

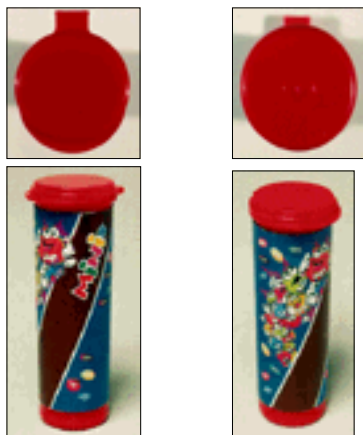
TRADE MARK NEWSLETTER

SMARTIES vs. M&Ms - SPOT THE DIFFERENCE?

Countries like the US and the Benelux have a long history of providing registered trade mark protection for three-dimensional shapes. Registered protection for shapes in the United Kingdom and Europe is, in comparison, a more recent development. Several decisions have now issued from OHIM and the ECJ which have provided useful insight into how trade mark owners can maximise their protection for product shapes and packaging. Although shape marks are registrable, OHIM have shown a reluctance to accept shape marks too readily, and the breadth of protection allotted to any registration is not necessarily clear.

In a recent decision from the Second Board of Appeal at OHIM (Case R 0506/2003-2 30 August 2004), Société des Produits Nestlé SA. (Nestlé) were unable to prevent the registration of a cylindrical container shape similar to that used in connection with their SMARTIES confectionery. However, the decision makes clear that the basic shape of packaging can, in certain instances, constitute a dominant element of the mark and serve to denote origin.

The applicant in the case, Mars Inc. applied to register as a CTM the "M&M MINIS 3-D Tube with Label"; a cylindrical container with a red lid that slightly overhung the container. The application specified that the mark was in the colours blue, white, brown, yellow, pink, red, black, purple, green and orange and bore the lettering "M&M MINIS". Registration was sought in respect of "non-medicated confectionery and chocolate" in Class 30. A representation is set out below:



Nestlé based its opposition upon earlier national and International registrations of 3D shape marks for identical goods in the same class. The earlier marks consisted of two depictions of the tube used for SMARTIES confectionery which bore no surface decoration, and two depictions of the SMARTIES tube shape decorated with pictures of SMARTIES (chocolate lentils covered with crisp coloured sugar shells). The opponent alleged that a likelihood of confusion existed between the marks, and that registration of the later mark would be detrimental to the distinctive character or repute of its earlier marks.

These arguments were unsuccessful at first instance, so Nestlé appealed.

The Board of Appeal held that in order to assess likelihood of confusion it is necessary:

- i) To determine the public to be taken into account in assessing the likelihood of confusion;
- ii) to compare the goods and signs in question, then;
- iii) to define the scope of protection of the earlier trade marks resulting from its distinguishing power, so as;
- iv) to assess the likelihood of confusion, taking into consideration the arguments and the evidence of the parties in relation to the contested decision.

The relevant public in this case was deemed to be children, their parents and grandparents, and also adults without children. The goods of both parties were chocolate lentils/pastilles and thus deemed identical.

The Board considered the cumulative effect of the voluminous evidence filed by the opponent to show that Nestlé's tube shape was recognised by a huge proportion of the relevant consumers, at least in the Benelux countries, as referring to chocolate pastilles



sold under the trade mark SMARTIES.

They agreed that the cylindrical shape, in the particular dimensions as used and registered by Nestlé, had strong distinctive character for the goods in issue, which was not "drowned" in the overall impression of the goods, once any decorative matter was added to the tube.

However, the Board considered that the concept of supplying chocolate goods in a container, or using a picture of chocolate drops which corresponds to the goods protected, enjoyed only low protection. Although significant survey evidence was put forward by Nestlé concerning the distinctive character of the SMARTIES tubes with the chocolate lentils represented on them,

CONTINUED OVERLEAF

CONTENTS

Cover Page

SMARTIES vs. M&Ms - SPOT THE DIFFERENCE?

Page 2

NEW LOOK AT OLD LAW - RIGHTS IN LETTER COMBINATIONS

Page 3

BAD FAITH - IT STINKS!

Page 4

SHARKS AND GORILLAS - CONCEPTUAL SIMILARITY

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there was no survey evidence relating to the shapes as registered in their “naked” or slightly decorated form. Further, the survey evidence only demonstrated that consumers recognised that SMARTIES are sold in a cylindrical tube. It did not demonstrate that any tube bearing any figurative or word element will be understood as having the same trade origin as SMARTIES.

Nevertheless, the common use by both parties of cylindrical forms and the decoration of the boxes in bright colours, was deemed to give rise to some similarity. All of the signs had the same purpose, i.e. to act as a box for small chocolate lentils, but, in itself this concept is low in distinctive character. Overall, the containers had different proportions, caps, bottoms and general make-up. Further, the

correct comparison of the marks in issue was confined to the mark applied for and Nestlé’s marks, as registered. The applicant’s mark featured the phrase “M&M MINIS” applied to a cylindrical shape. None of the opponent’s earlier marks contained letters or words. Instead, the dominant feature of the opponent’s mark was the shape of the container, either “naked” or slightly decorated. As the two parties’ marks had different dominant elements, they created different overall impressions from the point of view of the consumer. Therefore, a likelihood of confusion did not exist.

Allegations that protection of the mark applied for would result in a dilution of Nestlé’s rights, had to be interpreted strictly by the Board of Appeal since the opponent could not have a monopoly in all cylinder shapes. The opponent pointed to possible confusion among the public as evidence of detriment to the distinctive character and/or repute of SMARTIES. However, the board did not consider this sufficient to establish

detriment. As a result of the different shape and overall proportions of the applicants’ mark, in conjunction with the low distinctive character of the opponent’s earlier marks, there was no legally relevant dilution of the distinctive character of the earlier marks. The appeal was therefore dismissed.

Although Nestlé were in this instance, unsuccessful, this decision provides a clear indication that the Boards of Appeal at OHIM are prepared to view the basic shape of a product, even a basic shape such as a cylinder, as capable of denoting source. Also, it is in theory possible to establish that the shape can be more distinctive to the consumer than the surface decoration and embellishments in a product “get-up”. This approach by the Boards of Appeal seems appropriate; otherwise, shape mark protection would be undermined since third parties would be able to use the protected shape without infringing by merely combining it with other features such as decoration or added words.

NEW LOOK AT OLD LAW – RIGHTS IN LETTER COMBINATIONS

A surprising decision by the European Court of First Instance (“CFI”) has cast doubt on the orthodox thinking concerning rights afforded to stylised letter combinations. In its judgement the CFI upheld decisions by OHIM’s Board of Appeal in Case Nos. T-117-119/03 and T-171/03 wherein the Applicant’s marks were refused based on a conflict with an earlier figurative mark consisting of the stylised letters NL in cursive script. A representation of the Opponent’s mark is set out below:



The Applicant’s marks consisted of the letters NL in block type with additional, non-distinctive words (see below) all for clothing:



The Opposition Division initially dismissed the oppositions on the basis that the Applicant’s marks were visually and phonetically different from that of the Opponent and that none had any particular conceptual meaning. In its appeal the Opponent argued that the dominant element of the Applicant’s marks was the letter combination “NL” and that in the clothing industry it was common for the same trade mark to have different configurations depending on the type of goods to which it referred. It contended that consumers could be misled into thinking that goods bearing the marks NL SPORT, NL JEANS and NL ACTIVE were simply a different range within the “umbrella” clothing items offered by the Opponents using the NL brand. The Board of Appeal accepted these arguments.

The CFI agreed with the Board of Appeal on the issue of likelihood of confusion and relied in particular on the fact that the dominant conceptual element of each of the Applicant’s marks was the letter combination “NL” which was the sole element of the earlier trade mark. Assessed from an aural perspective, the Applicant’s marks included the earlier trade mark

in their entirety i.e. there was phonetic identity between the dominant element of the signs applied for and the letter combination covered by the earlier mark. It dismissed the Applicant’s arguments that the Board of Appeal in particular did not carry out a correct “global assessment” of the similarity of the signs but instead separated the letter combination “NL” from the words “SPORT”, “JEANS”, “ACTIVE” or “COLLECTION” appearing in the Applicant’s marks as additional features.

The CFI considered that the Board of Appeal had made a proper assessment and correctly concluded that most consumers would remember the letters “NL” as the dominant and distinctive feature of the Applicant’s sign. It dismissed the further argument that letter combinations are by nature not very distinctive and therefore that there is more room for coexistence in this category of signs than in other areas.

It is this latter aspect of the decision which is perhaps most surprising, although it must be remembered that each case is decided on its own facts. The CFI appears to have placed strong reliance on the fact that for normal clothing, the visual aspect

BAD FAITH...IT STINKS!



This case involved a dispute over various "SMELLY" marks at the UK

Trade Mark Registry. The applicants, Croco Worldwide

Sourcing Limited filed to register the trade marks SMELLY UNIVERSE, SMELLY WORLD and SMELLY PLANETS in respect of toys and related goods. The opponents, Point 7 Design were the proprietors of the trade marks SMELLY MONSTERS and SMELLY ALIENS for toys.



The parties involved in the dispute had an interlocking past

in that the trade marks SMELLY MONSTERS and SMELLY ALIENS were originally owned by a company called Croco Products (UK) Ltd., and were licensed by them to Point 7 Design. The trade marks were then transferred to Point 7 Design as part of negotiations

to replace the licence agreement - which was terminated following the liquidation of Croco Products (UK) Ltd. Prior to its liquidation, Croco Products (UK) Ltd., had a business arrangement with Point 7 Designs which had involved the exploitation of a concept known as SMELLY BEASTS whose website is at www.smellybeasts.com (for the curious).



Following the liquidation of Croco Products (UK) Ltd, some of its officers and employees formed a new company and became

Directors of Croco Worldwide Sourcing Limited who then filed for the three marks in dispute. At the time the applications were made, no agreements existed between the application and the opponent regarding rights in the SMELLY BEASTS concept.



Opposition was filed at the UK Registry by Point 7 Design in reliance on, amongst other grounds, s3(6) of the UK Act, which says that "a trade mark shall

not be registered if or to the extent that the application is made in bad faith". The Opponents claimed that the past commercial dealings with Croco's predecessor were relevant to this issue and that Croco Worldwide had improperly claimed ownership of the marks when they knew Point 7 Design had a superior claim.



In deciding the case on bad faith, the Hearing Officer referred to the Court of Appeal's earlier decision in the CHINA WHITE case (Harrison v. Teton Valley Trading [2005] FSR10) where Lord Hutton considered that the correct test to be applied when assessing dishonesty in "bad faith" cases, is a "combined test" involving both an objective and a subjective element; this latter requires knowledge by the defendant that what he was doing would be regarded as dishonest by honest people, although he should not escape a finding of dishonesty because he sets his own standards of honesty and does not

regard as dishonest what he knows would offend the normal accepted standards of honest conduct.



Applying that test to this case, the Registry's Hearing Officer concluded that the actions of Croco Worldwide Sourcing Limited fell below "standards of acceptable commercial behaviour observed by reasonable and experienced men", and therefore the applications were refused because they were made in bad faith.



In both this case and the earlier CHINA WHITE decision, the applicants had prior knowledge of the business activities of the opponent. In such instances, it seems

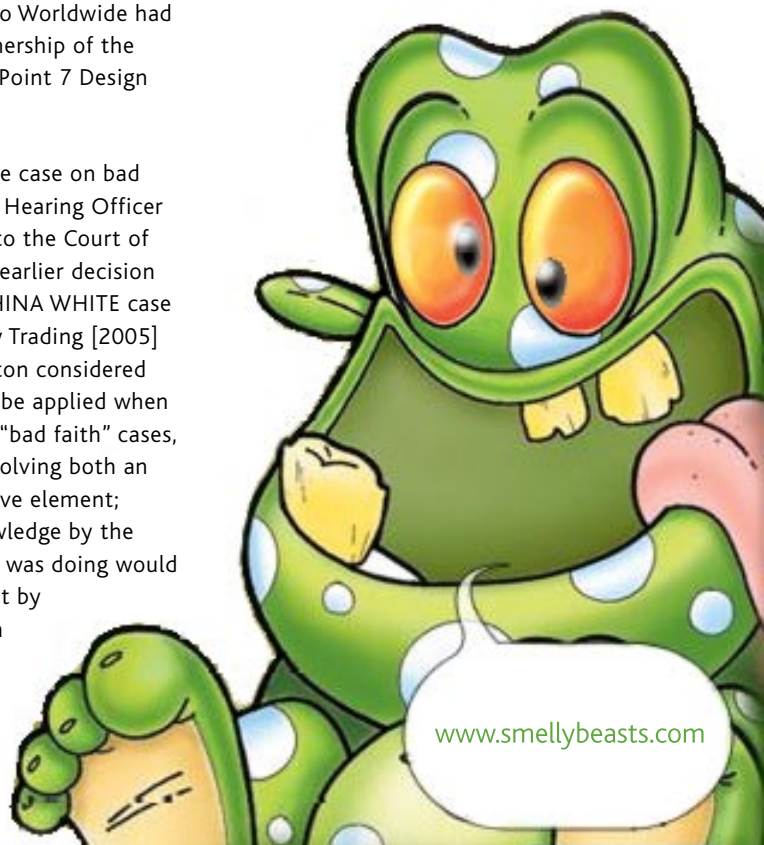
relatively straightforward to show that because of this prior knowledge of the business activities of the opponent and their competing claims to proprietorship, their behaviour in filing for the trade mark was dishonest.

Substantiating "bad faith" grounds in other circumstances is still likely to be problematic however.

of the mark plays a greater role in global assessment of likelihood of confusion and that consumers were used to the idea that some clothing ranges had sub-brands, which may be presented in a different written configuration as was the case here.

The CFI pointed out also that it was not enough for the Applicant to argue that there was no actual confusion; if likelihood of confusion was a possibility then this was sufficient to justify refusal of the later mark.

Given that OHIM routinely accepts two-letter combinations as distinctive at the examination stage (by contrast to the past practice in some National Trade Mark Registries), it is logical that at the opposition stage the Proprietors of such marks should be given rights equivalent to those afforded to other types of sign; until this decision appeared however, practitioners may not have appreciated the full consequences of this type of thinking.



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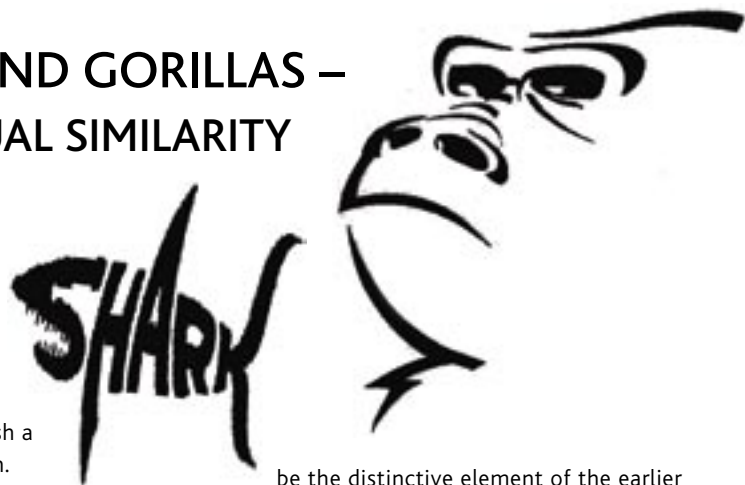
SHARKS AND GORILLAS – CONCEPTUAL SIMILARITY

Two recent cases in the UK Registry and the European Court have looked at the issue of if/when conceptual similarity between two marks is sufficient to establish a likelihood of confusion.

Where the only similarity between two trade marks is a conceptual similarity this is generally not enough to give rise to a likelihood of confusion.

This proved to be the case in a recent decision by the CFI (Case T-33/-03) which related to a Community Trade Mark Application for the word HAI. The application was opposed for certain classes on the basis of earlier Community and Austrian Registrations for a mark consisting of the word SHARK presented in a stylised form depicting a shark. "Hai" is the word for shark in German and Finnish. The CFI upheld the first instance decision by OHIM and the Board of Appeal and rejected the opposition on the basis that there was no visual or oral similarity between the marks HAI and SHARK (figurative); although there was undoubtedly a conceptual similarity (given the meaning of the words) this was not considered enough to establish a likelihood of confusion.

This decision can be contrasted with a recent UK Trade Marks Office decision (case 0-098-05) where the UK office refused the designation to the United Kingdom of an IR (International Registration) which consisted of a figurative representation of a gorilla's head on the basis of earlier UK Trade Mark Registrations for the marks GORILLA WEAR (words) and GORILLA WEAR (with logo). The contested goods were clothing in Class 25 (in relation to which the word "wear" was considered descriptive) and therefore the word "gorilla" was held to



be the distinctive element of the earlier marks.

The applicants argued that the mark they were seeking to register was a representation of a monkey and not specifically a gorilla. However, the Registry was not prepared to accept this argument and refused the IR designation on the basis that the earlier marks would prevent subsequent registration of the word mark GORILLA and should also preclude subsequent registration of a representation of a gorilla.

This decision is not particularly surprising as it has long been the position in the United Kingdom that a pictorial representation of a word mark (or indeed the word version of a logo mark) are considered similar marks.

In both of these cases [HAI/SHARK (figurative mark) and GORILLA (figurative mark)/GORILLA WEAR] the goods involved were identical and the earlier mark (or operative element thereof) were held to be distinctive for the goods involved.

The UK case can perhaps be distinguished from the CFI decision on the basis that in addition to conceptual similarity there was also oral similarity in that the designation would be referred to/verbalised as "GORILLA clothing". Had the opponents earlier mark in the HAI case been simply a figurative representation of a shark (as opposed to also including the word) the outcome might perhaps have been different.

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