

D YOUNG & CO TRADE MARK NEWSLETTER^{no.74}

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Lush v Amazon Online Retailers: Are Your Sponsored Links Squeaky Clean?

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Welcome to the May edition of our trade mark newsletter. As we go to print, the team is preparing to meet clients and colleagues in Hong Kong at INTA. If you would like to schedule a meeting please do get in touch with your usual D Young & Co contact as soon as possible. We are also looking forward to the Business Show in London which we expect to be an information rich bustle of aspiring entrepreneurs and SMEs. See page 12 of this newsletter for more information about the event.

With this edition, a brief reminder that OHIM no longer issues paper certificates as proof of registration or renewal. Certificates are only received in electronic format and will therefore be sent by email only. If you have any queries about this please contact your usual D Young & Co advisor.

Editor:
Wendy Oliver



Events



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.

15-16 May 2014 - Show

Business Show, London UK

Nicholas Malden and Richard Burton present 'Your Product, Your Business: Essential IP for Start Ups and SMEs' at this popular UK business show. See us at stand 2118.

18-21 June 2014

ECTA, Alicante, Spain

Richard Burton will attend the European Communities Trade Mark Association's conference which celebrates the 20th anniversary of the Community Trade Mark Regulation.

02 July 2014

IP Law for Design Seminar, London UK

How to use IP law to protect and enforce your ideas and designs. This seminar and networking lunch is hosted by D Young & Co.

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Article 01

Lush v Amazon Online Retailers: Are Your Sponsored Links Squeaky Clean?

The case of Cosmetic Warriors and Lush v Amazon has confirmed and clarified the recent cases of Google France, Interflora and L'Oreal v eBay regarding 'double identity' infringement in relation to the use of keywords and sponsored links, both within search engines (ie, Google's AdWords service) and online retailing platforms (ie, Amazon).

This case, before the High Court in London, confirms that use of sponsored links for marketing purposes is still possible, however the content and use of such links must be carefully administered. Online retailers must therefore be cautious where a third party's goods are not available for sale and yet that trade mark is still used to promote alternative goods.

When considering this case, it is important to remember that the claimants did not allow (or want) Lush products to be made available on the Amazon website. What was available were similar kinds of products from Lush's competitors.

Legal background

In order to find 'double identity' infringement under Article 5(1)(a) Directive 2008/95/EC (and the equivalent Article 9(1)(a) Council Regulation (EC) No 207/2009), six conditions must be satisfied:

1. there must be use of a sign by a third party within the relevant territory;
2. the use must be in the course of trade;
3. the use must be without the consent of the proprietor of the trade mark;
4. the use must be of a sign which is identical to the trade mark;
5. the use must be in relation to goods or services which are identical to those for which the trade mark is registered; and
6. the use must be such as to affect or be liable to affect the functions of the trade mark.

In this case, it was clear that conditions (1), (3), (4) and (5) were fulfilled, due to the fact that Amazon was using a mark identical to Lush's mark in relation to identical goods by promoting alternative products. It therefore needed to be discussed whether criteria (2) and (6) were satisfied, in order for infringement to be established.

Damage to functions of a trade mark has been explored in Google France and Interflora Inc v Marks and Spencer plc, the latter case is currently on appeal.

Google France

The Google France case developed the test that if a consumer could not ascertain the origin of the goods, or could not do so 'without difficulty', then the origin function of a trade mark had been harmed.

Interflora v Marks and Spencer

In relation to the investment function, the Interflora case held that if keyword advertising adversely affects the reputation of the trade mark, then there is damage.

Google AdWords

As part of its marketing strategy, Amazon had obtained "lush" as a Google AdWord, which resulted in 'sponsored ads' appearing at the top of the Google search results page. It is clear from the Google France decision that such use of a third party mark by the advertiser is deemed to be 'in the course of trade', and therefore fulfils condition (2) above. It is to be remembered, however, that Google itself does not infringe third party rights by selling a keyword containing a third party's mark, so long as Google remains passive in simply offering keywords for sale.

In the present case, the first type of sponsored advertisement included the wording "Lush Soap at Amazon.co.uk". John Baldwin QC, sitting as a deputy judge of the High Court, noted that as the sponsored advertisement specifically mentioned "Lush" within it, consumers would assume that genuine Lush goods were on offer. This was particularly so due to Amazon's reputation in offering a wide range of products for sale from different companies. Therefore,

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as consumers would not be able to tell without difficulty that the goods referred to in the ad were not genuine Lush products, criteria (6) above was also satisfied. The 'without difficulty' test, established in the Google France case, was discussed. Whilst the notion may allow for some 'simple enquiry' to be made before being deemed too 'difficult', the deputy judge thought that a consumer would persevere somewhat to attempt to find genuine goods, due to the appearance of "Lush" in the wording of the sponsored advertisement.

The second type of sponsored advertisement at issue did not mention "Lush", only the phrase "Large Range of Bath Bombs". It was noted that whilst "bath bomb" was once uniquely associated with Lush, the term became generic around twenty years ago. The deputy judge was keen to point out that he believed the average consumer was aware of the concept of sponsored advertisements and had a basic understanding of how they aimed to promote competitor products. Therefore, the second variation of the sponsored advertisement was permissible; the consumer would understand this was not an advert for genuine Lush products.

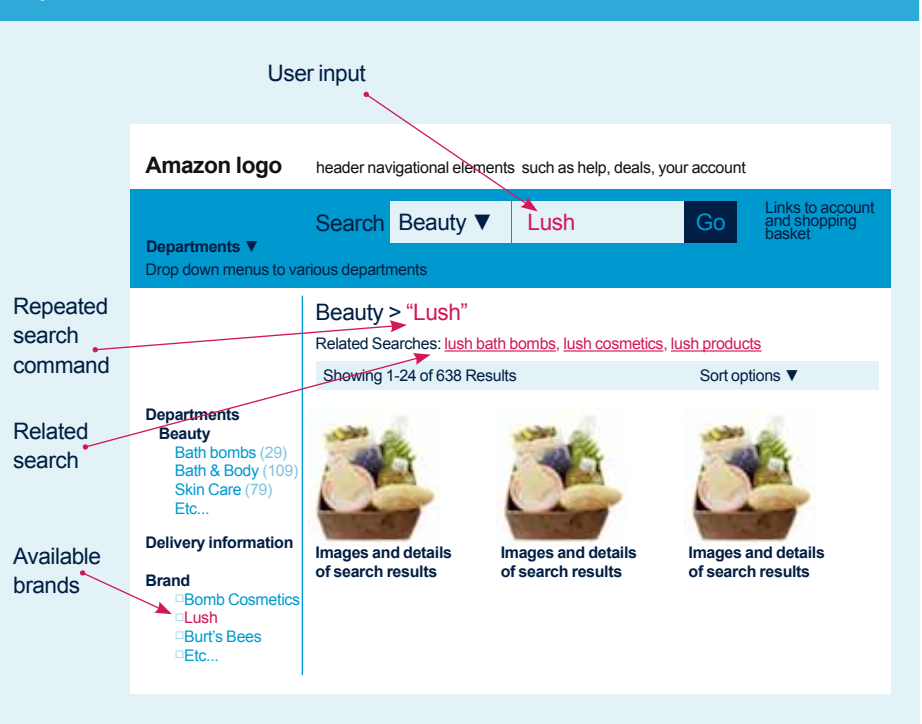
This would suggest that it is sensible not to include a third party trade mark within the text of a sponsored advertisement for an alternative product.

However, it is important to recall that in Interflora, there was liability even though the Marks and Spencer (M&S) sponsored advertisement (which appeared when searching the term "Interflora") did not specifically mention Interflora within it. This was probably due to the somewhat unique nature of Interflora's network of independent florists, from which a consumer may well think that the M&S and Interflora were commercially connected.

Amazon search facility

Significantly, this case relates to when the retailer, here Amazon, does not sell the actual

Representation of Amazon's uses of "Lush"



products of the trade mark owner, but is using a third party trade mark to promote alternative products – in this case via Amazon's internal search engine for its website.

The deputy judge began by stating that Amazon would not be liable where third party sellers were using the "Lush" trade mark on their goods and were using the Amazon website merely as an online marketplace, as held in L'Oreal v eBay. However, in this case, Amazon both operated the search facility and provided three categories of services to customers, being:

- a) goods sold and supplied by Amazon;
- b) supplying goods owned by a third party where Amazon provides fulfilment services (a range of services such as stocking, dispatching the order, customer service and returns); and
- c) facilitating the sale of goods which are owned, sold and supplied by a third party.

Firstly, it was noted by the deputy judge that Amazon could not claim that its two roles in operating the Amazon search facility and commercially selling (or assisting to sell) products could not be held as distinct, as ultimately the search engine facility functioned to promote sales of such goods. Secondly, he stated that he did not need to distinguish between the three categories of services above for the purpose of determining liability, as whilst Amazon is just an online marketplace for category (c), such services were closely connected with the other two categories, in both of which there was enough of a commercial communication by Amazon in order to constitute use 'in the course of trade' (ie, to satisfy (2) above).

What 'uses' infringe?

A number of different uses of "Lush" by Amazon were complained of: user input, autocomplete function, repeat of search command, related search results and available brand list, as shown on the image above. This image does not show the autocomplete function. ►

Amazon v Lush



Continued from page 03
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Online Retailers: Are Your Sponsored
...Links Squeaky Clean?

User input

As this concerned the consumer typing the word, this was held not to constitute infringement by Amazon.

Autocomplete function

This use relates to the suggested text in a drop down menu when the consumer inputs letters into the search bar. In this case, when the consumer typed "Lu", the Amazon search facility autocompleted the results to include "Lush" in a drop down menu for selection by the user. It was held that this did constitute use in the course of trade (criteria (2)) as Amazon had thereby made a commercial communication that it was selling the goods on the website.

In relation to damaging the origin function of the Lush trade mark, as there was no overt indication whatsoever that Lush products are not available for purchase on the Amazon website, and as the consumer has effectively been informed (from the drop down menu) that Lush products are available, it was held that the average consumer would not be able to ascertain without difficulty that

the goods to which they were subsequently directed did not originate from Lush.

The advertising function was also held to be harmed, due to the fact that Amazon was using the 'quality of attracting custom' of Lush to attract the attention of customers and divert sales to third party goods.

In relation to the investment function, Lush successfully argued that its reputation had been damaged as it was a well respected ethical company which had decided not to be sold via Amazon.

Repeated search command and related search results

Whilst it was accepted that the repeat of "Lush" under the search bar resulted from Amazon's standard algorithm, it was still deemed to be use in the course of trade, due to the inseparability of Amazon's role as a search engine and commercial business. The same principle was held regarding the related search results.

It was also held that such uses were damaging to the origin, advertising and investment functions of the LUSH trade mark, for the reasons described above.

Available brands

Whilst the Lush brand of the claimants was not available on Amazon, there was in fact a separate brand called Lush stocked by Amazon which sold hair extensions. For that reason, this claim of infringement was rejected.

Future application

As technologies advance, so must the law. It is accepted that those who draft legislation will always be playing catch up, as well as trying to predict the next developments. For that reason it rests with the courts to make decisions that attempt to control and develop this legal sphere.

It will be interesting to see the impact of this judgment, and whether it will be curtailed by the fact that it was decided by a deputy judge.

We can see the potential for this

decision to have quite wide-reaching effect, for example in relation to online marketplaces that sell counterfeit goods and how online marketplaces provide user friendly search facilities.

In relation to the finding that by providing fulfilment services to a third party Amazon is "using [the trade mark] in the course of trade", we will also see what impact this may have on the implementation of the E-Commerce Directive 2000/31/EC and the 'hosting defence' - an area of law that remains uncertain.

Author:
Verity Ellis



Useful links

Cases referenced in this article can be viewed following the links below.

England and Wales High Court (Chancery Division) Decision on Cosmetic Warriors Ltd & Anor v amazon.co.uk Ltd & Anor [2014] EWHC 181 (Ch) (10 February 2014):

<http://dycip.com/cosmeticswarriors>

Joined Cases C-236/08 to C-238/08 Google France SARL and Google Inc v Louis Vuitton Malletier SA and Others:

<http://dycip.com/googlefrance2010s>

Interflora Inc and Interflora British Unit v Marks & Spencer plc and Flowers Direct Online Ltd judgment:

<http://dycip.com/interfloravmands>

L'Oréal SA and Others v eBay International AG and Others:

<http://dycip.com/lorealvebay>

Gleeful Decision for the Underdog Comic v Twentieth Century Fox

In a victory for a true underdog, the High Court has ruled that the claimant's figurative trade mark for "*the Glee Club*" was infringed by the defendant's use of "*glee*" for a television series and subsequent promotion/merchandising. The defendant's counterclaim for invalidity failed.

The facts

The claimant, Comic Enterprises Limited (Comic) is an SME that runs a number of live entertainment venues throughout the UK (the first club opening in Birmingham in 1994), primarily for stand up comedy, but also other forms of entertainment, including live music. The defendant is the well known media company, Twentieth Century Fox Film Corporation (Fox), responsible for the television series "*Glee*", produced in America, and broadcast on British television since 2009. The songs from "*Glee*", were performed on tour and album compilations were sold in the UK, as well as merchandise bearing the word "*Glee*".

The registered trade mark in question was a series of two marks, both device marks which include the words "*The Glee Club*". The words are presented in a representation of a cone of light from a spotlight. The two marks are identical save that the first in the series claims the colours red, black and white, whereas the second is represented in black and white with no claim to colour. The trade mark was filed in 1999 for goods in class 25 and services in class 41, including entertainment services, comedy services, and nightclub and cabaret entertainment.

Comic claimed trade mark infringement, as well as passing off. Fox counterclaimed for partial invalidity and partial revocation of the trade mark.

Revocation and validity

Roger Wyand QC, sitting as a deputy judge, partially revoked the trade mark for non-use in respect of class 25 goods, and narrowed the specification of class 41 to what he considered

Comic runs live entertainment venues throughout the UK



was a "*fair*" specification in light of the use, and that "*entertainment services*" was too broad. In respect of validity, Fox argued that the trade mark was descriptive and put forward much evidence and many witnesses to attest to this fact. The deputy judge was persuaded by Comic's arguments however, finding that the Trade Marks Act 1994 did not set out a minimum level for distinctiveness, and that the device component of the trade mark was not devoid of any distinctive character.

Infringement

Following an assessment of the similarity between the trade mark and the sign as used by Fox, the deputy judge found that there was a similarity between the two marks (although it was not "*of the highest order*").

On considering the 'average consumer', the deputy judge applied the normal test of the average consumer being reasonably well-informed, observant and circumspect. The average consumer was also assessed to be someone who watched Fox's television series and who was aware of Comic's business. The deputy judge accepted the evidence that an 'average consumer', who was familiar with Comic's business, would when seeing a trailer for the "*Glee*" television show assume the two were connected. The deputy judge was also persuaded by the evidence that showed it was possible for there to be 'wrong way round' confusion that is, that members of the public who had known of Fox's "*Glee*" television show,

prior to Comic's business may still, upon seeing or hearing about Comic's "*The Glee Club*", (taking into account the similarity of the marks and the services) believe there was a connection with the television show.

The deputy judge held that the trade mark had a reputation as it had acquired distinctiveness at the date of the application, and that it had been established in evidence that the similarities between the trade mark and the sign were such that one would necessarily call to mind the other. Comic argued that Fox's use of the sign was detrimental to the distinctive character or repute of the trade mark, and the deputy judge found that the evidence established that it was in fact the case, and that Fox's use caused dilution and tarnishing of the trade mark.

The deputy judge therefore concluded that Fox had infringed the trade mark under section 10(2)(b) and 10(3). However he did not find in Comic's favour with respect of the claim in passing off as the use of the sign by Fox must result in a misrepresentation.

Although Comic had suffered damage as a result of its venues being confused with Fox's television show, and its potential customers were put off, there had been no misrepresentation by Fox, and so there could be no successful claim in passing off.

Author:

Claudia Rabbitts



Boop-Oop-a-Doop! Hearst Holdings Celebrate Betty Boop Decision

This case concerned a claim for both trade mark infringement and passing off in the High Court of England and Wales in relation to the well-known BETTY BOOP character. A copyright claim is due to be heard later.

The claimant, Hearst Holdings Inc (Hearst) are the proprietors of a number of UK and Community trade mark (CTM) registrations dating from 1992 to 2010 for the device mark shown above right (figure 01).

Some of their device marks also contained the words BETTY BOOP in small lettering underneath. There were also a number of word marks for BETTY BOOP.

Hearst alleged a substantial reputation and goodwill arising from the sale of goods bearing the mark or an image of BETTY BOOP, or slogans containing those words. Part of this trade arose from Hearst's licensing of the character and name to third parties.

Hearst claimed:

1. double identity infringement, that is to say, use of the identical mark for identical goods;
2. infringement arising from a likelihood of confusion;
3. infringement as a result of both an unfair advantage and also detriment caused by the defendants' activities; and
4. two claims of passing off both as to the trade and public but also as against the first defendant's own licensees.

The first defendant, Avela Inc (Avela), reconditioned old movie posters with Betty Boop on them and claimed that its imagery was derived from those old posters (and that Hearst owned no copyright in those images). It 'licensed' the imagery to licensees, arguing that the posters provided them with a source from which it or its licensees could reproduce images of Betty Boop which do

not derive directly or indirectly from works in which Hearst owns copyright. They called this a form of copyright laundry and argued there was nothing wrong with that.

The acts complained of by Hearst all involved what the claimants called *"unauthorised Betty Boop merchandise"*. Whilst Avela did not deny they were offering licences for Betty Boop imagery, they denied this amounted to trade mark use/infringement. This was on the basis that neither they nor their customers used Betty Boop as a trade mark at all. The Betty Boop imagery appearing on the goods was purely decorative, made no representation about trade origin and so could not infringe. Further, the words Betty and Boop should not appear **together** on their *"imagery"* – as their licences stated that the words should not be used together. They also denied passing off on the same basis.

Regarding the case law, the judge referred to *"many famous losers"* where trade marks and passing off had come into contact with merchandising. These included Tarzan, Abba, Kojak, The Wombles and Princess Diana. He also mentioned a couple of the winners including the Teenage Mutant Ninja Turtles and only last year, in a case in which he presided over, the pop star Rihanna. He emphasised that all these cases turn on their own facts.

The judge made the interesting distinction between real/famous people and an invented character. Pictures of famous people by no means necessarily denote trade origin. The evidence showed that there are many sources of pictures of Marilyn Monroe and other famous celebrities. As the judge said in the Rihanna case (see useful links below), there is today in England no such thing as a free standing general right by a famous person (or anyone else) to control the reproduction of their image (ie, no 'image right').

However Betty Boop is not a real person. There is no law which provides that invented characters have stronger rights than real people in this regard but the judge stated it is probably easier to educate the public to

> Related image

Figure 01: Hearst Holdings Inc's Community trade mark registration.



believe that goods relating to an invented character derive from a single official source than it might be for a real person, not least because copyright law may give the creator the ability to control the reproduction of the character for a very long time.

The case ran for five days and there was a good deal of evidence heard, although the judge was critical of most of the defendants' witnesses.

The judge carefully considered the facts including who the average consumers were for each of the claims and the reputational impact of the claimant's trading, via licensees, in Betty Boop merchandising in the UK since the mid 1980s with sales generally in the hundreds of thousands of pounds.

In terms of the defendants' activities, Avela offers licences of the *"imagery"* to various licensees. One example referred to in the judgement concerned a T-shirt with a large picture on the front with the title *"Boop's BREAKFAST AT TIFFANY'S"*. The picture is clearly recognisable as a representation of a poster for the famous film in which the head of the character Holly Golightly (played by Audrey Hepburn) has been replaced with Betty Boop's head. The idea is that Betty Boop is starring in the film playing the character. The public would instantly recognise this as Betty Boop from the head and the word *"Boop"*. The label, swing tags and the packaging included the words *"Official licensee"*. This, Hearst argued, indicated to the public that the item had been licensed by the official source of the merchandise. In the context of an item of Betty Boop merchandise that means the claimants.

By way of example it was noted that the chain Pennys/Primark had received a letter before action as a result of offering for sale

➤ Further information

Hearst Holdings Inc & Anor v A.V.E.L.A. Inc & Ors [2014] EWHC 439 (Ch) (25 February 2014): <http://dycip.com/hearstvavela>

Hearst believed that Avela misled retailers and consumers with its use of “imagery”



on the basis of lack of distinctiveness; however, that was rejected by the judge.

One may wonder why Avela (and its licensees) thought they could do what they were doing. The answer probably lies in relation to prior US litigation between the parties where Avela were successful, apparently on the basis that use made of the trade marks (in the US) was functional and aesthetic such that there was no infringement under US law. No doubt, Avela sought to expand their US business to the UK (and indeed other European Union countries). Perhaps the two most interesting results of the case are:

1. Use of a figurative sign (eg, a drawing) can infringe a mere word mark – if that word mark is associated in the consumer's mind with a particular character or device mark.
2. Even if the copyright in a figurative sign (eg, a particular pose of a character) is not owned by the trade mark proprietor, this does not preclude trade mark infringement of a figurative mark (eg, for a different pose).

Of course, it all depends on the facts and this case may well be the exception rather than the rule.

Author:
Jeremy Pennant



Useful links

Rihanna Wins Passing Off Case Against Topshop For Use Of Her Image On T-Shirts, author Claudia Rabbitts:

www.dyoung.com/article-rihanna0813

Adidas v Fitness World, author Jeremy Pennant:

www.dyoung.com/article-adidasfitness

items licensed by the defendant. It was clear they had assumed the items to be from an entity with “the official licence for Betty Boop”. They then realised that this was not true and they had been misled. There were other similar instances to this also raised.

Avela's defence was primarily that they were merely using “imagery” and that such usage was in accordance with honest practices in industrial or commercial matters. They also alleged their own copyright in the licensed images but the evidence did not support this claim. Avela even managed to claim that a finding of infringement would contravene their human rights. The judge disagreed.

As a result, the judge had little hesitation in finding in favour of Hearst both for the various trade mark infringement claims and also passing off. He specifically found that the use of a ‘Betty Boop’ image on, eg, clothing (with no use of ‘Betty Boop’ as a word) infringed the word marks for BETTY BOOP because of conceptual similarity based on the reputation of the character as a whole. He also rejected

the argument by Avela that use of the Betty Boop image was purely decorative. He said:

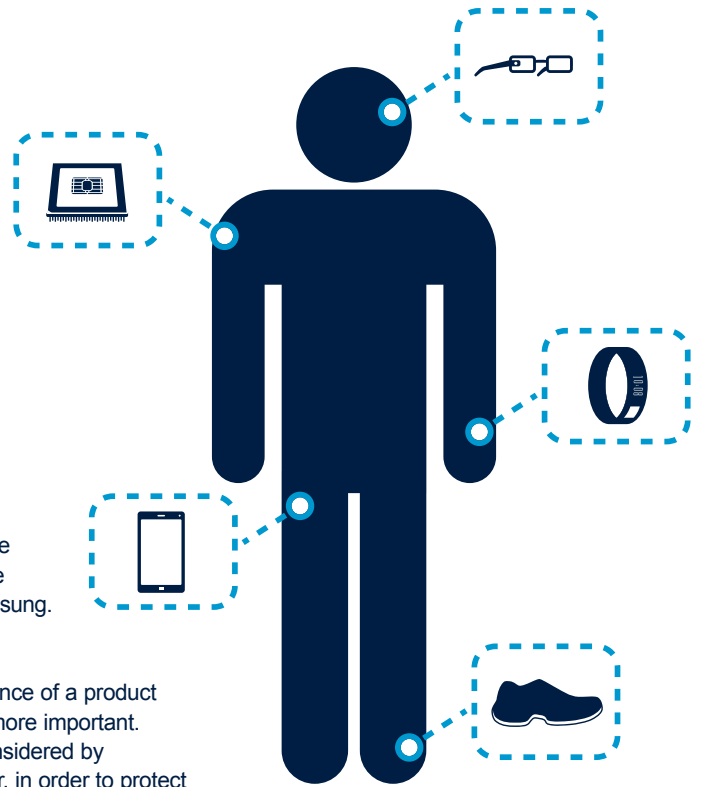
“they are decorative but they are not purely so.”

From a practitioner's point of view it would have been interesting if he had gone on to explain his reasoning having distinguished this case from *Adidas v Fitness World* decided before the ECJ back in 2003 (see useful links at the end of this article). He did however state:

“merely because the average consumer views the use as decorative does not necessarily avoid infringement, the usage only avoids infringement if it is purely decorative or purely an embellishment.”

Separately, the defendant had sought the invalidity of the trade mark registrations

Fashion and Function Your IP Wardrobe for Wearable Technology



The link between fashion and technology has been long established. This trend was evident over thirty years ago when the Walkman was the latest 'must have' high tech product. A few years ago, white ear buds associated with the iPod became a fashion statement. More recently, Beats headphones are the latest gadget wear.

Many technology companies have identified this trend and have started developing so-called wearable technology. Much of this technology is designed for style as much as function. Indeed Google have recently announced a tie up with Luxottica who are behind the Ray-Ban and Oakley brands.

It is predicted that by 2016 we will buy nearly 93 million wearable devices a year. Many of these wearable technology products interact with other technology products such as smartphones.

As wearable technology is designed to look cool and be desired by tech-savvy consumers, these products will be sold at a premium price. Manufacturers therefore need to consider the intellectual property available to protect their products.

Registered designs

Registered designs protect the appearance of a particular product or graphical user interface (GUI). In electronics, the distinctive appearance of a particular product or of a GUI is sometimes crucial to the success of that product. Indeed, such is the importance of design in electronics, Steve Jobs at Apple considered Jonathan Ive (who designed the iPod, iPhone, iPad and iOS 7 amongst others) as his "spiritual partner at Apple".

Apple filed registered designs for the shape of an iPad, iPhone and associated GUIs. Apple then sued Samsung alleging that their Galaxy Tablet range infringed these designs. These

designs took centre stage in the recent global battle between Apple and Samsung.

In the area of wearable technology, the appearance of a product will be, arguably, even more important. This will be carefully considered by manufacturers. However, in order to protect this distinctive appearance, manufacturers need to equally consider protecting the appearance using registered designs.

Trade marks

A particular brand name or logo used to market the wearable technology product can be protected as a trade mark. Registered trade marks ensure that the goodwill and business reputation built up under that brand name or logo is protected in relation to specified goods or services. As wearable technology contains features that relate to both fashion and function, it will be important to ensure that trade mark protection is obtained for both aspects. For example, Smart Glasses would require protection both for the glasses themselves and the display device technology.

Patents

Patents protect the way in which a product operates. Specifically, a patent protects the way in which the product solves a technical problem. In the field of wearable technology, there are a number of issues to consider.

Firstly, although it is not possible to use patents to protect the appearance of a product (that is the purpose of registered designs), the wearable technology will usually include sensors measuring certain parameters such as a pedometer in a Sony SmartBand or location of the user in a Nike SmartWatch. These sensors may be capable of patent protection if the sensors are improvements over known sensors. For example, if the sensors consume less battery power or are smaller than known sensors.

Secondly, many wearable technology devices, in use, communicate information with other connected devices, such as a smartphone. The smartphone runs a dedicated app, usually produced by the manufacturer, in order to

communicate with the wearable device. Therefore, the manufacturer will wish to protect both the wearable technology and separately the app. This will stop other manufacturers copying aspects of the app. However, in certain instances, it may not be possible to protect the app separately. Although beyond the scope of this article, in order for an app to be protected in its own right, the app must solve a technical problem. Examples of such technical problem include communicating with the wearable technology in a more efficient manner. See article 01 of this newsletter (*Big Data - The Route to Patentability in Europe* where this subject is examined in more detail).

Conclusion

Wearable technology will provide many opportunities for technology companies over the next few years.

In order to secure their market share, it is important for technology companies to protect every aspect of their wearable technology; from the appearance of the product, the way in which their product operates, to any branding associated with their product.

This synergistic approach will protect the market should their competitors get too close or should any copy-cat products appear.

Author:

Jonathan Jackson



This article was first published in Eureka Magazine: www.eurekamagazine.co.uk/design-engineering-magazine

Figure 01: Dumb Starbucks amended the original Starbucks logo and menu by adding the word "Dumb":



Dumb and Dumber? A Brief Review of Parody Defences in the UK

In mid-February 2014, a coffee shop was opened in Los Angeles called "Dumb Starbucks". The get-up of the café was very similar to the well-known Starbucks chain, using the same shade of green and décor. Dumb Starbucks also amended the original Starbucks logo and menu, simply by adding the word "Dumb" (see above right, figure 01). One notable difference, however, was that at Dumb Starbucks drinks were free and the establishment presented itself as an art-installation.

US parody exemption

Whilst Starbucks are yet to take any legal action, Dumb Starbucks are purporting to rely on the parody exemption under US law, a defence to trade mark infringement that allows parody as a form of 'fair use' of a third party trade mark. The leading case in the US, which has been followed by a number of more recent cases, is the case of *Campbell v Acuff-Rose Inc.*

In *Campbell*, a parody of the renowned "Oh Pretty Woman" song, was found permissible as the parody had a transformative effect on the original, a factor that outweighed other issues such as commercial nature.

UK defence for parody

In the UK, the area of parody is in flux, with no official parody defence currently available. In relation to trade mark infringement, the most recent case is *Ate My Heart Inc v Mind Candy Ltd*, in which Lady Gaga prevented Mind Candy from "promoting, advertising, selling, distributing or otherwise making available to the public *The Moshi Dance* or any musical work or video that purports to be performed by a character by the name of Lady Goo Goo, or that otherwise uses the name Lady Goo Goo or any variant thereon". This decision was on the basis that there was a real risk that Lady Gaga's reputation could be diluted and/or tarnished together

Dumb Starbucks is closed having been trading without a health and safety certificate



with an arguable case of unfair advantage. The judge observed that there was no parody defence available, and highlighted that even if there were, the Lady Goo Goo character went further than parody and actually aimed to increase the commercial success of Mind Candy. However, the judge did not go as far as preventing Mind Candy from using the Lady Goo Goo character within the Moshi Monsters game.

In the sphere of copyright, parodies are currently not allowed unless the copyright owner has given permission.

Case law, though sparse, has tended to fall in favour of the rights owner (see *Twentieth Century Fox Film Corp v Anglo-Amalgamated Film Distributors*) in which the defendant was prevented from creating a poster for "Carry on Cleo" based on the claimant's "Cleopatra" poster). There is, however, an ongoing proposal, following the Hargreaves Review of Intellectual Property and Growth in 2011, that suggests including parody within the 'fair dealing' defence for copyright infringement, the definition of which

is not clear in itself. It remains to be seen whether this will be implemented, although developments are expected in 2014.

The curious quirk about parody is that whilst the strength of a trade mark typically supports the trade mark owner in infringement and dilution cases, it has the opposite effect in cases involving a parody: the strength of the trade mark in effect makes the parody more successful. However, it is perhaps an opportunity for trade mark owners to gain some positive public relations by showing they can laugh along with the joke (in appropriate circumstances).

Possibly due to the risk of negative public relations for rights owners who take action against 'the little guy' and in an age where 'trial by social media' is an increasingly real prospect, parody cases often settle, resulting in a dearth of case law in this area. Dumb Starbucks is currently closed, having been trading without a health and safety certificate. However, it will be interesting to monitor what happens if Dumb Starbucks reopens its doors or launches a UK branch.

Author:
Verity Ellis



Don't Roll With it Take Action to Prevent Trade Mark Genericism

Backaldrin produced a baking mix under the KORNSPITZ registered word mark



Treating trade marks as common or generic terms, undermines their essential function to inform consumers as to the origin of a product, which may result in loss of distinctiveness. Consider, for example, words such as “*thermos*”, “*cellophane*” and “*escalator*”, which were once registered trade marks but have been removed from the register in some countries for becoming the common denotation for the products covered by each trade mark.

The Court of Justice of the European Union (CJ) has delivered rare guidance on genericism in revocation actions in cases where the goods in respect of which a trade mark is registered are not all directed at the same consumers. In a preliminary ruling of the CJ (Case C-409/12 Backaldrin Österreich The Kornspitz Company v Pfahnl Backmittel GmbH, 6 March 2014), on referral from the Austrian Supreme Patent and Trade Mark Court, clarification was given on the interpretation of Article 12(2) (a) of Directive 2008/95/EC, which provides

that a trade mark can be revoked where it has become a common name in the trade for a product or service, as a consequence of the acts or inactivity of the proprietor.

Background

Backaldrin was the proprietor of the registered Austrian word mark KORNSPITZ for various raw materials (baking agents; flour and preparations made from cereals...), intermediate goods (pre-formed dough) and finished goods (bakery goods and pastry confectionery) in class 30.

Under the KORNSPITZ mark, Backaldrin produced a baking mix which was supplied to bakers, who then made bread rolls which are oblong in shape with a point at both ends. Backaldrin consented to use of the mark KORNSPITZ by bakers in the sale and distribution of such rolls to customers. Pfahnl was one of Backaldrin's competitors and, like most bakers, was aware KORNSPITZ was a registered trade mark. Pfahnl applied to revoke the trade mark on the basis that end users perceived

the trade mark as the common name for a bakery product (the specific shaped bread roll). One reason cited for this perception was that bakers using Backaldrin's mix do not generally inform their customers that KORNSPITZ is a registered trade mark, nor that the rolls are produced using that mix.

Initially, the Cancellation Division revoked the mark, however on appeal, the Austrian Supreme Patent and Trade Mark Court referred three questions to the CJ on the interpretation of Article 12(2)(a) in relation to the finished bakery goods, seeking clarification of, broadly:

1. The meaning of ‘common name in the trade’ and how that should be assessed where traders may perceive a sign as a trade mark, but not end users;
2. The meaning of ‘inactivity’ on the part of the trade mark proprietor, which may lead to a finding that a trade mark is generic; and
3. The extent to which a lack of equivalent names for a product may be relevant in such analysis.

A prime issue for the CJ regarding (1) was **whose** perception of the trade mark is important. In reaching a conclusion, the court referred to case C-371/02 Björnekulla Fruktindustrier AB v Procordia Food AB, in which it was held that the views of all end users and, in certain circumstances, those in the trade who deal with the product commercially, are relevant in determining whether a mark has become generic, although the perception of end users will generally be decisive. Citing the importance of a trade mark's origin function, the court highlighted how the present case, subject to verification by the referring court, involved a loss of distinctive character from the point of view of end users. The court held that a trade mark might be revoked where it has become a common name according to the perception of end users alone (here,

Trunki Skids to a Halt Magmatic v PMS International

consumers buying bread products). Thus awareness on the part of sellers (here, the bakers) that the trade mark was distinctive could not preclude a finding that the mark was generic. It is now for the Austrian Supreme Patent and Trade Mark Court to assess the necessity for a survey of end users' perceptions of the KORNSPITZ mark.

Secondly, the CJ classified 'inactivity' within the meaning of Article 12(2)(a) as including a lack of encouragement by a proprietor to ensure sellers make more use of a mark in commercial contact with customers, and instances where a proprietor is not 'sufficiently vigilant' in preserving the distinctive character of his trade mark. In the present case, described by the referring court as where the distributor did not inform its customers of the trade origin of the rolls at the point of sale, the Austrian Court will need to ascertain the extent to which Backaldrin took any initiative to encourage bakers and distributors to use KORNSPITZ in the marketing of their rolls to customers.

Lastly, the possible existence of alternative names for a product or service was deemed by the court to be irrelevant once a mark has become the common name in the trade for that product or service, since the fact remains that the trade mark has lost its distinctive character by becoming the common name.

Comment

This case provides clear guidance that end users' views are important in assessing whether a trade mark may be held to be generic.

It remains to be seen which actions prove most successful in practice in influencing the views of end users to preserve the distinctive character of a mark, although trade mark owners should be proactive in influencing and monitoring the marketing of products by third parties using their brand, such as distributors, licensees or sellers. Your usual D Young & Co representative will be able to advise you further in this regard.

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www.dyoung.com/newsletters

PMS International Limited has been successful in the Court of Appeal, overturning the High Court judgment which stated that their Kiddee Cases infringed Magmatic Limited's design rights in relation to the Trunki, the famous ride-on suitcase for children.

The Court of Appeal found that the High Court judge had erred in two respects. Firstly, he had failed to appreciate that Trunki's registered Community design (RCD) was clearly intended to look like a horned animal. It was now held, partly due to this factor, that the insect and tiger versions of the Kiddee Case conveyed completely different impressions on the informed user in comparison with the RCD, as they appeared to have antennae and floppy ears respectively.

When this case was heard before the High Court, it was discussed how the RCD did not include any graphical designs on the exterior of the suitcase, whereas the Kiddee Cases bore a number of designs on their surface. At first instance, the judge sided with Magmatic who contended that the Kiddee Cases' surface design should be ignored as there was nothing comparable on their RCD.

Now before the Court of Appeal, the Samsung v Apple tablet case was recalled, in which it was held that the fact that Apple had no ornamentation on its registered design was an important feature in itself when comparing the Samsung tablet which did.

The Court of Appeal held that the first instance judge was wrong to eliminate the Kiddee Cases' surface decoration in its assessment of infringement because it significantly affects the overall impression of the designs (plainly neither was a horned animal, which is what the RCD was intended to represent).

Regarding the RCD in this case, the Court of Appeal found that the colour contrast between the wheels and the

body of the design was a striking feature and this should have been taken into account in the comparison. This was the trial judge's second error, and taking this feature into account assisted the Court of Appeal in a finding of non-infringement.

Even though the Court of Appeal agreed that the Trunki should be allowed a relatively wide scope of protection due to its innovative nature in the luggage market, as outlined above, the errors made by the trial judge meant that it could now form its own view on infringement.

It was now found that the Kiddee Cases in question produced a different overall impression on the informed user than that of the RCD, and so there was no infringement.

In particular, the judge noted that the RCD was a sleek, generally symmetrical stylised design that produced the impression of a horned animal. Conversely, the Kiddee Cases were found to be softer, more rounded designs which, at both a general and detailed level, conveyed a very different impression.

It will be interesting to monitor how Trunki reacts to this decision and, indeed, its competitors and consumers themselves.

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Useful links

Magmatic Ltd v PMS International Ltd
[2014] EWCA Civ 181 (28 February 2014):

<http://dycip.com/magmaticvpms>

Samsung v Apple RCD Dispute,
author Jonathan Jackson:

www.dyoung.com/article-samsungvapple

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And finally...

IP Essentials for Start Ups and SMEs
Join us at the Business Show, London, 15 & 16 May 2014



We are delighted to be exhibiting at this two-day exhibition in May. The Business Show declares itself "a hotbed of entrepreneurial activity", and is expected to draw more than 25,000 aspiring entrepreneurs and small-medium business owners looking for inspiration, advice and networking. The event's overriding goal is to help drive businesses onwards and upwards, across all industries.

Your product, your business: IP essentials for start-ups and SMEs

In a seminar session crucial to any start-up or growing established business, Nicholas Malden (European patent attorney) and Richard Burton (European trade mark attorney) will provide a succinct and commercially relevant IP checklist to support SMEs. Their talk will take place at 11.45am on Thursday 15 May.

IP advice at the show

Members of our patent and trade mark teams will be on hand throughout the duration of the show to answer questions and share information. The UKIPO will also be exhibiting at the show to run their popular 'branding workshop'.

If you are attending and would like to join us, you'll find us at stand 2118.

Hot topics we'll be on hand to discuss with delegates will be the UK Patent Box and other schemes provided by the government to provide financial support for innovation.

For further information about the show, and to book tickets to attend, visit the Business Show website: www.thebusinessshow.co.uk or call 0117 930 4927.

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