

TRADE MARK NEWSLETTER

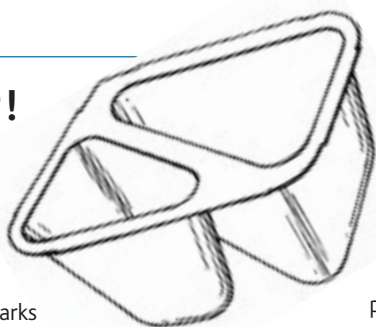
SHAPE UP!

In our earlier editions of this Newsletter, we have highlighted the reluctance on the part of the UK Trade Marks Registry and OHIM to register three-dimensional shapes as trade marks when owners of such marks have the alternative protection route available to them of obtaining registered design rights. This approach has been manifested again in the decision set out below:

Molkerei Alois Muller GmbH & Co ("Muller") applied to register the shape of their "twin pot" yoghurt pot on 31 October 1994 for "yoghurts; desserts and puddings" in Class 29 and "desserts; rice desserts" in Class 30. The twin pot shape is shown above.

The UK Registrar raised two objections to registration on the grounds that the trade mark was devoid of distinctive character and, further, that it consisted exclusively of the shape of the goods which is necessary to achieve a technical result.

In order to overcome the first objection, Muller filed evidence to support their claim that the trade mark had acquired distinctiveness through use, along with



a market survey which, they claimed, amply demonstrated the public's recognition of the trade mark.

In determining whether the twin pot shape had in fact acquired distinctiveness through use, the Hearing Officer considered whether the mark had come to identify the product as originating from the applicant. The test laid out in *Windsurfing Chiemsee* (1999) was applied.

The Hearing Officer was critical of the survey evidence filed by Muller, suggesting that they should have designed the survey to "simultaneously test respondents' reactions to a different shaped product of the same type". However, despite the shortcomings of the survey evidence, the Hearing Officer acknowledged that a significant proportion of the relevant public recognised the container shape as originating from Muller. In addition, Muller filed an independent magazine article which indicated that the applicant had 73% market share by value in twin-pot yoghurts.

However, the Hearing Officer still felt that this was not enough; he said that it is necessary for the trade mark owner to use the shape mark in ways that are apt to distinguish the commercial origin of goods of an undertaking. He did not think the Muller container shape was visible enough in the "course of trade" at the point of selection to indicate the applicant's goods.

The Hearing Officer thus concluded that the Muller twin pot had not acquired distinctive character, but would have suspended the application pending the ECJ decision in the case of *Dyson v. Registrar of Trade Marks*, which was recently referred for guidelines on assessing this type of evidence of distinctiveness. However, due to his further conclusion that the sign consisted exclusively of the shape of the goods necessary to achieve a technical result, he simply refused the application.

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WHAT IS THE KEY?

Many of our readers may be baffled by this question. It seems the short answer is "Intellectual Property" which the UK Patent Office is convinced is the key to business success. They are concerned that not enough SMEs (small and medium enterprises) know this. So they chose "What is the Key?" as the title of a campaign to make SMEs, in particular, more aware of the benefits of protecting their IP assets.

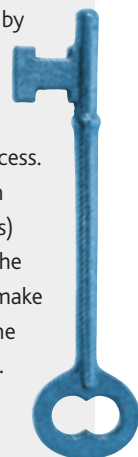
The campaign is supported by both the Chartered Institute of Patent Agents and the Institute of Trade Mark Attorneys and kicked off at the QEII Conference Centre in June this year.

The second phase of the campaign was launched in September with regional visits to Oxford, Coventry, Bolton, Derby, York and Newcastle. Future events are planned for Northern Ireland, Scotland and South Wales.

On 19th – 20th November 2004, officials from the Patent Office with representatives from the Chartered Institute of Patent Agents and the Institute of Trademark Attorneys, will be manning a stand at the Business Start-Up event held at the London Docklands Exhibition Centre. Two of the firm's trade mark associates, Kara Bearfield and Angela Thornton-Jackson will be on hand to give advice on 19th November.

Free advice and information packs with guidelines on protecting IP assets will be handed out to visitors and there will be an opportunity to enter a draw whereby the first 200 applicants drawn out of "the hat" will receive a free one hour consultation with an IP specialist.

Why not go along to the event held closest to you and pick up a free pack? Alternatively, our patent and trade mark teams are always happy to give advice on IP protection, so do give us a call. The "key" is to take advantage of these resources!



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In the second part of his decision, the Registry Hearing Officer referred to the ECJ's decision in *Philips v. Remington*, where the court concluded that a sign consisting exclusively of the shape of a product is unregistrable if it is established that the essential functional features of that shape are attributable only to the technical result. Moreover, this objection cannot be overcome by establishing that there are other shapes which allow the same technical result to be obtained.

Muller argued that not all features of their mark could be said to be functional, particularly its square shape and its diagonal split. However, the Hearing Officer felt that there was a functional requirement to tip the contents of the smaller container into the larger one, without spillage. Accordingly, the diagonal split was necessary to achieve this; moreover, the overall square shape was largely due to design restrictions for the diagonal split. Therefore, he found both these features functional and attributable to obtaining a technical result.

This is another decision where despite good evidence of public recognition of a shape's trade mark significance, the Registry has taken a harsh line on functionality under s3(2) of the UK Act, making it increasingly difficult to secure trade mark protection for such shape marks.

STOP PRESS... SLOGANS

At the end of October the ECJ issued their judgement in the case concerning the protection of the slogan, 'The Principle of Comfort' (in German). Unusually they decided not to follow the Opinion of the Advocate General. Instead, the Court confirmed the view of the CFI that OHIM had wrongly assessed the distinctiveness of the slogan. Therefore, despite errors in the lower Court's approach, the ECJ dismissed OHIM's appeal.

Their judgement will provide a much needed boost for those attempting to protect slogans as trade marks.

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YOUR SURNAME – IS IT A TRADE MARK?

Further to the article in our September 2002 Newsletter*, the European Court of Justice have finally issued their decision in respect of NICHOLS trade mark, providing guidance upon the registrability of surnames in EU Member States.

The UK Trade Marks Registry have, for many years, refused registration of common surnames, even though traders legitimately trading under their own surname would have a defence to registered trade mark infringement. The ECJ was asked to review the UK practice in this regard. If common surnames should be registrable as trade marks, the ECJ were also asked to determine whether or not this "own name" defence would only be open to the individual, or also companies trading under common surnames.

In its conclusions, the European Court held that the assessment of whether or not a surname is a distinctive trade mark should follow the same criteria as are applicable to other categories of trade mark. Therefore, when assessing the distinctive character of a surname, it is incorrect to apply stricter criteria than would be applicable for other types of mark. Pre-fixed guidelines for assessment, e.g. the number of entries in a telephone directory, cannot determine this issue.

Instead, the registrability of the surname must be assessed in relation to the goods or services for which registration is applied. The perception of the relevant consumer must also be taken into account, which may include considering the number of traders sharing that name within the relevant market, as this could affect the consumer's perception of the sign as a trade mark. Therefore it may prove more difficult to establish that a surname has a distinctive character in certain categories of goods or services, than it is in others. However, surnames per se cannot automatically be regarded as unregistrable.

The ECJ also stated that a surname cannot be refused registration on a point of principle, in order to ensure that no unfair advantages are afforded to the first applicant. Therefore, despite the previous concerns of the UK Trade Marks Registry upon this point, the ECJ appear to be favouring a "first come, first served" approach. The Court confirmed that traders legitimately operating under their own names can use this fact as a defence and are therefore unlikely to infringe any such registration. The ECJ nevertheless viewed the existence of this defence as having no relevance to the fundamental question of whether or not a surname is capable of distinguishing one undertaking from another. Therefore, they did not go on to provide clarification upon whether or not the defence will be open to both individuals and companies operating under "their own name".

In summary, the ECJ have moved away from the restrictive approach to registrability of surnames favoured by the UK Trade Marks Registry, instead allowing registration upon a "first come, first served" basis. They have not, however, clarified whether or not companies trading under common surnames will have a defence to registered trade mark infringement. Whilst OHIM will no doubt accept most surnames for registration, it is probable that the UK Trade Marks Registry will resist applying the present judgement too liberally. However, as they can no longer automatically object to registration relying upon a finding that a large number of people within the United Kingdom possess that surname, more surnames should progress to UK registration. Any traders operating under common surnames should thus consider registering their name to ensure that they have priority for their marks.

*Available from www.dyoung.com/resources/newsletters.htm

WHEN IS USE OF A GEOGRAPHICAL TERM NOT AN INFRINGEMENT?

A recent decision from the European Court of Justice has far reaching implications for owners of trade marks consisting of geographical terms. The ECJ concluded that where use of an indication of geographical origin is in accordance with honest practices in industrial or commercial matters, such use cannot be prevented even where it is similar to an earlier registered trade mark and a National Court finds that there is a likelihood of confusion.

The case concerned trade mark infringement proceedings launched in Germany by the beverage company, Gerolsteiner against Putsch, a Marketing and Distribution Company, for the alleged infringement for the trade mark GERRI. Putsch was offering for sale an imported mineral water under the brand KERRY SPRING. The defendant's goods were produced by the Kerry Company in Ireland using water from a spring known as Kerry Spring.



Whilst in some jurisdictions GERRI and KERRY might not be viewed as being confusingly similar marks, the German Supreme Court had no hesitation in

upholding the lower court's finding that the relevant purchasing public would consider the marks similar. The German Supreme Court concurred with the claimant that there was a likelihood of aural confusion; however, the matter was then referred to the ECJ for guidance as the Court was unsure as to whether a finding for infringement should be made given that "Kerry Spring" is an indication of geographical origin and was being used in accordance with honest practices.

The judgement from the ECJ sets out clearly that if the defendant's mark is a geographical term and would be viewed as such, use of the geographical indication could not be prevented by the owner of the earlier registered trade mark, despite potential confusion. The ECJ declined to apply their guidelines to the specific facts of the case. Accordingly, it is now up to the German Courts to apply the ECJ's interpretation of the law to the case in hand. In our view, it would be extremely surprising if use of KERRY SPRING will now be restrained as an infringement of the earlier registration for GERRI.

This case signals an important trend in the approach to protection of brands consisting of geographical indications and the particular difficulty that arises where there are conflicts between trade marks and geographical indications.

Article 8(4) of the Community Trade Mark Regulation provides for opposition or objection to a new Community Trade Mark application by the proprietor of a non-registered trade mark or other sign which is used in the course of trade, and which has more than mere local significance. The meaning of these words was discussed by Mr Justice Laddie in the case of *Compass Publishing BV v. Compass Logistics Limited* (24 March 2004). He noted that the new system provided safeguards for owners of earlier national rights, enabling them to sue for infringement even where the later mark is the subject of a CTM registration, and equally safeguarding the earlier user from infringement attack by owners of subsequently acquired CTM rights. Nevertheless, he also noted that this protection had limits and concluded that the proper working of the CTM system placed a relatively high onus of proof on earlier users seeking to challenge a later registered CTM under Article 8(4).

The Judge thus concluded that a mark should be considered as having "mere local significance" within the meaning of Article 8(4) if its geographical spread is restricted to substantially less than the whole of the European Union. In such a case, it was likely that, from the perspective of the Community market in the goods or services in question, the mark is of little significance. It is only if use of the prior mark covers the whole or substantially the whole of the European Community market that its impact will be sufficient to object successfully to a subsequent application for a conflicting Community Trade Mark.

In addition, Article 8(5) of the Community Trade Mark Regulation provides an alternative ground for opposition or objection by a non-registered proprietor of a trade mark which has a reputation in the Community. The meaning of "reputation in the Community" has recently been discussed by OHIM's Third Board of Appeal in *Karl Fazer AB (OY) v. USP Brands Limited*. The Third Board of Appeal held that since the opponent in this case could prove reputation only in Finland, this was not sufficient to satisfy the Article 8(5) test that the mark had a reputation in the Community. Comments made in that case suggest that a reputation must exist in a substantial part of the Community for the non-registered proprietor's mark to qualify for protection under Article 8(5) of the Regulation.

Given the recent expansion of the European
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WHY REGISTER?

THE LIMITS OF USER RIGHTS IN EUROPE

The advent of the Community Trade Mark involved a balancing act between conflicting legal systems (common-law and continental law) with a particular tension when deciding on the levels of protection afforded to marks which were used but not registered. As time has gone by, it is increasingly apparent that reliance on mere user rights is generally less advantageous when it comes to challenging other conflicting marks than a trade mark registration. However, it is still possible to found an opposition based simply on a claim to established use of a mark; whether this will succeed is increasingly debatable. Two recent decisions (outlined below) demonstrate this quite decisively. In particular, where the use is not widespread, or limited to one member state, this may not be enough.

Community to 25 Member States, it appears that it will be increasingly difficult to prove that un-registered rights enjoy anything more than mere local significance or that a brand used in a single EU state is well-known or has a reputation in a substantial part of the Community for these purposes.

Thus, if national brand owners in the individual Member States wish to make objections to subsequent conflicting Community Trade Mark applications or registrations, they are safer relying on registered trade mark protection at national or Community level. It seems clear that the system will increasingly favour *registered* trade mark proprietors in this way. Moreover, the threshold set in this respect is very generous, since ownership of a registration in one Member State of the EU is sufficient to found an opposition or invalidation against a later filed CTM. The clear conclusion is that registration is the better option for almost all traders.

D Young & Co Trade Mark Group



Penny Nicholls
Partner



Jeremy Pennant
Partner



Gillian Deas
Partner



Jill Matchett
Associate



Jane Harlow
Associate



Angela Thornton-Jackson
Associate



Kara Bearfield
Associate



Helen Cawley
Assistant

120 Holborn, London, EC1N 2DY
T: +44 (0) 20 7269 8550
F: +44 (0) 20 7269 8555

Briton House, Briton Street,
Southampton, SO14 3EB
T: +44 (0) 23 8071 9500
F: +44 (0) 23 8071 9800

mail@dyoung.co.uk
www.dyoung.com

HOW LONG CAN GOODWILL LAST?



The extent to which a residual goodwill in a mark is recognised and

protected in this country has been the subject of relatively few decided cases in the United Kingdom. Of necessity, such cases are decided on their own particular facts and there are no established guidelines as to the time period during which residual goodwill may be recognised or enforced.

A recent decision by the UK appointed person, overturning (in part) the decision of the Trade Marks Registry's Hearing Officer in a cancellation action, involved an added complication. The applicant for cancellation, Pharmacia AB, had changed its corporate name from Pharmacia to Pharmacia & Upjohn in 1995 and had used that form until the year 2000, when it reverted to Pharmacia. They were proprietors of the PHARMACIA trade mark, registered and used in the UK from 1962 – 1995 for pharmaceutical products. In this case, they applied to invalidate a subsequent registration of the mark FARMACIA URBAN HEALING covering goods in classes 3 and 5 (although the latter class did not include pharmaceuticals), and the provision of pharmacy advice in class 42. They relied on conflict with their PHARMACIA registration and goodwill in the name Pharmacia as a consequence of their past use.

In its challenge to the registration for FARMACIA URBAN HEALING, Pharmacia argued that at the time of registration (March 2000), it had a residual goodwill in the name PHARMACIA, although it had ceased use of that particular form five years previously. The applicant for cancellation also relied on the continued use of the composite name, PHARMACIA & UPJOHN, in support of its claim to goodwill.

The Hearing Officer found that Pharmacia had a goodwill in the name PHARMACIA for its pharmaceutical business in 1995, but that it no longer had a reputation in that name in March 2000. The Appointed Person reversed this finding, concluding that there was no intention on the part of Pharmacia AB to abandon the goodwill generated through use of PHARMACIA alone up to 1995, and indeed, that continued

use of the word in the composite, PHARMACIA & UPJOHN, demonstrated the contrary. He also relied on the subsequent change of company name back to Pharmacia by itself. He pointed out that another direct competitor would have had no opportunity to adopt the name or trade mark PHARMACIA in March 2000 without a successful challenge on grounds of "passing-off" from the original owner.

He found that it was "virtually inconceivable" that Pharmacia did not have a continuing reputation and goodwill under the PHARMACIA trade mark for its core pharmaceutical business in March 2000 and that this conclusion was bolstered by the mark's potential for supporting and improving future business, which Pharmacia had chosen to exploit by changing their name back to the original form in that year.

Having found that Pharmacia AB had an established and continued goodwill in their PHARMACIA name at the time when the FARMACIA URBAN HEALING mark was filed, the Appointed Person nevertheless concluded that this goodwill did not extend to prevent the registration of the latter mark for any of the proprietor's goods in classes 3 and 5; he decided that pharmaceuticals had different uses to natural health and beauty products and were essentially different in nature. In reaching this conclusion, he relied inter alia on the fact that there had been no confusion arising from the use of the FARMACIA URBAN HEALING mark on such products from 1998 onwards.

However, he did conclude (contrary to the Hearing Officer's decision) that provision of the pharmaceutical and medical services claimed in class 42 could lead to confusion and cancelled the mark in that category. In fact, Farmacia had never offered such services either at the time when they applied to register FARMACIA URBAN HEALING or subsequently.

Obviously, the clear intent on the part of Pharmacia AB throughout the relevant period to continue relying on the PHARMACIA name, albeit not in the form originally used, assisted in this result; while there is no doctrine of abandonment in this country (contrast the position in the USA), it is nevertheless a relevant consideration that a trade mark owner has a continued interest in maintaining and exploiting a mark and has taken commercial steps which manifest that intent.