

CONTENTS: *Use Of Variant Marks To Defend Revocation Proceedings - BUD and BUDWEISER BUDBRAU Upheld* | *ECJ Decision On Surnames Still Awaited* | *United States Joins Madrid Protocol* | *How To Define A Smell*

USE OF VARIANT MARKS TO DEFEND REVOCATION PROCEEDINGS - BUD AND BUDWEISER BUDBRAU UPHELD

Jan/Feb 2003

In the third stage of proceedings by the American brewery, Anheuser-Busch, Inc., against their Czech rivals, Budejovický Budvar Narodní Podnik, the Court of Appeal recently gave judgment upholding the Registrar's Hearing Officer, who refused AB's requests for revocation of BB's registrations for BUD and BUDWEISER BUDBRAU.

To do so, they reversed the decision of Simon Thorley QC, sitting as a Deputy High Court Judge. He held, on appeal from the Registrar, that the Hearing Officer had misdirected himself when considering whether the variant mark relied on by BB in defence of their BUDWEISER BUDBRAU registration was acceptable. BB had admitted that they had made no use of the registered mark itself, but sought to rely on use of another mark which incorporated the words "BUDWEISER BUDBRAU", albeit in a different stylisation. The Hearing Officer had concluded that use of the variant was acceptable to save the registered mark, essentially because the "central message" of the variant was the same.

In the High Court, the Deputy Judge had criticised the Hearing Officer's analysis of what was a variant and reversed his conclusion. However, the Court of Appeal decided that this was an improper exercise of the High Court's review function when considering decisions made by a lower tribunal, even one exercising a *quasi* judicial function. Unless the Appeal Court was convinced that the Hearing Officer had made a distinct or material error of principle in reaching his conclusions, there was no justification for an interference with his decision, even if the appeal tribunal might have reached a different conclusion on the facts.

Nevertheless, two of the three Court of Appeal judges expressed the view that the Hearing Officer's decision was "surprising", a clear suggestion that they would not have reached the same conclusion if they had been sitting in his place. When the two marks are considered side by side, it is easy to see why the Court of Appeal were surprised;



Notwithstanding the clear visual differences between the two registrations above, the variant used by BB apparently constitutes a "form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered".

On this basis, a liberal interpretation of acceptable variant marks must apply in future. The Court of Appeal affirmed that the test must be approached through the perspective of the "average consumer".

Thus, the more rigorous approach to the assessment of the elements which render a trade mark registration distinctive (adopted by the Deputy High Court Judge) appears to have been replaced by a less predictable, but consumer friendly test.

In their parallel decision on BUD, the Court of Appeal upheld the original finding by the Hearing Officer that use of this word in a dot matrix print version on boxes containing the proprietor's beer bottles was an acceptable variant of the registered mark.

This was sufficient to dispose of the appeal, without the need to consider the more problematic questions of whether oral use of BUD was also an acceptable variant, or indeed use of the mark in block type on business stationery such as invoices.

Moreover, the Court of Appeal chose not to adjudicate on whether use of the actual registered version (BUD in script) on beer mats was acceptable by itself as "genuine use"; this latter point had given rise to complex legal argument before the Court of Appeal as to whether it could be "genuine", applying the test propounded by the Advocate General in the MINIMAX case. There was a clear reluctance on the part of the Court of Appeal to decide that point and by relying on use of the variant as constituting use of the stylised version, they avoided the issue.

So where does this leave trade mark owners? Clearly, there is more likelihood that a variant which the average consumer would perceive as not dissimilar to the registered mark (and in particular, if the mark is a stylised word, the actual word in block capitals) is likely to save the registration from a challenge for non-use.

Nevertheless, it remains advisable to use a trade mark in the registered form (presumably such use was contemplated at the outset when the mark was filed) and to review trade mark listings regularly to ensure that new applications are filed when the mark is substantially altered.

ECJ DECISION ON SURNAMES STILL AWAITED

In our September 2002 newsletter we reported that as a result of the appeal filed by Nichols plc against the rejection of their NICHOLS trade mark application, the High Court Judge referred certain questions to the ECJ. These questions included whether registration of surnames, and in particular, common surnames should be granted to the first applicant, or whether such names should be refused on the grounds that they should remain available for anyone with an interest to use them.

The Judge also raised the issue of whether the "own name defence" referred to in the Trade Mark Act extends to companies and what, precisely, the expression "honest practices" in section 11 entails.

These considerations led the Judge to raise further questions on principle, in particular whether a potential defence against an infringement action should be taken into account at the point where the relative distinctiveness of the mark was being considered, and whether, if a trade mark is required to identify a single source of the goods to the exclusion of all others, how far can this criterion ever be applied to common surnames?

The opinion of the European Court's Advocate General is still awaited by those traders carrying on their business' under their own name. In view of the ramifications, it will be interesting to see whether surnames will ultimately be treated by the ECJ in a way analogous to geographical names. This could result in significantly stricter guidelines for future acceptance of surnames, based on a "freedom for use" by honest traders assessment.

UNITED STATES JOINS MADRID PROTOCOL

On 2 November 2002, President George W. Bush signed the legislation which implements the Madrid Protocol for the United States. The US Patent & Trade Mark Office (USPTO) now has one year to develop the necessary regulations for administering Protocol applications in the US. The Protocol will therefore be available in the US on approximately 2 November 2003.

In future, trade mark owners may expand protection of their marks to the United States by extending existing Madrid Protocol applications and International Registrations to include the US. The Protocol route allows these marks to be extended to the US without retaining local US Counsel to handle the filing formalities.

A potential advantage to the non-US applicant wishing to extend an existing Madrid Protocol application to the US is that the US designation will then be based on a home country registration or pending application. On this basis, applicants may be able to obtain a more comprehensive protection in the United States by basing their US designation on a home registration or application which has a less specific identification. This means that US applicants who file via the Protocol route will not have to tailor their applications in the way currently required by the USPTO.

Unfortunately however, Protocol member countries may still impose additional maintenance requirements in accordance with their own national trade mark laws, so that International registrants will ultimately need to file a Declaration of Use in the United States to maintain their mark, as under the national route.

HOW TO DEFINE A SMELL?

To qualify for trade mark protection, both at national and Community level in Europe, a proposed mark must be "capable of graphic representation". This requirement has created obvious difficulties for applicants seeking protection in respect of non-standard marks, such as sounds, gestures or smells, all of which are not obviously susceptible of graphic representation. In the case of smells, the European Court of Justice (in a decision dated 12th December 2002 – Case C – 273/00) has now decided that for an olfactory sign, the requirements of graphic representation are not satisfied by giving the chemical formula, by a written description, by the deposit of an odour sample or by a combination of these elements.

The case concerned an application filed in Germany by a Mr. Sieckmann to protect what was described as a "balsamically fruity odour with a slight hint of cinnamon" for various services in Classes 35, 41 and 42. The German Trade Mark Office rejected the mark as not capable of being represented graphically, as well as finding that it lacked distinctive character. On appeal to the German Appeal Tribunal, the matter was referred to the European Court for a preliminary ruling as to guidance on what could be an acceptable graphical representation of a smell, pursuant to Art. 2 of the Directive (which is replicated in Art. 4 of the CTM Regulation).

Although it held that in principle a smell could function as a trade mark i.e. an indication of origin, the ECJ stated that any trade mark application must give a "clear, precise and objective" image of the mark in order to determine the exact scope of protection resulting from any registration and the rights conferred by such registration. The court further held that the representation must be clear, precise, self-contained, easily accessible, intelligible, durable and objective.

Taking each of the forms of claim in turn, the ECJ decided that in relation to smells a chemical formula does not represent the odour of a substance, but instead the substance as such and was thus not sufficiently clear and precise. As regards any written description of the smell or odour, although graphic, this was also not sufficiently clear, precise and objective to qualify. Finally an odour sample was not a "graphic representation" and moreover was not sufficiently stable or durable to be acceptable.

Having decided that each individual element of the claim made by the applicant was rejected, the ECJ then concluded that any combination of the three was also not sufficient.

This case should be contrasted with previous decisions at Community and national level within Europe which have accepted written descriptions of smells e.g. "the smell of freshly cut grass" as applied to tennis balls, and "the smell of roses" as applied to vehicle tyres. In a recent decision of the OHIM Boards of Appeal, "the smell of raspberries" for fuel oils was accepted as sufficiently precise to qualify as a graphic representation but was rejected on the basis that consumers would not consider that the smell itself performed any form of trade mark function as a indicator of origin, rather that it would be seen as one of the characteristics of the goods.

The decided cases also highlight the difficulties caused by the essentially subjective nature of individual perceptions when it comes to smells; while the ECJ in Mr. Sieckman's appeal considered that individual perceptions of the smell covered by the claim would differ and an objective conclusion as to its essence could not be reached, OHIM has recently taken the line that a clear written description (such as "the smell of raspberries") is likely to be perceived in the same way by all potential consumers.

It seems that some written descriptions of a smell are acceptable as sufficiently clear and precise whereas others are not - although the higher authority (ECJ) is against such means of "graphic representation". This conflict of approach is unsatisfactory. It is however clear that anything more complex such as the chemical formula or an actual sample is considered too imprecise to qualify.

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