

D YOUNG & CO TRADE MARK NEWSLETTER^{no.55}

March 2011

In this issue:

World in Motion 04

Sony Ericsson's Movement Marks

Bit of a Stink at Pooh Corner 05

Disney Opposes UK Registration for Pooh Corner Gift Shop

Chewing Gum and Coffee: 06

What is the Difference?

The Importance of Prior Art and Design Freedom for Registered Community Designs

Bad News for Bunnies 07

General Court Upholds OHIM's Refusal of Lindt's Applications for 3D Marks

Stop Press 08

MIP Ranks Trade Mark Group Top Tier for 2011

When The Chips are Down Game Over for 32Vegas in High Court Infringement Ruling

Full Story Page 2



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21-22 March 2011

PTMG Spring Conference

Those attending PTMG this spring will have an opportunity to meet D Young & Co's Dispute Resolution & Litigation Group partners Ian Starr and Tamsin Holman. The conference takes place in Brighton, UK and is themed "Changes in a New Decade".

14-18 May 2011

INTA 133rd Annual Meeting

Jeremy Pennant, Angela Thornton-Jackson, Ian Starr, Tamsin Holman, Helen Cawley, Gemma Williams and Jackie Johnson will attend INTA's 133rd annual meeting, which takes place in San Francisco, USA.

For more information: www.dyoung.com/events

Editorial



This month we are pleased to welcome Jackie Johnson to the partnership and to our Trade Mark Group. Jackie is well known to many in the profession and has extensive experience in all aspects of trade mark clearance, prosecution, oppositions and portfolio management. For more information see: www.dyoung.com/jackiejohnson.

As we go to press, we are also delighted to learn that we have, once again, been ranked as a top tier trade mark practice in the UK by Managing Intellectual Property (MIP) Magazine. This year marks the fourth consecutive year that we have been so highly ranked and we thank our clients and colleagues for such positive feedback.

This issue of the trade mark newsletter is packed with interesting developments on trade marks and designs – we look at 'individual character' in the context of registered community designs, the registrability of moving images as trade marks, an interesting case on trade mark infringement (which just goes to show what you can achieve if you diligently enforce your rights!) and, getting into the seasonal mood (well, the shops are already swamped with them), we have an update on chocolate bunnies!

We hope you enjoy this issue and, as always, continue to give us your comments.

Editor:

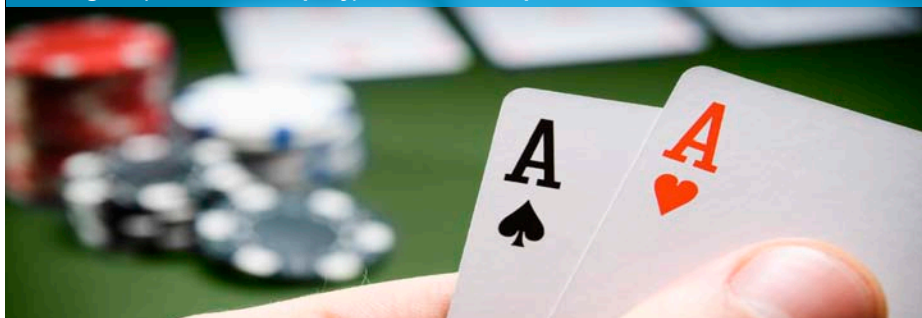
Vivienne Coleman



Article 01

When the Chips are Down Game Over for 32Vegas in High Court Infringement Ruling

32Red plc (a Gibraltar Company) v WHG (International) Ltd (a Gibraltar Company), WHG Trading Ltd (a Gibraltar company) and William Hill plc



In January 2011, the High Court decided a trade mark case between two rival online casinos, holding that two CTMs 32RED (word and figurative marks) were infringed by the use of the signs '32Vegas' and '32vegas.com'.

Background

In 2002, the claimant (32 Red) started operating the business of an online casino under the mark 32RED. 32Red also made applications for its word mark and stylised Community trade marks (32RED) in 2002, in respect of goods and services in Classes 9, 16 and 41. The stylised mark had the number 32 and the word 'RED' in red cursive script on a white background, with a broken red circle around the 32 (see below). The evidence was that this device had been used continuously since 2002. These two marks were registered in 2004 and 2006 respectively (together 'the Community marks').



In 2005, a company called Crown Solutions Gaming Limited registered the domain name 32vegas.com and, in 2006, an online casino started operating under the name 32Vegas. These activities came to the attention of 32Red and, in 2006, lawyers for 32Red wrote a cease and desist letter to Crown Solutions, although the matter was not pursued further at the time, and the 32Vegas casino continued to operate.

Subsequently, in 2008, the domain name 32vegas.com, together with any associated marks (whether registered or unregistered), were licensed to two William Hill entities registered in Gibraltar (the first and second defendants) which conducted an online gaming business (William Hill Online). In January 2009, shortly after William Hill Online had begun trading, 32Red's lawyers wrote a cease and desist letter alleging trade mark infringement and passing off. Shortly before service of the claim form in the proceedings, 32Red also registered a further UK trade mark for the numeral 32 on its own, for services in Class 41 ('the UK mark').

The 32Vegas signs of which complaint was made included 32vegas.com, 32Vegas, 32V and various device signs (together 'the Vegas signs'). The main device sign was reminiscent of a neon casino sign, with red and gold colouring, incorporating the number 32 and the word Vegas (see below).



The Parties' Claims

32Red alleged infringement by William Hill Online of the Community marks and the UK mark under, respectively, articles 9(1) (b) and 9(1)(c) of Council Regulation (EC) number 207/2009 of 26 February 2009 on the Community trade mark ('the CTMR'), and

sections 10(2) and (3) of the Trade Marks Act 1994. No passing off claim was pursued. William Hill Online counter-claimed, seeking declarations that the Community marks and the UK mark were invalid.

The Decision

In quite a lengthy judgment, Henderson J found as follows:

Infringement of the Community marks under CTMR art.9(1)(b)

Similarity of services: the judge found the services covered by the Vegas signs to be identical or virtually identical to those included within specification of the Community marks.

Similarity of marks: the judge also found that the Vegas signs and the Community marks were similar, especially since in both written and graphic forms the Vegas signs and Community marks both had an initial figure 32 followed by a single word (or in the case of the 32V sign, followed by a single letter which “*in its context plainly alludes to the word ‘Vegas’*”). The judge did not consider the figure 32 of itself to denote anything to do with online gaming, rather, it was just a number “*and not even a number with obviously lucky (or unlucky) connotations such as 7 or 13*”.

Likelihood of confusion: the critical question was whether the similarities were such as to give rise to a likelihood of confusion on the part of the public, including a likelihood of association, in the sense of engendering the mistaken belief that the two casinos were operated by the same or economically-linked entities. In answering this question, the judge considered the matter through the eyes of the average consumer of online gaming services, whom he described as an “online gambler”. The judge then discussed the following factors:

1. That the average consumer was likely to consider the overall impression of the marks as being very similar, ie, the numeral 32 followed by a single word with a general ‘gaming flavour’. As such, the average online gambler was likely to conclude that there was common ownership or some other connection. This was reinforced, in the judge’s view, by the

red background, which was common to both parties’ devices.

2. For those consumers who might make the connection between 32RED and the red number 32 on a roulette wheel, the judge felt that the claimants’ marks would have “extra special significance”.

3. The evidence was that 32RED was very distinctive in 2009 and that it had acquired a large reputation through use. The distinctiveness lay in the combination of the specific number 32 with the colour or word red.

Accordingly, the judge held that there was infringement of the Community marks under article 9(1)(b).

Infringement of the Community marks under CTMR art.9(1)(c)

The critical question here was whether the use of the Vegas signs took unfair advantage of, or was detrimental to, the distinctive character or repute of the Community marks. The judge held that, on a global assessment, the introduction and use of the Vegas signs was detrimental to the distinctive character of the Community marks. This detriment lay in the risk of false association with 32Vegas, a brand which the judge held to have an inferior reputation but which operated in the same market as 32RED. As such, he found infringement under article 9(1)(c).

Interestingly, with respect to the requirement to show a change, or likelihood of change, in economic behaviour (INTEL Case C-252/07), the judge said that, although there was no actual proof of people switching from 32RED to 32Vegas, “in the nature of things, direct evidence of such change is likely to be hard to find in cases of the present type” and “however, I see no reason why I should not have regard to the inherent probabilities of the situation”.

Infringement of the UK mark

The UK mark was not registered until June 2009, just two months before William Hill Online ceased trading under the Vegas signs and rebranded 32Vegas as 21Nova. The

judge held that the UK mark had not acquired a separate reputation in its own right and that such use as 32Red had made of the figure 32, would have been naturally understood, in the context, as alluding to or a truncated version of one or other of the Community marks. As such, the claim for infringement of the UK mark under sections 10(2) and 10(3) of the Trade Marks Act 1994 failed.

Invalidity Attacks on the 32Red Marks

The defendants counter-claimed for invalidity of the Community marks under CTMR article 7(1)(c), on the basis that the signs consisted exclusively of signs describing the kind, quality, or other characteristics of the goods or services. In this regard, the judge felt that whilst “there is an allusion to a possible result in roulette ... [this] did no more than to create an association with roulette, which was itself no more than one of the games offered by 32Red”. The evidence showed that the association was far from obvious and not picked up by many customers. As such, the judge did not find that the Community marks infringed article 7(1)(c).

Likewise, with respect to the argument that the Community marks were invalid pursuant to CTMR article 7(1)(b), the Judge upheld the marks, as he did not accept that they were “devoid of any distinctive character”. Finally, with regard to the invalidity attack on the UK mark, the judge again rejected the defendants’ arguments on similar grounds, as well as rejecting an allegation that the mark had been registered in bad faith.

Conclusion

This case demonstrates the advantages of selecting a distinctive mark and then building up reputation through use of that mark, even where the use may not be on a particularly large scale. In what, at first, might appear to be a surprising decision, particularly given the visual differences between the parties’ respective device marks, the claimant was able to establish a strong brand identity and relatively broad rights to the use of a numeral followed by a word with fairly descriptive connotations, in relation to gaming services.

Author:
Tamsin Holman



World in Motion

Sony Ericsson's Movement Marks

On appeal before OHIM, Sony Ericsson has been successful in overturning the initial decision of the examiner to refuse the application for their MOVEMENT trade mark consisting of a sequence of 20 stills.

The examiner initially objected to the application on the basis that it did not identify the trade mark for which protection was being sought sufficiently clearly. The examiner's concern arose because it was not possible to grasp the movement depicted by the representation

from the 20 images provided. She also held that the images did not show a clear and unambiguous sequence of movement, but rather isolated fragments which were unconnected.

On appeal, Sony Ericsson argued that the examiner could have constructed a flip book of the 20 images to better understand the nature of the mark.

The Board of Appeal, in overturning the initial decision, referred to other movement marks previously registered by Microsoft and Mars (see below) and concluded

that the movements shown in the various images were sufficiently well defined and that the mark was clearly identifiable.

The Board held that the representation and the description were both compatible and complementary and submitted the case back to the examiner for further prosecution.

This decision confirms that movement marks are perfectly acceptable as long as the combination of the various images, together with a description, sufficiently identifies the nature of the mark and the moving image(s) for which protection is being sought.

Author:

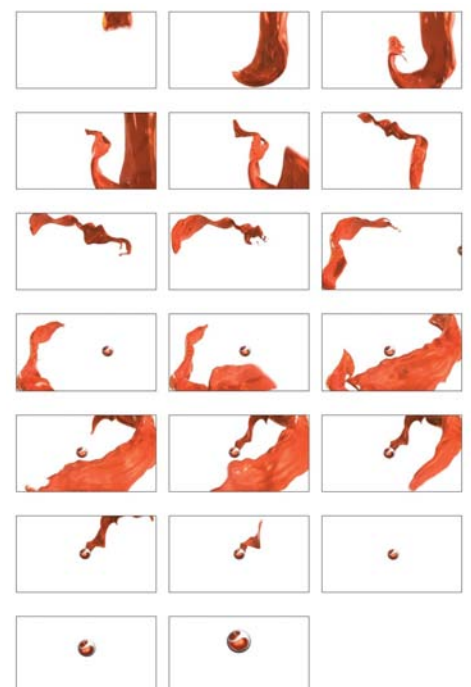
Jeremy Pennant



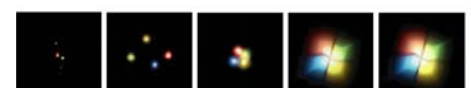
Mars' movement mark



Sony Ericsson's movement mark

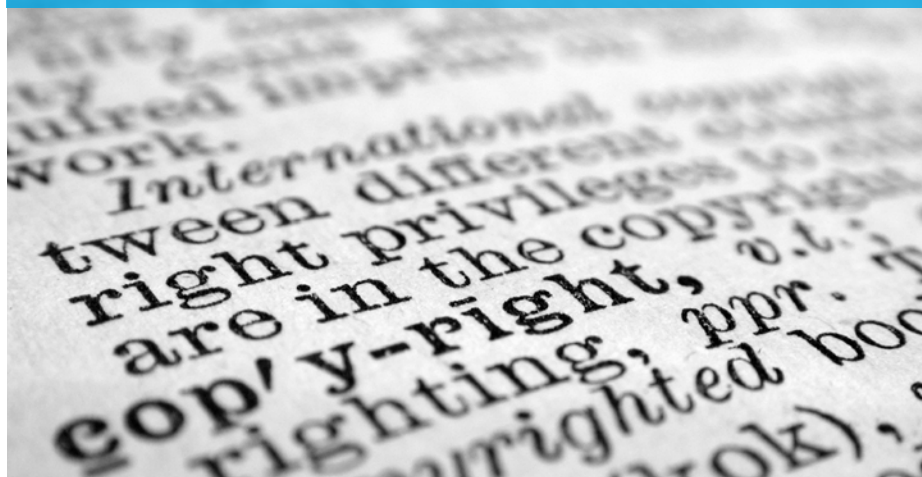


Microsoft's movement mark



Bit of a Stink at Pooh Corner Disney Opposes UK Registration for Pooh Corner Gift Shop

Copyright in Shepard's illustrations does not expire until 31 December 2046



use of the name POOH CORNER on Mr Ridley's shop to establish the link between his shop and the one in the stories, but not to use the name or the drawings on merchandise or packaging.

Clearly Mr Ridley's application for the trade mark registration with the image of Christopher Robin and Winnie the Pooh was a step too far for Disney and the giant American corporation opposed the application.

The hearing officer looked at the separate grounds and agreed that Mr Ridley had been fully aware of Disney's rights and therefore the application had been filed in bad faith. Moreover, Disney had not acquiesced to the registration and extended use of the sign beyond the shop in Hartfield. Consequently, a registration that covered the whole of the United Kingdom would go beyond a single shop in a single location and therefore could be correctly refused.

In relation to similarity of marks, the hearing officer felt that the strongest earlier similar mark was Disney's registration of the word mark POOH but there was only a moderate degree of similarity. However, since POOH has a reasonably high level of distinctiveness and enjoys a reputation of its own, POOH benefits from enhanced distinctive character and there was a strong likelihood of indirect confusion. Moreover, the registrar concluded that Disney would be able to show the necessary link between their trade marks and the activities of Mr Ridley such that unfair advantage would be taken.

Whilst, clearly, Mr Ridley has not succeeded in registering the sign above his shop as a trade mark, it is unlikely that Disney would succeed in an infringement action against Mr Ridley since they have seemingly acquiesced to his use of this sign (in the one location only) for a lengthy period of time, certainly, beyond the five-year statutory period in which to bring action.

Author:
Gillian Deas



An individual by the name of Michael Clifford Ridley filed an application in the United Kingdom to register the trade mark shown below in relation to the retailing of giftware and/or souvenirs.



Unsurprisingly, Disney Enterprises, Inc opposed the application on the basis that they owned an earlier similar trade mark (for the word POOH) which enjoyed a reputation in the European Community and that the use of the image of Christopher Robin back-to-back with Winnie the Pooh was an infringement of their copyright in the illustrations of E.H. Shepard which were featured in A.A. Milne's famous books.

In addition, Disney claimed that Mr Ridley had filed his application in bad faith because he knew he was not the owner of the intellectual property in the mark applied for.

The copyright in Shepard's illustrations dated back to 1926 and remains in force for a period of 70 years after the death of the author. Therefore, copyright in the illustrations does not expire until 31 December 2046.

Mr Ridley appears to live in the same village (Hartfield) that A.A. Milne lived in. He commenced trading as Pooh Corner in October 1978. Most of his business is in the retailing of Winnie the Pooh giftware and souvenirs.

Mr Ridley claimed that Disney first became aware of his use of the sign in 1979 when he was granted a licence by Disney to produce pottery. That licence expired in 1990. In 1993, there was an exchange of correspondence between Disney and Mr Ridley. Disney had requested that Mr Ridley stop his infringing use of the illustration in question. Mr Ridley, in reply, acknowledged Disney's exclusive use in the UK, of the drawings 'and to a great extent the names of the characters in the WINNIE THE POOH books'. However, he reminded them of the licence that he had enjoyed between 1979-90 and that, therefore, Disney had 'acquiesced' to his use for a number of years.

At that time, Disney agreed to allow the

Chewing Gum and Coffee: What is the Difference?

The Importance of Prior Art and Design Freedom for Registered Community Designs

Registered Community Designs (RCDs) are a relatively cheap, very quick and effective way of protecting a wide range of designs. In the last couple of years, the number of RCDs has increased significantly as more companies appreciate the legal and commercial benefits of having a registration. Unlike trade marks or patents, there is effectively no examination process.

A consequence of this is that there are an increasing number of invalidity attacks, usually taken by competitors. Given that RCDs essentially protect visual elements, the scope for detailed legal argument is limited as OHIM (and any appeal bodies) will use their own eyes to determine the issues.

However, there are areas where it is important to make sure the case is presented properly, particularly when it comes to producing evidence as to the previous 'design corpus' (ie, prior art) and as to the degree of 'design freedom'. Procuring the dates of prior art is not always an easy task as much of it will be non-registered rights, such as photographs from retail shops, magazines, internet evidence, etc.

In *Cadbury v Wrigley* (ICD 000006799), the Invalidity Division refused to consider a number of prior art designs as either the photographs were not dated, or they were inadequately dated. In the event, these deficiencies may not have had an effect on the final decision, (as the invalidity application was rejected), but it is a salutary lesson that OHIM take a strict approach when it comes to evidence. If necessary, independent evidence of dates may be needed. This decision also highlights the view OHIM is currently taking, that even quite small differences may be sufficient to persuade them that an RCD is valid. There are two main grounds on which invalidity are usually sought:

1. lack of 'novelty'; and
2. lack of 'individual character'.

The former is hard to succeed on, unless it can be proved that the **actual** or an identical product, subject of the RCD, was publicly available at least 12 months before the application date of the RCD.

Most cases are decided on 'lack of individual character', where the test is whether the RCD produces the 'same overall impression' on the 'informed user' as the prior art.

An informed user is someone with a real knowledge of and interest in the market for the sort of products the RCD is protecting, although (in practice) it is very rare to put in evidence about this and the Invalidity Division will use its own perceptions.

A key issue in assessing individual character is the degree of freedom of the designer for the design in issue. Thus teapots have to have handles and spouts and shoes need soles so these elements of a design should be discounted.

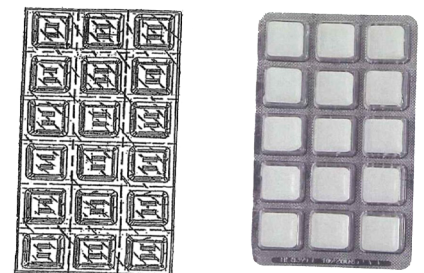
This issue of design freedom has also been extended to cases where the designs have to fulfil certain criteria (eg, the shape of packaging is determined by the products they are to contain, or the receptacle in which they are to be placed), with the result that the prior art necessarily has a limited range of similar designs capable of fulfilling such criteria. In such circumstances even quite small differences may be sufficient to give the RCD individual character.

In *Cadbury v Wrigley*, the RCD (shown below)



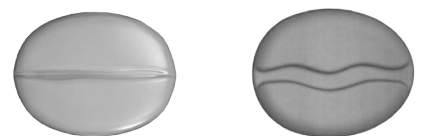
was found valid over the prior art (see above right) as the design was considered to be more compact and streamlined with tighter spacing between the walls of the blister pack than the prior art. Despite the great similarities, these

were largely discounted on the basis that the design freedom was limited by the chewing gum or pills these packs had to contain.



Somewhat in contrast, in *Sara Lee v Essey* (ICD 7148) the RCD was held invalid. In this case the designs were for 'coffee dosers' (which go into coffee machines and so their shape is constrained by the particular machine in question, although there are a variety of different machines which will have different constraints). It seems that coffee dosers do, as a consequence, come in a variety of shapes and sizes depending on the machine they fit into.

In this case, the RCD (below left) was held invalid as the prior art (below right), despite its visual differences, was held to be sufficiently similar to create the same overall impression.



This seems slightly surprising and in contrast to the *Wrigley* decision, given that the similarities (ie, size and shape) were presumably largely dictated by the machine they were used with (which, by analogy, was the reason why the *Wrigley* RCD was held valid).

What these cases show is that it is often a fine line between success and failure and that, even though the eventual decision will be largely based on a visual comparison, it is important to set the scene by explaining the degree of freedom of the designer taking into account the use and purpose of the products in the market to which the design relates.

Author:
Ian Starr



Bad News for Bunnies

General Court Upholds OHIM's Refusal of Lindt's Applications for 3D Marks



With Easter on its way, the General Court's decision to uphold the OHIM Board of Appeal's refusal of various applications for three-dimensional marks in the shape of bunnies (and, on another holiday theme, reindeer), is bitter news for Lindt - *Chocoladefabriken Lindt & Sprungli AG v OHIM* (cases T-336/08, T-337/08, T-395/08 and T-346/08).

Regular readers may recall that Lindt's chocolate bunnies have previously featured on our pages – see our September 2009 newsletter (link at the end of this article).

In 2000, Lindt registered a 3D mark for a gold foil-wrapped bunny, which also included the word LINDT, shown above, right. This registration is currently subject of invalidity proceedings.

Following registration, Lindt commenced trade mark infringement proceedings in Austria against a rival manufacturer. This competitor counter-claimed for invalidity of the CTM, and the Austrian courts referred a number of questions on the issue of bad faith to the ECJ. This invalidity action is still pending.

More recently, Lindt filed additional CTM

applications for 3D marks, but this time, without the word LINDT, shown right.

The OHIM Examination Division and Board of Appeal refused these marks on the basis that they are devoid of distinctive character. OHIM also took the view that the evidence of acquired distinctiveness filed was not sufficient to support registration of the CTM applications.

Lindt appealed to the General Court who, not surprisingly, dismissed the appeal, confirming that the signs lacked the required level of distinctiveness. On the issue of acquired distinctiveness they also felt that the evidence did not support the claim that the sign was distinctive in a substantial part of the European Union.

Subject to any further appeal, the impact of this decision on Lindt is significant. Essentially, the distinctiveness of its earlier 3D registration (and a second registration for the same mark obtained more recently), lies in the word element LINDT, and not on the three-dimensional shape of the bunny. Any infringement proceedings against other chocolate bunnies relying on these marks is likely to fail.

The decision also provides useful guidance on the registrability of

Some of the 3D marks filed by Lindt



popular 3D 'character' shapes for confectionery manufacturers.

Author:
Vivienne Coleman



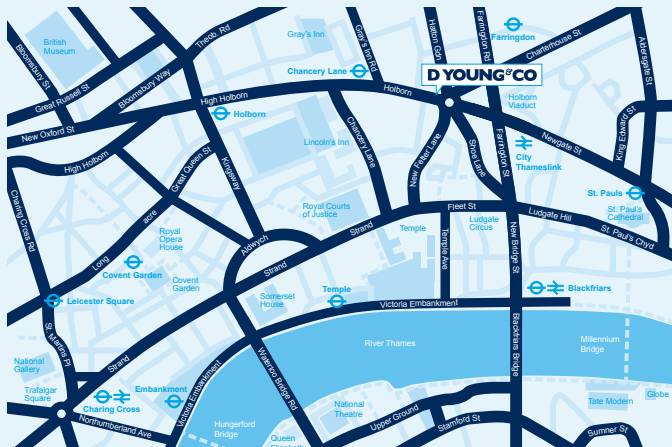
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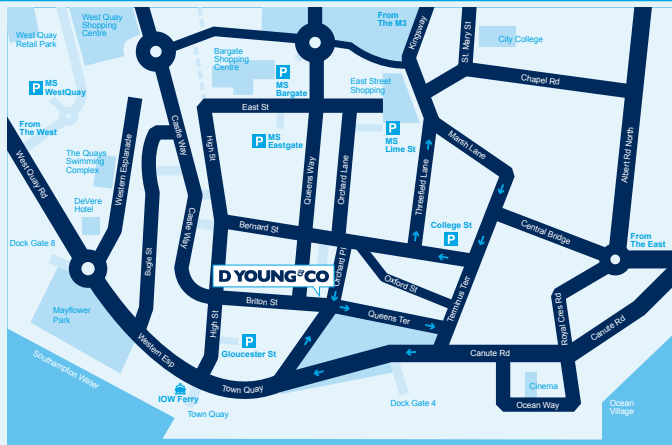
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Stop Press!

MIP Ranks Trade Mark Group Top Tier for 2011

We are pleased to announce that we have been ranked top tier by Managing Intellectual Property for the fourth consecutive year.
www.dyoung.com/news-tmmip2011

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