTMR and relied on Pret's earlier figurative EUTM registration for PRET A MANGER as well as its earlier UK word mark PRET.



K&K's European Union Trade Mark (EUTM) application covered a range of identical or closely similar goods and services to Pret's earlier trade marks.

The opposition was successful in its entirety finding that on the basis of Pret's reputation, K&K were likely to gain an unfair commercial advantage and benefit from the inevitable connection consumers would make between the marks.

Board of Appeal

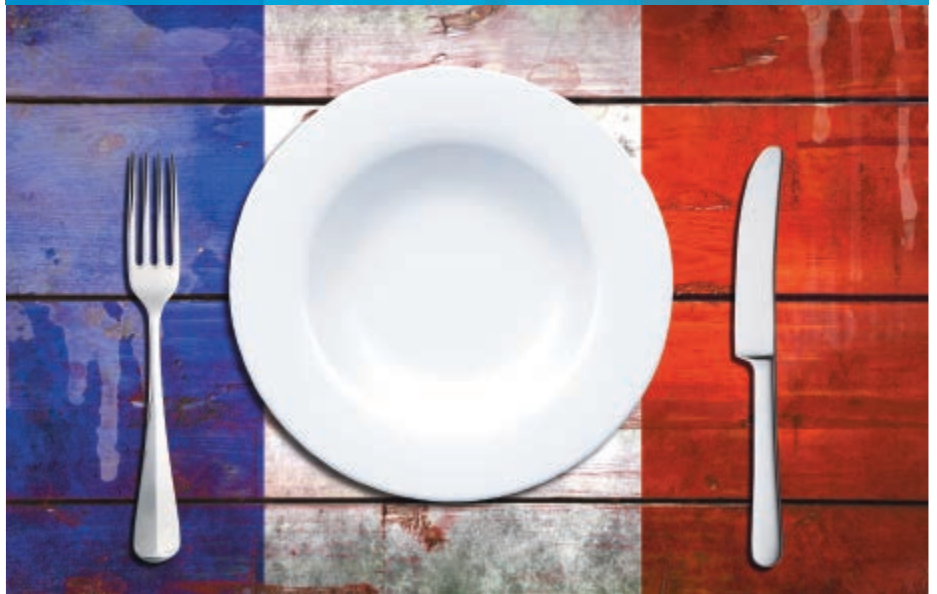
The Board of Appeal concluded that the evidence filed substantiated that both the word mark PRET and the PRET A MANGER figurative mark enjoyed a reputation and goodwill in the UK. Further, as the signs both possessed a 'French feel', even if the consumer didn't know exactly what they meant, PRET A DINER would be perceived as a brand extension of the PRET A MANGER business.

General Court

K&K appealed the case and alleged that the evidence of use filed by Pret was not sufficient to show genuine use of the earlier figurative PRET A MANGER mark, along with a plea that the requirements under Article 8(5) had not been met.

The General Court found that the evidence

This case concerned PRET A MANGER's established reputation in the UK



was sufficient to prove genuine use of both the word mark PRET and PRET A MANGER figurative mark. Further, it found that Pret had established a significant reputation in the UK, which was a sufficient territory for the purposes of assessing reputation within the EU.

With regard to the risk that use without due cause might take unfair advantage of the distinctive character of the earlier marks, the General Court stated that the Board of Appeal was entitled to find there was such a risk in this case and that the PRET A DINER mark would be free-riding on the coat-tails of the earlier marks.

The General Court found that the risk could be substantiated by the fact that the structure of the PRET A MANGER mark was included in the PRET A DINER mark.

With regard to the Board of Appeal's reference to the 'French feel' of the marks, it stated this was not in itself decisive since the UK consumer may not know exactly what the marks both mean.

However, it found the important fact in this case was that in view of the established reputation it seemed probable that the PRET A DINER mark could be perceived by the average consumer as being linked to Pret's business.

In these circumstances the General Court dismissed the appeal in its entirety.

Author:
Wendy Oliver-Grey



In short

Even where consumers do not know what the trade mark means, they are likely to associate a particular element with one undertaking.

Use within the UK only can establish a reputation sufficient to support a European Union trade mark (EUTM).

FloJo double test

Demonstrating bad faith under the WIPO dispute resolution policy

Case details at a glance

Jurisdiction: Worldwide

Decision level: WIPO arbitration and mediation center administrative panel

Parties: FloJo LLC and PRIVATE

REGISTRANT, A HAPPY DREAMHOST

CUSTOMER of Brea, California, US / Qianjun

Zhang of Elk Grove, California

Date: 08 November 2016

Citation: D2016-1896

Full decision: <http://dycip.com/wipoflojo>

This decision reminds us of the stringent 'double test' applied when assessing whether a domain name satisfies the requirements for bad faith.

Background to flowjochina.com dispute

FlowJo, the complainant to this dispute, owns the registration for the word trade mark 'FLOWJO' at the US Patent and Trademark Office in relation to computer software products and operates a commercial website at flowjo.com where it promotes various software products under its trade mark.

FloJo had entered into an independent contractor agreement (ICA) with the respondent, appointing them to market, support and encourage sales activity within China and the surrounding territories in exchange for commission. To perform these duties, the respondent registered and operated a website from the domain name flowjochina.com which formed the subject of the dispute. The complainant was aware of the respondent's registration and the associated website and made no objection prior to the termination of the ICA.

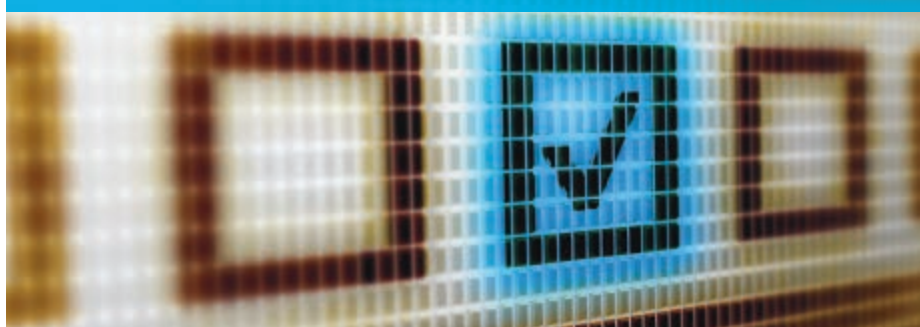
After the complainant terminated the ICA the respondent took down the website but refused to transfer the disputed domain name to the complainant. Under the registration agreement the respondent was required to submit to a mandatory dispute resolution proceeding regarding allegations of abusive domain name registration and use.

Decision of the WIPO arbitration and mediation center

The complainant's objection was that the domain name registered to the respondent was identical or at least confusingly similar to its FLOWJO trade mark and that they lacked rights or legitimate interests in it. It further alleged that the registrant had acted in bad faith in refusing to transfer the domain name and was attempting to capitalize on the complainant's goodwill within the Chinese market.

The respondent argued that they are the owner of the domain name and

Applying the double test, was the domain registered and used in bad faith?



have undertaken no actions in bad faith, as the complainant was fully aware of their registration of the disputed domain name and gave its consent.

The administrative panel considered the three essential elements under the WIPO Dispute Resolution Policy that must be established by a complainant:

1. The disputed domain name is identical or confusingly similar to a trade mark in which the complainant has rights.
2. The respondent has no rights or legitimate interests in respect of the disputed domain name.
3. The disputed domain name has been registered and is being used in bad faith.

The double test applied

The third requirement proved the determining factor in this decision. The wording makes it clear that:

“a prerequisite for an adverse finding is that the domain name has been registered in bad faith, in addition to being used in bad faith.”

Both of these elements must be satisfied (the double test). Since the disputed domain name was registered by the respondent further to entry into a contractual arrangement under the ICA, and the complainant was both aware of and consented to the registration,

the complainant was unable to demonstrate that the domain name had been **registered** in bad faith. Thus, the double test could not be satisfied even if subsequently the registration was being **used** in bad faith. As a result, the complaint was denied.

A different approach

This approach can be contrasted with that under the Dispute Resolution Service Policy provided by Nominet, which is applicable to .uk domain names. Under this policy a domain name meets the definition of 'abusive registration' if it was **either** registered/acquired in a manner which took unfair advantage or was unfairly detrimental to the Claimant's rights, **or** is being used in such a manner. This either/or test is much easier to satisfy than the double test at WIPO.

Author:
Fay Birch



In short

This case serves as a reminder of the difficulty claimants face in demonstrating bad faith under the WIPO policy and the rigidity of the double test that is applied. It also illustrates the difficulty that can arise when applying the policy in real-life situations where parties, who may at one time have had a cordial relationship, have subsequently fallen out.

A tale of two Victorian plums

Honest concurrent use in the context of keyword advertising

A number of UK cases over the years have considered the scope of the 'honest concurrent user' defence to trade mark infringement.

However, this is the first reported case to do so in the context of keyword advertising.

This English High Court case concerned two well-known UK bathroom retailers, Victoria Plumb and Victorian Plumbing. The two companies had co-existed peacefully in the same market since 2001, each conducting significant amounts of their businesses online. The claimant, which actually started using "Victoria Plum" in 2011 (though nothing in the case turned on the dropping of the "b"), owned UK and EU trade mark registrations for VICTORIA PLUMB and VictoriaPlum.com respectively, as well as a UK trade mark registration for the figurative mark below:



Despite years of co-existence, Victoria Plumb brought infringement proceedings against Victorian Plumbing, after the latter started bidding for advertising keywords which included the VICTORIA PLUMB(B) mark. This, they said, constituted trade mark infringement, since the ads displayed as a result of the defendant's bidding led to increased levels of customer confusion.

The complaint was particularly directed to use of the keywords to generate two types of ads: (i) those containing VICTORIA PLUMB(B) in the ad-text, and (ii) those with "Victoria(n) Plumbing" in the ad-text. The claimant did not, however, seek to prevent the defendant from continuing to use the name "Victorian Plumbing" for its underlying business.

Honest concurrent user defence

Victorian Plumbing accepted that use of the claimant's mark to generate the ads in category (i) constituted infringement, and they submitted to judgment to that extent. For category (ii), however, they relied on the defence of honest concurrent user, alleging that as the parties had

honestly built up their respective businesses and reputations using confusingly similar names over many years, as a matter of law they had to live with the resulting confusion.

In considering the relevant law, the court commented that there is no provision for such a defence in the EU Trade Marks Directive or Regulation. However,

any rational system of registered trade marks has to cater for the situation where two traders have co-existed.

The court considered the relevant case-law, including Phones 4U (English Court of Appeal) and Budweiser (CJEU). Although the cases established the principle that a degree of inevitable confusion must be tolerated where two separate entities have co-existed honestly for a prolonged period, it was equally clear that

the defendant must not take steps which exacerbate the level of confusion beyond that which is inevitable and so encroach upon the claimant's goodwill.

Further, in order to be "honest",

the defendant has a duty to act fairly in relation to the interests of the trade mark proprietor.

Applying these principles to the facts of this case, the court found that the defence of honest concurrent user did not apply to the defendant's use of the claimant's mark as a keyword to generate the ads in category (ii).

This was because:

- the use complained of was use by the defendant of the claimant's marks as a keyword, not continued use of its own name

Case details at a glance

Jurisdiction: England and Wales

Decision level: High Court of Justice Chancery

Division: Intellectual Property

Parties: Victoria Plum Limited (trading as "Victoria Plumb" and Victorian Plumbing Limited, Mark Radcliffe and Coral Phones Limited)

Date: 18 November 2016

Citation: [2016] EWHC 2911 (Ch)

Full decision: <http://dycip.com/victoriaplum>

- the defendant had never in fact used the claimant's mark other than by bidding on it as a keyword, which was the subject of the complaint
- the defendant's use was not "honest", due primarily to a change in approach to its keyword bidding, which had increased very significantly between 2012 and 2016.

Finally, it is worth noting that the defendant had also pursued a counterclaim against the claimant for passing off, in relation to the latter's bidding on "Victorian Plumbing" as a keyword. Whilst the claimant's bidding activities were on a smaller scale than those of the defendant, the judge found equally against the claimant in relation to this "tit for tat" aspect of the dispute.

Author:

Tamsin Holman



In short

This case is a useful reminder of the principles applicable in case of long-standing concurrent use of confusingly similar marks.

It is also interesting to see this issue considered in the context of keyword advertising.

In particular, in a situation involving long-standing use of confusingly similar marks by two parties, it is important to be aware of the perils of one party changing its behaviour in a way that upsets the delicate balance.

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And finally...

Rubik's Cube Twists & turns

The Court of Justice of the European Union (CJEU) has confirmed that when considering Article 7(1)(e)(ii) (that a mark consists exclusively of the shape of goods necessary to achieve a technical result) extrinsic evidence may be relevant, such as descriptions filed at the time of the application.



Simba's application for cancellation

In 1999, a 3D black and white representation reminiscent of the famous 'Rubik's Cube' was registered as a European Union Trade Mark (EUTM) in class 28 for three-dimensional puzzles (as above). Simba Toys, a German toy company, sought to invalidate the registration on the grounds that the sign should not have been accepted for registration as its shape was necessary to obtain a technical result. The European Union Intellectual Property Office (EUIPO) dismissed the invalidation action.

General Court rejects Simba's appeal

The General Court rejected Simba Toy's appeal, stating that the graphical representation applied for was not suggestive of any rotating capability, as the rotating capability results from an internal mechanism which is invisible.

CJEU ruling

The CJEU ruled that the General Court should have taken into account the non-visible functional elements, such as the rotating capability. The CJEU stated that "the essential characteristics of a shape must be assessed in the light of the technical function of the actual goods concerned". It was not disputed that the sign consisted of the shape of actual goods (ie, a Rubik's cube) and not an abstract shape.

When assessing technical function, evidence extrinsic to the representation of the trade mark may be taken into account, such as material relevant to identifying the essential characteristics of a sign and any descriptions filed at the time of the application for registration.

This decision provides a helpful reminder of the quirks of shape marks, and the balance to be struck between the limiting scope of protection to an application as graphically represented, as against the duty to carry out a 'technical investigation' into the actual product the application is trying to cover.

Author:
Verity Ellis



Case details at a glance
Jurisdiction: European Union
Decision level: Court of Justice
Parties: Simba Toys GmbH & Co KG and Seven Towns Ltd
Citation: C-30/15 P
Date: 10 November 2016
Full decision: <http://dycip.com/c-3015p>

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