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TACKLING FAKE PRODUCTS

September 2002

Under Section 93 of the UK Trade Marks Act local government Trading Standards Departments have a duty to enforce the anti-counterfeiting provisions of the Act. In the current economic climate (despite the best efforts of pressure groups) demand for fake products in the United Kingdom remains high.

As address for service against numerous UK and Community trademark registrations for high profile brands D Young & Co often receives approaches from Trading Standard Officers ("TSOs") who in carrying out their above duty have detained suspected counterfeit goods. Indeed we have noted an increase in the number of such approaches over recent months.

In order to pursue a criminal case against the counterfeiter the Trading Standards Officer is looking for a) identification by relevant company personnel of whether the goods are indeed counterfeit and b) details of the relevant trademark registrations. Such details need to be produced in Witness Statement form.

Trademark owners should ensure that they are in a position to react quickly to such approaches – bearing in mind that Trading Standards Departments have limited resources and are much more likely to pursue copy products of those brand owners they know are able and willing to assist them.

In cases where trademark owners already have anti-counterfeiting policies or procedures in place we are available to liaise with appropriate company personnel/nominated enforcement solicitors to ensure that information is passed on and action is taken in accordance with overall objectives. Where necessary, we can recommend and work with appropriate specialist solicitors.

Members of D Young & Co's trademark department will be happy to deal with any queries or assist in handling requests for help from local TSOs in liaison with brand owners.

Generally, brand owners should ensure that they review their trademark portfolios to make sure they have registrations for relevant brands covering all classes of goods of interest. Many trademark portfolios for important brands were registered some years ago and have not always been reviewed in view of more relaxed registration standards or to benefit from the multi-class/wide specification claims systems now operated by both the UK and CTM Offices.



BABY-DRY – FINALLY ACCEPTED

Procter & Gamble's Community Trade Mark application for BABY-DRY is proceeding to publication at last! Despite the ECJ decision (September 2001) that the mark was not ineligible for registration under Article 7(1)(c) CTMR, OHIM had recently maintained its initial refusal of the application on the basis that the ECJ's decision failed to address objections raised by the Examiner under Article 7(1)(b) CTMR, which objections were accordingly still valid.

The Third Board of Appeal of OHIM has now accepted the Applicant's submissions that the ECJ's judgment did contain wording which may also be applied in the assessment of distinctive character laid down in Article 7(1)(b) CTMR. The Applicant submitted that OHIM had a duty under Article 63 Reg. 40/90 to observe not only the operative part of the judgment, but also the grounds which led to the judgment and constitute its essential basis. This argument was accepted by OHIM. The Board found that they were bound by the ECJ's assessment on the distinctive character of the word combination BABY-DRY, although the Board would depart from the limits of the operative part of the judgment, which makes reference only to Article 7(1)(c) CTMR.

The Board of Appeal thus found that the judgment contained wording which may also be applied in the assessment of distinctive character laid down in Article 7(1)(b) CTMR. In this respect, the judgment says that "any perceptible difference



between the combination of words submitted for registration and the terms used" enables the sign to be registered. Similarly, the consideration of the word combination "BABY-DRY" as a lexical invention, may apply to the appreciation of the distinctive character, so as to exclude the application of Article 7(1)(b) CTMR.

However, once again, the Board of Appeal dismissed the possibility of any inter-relationship between Articles 7(1)(b) and (c) CTMR, holding that for a sign to be ineligible for registration as a CTM, it is sufficient that one of the absolute grounds for refusal applies. On the other hand, each of the absolute grounds for refusal connected with lack of distinctiveness, descriptiveness and customary usage has its own sphere of application and they are neither independent nor mutually exclusive.

Moreover, the Board of Appeal has been careful to ring-fence the effects of the BABY-DRY decision by

interpreting the findings of the ECJ only in relation to the facts of the particular case. No generally applicable principles have been expounded. Indeed, it appears that the Third Board of Appeal have arrived at their conclusion somewhat grudgingly. They state that "it must be noted that the trade mark under examination is of an extremely weak character, since both words are quite obvious considering the goods applied for. It can also be added that their combination, on which the minimum of requested distinctiveness is based, might also be perceived in a different way by European consumers not having English as a mother tongue".

Unfortunately, in the circumstances, due to the lack of generally applicable principles found within this decision, it seems unlikely that the UK will significantly relax their practice with regard to objections under Sections 3(1)(b) and (c) (the UK equivalent to Articles 7(1)(b) and (c)). The UK Registry's Practice Note, PAN 4/02, states that the Court in BABY-DRY did not determine the full scope of Article 7(1)(b) of the Regulation and, consequently, word combinations may still be refused on the alternative ground that the mark is devoid of distinctive character, for reasons other than the fact that it describes the goods or services or their essential characteristics. The Third Board of Appeal's findings are not inconsistent with this approach, since the findings in relation to Article 7(1)(b) were confined to the specific facts of the case and the Board of Appeal was careful again to rule out any specific general inter-relationship between Articles 7(1)(b) and (c).

YOUR SURNAME - IS IT A TRADE MARK?

The UK Trade Mark Registry has long accepted surnames which are rare for registration as trade marks.

However, difficulty arises when a surname is common (the present guideline is that it appears more than 200 times in the London Telephone Directory). The Registrar's policy is that different persons sharing the same surname have an equal right to use their surname and therefore, should not be disadvantaged by another party obtaining an exclusive right by way of a trade mark registration.

This thinking has led to the refusal by the UK Registry to register a common surname unless the trader can show that the public has come to associate his use of his name with the goods and services in which he trades to the exclusion of all others who may share his surname.

There is, therefore, a heavy burden on the trader to show, by filing sufficient evidence, that his name has become associated exclusively with the goods and services in which he trades, and thus merits registration.

This practice is now under review following an appeal filed by Nichols plc to the High Court.

Nichols plc applied to register "Nichols" at the UK Trade Marks Registry and the usual objection was raised on the basis that "Nichols" is a common surname. No evidence was submitted of acquired distinctiveness through use and the mark was refused.

An appeal was then made to the High Court, where it was considered that questions of principle had been raised. Particularly, the Judge queried whether surnames should be registered on a "first come, first served" basis or whether public policy considerations should be taken into account. Additionally, the question was raised as to whether it was right to view common surnames as devoid of distinctive character unless supported by evidence of distinctiveness acquired through use.

It was held that these issues should be referred to the European Court of Justice for determination. Interestingly, the Community Trade Mark Office ("OHIM") accepts all surnames without querying whether they are common.

If the ECJ's decision is in favour of registration on a "first come, first served" basis, then any trader operating under a common surname will need to be extremely quick off the mark in order to ensure that his UK application is the first filed for his goods or services of interest.

In the meantime, traders may wish to consider filing for their surname marks at OHIM to secure protection, pending the ECJ's ruling.

"GENUINE USE" – HOW TO MAINTAIN YOUR TRADE MARK

Once a trade mark registration is obtained, the proprietor is obliged to put the mark to "genuine use" within five years of its registration. Failure to do so, or to provide proper reasons for non-use, renders the registration vulnerable to cancellation.

The interpretation of "genuine use" has recently been the subject of an opinion from the ECJ Advocate General, in a case involving "MINIMAX" fire extinguishers. The matter was referred to the ECJ by the Netherlands Supreme Court, following a dispute over rights in the MINIMAX mark which had led to infringement proceedings and a counter-claim for revocation of the proprietor's mark.

On the facts of the case, it appeared that the registered trade mark owner had ceased selling fire extinguishers bearing the MINIMAX mark more than five years before the application to strike out his registration for non-use. However, he still supplied spare parts to customers, serviced the fire extinguishers and, oddly, sold labels to his customers bearing the trade mark, which were intended to be fixed to the fire extinguishers.

Under Benelux law, the proprietor of a mark is required to demonstrate "normal use" when his registration is attacked; however, the Advocate General equated this term with "genuine use" as required in the Community Trade Mark Regulation. This latter term is also used in the Harmonization Directive, which obliges all EU member states to bring their national laws into line on certain basic issues, including the use requirement. The Advocate General stressed that guidance on the point referred to the ECJ by the Dutch Court needed to be provided from the point of view of Community law.

He approached the interpretation of "genuine use" by analysing the matter from basic principles. In particular, he looked at the legal advantages conferred by trade mark registration and focused on the distinguishing function which a trade mark performs; the system of trade mark registration was, in his view, designed to foster open competition on the internal market, and the corollary of the privilege afforded to a registrant in terms of exclusive rights in his mark was the requirement to use the mark in the course of trade.

For these purposes, such use must be "genuine", i.e. not purely formal, and the Advocate General went on to define the latter concept as involving "a fictitious, formal and rhetorical use, lacking in substance, whose sole objective is to avoid forfeiting the right to the trade mark".

When judging whether the registered proprietor's conduct falls short of the "genuine use" requirement, he outlined a number of factors to be considered, in particular, continuous use in relation to the goods or services for which it is registered, use in the form as registered and a "public and external use", designed to secure an outlet for the products and services it represents.

Thus, preparatory steps aimed at marketing the products or services are apparently not good enough since these are not "public", i.e. designed to bring the mark and the products/services it represents to the attention of the prospective consumer. This approach was recently adopted by the UK Court of Appeal in revocation proceedings involving the PHILOSOPHY DI ALBERTA FERRETTI trade mark. In that case, supply of trade samples to the trade mark owner's prospective UK distributor was not enough to maintain the mark.

Where this leaves other types of pre-launch preparations remains to be seen; in the UK, such use has, in the past, been considered sufficient to protect a registered trade mark (cf. the HERMES decision), but it seems that the test in future may be stricter.

Ultimately, what constitutes "genuine use" of a mark is usually obvious; only the difficult, borderline cases get to Court. "Use it or lose it" remains applicable as a rule of thumb, but it seems such use now has to be "public" as well.

MEET THE D YOUNG & CO TEAM - we will be attending the following events over the coming months:

ITMA Autumn Meeting in Amsterdam, 26-27 September 2002 - Jane Harlow, Associate
Pharmaceutical Trade Mark Group Conference in Paris, 2-5 October 2002 - Penelope Nicholls, Partner
ITMA Evening Meeting in London, 29 October 2002 - Speaker - Jeremy Pennant, Partner
INTA Mid Year Meeting in Scottsdale, Arizona, USA, 12-16 November 2002 - Jeremy Pennant, Partner

For more information about these events please visit our website: www.dyoung.com



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