

TRADE MARK NEWSLETTER

LIMITS TO FREEDOM OF
SPEECH DEFENCE IN DOMAIN
NAME DISPUTES

Owners of disputed domain names are quick to invoke the right to freedom of expression when challenged by owners of conflicting interests, such as trade marks. Sometimes these arguments find favour with courts or adjudicators. Operators of protest sites have been allowed to retain domain names containing third party trade marks where the overall title clearly suggests that it is a protest site, e.g. xyzsucks.com.

It was perhaps inevitable that the provisions of the European Convention on Human Rights would be relied on by defendants in domain name disputes, and the recent case of *Pankajkumar Patel v Allos Therapeutics Inc.* is an interesting illustration.

The case began at WIPO where the complainant, Allos Therapeutics Inc., sought to challenge Mr Patel's domain name www.allostherapeutics.com. The complainant owned two US trade mark registrations for ALLOS and ALLOS THERAPEUTICS INC., the latter in a stylised format. It also owned the domain name www.allos.com.

In its complaint, Allos asserted that Mr Patel had no legitimate rights or interest in the disputed domain name and had no permission from them to use it. Part of Mr Patel's defence was that the domain name was intended for use as a criticism site for the complainant's products and services, although at the time of filing the complaint no such site was in operation.

When the allostherapeutics.com domain

name was entered, it defaulted to the defendant's website on which Allos Therapeutics' logo was displayed; nevertheless there was a disclaimer indicating that it was nothing to do with the US business. Mr Patel's longer term plans for this website were not clear although he sought to argue that his activities were designed to expose the abuses of the pharmaceutical industry; however there was no content on the website which would have supported this claim.

It appeared that Mr Patel had a history of registering domain names containing trade marks owned by other well known pharmaceutical companies, and that six previous complaints had resulted in the successful transfer of the disputed domain to the complainant and prior trade mark owner.

Against this background the WIPO administrative panel had little difficulty in finding that the allostherapeutics.com domain name registration had been registered and was being used in bad faith. Since the domain name was considered confusingly similar to the complainant's prior trade mark rights and Mr Patel had not demonstrated any rights or legitimate interests in the name, the WIPO panel ordered that it should be transferred to the complainant.

This decision issued in June 2007. Subsequently Mr Patel issued proceedings in the UK High Court (Chancery Division) seeking an order

that the domain name dispute process should be set aside. The complaint relied on a claim that this decision was an infringement of Mr Patel's right to freedom of expression under Article 8 of the European Convention on Human Rights. However he was unable to point to any specific provision in the UK Human Rights Act 1998 which could provide the basis for his claim, so Allos Therapeutics applied to have it struck out.

The Deputy High Court Judge, Sonia Proudman QC, granted their application. She held (decision dated 13 June 2008)

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that the claim disclosed no reasonable ground of action on the part of Mr Patel and that there was no real prospect of succeeding or other compelling reason why the matter should go to trial. She recognised that there was a need to balance the rights of a trade mark owner freely to enjoy their monopoly against the legitimate rights of others, but stated that freedom of expression was not an unqualified right in this context. In reaching this conclusion, she appears to have been heavily influenced by the fact that Mr Patel was not operating a protest site in the usual sense of the word.

The Deputy Judge held that Mr Patel's activities to date seemed designed to trick internet users into thinking that the site was

associated with the trade mark proprietor and that this did not accord with the concept of freedom of speech. Mr Patel had also made claims of defamation, malicious falsehood and wrongful threats to sue for trade mark infringement in his High Court action but none of these were substantiated either.

Following this decision it appears that Mr Patel may have filed a further appeal to the European Court of Human Rights in Strasbourg, asserting that there is no law that prevents a person from making use of a trade mark in a non-commercial manner. Whether the European Court decides to hear this claim remains to be seen.

CLEARER GUIDANCE FOR EXPERT AND SURVEY EVIDENCE

A recent decision by the UK Court of Appeal has provided guidance on when it is appropriate to file expert evidence in trade mark cases, and has urged parties considering conducting a survey to seek advice from the Courts on its format at an early stage.

Traditionally, English Courts have been reluctant to attribute weight to surveys, or to allow expert evidence in trade mark proceedings. The *esure* decision helps clarify the instances where such evidence may still be acceptable.

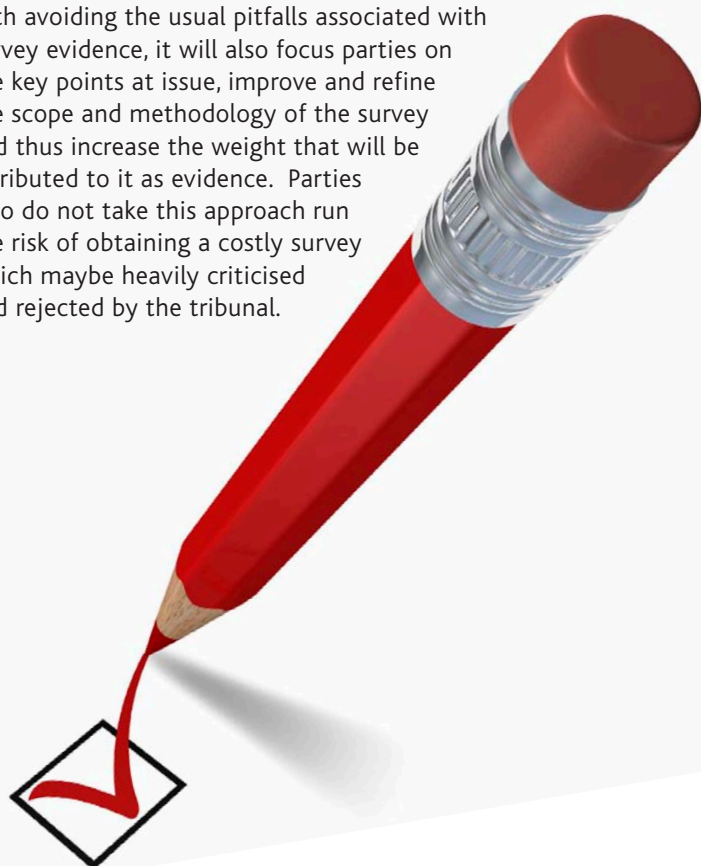
The case started in the UKIPO and involved an application by *esure* Insurance Limited ("esure") for a device mark which comprised of a computer mouse on wheels covering insurance and financial services in class 36. The application was opposed by Direct Line Insurance plc ("Direct Line") under s 5 (2) and s 5 (3) TMA 1994 on the basis of their earlier registrations for a red telephone on wheels covering identical services. Direct Line submitted both expert evidence and survey evidence in support of their claim that there was a likelihood of confusion between the trade marks.

The survey evidence was criticised and rejected by the UKIPO Hearing Officer who claimed that the survey was affected by a recent advertising campaign being run by Direct Line, which included a red telephone on wheels and a red computer mouse on wheels.

The expert evidence contained the expert witness' opinion on consumer perception, confusion, likelihood of association, unfair advantage, detriment, damage and fettering of Direct Line's future activities. This was heavily criticised by the Court of Appeal, who made clear their disapproval of expert evidence where the facts of the case rest with the perception of the average consumer. The Court commented that expert evidence should only be required where such matters are unfamiliar to the layman. Here the issues were seen as routine matters for the tribunal rather than requiring guidance from an expert.

The decision paves the way for tribunals to attribute little or no weight to expert evidence where the likelihood of confusion is to be assessed from the average consumer's perspective. Caution is recommended before seeking an expert opinion on matters which involve everyday consumer goods and services. Parties who engage the services of experts may face the prospect that their time and efforts have been wasted and costs may not be recoverable.

Similarly, where the likelihood of confusion is to be assessed from an average consumer's perspective, great care should be taken with survey evidence. The Court of Appeal has recommended seeking case management directions prior to conducting a survey. Whilst this will no doubt assist with avoiding the usual pitfalls associated with survey evidence, it will also focus parties on the key points at issue, improve and refine the scope and methodology of the survey and thus increase the weight that will be attributed to it as evidence. Parties who do not take this approach run the risk of obtaining a costly survey which maybe heavily criticised and rejected by the tribunal.



INTENTION TO USE? NO PROOF, NO US TRADE MARK!

As National Trade Mark systems go, the US has always been regarded as one of the more complex and stricter regimes. However, recent decisions from the US Trade Mark Trial and Appeal Board (TTAB) with regard to intention-to-use applications indicate that the TTAB is becoming even stricter, with trade mark owners being found guilty of fraud if they are deemed not to have had a genuine intention to use the trade mark in relation to all the goods or services applied for at the time the application was made.

In the 2003 case of *Medinol Ltd v Nuero Vasex*, the TTAB held that the Applicant will be guilty of fraud if it "makes a false material representation that they should have known was false". As a result, if the Applicant is found not to have had an intention to use the trade mark in relation to *all* the goods and services applied for at the time of filing the application, the declaration of intention to use will be deemed to have been made fraudulently. As a result, the entire registration will fail, even if use or an intention to use can be proved for *some* goods or services.

Furthermore, in the opposition case of *Standard Knitting v Toyota Jidosha*, heard in 2006, the TTAB cancelled three registrations relied upon by the Opponent (Standard Knitting) on the basis that the registrations had been obtained fraudulently. They relied on the fact that the person who signed the Declaration of Intention to Use at the time the applications were filed had simply taken a broad overview in confirming that the marks were intended to be used for all the goods and services applied for. The proprietor argued that this was an honest mistake. However, this argument was rejected by the TTAB, which held that the author should have conducted further enquiries into actual use of the mark before signing the declaration.

In the May 2007 case of *Intel Corp v Emery*, Intel opposed Emery's trade mark application for IDEAS INSIDE on the basis that Emery had no intention to use the mark in commerce for the goods applied for. The TTAB held that in the absence of any evidence proving that Emery had a bona fide intention to use the mark for their goods, such as evidence of marketing plans, there was a prima facie case of a lack of intention to use.

This reasoning was upheld further, in the more recent case of *LC Licensing v Cary Berman* (March 2008), where the TTAB held that the failure by the Applicant to submit any proof of his intention to use was a strong indication that there was no bona fide intention to use the mark for the goods and services applied for in the first place. As a result, the application was rejected in its entirety.

The effect of these cases is that new applicants, as well as trade mark owners relying upon their existing registrations in the US, now have to be able to prove, by way of documentary evidence, that at the time of filing the applications they had a genuine intention to use the marks for all the goods and services applied for. If not, and the marks are then challenged by a third party at opposition, or in subsequent infringement or cancellation proceedings, there is a very real risk that the application will be rejected, or the registrations cancelled in their entirety, even if an intention to use can be proved for some of the listed goods or services.

This poses a potentially serious problem for trade mark owners, especially those outside of the US who are used to filing applications on the basis of broad specifications, or even using International Class headings.

By way of example, where the owner of a trade mark that has been registered in the US for 50 years relies upon the registration in an opposition against a later filed application, the registration will be cancelled *in its entirety* by the TTAB if the Opponent cannot, in response to a challenge by the Applicant, produce documentary evidence that it did have an intention to use the mark in relation to all the goods or services covered by the registration at the time the application was filed, even if it can prove that it had an intention to use the mark for some goods or services.

Whilst it is likely in this scenario that the trade mark owner may still have some common law rights in the mark arising from its goodwill in relation to the goods or services for which the mark has been used, the reality is that a very valuable asset in the form of a 50 year old trade mark registration will be lost if there is no proof that 50 years ago, the owner did have an intention to use the mark for the other goods and services.



Trade mark owners should therefore exercise care and caution when applying for registrations in the US. Specifications should be limited to the exact goods or services of interest to the US market, even where the application is based on a foreign trade mark or is made under the Madrid Protocol system, both of which generally allow broad specifications. In addition, although the US is a multi-class system that allows for registration of a mark in a number of classes in a single application, consideration could be given to filing single class applications, so that in the event that a registration is later cancelled on the basis of lack of intention to use, it is only that class of goods or services that is affected.

Fraud is, however, a very serious allegation which is generally understood to relate to claims of actual dishonesty and involves some form of criminal intent. It is difficult to reconcile this concept with the case of a trade mark owner who may honestly believe at the time of application that it has an intention to use the mark for some goods or services, but who is then unable to prove that it did so, perhaps many years later, with the result that it loses its trade mark registration in its entirety. Whilst there is room for argument that the registration should be limited to the goods and services for which an intention to use has been proved, to cancel the mark completely would appear to be an unfair and excessively strict approach.

It therefore remains to be seen whether the TTAB will, in practice, find parties guilty of fraud if they are found not to have had a bona fide intention to use the trade mark for all goods and services at the time of application. The matter seems ripe for an appeal to a higher US Court. Careful consideration should, however, be given to future trade mark applications in the US, and protection should only be sought for those goods or services where the applicant has, and is able to prove that it has, a bona fide intention to use the mark in question for all the goods and services applied for.

NEW UK TRADE MARK RULES 2008

The new UK Trade Mark Rules came into effect on 1 October 2008. The main reasons for issuing the new set of Rules were to (a) consolidate and incorporate the various amendments that had occurred over the last eight years in one document; (b) comply with the Singapore Treaty, (c) make the UKIPO's tribunal system more flexible and efficient and (d) to speed up the registration process for uncontested marks.

We will summarise the main changes below:

OPPOSITIONS

Of the changes included in the new Rules, one of the most significant is the shorter time period for filing an opposition to a trade mark once it has been published. Instead of the previous non-extendible 3 month period, Opponents now have 2 months to oppose or to request a one month extension of time to do so. Further extensions are not available.

The applicant now has a reduced period of 2 months within which to file their Defence and Counterstatement in opposition proceedings. Alternatively, if the parties agree to enter into the "cooling-off" period, the initial cooling-off term will now be reduced to 9 months from the original 12, but is extendible for a further 9 month period so that a total of 18 months cooling-off is available.

PRELIMINARY INDICATIONS

On the subject of Preliminary Indications (PIs), on the outcome of oppositions, and in line with more recent practice, the UKIPO will now no longer always issue a PI. They will now only do so where they feel strongly that one side has a clear advantage over the other. PIs still have no legal weight and are not binding on the parties.

However, where PIs are issued to the extent that they are not challenged, the Opposition will succeed or fail accordingly.

For Applicants whose mark is opposed it is particularly important - where the Preliminary Indication states that the Opposition is likely to be partially successful, and they do not agree with this - to specifically challenge the assessment in the PI, otherwise those goods/services where the PI says the opposition may succeed will be

deleted from the application regardless of the outcome of the opposition on the remaining grounds.

CASE MANAGEMENT

A further change in the UK practice is that the new Rules provide for Case Management, giving the UKIPO substantial power and flexibility in setting time periods for progressing "inter partes" cases. The UKIPO will specify the time periods for filing evidence and submissions according to what appears necessary for each case and may also direct what is covered by the evidence. The UKIPO will also now have express power to consolidate or stay proceedings.

SETTING ASIDE

A fairly controversial provision included in the new Rules is the power now given to the UKIPO to set aside decisions to cancel or invalidate marks. This will apply where the applicant or proprietor of a trade mark can show that they failed to receive notice of adverse claims, even where this happened as a result of their failure to keep their contact details on the Register up to date. However, an application to set aside a decision must be made promptly and, in any event, within 6 months of the date of refusal or cancellation of the mark.

A potential pitfall of this new power is that when trade mark clearance searches are conducted in the UK, marks that appear as abandoned or cancelled in a search may be reinstated. This risk exists for at least 6 months but possibly longer, depending on the time it takes the UKIPO to process an application for setting aside a decision. There is no way, at present, of identifying such marks, but the UKIPO is looking into the position with a view to overcoming this problem.

RETROSPECTIVE EOT REQUESTS

In addition to the above, the new Rules introduce, in line with the Singapore Treaty, an automatic right, in ex-parte matters to a retrospective extension of time where deadlines have not been met, as long as the request is made:

- within 2 months of the expiry of the time period, and it was not a period for appeal or for renewing a trade mark;
- the right has not been exercised already;
- the request is made on the appropriate form and fee is paid.

TRANSITIONAL PROVISIONS

The transitional provisions are very simple. On any matter where earlier action was taken prior to 1 October 2008, the old rules apply until a new action is taken after 1 October 2008 in which case the new rules apply. The only exception to this is on cases where the old rules apply but they have been consolidated with a case where the new rules apply, in which case the new rules take precedence.

OWNER OF SABATIER WINS DUEL OVER KNIFE MARKS

In *Rousselon Freres Et Cie v Horwood Homewares Limited*, the English High Court has applied the ECJ's test for assessing likelihood of confusion as set out in *Medion v Thomson Multimedia* (the LIFE/ THOMSON life case). The High Court found that the owner of the mark SABATIER was entitled to invalidate two UK registrations for the marks JUDGE SABATIER and STELLAR SEBATIER in the form shown below.



In applying the THOMSON LIFE test, the High Court found that where an earlier mark of "normal" distinctiveness (SABATIER in this case) plays an independent distinctive role in a later composite mark, there is a likelihood of confusion on the part of the public.

The legal principles applied in this case come from a trade mark dispute which began in Germany in 2002. The owner of the German trade mark LIFE sued the owner of the mark THOMSON LIFE for trade mark infringement. The case was referred to the ECJ for guidance on whether, and in what circumstances, there is a likelihood of confusion where a later mark contains the whole of an earlier mark. The ECJ found that, where the earlier mark is of "normal" distinctiveness, there will be a likelihood of

confusion if the earlier mark has an independent distinctive role in the later composite mark. In other words, the earlier mark does not have to dominate the overall impression conveyed by the later mark – if it plays merely a distinctive role (i.e. has the ability to convey information to the consumer about the origin of the goods) this is enough for there to be a likelihood of confusion.

This principle was followed by the High Court in the SABATIER case. The case began as an invalidity

action before the UK IP Office. Rousselon owns a UK registration for the word mark SABATIER covering "knives" in class 8. It applied to invalidate two UK registrations owned by Horwood for the marks shown above, which covered "knives" and "cutlery" in class 8 and various domestic utensils in class 21. Rousselon argued that the marks were sufficiently similar for there to be a likelihood of confusion under s.5(2)(b) Trade Marks Act 1994 and that Horwood's registrations should, therefore, be declared invalid under s.47(2)(a). The Hearing Officer found that although there was some similarity between the marks they would not be confused by the public because,

in his view, the words JUDGE and STELLAR were the dominant and distinctive elements of the later marks. In other words, he found that there was sufficient additional matter in the later

marks to make them distinguishable from the word mark SABATIER. Accordingly, he dismissed Rousselon's invalidity actions.

Rousselon appealed to the High Court on the grounds that the Hearing Officer had erred both in law and in principle. Rousselon's appeal contained several criticisms of the Hearing Officer's approach, including a claim that he misapplied the test as set out by the ECJ in the LIFE/ THOMSON LIFE case discussed at the beginning of this article. As readers may know, it is not possible to appeal such cases on the grounds that you do not agree with the Hearing Officer's decision. An appeal from the Hearing Officer is not a "re-hearing" in which you can ask the Court to substitute its own view on the likelihood of confusion, but is a review of the legality of the Hearing Officer's decision, i.e. whether he has applied the correct legal principles to the facts of the case.

The High Court thus analysed the Hearing Officer's assessment of the similarity of the marks and agreed with Rousselon, finding that the Hearing Officer had erred in applying the various tests set out by the ECJ in THOMSON LIFE. The correct assessment, according to the High Court, was to consider (1) whether the mark SABATIER is distinctive, (2) if it is, whether it retains an independent distinctive role in the JUDGE SABATIER and STELLAR





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SABATIER marks and (3) if it does, a finding of a likelihood of confusion must follow.

The Court found that the word SABATIER is of "normal" distinctiveness (e.g. if the goods were soft drinks, the mark would be more distinctive than the word FIZZY but less distinctive than the word PEPSI). The Court noted that the Hearing Officer had correctly come to this view, but that he then erred by failing to apply the other principles set out in LIFE/THOMSON LIFE. Having found that the mark SABATIER was distinctive, the Hearing Officer was wrong to conclude that it did not have an independent distinctive role in the later marks. The Court substituted its own view (as it is entitled to do if the Hearing Officer has erred) in finding that the word SABATIER retained an independent distinctive role in Horwood's marks and, consequently, that there was a likelihood of confusion. Rousselon's appeal was allowed as far as the class 8 goods were concerned, but failed with respect to the class 21 goods.

This case confirms that adopting a composite mark which contains an earlier mark will not automatically lead to a finding of likelihood of confusion, but, rather, that there is a likelihood of confusion if the earlier mark plays an independent distinctive role in the composite mark. The key message, therefore, is that when choosing a new trade mark, care should be taken not to incorporate somebody else's mark as part of your mark. As this case shows, you do not have to incorporate something as distinctive as, say, PEPSI to run into difficulties – you can still infringe the earlier registration if the earlier mark is of only "normal" distinctiveness.



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