

# D YOUNG & CO TRADE MARK NEWSLETTER *no.56*

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## Team 2012 Wins Race to the Finish Line UK IPO Finds No Likelihood of Confusion with TEAM



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## Events



**14-18 May 2011**

**INTA 133rd Annual Meeting**

Jeremy Pennant, Angela Thornton-Jackson, Ian Starr, Tamsin Holman, Jackie Johnson, Helen Cawley and Gemma Williams are attending INTA's 133rd Annual Meeting, which takes place in San Francisco, USA.

For more information: [www.dyoung.com/events](http://www.dyoung.com/events)

## Editorial



Since we last went to press we have had news of the terrible disasters that have affected Christchurch in New Zealand, and the north east of Japan, as well as the turmoil in the Middle East and North Africa.

We have exchanged many personal messages with our friends in those countries, and are pleased that most have brought reassuring news. To those we have not been able to reach, we extend our thoughts and best wishes.

We have nothing but admiration for the courage shown by those affected at such a difficult time and our sincere wish is that normal life may be resumed as soon as possible.

As our thoughts turn to INTA in San Francisco, our team (see the back page) is very much looking forward to meeting our clients and associates at another busy annual meeting.

We hope that those of you who are attending have a great time wining and dining...I mean...‘working’, and do get in touch if there is anything we can do for you in the UK or EU while you are away, or when you get back for that matter!

## Editor:

**Vivienne Coleman**



## Article 01

# Team 2012 Wins Race to the Finish Line

## UK IPO Finds No Likelihood of Confusion with TEAM

In a recent decision, the UK Intellectual Property Office (UK IPO) has rejected an opposition by the proprietor of the mark ‘TEAM’ to the marks ‘TEAM 2012’ (series of two, as shown below), holding that there was no likelihood of confusion.

### Background and Arguments of the Parties

Team 2012 are a company established to represent the Great Britain and Northern Ireland team competing in the London Olympics and Paralympics. In 2009, Team 2012 applied to register the following two marks in a broad range of classes, including Class 30 for biscuits, chocolate and confectionery (amongst other things):



These registrations were opposed by Candy Team on the basis of the following earlier mark, which was also registered in Class 30:

# TEAM

Candy Team based their opposition on section 5(2)(b) of the Trade Marks Act 1994 and argued that the dominant element of both of the opposed marks was ‘TEAM 2012’. Candy Team argued that the ‘2012’ element was not a reference to a specific year, but rather, a reference to a year in general; that the marks were similar and that a likelihood of confusion existed.

In response, Team 2012 argued that the mark ‘TEAM’ was weak in light of the large number of other marks in Class 30 beginning with this word. It would therefore be clear to consumers that different undertakings were behind such marks.

Furthermore, Team 2012 considered that the word ‘TEAM’ was descriptive and that the designation ‘2012’ was the distinctive and dominant element of its marks. In particular, this element of the mark would be perceived as a specific reference to the 2012 Olympic Games. This was supported by the colour mark, which was intended to bring to mind the Union Jack.

Whilst Team 2012 accepted that there was similarity between the goods covered by the respective marks, they argued that their marks would be applied to goods under licence in order to raise money for Team 2012. As a result the goods bearing their marks would be distributed differently and would have a different intended purpose.

Team 2012 argued that there was no likelihood of confusion between the marks.

### Decision of the UK IPO

The hearing officer concluded that the average consumer of the goods in question was likely to be the general public of all ages and all backgrounds. Such consumers would not pay a great deal of attention when purchasing such products as they are inexpensive everyday purchases.

In comparing the marks TEAM 2012 and TEAM, and the goods covered, the hearing officer concluded that there was no likelihood of confusion



- 1. Comparison of the marks**  
The marks at issue were held to be moderately similar from a visual and phonetic perspective.

From a conceptual perspective, the hearing officer concluded that the marks were different. Unsurprisingly, he agreed with Team 2012's argument that their marks will be seen as a clear reference to the 2012 Olympic Games which are to be held in London. In contrast, Candy Team's mark is simply a well-known dictionary word. Whilst not convinced that the public would necessarily see a connection between Team 2012's colour mark and the Union Jack, the hearing officer agreed that this reinforced the concept of the Olympic Games.

Accordingly there was only a low level of similarity between the marks overall.

- 2. Comparison of the goods**  
The hearing officer considered that some of the goods covered by the marks were identical, some were similar and some were not similar.

- 3. Likelihood of confusion**  
It was established that Candy Team's mark has a moderate level of inherent distinctiveness because it does not have any connection with the goods in the specification. There was no evidence of enhanced distinctiveness through use.

Although Team 2012 had argued that they would only be selling

goods bearing their marks under licence, the hearing officer considered that this involved external circumstances which may change over time. Such use could therefore only be regarded as one notional use and should not be a factor in the overall assessment.

Overall the hearing officer found that there was no likelihood of confusion.

### Conclusion

This decision highlights the role which conceptual similarity plays in determining whether the marks are similar overall and whether there is a likelihood of confusion.

Author:  
**Anna Reid**





# The Max Planck Institute Study Overall Functioning of the European Trade Mark System

The Max Planck Institute for Intellectual Property and Competition Law has released its much anticipated study on the overall functioning of the European trade mark system. It is the most comprehensive, and perhaps most controversial, document written on European trade mark law since the Community trade mark came into effect in 1996. It contains many recommendations for changes to the current system and will now be considered by the European Commission.

The Commission may not follow any of the recommendations; however, if it recognises areas for improvement, there could be a string of changes, which could potentially come into effect before the end of the year. The changes to the Trade Mark Regulation and the Trade Mark Directive could have far reaching implications for the future of the European trade mark system as we know it.

Common themes of 'consistency' and 'coherence' run throughout the study (not least in terms of approach and decision making), which seek to establish the potential for enhanced cooperation between OHIM and the national offices.

Of the many recommendations contained within the study, a sample of the most interesting topics are as follows:

## Genuine use

The study suggests that genuine use should be assessed on a case-by-case basis taking into account the criteria already developed by the Court of Justice. This issue is currently before the Court of Justice in the ONEL case. It is recommended that there should be no requirement that a CTM must be 'used' in more than one member state.

## Co-existence

In order to resolve the issue surrounding the enforcement of a CTM against a later national trade mark where the two marks are used in territorially distant member states, it is proposed that a rule for co-existence between the CTM and later

national trade mark is established under certain circumstances. The study states that:

*“The registration and use of subsequent national trade marks in a member state remote from the part of the Community where a conflicting earlier CTM, which has been registered for a period of at least 15 years was used, should be allowed provided that the later mark was applied for in good faith. Such registrations should co-exist with the earlier CTM which continues to be valid and enforceable and may also be used in that member state. It should be explicitly set out in the rule that it only applies to CTMs if only minimal use of the CTM has been made in a part of the Community which is distant from the relevant member state.”*

This proposal goes completely against the grain of one of the fundamental aspects of the CTM system, namely that it is a unitary right.

## Graphical representation

One proposal is that the current graphical representation requirement is simply removed from the wording of the relevant provisions in the Trade Mark Directive and the Community Trade Mark Regulation. This would encourage the development of more non-traditional trade marks, which are currently hindered from developing. This has interesting implications following the so-called Sieckmann criteria in relation to such marks, which the study held should be maintained. Marks such as sound marks could become more common for example; however, it is hard to see how even more non-traditional marks, such as smells and tastes,

could easily meet the requirements.

## Acquired distinctiveness

Currently, acquired distinctiveness for non-traditional marks must be established separately for each member state, however, given the difficulty that this poses in obtaining a CTM registration for a non-traditional mark, it is proposed that acquired distinctiveness should be assessed bearing in mind the EU as a whole.

## National office examination

In order to improve consistency in examination of marks, the study suggests that:

*“OHIM and national offices could cooperate by putting new applications on a common internet-based platform for a limited period of time allowing participating offices to raise objections, which would become part of the examination in the respective office.”*

It is thought that such involvement of national offices in OHIM examinations could well give rise to OHIM paying the participating offices for their involvement (similar to the proposed fee-sharing arrangement for the fees to be paid for seniority claims). This is perhaps a step too far for some, who might suggest that it is simply another way of distributing the growing surplus of funds at OHIM due to the huge success of the system to date.

## Class headings

The study discusses the issues of classification which are currently before the Court of Justice in the IP TRANSLATOR case. The question is whether OHIM's current practice of accepting that a filing for a class heading automatically extends to all goods/services within the class is correct, even when there are goods/services within that class which the class heading does not refer to. There is

currently a variation in the way in which national offices address this issue; the UK Intellectual Property Office is of the view that the class headings do not automatically cover all goods within the class.

The study suggests that using generic terms for claiming protection should be accepted by all offices without needing to be more specific (the example of clothing is given), however, applicants should be required to claim specifically goods/services which may not be understood as obviously falling under a class heading. The study suggests:

“If the goods do not fall within a particular generically indicated group, there is no good reason to consider that an application or registration claims that product. OHIM and member states should agree, prior to implementing any change in their practice, for which classes the class headings are not appropriate, to include all the goods properly classed in that particular class.”

The suggestion that there should be some classes that are widely agreed to cover all goods/services within that class seems to be a compromise of the current position. The fact that a common approach is desirable is widely accepted, and any changes that take place are ultimately likely to depend on the judgment of the Court of Justice in IP TRANSLATOR.

#### Use requirement and cluttering of the register

The study proposes that separate application and renewal class fees should be payable for each class over one. Currently CTM applications cost the same whether they cover one class or three, which, without doubt, leads some applicants to file for broader specifications than they might well need. This proposal would lead

The Max Planck Institute study contains a number of recommendations for changes to the current system, to be considered by the European Commission



to a reduction in the number of unwarranted claims for goods or services not required.

The study also proposes a general requirement that registration requires intent to use. The introduction of a US-style declaration of use was considered but was rejected unless cluttering of the register becomes more problematic.

#### Well known character and reputation

The study proposes that a mark fulfilling the criteria for extended protection based on reputation should, at the same time, be considered a well known mark (under Article 6bis of the Paris Convention), thus enjoying an enhanced level of protection regardless of whether it is registered in the country in which protection is sought.

#### Conclusions

Some proposals not only look for clarification of issues that have been developed by the Court of Justice, but seek to take a new direction. For example, the study suggests that recognition of the broadening of the scope of protection of trade mark rights as identified in DAVIDOFF v GOFKID should be clearly set out in the legislation. It is also suggested that it should be more difficult to

establish a valid claim for unfair advantage.

Those who have delivered the study have certainly attempted to bring national laws and the Community trade mark legislation closer together. Ongoing practical issues have also been flagged up which would bring about beneficial changes such as encouraging OHIM to use more modern methods of communication than faxing.

It is certainly true that the European trade mark system has expanded at a rapid pace since its inception 15 years ago. Those who drafted the legislation cannot have realistically foreseen the position that we find ourselves in now. The study looks back with a view to moving forward with more efficiency and changing with the times. If nothing else, it has created a heated debate and encouraged all concerned to voice their views as to what is, and is not, working. Assuming the changes that take effect are an improvement on the system that is currently in place, this can only be a positive step in preparing it for the next 15 years.

Author:  
Richard Burton



# Who Owns Goodwill?

## The Need to Set in Writing Agreements Reached for Use of Trade Marks

European Gemological Laboratory and Guillaume Margel did not set in writing the agreement over the mark in question



In *Guillaume Margel v EGL Gem Lab Limited*, O-426-10, the question of who owns the goodwill arising out of use of a trade mark has been raised, highlighting the increasing need to ensure that, where there are agreements between two parties regarding use of a trade mark, the agreement should clearly set out who owns the resulting goodwill.

The decision concerned an appeal relating to an application for invalidity before the UK IPO and the question of who owned the goodwill in a UK registration for the following device:



**EUROPEAN  
GEMOLOGICAL  
LABORATORY**

The applicant for invalidity, Guillaume Margel, had carried on a diamond certification business in Antwerp, using the above trade mark, since 1974. He subsequently expanded his business to the USA, Israel, France and South Africa.

In 1986 Mr Margel sold his US business (and trade mark rights) to EGL Gem Lab Limited.

At some point between 1987-88, Mr Margel entered into an informal (and unwritten)

agreement with a Roy Huddlestone to issue certificates under his trade marks in the UK. No payments were made but the agreement was deemed to be mutually beneficial.

EGL Gem Lab Limited filed a UK application for the trade mark, left, in March 2003 and obtained a registration.

In August 2007, Mr Margel filed an invalidation action against this UK registration on the basis that he was entitled to prevent the registration of the mark on the grounds of passing off by virtue of his rights in the use of the trade mark in the UK, since his 'handshake' with Mr Huddlestone in 1987-88.

The hearing officer held that there was goodwill in the mark in the UK. However, the goodwill in question was held by Mr Huddlestone and not the applicant for invalidity, Mr Margel. As such, the invalidation action failed as it had been brought by Mr Margel and not Mr Huddlestone.

In overturning the hearing officer's decision, the appointed person held that the ownership of the goodwill was, in fact, held by Mr Margel.

At the time of the agreement between Mr Margel and Mr Huddlestone, Mr Margel had a number of 'affiliates' around the

world. The intention of the agreement in the UK was that Mr Huddlestone would be another such affiliate. At all times, the distinction between Mr Huddlestone and the business of Mr Margel, to which he was affiliated, was made clear to the public, and the evidence showed no evidence of Mr Huddlestone using the marks to identify his own business.

The appointed person held that the evidence clearly showed that goodwill in the mark resided with Mr Margel and not Mr Huddlestone. Every time Mr Huddlestone issued a certificate, he was both trading off and adding to the international identity of Mr Margel's brand. The natural conclusion should, therefore, have been that Mr Margel owned the goodwill such that his application for invalidity should have succeeded.

### Comment

Although the right outcome for Mr Margel was reached in the end, the decision shows the pitfalls that can arise if agreements do not expressly state the rights of each party. Had Mr Margel and Mr Huddlestone entered into a written agreement which clearly stated that use of the trade marks by Mr Huddlestone was with Mr Margel's consent, and that all goodwill arising out of this use was to be owned by Mr Margel, the question of ownership of the goodwill would have been clear from the outset.

Trade mark and rights holders should therefore look to set down in writing any agreements reached with other parties regarding use of their trade marks, whether registered or not, and should ensure that there are clear guidelines with regard to who will own the resulting goodwill. Failure to do so could, in some cases, result in the trade mark or right holder finding that he no longer owns the goodwill associated with his trade marks.

Any questions regarding agreements and licences should be directed to your usual D Young & Co adviser.

**Author:**  
**Gemma Williams**





## KA Wars

### General Court Uses Phonetics to Reach Decision in Ford v Alkar

**A**lkar Automotive SA applied to register the figurative sign CA, shown right, as a Community trade mark for a number of items which included parts for cars in Class 12. Ford Motor Company opposed, relying on their earlier Community trade mark for the word KA and the figurative mark containing the letters KA as shown right. The opposition was based on Article 8(1)(b) CTMR, ie, that due to the identity/similarity of the goods and the similarity of the corresponding trade marks, there existed a likelihood of confusion on the part of the relevant public.

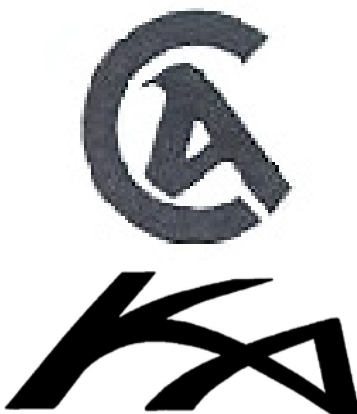
At first instance, the Opposition Division rejected the opposition on the basis that there was no likelihood of confusion between the corresponding trade marks. On appeal, the First Board of Appeal upheld the decision, holding that the trade marks were sufficiently dissimilar to exclude any possibility of a likelihood of confusion, despite the fact that the corresponding goods were clearly similar.

The Board of Appeal found that there were appreciable visual differences between the graphic marks shown above and indeed between the graphic letters CA and the word mark KA relied upon. The marks were considered to be concept neutral in relation to the relevant goods (ie, they had no meaning) such that the finding essentially turned on whether or not there would be any phonetic similarity between the respective trade marks.

The General Court agreed with the Board of Appeal's assessment that the relevant public would not pronounce the letters 'KA' or 'CA' as words but instead read them separately as an abbreviation. If the marks would be pronounced 'K-A-' and 'C-A-' respectively, this lead to a finding that there were sufficient phonetic differences between the trade marks – the first letters 'K' and 'C' being phonetically different.

For many, this would be viewed as a surprising decision. Identical and closely

The marks registered by Alkar and Ford



similar goods were involved and each mark consisted of only two letters, one of which was the same. Visually, neither trade mark consists of any additional distinctive matter other than the two letters in a particular presentation. On a phonetic comparison, as the stylisation cannot be produced orally, the marks have nothing more than the two letters of which they consist.

The finding that the marks would not be pronounced as words but, rather, as separate letters, as an abbreviation, was key. This is clearly surprising, since there seems an equal likelihood that the marks would be pronounced as words. Indeed, in everyday language, many abbreviations are pronounced as words (even when recognised as abbreviations by the public). WIPO, OHIM, IPREG, ITMA, CIPA and INTA are all examples which will be familiar to many readers of this newsletter!

A further line of appeal is now, of course, open to Ford to take their case to the Court of Justice of the European Union and we wait to see if they will do so.

**Author:**  
**Angela Thornton-Jackson**



T-486/07 decision: <http://bit.ly/t48607>

## Stop Press!

### OHIM Sees Increase in Filings

2010 was a record year for trade mark filings at OHIM



Despite the continuing economic uncertainty, the market for trade marks and registered designs appears buoyant.

OHIM has stated that 2010 was a record year for trade marks with, approximately, a 10 per cent increase in filings compared to pre-recession 2007, whilst WIPO has just announced a 12.8 per cent increase over the previous year. Both organisations also confirm that applications for registered designs has increased. Around 80,000 applications for Registered Community Designs were filed last year, and design filings under the Hague Agreement have increased by 32.6 per cent on the previous year.

This increase is also reflected in our own filing figures for Community trade marks, which have shown a marked increase, as clients recognise the efficient nature of this system which provides protection in all 27 member states of the EU at a fraction of the cost of multiple national registrations.

Clients who have developed new logo trade marks should also consider enhancing their protection for these, using the Registered Community Design system. Get in touch with your usual D Young & Co adviser if you wish to find out more about this.

**Author:**  
**Vivienne Coleman**



# D YOUNG & CO INTELLECTUAL PROPERTY

## INTA 2011 Annual Meeting

Members of our Trade Mark, Dispute Resolution & Litigation and Patent Groups will be attending this year's INTA Annual Meeting in San Francisco in May. We look forward to meeting our clients and colleagues there.

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