



NO SOAP OPERA!

THE VALUE OF POTENTIAL MERCHANDISING TO BROADCASTERS & THE IMPORTANCE OF PROTECTING EVEN FICTIONAL BRANDS FROM UNAUTHORISED THIRD PARTY USE

Viewers of the popular British soap opera Coronation Street will recognise that NEWTON & RIDLEY is the name of the fictional brewery often featuring in the storyline of the Street.

ITV successfully prevented Newton & Ridley Beer Company Limited from registering the trade mark NEWTON & RIDLEY for 'Beer; ale; lager; stout and porter' in Class 32.

The opposition was filed in 2007 on the following grounds:

1. The trade mark should not be registered because it is contrary to public policy and because it is prohibited by an enactment or rule of law in accordance with Section 3 (3)(a) and 3(4) of the UK Trade Marks Act.
3. The application was contrary to Section 5(4) and should not be registered because the earlier sign NEWTON & RIDLEY had been used continuously in the television programme Coronation Street since the 1960's and because it had sold goods including beer, under the sign in the late 1980's and early 1990's.

Specifically, ITV claimed that the widespread sale and manufacture of goods would place them and their sister companies in breach of Rule 10.4 of the Ofcom Broadcasting Code, which states that 'no undue prominence may be given in any programme to a product or service'.

2. ITV owned the earlier trade mark NEWTON & RIDLEY for goods in Class 16 including 'beer mats and wine coasters (of paper);

The Hearing Officer's decision was on the basis of Section 5(4). He found that in deciding whether ITV could demonstrate goodwill in the trade mark NEWTON & RIDLEY, taking into account the fact that the NEWTON & RIDLEY brand had featured in Coronation Street since 1960 through to the present day (and at times had featured prominently in the storyline).

In addition, an independent survey found evidence that 66% of the



CONTINUED ON PAGE 2

CONTENTS

Page 2	PENNY NICHOLLS WINS AWARD
Page 3	UK IPO POURS WATER ON FOCAL POINT'S FIRE
Page 5	DRINK, DRUGS AND TRADE MARKS?
Court of First Instance Issues Decision on Registration of Word Mark CANNABIS	
Page 6	IPREG.ORG.UK
	CONTACT AND SUBSCRIPTIONS



television watching population in the UK knew that NEWTON & RIDLEY was the brewery in Coronation Street and found that despite the survey being conducted 16 months after the application date, the ongoing prominence of NEWTON & RIDLEY in the programme indicated a level of awareness at the material date.

As ITV had not sold beer under the trade mark NEWTON & RIDLEY since 2005 (when the Ofcom Code was introduced), he could not find that ITV had a reputation in beer per se. However, he concluded that NEWTON & RIDLEY had developed its own 'attractive force' and was inextricably linked with the well-known Coronation Street. Therefore, he held that ITV enjoyed goodwill in the NEWTON & RIDLEY sign in respect

of entertainment services, specifically the production of a television series.

Under the head of misrepresentation it was found that a large number of the television watching public would be aware of the brand and are also consumers of beer. As such it is likely that their reaction to seeing NEWTON & RIDLEY being used in connection with beer would be to link the beer with the soap and its producers. Whilst it may not be assumed that they would make the beer themselves, there is an assumption that it would be authorised in some way. In this case, there was no authorisation to use NEWTON & RIDLEY.

In respect of damage, this may occur either though the production of an unsatisfactory

product or where the 'attractive force' of the beer is attributed to the applicant rather than ITV. ITV were therefore successful in preventing registration of this trade mark by asserting their common law rights.

This case demonstrated that even fictional products have potential commercial value. If the Ofcom Broadcasting Code is repealed or relaxed, this will pave the way for other broadcasters to commercially exploit fictional products. DUFF BEER (The Simpsons) or BUTTERBEER (Harry Potter) could be coming to a supermarket near you!

HELEN CAWLEY

PENNY NICHOLLS WINS LIFETIME ACHIEVEMENT AWARD

WORLD IP LEADERS INTERNATIONAL AWARDS 2009



The World Leaders International Intellectual Property Awards Ceremony took place on Wednesday 2 December 2009 in London.

We are delighted to announce that Penny Nicholls received the award for lifetime achievement in the field of intellectual property.

The award recognises a consistent and demonstrable track record of a widely respected individual whose career has been characterised by leadership in the intellectual property field. The award was open to individual lawyers or barristers from any world region [source www.ipworldleaders.com]. Penny was selected from a shortlist of 7 nominees.

We are sure you will join us in congratulating Penny on this well-deserved accolade and would like to thank our colleagues, clients and associates who may have contributed their positive comments to the award selection process.



UK IPO POURS WATER ON FOCAL POINT'S FIRE

Following the recent decision of the UK High Court in the FIRECRAFT case, the UK IPO have issued a new Practice Notice advising that an invalidation action before the UK IPO may give rise to *res judicata* and that re-litigation of the same points between the parties in the High Court may be viewed as an abuse of process.

The FIRECRAFT case involved an application for summary judgment by the company Firecraft, based on a claim for Passing Off made against the use by a competitor (Focal Point Fires) of the trade mark FIRECRAFT. The judgment has important implications both in terms of evidence filed and the position of the defendant in invalidity proceedings before the UK IPO in trade mark proceedings.

Focal Point had originally secured a registration for the trade mark FIRECRAFT, however this was successfully cancelled by Firecraft on the basis of their Passing Off rights in the same name.

Firecraft was held by the UK IPO to have a substantial goodwill in the FIRECRAFT name and that use of

FIRECRAFT by Focal Point would amount to a misrepresentation and be likely to damage Firecraft's goodwill in their name.

As Focal Point did not challenge the outcome, the effect of the Registrar's decision was simply to remove the trade mark from the Register.

Whilst the Registrar concluded that Firecraft would be entitled to an injunction and would "plainly" suffer damage to their goodwill, he was not empowered to make a decision to prevent Focal Point from continuing to trade under the name FIRECRAFT.

The position, therefore, at the conclusion of the UK IPO proceedings was that the tort of Passing Off was held to have been made out. Nevertheless, Focal Point continued to use the FIRECRAFT brand.

Because of this, Firecraft commenced High Court proceedings and applied for summary judgment. Firecraft accepted that the only relief available at that stage was declaratory relief based upon the decision of the UK IPO. The only

issue therefore before the judge was to decide the ambit of the UK IPO decision and its legal effect.

The judgment considers at length issue estoppel, cause of action estoppel and abuse of process. The defendant tried to argue that the UK IPO decision did not determine that the claimant had an actionable claim for Passing Off but simply concluded the trade mark was invalid.

The judge did not accept this. He confirmed that the key to the result of the UK IPO decision was the issue as to Passing Off.

In terms of issue estoppel, the defendant sought to argue that this was not relevant for two reasons. Firstly, it submitted the UK IPO was not "a Court of competent jurisdiction" in relation to the identified issues. The second was in relation to timing. It argued that there can be no *res judicata* in a changing situation. The Judge did not accept either of these points.

Turning to the question of abuse of process, the Judge held that there



was no convincing justification for the defendant not to have submitted all of its evidence at the appropriate time before the Registrar of Trade Marks. Indeed, he went on to say that failing to do so resulted in “precisely the kind of situation which the Courts in [his] view should be categorised as an abuse... To allow the defendant to force the claimants to re-establish their Passing Off claim as a matter of principle is harassment.”

The Judge then went on to consider the principles for summary judgment and the trade mark cases of *Hormel* (Spambuster) and *Special Effects* on the question of issue estoppel (see our July 2006 newsletter for a report on the *Special Effects* case www.dyoung.com/newsletters/tmnews0706.htm). In the latter of these two cases, the Court of Appeal held that it was doubtful that cause of action estoppel could apply to opposition proceedings before the Trade Mark Office.

However, the Judge in the *FIRECRAFT* case found a distinction between oppositions and cancellation or invalidity actions which led him to

conclude that the principles of cause of action, issue estoppel and abuse of process can apply to a second attempt to challenge the validity of a trade mark after invalidity proceedings before the UK IPO have already taken place.

He therefore decided that it could not be right to allow the defendant to seek to re-run a successful adverse decision on validity against it. For those reasons he concluded that the defendant, *Focal Point*, had no prospect of success in defending the case with regard to the determination of liability for passing off.

As a result of this judgment, the UK IPO promptly issued a new Practice Notice on 22 December 2009 confirming that an invalidation action before the IPO may give rise to *res judicata* and that re-litigation between the parties may be viewed as an abuse of process.

Because of the ramifications in relation to invalidation/cancellation actions brought before the UK IPO based on earlier rights and because of the significant consequences that could arise in subsequent actions

for infringement and/or passing off, the IPO has confirmed that a decision will now only be taken in such cases before the Registrar after an oral hearing has taken place.

Whilst we support the notion that any proceedings should be argued fully at the first time of asking, it is not clear whether the Registrar has the authority to require attendance at an oral hearing as contemplated by the Practice Notice.

We anticipate that there may be further discussion on this point between the Office and the Institute of Trade Mark Attorneys. Indeed, it is still also possible that the *FIRECRAFT* judgment will be appealed.

Further developments will be reported in future newsletters.

JEREMY PENNANT



DRINK, DRUGS & TRADE MARKS?

COURT OF FIRST INSTANCE ISSUES DECISION ON REGISTRATION OF WORD MARK CANNABIS

The Court of First Instance has recently issued a decision holding that a registration for the word mark CANNABIS, in respect of beers in class 32 and wines, spirits, liquors and other alcoholic beverages in class 33, was invalid on the basis that the word CANNABIS gave a clear indication of the characteristics of the goods claimed in classes 32 and 33. That is, that someone ordering a glass of wine under the name of CANNABIS would expect it to contain cannabis.

For some, this may seem a surprising decision given that cannabis is best known as a narcotic substance which is in fact prohibited in most member states of the EU. For this reason alone, one suspects that many consumers would not believe that an alcoholic beverage bearing this trade mark actually contained cannabis (perhaps just as the average consumer enjoying a glass of sauvignon blanc under the trade mark "Cat's Pee on a Gooseberry Bush" would not expect this description to denote the actual contents of the wine bottle!).

The situation might be different in other EU member states where cannabis is not prohibited; but in any case the test is the attitude of the "average consumer" of the relevant alcoholic beverages in the EU as a whole, many of whom will not be familiar with cannabis, nor would they expect it to be in their drinks.

However, the Court found that cannabis is in fact habitually used in the manufacture of food stuffs and certain beverages, including beer. On this basis, the Court felt that a consumer would assume that cannabis was an ingredient used in the manufacture of the product.

The prevailing view was that those who purchased a beverage bearing the trade mark CANNABIS would do so because they were convinced that it contained cannabis and were attracted to the possibility of obtaining from the beverage the same or similar sensations that they might contain from the consumption of cannabis from another form.

Generally, from a trade mark perspective, the use of CANNABIS as a trade mark for a product which does not contain (and would not be expected to contain) cannabis would be considered to be fanciful and therefore registrable.

Potentially descriptive trade marks are capable of registration in respect of goods or services for which that descriptive meaning does not apply.

In this case, the Court sought to distinguish its line of reasoning from the usual approach on the basis that cannabis is used in the manufacture of certain foodstuffs and beverages. This justified their finding that the trade mark was potentially descriptive of the corresponding products. One suspects, however, that this fact is little known amongst EU consumers, leading to a fairly surprising finding from the "average consumer" perspective.

Instead, this analysis suggests that if a potentially descriptive meaning would be apparent to any potential consumers of the corresponding products (those with a knowledge of the food science industry or familiar with Amsterdam cafes, for example) an objection will be justified.

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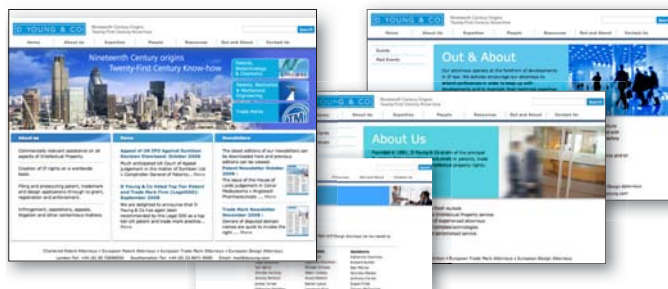
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IPREG.ORG.UK

The Intellectual Property Regulation Board (IPReg) has been set up to regulate UK-qualified patent and trade mark professionals. In January 2010 IPReg launched its new code of conduct. For more information visit the IPReg website: www.ipreg.org.uk.

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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