

## IS IT SAFE TO ENTER THE BUSINESSZONE?

An interesting UK appeal case before the Appointed Person (Amanda Michaels) concerns the viability of filing an invalidation action after a successful revocation action involving the same parties and the same trade marks.

To summarise a complex set of facts, the telecommunications company, O2, had filed revocation actions against its competitor T-Mobile's trade marks, BUSINESSZONE and BUSINESSZONE PLUS, essentially to clear the way for their own applications for BUSINESS ZONES and BUSINESS ZONES FROM O2.

The applications for revocation were filed by O2 on 19 January 2005. Following an exchange of correspondence with the UKIPO, it was noted that the date from which O2 was seeking revocation (25 February 2004) was not permissible and the earliest possible date of revocation was amended to 5 March 2004. The request was amended and revocation granted as of that date.

Because of the date change, the revoked T-Mobile marks remained valid earlier rights at the date when O2 had filed their own applications for BUSINESS ZONES and BUSINESS ZONES FROM O2.

T-Mobile made it quite clear to O2 that they intended to rely on these residual rights to block the further progress of O2's applications in opposition proceedings.

Accordingly, O2 filed invalidation proceedings to completely remove T-Mobile's "residual" marks from the UK Register.

The effects of revocation and invalidation actions are, of course, very different. In a revocation action the mark is revoked from the date of application for revocation, or an earlier date if the Registrar or Court is satisfied that the grounds for revocation (in this case non-use) existed at that earlier date. In contrast, an application for invalidation has the effect of rendering a mark invalid *ab initio* (from the outset).

However, before O2's case could be decided on the merits, the Registry Hearing officer held – of his own motion – that O2 was not entitled to bring the subsequent invalidation proceedings, holding that he had no jurisdiction to hear an invalidation action where a mark had already been revoked and (rather surprisingly) that the bringing of the subsequent invalidation action by O2 amounted to abuse of process.

With regard to the alleged lack of jurisdiction, on the Hearing Officer's construction of S.47 of the UK Trade Marks Act 1994, the reference to "registration of a trade mark may be declared invalid..." referred to a registration which was live at the date of application for invalidation and not one which had been revoked and removed

from the Register before that date.

On the abuse of process point, he questioned why the application for invalidity was not filed by O2 at the same time as the revocation actions, pointing to the 18 month delay in bringing the invalidation proceedings. The Hearing Officer noted that T-Mobile had made it quite clear at an early stage that they intended to rely on any residual rights which would remain once the proposed revocation actions had taken place to block the further progress of O2's own applications. This should, in [\[SEE PAGE 2\]](#) ►

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his view, have alerted O2 to the fact that their revocation actions would not achieve the desired results and that further action in the form of invalidation requests would be required. Had O2 reacted to the situation at the time these points were initially raised by T-Mobile only three to six months would have passed since the filing of the revocation actions. However, it was not until some 13 months after O2 had been put on notice that T-Mobile was intended to rely on their rights that O2 filed their invalidation request. Such delay was in the Hearing Officer's view unacceptable and amounted to an abuse of process.

O2 appealed these conclusions from the Hearing Officer to the Appointed Person and was successful on both the lack of jurisdiction and abuse of process points.

With reference to the relevant UK legislation, the Appointed Person held that there was nothing in the statutory wording which required a limitation of the scope of section 47 to cover a registration which was "live" at the date when an application for invalidation was made. If this were the case, unfortunate consequences could occur.

The Appointed Person commented that it was not difficult to see that an apparent inequity may result if a proprietor was shielded from the consequences of an invalidity action because a successful revocation action had already taken effect. That would for instance, deny a defendant in an infringement action the prospect of counterclaiming for invalidation because the proprietor's mark was no longer on the Register, despite the fact that the proprietor retained the right to sue in relation to acts of infringement occurring during the period prior to the date of revocation. Such an inequity might be further complicated if the party denied the opportunity to bring the invalidation action was not the same party who had brought the successful revocation action.

With regard to the abuse of process point, the Appointed Person did not believe it right to suggest that in all cases where an Applicant for a Declaration of Invalidity had previously applied for revocation of the same mark, such an application would be an abuse of process, nor would it be right to suggest that a party must take all possible proceedings against another registration at the same time. She noted that this would in many cases lead to the unnecessary duplication of proceedings, possible waste of both the UKIPO and the parties' time and resources and, of course, excess costs.

Moreover, because the issues to be resolved in revocation/invalidation actions are not the same, it was not the case that the issues before the tribunal in O2's invalidity claim should have been raised in the earlier proceedings (to avoid abuse of process) because the same issues clearly could not have been covered/alleged in the revocation and invalidation actions.

She did note that it should have been apparent to O2 – on receipt of the relevant communication from T-Mobile – that there was a risk that their own applications for BUSINESSZONE marks would be refused despite the revocation of T-Mobile's marks, and that T-Mobile would oppose their applications. However, until that actually happened, she did not believe that O2 could be so heavily criticised for not having issued the invalidation proceedings.

O2's Appeal was therefore successful on both grounds, and the Hearing Officer's findings reversed (case 0/364/07).

This case clearly highlights the importance of careful calculation of dates when filing any revocation actions, to ensure that a successful revocation action will indeed achieve the desired results for the applicant. If, as in BUSINESSZONE, residual rights might exist after revocation, applicants should consider whether an invalidation action in tandem with the revocation action would be the most appropriate way to remove any potential obstacles and leave their own marks fully clear for use and registration in the UK.

In our November 2007 newsletter, we reported on the decision of the European Court of Justice in the CÉLINE case. In short, the ECJ held that unauthorised use of a third party's trade mark as part of a company, trade or shop name does not always amount to infringement. Here we consider some of the ways in which the owner of a company, trade or shop name can try to improve the chances of avoiding infringement. We also look at a recent decision of the UK Intellectual Property Office in which the owner of a business had their registered trade mark revoked and consider what implications this has for the way company, trade or shop names and trade marks are used day to day.

One of the conditions for a finding of "classic" trade mark infringement is that the name complained of is being used "*in relation to goods or services*" which are identical or similar to those covered by the complainant's registered trade mark. The ECJ in CÉLINE concluded that where a company, trade or shop name is being used merely to identify a company, or to designate a business which is being carried on, i.e. where no link is established between the name complained of and the goods being sold, such use is not "*in relation to goods or services*". The rationale behind this finding is that the purpose of a company, trade or shop name is generally not to distinguish the goods or services of different undertakings, but instead to identify a particular company or business.

The first line of defence for traders after CÉLINE should be to argue that the use of their company, trade or shop name is not "*in relation to goods or services*". If this argument succeeds, there cannot be infringement, since the name is not used in a trade mark sense.

Can the ECJ's decision in CÉLINE be translated into clear guidance to businessmen or shop owners (collectively referred to as 'traders' for simplicity) who are concerned that a third party may nevertheless object to the name of their business

# COMPANY NAMES VS. TRADE MARKS – ARE THEY REALLY IN COMPETITION?

or shop, claiming that there is trade mark infringement?

Taking a concrete example, assume Mr A has incorporated a company called Clothing World Limited and sells clothing in a shop called CLOTHING WORLD. Mr B owns a trade mark registration for the mark CLOTHING WORLD covering "clothing" in class 25. He objects to Mr A's use of CLOTHING WORLD. Given the ECJ's decision in CÉLINE, Mr A could argue that he is not using the words CLOTHING WORLD *in relation to* clothing, but instead simply to identify the name of his company and his business, Clothing World Limited.

What practical steps might Mr A take in order to improve his chances of succeeding with this argument and, therefore, avoiding trade mark infringement?

Such steps could include:

- Only to sell third party branded goods, for example ADIDAS or LEVI clothing;
- Not to use CLOTHING WORLD on any packaging or hangers for clothing;

- Not to affix CLOTHING WORLD to any of the items of clothing which are for sale in the shop, i.e. avoid use on the labels inside the clothing, any swing tags or as a brand on the goods;
- Only use the words CLOTHING WORLD as part of the full company name, i.e. as "Clothing World Limited", for example, on business receipts, invoices and other paperwork.
- Consider changing to "Clothing World Limited" or "Mr A, trading as Clothing World Limited" on any signage or advertising relating to the shop.

Taking these steps will not guarantee a successful defence to infringement, but should improve Mr A's chances of showing that the words "CLOTHING WORLD" are only being used to identify the company or business, rather than as a trade mark for the goods sold in the shop.

Paradoxically, the arguments which may assist in defending allegations of trade mark infringement (namely that the term is used only in a company name/business name sense) may not assist traders when their own trade mark rights are in issue.

Let us take a new example. Mr A has now registered the trade mark CLOTHING WORLD in respect of "clothing" in class 25. Mr A displays the words "Clothing World

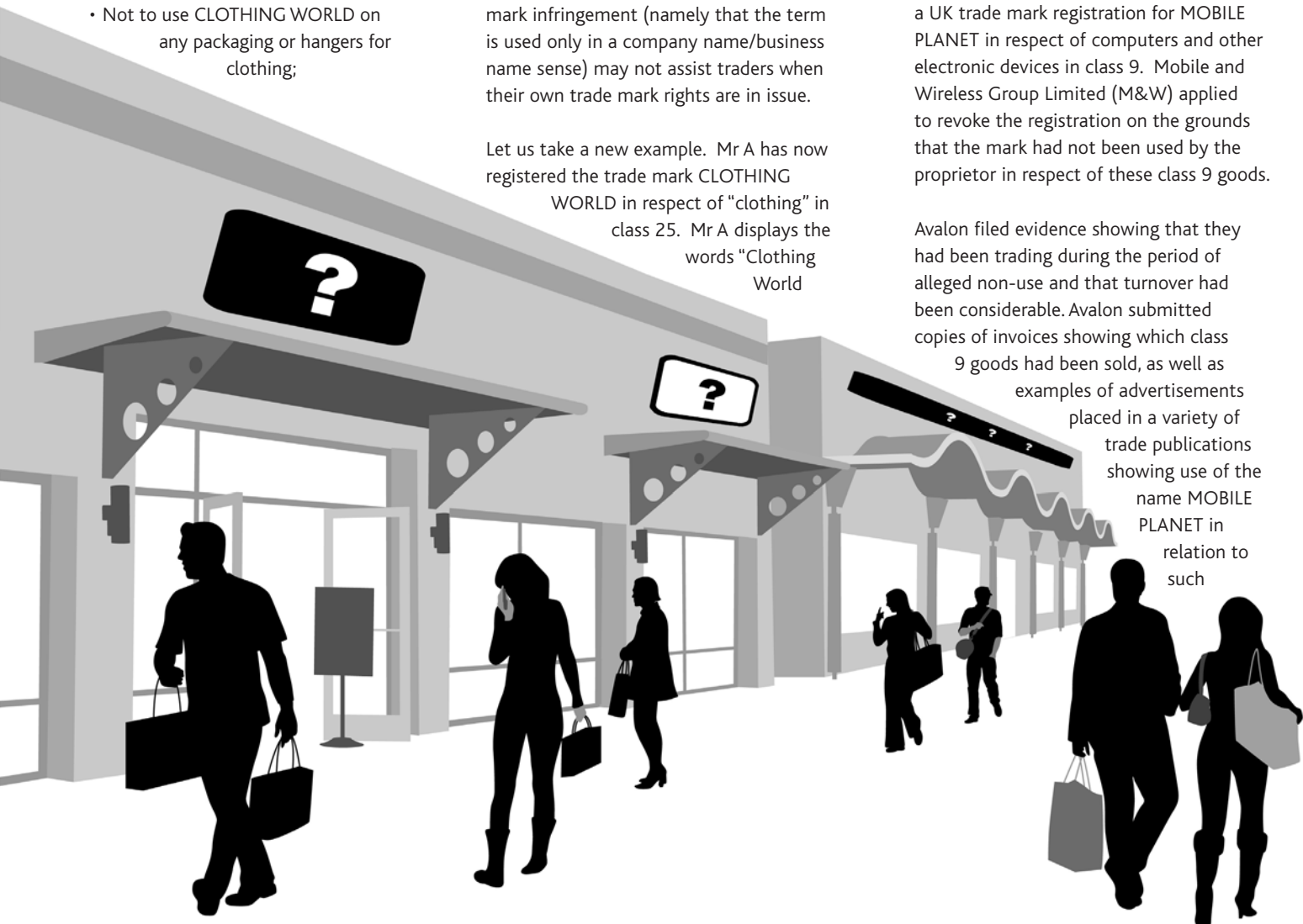
Limited" on the outside of his shop. He distributes advertising material referring to "Clothing World Limited". He does not affix the trade mark CLOTHING WORLD to any of the clothes he sells. He only sells third party branded goods.

Mr C applies to revoke Mr A's registered trade mark on the grounds that; (a) the mark has not been used in the form as registered (CLOTHING WORLD) and "Clothing World Limited" is not an acceptable variant; and (b) that the mark has not been used (in a trade mark sense) in relation to the goods for which it is registered (clothing).

Is Mr A likely to be allowed to keep his registration, or will it be revoked? Should he have registered it for "retail services for clothing" in class 35?

These issues were considered in a recent decision of the UK Intellectual Property Office involving the trade mark MOBILE PLANET (Decision No. O/322/07). In this case, Avalon Enterprise AB (Avalon) owned a UK trade mark registration for MOBILE PLANET in respect of computers and other electronic devices in class 9. Mobile and Wireless Group Limited (M&W) applied to revoke the registration on the grounds that the mark had not been used by the proprietor in respect of these class 9 goods.

Avalon filed evidence showing that they had been trading during the period of alleged non-use and that turnover had been considerable. Avalon submitted copies of invoices showing which class 9 goods had been sold, as well as examples of advertisements placed in a variety of trade publications showing use of the name MOBILE PLANET in relation to such



# REVISED CTM PRACTICE ON SEARCH REPORTS

A change in the Rules on examination of Community Trade Mark (CTM) Applications, will make national search reports optional, effective 10 March 2008.

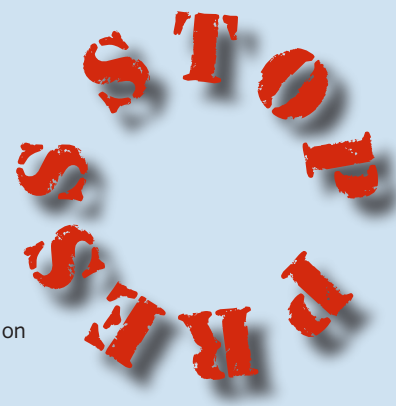
At present, when a new CTM application is filed, 17 out of the 25 national offices, as well as the CTM office (OHIM) produce a search listing earlier identical and similar marks on their register. The national searches are for information purposes only. If the CTM application proceeds to publication the proprietors of any trade marks listed on the CTM search report are notified of the publication for opposition purposes.

The information included in the search reports is extremely limited such that it is not possible to realistically assess whether there is a conflict with the CTM application unless further information is obtained or additional searches conducted. Further, since not all member states provide search reports, the information made available does not provide a complete picture of the position across the EU. Consequently, the search reports currently produced are not of great assistance to new CTM applicants in trying to identify conflicts.

As of 10 March, national search reports will only be produced by OHIM for new CTM applications at the request of the applicant. This request must be made at the time of filing, and on payment of a separate, additional, search fee. The fee to be applied has not yet been determined. If national searches are requested they will cover all participating national trade mark offices – it is not possible to “pick and choose” countries for searching.

The CTM search and notification procedure currently in place will continue unchanged.

If you have any queries regarding the new procedure please do not hesitate to contact your usual D Young & Co trade mark advisor for further assistance.



goods.

The Hearing Officer was satisfied that Avalon had been conducting a genuine trade involving most, if not all, of the goods covered by the registration. M&W argued, however, that Avalon had not used the trade mark MOBILE PLANET “*in relation to the goods*” covered by the registration. The evidence showed that Avalon had only sold branded electronic goods made by various third party manufacturers, such as Panasonic and Samsung. The Hearing Officer concluded that, whilst Avalon had conducted a trade in these goods, the use of the term MOBILE PLANET as a *trade mark* had only been in relation to a retail, or distribution, service. He did not consider that the mark had been used in relation to the goods themselves. Consequently, he revoked Avalon’s registration.

The message from the MOBILE PLANET case is that companies which provide a retail or distribution service for other traders’ goods, rather than selling own branded goods, would be well advised to register their trade mark only in respect of these retail/distribution services. This would give protection not only against third parties providing a competing service under an identical or similar mark, but also against the risk of having the registration revoked on the grounds that the mark has not been used in relation to goods.

In our CLOTHING WORLD example, it is likely that Mr A would also have his trade mark registration revoked on the grounds that he has not used the trade mark CLOTHING WORLD in relation to “clothing”, in class 25, but only in relation to a retail service for clothing in class 35. Had Mr A registered the mark CLOTHING WORLD in respect of “retail services connected with the sale of clothing” he would be in a much stronger position to defend his mark.

[An equivalent “real life” situation in the high street would be the Phones4U business, who arguably use the trade mark PHONES 4U only in relation to “retail services for mobile telephones” in class 35 rather than as a product brand for “mobile telephones” in class 9].

The MOBILE PLANET case considered another interesting question, viz: whether the use of a full company name, rather than the format registered as a trade mark itself, is sufficient to defend a revocation action. Under Section 46(2) of the UK Trade Marks Act, a trade mark must be used in the form in which it was registered or *in a form differing in elements which do not alter the distinctive character of the mark*.

Is use of a full company name an “acceptable variant”? According to the MOBILE PLANET case, the answer is likely to be ‘yes’. The Registry’s Hearing

Officer provided a useful summary of the existing case law on this point and concluded that the word “Limited” is merely a generic indication of corporate status and does not, therefore, have any real trade mark character. He decided that the added word “Limited” was of such low distinctive character that it did not affect the distinctive character of the mark as registered.

It is encouraging that it appears possible to use the registered mark with an added indicator of corporate status, e.g. “Limited” or “plc”, such use being acceptable under s.46(2) of the UK Trade Marks Act to defend revocation proceedings.

However this conclusion weakens the possible defence to infringement discussed at the beginning of this article, namely because the full corporate title is used it cannot be used “in relation to goods” for the purposes of trade mark infringement.

To lessen these risks, care should be taken to avoid choosing a new company name which incorporates a prior registered trade mark (particularly if the new business is intending to trade in the same goods, albeit not under that brand name); conversely, businesses looking to adopt a new trade mark should ensure that they check Companies House records for conflicting company names which include the same element.



# FLASHES, SWOOSHES, TICKS AND TRAINERS

The use of distinctive logos on trainers is one of the most effective and memorable uses of trade marks. Consequently, companies are understandably keen to ring fence their monopoly rights and enforce them against others who use similar logos. The UK High Court recently handed down a decision in *D Jacobson & Sons Ltd v Globe GB Ltd* and another [2008] EWHC 88 (Ch), based on infringement claims for such logos.

Jacobson, the claimant and owner of the GOLA footwear brand (shown in use, below) wanted to stop Globe importing and selling sports footwear in the United Kingdom which featured a stripe design on the sides of the uppers.



The action was based on the alleged infringement of Jacobson's registered UK and Community Trade Marks (shown below) for its "wing flash" logo.



CTM Reg No 1909837



UK Reg No 1113779

Jacobson also alleged passing off by Globe and sought an injunction to prevent further sales and the destruction of the offending products. In their defence, Globe claimed that Jacobson's registered trade marks were invalid and that the "wing flash" logo was not capable of distinguishing Jacobson's goods from those of other undertakings.

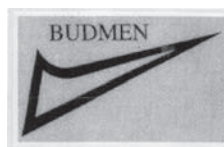
The High Court judge, Etherton J, held for the claimant on both issues. On validity, he concluded that the Gola "wing flash" marks, when taken as a whole, would be seen by the relevant public as inherently distinctive, and capable of distinguishing their products from those of other manufacturers. He said that because of the visual similarities between the logos, consumers were likely to be confused into believing that Globe's and Jacobson's products came from related undertakings, thus establishing infringement. Additionally, despite the fact that there was no evidence produced by Jacobson of actual loss or damage, Globe was liable for passing off.

The court heavily relied upon a market survey and expert evidence in this case, rather surprisingly in a case involving everyday consumer goods. Indeed, it seemed to carry more weight than usual. Etherton J also said that "irrespective of the admissibility of the survey, and the weight to be attributed to the findings that emerge from it, the oral evidence I heard from Jacobson's witnesses of fact strongly supports the same conclusions". This was despite the fact that Jacobson did not produce a single witness who was actually confused.

However they relied on the survey to select a number of witnesses who commented on likelihood of confusion. Their evidence as to their perception of the similarities between the claimant's "wing

flash" logo and that used on the Globe trainers was persuasive. In a case where the merits are finally balanced (as here) it can be helpful to obtain supporting evidence from the average consumer as to their actual perceptions of the competing mark. The survey demonstrated a high awareness by consumers of the different types of logos/devices used by brand owners on trainers. Such evidence tends to negate the often repeated statements from European Registries that consumers are unlikely to attribute a trade mark character to "mere decorative features" appearing on trainers or sports clothing (cf. the *Adidas v Marca Mode* case).

By contrast, in November 2007, the UK Intellectual Property Office dismissed an opposition brought by Nike International Limited against Jose Alejandro SL's application to register a figurative mark. Again, this was intended for use on clothing and footwear.



Applicant's Mark



Nike's Mark

Nike holds several UK and Community Trade Mark registrations for the famous Nike "swoosh" or tick device in classes 18 and 25.

The mark applied for comprised the word "Budmen" and a device element (shown below). Nike challenged on the grounds that it was confusingly similar to its registered swoosh logo.

Nike claimed that there was a likelihood of confusion under Section 5(2)(b) of the Trade Marks Act 1994, a breach of Section 5(3) for taking unfair advantage of the repute of their earlier mark, and also a breach of Section 5(4)(a) for passing off.

When the case came before the UK Registry's hearing officer, it was held that despite the identical or similar nature of the respective goods, there was no likelihood of confusion. The hearing officer based his findings on the presence of the word "Budmen" in the applicant's mark. Both the word BUDMEN and the "tick" device in the applicant's mark were seen to have "an independent distinctive role". The hearing officer also distinguished the device marks on visual grounds, contrasting the curved "swoosh" of Nike's registered mark and the applicant's angular "tick" device, stating that the relevant consumer would reach the same conclusion on lack of similarity. Therefore the grounds of opposition under Section 5(2)(b) were dismissed.

In concluding that the overall differences between the marks themselves meant the relevant public would not make a link between the goods sold under the respective marks, the hearing officer then dismissed the Section 5(3) argument. Further, despite the extensive reputation Nike enjoys in the "swoosh" logo, the nature of the differences between the marks themselves led the hearing officer to believe that there could not be deception or confusion, thus dismissing the Section 5(4)(a) argument.

Nike's woes were added to in January 2008 when the UK Registry dismissed another opposition by Nike against Ascot (S & F) International Limited, a case involving another figurative mark.

In this case, the applicant's mark comprised the word "ATOM" and



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a device element (see below) which Nike opposed on the same grounds as in the BUDMEN case, relying on allegations of confusing similarity to the Nike "Swoosh" device.



Nike's Mark

Again the opposition was refused in its entirety.

Perhaps if Nike had produced survey evidence and "live" witnesses stating that they would have confused the marks, as in the Gola case, they may have succeeded. However the addition of prominent word elements clearly helped to distinguish both of the marks in the Nike opposition cases. The outcomes seem fair overall, and a useful reminder that even owners of famous logos cannot expect to succeed against all of the competition!

## INTA ANNUAL MEETING - BERLIN

Members of the D Young & Co Trade Mark Group will be attending the INTA Annual Meeting in Berlin in May. We are very much looking forward to meeting with friends and colleagues at the conference.



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