

COMPARATIVE ADVERTISING DO'S AND DON'TS?

Making comparisons with a competitor's goods/services is an attractive way of doing business; in principle such comparisons are permitted, even where they involve use of the competitor's trade mark. Recent UK case law suggests that the Court of Appeal (at least) is not keen to "strike down" such comparative use. The latest example of this trend is the lead judgement of that Court in *L'Oréal S.A. and others v Bellure N.V. and others*.

In his judgement, Jacob L. suggested that use of the market leader's trade marks in comparison lists for "smell-alike" perfumes (to assist purchasers in evaluating the likely characteristics of the cheaper "smell-alikes") should be permitted, even if this use involved a degree of "free riding". This was despite evidence which indicated that the defendants could charge higher prices for their goods by marketing them in a way which referenced the claimant's prestige perfume brands (including use of similar packaging).

Before the 1994 Trade Marks Act came into force, it was accepted that use of third party trade marks in such comparison lists was a clear infringement of the proprietor's trade mark rights. Since 1994, Section 10(6) of the UK Trade Marks Act has provided that such use may be permitted "for the purpose as identifying goods and services of those of the proprietor".

However this provision is qualified by the fact that the use must be "in accordance with honest practices in industrial or commercial matters" and

also should not take unfair advantage of, or be detrimental to, the distinctive character or repute of the earlier trade mark.

In the *L'Oréal* case, Jacob L. suggested that the concept of "unfair advantage" implied that some advantage could be taken without it being unfair. Most comparative use is designed to obtain some form of commercial advantage; otherwise there will be little point in making such a use. In his dissenting judgement in *L'Oréal Blackburne J.* suggested that such a commercial advantage (resulting from comparative use) is always unfair.

However, the Court of Appeal has now referred a number of questions on the permissible scope of comparative use of third party trade marks to the ECJ. Thus a definitive answer to what is acceptable comparative use of competitor's trade marks is awaited.

Even without the uncertainty introduced by the Court of Appeal's

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current line on comparisons, it is appropriate to remember the following points before going public with a comparative advert:

- If the competitor's trade mark is a logo, it may be protected under copyright law as well as by a trade mark registration. It is not permissible for comparative use to be made of a competitor's copyright logo with their consent.
- The content of the comparative advertisement must comply with the provisions of the Comparative Advertising Directive (97/55 EC). Failure to comply with the Directive's provisions means that the use cannot be "in accordance with honest practices" for the purposes of the Section 10(6) defence [\[SEE PAGE 2\]](#) ►



- in the UK Trade Marks Act.
- To comply with EC Directive 97/55, any comparisons must not mislead, should compare equivalent goods/services and involve objective comparisons which are verifiable.
- The result of the comparison must not be to create confusion between the goods/services of the advertiser and any competitor whose trade marks are featured.
- In addition, any statements made concerning the competitor's goods/services must not discredit or denigrate the competitor's trade marks.
- Further, the advertisement must not take unfair advantage of the reputation of the trade mark (the point in issue in "L'Oreal").
- It should also be remembered that the onus falls on the maker of the advertisement to justify their use of the competitor's trade mark in such a context.

Clearly, statements which are obviously designed to denigrate or discredit the reputation enjoyed by the proprietor of an established trade mark are inadvisable; by running such copy, the advertiser also risks a challenge under laws of trade libel/slander of goods.

Moreover market research studies suggest that the average consumer, when exposed to such statements, is likely to draw adverse conclusions about the comparative advertiser's goods/services as well as those being "rubbished".

Comparative advertising may contain other forms of comparison apart from side by side use of the competitor's trade mark in a price list. Comparisons may involve indications as to quality or composition (see the recent UK decision in *Boehringer v. Vetplus*, where the competitor suggested that the market leader's goods did not contain the percentage of active ingredient indicated). These indications must be accurate and capable of independent verification.

Finally a further note of caution; for those competitors proposing to adopt

"look-alike" packaging, the EU's Unfair Commercial Practices ("UCP") Directive is due to come into force on 1 April 2008. Article 6 of the UCP Directive covers misleading packaging; it suggests deliberate production of copycat packaging is potentially a criminal offence.

However the enforcement provisions of the UCP Directive (as interpreted by the UK legislature) only permit action to be taken by Trading Standards Officers and the Office of Fair Trading. This is less than desirable from the perspective of trade mark owners.

Moreover it is debatable whether "look-alikes" will fall within the provisions of the UCP Directive, since it only prevents actions which mislead consumers as to the commercial origin/characteristics of the products and/or create confusion with the products of the competitor.

Merely "winking an eye" at the market leader by choosing similar packaging or get-up may not mislead consumers, especially those used to supermarket own brands.



EUROPEAN UNION JOINS INTERNATIONAL DESIGN SYSTEM

From 1st January 2008, it will be possible for any European individual or company to file an International registered design application now that the European Union (EU) has joined the "Hague Agreement" administered by the World Intellectual Property Organisation (WIPO).

The possibility will, initially, probably be of limited practical interest to most European companies because there is already a significant overlap between the country coverage of the Hague Agreement and the 27 EU countries that can already be protected by means of a European registered design application. The additional countries of the Hague Agreement are mainly minor ones or else have not signed up to the latest version of the Hague Agreement that would enable them to be designated in the International application.

The major additional countries of the Hague Agreement include the non-EU countries of Singapore, Switzerland and Turkey.

Further additional countries include the minor "European" countries of Albania, Armenia, Croatia, Georgia, Iceland, Moldova, Macedonia and Ukraine.

Thus, a European company, such as a pharmaceutical company that is interested in obtaining increased country coverage at

not much of an increase in cost compared with filing just a European registered design application, might wish to switch to filing an International registered design application designating the EU and some or all of the additional countries mentioned above.

The resulting International registered design will benefit from the simplicity of central administration by WIPO and will be equivalent to a European registered design and a bundle of national registered designs

in the designated additional countries. The renewal fees can be paid centrally every five years to WIPO and administrative acts such as recording a change of ownership can also be performed centrally at WIPO.

The system should become more attractive to European companies as time goes by and more of the existing signatories to the Hague Agreement sign up to the latest version to enable them to be designated in the International application, and as new countries sign up for the first time.



THE NEW UK FAST-TRACK EXAMINATION PROCEDURE

Following the 2005 Gowers Committee Review on Intellectual Property, it was recommended that the UKIPO offer an accelerated service for processing Trade Mark (and Patent) applications. The consultation period on the proposed new services closed on 14 December 2007.

The reasoning behind the proposal for fast-track applications was the perceived need by businesses of a quicker registration process to meet the often short timescales faced by them in launching new products to market.

At the moment the service offered for the £200 basic fee for a Trade Mark filing in one class is examination of the application within 4-6 weeks, but the aim is for the UKIPO to examine all "standard" applications within 4 weeks.

For Trade Marks the intention is to introduce a "premium rate" fast-

track examination procedure whereby for an additional fee of £300 the UKIPO undertakes to examine an application within 10 working days (2 weeks). If this time scale is not met, the UKIPO will refund the £300 fast-track fee to the applicant.

The fast-track procedure will only be available for UK applications filed electronically, where payment is also made electronically at the time of filing, and applications limited to one mark (not series applications).

Once filed, the "fast-track" application will be examined on absolute grounds and the usual listing of potentially conflicting earlier marks will be provided. Responding to either of these could give rise to delays in acceptance of the application. However, the UKIPO will also endeavour to deal with any further correspondence on fast-track

applications as quickly as possible. If the fast-track application is accepted immediately, a registration could potentially be issued within 4-5 months, assuming no oppositions are filed following publication.

This reduces the overall time scale to registration (compared to standard applications in respect of which no objections are raised) by approximately 2-4 weeks.

It is not expected that there will be a large uptake for the fast-track application procedure, given the small difference in overall processing time taken between fast-track and standard applications.

However, having a fast-track option may be helpful for some applicants where knowledge of the outcome of the examination is of importance before a new product launch, for example.

PRELIMINARY INDICATIONS – WHAT ARE THEY WORTH?

Our May 2004 Newsletter outlined the new practice of the UK IPO for issuing Preliminary Indications in trade mark opposition proceedings. This practice saw a Hearing Officer making a preliminary judgment on the merits of an opposition filed under Section 5(1) and Section 5(2) of the Trade Marks Act 1994, not taking into account any factors other than a strict comparison of trade marks and goods and services. Such an indication was always understood to be non-binding and some commentators had questioned its usefulness as part of the opposition process. Perhaps in response to this, the UK IPO has now further limited the circumstances where a Preliminary Indication will be issued.

The new practice gives the Hearing Officer the power not to issue a Preliminary Indication ("PI") if he/she considers it inappropriate to do so. The examples where a PI may be of little value - as listed in the Tribunal Practice Note (TPN3/2007) - include the following:

- (i) where the earlier trade mark is well known;
- (ii) where an application has proceeded on the basis of honest concurrent use and the earlier concurrent right is the only trade mark cited (although this is now redundant following the change of examination practice in October 2007);
- (iii) where the Hearing Officer considers that a decision on the merits as to the likelihood of confusion is finely balanced;
- (iv) where the goods and services are of such a technical nature that it is impossible to determine whether there is a conflict without evidence;
- (v) where it is considered difficult to issue a decision on a mark covering a broad range of goods and/or services;

The Registry has stated that where the Hearing Officer has decided to decline to issue a Preliminary Indication, the parties in the opposition will be advised accordingly. [\[SEE PAGE 4\]](#) ►



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Given the long list of reasons whereby the Hearing Officer can decline to issue a Preliminary Indication, coupled with the fact that it still has no bearing on the final outcome of an opposition, the Preliminary Indication seems to be of little value to the parties in the dispute, and its usefulness is still therefore questionable.

MARK SNOWBALL JOINS THE TRADE MARK GROUP



We were pleased to welcome Mark Snowball to our London office trade mark team in November 2007. Mark has an MPhil in Land Economy from Cambridge University, specialising in the law of nuisance and its impact on property rights. He qualified as a UK and European Trade Mark Attorney by examination in 2006 (winner of John Parker Memorial Prize for best performance in UK trade mark practice).

Mark's full profile can be found by visiting our website: www.dyoung.com/people/staff/marksnowball.htm or by requesting a copy of the firm's brochure by emailing Rachel Daniels, Business Development Manager, rjd@dyoung.co.uk.



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