

TRADE MARK NEWSLETTER

THE BATTLE FOR www.itunes.co.uk HOTS UP

This dispute centred on whether an entrepreneurial 22 year old should be entitled to retain the domain name *itunes.co.uk*, having apparently registered it in good faith and without prior knowledge of Apple's rights. Fortunately, (for them), Apple had the foresight to register ITUNES as a trade mark, providing them with a platform for a successful challenge to the domain name.

Benjamin Cohen originally registered *itunes.co.uk* in 2000, just two weeks after Apple Computer Inc filed to register the trade mark ITUNES in the United Kingdom. There were various exchanges of correspondence between the parties including an offer by Apple to purchase the domain name for \$5,000. This was rejected and in turn Mr Cohen offered to sell the domain name for £50,000. This offer was also refused. As a result, Apple filed a complaint with Nominet, the body which oversees the registration of domain names in the United Kingdom.

Apple asserted that the website *itunes.co.uk* was being used by Mr Cohen to redirect website visitors to sites of various competitors. By the end of 2004 *itunes.co.uk* was receiving 4,000-5,000 unique visitors per day. Apple claimed that the domain name had been used by Mr Cohen in a manner which took unfair advantage of, or was unfairly detrimental to, their rights.

In her decision, Nominet's independent expert, Claire Milne, a telecoms consultant, considered the claims of both parties. In her view, Apple had both statutory and common law rights in the name iTunes as was demonstrated by any search on the internet. The respondent, however, provided no evidence of having used *itunes.co.uk* other than for the redirection of visitors to various websites (including Napster) and an attempted sale to Apple. The case hinged on whether the original domain name registration amounted to an abusive registration under the definition set out in Nominet's rules.

The independent expert noted that the purchase price asked for from the

complainant was of a similar order to those in the landmark "One-in-a-Million" case involving the well known brand owners, BT, Ladbroke's, Sainsbury, Virgin and Marks & Spencer. Whilst Mr Cohen asserted he had the right to sell the domain name to companies such as Napster, the independent expert felt such offers would be unfairly detrimental to the rights of the complainant. The evidence also showed that Mr Cohen was interested in linking his domain to the Napster affiliate programme where it was possible to be rewarded for sending visitors to the Napster website. Mr Cohen would clearly have benefited financially from such redirection, making the *itunes.co.uk* domain name more desirable to a prospective potential purchaser, although while the case was being heard, he agreed to suspend the link.

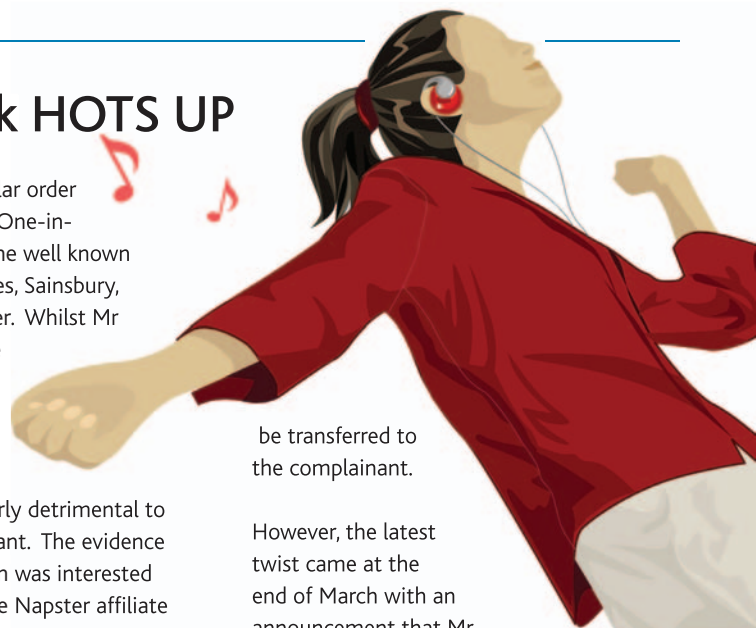
Based upon the past actions and statements of Mr Cohen, the independent expert felt that business could be lost by Apple and/or confusion could arise in a manner that took unfair advantage of or was unfairly detrimental to Apple's rights. Whilst she did not accept that the offer to sell the domain name to Apple for £50,000 by itself took unfair advantage of the rights of the complainant, she did conclude that if Mr Cohen retained the domain name he might resume redirections to other competing websites and might offer to sell the domain name on to a third party. Furthermore, whilst she accepted that Mr Cohen's use of the domain name before the contested redirection to Napster may not have been abusive she did not accept that this earlier use was substantial or significant.

In conclusion the independent expert held that in the hands of the respondent the domain name amounted to an abusive registration, especially taking into consideration his threat to resume redirections to Napster and his previous offers to sell the domain name. Since she saw no merit in cancelling or suspending the domain name, she directed *itunes.co.uk* to

be transferred to the complainant.

However, the latest twist came at the end of March with an announcement that Mr Cohen had applied to the High Court for a Judicial Review of the decision, alleging that Nominet is biased against small businesses. It will be interesting to see the Court's views on the Nominet Dispute Resolution Service. If successful, this challenge could have profound implications for the way in which domain name cases in the United Kingdom are decided in the future.

To date, D Young & Co has a 100% success rate when representing clients before Nominet. We have handled cases for clients ranging from small start ups to multi-nationals. For further information or advice please contact your usual advisor or any one of our trade mark attorneys.



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BREAKFAST NOT AN OPTION AT TIFFANY'S

In 1996, Tiffany & Co., the world famous New York jewellers, applied to register TIFFANY & CO. as a Community trade mark. Two forms of the mark were applied for, the first being for the words TIFFANY & CO. alone, and the second being a picture of a three-dimensional box in "Robin's egg blue" with the words TIFFANY & CO. superimposed on the lid.

The applications covered a broad range of goods in a variety of classes. Oppositions were filed against both applications by Emballages Mixtes et Plastique (EMP), based on their earlier French registrations for the word "tiffany" (lower case/stylised word) covering, "Table plates and goblets of plastic, goblets of opaque plastic and crystal, table napkins made of cellulose wadding, table cloths of plastic". The oppositions were principally directed against the applicant's claims in classes 8 and 21.

Despite noting the fact that the New York company's goods would be aimed at consumers at the very top end of the relevant market while EMP's goods, which were made from plastic, were intended to be disposable and therefore cheap, being aimed at the bottom end of the market, the Opposition Division found that there would be confusion amongst prospective purchasers of the goods if Tiffany & Co were allowed to register their trade marks in the European Union and, in particular, to use them alongside the opponent's marks in France.

The oppositions were thus upheld at first instance by the CTM Office and Tiffany & Co duly filed appeals. The Board of Appeal upheld the original finding that the distinctive element of both marks applied for was the word TIFFANY, which was confusingly similar to the distinctive element of the earlier right (tiffany). Whilst accepting that the New York company's cutlery would be made of precious metal and would not be used as disposable tableware, nor would any of their glassware, porcelain and china be disposable, the Board concluded that the material from which the respective goods would be made was irrelevant as both company's products would be used to serve and eat meals, so there was a likelihood of confusion sufficient to merit refusal of Tiffany & Co's marks.

The outcome of these appeals is noteworthy on two counts. Firstly, obvious differences in trade channels and the respective materials from which goods are made are usually sufficient to establish that the respective goods are aimed at different categories of

purchasers, who would not then be deceived into confusing the goods of the conflicting parties in such a scenario.

A further surprising factor is that EMP's trade mark "tiffany", which formed the basis of the opposition, was not used in the form in which it was registered but in capital letters in an octagonal lozenge. Nevertheless, the variant form was considered equivalent to use of the registered mark. Moreover, the opponent's proof of use of the mark was shown only through provision of sample catalogues. Previously, such limited proof of use has not been sufficient, but the Board of Appeal maintained that since the catalogues mentioned the price of the goods and the market share held by the opponent company, they would be sufficient in this case.

Overall, it is hard to resist the conclusion that Tiffany & Co., were unlucky in this case – in view of the importance of their brand to the success of their business operations, we anticipate a further appeal to the ECJ.

NON-USE CANCELLATIONS ("LA MER" REVISITED)

The amount of use ("quantum") and the type of use needed to defend a trade mark registration from attack in a "non-use" cancellation action are key issues, both from the point of a view of a trade mark owner wishing to defend their registration from a non-use challenge, and also any party considering whether an earlier conflicting registration could be successfully challenged. Case law in Europe on these points continues to evolve, although some clear themes are emerging.

These issues were again considered by the UK High Court in the case of La Mer Technology Inc. vs. Laboratoires Goemar S.A., where the supply of small quantities of the goods ("cosmetics") by the registered proprietor to a UK distributor were held not to be sufficient to protect the registered mark.

The case started in 1998 when La Mer applied to cancel Goemar's two UK trade mark registrations for the mark LABORATOIRE DE LA MER (in Classes 3 and 5). When the

cancellation was initially considered by the UK Trade Marks Office it was held that the use was sufficient at least so far as certain goods were concerned. The applicant for revocation appealed the Registry decision to the UK High Court. The appeal was then referred by the High Court to the ECJ for guidance on whether such low levels of use could be considered "genuine" (although the original Judge did indicate, as a preliminary finding, that he would probably have upheld the UK Trade Marks Office Decision).

The case was however returned to the High Court by the European Court for a decision in accordance with the directions the ECJ had given in the Ansul "MINIMAX" case (C – 40/01) [see D. Young Trade Mark Group Newsletter article – March 2003]. The ECJ indicated that that case provided clear guidance on what was "genuine" use for the purposes of defending a mark where non-use was in issue and that they did not intend to revisit the issue in the context of this referral.

In the second High Court Hearing, Blackburne J., allowed the Appeal and cancelled Goemar's registrations. He held that, in context, it was clear that the sales by the French company to the UK distributor (although small) were not simply designed to try to maintain the registration but were a genuine attempt to make the products available. Moreover, the UK distributor to whom the goods were sent, was not connected with the registered proprietor and not acting in concert with them to create an artificial sale. Nevertheless, his conclusion was that the goods never actually reached the UK end user/consumer market, and so failed the "public and external use" requirement.

It is arguable that the trade mark owner might have defended the LA MER mark successfully had his business not been cosmetics, where it is usual to advertise widely and sales volumes are often significant. In a more esoteric marketplace, where expectations of what is a "normal" trade are lower, the outcome could easily have been in his favour.

A CLOSE SHAVE?

The case concerns the interpretation of Article 6(1)(c) of the EU Directive regulating use of a third party's trade mark for parts and accessories without the registered owner's consent and goes some way to clarify when this is acceptable.

LA Laboratories sold razor blades in Finland which were labelled "Parason Flexor". In smaller letters, the pack stated that "Gillette SENSOR handles are compatible with this blade". The pack also indicated that the blades were compatible with LA Laboratories' own "Parason Flexor" handles.



No licence had been granted to LA Laboratories Ltd to use the marks GILLETTE or SENSOR and trade mark infringement proceedings were commenced by Gillette.

A complicating factor was that national law in Finland did not permit a third party to market their goods (including spare parts and accessories) by reference to another registered trade mark, if the use created a misleading impression, such as an inference that the proprietor had consented to his mark being put on the goods or that there was a trade connection with the proprietor. To an extent, this local law was in conflict with the provisions of Article 6(1)(c) of the EU Directive, hence the Finnish court's decision to refer the case to the ECJ.

Initially, Gillette had been successful in its claim before the national court but this decision was overturned on appeal. The Finnish Supreme Court then asked the ECJ for guidance on the following issues:

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| 1) How should such products be categorised? Should they be categorised as accessories, spare parts or neither? If products are categorised as spare parts or accessories, does this affect the allowable use of the trade mark by a third party? [This point arose from the Finnish court's finding that the blades were not spare parts/accessories]. | 2) How should the requirement that the use must be "necessary" to indicate the intended purpose of a product be interpreted? Can the criterion of necessity be satisfied, even though it would itself be possible to state the intended purposes without an express reference to the registered trade mark? What significance does it have that the statement may be more difficult for consumers to understand if there is no express reference to the registered trade mark? | 3) What factors should be taken into account when assessing the test of "use in accordance with honest commercial practices"? Does mentioning a registered trade mark in connection with the marketing of one's own product constitute an acceptable reference to the fact that the marketer's own product corresponds, in quality and technically or as regards its other properties, to the product designated by the registered trade mark? | 4) Does it affect the permissibility of the use of a third party's registered trade mark in such a context that the party who refers to the registered trade mark also markets, in addition to a spare part or accessory, the same product of his own which the "offending" spare part or accessory could also be used with? |
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In its conclusions, the ECJ decided that the lawfulness of the use of a third party trade mark in relation to such goods depends on whether that use is "necessary" to indicate the intended use of the product.

The EU Directive makes no distinction between the possible intended purpose of products when also assessing the lawfulness of the use of the trade mark, so the criteria for assessing lawfulness of the use of the trade mark with accessories and spare parts in particular are no different from those applicable to other categories of products. It is for the national courts to determine whether such use is necessary, taking into account of the nature of the public for which the product is marketed and the overriding need to preserve a system of undistorted competition within the EU. In some cases, it may be necessary to refer to the registered proprietor's mark in order to make the statement about the intended purpose of the "competing" product comprehensible to consumers/end users. Even so, such use must still be "honest".

The condition of "honest use" also includes a duty to act fairly in relation to the legitimate interests of the trade mark owner, however; there is therefore a need to balance these conflicting considerations in an acceptable manner. Certain types of use did not fulfil this criterion, e.g.

- If use was in a manner which gave the impression that there is a commercial connection between the third party and the trade mark owner;
- If use affected the value of the trade mark by taking unfair advantage of its distinctive character or repute;
- If use entails the discrediting or denigration of that mark, or the product is presented as an imitation or replica of the product bearing the registered owner's trade mark.

It is expected that in light of these guidelines the Finnish Supreme Court will find in favour of LA Laboratories.



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FILING EVIDENCE OF USE ON APPEAL AT OHIM When it's OK and when it's not

Two recent cases issued by the Community Trade Marks Office (OHIM) have provided clarification upon when it is acceptable to produce further evidence at the appeal stage, during opposition proceedings.

The judgement of the Court of First Instance in *Procter & Gamble v OHIM (BABY DRY)* establishes a general principle that enables parties to ex parte proceedings before OHIM to introduce new evidence on appeal. In such proceedings, it was deemed not unreasonable to require the Office to be flexible with regard to time limits and the admission of new evidence, since there is no other party whose interest might be directly affected.

The position in respect of inter parte proceedings has been less clear, since flexibility shown towards one party may unfairly damage the interests of another party. It may also be detrimental to legal certainty to allow additional evidence on appeal, since the parties would not know what consequences flowed from a failure to comply with time limits. As a rule OHIM requires the parties in inter parte proceedings to comply strictly with the provision of evidence within time limits. Where, for example, an opponent makes no attempt whatsoever to prove the existence of the rights on which the opposition is based within the prescribed time limit, the applicant for a Community trade mark is entitled to assume that OHIM will reject the opposition and the application will proceed to registration. It would be grossly unfair if in such a situation the applicant had to suffer the inconvenience, expense and delay of appeal proceedings, followed perhaps by further proceedings in the opposition division should the Board of Appeal decide to remit the case back, as a result of the additional evidence.

However, proceedings before the Board of Appeal of the Office have an administrative nature and are bound by a relation of functional continuity with those instances of the Office, including the opposition division, who take decisions that may be appealed to the Boards. This implies that whenever the Boards re-examine a contested decision in order to decide whether it must be confirmed or annulled, they are not prevented from relying on any additional evidence produced at the appeal stage, except where a time limit has been disregarded.

In the decision of the First Board of Appeal, Case R 269/2004-1 (*Valle della Luna/VALLE DE LA LUNA*) of 24 November 2004, the above exception was held not to apply. The opponent submitted proof of use in respect of the rights upon which they were relying in the opposition proceedings. The applicant in this instance objected that the proof of use was insufficient. The opposition division informed the opponent that they only had the right to answer to these objections with comments, and were not entitled to file additional evidence. Accordingly, when the decision issued in the matter, the opposition was rejected on the basis that the proof of use was insufficient.

The opponent sought to appeal the decision. They had no alternative but to submit the additional documents and proof of use to support their appeal at the subsequent procedural stage, in other words, during the appeal proceedings. It therefore follows that for the Board of Appeal to have rejected these documents on the grounds suggested by the applicant, that they should have been filed at the opposition stage, would have been disingenuous. The opponent was expressly denied the possibility of doing so. Accordingly, in this instance the opponent, by filing new evidence before the Board, was not seeking to cure a time limit it did not respect. For this reason, the additional evidence which had been filed along with the grounds of appeal, was deemed admissible and was taken into consideration by the Board for the purpose of the appeal proceedings.

The above decision reaffirms the principles laid down in Case T-164/02 (*ARCOL/CAPOL*) of 10 November 2004. In this case, additional evidence was accepted during the appeal stage of proceedings, as it served to prove the highly distinctive character of the mark that was relied upon during opposition proceedings, which was a point disputed during the course of the appeal.

These cases establish that it is possible to adduce further evidence at an appeal stage in both ex parte and inter parte proceedings, provided the Office have not already requested such information or provided a time limit within which the information should have been provided. In the absence of such circumstances, any additional facts, evidence or materials required to support the grounds of an appeal, are likely to be admitted into proceedings.

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