

## TRADE MARK NEWSLETTER

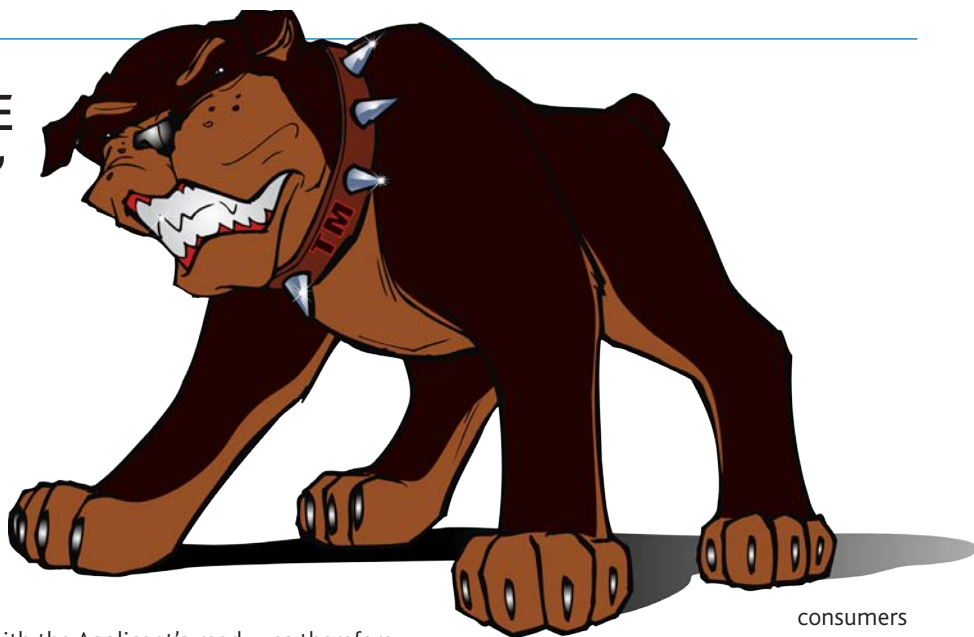
## LOOKING OUT FOR THE "AVERAGE CONSUMER" ...DO THEY NEED THIS MUCH PROTECTION?

In the world of trade marks, the "average consumer" is an important figure. Any tribunal in Europe considering whether trade marks are likely to be confused must assess the issue from his perspective. It is now established that the hypothetical "average consumer" is reasonably well informed, observant and circumspect – by contrast with the "moron in a hurry" so memorably dismissed by the English Courts in the "MORNING STAR" case some years ago.

The fact that the EU Court or tribunal itself is highly unlikely to comprise any members who could normally be described as "average consumers" does not appear to trouble the judiciary. However it may be of concern to trade mark owners that their decisions are increasingly protective of such consumer's interests, at the expense of more liberal free trade concepts, especially when conflicting trade marks for pharmaceuticals are in issue.

Two recent Decisions, one by the European Court of First Instance and one by the European Court of Justice, both involving conflicting pharmaceutical marks, illustrate this trend. The first Decision, ECFI (case T/256/04) involved the trade mark RESPICUR, applied for in respect of "therapeutic preparations for respiratory illnesses" and opposed by the owners of RESPICORT.

The Opponent's mark was subject to the use requirement; the Board of Appeal found that use had only been shown for "multi-dose dry powder inhalers containing corticoids, available only on prescription". Likelihood of confusion



with the Applicant's mark was therefore to be assessed in this more limited context.

As a consequence of this restriction, the Board of Appeal considered that the relevant public were professionals in the medical sector rather than end consumers and concluded that there was no likelihood of confusion. Such professionals were, by virtue of their knowledge and experience, able to distinguish between the two marks. The fact that the prefix "respi" had a clear reference to the intended therapeutic function of the goods and the suffix "cort" had a reference to the active ingredient, namely corticoid steroids, was a further distinguishing point.

On Appeal, the ECFI reversed these conclusions, finding firstly that the Board of Appeal had wrongly excluded the end consumer from the assessment of the relevant public when considering likelihood of confusion. They found that, while some therapeutic preparations for respiratory illnesses were available only on prescription, others could be purchased over the counter and that the Board of Appeal had made too narrow an assessment of the potential range of consumers.

On the other hand, since patients with a respiratory illness are often seriously unwell, they also found that any end

consumers in this case would generally show a higher than average level of attention when purchasing their medication.

Stating that the marks must be considered as a whole (in accordance with the standard text), the ECFI nevertheless broke them into their constituent elements before concluding that medical professionals would be likely to appreciate that the "cort" suffix in the Opponent's mark had a more definite meaning for the active ingredient than that in the Applicant's RESPICUR mark. ▶

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CO TRADE MARK GROUP

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However, the ECJ considered that the end consumer, who was unlikely to be aware of this meaning, was bound to be confused on all fronts, despite being (as previously indicated) more highly attentive than usual when purchasing pharmaceuticals or medication generally over-the-counter.

It may be questioned whether a mark which is of weak distinctive character should be given such broad monopoly protection, particularly if the prospective purchaser (while being a member of the general public) is paying more attention than usual to the brand name on the product.

This trend to "over-protection" was also followed by the ECJ in their Decision (case C-412/05P) involving the trade mark TRAVATAN. This mark was filed for "ophthalmic pharmaceutical products" and opposed by the proprietor of TRIVASTAN, registered broadly in class 5 for the entire International class heading; including "pharmaceuticals".

The Opponent's mark was again subject to proof of use. The Opposition Division found that the evidence of use filed concerned "peripheral vasodilator intended to treat peripheral and cerebral vascular disturbance and vascular disorders of the eye and ear". These goods were potentially similar to those for which registration was sought by the Applicant. Both sets of goods were prescription only.

Both OHIM's Opposition Division and the Board of Appeal had no difficulty in finding that TRAVATAN and TRIVASTAN were confusingly similar marks. When reaching their conclusions on likelihood of confusion, the relevant public were considered to be not only medical professionals (who would be dispensing the goods in each case) but also the end consumer.

The CFI then upheld the Board of Appeal's decision, following much the same reasoning, and the Applicant sought to overturn their findings on further Appeal to the ECJ. One of the bases of this further Appeal was that the definition of

the relevant public should have been restricted to "healthcare professionals" since end users have no choice when they buy goods issued on a Doctor's prescription.

The ECJ was not happy with this suggestion, concluding instead that the fact that intermediaries such as healthcare professionals are liable to influence or determine the choice made by end consumers did not by itself exclude likelihood of confusion on the part of those end consumers.

According to them, the fact that the whole process of marketing the goods of issue was aimed at the end user's acquisition of them meant that the perception of the mark by the end user was also relevant.

The ECJ contrasted this situation with one where the goods, although pharmaceuticals, were not dispensed to end users in retail premises but merely supplied to medical specialists in a hospital environment; in that case the exclusion of end consumers from the assessment of likelihood of confusion was quite justified.

In TRIVASTAN/TRAVATAN the European Court did not state that the end consumer would be paying more attention than normal to the purchasing transaction because their health was in issue.

Since Appeals to the ECJ relate only to points of law, the Court was not prepared to reconsider the findings of fact by the CFI (and lower tribunals) on whether the marks themselves were visually, phonetically or conceptually similar but they did find that the CFI had failed to consider systematically why healthcare professionals (as opposed to the average consumer) might confuse the two marks.

However because the ECJ had also found that the relevant public included end consumers (and they accepted the lower Courts' findings on potential confusion to this category of consumers) the ECJ



upheld the rejection of the Applicant's mark overall.

So where does this leave proprietors of pharmaceutical brand names? It seems that unless the environment into which their goods will be supplied is clearly restricted to a hospital or clinic where they will be handled only by specialist healthcare professionals, the perception of the end consumer is always going to be relevant when likelihood of confusion is discussed.

This inclusive approach will now extend to cases where the goods are available only on prescription, and this fact is made clear in the specification.

Interestingly neither of these decisions comments explicitly on the potential adverse effects of actual confusion arising between competing pharmaceuticals which may be mis-prescribed or mis-dispensed, with harmful results. This may be implicit in the approach taken (and reflects extreme caution of the regulatory authorities, such as the EMEA, in this respect).

In practical terms, in a crowded market place, it seems that Applicants for pharmaceutical trade marks must aim high when it comes to picking new marks. Relying on the fact that an earlier right has a weak or descriptive prefix or suffix or that the product is only for sale on prescription will not be enough where the goods are generally similar in nature.

# RELATIVELY SPEAKING

Following much debate, it has now been decided that the UK Registry will no longer examine on Relative Grounds as of 1st October 2007, after which time a new 'search and notification' system will be put into place.

Under the new regime a new trade mark application will still be examined on Absolute Grounds (where the inherent registrability of a trade mark is assessed) and an Examiner will continue to conduct searches of the UK and CTM databases for earlier conflicting marks - but for the purpose of notification only.

Examiners will no longer refuse a mark based on earlier conflicting marks, but rather they will compile and include (where necessary) a list of earlier conflicting marks in the Examination Report, which is then sent to the Applicant in the usual way.

The Applicant will then have two months in which to either withdraw or restrict the application or submit written arguments contesting the notifications.

Alternatively, the Applicant can advise the Examiner that the case should go forward to publication without contesting the list of earlier marks.

If the Applicant does not respond within this timescale, the Examiner will automatically notify proprietors of earlier conflicting UK marks and marks designating the UK of the application and the mark will be published for Opposition purposes.

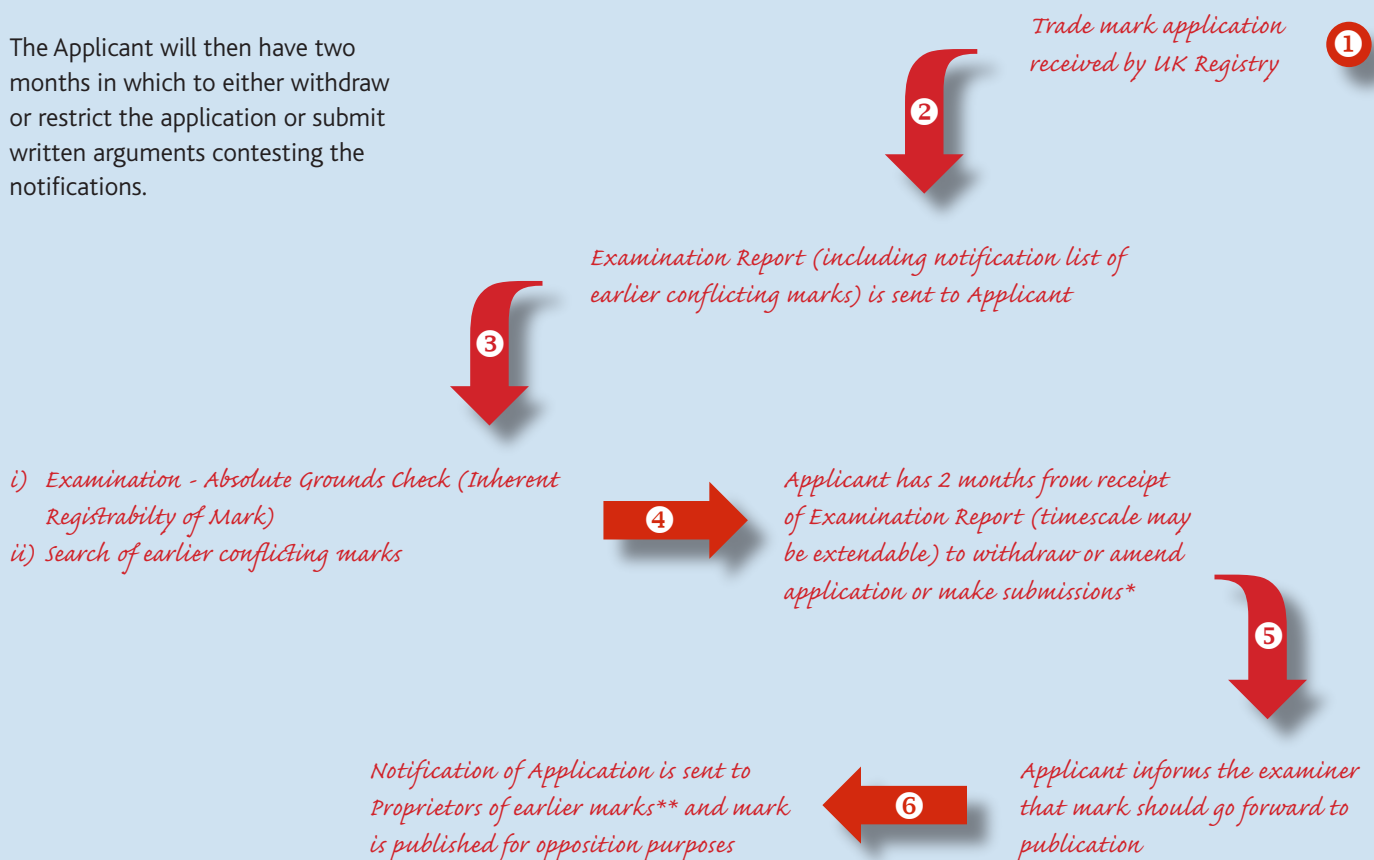
As far as earlier conflicting Community Trade Marks (CTMs) and International marks designating the EC are concerned, the proprietors of the earlier conflicting marks will not be notified of the application unless they elect to "opt in" to the notification

system. This will involve filing an appropriate form and payment to the UK Registry of a fee (per mark).

As this "opt-in" system is still in the consultation stage, the fee has not yet been determined, though it is envisaged that it will cost owners £200 per mark covering a renewable 10 year period.

Until the new regime officially comes into force in October 2007, UK Examiners have advised that where pending marks are refused on Relative Grounds, it is now possible to suspend the applications until the new system is underway. This is recommended in cases where multiple citations have been raised in the Examination Report.

## *New Search and Notification System at a Glance...*



\*Registry may reassess or update the Notification List

\*\* Automatic Notification (free of charge for Proprietors of earlier UK marks and International marks designating the UK). Proprietors of earlier CTMs and International marks designating the EC must have 'opted in' to the Notification system to be informed of later conflicting marks.



# HAPPY FAMILIES

The concept that trade mark owners may claim rights in a “family” of trade marks has been well established in English Case Law for more than sixty years; however, their relevance in relation to CTMs have not been explored in any depth until a recent case, which has now reached the European Courts of Justice (ECJ).

The case involved an opposition by an Italian company, Il Ponte Finanziaria SpA, owner of a family of word and figurative marks incorporating the word BRIDGE, to a Community Trade Mark Application for BAINBRIDGE. The opposition was rejected by OHIM, the Board of Appeal and then the Court of First Instance. The Advocate General, in delivering her opinion on 29th March 2007 has explored in detail whether Il Ponte’s chance of success, in what is admittedly a weak opposition, should be enhanced because of their claim to rights in a family or series of trade marks which contain the word “BRIDGE”.

OHIM’s opposition guidelines state that any recognition of “family” marks on the part of the public requires that the common component of

the marks at issue has, by virtue of use, the necessary distinctiveness to be able to serve, in the eyes of the public, as the principal indicator of a product line.

The Advocate General confirmed that whilst this guidance would not be binding on the ECJ, in her view, its logic is cogent and should be followed.

In order to allow OHIM to acknowledge that the various trade marks invoked by the opponent in such cases effectively form a “family” of marks, the opponent should demonstrate not only that he is the owner of the marks, but also that the public concerned recognises the common part of these marks as originating from one undertaking. Such “recognition”

by the public can only be inferred through submitting evidence of use of the family of trade marks. In this case, such evidence was generally unpersuasive, being limited in scope and extent.

Whilst the CTM system does not allow registration of series marks (two or more variations of the same mark covered by a single registration) as such, the existence of a family of trade mark registrations, if they are in sufficiently widespread use, may affect the average consumer’s perception to the extent that he will be likely to associate any mark containing the common element with the marks in the family and thus assume a common origin for the various goods or services in question. The Advocate General confirms in her opinion that consumers would not be expected to detect a common element in

a family of marks which has never been used or to associate another trade mark containing the same element with that family.

The ECJ will issue their judgement on this case later this year and we will report on that in a future edition of this Newsletter.



# EU GUIDANCE ON DILUTION PRINCIPLES

Three recent cases concerning the marks TDK (CFI case T-477/04), VIPS (CFI case T-215/03) and INTEL MARK (UK Court of Appeal, Intel Corporation Inc v CPM United Kingdom Limited) all provide helpful guidance on the interpretation of the concepts of reputation and unfair advantage in EU and UK trade mark law. These are often referred to in shorthand as “dilution” principles.

It is clear that a higher standard of proof is required where dilution is in issue than for opposition or infringement cases based on likelihood of confusion (where identical or similar goods are involved). To be successful in an opposition or infringement action, especially where a later mark is applied for or used in respect of *dissimilar* goods and services, the opponent/claimant is required to prove both reputation in the European Union (or relevant member state) and unfair advantage or detriment to the distinctive character or repute of the earlier trade mark.

The CFI judgement in TDK indicates that reputation claims will typically be assessed by criteria such as market share, intensity, geographical extent and duration of use and the extent of promotion, but the same Court’s decision in VIPS makes clear that proof of advertising investment alone does not demonstrate that a mark has met the standard required.

To establish detriment, the opponent is not required to prove actual harm but a real future risk is required (TDK); where a mark has an exceptionally high profile, likelihood of dilution may be established without any further factual evidence (VIPS).

Applying these principles in TDK, the CFI upheld an opposition to an application for an identical trade mark, TDK for clothing in class 25. The Opponent’s TDK mark was registered and extensively used for cassette tapes and other recording media in class 9. Unfair advantage and detriment was found since there had been extensive promotion of the Opponent’s TDK marks through sponsorship of music and sports events. This was sufficient to generate a broad goodwill and reputation in the Opponent’s marks which could lead the public to believe that use of TDK in relation to sports clothing had in some way been licensed by TDK.

By contrast, in VIPS there was no finding of dilution under Article 8(5). The earlier

mark had been used in connection with fast food restaurants and the later proposed use was within the computing industry. There was no detriment to repute because there was nothing inherently unsavoury about these later services and there was no evidence of how a mark which was famous for restaurants could confer any advantage to a user of the mark for computer services.

The UK Appeal Court in “INTEL MARK” has provided the following non-exhaustive list of factors for use in consideration of claims based on unfair advantage or detriment, as part of an overall “global appreciation” test:

1. Whether the “pulling power” of the earlier mark for its specific goods or services is really likely to be affected by the use of the later mark for its specific goods or services (i.e. will the earlier right be “diluted”?).
2. Whether the user of the later mark is likely to get a real commercial advantage from its use for their goods or services by reason of the repute of the earlier mark for its specific goods or services (i.e. is this an unfair consequence?).
3. Whether, if the earlier mark is unique, it really matters that it is used for the dissimilar goods and services of the later mark (again, a classic “dilution” point).
4. Where the later mark is not the same as the earlier mark, what difference will that make to the consumer, and in particular whether there is merely a calling to mind of the earlier mark or a more concrete “link”.
5. Whether the economic behaviour of the average consumer in relation to the earlier mark when used for its goods or services is likely to be affected by the adoption and use of the later mark.
6. How inherently distinctive the earlier mark is.
7. How strong the reputation of the earlier mark for its goods or services is.



The UK Court’s lead judge (Robin Jacob L.J.) made clear in the “INTEL MARK” case that when the legislation refers to *detriment* to the distinctive character or repute of the earlier trade mark, it must mean the distinctive character or repute of the earlier trade mark *for the goods or services for which it is registered*.

In other words, the relevant reputation and distinctive character is tied to the goods or services of the earlier mark (not the goods or services of the later mark). It seems, following these comments, that a case for detriment may no longer succeed on the basis that the claimed harmful effects are inhibiting the earlier trade mark owner’s ability to trade in a different product or service area in the future, i.e. that “fettering” the right to expand under the earlier mark is of no relevance.

As Lord Justice Jacob held in INTEL MARK, trade mark law must not be unduly oppressive. There needs to be more than a tenuous association between the two marks. The average consumer can differentiate between the use of different trade marks in different fields unless there is some particular reason for them to form the link which will cause the consumer to think that there is a trade connection between the owner of the former mark and the user of the later mark.

While the overall outcome of these three cases is unsurprising on the particular facts, it is helpful to have some explicit guidance from both the CFI and the UK Appeal Court, which should assist trade mark proprietors and Opponents in future “dilution” cases.



Penny Nicholls  
Partner  
[www.dyoung.com/people/staff/pennynicholls.htm](http://www.dyoung.com/people/staff/pennynicholls.htm)  
[pan@dyoung.co.uk](mailto:pan@dyoung.co.uk)



Jeremy Pennant  
Partner  
[www.dyoung.com/people/staff/jeremypennant.htm](http://www.dyoung.com/people/staff/jeremypennant.htm)  
[jbp@dyoung.co.uk](mailto:jbp@dyoung.co.uk)



Gillian Deas  
Partner  
[www.dyoung.com/people/staff/gilliandeas.htm](http://www.dyoung.com/people/staff/gilliandeas.htm)  
[gmd@dyoung.co.uk](mailto:gmd@dyoung.co.uk)



Angela Thornton-Jackson,  
Partner  
[www.dyoung.com/people/staff/angelathornton-jackson.htm](http://www.dyoung.com/people/staff/angelathornton-jackson.htm)  
[act@dyoung.co.uk](mailto:act@dyoung.co.uk)



Helen Cawley  
Associate  
[www.dyoung.com/people/staff/helencawley.htm](http://www.dyoung.com/people/staff/helencawley.htm)  
[hjc@dyoung.co.uk](mailto:hjc@dyoung.co.uk)



Vivienne Coleman  
Associate  
[www.dyoung.com/people/staff/viviennecoleman.htm](http://www.dyoung.com/people/staff/viviennecoleman.htm)  
[vlc@dyoung.co.uk](mailto:vlc@dyoung.co.uk)



Kate Symons  
Assistant  
[www.dyoung.com/people/staff/katesymons.htm](http://www.dyoung.com/people/staff/katesymons.htm)  
[kes@dyoung.co.uk](mailto:kes@dyoung.co.uk)



Richard Burton  
Assistant  
[www.dyoung.com/people/staff/richardburton.htm](http://www.dyoung.com/people/staff/richardburton.htm)  
[rpb@dyoung.co.uk](mailto:rpb@dyoung.co.uk)



Gemma Williams  
Assistant  
[gmw@dyoung.co.uk](mailto:gmw@dyoung.co.uk)



Jane Harlow  
Consultant  
[www.dyoung.com/people/staff/janeharlow.htm](http://www.dyoung.com/people/staff/janeharlow.htm)

## STOP PRESS - CTM FILING FEES TO BE FURTHER REDUCED!

The official fees payable for filing a Community Trade Mark application are expected to be further reduced later this year. This will be the second reduction in two years, and results from the fact that OHIM currently has cash reserves exceeding €200,000,000! This is despite their being technically a non-profit making organisation.

As part of the further reduction in fees, OHIM may decide to abolish the current distinction between their charge for an electronic filing (€750) and that for a paper filing (€900).

The fee reduction can only increase the attractiveness of the Community Trade Mark system, since coverage is now available in 27 Member States of the European Union through a single filing and OHIM has also been recruiting more Examiners to speed up the processing of new applications. The average timescale for securing a Community Trade Mark registration (if not opposed) is now 12-14 months.



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**Subscriptions:** [nvl@dyoung.co.uk](mailto:nvl@dyoung.co.uk)

**www.dyoung.com**

**mail@dyoung.co.uk**

**D Young & Co London:** 120 Holborn, London, EC1N 2DY

T: +44 (0) 20 7269 8550

F: +44 (0) 20 7269 8555

**D Young & Co Southampton:** Briton House, Briton Street, Southampton, SO14 3EB

T: +44 (0) 23 8071 9500

F: +44 (0) 23 8071 9800