

# D YOUNG & CO TRADE MARK NEWSLETTER *no.65*

November 2012

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## Events



6-10 November 2012

### INTA Leadership Meeting, Orlando, Florida, USA

Jeremy Pennant, Ian Starr, Tamsin Holman and Helen Cawley will be in Orlando for the 2012 INTA Leadership Meeting.

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

## Editorial



D Young & Co continues to grow and, in an ongoing commitment to meet the requirements of our clients, we are pleased to welcome Carina Badger as the newest member of the D Young & Co team. Carina is a solicitor specialising in non-contentious IP, data protection and other commercial matters. She has extensive experience in advising clients on IP licensing and assignment issues, distribution agreements, clearing advertising copy, franchising, gambling and prize competition law, competition law and sports law, IT and software licensing and development agreements amongst other general commercial matters. For more information see: [www.dyoung.com/carinabadger](http://www.dyoung.com/carinabadger).

To celebrate this new service offering, we are running a series of articles on commercial IP issues and exploiting IP. The series starts with 'assignments'. If there are any burning non-contentious IP topics which you would like to see covered please get in touch and we will do our best to fit them in.

### Editor:

Vivienne Coleman



## Article 01

# A fairytale ending for HANNAH MONTANA Disney Enterprises Inc v Montana Alimentari SpA

Finding in favour of Disney, the Office of Harmonization for the Internal Market (OHIM) has held that the famous family entertainment company may register the sign HANNAH MONTANA as a Community Trade Mark.

Disney filed the application in May 2006 seeking protection for goods in Classes 21, 30 and 32, covering (amongst other things) household/kitchen utensils and containers, coffee, tea and cocoa as well as beers and non-alcoholic drinks.

In January 2007, the application was opposed by the Italian foods and restaurants company, Montana Alimentari SpA, with the opposition being directed against all goods in Classes 30 and 32.

In bringing the opposition against Disney's application, the Italian company relied upon a number of earlier registered rights (including trade marks with Community and International protection) which contain the common element MONTANA, together covering goods and services in Classes 29, 30, 31, 32, 33 and 43.

### The Opposition Division's Decision

Before the Opposition Division, the opponent successfully proved that the respective goods in Class 30 were identical to those goods protected by its own Community Trade Mark for the word MONTANA as well as its International Registration for the mark M MONTANAALIMENTARI.

In relation to the goods in Class 32, the Opposition Division considered that certain of the applied for goods were identical but that in relation to others (specifically, syrups and other preparations for making beverages), the goods were complementary to the broad category of non-alcoholic drinks, for which the opponent benefited from protection. As a result, they were considered to be highly similar.

As the goods were deemed identical/similar, it was then the job of the Opposition Division to assess whether the signs were identical or similar. Fully considering the visual, aural and

conceptual similarities of the signs, the Opposition Division held that the earlier marks and the applied for sign were indeed similar, not least for the reason that the contested sign incorporates the word MONTANA (considered to be the most distinctive element) in its entirety.

Further, after carrying out a 'global assessment', it was determined that there existed a likelihood of confusion on the part of the general public.

### The Board of Appeal's Decision

Dissatisfied with the decision of the Opposition Division, Disney applied to OHIM's Board of Appeal for its annulment.

On appeal (and concerning the similarity of the relevant goods), the Board considered that as there had been conflicting evidence presented in relation to the goods protected by the opponent's relied upon International Registration (M MONTANAALIMENTARI), the scope of protection to be conferred upon the mark could not be determined.

Regarding the opponent's Community Trade Mark, MONTANA, the Board of Appeal held that the mark had limited distinctiveness and merely alluded to a geographical location (that being the state of Montana in the US which is said to be renowned for cattle breeding). On this basis and in carrying out an assessment as to the similarity of the signs, the Board of Appeal concluded that a likelihood of confusion could even be excluded for identical goods (ie, the goods protected under Class 30).

The Board added that this was particularly the case as the opponent's earlier mark and the applied for sign are similar to a low degree, both visually and phonetically.

As a result, the Board of Appeal annulled the decision of the Opposition Division allowing the mark to proceed to registration... and Disney lived happily ever after! (unless a further appeal is filed!).

### Author:

Scott Gardiner



# Community Registered Designs for Spare Parts Bayerische Motoren Werke AG v Round and Metal Ltd and Philip David Gross

The scope of protection for spare parts, in particular for vehicles, has been under much discussion over the years



When the Community Designs Regulation was being debated, one of the more contentious issues was what rights (if any) should be given to spare parts for, in particular but not exclusively, vehicles. The compromise reached was that, in a transitional period, no protection would exist for

*“a component part of a complex product used... for the purpose of the repair of the complex product so as to restore its original appearance”*

(Article 110 of Regulation 6/2002/EC).

Whilst debate has continued to rage about the scope of protection for spare parts and various proposals have been put forward by the EU Commission, the position remains as set out in Article 110.

BMW had registered a number of Community Registered Designs for alloy wheels as shown (right). The Defendants were selling



similar-looking alloy wheels to ‘upgrade’ the standard wheels supplied on BMW and MINI cars, and were arguing that the Registered Designs of BMW could not be enforced against them by virtue of Article 110.

Following an exhaustive analysis of the legislative history, the Court had no difficulty in finding in favour of BMW holding that Article 110 only applies to:

- Parts such as body panels and not to alloy wheels - as different designs of wheels are perfectly realistic options for a car owner to put on a car and thus they are not part of the ‘original appearance’ of the car.

- What is needed to repair a complex product not to upgrade it (ie, by adding sporty or wider wheels). In this case, the defendants were not selling replicas of factory standard wheels but upgraded and larger wheels (albeit similar to ones that BMW also supplied as upgrades).

The defendants were also found to have infringed BMW’s trade marks by the supply of ‘BMW’ stickers (for attaching to the wheels). as, even though the original purchasers of the wheels would know that BMW had not supplied the wheels, subsequent purchasers of the car would likely assume that the wheels originated from BMW.

Infringement was also found in marketing material where the words used were *“18” BMW parallel wheels*” (to describe the defendants’ products).

Wording such as ‘BMW style’ or ‘MINI mesh style’ were accepted as non-infringing.

Author:  
Ian Starr



# Assignments A Legal Overview and Pitfalls to Beware

**M**any trade marks will see a change in ownership at some stage in their lives. Assignments are commonplace and occur for a variety of reasons; for example, in the context of a business sale where a buyer purchases all of the assets (including intellectual property assets) of a business from the vendor. Another is in the context of intra-group reorganisations. Assignments can also occur as part of settlement of an on-going dispute. This article outlines some of the pitfalls of which you should be aware when assigning trade marks; many of which can be averted by careful drafting of the assignment agreement.

Unless the assignment is intra-group, there will usually be some distance between what the assignee wants (typically, a variety of representations, warranties and indemnities in respect of the assigned rights) and what the assignor is prepared to give. This is a commercial decision and hence no two negotiated trade mark assignments will be identical.

## Pitfalls!

### Consideration

Under English law, to be a valid contract there must be consideration which is either money or money's worth. This is often overlooked but a key point required for the assignment agreement to be legally binding (even if only for £1). An alternative is to execute the assignment as a deed, though there are specific formalities which must be followed for the agreement to be a deed. Of course, if the parties agree to nominal consideration (eg, £1), it is imperative that this small amount is actually paid to the assignor.

### Signing

An assignment of a UK registered trade mark (or application) must be signed by the assignor; however an assignment of a Community trade mark (or application) must be signed by both parties. In reality, both parties will usually sign the assignment agreement. Where one or both of the parties is an individual in their personal capacity or a foreign entity, special testimonial provisions are required; for example the signature to

the assignment may need to be witnessed.

### Legal and equitable assignment

English law distinguishes two types of assignment: legal and equitable. To assign the legal interest in something means that you have assigned the title of that property. However, if the equitable (beneficial) interest is not also assigned with the legal title, this can result in a split in ownership. The implication may be that the goodwill in the mark is owned by one entity, but the registered title is owned by another. Such a split in ownership causes issues for trade marks since it is fundamental that the trade mark is able to act as a guarantee of the trade origin of the goods/services concerned. Unless the parties specifically agree otherwise, legal and beneficial ownership should be assigned together.

### Don't forget tax

Currently, there is no stamp duty payable on the assignment of a trade mark in the UK. However, particularly for assignments which include foreign intellectual property rights, there can be considerable tax implications in transferring ownership of intellectual property rights and it is always prudent to check that the transfer will not result in excessive tax liabilities for you.

### Update the register

Registered rights need to be updated at the registry. You will need to decide who pays for this: in the case of one mark, it is a simple process, however in the case of a whole portfolio, the costs can be considerable. Remember, if you ever need to take any action based on a registered trade mark you own, you need to ensure you are the registered owner of that mark at the applicable trade marks registry.

In the UK, assignments can be registered but there is no statutory requirement to do so. In the case of international assignments, local registries may require recordal of the assignment. In any event, it is desirable for an assignee to ensure that the transaction is recorded, since otherwise the trade mark may be ineffective against a third party acquiring a conflicting interest in the mark. Furthermore

Tread carefully to avoid common pitfalls when drafting assignment agreements





# US Update US PTO Takes a Tougher Stance on Evidence of Use

under English law, if an assignment is not registered within six months of the date of the transaction, the assignee has no right to its costs relating to any infringements occurring in the period from the date of the assignment to the date of registration of the assignment.

## Further assurance

The assignee will typically take charge of amendments to the trade marks register, however they will often need the assignor's help in doing so. A 'further assurance' clause is a key element of the assignment from an assignee's point of view both for this purpose and for assisting in the defence and enforcement of registered marks or applications for registration. On the other hand, the assignor will typically seek to qualify its further assurance covenant by limiting it to what the assignee may reasonably require, and that anything done should be at the assignee's expense.

The assignee should also consider negotiating the inclusion of a power of attorney clause which is designed to ensure that the assignee can take action for the assignor where necessary to give full effect to the assignment agreement.

## International transactions

In transactions which involve the transfer of trade marks in various countries, the parties can execute a global assignment which covers all the trade marks being transferred, or there can be separate assignments for each country.

The former, global assignment, is usually preferred however this will frequently need to be supplemented by further confirmatory assignments in forms prescribed by the registries in the countries in which the marks are registered.

As noted above, the preparation and execution of such assignments can be time-consuming and costly, hence the need to decide in advance who bears the cost of such recordals, and the assignee should insist on a further assurance provision.

Author:  
**Carina Badger**



## The US PTO pilot programme requests additional specimens, information and exhibits



New rules have been introduced that allow the US PTO to request additional specimens, information and exhibits to ensure trade mark registrations can be maintained.

Readers who own US trade mark registrations will know that, in order to maintain their registration, they are required to file a 'Declaration of Use' between the fifth and sixth year following registration. In the past, the US PTO has accepted one specimen per class showing use of the trade mark.

However, under a pilot programme, the new rules allow the US PTO to ask the registrant to provide additional specimens or information to better evaluate whether the trade mark has been put to genuine use for all goods and services covered by their registration.

Those registrants randomly selected will receive an office action requesting proof of use of their trade mark on two additional goods and/or services covered

by their registration. The US PTO will allow a six-month period to respond and if adequate specimens and/or information are not provided, this is likely to result in the cancellation of such goods/services from the registration. These new rules will also extend to evidence of use to be filed when seeking a registration based on use in the US.

This stricter approach from the US PTO is likely to see a number of rights restricted as a result. We recommend to our readers that they maintain detailed records of sales and the provision of services of their trade mark in the US along with retaining a number of samples covering all goods and services which can be used to demonstrate use before the US PTO in order to maintain their registration.

For further information, please contact your usual D Young & Co attorney or our Trade Mark Records Manager, Sharon Sequeira.

Author:  
**Helen Cawley**



# Complementarity

## What is it?

**F**or many years now, the Office of Harmonization for the Internal Market (OHIM) has taken different factors into account when considering the similarity between two sets of goods/services.

One of the factors looked at by OHIM includes appraising the method of use of the goods or the services and the way that they are offered and whether they are in competition with each other or are complementary.

In its manual, OHIM offers the example of skis and ski boots, where it is evident that the goods are not the same in terms of their nature or method of use and nor are they in competition. However, in terms of their purpose, their distribution channels, their origin and the relevant public, the complementary nature of the character of these goods is also a consideration that would be taken into account.

**OHIM defines 'complementary' as if there is a close connection between the goods or services, in the sense that one is indispensable (essential) or important (significant) for the use of the other.**

This was confirmed in the judgment of Case T-74/10, Flaco (Para. 40).

The complementary relationship between goods/services can be functional. For example, in Case T-150/10 Loopia, the General Court held that there was a functional complementarity between the rental of data processing equipment and computers, along with computer programming when considered in connection with 'hosting computer websites'. This was on the basis that the hosting services could not exist without some of the goods and services covered by the earlier marks.

OHIM's guidance also confirms that even

where a degree of complementarity may exist, this, in itself, cannot lead to the conclusion that there is similarity between two sets of goods/services. Other factors also have to be taken into consideration, such as origin and distribution.

**OHIM also make the distinction that 'complementarity' is not the same as where goods/services are used in combination or together by choice or convenience.**

**An example is bread and butter. It is not essential that they are used in conjunction with each other.**

Another area where a set of judgments have clarified the similarity of goods and services used together is that of aesthetic complementarity. In the judgement of the General Court in Case T-214/09 Cadenacov v Cor, the Court considered the similarity between 'furniture' and 'carpets'. They concluded that they had the same purpose - for fitting out a home - and that the use would be the same. However, the Court concluded that, whilst there may be a common aesthetic function that leads consumers to use them together and to match them with each other "in order to create a harmonious atmosphere", this in itself is insufficient to reach a conclusion that the goods are similar. In this case, similarity was found due to the fact that the goods are sold together in shops specialising in interior decoration and that the perception of relevant consumers is that they are offered by the same undertakings.

A number of cases have been decided the other way when looking at aesthetic complementarity, on the basis that no additional factors were found to support a claim of similarity.

Another example provided by OHIM is

'handbags' and 'clothing' which, whilst being closely connected, are not necessarily complementary, since one is not essential for the use of the other. Just because they are often used in combination does not, in itself, lead to similarity. In this particular instance, they usually are considered similar because they are often manufactured and distributed by the same, or linked, parties and bought by the same members of the public from retail outlets that often stock both items.

This example was mentioned in the recent decision issued by OHIM's Fourth Board of Appeal on 9 August 2012 in Case R1119/2011-4, where the owner of the figurative mark Zoot Sports (see below), and the word mark ZOOT, opposed the application to register ZOOSPORT.



The Board concluded that sports bags in Class 18 are not complementary to clothing, footwear and headgear since their main purpose "is to accommodate sport utensils". The Board went on to state that it is unlikely that the purchase of a sports bag will lead to a consumer being asked about the colour of the tracksuit or sneakers that they usually wear! In our opinion, the Board was wrong on this point given that sports bags and sports clothing are regularly produced by the same companies and sold side by side in outlets where the general public would often perceive there to be a connection.

The most recent case in the United Kingdom to consider the point of complementarity is the opposition to the stylised trade mark KIT (see right) by the owner of the earlier mark KIK (see right). The Hearing Officer in his decision on 12 September 2012 considered the opponent's submission that 'clothing' is complementary to 'cosmetics' and, by extension, to the retailing of them and the

➤ Useful links

Full decision for Case R1119/2011-4 (pdf):  
<http://dycip.com/zoot2012>

Article 06

## Legal 500 D Young & Co Ranks Top Tier for 2012

In competition or complementary? OHIM gave the example of skis and ski boots...



provision of beauty treatments. Whilst the Hearing Officer accepted that there are companies engaged in both the provision of clothing and cosmetics, this does not make the goods and services complementary.

The Hearing Officer stated that the test is whether *“there is a close connection between them, in the sense that one is indispensable or important for the use of the other”*. He concluded that clothing and cosmetics do not meet these criteria.

We have noticed that arguments and submissions on whether goods and services are complementary to one another are becoming increasingly prevalent in contested proceedings, both in the UK and before OHIM. Both the UK IPO and OHIM are, quite rightly, of the view that the complementary nature of goods and services is only one factor that should be taken into account and that to succeed in showing complementarity requires a reasonably high threshold.

Author:  
Jeremy Pennant



We are delighted to be ranked as a top tier patent and trade mark firm by Legal 500 for 2012. Our thanks go to our clients and colleagues whose recommendations are the basis of legal directory rankings such as the Legal 500. This year Legal 500 comments that:

*“D Young & Co LLP ‘surpasses expectations’ on contentious IP work... Ian Starr is ‘a seasoned IP litigator of the highest calibre’, whose ‘advice on contentious and strategic issues is first class’... ‘rising star’ Tamsin Holman... Associate Cam Gatta is ‘a font of knowledge on copyright issues’.”*

*“D Young & Co LLP’s ‘overall level of [trade mark] service is excellent’, and its knowledge and response times are of the ‘highest calibre’... Gillian Deas is ‘extremely professional’.”*

*“D Young & Co LLP’s ‘excellent’, 36-attorney [patent] team is appreciated for its ‘detailed preparation and minute attention to detail’.”*

Further information is available at:



[www.legal500.com](http://www.legal500.com)

[www.dyoung.com/news](http://www.dyoung.com/news)



# D YOUNG & CO INTELLECTUAL PROPERTY

And finally...

## A Bright Approach to Brand Strategy D Young & Co Launches Integrated Brand Creation & Protection Services



Your brand is your most important intellectual property asset. It defines who you are as a company, articulates your values and ethos and gives your customers a quality assurance promise. A strong brand makes you stand out from the crowd, and gives you a significant competitive advantage. Building brands takes imagination, creativity and hard work. It rarely happens by chance.

Recognising the power of brands in today's highly competitive market, D Young & Co has teamed up with Fireplough, a specialist creative brand agency, to offer new and existing clients a complete brand creation and protection service. This integrated approach means that clients receive the best possible advice at each stage in the process from experts who understand the commercial value of a brand, from creation, to protection.

Fireplough will help you distill the key essence of your brand. Whether it is creating a new corporate identity or refreshing an existing one, creating a story behind your products or services, choosing a strapline or developing a

brand message, Fireplough has the experience and skills to guide you through this process.

Given the power of your brand, it is likely that threats are just around the corner. Once your brand is formed, the D Young & Co specialist brand protection team will help you take proactive steps to safeguard it. This may include setting up a watching service to monitor third party infringements, carrying out clearance searches, filing trade mark applications and prosecuting these through to registration. Post-registration our focus is on the protection and enforcement of your trade marks.

Speaking about the new venture, Jeremy Pennant said: "We see this collaboration as a way of enabling us to assist clients from the very outset rather than at the point where they have already become emotionally and financially attached to a new name or logo which we have to inform them is not available for use or registration as a trade mark".

For more information please see [www.dyoung.com/brands](http://www.dyoung.com/brands).

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