

D YOUNG & CO TRADE MARK NEWSLETTER^{no.61}

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Editorial



With Olympics 'fever' about to engulf the nation, and the prospect of almost four weeks of sporting events to look forward to during the Olympic and Paralympic Games in London, we take a look at the protection given to the Olympic brands and the guidelines given to businesses regarding promotional activity during the games.

In this issue we also review the General Court's decision on the *VIAGRA v VIAGUARA* case, which will be welcomed by proprietors of marks with a reputation. This is still open to appeal but seems like a sensible decision. It will be interesting to see how Viaguara's other CTM application for the mark *VIAGUARANA* which has also been opposed by Pfizer, and is currently in the cooling-off period, will fare in due course.

Other interesting articles on copyright, parallel imports and the status of 'counterfeit' goods in transit through the EU are also included.

We hope that you enjoy this edition of the newsletter and look forward to receiving your feedback as usual.

Editor:

Vivienne Coleman



Article 01

On Your Marks...

Trade Marks and the London 2012 Olympic Games – A Brief Guide to Branding Regulations

There are many regulations protecting the signs and symbols of the Olympic Games



With a little over four months to go before the Games open in London we thought that a quick run through the do's and don'ts of the regulations protecting the signs associated with the Olympic Games might be useful.

The original emblem of the modern Olympic movement – the well-known symbol composed of five interlocking rings coloured blue, yellow, black, green and red on a white field – was designed in 1914 by Baron Pierre de Coubertin, the founder of the modern Olympic games, to commemorate the 20th anniversary of the International Olympic Committee (IOC). They represented the five regions of the world which, at the time, supported the Olympic goals and ideals – the education of youth through sport practiced without discrimination, in the spirit of mutual understanding, friendship, solidarity and fair play.

Today, the emblem continues to preserve the idea that the Olympic movement is international and welcomes all countries of the world to join. It represents the meeting of athletes from all over the world and stands for values such as passion, faith, commitment and sportsmanship.

This symbol carries an enormous amount of goodwill and is one of the most, if not the most, well recognised symbols in the world.

Interestingly, whilst the Olympic movement grew over the course of the 20th century, it would seem as if it was not until the '70s that registered trade mark protection for the Olympic emblem was first sought.

However, over the last four decades protection for hundreds of trade marks has been obtained by the IOC, or the National Organising Committees of the Olympic Games (NOCs). These have included the names of cities bidding to host the Games and the numerals representing the years in which those games are to be held. Their current strategy includes seeking protection for some marks in all 45 classes of the International Classification system.

Branding is, understandably, critical to the financial security and stability of the Olympic Movement, as it forms the foundation of the Olympic marketing programme. The Olympic Games do not allow any visible commercial branding to appear on the field of play. This includes on athletes and their equipment, so that

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> **Missed anything?**
In between issues of this newsletter we posted news about the Court of Appeal's ruling in *Specsavers v Asda*. Visit our website for up to the minute IP related articles and news: dycip.com/dyc-kb

the emphasis is placed on sport. This also strengthens the value of the Olympic brand.

Approximately 92 per cent of the revenue generated from the marketing of Olympic intellectual property is distributed among the national organizing committees. A certain amount is shared between the two host cities of the summer and winter Olympic Games and the rest is distributed among the other countries to promote the development of sport and training of Olympic athletes.

Since it was founded in 1894, the Olympic movement has depended on its partnership with the business community to finance the games and support the athletes around the world.

Most of the funding for the Olympic Games today is raised from the sale of rights bought by broadcast networks (53 per cent). The remainder is raised from the Olympic Partners (TOP) world-wide programme comprising multinational companies (16 per cent), domestic sponsorship (19 per cent), ticket sales (10 per cent) and licensing revenue (2 per cent). The figures given above are the approximate proportion from each source generated for the Salt Lake City/Athens Olympics (2002/2004).

If the IOC and NOCOGs are not diligent about maintaining exclusivity for their sponsors they will be unable to attract the necessary investment. Uncontrolled use of their brands could also, of course, damage their goodwill and reputation, resulting in loss of prestige.

In the UK, in addition to the usual trade mark, copyright, design and common law rights associated with the protection of brands, there are two laws specifically enacted to protect the official emblems of the London 2012 Olympic Games.

These are the Olympic Symbol etc (Protection) Act 1995 (commonly known as OSPA) and the London Olympic Games and Paralympic Games Act 2006 (referred to as 'the 2006 Act').

The OSPA prevents the use in the course of trade of any Olympic symbols, mottos or words and the 2006 Act essentially gives the London Organising Committee of the Olympic Games (LOCOG), the exclusive right to grant its sponsors and licensees authorisation to create an association between their business and the London 2012 Olympics. It also gives LOCOG the right to prevent people creating such an association without authorisation.

There are certain words and 'listed expressions' that are protected by the two special Olympic Acts mentioned above. In OSPA these are:

- Olympic
- Olympian
- Olympiad
- Paralympic
- Paralympian
- Paralympiad
- PLUS their plurals, translations or anything similar to them (eg, Olympix, etc)

The listed expressions given in the 2006 Act are any two of the words in list A below, or any word in list A with one or more words in list B below:

List A

- Games
- Two Thousand and Twelve
- 2012
- Twenty-Twelve

List B

- London
- Medals
- Sponsors
- Summer
- Gold
- Silver
- Bronze

The courts may take any such use into account when they are determining if an association with London 2012 has been created. However, you should be aware that these lists are intended only as a guide and are not the only thing that the courts will look at when making a decision.

It is possible for an association to be created even if none of the words or listed expressions are used. ANY word, image or sign, or any combination of these, such as use of athletic images, representations of a torch or flame, use of the Olympic colours, or anything else that evokes the spirit of the games is likely to fall foul of the regulations. Similarly it is possible to use the words in a way that creates no association.

The general rule is that you should make no reference to the Olympic Games in your marketing materials unless you are an official sponsor. By all means promote your business actively during the Olympic Games but not in a manner, or context, that would lead to a link being made by the public between you and the Olympics.

LOCOG will take action against businesses creating an association between themselves and the Games. They will also take action to prevent the sale of counterfeit and unofficial goods.

The official website provides helpful guidelines for commercial and non-commercial organizations and is a good first port of call, if you have any queries or wish to find out more.

Author:
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Useful links:
London 2012 Olympic Games Official Website:

www.london2012.com

History of the Olympic Movement and past Olympic Games:

www.olympic.org

Deliberate or Subconscious Copying BBC's Kerwhizz Characters Do Not Infringe Copyright

Handing down his judgment on 21 December 2011, His Honour Judge Birss QC (sitting in the Patents County Court) held that the British Broadcasting Corporation (BBC) had not committed an act of copyright infringement in their development of characters featured in the BBC's animated series, *Kerwhizz*.

In bringing his case before the Court, Mr Michael Mitchell (the claimant, a freelance Hertfordshire based 'creative') argued that the BBC's *Kerwhizz* characters bore "striking similarities" to his *Bounce Bunch* drawings, which he had presented to the Corporation in late 2007 as part of a proposal for a new children's television programme.

In arguing his claim of copyright infringement, Mr Mitchell's contentions were that the similarities between the *Kerwhizz* and *Bounce Bunch* characters:

“*Could only have arisen as a result of copying (either conscious or subconscious) by the artists working on the project for or on behalf of the BBC.*”

Deliberate copying

Supporting this allegation, Mr Mitchell submitted that the BBC had access to his drawings by virtue of 1) his 2007 pitch to the Corporation and 2) the online availability of the *Bounce Bunch* characters dating back to 2004. Citing the case of *Designers Guild v Russell Williams* [2000] 1 WLR 2416, Mr Mitchell argued that it was for the BBC to prove how the *Kerwhizz* characters were produced.

Judge Birss QC agreed that the similarities between the two works were great enough to require the BBC to explain the process involved in the development of the *Kerwhizz* characters. He reasoned that this was necessary owing to the "overall similarities", for which he cited the combination of the

characters' "armour with helmets and microphones... colour scheme and ethnic mixture" as being significant. In addition, the judge also considered that a particular element which stood out was the blond quiff feature, which is a common element in the blue suited characters, Charlie and Twist. Providing the Court with evidence from a number of witnesses, the BBC was successful in proving that the characters were not the result of deliberate copying, with Judge Birss QC holding that the accounts given by the witnesses left "no room for a case of deliberate or conscious copying". They largely did this by satisfying the Court that the persons responsible for the development of *Kerwhizz* worked within an entirely separate department of the BBC and had not at any time had access to the claimant's drawings, which had been received and filed by the Corporation in 2007.

Subconscious copying

In relation to Mr Mitchell's alternative argument (that his *Bounce Bunch* characters were subconsciously copied by the BBC), Judge Birss QC looked at three elements in consideration. The elements to which the judge gave his attention were:

1. the degree of familiarity with the *Bounce Bunch*,
2. the character of the work, and
3. the degree of objective similarity between the two works in dispute.

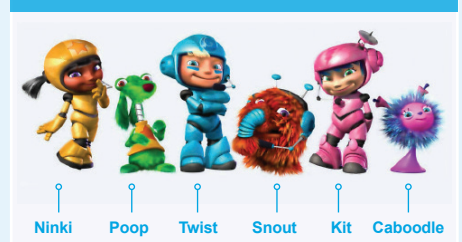
Regarding the first element, Judge Birss QC held that the claimant had presented no evidence which supported any finding of the BBC's familiarity with the *Bounce Bunch* characters. As the case involved Mr Mitchell's purported publication of the drawings on the internet, he added that in the absence of evidence, it is impossible to say whether a person has been subconsciously influenced by materials appearing online and to hold otherwise would be wrong.

On the second point, Judge Birss QC considered that the characters were not especially memorable given the rather generic nature of many of the drawings'

Bounce Bunch Characters



Kerwhizz Characters



design features. As a result, he thought it was unlikely that a designer of such artworks would have retained a subconscious memory of the *Bounce Bunch*.

Finally, in relation to the third point, Judge Birss QC analysed various aspects of the two works (colour, gender, attire and ethnic mix amongst others) and concluded that many of the features were "commonplace". It was therefore his opinion that any objective similarities were merely coincidental.

In rejecting the allegations of both conscious and subconscious copying (and in dismissing the action), it was concluded that the *Kerwhizz* characters were the product of independent artistic creativity and that no connection with the *Bounce Bunch* had been established.

Author:
 Scott Gardiner



Useful links:

Full text of decision Mitchell v BBC:

<http://dycip.com/pcc201142>

General Court Ruling is a Let Down for Viaguara

CTM Refused for Taking Unfair Advantage of Reputation of Viagra

According to the General Court of the European Union, the sign VIAGUARA cannot be registered as a Community trade mark for drinks. The Court has ruled that use of that sign is likely to take unfair advantage of the distinctive character or repute of the trade mark VIAGRA, owned by Pfizer Inc.

In October 2005 the Polish company Viaguara S.A. applied to OHIM for registration of the word VIAGUARA for energy drinks and alcoholic drinks. Pfizer's earlier Community trade mark VIAGRA (a drug to treat erectile dysfunction) formed the basis of the opposition against that application. OHIM refused to register the VIAGUARA mark and the opposition was successful.

Viaguara S.A. subsequently applied to the General Court to have that decision annulled and in its judgment, the General Court has dismissed the action and upheld the decision of OHIM. The General Court held that OHIM was correct to find that the reputation of VIAGRA, which has been prescribed to millions of men since its introduction in 1998, extends not only to consumers of the drugs concerned, but also to the general population.

With regard to the similarity of the marks, the Court noted the well-established principle that consumers generally pay more attention to the initial part of the word. Therefore, the prefix 'VIAG' was sufficient to find that there was a strong visual similarity which was reinforced by the common suffix 'RA'. Likewise, the marks were held to be phonetically very similar and there was nothing to distinguish the signs conceptually. Overall, the marks were found to be very similar.

The Court held that, even though a direct link could not be established between the goods which were altogether dissimilar, an association with the earlier mark was still possible due to the high degree of similarity between the signs and to the huge reputation acquired by the earlier mark. Therefore, a connection between the marks was likely to be made.

The General Court found the marks 'Viaguara' and 'Viagra' to be very similar



The General Court said the VIAGUARA mark would take unfair advantage of the distinctive character or the repute of VIAGRA. The Court found that even if the non-alcoholic drinks concerned did not actually have the same benefits as a drug to treat erectile dysfunction, consumers may be inclined to buy them thinking that they would find similar qualities, such as an increase in libido, owing to the transfer of positive associations projected by the image of the earlier mark. Viaguara S.A. had itself claimed that the alcoholic drinks had other fortifying and stimulating effects on the mind and the body, as well as properties which were beneficial for health, similar to a drug.

The Court concluded that Viaguara S.A., by using the VIAGUARA mark, was attempting to ride on the coat-tails of the VIAGRA mark in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any

financial compensation, the marketing effort expended by Pfizer in order to create and maintain its image and to promote its own products. Therefore, the advantage resulting from such use was considered to be an advantage that would be unfairly taken of the distinctive character or repute of the mark VIAGRA.

Viaguara S.A. have two months to bring an appeal against the decision before the CJEU on points of law and it will be interesting to see if they decide to challenge the decision further.

Author:
Richard Burton



Useful links:
Full text of decision T-332/10:

<http://dycip.com/t33210dec>

Parallel Imports and Repackaging Failure to Comply with Notice Requirement Can Mean Reduction in Profits

In this decision, His Honour Judge Birss QC, sitting in the Patents County Court, considered the key principles governing accounts of profits in the context of a parallel-import repackaging dispute.

Background to the dispute

Hollister Incorporated and Dansac A/S (the claimants) manufacture and sell medical devices under the trade marks 'HOLLISTER' and 'DANSAC', registered in Classes 5 and 10, which include ostomy products. Medik Ostomy Supplies Limited (the defendant) parallel imported and repackaged the claimants' products from other EU Member States into the UK.

The defendant's business does not constitute trade mark infringement under the so-called exhaustion of rights principle, because a trade mark proprietor cannot object to the use of his mark in relation to goods which have been put on the market in the EEA under that mark by him, or with his consent, unless there are legitimate reasons for him to object (eg, where the conditions of the goods is changed or impaired) – see section 12 of the Trade Marks Act 1994 and article 7 of Directive 2008/95/EC.

In *Bristol-Myers Squibb v Paranova* (Joint Cases C-427, 429, 436/93), the CJEU set out the conditions to be satisfied by an importer which purchases goods in a Member State, repackages them and re-affixes the trade mark for onward sale in a different Member State. Such conditions include the requirement to give notice to the trade mark owner before the repackaged product is put on sale and provide samples to the trade mark proprietor upon request.

The claimants sued the defendant because the latter had failed to comply with the notice requirement. The defendant admitted infringement and the claimants elected an account of profits as their relief.

The claimants argued that they were entitled to the gross profits generated by the defendant, as all such sums had been improperly made. The defendant's counterargument ran as follows:

1. the claimants were not entitled to any sums (or a token sum at most), because the infringing act (ie, failure to give notice) had caused no actual damage to the claimants, or alternatively
2. if any sums were due, these were to be assessed looking at the net profits (ie, gross profits less attributable costs).

Findings of the Court

On the notice requirement

With regard to the failure to comply with the notice requirement, the Judge reiterated the key principles laid out in *Bristol-Myers*, ie, that:

It is for the national court to determine the amount of financial remedies according to the circumstances of the case; the sanction must be proportionate, which could include a remedy whereby the trade mark proprietor is entitled to claim financial remedies on the same basis as if the goods had been spurious; and the sanction must be sufficiently effective and a sufficient deterrent to ensure that [the rules] are complied with.

The latter two principles, the Judge noted, reflect the purpose of the notice requirement, which is 'to give the trade mark proprietor an opportunity to check the repackaging before the product goes on sale and to afford the proprietor a better possibility of protecting himself against counterfeiting'.

On the account of profits

Addressing the parties' arguments, the Judge observed that:

It was unlikely that the account of profits would result in a token amount, as that would not be an effective remedy or sufficient deterrent; and at the same time, the gross profit figures would not be appropriate as the 'idea is to assess the profits actually made by the infringement' and, therefore, costs should be deducted.

With regard to the calculation of the sums due on account, the Judge adopted the following approach:

1. he assessed the account on the normal basis under English law following the

principles summarised in *Celanese International Corp v BP Chemicals Limited* [1999] RPC 203. These involved an apportionment of the defendant's fixed or overhead costs relevant to the infringing activity, ie, the defendant's resources employed in the parallel importing and repackaging of products. On the facts, such apportionment was to be made by units and not turnover, because the defendant was not a manufacturer but a trading business. This meant that the sale price of the goods was "not a function of the work carried out by [the defendant on them]" and, therefore, "from the point of view of the general costs of the business, one unit [was] much like another". In other circumstances, an apportionment by value might be appropriate;

2. he then considered the extent of damage caused to the trade mark proprietor by the infringement and the issue of proportionality, in all the circumstances of the case. The Judge found that, if the defendant's sales had not taken place, "the claimants would have earned a substantial profit"; and
3. having regard to 1 and 2, he determined what would be a "fair and proper fraction" of the profits at 1, above. The Judge concluded that the claimants were entitled to half of the defendant's profits, which amount would constitute "an effective deterrent to dissuade those engaged in repackaging and relabelling from not giving notice", whilst being "proportionate to the reality of the case as a breach of a procedural requirement and nothing more".

Author:

Cam Gatta



Useful links:

Full text of decision *Hollister Inc & Dansac v Medik Ostomy Supplies Ltd*:

<http://dycip.com/pcc402011>

Full text of decision C-427/93, C-429/93, C-436/93:

<http://dycip.com/c42793dec>

When Are Counterfeit Goods Not Counterfeit Goods? When They're in Transit Says CJEU

The Court of Justice of the European Union (CJEU) has recently given a preliminary ruling in Joined Cases C-446/09 and C-495/09 *Koninklijke Philips Electronics NV v Lucheng Meijing Industrial Company Limited and others and Nokia Corporation v Her Majesty's Commissioners of Revenue and Customs*, INTA intervening. The references relate to counterfeit goods in transit through the EU and the extent to which these may be detained by customs authorities. The CJEU confirmed in its decision that goods in transit can only be classified as counterfeit where it is shown that the goods are intended to be put on the market in the EU.

The references from the English and Belgian courts

The Philips case concerned a shipment of electric shavers from China which was intercepted by Belgian customs authorities. The Nokia case concerned a consignment of counterfeit mobile telephones and accessories from Hong Kong which were ultimately destined for Colombia. The goods were

inspected at London Heathrow Airport but HMRC refused to detain the goods on the basis that they were in transit and there was no evidence that the goods would be diverted onto the EU market. Consequently HMRC considered that they did not qualify as counterfeit goods under the relevant customs regulations.

The English and Belgian courts referred a number of questions to the CJEU which essentially sought to establish whether goods in transit could be categorised as counterfeit goods for the purpose of the customs regulations in situations where there was no evidence to suggest that the goods were intended to be put on the market in the EU.

The decision of the CJEU

The CJEU confirmed that goods in transit could not be classified as 'counterfeit' goods within the meaning of the customs regulations merely because they had been brought into the EU, in the absence of evidence of an intention to put the goods on the market. The Court did, however, confirm that customs authorities may detain infringing goods as

soon as they have grounds for suspecting that the goods are likely to be diverted onto the EU market. Examples of such grounds may include:

- Evidence of a 'commercial act' in relation to the goods, such as offering the goods for sale or advertising them;
- Documentation or correspondence suggesting that the goods are likely to be placed on the EU market;
- The fact that the destination of the goods has not been declared;
- Lack of information as to the identity of the manufacturer;
- Lack of cooperation with the customs authorities.

Throughout the decision, the Court referred to the principle of free movement of goods and the fact that goods which infringed intellectual property rights in the EU would not necessarily infringe intellectual property rights in the countries of origin or destination.

The Court also reiterated that it was possible to hold goods under other EU legislation, for example, on product safety grounds.

Ultimately, rightholders are likely to be disappointed with this decision. Whilst reform of the customs regulations is currently proposed, the reforms are not aimed at the issue of counterfeit goods in transit across the EU. Accordingly, it will remain important that the issue of counterfeits is dealt with at all levels of production, including at source and at final destination, for the foreseeable future.

Author

Anna Reid



Useful links:

Full text of decision C-446/09, C-495/09:

<http://dycip.com/c44609dec>

Goods in transit can only be classified as counterfeit if shown they are intended to be put on the market in the EU



D YOUNG & CO INTELLECTUAL PROPERTY

And finally...

Trade Mark Group MIP Ranks D Young & Co as a Top Tier Trade Mark Practice

Just as we go to press we are delighted to learn that we have again been ranked as a top tier trade mark practice by Managing Intellectual Property (MIP) Magazine in its 2012 World IP survey. This is the fifth consecutive year that we have been placed in the top tier and we would like to thank our clients and colleagues for their positive feedback.

We are also delighted that the trade mark group has been shortlisted to receive the Trade Mark Prosecution Firm of the Year

award at the MIP Global Awards. The winners will be recognised at a ceremony at the Dorchester Hotel, London, on 15 March 2012.

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www.dyoung.com/news

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