

D YOUNG & CO TRADE MARK NEWSLETTER *no.51*

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Special Patent Event



4-5 October 2010

Life Sciences Patent Seminar

We are delighted to invite you to attend this two day seminar, to be held at the Radisson Blu (SAS) Royal Hotel, Copenhagen, Denmark. Speakers will include D Young & Co Biotechnology, Chemistry and Pharmaceuticals group patent partners. The seminar will provide an interactive workshop addressing patent drafting strategies and in depth presentations covering a range of patent related topics.

More information and registration:

www.dyoung.com/copenhagen

Editorial



Welcome to the July 2010 edition of our trade mark newsletter.

As we go to print, England is still gripped by World Cup fever; and the season of sport continues with the Wimbledon Tennis Championships at the All England Club.

The importance of trade marks at these global sporting events is ever increasing as we see sponsors paying huge sums of money for the exclusive right to display their brands to worldwide audiences. Consequently high profile incidents of ambush marketing are also becoming a regular occurrence, such as the Dutch women arrested in South Africa for their suspicious choice of dress. The other interloper at the FIFA World Cup has to be the vuvuzela! Enterprising parties have already registered the term as a Community Trade Mark for musical instruments, but it remains to be seen whether the term has become so well known to European consumers throughout this tournament so as to have already become generic!

As usual, we welcome any comments or questions regarding this newsletter. Please do not hesitate to contact our Business Development Manager, Rachel Daniels, by email at rjd@dyoung.co.uk or your usual D Young & Co advisor (see page 8 for office contact details).

Editor:

Angela Thornton-Jackson



Article 01

Holey Shoes Mock Crocs

How Crocs' Clogs Failed to Claim Design Exclusivity



Most of us will be familiar with the coloured plastic clogs known as Crocs, but may not be aware that on 22 November 2004, Crocs, Inc. applied to register the design in the European Community, claiming the priority date of 28 May 2004 from their earlier US design application.

Subsequently, Holey Shoes Holdings Ltd sought to invalidate Crocs' design claiming that it had lacked novelty and individual character when it had been filed and that the heel strap was purely functional and therefore could not be monopolised by any one party.

Holey Shoes showed that the Crocs design originated from a design created in 2002 and that clogs made to the original design had been put on sale in the USA and Canada in the Autumn of 2002 under the name 'Aquaclog'. Crocs then modified the design by the addition of a heel strap and exhibited CROCS clogs at the Fort Lauderdale International Boat Show in Florida between 31 October and 3 November 2002 and later claimed on their website that "by 2003 Crocs had become a bona-fide phenomenon, universally accepted". In November and December of 2002, Crocs also advertised the clogs on their website long before the one year grace period prior to the filing of the US application commenced, the date of which was, of course, 28 May 2003.

Holey Shoes claimed that the novelty in the design had been destroyed and the design also lacked individual character because it produced the same overall impression as the 'Aquaclog' clogs which could be found on the market in 2002. The only difference was the heel strap, which was purely functional. Crocs responded that the clog had been designed in 2000 or 2001 with no heel strap and had first been sold between 2001 and 2002. They had modified the clog in June 2002, thus producing the current design. They had only sold 10,000 pairs of

clogs between 2002 and 28 May 2003, and they had merely been testing the market at the Fort Lauderdale International Boat Show in October 2002 to see if there was a viable business opportunity. Crocs claimed that they had "displayed in a small stand in the most remote area of the exhibition hall, and that the stand was not terribly well attended and therefore their exhibition of the design was not relevant with the European Community". They claimed further that their website had been unsophisticated prior to 28 May 2003 and had been difficult to access and therefore the clogs could not "reasonably become known" in the EU. In short, Crocs alleged that they had not destroyed the novelty and that the design did not lack individual character because it differed from the earlier 'Aquaclog' clogs by the addition of a heel strap. The heel strap fundamentally changed the appearance of the design and made it look more like a strappy sandal than a clog.

OHIM reached the decision that the presence or absence of the strap was not immaterial and therefore, novelty had not been destroyed. Similarly, they decided that the Crocs design was different from that of Holey Shoes and therefore, again, the novelty had not been destroyed. However, OHIM reached the conclusion that the CROCS clog and the 'Aquaclog' clog conveyed the same overall impression to the informed user and therefore, the individual character had been destroyed.

Crocs appealed this finding.

Holey Shoes also appealed stating that the novelty was destroyed as well. Holey Shoes denied that the website was unsophisticated as Crocs had installed hyperlinks such as 'Order Crocs' against

their Crocs on the website. Moreover, Holey Shoes argued that Boat Show would have been attended by representatives from the European Union and that sales of the Crocs clogs had taken place in Vermont, South Carolina, New York, Georgia, Washington, Florida and Colorado prior to the grace period. Holey Shoes also claimed that Crocs had exhibited their clogs at the Shoe Market of the Americas, a footwear exhibition which took place in Miami 2-4 March 2003, and also disputed the priority date. Indeed, all the elements that Crocs had claimed were ornamental in their Community design had, in fact, been claimed as functional in their earlier US design application.

The Third Board of Appeal advised that they have to review the whole matter and not simply the grounds for appeal. Whether or not the priority date was relevant did not alter their decision as the disclosures had been prior to either the date put forward by Crocs or the date put forward by Holey Shoes as being the relevant priority date.

The Board of Appeal decided that each of the three events: the exhibition at the Fort Lauderdale Boat Show; the sales of 10,000 pairs of clogs; and the offering for sale of the clogs on the Crocs website destroyed the novelty as all of these activities could “reasonably have made the design become known to the relevant circles in the Community.” The Board decided that it was implausible that the market launch had not reached the European Union and indeed, in their opinion, 10,000 pairs of clogs were massive sales and showed that the design had been hugely successful. Moreover, the length of time of the sales, which took place over a period of at least six months and possibly up to 10 months, and so many sales over such a large area of the USA was huge and therefore the design lacked novelty. Crocs had posted on their own website “the Crocs debut at the Fort Lauderdale Boat Show was a smashing success” and that at least 1,000 pairs of Crocs had been sold during the show alone, i.e. the clogs had been

displayed, seen and bought. The show is one of the biggest events of its category in the world and took place seven months before the grace period commenced. Thus, novelty had been destroyed. Moreover, the website was functioning, showing the full range of colours available and taking sales orders. The website was live prior to 28 May 2003 and again, novelty was destroyed. The Board further decided that the addition of the heel strap did not change the overall impression to the informed user and that the Crocs clogs lacked distinctiveness as their design had been anticipated by the ‘Aquaclogs’ clogs. Therefore, the design was invalid.

Clearly, this will not be an end to Crocs’ clogs appearing on the market. The CROCS trade mark remains valid and in force. It is simply a case that they cannot claim exclusivity in the design.

Author:
Gillian Deas



Board of Appeal: Crocs’ clog design lacks distinctiveness



Don't Let Sleeping Dogs Lie

OHIM Rejects Rodd and Gunn Ltd's Application to Restore Lapsed Gundog Registration



The recent case of Rodd and Gunn Australia Limited v OHIM lead to an interesting decision by the General Court (previously the CFI) of the European Union relating to Community Trade Mark (CTM) renewals and applications for *restitutio in integrum* (restoring a lapsed or expired mark).

After the registration of the CTM, the proprietor's local representative in New Zealand informed the UK firm of attorneys, who had handled the prosecution of the CTM application, that responsibility for the renewal was being transferred to a computer-based renewals organisation.

The registration in question, consisting of the image of a gundog (see fig. 1 below), became due for renewal on 15 August 2006. Late renewal, with a fee surcharge, was possible up until a deadline of 3 March 2007.



Fig.1 Rodd and Gunn Registration

On 3 April 2006 the New Zealand firm informed the computer-based renewals organisation of the need to renew the CTM.

However, following an internal check, it became clear that even by 2 January 2007, payment of the renewal fee had not been made and despite the confirmation of an individual working at the computer-based renewals organisation that he would handle the matter that day, he failed to do so. This resulted in an OHIM notification on 19 March 2007 confirming that the registration had been cancelled.

An application was then filed for *restitutio in integrum*; however, OHIM took the view that the UK firm had not exercised all the due care required by the circumstances and rejected the application. OHIM's Board of Appeal went on to observe that the time limit in this case was not an isolated or inexplicable occurrence but concerned "a serious internal problem" at the computer-based renewals organisation. The Board of Appeal therefore refused to entertain the appeal against the refusal of the application for *restitutio in integrum*.

A further appeal to the General Court included an attempt to introduce new evidence and documents, however the Court declined to consider these documents and additional evidence.

The Court confirmed in paragraph 28 of the Judgement that *restitutio in integrum* is subject to two conditions:

1. The party in question acted with all due care required by the circumstances; and,
2. The non-observance of the time-limit by that party has the direct consequence of causing the loss of any right or means of redress.

In the present case the General Court pointed out that the computer-based renewals organisation did not exercise all due care required by the circumstances.

More than eight months after the initial instruction from the New Zealand firm it became apparent that the CTM had not been renewed. Even when an internal check was carried out, the position was still not rectified and the registration renewed (albeit by way of the payment of an additional fee). Even after the OHIM notification relating to the expiry of the registration, more than two months had lapsed before it was noticed that

> Useful links

The OHIM guide to renewing a CTM can be viewed at <http://oami.europa.eu/ows/rw/pages/CTM/renewals.en.do>

the registration had not been renewed. In conclusion, it was held that the failure to renew the mark did not result from exceptional circumstances but more from a general lack of vigilance on the part of the computer-based renewals organisation.

Over the years, we have had a number of clients transferring their trade mark portfolios to D Young & Co specifically because of our expertise and history of providing a professional records and renewals service. Our dedicated records and renewals team is headed up by Sharon Sequeira who has been with the firm for more than 20 years. In that time we have sought to provide clients with the advice required and have promptly responded to enquiries relating to renewals and the handling of portfolio changes including the recordal of assignments and other related projects. Renewal reminders are tailored to individual clients' requirements.

If you would like to discuss this further or have any issues with regard to your own renewals or recordal programmes, please do not hesitate to contact your usual D Young & Co trade mark attorney or Trade Mark Records Manager, Sharon Sequeira (ss@dyoung.co.uk).

Author:

Jeremy Pennant



CTM Renewal Practice

Renewal

Community Trade Marks are due for renewal every 10 years, by the end of the month in which the application was filed, for example, an application filed on 1 January 2010 is due for renewal 31 January 2020.

Late renewal grace period

Late renewal is possible for a further six-month period (up to the end of July 2020) on payment of supplementary fees.

Article 03

Hey...That's My Trade Mark! Beware of Fraudulent Changes to Existing Registrations



What do you do if one day you wake up, check on your registered trade marks at the UKIPO (as you do!) and find that they are registered to someone else?

The UKIPO does not require certified copies of assignment or transfer documents in order to change the proprietorship of a registration or application. All you need to take possession is a form TM16, signed on behalf of the registered proprietor and the 'new proprietor'. The UKIPO requires no proof that the parties are genuine, they take the signed form at face value.

Whilst this is a rare occurrence, it is exactly what happened recently to a famous 70s rock band. Their registrations were taken, not only in the UK, but also in the USA, by the same fraudster.

We are also aware of a similar situation arising with a CTM registration owned by a third party. At OHIM, whilst documentary evidence of the transaction is required, a simple faxed copy will suffice, and can easily be fabricated by dishonest individuals.

Fraud is a crime and criminal proceedings may be brought. If found guilty, in the UK, the person is liable to a fine and/or up to 10 years imprisonment.

Insofar as the trade marks are concerned, it is not simply a question of filing another TM16 to reverse the position, as you

are then compounding the error and potentially affecting the validity of the registration.

In the UK, the legitimate proprietor can only take urgent action to rectify the position if he obtains a court order. An interim application to the court is an expensive process, but effective in the right circumstances.

In the recent rock band case, judgement was made in favour of the claimant. Costs were also assessed and an award of 97% of the costs incurred was made against the defendant. Despite this positive outcome, the genuine proprietor suffered some costs, and great inconvenience through no fault of their own.

If a court order is not sought, the alternative is to follow the standard rectification procedure under s.64 of the Trade Marks Act, which is a process that could take a number of months, particularly if it depends on the outcome of criminal proceedings.

Ultimately, nothing can be done to prevent rogue assignments. The criminal penalties involved are serious and an effective deterrent. However, watchfulness is important in order to correct the position quickly.

D Young & Co LLP offers a continuous caveat service to monitor any changes to existing registrations. To subscribe, or for further information on this, please contact your usual D Young & Co attorney.

Author:

Vivienne Coleman





What do You Think? UKIPO Web Survey Finds JESUS JUNKIE Application Outrageously Offensive

Is JESUS JUNKIE positive promotion, bad taste marketing or highly offensive?



Twenty nine responses were received in total; most respondents believed the trade mark to be in bad taste rather than offensive.

Replies to the survey included the words 'tacky', 'uncomfortable' and 'provocative'.

Only five respondents were outraged by the trade mark. However, on the basis that, as this amounted to 17% of respondents, the Office considered that this amounted to a high degree of outrage.

The Office considered that use of JESUS JUNKIE was intended to shock when used on clothing and any positive motives would be unlikely to be carried through to the marketplace.

The Office concluded that JESUS JUNKIE would cause greater offence than mere distaste to the relevant part of the public and accepted social and religious values are likely to be undermined to a significant extent and stated that:

“The trade mark applied for is contrary to public policy or to accepted principles of morality and is therefore excluded from acceptance by Section 3(3)(a) of the Act.”

When arguing in support of the registration for such marks, it may be worth considering conducting a survey of the general public. The survey here appears to be rather skewed in only asking those subscribing to a religious website. If a broader cross section of the UK public had been polled, one wonders whether the outcome might have been different.

Author:

Helen Cawley



www.myspace.com/jesusjunkieclothing

The UKIPO has recently decided that an application for JESUS JUNKIE in Classes 16, 18, 25, 26 and 45 should be refused in its entirety.

An objection was raised on the basis that offence would be caused by the fact that an accepted religious value would be likely to be undermined, to a significant extent if the sign was used as a trade mark.

The applicant defended the trade mark, arguing that 'junkie' was being used in a positive way similar to 'chocolate junkie' and, due to this positive promotion, would not cause offence.

The established test for assessing trade marks falling under this section includes whether the offence amounts only to distaste and offence which would justifiably cause outrage, or would be the subject of justifiable censure as being likely to significantly undermine current religious, family or social values. Such outrage must be amongst an identifiable section of the public, and a higher degree of outrage or censure amongst a small section of the community will no doubt suffice, as would lesser outrage or censure amongst a more widespread section of the public.

The Office concluded that, whilst there are a number of different religious beliefs held

and practised in the United Kingdom, a substantial number of people are Christians who would attribute only one meaning to the name Jesus: the Son of God.

Unusually, in this case the following question was posted on a popular Christian website:

If you click the link below, you'll find an application for a trade mark which is being considered by the UK Trade Mark Registry [see <http://www.ipo.gov.uk/domestic?domesticum=2523155>]....

In these days of religious offense, do you find the sign offensive...or do you think Christians would? Apparently, the mark is being applied for by a committed Christian, and it looks like it might be applied mainly to clothes. Although the mark isn't referring to Jesus himself, but to someone 'addicted' to him, is the juxtaposition of Jesus with the word 'junkie' ok? (turning addiction into a metaphor, as in golf-junkie, chocaholic, etc).

The Intellectual Property Office is keen to know responses to the proposed trade mark by religious people, so your comments will be of interest to them.

European Court of Justice v National Courts

The Effects of an ECJ Judgement



Useful links

D Young & Co July 2009 trade mark newsletter (issue 45) article 1 "Copycats Beware! No Sympathy for "Look-a-Likes" from European Courts" by Penny Nicholls.

D Young & Co March 2009 trade mark newsletter (issue 43) article 5 "Because You're Worth It! Advocate General's Opinion Gives a Boost to L'Oreal in their Fight Against Bellure's 'Look-a-Like' Packaging and 'Smell-a-Like' Imitation Perfumes" by Kate Symons.

The recent Court of Appeal decision in *L'Oreal SA v Bellure NV [2010] EWCA Civ 535* has highlighted the difficulties facing UK judges when implementing judgements handed down by the European Court of Justice (ECJ).

The ECJ judgement held that the functions of a trade mark not only include those that guarantee trade origin but also extend to guaranteeing the quality of the goods or services for which the mark was protected, and those of communication, investment or advertising. Where the defendant is using an identical mark, even if there is no actual confusion, it will still be infringement if that use is liable to cause detriment to any of the functions of that mark (as defined). The Court went on to state that they considered that the use of L'Oreal's trade marks in Bellure's price comparison lists was not merely for descriptive purposes but for the purposes of advertising.

A case will reach the ECJ when a National Court requires guidance on a point of law. The ECJ issues its judgements and then refers the case back to the National Court to apply the decision but the ECJ judgement is binding on the National Court. Sitting in the UK Court of Appeal therefore, Lord Justice

Jacob had no option but to implement the decision of the ECJ in its entirety, holding that L'Oreal's trade marks had indeed been infringed by Bellure's use of these in their comparison lists, even though there was no confusion in the marketplace. Before upholding the ECJ decision however, Lord Justice Jacob put forward his own (rather strong) views as to why the ECJ decision was incorrect.

Lord Justice Jacob considered that consumers would not be fooled into believing that products offered by Bellure were of the same quality as those offered by L'Oreal. He considered that the ECJ ruling effectively 'muzzled' Bellure from telling the truth and that this goes against the principles of free speech and the right to tell and hear the truth under the Universal Declaration of Human Rights. He further considered that:

Any rule of law which stands in the way of people telling the truth... ought to be scrutinised with care, and justified only on the grounds of strict necessity.

Lord Justice Jacob also considered that there was no actual harm to L'Oreal,

other than a harm which L'Oreal had never asserted, for example that:

It is possible to produce a cheap perfume that smells like a famous original.

However, as the ECJ had held that use of L'Oreal's trade marks in the comparison lists was not a purely descriptive use, but use for advertising which affected the communication, advertising and investment function of L'Oreal's trade marks, Bellure were found guilty of trade mark infringement.

The judgement certainly provides food for thought. It provides greater comfort to brand owners wishing to prevent cheaper imitations from entering the market, where there is no confusion in the minds of consumers, but a risk of harm to a characteristic of the goods or services in question. However, Lord Justice Jacob raises an interesting point and highlights the fact that the brand owner's right to prevent harm to its trade mark may not always be in harmony with laws that seek to provide people with basic human rights. In this particular battle, trade mark law prevailed.

Author:

Gemma Williams



Lord Justice Jacob upholds ECJ Decision: Bellure found guilty of trade mark infringement

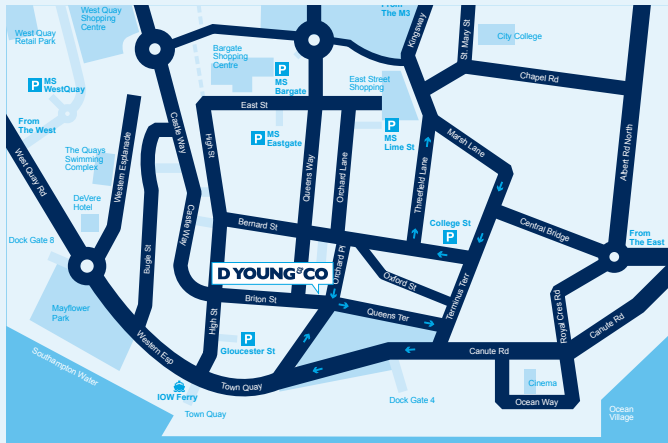


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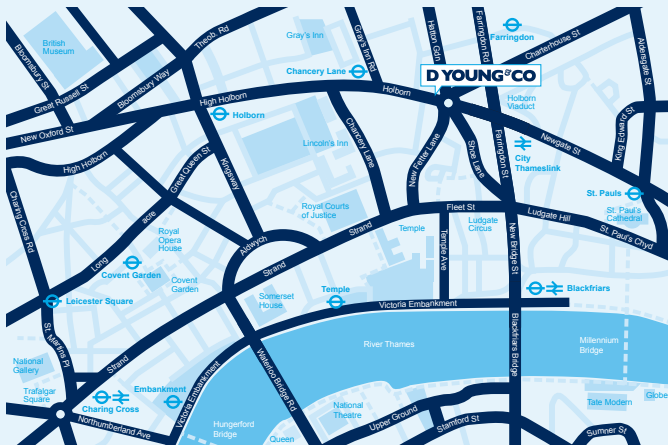
D Young & Co LLP
Briton House
Briton Street
Southampton
SO14 3EB
T +44 (0)23 8071 9500
F +44 (0)23 8071 9800

www.dyoung.com
mail@dyoung.co.uk



D Young & Co LLP
120 Holborn
London
EC1N 2DY
T +44 (0)20 7269 8550
F +44 (0)20 7269 8555

www.dyoung.com
mail@dyoung.co.uk



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The Group has been consistently in the top five for UK filings in the last 10 years and has a substantial Community Trade Mark (CTM) prosecution and opposition practice. Our clients range from innovative individuals and sole traders to global brand leaders.

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Trade Mark Group

Partner

Jeremy Pennant
jbp@dyoung.co.uk
www.dyoung.com/jeremypennant



Partner

Gillian Deas
www.dyoung.com/gilliandeas



Partner

Angela Thornton-Jackson
www.dyoung.com/angelathornton-jackson



Partner

Vivienne Coleman
www.dyoung.com/viviennecoleman



Associate

Helen Cawley
hjc@dyoung.co.uk
www.dyoung.com/helencawley



Associate

Gemma Williams
www.dyoung.com/gemmawilliams



Assistant

Richard Burton
www.dyoung.com/richardburton

