

TRADE MARK NEWSLETTER

WHAT'S IN A NAME?

Individuals or businesses wishing to protect and exploit a personal name as a trade mark can encounter a number of problems. Although the basic legal provisions do not discriminate against acceptance of personal names as trade marks (a fact confirmed by the European Court in the *NICHOLS* case), nevertheless applicants may find that the mark is refused for certain goods.

It is current UK Registry practice not to accept names of famous individuals as trade marks for goods such as posters or photographs (following the *LINKIN PARK* decision). This practice applies where the name is already well known and consumers would not attribute trade mark significance to the name when used on such goods. If a registration is obtained, the scope and validity of the rights conferred may also be problematic. In a recent CTM opposition, the estate of the late Pablo Picasso was unable to prevent registration of *PICARO* in reliance on prior rights in the *PICASSO* name, OHIM's opposition division finding that the fame of *PICASSO* was such that no consumers would confuse this term with *PICARO*.

It is tempting to conclude that sometimes it may not pay to be too famous when seeking to exploit your name in the commercial arena.

An interesting recent judgement from the European Court ("ECJ") develops this theme further. The case (C-259/04) concerned a referral to the ECJ by the UK Appointed Person who was hearing an appeal from two decisions of the UK Trade Marks Registry. The matter started when Elizabeth Emanuel, the designer best known for having created the late Princess of Wales' wedding dress in 1981, challenged two UK trade marks containing her name, owned by third parties. Ms Emanuel had herself registered her name as a UK trade mark but had assigned the rights in the trade mark, together with the goodwill of her clothing business, to an incorporated trading company in which she remained a participant. Subsequently however the business was assigned further and Mrs Emanuel parted company with the Assignee.

Following another assignment of the registration, the new proprietor also filed a fresh trade mark application for *ELIZABETH EMANUEL*. Mrs Emanuel opposed the new filing and also applied to revoke the prior trade mark registration on the grounds, in both cases, that they were now deceptive and would confuse the public who still associated the name with her.

Nevertheless, she had been a willing participant in the original assignment to

the trading company (which took place together with the goodwill of the business at that time) and as both the Appointed Person and the ECJ (on referral from the UK) recognised, there was a point of law of general legal importance involved. Generally businesses should be free to sell and assign a business and its goodwill (together with the trade marks with which they are associated) without risking invalidity proceedings. At the same time, the average consumer required protection from the deceptive effects of such dealings ▶

CONTENTS

Cover Page
WHAT'S IN A NAME?

Page 2
**THE COURT OF APPEAL
DECIDES (AGAIN!) - PHILIPS V.
REMINGTON (2) - ANOTHER
CLOSE SHAVE**

Page 3
**HAPPY 10TH BIRTHDAY!
COMMUNITY TRADE MARKS
10 YEARS ON**

Page 4
**CONTACT THE D YOUNG &
CO TRADE MARK GROUP**
SUBSCRIPTIONS

where they could involve a serious misrepresentation as to the origin and nature of the goods or services for which the trade mark is used and registered.

During the arguments before the European Court as to the type of deception which could invalidate a trade mark, the UK Government sought to confine this type of challenge to deception relating to characteristics of the goods or services themselves.

The contrary argument was that a mark could become deceptive as a consequence of a course of dealings in the trade mark and its associated business and would mislead the average consumer of the trade marked goods and services as to their origin and/or influence the consumer's purchasing decision in an unacceptable manner. The crux of this argument was that consumers might expect the goods or services to conform to a certain quality standard, arising from the reputation established by the individual under their name and that the mark corresponding to that name no longer carried the same guarantee of quality.

In its findings the European Court rejected this broader argument; it reiterated that a trade mark functions principally as a guarantee of origin, that personal names may be registered as trade marks and that any other guarantee function performed by the trade mark related to the nature, quality or geographical origin of the products/services designated rather than who designed them.

To an extent this decision from the ECJ skirts round the point, which is that in some cases the public might assume that the nature or quality of the goods was a function of their connection with the designer; the European Court suggested that this type of confusion or deception would only be sufficient to invalidate the mark where there was actual deceit or a "sufficiently serious risk" that the consumer would be deceived. Merely being influenced into purchasing the goods on the assumption (incorrect) that the original

designer was still connected with them would not be sufficient to constitute deception of this type.

The European Court went on to say that nevertheless if the manner of sale of the trade marked goods was such as to involve a fraudulent or deceptive claim this could be actionable separately, relying on other legislation designed to protect consumers (such as the Trade Descriptions Act).

In the present case there appears to have been no suggestion that the current owners of the ELIZABETH EMANUEL brand were suggesting a connection with the original designer; nevertheless a fairly substantial proportion of the relevant public apparently thought that she was still involved in the design and creation of the goods on which the mark was used. The European Court appears to have considered that this was a fairly inevitable consequence of onward dealings in trade marks which started life closely connected with a particular famous individual. They accepted the defendant's argument that the average consumer, especially in the field of fashion, is accustomed to the idea that businesses may be sold on together with the trade marks associated with them.

The case did not consider another common fact situation where the famous individual registers his name as a trade mark and then engages in indiscriminate licensing such that goods bearing the brand are widely available from many different licensees, often without proper control by the brand owner. If the consequence is that the brand loses its capacity to function as a guarantee of origin i.e. to signify that the goods emanate from an identifiable manufacturer, there must be a risk, by analogy with the arguments accepted by the ECJ in the EMANUEL case, that the brand becomes invalid through the proprietor's own acts and omissions.

THE COURT OF APPEAL DECIDES (AGAIN!)

PHILIPS v. REMINGTON (2) Another Close Shave

For many years Koninklijke Philips Electronics N.V. (Philips) and Remington Consumer Products Limited (Remington) have been in dispute over Philips trade mark registrations for the shape of a three headed rotary electric shaver. Philips allege that Remington have infringed their rights in the registrations by selling similar-shaped electric shavers.

Similar litigation in other European Union from National Courts in Sweden, France, Germany, Spain and Italy has produced consistent decisions that have invalidated the Philips shape marks by reason of their functionality.

In October 2004, Remington won the latest leg of the UK litigation before Mr Justice Rimer in the High Court, by successfully invalidating the UK trade mark registration relied upon by Philips in the latest dispute. This was the second time Philips had challenged Remington in the UK courts, and they based their claim on a different UK registered mark No. 1533452 (see picture below) to that in issue in the first set of proceedings.



The 452 Mark is a two dimensional picture of the shape of the top portion of a Philips

three headed rotary electric shaver.

The trade mark was said to consist of three elements, "the cloverleaf design", "the raised rim" and "the lower residual areas of the face plate". The "cloverleaf design" consisted of the three shaving foils arranged as shown above.

The precise legal question for the Court of Appeal in this case was whether or not Rimer J was wrong in deciding that the 452 Mark was invalid on the basis of Section 3(2)(b) of the 1994 UK Trade Marks Act ("The Act").

Remington's challenge to the validity of Philips' trade mark registration relied upon the "functionality principle". The functionality principle states that trade marks must only function as an indicator of the origin or source of the goods in question. The argument is that registration of shapes under the Act is not intended to widen the scope of trade mark protection in order to cover design features resulting in technical solutions for the goods themselves. Protection for this type of feature is proper to other forms of intellectual property such as patents, designs and/or copyright.

In essence a shape mark registered in breach of the functionality principle would enable its proprietor to protect his products from the lawful competition of other traders who produce goods that are similar in appearance where that is necessary to obtain a similar technical effect. Therefore, signs consisting exclusively of the shape of goods, which is necessary to obtain a technical effect, are excluded from trade mark registration in accordance with Section 3(2)(b) of the Act.

Philips' appeal argument was that all essential features of the 452 mark must be attributable only to a technical result for Section 3(2)(b) of the Act to apply. If parts of an essential feature are non-functional, such as "the cloverleaf design", then it could not be said that the essential features of that shape are attributable only to a technical result. Further, it was argued that, if the mark contains a feature which is both functional and aesthetic such as "the cloverleaf design", the paramount public interest in competition does not require that competitors should be free to use that feature of the shape to achieve the same technical result. The policy bar on registration of functional shapes as trade marks was purely to enable competitors to use shapes of goods which are solely or only functional, and not to prevent protection for those which also have eye appeal.

The Court of Appeal upheld the judgement of Rimer J. They decided that the cloverleaf portion of the shaver performed an essential function of stretching the skin and raising the hairs, but nevertheless it was not determined to be an "essential feature" of the mark. However, even if the cloverleaf was not an essential feature for the purposes of determining the validity of the 452 Mark its addition did not produce a valid registration, even if elements of this portion were not solely or only functional.

The whole of the face plate of the razor, including the cloverleaf design arrangement, contributed to the overall technical objective of giving the user a smooth, effective and comfortable shave. Therefore, the correct approach in determining the validity of the registration was to consider whether the face plate as a whole performed a technical function. In conclusion, and in determining that the cloverleaf design was not an essential feature of the mark, the 452 Mark was in substance functional and the registration, invalid.

Given the outcome of this case, it would appear that any shape used for goods which is necessary to obtain a technical result will be regarded as "functional", regardless of whether or not different shapes are available to competitors. In determining that the 452 Mark was invalid, the Court appeared to take no notice of the variety of shapes and configurations open to other competitors to use. This would indicate that any shape which has a functional object or element, will be refused registration as a trade mark, regardless of any aesthetic characteristics attaching to its components.

The general trend in such decisions issuing both at a National level and before The Office for Harmonization of the Internal Market, indicates that the validity of existing 3D shape trade mark registrations for functional objects, is questionable. If applying to register new 3D shapes as trade marks, it may be impossible to overcome the hurdle of demonstrating that the shape mark, regardless of any functionality, performs the essential function of a trade mark in that it denotes the origin of the goods.

Clearly, for future 3D shapes that have a technical or functional characteristics, trade mark registrations may no longer be appropriate, due to the potential impact upon competition between traders should such shapes become monopolised indefinitely by one trader. Protection should instead be sought under Design Right, Copyright and/or Patent provisions of IP law.

HAPPY 10TH BIRTHDAY- COMMUNITY TRADE MARKS 10 YEARS ON

It is amazing to think that the first Community Trade Marks (CTMs) registered are now due for renewal. The system has developed substantially since its inception and now – 10 years on – it is interesting to look at what has been achieved.

To date, almost half a million CTM applications have been filed and approximately 315,000 have proceeded to registration. The system is very popular and generally perceived as user friendly. It is also an extremely cost effective way of obtaining registered trade mark protection in 25 countries.

In the last 10 years we have seen the CTM extend the protection it gives from 15 to 25 EU member states, the CTM has "joined" the Madrid Protocol and the electronic filing of CTM applications is proceeding without major problems (most of the time!).

The main concern for trade mark owners interested in obtaining a CTM registration remains the high level of oppositions filed – approximately 20% of applications filed are opposed, and the number of oppositions is expected to rise now that the EU has been ►





Penny Nicholls
Partner
www.dyoung.com/people/staff/pennynicholls.htm



Jeremy Pennant
Partner
www.dyoung.com/people/staff/jeremypennant.htm



Gillian Deas
Partner
www.dyoung.com/people/staff/gilliandeas.htm



Angela Thornton-Jackson, Associate
www.dyoung.com/people/staff/angelathornton-jackson.htm



Kara Bearfield
Associate
www.dyoung.com/people/staff/karabearfield.htm



Helen Cawley
Associate
www.dyoung.com/people/staff/helencawley.htm



Vivienne Coleman
Associate
www.dyoung.com/people/staff/viviennecoleman.htm



Jane Harlow
Consultant
www.dyoung.com/people/staff/janeharlow.htm

extended by the addition of 10 countries. Over the last 10 years close to 100,000 oppositions have been filed and, of these, 60,000 have been concluded – 45,000 of which by means of amicable settlement, without the need for a formal decision to be made by OHIM.

The good news is that, more often than not, there is scope for an acceptable settlement to be reached. The bad news, that oppositions lead to an increase in the cost of obtaining a registration. However, although prosecution costs increase substantially when oppositions are involved, it is important to remember that the protection being sought extends to 25 countries and, on average, these costs are still lower than the cost of seeking protection at National level on a country by country basis.

For trade mark owners, and their advisors, there are some frustrating niggles that still need to be ironed out. The greatest of these has to be inconsistent decisions by OHIM both during examination of marks on absolute grounds and in opposition decisions.

This lack of consistency makes it difficult to assess registrability, as marks that are of a similar level of inherent distinctiveness appear to be accepted and rejected on an ad hoc basis – many marks now have to

be viewed as “borderline”, and it is hard to assess the strength of early CTM registrations, particularly descriptive terms.

Similarly, in reviewing opposition decisions, we are sometimes puzzled by OHIM’s views on marks that are considered similar and not similar, and often do not see the logic in the decision.

Nevertheless, due to the nature of the CTM, it is important to remember that different languages and national perceptions must be taken into account when assessing inherent registrability as well as when making the comparison between potentially conflicting marks.

Sufficient time has not yet passed to allow OHIM to look at its body of decisions in an objective way and to put them into perspective, so as to clarify for itself and its users what is an acceptable mark and what is not.

This will come and, hopefully in the next 10 years, coherent and consistent practice guidelines will be established. We are confident that the CTM system is entering a period of consolidation and that, as it matures, the process will be streamlined further.

However, these concerns are natural growing pains in a system that has been overwhelmingly well subscribed and presents so many advantages to trade mark owners.

We are looking forward to the next 10 years ... Happy Birthday CTM!!!

This newsletter and previous editions can be found online at
www.dyoung.com/resources/newsletters.htm

Subscriptions: rjd@dyoung.co.uk

www.dyoung.com

mail@dyoung.co.uk

D Young & Co London: 120 Holborn, London, EC1N 2DY

T: +44 (0) 20 7269 8550

F: +44 (0) 20 7269 8555

D Young & Co Southampton: Briton House, Briton Street, Southampton, SO14 3EB

T: +44 (0) 23 8071 9500

F: +44 (0) 23 8071 9800