

D YOUNG & CO TRADE MARK NEWSLETTER^{no.73}

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Also: The re-branding of parallel imported medicines is ruled unlawful and do CTM genuine use requirements extend to international registrations?

OHIM Shows its True Colours As Clear as Black and White?

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Welcome to the March edition of our trade mark newsletter, which includes a number of interesting case reviews and legal updates, covering a variety of topics.

In other news, I am proud to report that we have achieved a gold ranking in the World Trademark Review 1000 list of the world's leading trademark professionals.

Finally, our team is looking forward to meeting with clients and colleagues at PTMG, INTA and ECTA this Spring (please see the 'events' overview section below and on our website for more information). If you would like to schedule a meeting at any of these conferences then please do get in touch with your usual D Young & Co contact.

Editor:

Anna Reid



Events



17-18 March 2014

PTMG, London, UK

Tamsin Holman will be attending the 88th Pharmaceuticals TM Group Conference.

19-21 March 2014

ITMA, London, UK

Richard Burton will be attending Institute of Trade Mark Attorneys' Conference, which will focus on media, pop, culture and the law.

10-14 May 2014

INTA, Hong Kong SAR, China

Jeremy Pennant, Ian Starr, Helen Cawley, Tamsin Holman and Matthew Dick will be attending the International Trademark Association's 136th Annual Meeting.

18-21 June 2014

ECTA, Alicante, Spain

Richard Burton will attend the European Communities Trade Mark Association's conference. The conference will celebrate the 20th anniversary of the Community Trade Mark Regulation with a review of the functioning of the Community trade mark system at this time and a look ahead at what changes may lie in store for the future.

www.dyoung.com/events

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Article 01

OHIM Shows its True Colours As Clear as Black and White?

It was always received wisdom within the UK that registering a logo or stylised word design as a trade mark in black and white meant that all colours were automatically covered. A new common practice announced by Office for Harmonization in the Internal Market (OHIM) in November 2013 is challenging that approach in certain circumstances, and brand owners need to be aware of possible implications for their trade mark portfolios.

The project that led to the adoption of the common practice focused on whether trade marks filed in black and white and/or greyscale are identical to the same trade mark filed in colour as regards priority claims and relative grounds for refusal. The project also considered whether the use of a colour version of a trade mark registered in black and white (and *vice-versa*) is acceptable for proving genuine use. Importantly, the project did not consider the assessment of similarities between colours, use of black and white marks in colour for the purposes of acquired distinctiveness, or infringement issues (though the latter go hand in hand with the assessment of marks for the purposes of relative grounds of refusal).

Under the new common practice, identity between a trade mark filed in black and white and/or greyscale and the same mark in colour exists only when the marks are the same in all respects, or the differences are so insignificant that they may go unnoticed by the average consumer.

In short, if the sole differentiator between two marks is that one is black and white and/or greyscale, and the other is in colour, it must be assessed whether the addition of colour in and by itself alters the distinctive character of the black and white version of the mark sufficiently to render the colour version a different mark.

Priority claims

Unless the differences in colour are deemed to be insignificant, a trade mark filed in black and white will not be considered identical to the same mark in colour for the purposes of assessing priority. Although this seems to be a restriction on current practice, in reality it should represent a more flexible approach: previously the fact that a later mark was filed in colour would mean it could not claim priority from an earlier black and white filing; under the new practice, such a priority claim is possible as long as the addition of colour is not deemed to be a significant difference.

Relative grounds for refusal

For the purposes of assessing identity, differences in colour between two marks will be deemed to be noticeable to the average consumer (unless those differences are insignificant). This does not necessarily prevent a finding of confusing similarity between the same two marks.

Genuine use

When assessing whether a mark may constitute genuine use of a particular registration, a change in colour will generally not be deemed to alter the distinctive character of a mark as long as the following requirements are met:

- The marks comprise the same word/figurative elements;
- Those elements are deemed to be the most distinctive elements of the mark;
- The contrast of any shades is respected;
- The colour or combination of colours does not have distinctive character in itself; and
- Colour is not one of the main contributors to the overall distinctiveness of the mark.

The main risk here is that certain marks registered in black and white and/or greyscale for more than five years may now be vulnerable to attack on the grounds of non-use where they have only been used in colour.

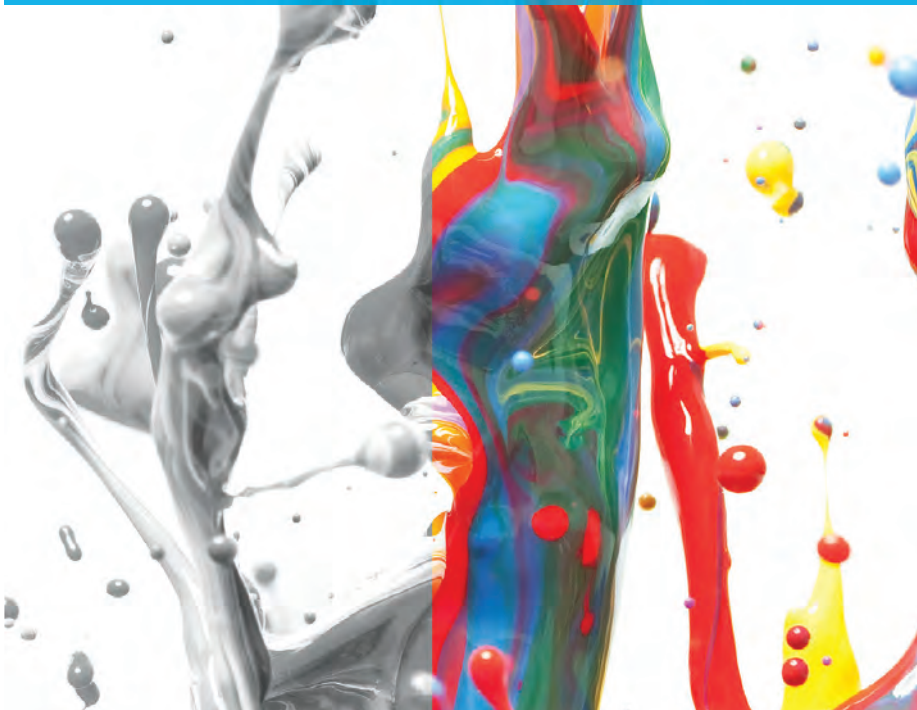
The adoption by OHIM of the new common practice opens the door to complex

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We regularly publish IP case updates and articles between newsletters. For up to the minute IP related articles and news visit www.dyoung.com/ipknowledge

What implications does OHIM's new common practice have for trade mark portfolios?



versions of any trade marks for which only a black and white registration exists, but which are used in colour – particularly where the colour differentiation may be deemed to alter the distinctive character of the black and white version of the mark.

This filing strategy is supported by the position taken by the UK Registry in the TPN.

Where brand owners intend to claim that colour is an important or distinctive element in a particular trade mark, they should consider filing for protection of the mark in the coloured format. If budgets permit, the black and white version should also be filed to ensure the widest scope of protection.

Clearly the question of whether the addition of colour alters the distinctive character of a particular mark is open to interpretation, and a reasonable balance needs to be struck between the cost of filing new applications in colour and the potential risks of not doing so.

Your usual D Young & Co LLP advisor will be happy to discuss any concerns with you, and to assist with adopting an appropriate filing strategy for your specific trade mark portfolio.

Author:
Matthew Dick



Useful links

UKIPO Tribunal Practice Notice 1/2014

<http://dycip.com/ukiponotice12014>

Specsavers International Healthcare and Others v Asda Stores Ltd - CJ judgment

<http://dycip.com/specsaversasda>

questions regarding the assessment of trade marks in a number of contexts. These are necessarily related to the questions of priority, relative grounds of refusal and genuine use, such as when marks are to be considered identical/confusingly similar for the purposes of infringement.

OHIM is currently considering how to implement the new common practice. An amendment to its Guidelines for Examination is expected in due course.

Developments in the UK

The UK Registry has recently issued Tribunal Practice Notice 1/2014 (TPN) on a related topic.

Focusing on the guidance from the Court of Justice of the European Union (CJ) in *Specsavers* [2013], the TPN confirms that, in the context of proceedings before the UK Registry, where colour is shown to form part of the distinctive character of an earlier mark (even if only registered in black and white), the potential or actual use of a later mark in the same colour will be considered to be a relevant

factor in terms of assessing identity/confusing similarity and whether unfair advantage has been taken of the earlier mark. If the earlier mark has been filed only in black and white, evidence will be required to show that colour forms part of its distinctive character.

Similarly, evidence of existing use of the later mark in a different colour to the colour in which the earlier mark has been filed or used is not relevant: the UK Registry must take into account all potential uses of the later mark.

Finally, where an earlier mark filed in black and white has not been used (or it has been used in colour, but not to the extent that that colour forms part of the distinctive character of the earlier mark), colour will not be taken into account in assessing conflict with a later mark. Only the mark in its black and white form will be considered.

The take home message?

How national courts will apply OHIM's new guidelines remains to be seen. Nevertheless, brand owners should consider filing colour

New EU Customs Regulation Now in Force

EU Law Tackles Counterfeit Goods

As of 01 January 2014, a new regulation concerning customs enforcement of intellectual property rights is in force across the European Union (EU). The new Customs Regulation 608/2013 (the new regulation) repeals the previous Customs Regulation 1383/2003 (the old regulation), and introduces some significant procedural changes to the filing and enforcement of a national or EU Customs Application for Action (AFA). In particular, the new regulation provides customs authorities with extended powers to tackle counterfeit goods and makes it easier for such goods to be destroyed once seized.

What is new?

- Most significantly for rights holders, the new regulation provides for an **optional new procedure for small consignments** (which are defined as postal or express courier shipments, which contain fewer than three units of counterfeit goods or which have a gross weight of less than two kilograms). Under the new procedure, customs may contact the importers of such consignments and seek their consent to destruction of the goods, **without** the need for the rights holder to confirm that the goods are counterfeit or to provide consent to destruction in each instance. The procedure has obvious benefits for rights

holders, who will (at least in theory) no longer have to deal with multiple small detentions. Having said that, the rights holder will not be provided with any information about the importer, exporter or the quantity of goods destroyed in such cases. Also, it is presently unclear how customs officers will determine whether or not goods are counterfeit or whether, in practice, they will still require the assistance of rights holders to do so.

- The '**simplified procedure**', which was optional under the old regulation, is now **compulsory** across all member states under the new regulation.

The simplified procedure essentially allows EU customs authorities to destroy counterfeit goods without the need for the rights holder to commence court proceedings (to determine whether the goods infringe an intellectual property right), in a situation where the rights holder agrees to the destruction of the goods and the importer of the goods either agrees or does not object to destruction.

It should, however, be noted that a number of the member states which adopted the simplified procedure under the old regulation insisted that explicit consent be received from the importer before the goods were destroyed and it remains to be seen whether, and in which member states, such an approach will continue under the new regulation.

- The new regulation clarifies and modifies the rules relating to **use of information** provided by the customs authorities to the rights holder about, for instance, the identity of the importer. Certain information may now be used in civil and/or criminal proceedings against importers, including compensation claims.

The 'simplified procedure' is now mandatory in all member states



CTMs & UK National Marks

A Strategic Approach for Complete Protection

When seeking trade mark protection in the UK, brand owners frequently ask whether it is better to apply for a CTM or a UK national mark. CTMs are excellent value for money (€900 official fee for coverage in 28 countries, including the UK, in up to three classes), but there are important advantages to having key brands registered as UK national marks in addition to CTMs. If budgets permit, and particularly if the UK is a key jurisdiction for a brand, we recommend securing trade mark protection both as a UK national registration and as a CTM. Many brand owners employ such a strategic, 'belt and braces' approach.

Benefits of dual protection

There are a number of benefits to having a UK national mark registration in addition to a CTM. These are likely to have an impact in the following scenarios:

- Proving genuine use of a trade mark.
- Filing evidence of use for the purposes of acquired distinctiveness/claiming a reputation.
- Infringement proceedings.
- Notification of prior UK rights.
- Statutory defence to infringement of earlier UK mark.

We are delighted to offer our clients a reduced fixed fee of £500/\$825 for obtaining a UK registration if filed at the same time as a CTM application. This includes official fees and covers the entire process from filing through to registration. For further information please contact your usual D Young & Co advisor.

Assuming an identical specification for both a CTM and UK mark in up to three classes, and that the UK application proceeds to registration without objection or prior rights being raised. USD (\$) figure given is based on currency conversion rate applicable at time of printing. Offer valid up to and including 01 July 2014. VAT (where applicable) is not included.

- The new regulation covers a wider range of intellectual property rights, including rights in relation to trade names and semi-conductor topographies.
- A new centralised electronic database (the anti-Counterfeit and anti-Piracy Information System - COPIS) has been set up by the European Commission to facilitate the exchange of information between the customs authorities of the various member states of the EU. It is understood that the COPIS database will interact with the Enforcement Database administered by the EU Observatory on Infringement of Intellectual Property Rights.

The practical impact of the new regulation Existing AFAs

Any AFA granted prior to 01 January 2014 under the old regulation remains valid until expiry but **cannot be renewed**. Instead, a new AFA must be submitted under the new regulation prior to expiry. Rights holders should also consider whether it might be helpful to file a new AFA at this stage in any event, in order to take advantage of the new small consignments procedure detailed above.

The new AFA form, which is the same for both national and EU applications, requires detailed and specific information regarding authentic goods, including distinctive features, place of production, authorised importers, suppliers, manufacturers, traders and so on. It is now only necessary to submit one copy of the AFA form for EU applications.

The new AFA form can be accessed via the European Commission website: <http://ec.europa.eu>.

Costs

It is important to note that rights holders remain liable for the costs of destroying counterfeit goods under the new regulation.

A link to the revised notice issued by HM Revenue & Customs (HMRC), which explains the various amendments to the customs procedure in the UK as a result of the new regulation, can be found on the HMRC website: <http://customs.hmrc.gov.uk>.

Parallel imports and goods in transit

In line with the old regulation, parallel imports, overruns and goods carried by passengers in their personal luggage (where for their own personal use) have all been explicitly excluded from the new regulation.

Furthermore, the new regulation does not expressly address the issue of goods in transit (ie, goods shipped from outside the EU through an EU member state, which are apparently destined for a country outside the EU). The position adopted by the Court of Justice of the European Union (CJ) in the Philips and Nokia cases in relation to goods in transit (ie, that such goods cannot be classified as counterfeit goods and seized by the customs authorities, unless there is evidence suggesting that such goods will be diverted from their transit onto the EU market) is likely to remain unchanged in practice.

However, the proposed amendments to the Community Trade Mark Regulation and the new Trade Mark Directive, if adopted, will go some way to addressing the issues relating to goods in transit.

D Young & Co has extensive experience of filing customs applications and dealing with the detention of counterfeit goods across the EU. Should you require any assistance in this regard then please contact your usual D Young & Co advisor, or Tamsin Holman or Anna Reid of our Dispute Resolution and Legal department.

Author:
Anna Reid



Useful links

Regulation (EU) No. 608/2013 of the European Parliament and of the Council

<http://dycip.com/regulation6082013>

When Are Counterfeit Goods Not Counterfeit Goods? When They're In Transit Says CJ - Philips and Nokia cases reported by D Young & Co March 2012

www.dyoung.com/article-counterfeitgoods

Ford Puts the Brakes on Fraud Music's Application Detriment to Repute



Figure 01: FRAUD



Figure 02: FORD

The Ford Motor Company have been successful in an opposition to prevent registration of the trade mark FRAUD (Device) (figure 01, above right) filed by Fraud Music Company (Fraud Music) for clothing, headwear and footwear in class 25 in the UK.

It seems this trade mark hit the UKIPO's blind spot and was accepted for registration despite indicating an illegal activity and should have been refused registration on the basis that it is contrary to public policy or to accepted principles of morality. So it was left to Ford to challenge on the basis of their earlier trade mark rights in their FORD logo (figure 02).

Ford's grounds for opposition were broad and included:

- likelihood of confusion under section 5(2) (b) of the Trade Marks Act 1994 (TMA);
- damage to reputation under section 5(3) TMA; and
- common law rights under section 5(4)(a) TMA.

The hearing officer took the view that Ford's strongest position was relying on its reputation and asserting that Fraud Music's use would, without due cause, take unfair advantage of, or be detrimental to, the distinctive character or repute of the earlier FORD logo.

On this basis, Ford claimed that use of Fraud Music's mark would:

- Dilute the distinctive character of their FORD logo.
- Reduce their sales because their mark would be 'tarnished' due to the negative associations with the word 'fraud'.



- Impact negatively on their image if Fraud Music's goods were of poor quality.
- Make it easier for Fraud Music to sell their goods because of the link made with Ford's trade marks, tailgating on Ford's promotional efforts, power, reputation and prestige.

Ford was in the driving seat when it came to reputation and filed evidence to show it had sold over 400,000 new vehicles in each of the five years preceding the date of Fraud Music's application. Ford's FIESTA model was the top selling car in the UK in 2012 and its FOCUS model was the third best selling car in the same year. Ford also sponsors a number of major sporting events in the UK including the UEFA Champion's League (soccer) which, for its 2012 final, attracted over six million viewers in the UK alone and over 14 million viewers in 2006 when Manchester United played Chelsea. The hearing officer was persuaded by this evidence and concluded that a large proportion of the UK public know Ford's oval trade mark.

Ford was in pole position but had to show a link between the trade marks, and the hearing officer acknowledged their established reputation, the striking similarities between the trade marks and, despite the goods being dissimilar (vehicles v clothing), the ultimate consumers are the same.

After a brief pit stop, the hearing officer considered detriment, and said that whilst

Fraud Music's goods themselves were not considered offensive, it was the unpleasant connotations of the word 'fraud' which made their wheels come off. Ford uses their FORD logo to communicate with consumers and an association with the word 'fraud' would be a 'car crash' for their brand.

Fraud Music did not comment on their choice of mark only to say that it is a 'business word' and could not explain why they got up so clearly mimicked Ford's famous logo. The hearing officer found that there was nothing accidental with their choice of trade mark and it was their pure intention to bring Ford's logo to mind and increase their own sales.

All the conditions for detriment had been met and Ford was shown a chequered flag: Fraud Music's application was refused in its entirety.

A fine victory for Ford, despite the initial stall from the UKIPO. We believe that any appeal is unlikely to even reach starters orders.

Author:
Helen Cawley



Useful link

Full decision Ford Motor Company v Fraud Music Company

<http://dycip.com/fordfraud>

Utopia Tableware v BBP Marketing UK Design Rights

> Further information

View the full decision of the Intellectual Property Enterprise Court (IPEC) online at <http://dycip.com/utopiavbbp>

The Intellectual Property Enterprise Court (IPEC - formerly the Patents County Court) has ruled that a UK registered design for a beer glass was valid and infringed by a defendant's glass. Additionally, the unregistered design right in one of the design features was infringed.

Two questions arose in this case:

- Did Utopia enjoy unregistered UK design right in its 'Aspen' glass design, or was the design commonplace?
- Did Utopia's UK registered design for the glass have individual character?

The prior designs relied upon for both questions were those used by beer brands Peroni, Amstel and Carlsberg.

Unregistered UK design right

The IPEC first considered the unregistered design. Unregistered UK design right will only subsist in relation to a design which is 'original' and not copied from another in that it is not commonplace in the design field in question.

The court deemed that the most important aspect of the four features of Utopia's glass was the outer profile which was defined as *"The shape of the profile of the outer surfaces of the Claimant's vessel, that profile in particular including, above a waisted section, an elongated tulip shaped section which tapers inwardly as it approaches the rim of the Claimant's vessel"*. This was noticeably

different from glass to glass and therefore not commonplace according to the court. The unregistered UK design right was therefore held to subsist in the outer profile of Utopia's glass.

Registered UK design right

Next, considering the registered design right, BBP the defendant, did not challenge the subsistence, ownership or novelty of the registered design. In fact, BBP had admitted that the exterior dimensions of their 'Aspire' glass were in fact copied from Utopia's 'Aspen' glass but claimed that neither the internal dimensions nor the thickness of the wall were copied. Further, BBP admitted that the Aspire did not produce on the informed user a different overall impression from the registered design, but only insofar as the exterior shape was concerned.

Informed user, individual character

The Aspen glass would have individual character if it produced upon the informed user an overall impression different from that of the prior designs, taking into consideration the degree of freedom of the designer. The court said that the informed user was a person who:

- had knowledge of the existing design corpus;
- was interested in the products concerned;
- showed a relatively high degree of attention when using them; and
- conducted a direct comparison of the designs in issue.

The informed user was considered to be unlike many beer drinkers in the real world, some of which apparently paid little attention to the design of their glass. BBP had argued that the informed user was a beer drinker, hoping to rely on a perceived lack of attention paid to the curvature of glasses by such drinkers; however, the court found this was not the case and was also unconvinced that drinkers did not pay close attention to the design of their glasses. It suggested that brewers invested significant time and money in developing their own unique products on the basis that beer drinkers pay more attention than BBP was giving them credit for. Having considered the overall impression produced by Utopia's design and the prior art designs, the court held that the design had individual character over other glasses in the field.

Limited design freedom

The greater the degree of design freedom, the less likely it is that small differences between a particular design and a prior design will cause the designs to produce a different overall impression on the user, and vice versa. Although the design field was beer glasses, the judge found that the relevant design freedom was that afforded to a design of a tall, waisted beer glass. That was limited – it had to be tall and it had to have a waist. Accordingly, minor differences between it and prior designs might confer individual character, albeit with a consequently limited scope of protection when it came to infringement.

Conclusion

The court concluded that the shape of the profile of the outer surfaces of its 'Aspen' beer glass design was valid and infringed by BBP's 'Aspire' beer glass. The informed user would, according to the court, notice the difference in the overall impression created by the registered design.

This decision illustrates how a registered design with limited design freedom and a narrow scope of protection can still be infringed. Therefore, design rights in seemingly ordinary shapes (at first glance), assuming they have individual character, are a valuable and often overlooked form of IP protection.

Author:
Richard Burton



Brewers invest significant resources into developing their own unique glass designs



Kit Kat 3D Trade Mark Application High Court Refers Questions to CJ in Nestlé v Cadbury Case

The High Court has recently referred three questions to the Court of Justice of the European Union (CJ) in the case of *Société Des Produits Nestlé SA v Cadbury UK Ltd* [2014]. This case is an appeal by Nestlé from a decision of the UKIPO which refused registration of the shape of the four-finger Kit Kat bar for chocolate related goods in class 30, except “cakes” and “pastries”. The case also involved a cross-appeal from Cadbury to the extent that the application was allowed in relation to “cakes” and “pastries”.

Background

In July 2010 Nestlé applied to register the four-finger wafer bar depicted below (figure 01) (which omits the words “Kit Kat”) as a three-dimensional sign in respect of various chocolate related goods in class 30.

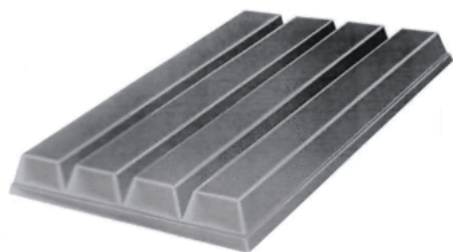


Figure 01: Nestlé's application

The application was accepted on the basis that the mark had acquired distinctiveness through use prior to the application date. Cadbury opposed the application on various grounds arguing, essentially, that:

1. the mark was devoid of distinctive character and had not acquired distinctive character through use;
2. the shape of the mark results from the nature of the goods; and
3. the shape of the goods is necessary to achieve a technical result.

The hearing officer held that the mark had not acquired a distinctive character for any of the goods, with the exception of “cakes” and “pastries”. He also considered that the essential features of the mark consisted,

either of a shape resulting from the nature of the goods themselves, or of a shape which is necessary to achieve a technical result, for all goods except “cakes” and “pastries”.

Nestlé appealed to the High Court and Cadbury cross-appealed the decision to allow the mark to proceed to registration in relation to “cakes” and “pastries”.

Inherent distinctive character

The hearing officer held that there were a number of other two-finger versions of the shape applied for, and a number of other products which featured joined fingers with breaking grooves, on the market prior to the application date. He therefore considered that the mark only had inherent distinctiveness in relation to “cakes” and “pastries” as the shape of the mark was outside the norms and customs of the sector and was therefore capable of distinguishing origin.

Nestlé did not challenge this finding on appeal, but Arnold J agreed with Cadbury's argument that the mark had no inherent distinctiveness in relation to “cakes” and “pastries”. This was on the basis that the hearing officer had, firstly, failed to recognise that the reasoning he had applied in relation to chocolate bars was equally applicable to chocolate-covered, finger-shaped cakes and pastries and, secondly, because the mere fact that a shape is outside the norms and customs of a sector does not necessarily mean that it has distinctive character.

Acquired distinctive character

The hearing officer accepted that Nestlé had shown recognition of the mark amongst a significant proportion of the relevant public for chocolate, but concluded that

Nestlé had not shown that consumers have come to rely on the shape to identify the origin of the goods.

Nestlé challenged the hearing officer's conclusion that the mark had not acquired

a distinctive character through use.

Arnold J considered that the approach of the English courts has always been that an applicant must establish that a significant proportion of the relevant public rely upon the mark as indicating the origin of the goods.

However, he accepted that it is not clear that this analysis is correct and decided to refer a question to the CJ on this point.

In his own opinion, Arnold J stated that the applicant must prove that a significant proportion of the relevant public rely on the mark as indicating the origin of the goods.

Shape objections

The hearing officer identified the essential features of the mark as being:

- i. the rectangular ‘slab’ shape of the mark;
- ii. the presence, position and depth of the breaking grooves which divide the bar into detachable fingers; and
- iii. the number of such grooves.

The hearing officer considered that feature (i) resulted from the nature of the goods themselves, save for “cakes” and “pastries” because the ‘slab’ shape was the basic shape for chocolate bars as it afforded an easy and cheap way to provide consumers with a given amount of chocolate.

Furthermore, the hearing officer considered that features (ii) and (iii) were necessary to obtain a technical result with respect to all goods, to the exclusion of “pastries” and “cakes”, as the grooves permit the bar to be broken up for consumption and the number of fingers reflects the portion size.

Arnold J agreed with Cadbury that the hearing officer should have concluded that the above analysis applied equally to “cakes” and “pastries”. He then went



The hearing officer's decision was first reported in our September 2013 newsletter. To read or search for keywords or subjects in any of our newsletters (from 2001 onwards) visit our website www.dyoung.com/newsletters

on to consider Nestlé's argument that it was not open to the hearing officer to make a "hybrid finding", as the objections raised were separate and distinct.

Arnold J clearly sympathised with Cadbury's argument that it would be strange if a shape, one of the essential features of which resulted from the nature of the goods themselves and the other two essential features of which were necessary to achieve a technical result, could be registered simply because neither objection applied to all three essential features.

However, Arnold J felt that the law on this point needed clarifying and referred a second question to the CJ.

Nestlé also argued that the hearing officer was wrong to conclude that the exclusion relating to shapes which are necessary to achieve a technical result applied to features which related to the manner in which the goods were manufactured. In contrast, Nestlé argued that the exclusion only related to the function of the goods.

Again, Arnold agreed with the submission made by Cadbury that the hearing officer was correct to hold that both kinds of technical result were included within the wording of the provision.

However, in any event Arnold J referred a third question to the CJ.

The UKIPO refused registration of the shape of Nestlé's four-finger Kit Kat bar



Questions referred to the CJ

1. In order to establish that a trade mark has acquired a distinctive character following the use that had been made of it within the meaning of Article 3(3) of Directive 2008/95/EC, is it sufficient for the applicant for registration to prove that at the relevant date a significant proportion of the relevant class of persons recognise the mark and associate it with the applicant's goods in the sense that, if they were asked who marketed goods bearing that mark, they would identify the applicant; or must the applicant prove that a significant proportion of the relevant class of persons rely upon the mark (as opposed to any other trade marks which may also be present) as indicating the origin of the goods?
2. Where a shape consists of three essential features, one of which results from the nature of the goods themselves and two of which are necessary to obtain a technical result, is registration of that shape as a trade mark precluded by Article 3(1)(e)(i) and/or (ii) of Directive 2008/95/EC?
3. Should Article 3(1)(e)(ii) of Directive 2008/95/EC be interpreted as precluding registration of shapes which are necessary to obtain a technical result with regard to the manner in which the goods are manufactured as opposed to the manner in which the goods function?

Comment

Interestingly there was no mention in the case of the related Community trade mark (CTM) proceedings, in which Cadbury has applied to invalidate Nestlé's CTM for the shape of the four-finger bar on similar grounds.

In the CTM proceedings OHIM rejected the argument regarding technical result and Nestlé was successful in arguing that the mark had acquired distinctive character throughout the EU.

An appeal has been filed by Cadbury and it is likely that these proceedings will be suspended pending the outcome of the CJ reference.

Author:
Anna Reid



Useful links

Cadbury v Nestlé - Recognition is Not Enough to Acquire Distinctive Character - our report on the hearing officer's decision (September 2013 newsletter)

www.dyoung.com/article-cadburyvnestle0913

Société Des Produits Nestlé SA v Cadbury UK Ltd [2014] EWHC 16 (ch) judgment

<http://dycip.com/ewhckitkat>

Re-branding of Parallel Imported Medicines Ruled Unlawful

Speciality European Pharma v Doncaster Pharmaceuticals

Doncaster over-stickered existing EU boxes with an English language label using the generic name - "Trospium Chloride"



The parallel import of pharmaceuticals into the UK from other European Union (EU) countries has been common practice for over 30 years. Indeed, the EU Commission regards such parallel imports as an important part of its policy for approximating the price of medicines around the EU. Innovative pharmaceutical companies generally regard such imports as not only harmful to their business models but also damaging to their relations with their customers and patients, as well as to the reputation of their brands.

The UK has generally been a 'high cost' jurisdiction for medicines and so parallel importers have thrived, although the extent of their success owes as much to exchange rate movements as pricing policies of other EU countries.

In fact the UK's National Health Service has historically put in place measures that substantially assist such imports:

- By having policies in place encouraging the use of generic prescribing (ie, using the generic/International Nonproprietary Name (INN) rather than a particular brand name).

- By reimbursing pharmacists for medicines they purchase and supply to patients at a price often fixed by reference to the branded product (irrespective of whether that is the price at which they actually buy it).

As a consequence, many pharmacists will buy the cheaper parallel imports and 'pocket the difference'.

In *Speciality European Pharma v Doncaster Pharmaceuticals* [2013], the impact of these policies formed an important backdrop to the decision. But first, some background. Whilst the parallel import of medicines has been allowed for many years, the extent to which an importer could change the brand from that used in another EU country to the one used in the UK has been a source of substantial litigation, culminating in several references to the Court of Justice of the European Union (CJ). Two of these involved the same defendant, the Danish company 'Paranova' (*Bristol Myers Squibb v Paranova* [1997] and *Pharmacia v Paranova* [2000]). These cases resulted in the so-called 'BMS Conditions' to determine the circumstances in which repackaging (which could include re-branding) was acceptable and whether re-branding was objectively necessary to allow the **importer effective access to the market** in the importing country.

Facts of the *Speciality v Doncaster* case
Doncaster had successfully (and without complaint) parallel imported the particular pharmaceutical in issue for a number of years and had simply over-stickered the existing EU

boxes with an English language label using the generic name – "*Trospium Chloride*". Because of the price differential between the UK and some other EU countries, these parallel imports were very successful and took a large amount of market share from the owner of the branded product (which was sold under the REGURIN mark). One of the reasons for such success was that the product was still covered by a patent, but this expired in 2009 and the market for Trospium Chloride was then substantially taken over by generics, with whom Doncaster could not compete on price.

There was, however, one market which the generics could not compete in – the market for the branded product (ie, the REGURIN branded market – to meet those prescriptions written **not** generically but by reference to the brand itself). The UK does not allow for generic substitution of medical products, so the 'branded market' could arguably be seen as a separate market. The size of that market will vary from product to product, depending (in part) on the effectiveness of the marketing of the brand owner.

In this case, the market for REGURIN prescriptions was quite small – less than 10 per cent of the total market (for one dosage strength) and about 30 per cent for the larger, slow release dosage. Nevertheless, Doncaster intended to bring in pharmaceuticals from France and Germany (where they had different brand names) and then re-box them

➤ Further information

Speciality European Pharma Ltd v Doncaster Pharmaceuticals Group Ltd & Anor [2013] EWHC 3624 (Ch): <http://dycip.com/ewhc3624>

Bristol-Myers Squibb v Paranova A/S (Approximation of laws) [1997] 1 CMLR 1151: <http://dycip.com/euecjc42793>

Pharmacia & Upjohn SA v. Paranova A/S, [2000] 1 CMLR 51: <http://dycip.com/pharmaciaparanova>

and apply the REGURIN brand.

The judge (Mrs Justice Asplin) had to consider whether Doncaster had effective access to the market and whether the branded market was a separate market, which only the re-branding could give them access to.

She held that:

- The evidence was that Doncaster was not hindered from gaining effective access to the Trosipium Chloride market – Doncaster had access to some 90 per cent and 70 per cent respectively.
- To define the market by reference to the branded market alone was not appropriate, not least as to do so would essentially be self-fulfilling and contrary to EU case law which was concerned with access to the market as a whole.
- The UK medicines market is not structured in such a way as hinders effective access to parallel importers – quite the contrary given the encouragement of generic prescribing and the rules on reimbursement.
- All Doncaster was doing was to seek a 'commercial advantage' by piggybacking on the branded product's marketing – Doncaster were at liberty to create their own brand and try to create their own market for that brand.

This judgment brings the UK more into line with recent decisions in other EU countries than had historically been the case. Whilst there may be some products which have a high level of branded prescribing, these are likely to be few (particularly where the product itself has come off patent or is nearing the end of its patent life) and so repackaging and applying the UK brand is likely to be increasingly difficult.

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www.dyoung.com/newsletters

Article 08

Do CTM Genuine Use Requirements Extend to International Registrations? *Rivella v Baskaya*

This decision of the Court of Justice of the European Union (CJ) confirms that the proof of use requirements in Council Regulation (EC) No 207/2009 on the Community trade mark (CTMR) apply to international registrations and, in addition, any bilateral convention about the equivalence of protection between two countries cannot apply or affect the autonomous nature of the Community trade mark (CTM) system.

Baskaya sought registration of the mark shown below (figure 01) as a CTM:



Figure 01

It was opposed by Rivella, the owner of the international registration (figure 02) which extended to Germany plus some other European Union (EU) territories for *"beer, ale and porter; mineral and aerated waters and other non-alcoholic drinks; syrups and other preparations for making beverages"* (in class 32):



Figure 02

Leaving aside the highly questionable chances of a successful opposition based purely on a comparison of the marks, the applicant sought proof of use.

The opponent submitted a number of documents as proof of use in Switzerland, but nowhere else.

It relied, in that regard, on Article 5 of the convention between Switzerland and

Germany on the reciprocal protection of patents, designs and trademarks signed in Berlin on 13 April 1892 (the 1892 Convention) (which allows for the reciprocal protection of intellectual property rights between Germany and Switzerland). Under that convention, use in Switzerland is equivalent to use in Germany.

The Office for Harmonization in the Internal Market (OHIM) rejected the notion that the 1892 Convention could apply. So did the Board of Appeal and also the General Court (GC).

The GC confirmed that proof of use could be required of international registrations on which an opposition is based.

The opponent appealed to the Court of Justice of the European Union (CJ) claiming that:

1. International registrations are not covered by the proof of use provisions;
2. Nationally registered marks are governed exclusively by national law; and
3. The unitary character of a CTM is not absolute and therefore registration could be prevented by way of the 1892 Convention.

The CJ gave short shrift to all three grounds confirming, in relation to the second, that the CTM system is autonomous and has its own set of rules and objectives.

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Useful link

Rivella International AG v Baskaya i Baskaya Alim e C. Sas [2013] EUECJ C-445/12

<http://dycip.com/rivellabaskaya>

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"This book will be of significant interest to our clients, in-house counsel, trade mark attorneys and brand owners in Europe and worldwide, as it provides an accessible, single volume guide to all the most important trade mark cases in Europe. I would like to thank all those who contributed to creating this compelling and instructive second edition."

For more information please see
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