

TRADE MARK NEWSLETTER

WHAT IS THE LINK? CLARIFICATION
STILL NEEDED IN INTEL
CASE

Owners of trade marks which enjoy a reputation in the EU can claim broader monopoly rights in some cases.

Article 4(4)(a) of the EC Trade Marks Directive, which has been transposed into the Community Trade Mark Regulation and also the National Law of EU Member States, provides that a trade mark should not be registered or is liable to be declared invalid where:

"The trade mark is identical with, or similar to, an earlier national trade mark...and is to be, or has been registered for goods or services which are not similar to those for which the earlier trade mark is registered, where the earlier trade mark has a reputation in the member state concerned, and where the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or repute of the earlier trade mark".

The interpretation of this wording has caused some difficulty in the European Courts.

Somewhat surprisingly, one of the first attempts by the ECJ to apply these provisions (*in Adidas-Salomon v Fitness*

World) resulted in a finding that the provisions could also apply where the later mark was filed/registered for similar goods or services (contrary to what appeared to be the plain meaning of the statutory wording).

In addition, the ECJ ruled that it was not necessary for the owner of the earlier mark with a reputation to demonstrate that there was a likelihood of confusion with the later, similar mark. Instead, it was sufficient for the degree of similarity between the mark with a reputation and the later sign to have the effect that the relevant section of the public *"established a link"* between the sign and the mark.

The nature of this "link" has been the subject of a recent referral to the ECJ in *Intel v IntelMark*. This case began its life in the UK where Intel Corp, proprietors of the well-known trade mark INTEL sought to invalidate a later registration of INTELMARK in respect of class 35 *"marketing and telemarketing services"*.

Intel's mark enjoyed a huge reputation for computers and computer linked goods and services but these were not considered to be similar to those of interest to the proprietors of the INTELMARK brand. However, the marks themselves were similar, so the application of Article 4(4)(a) of the

Trade Marks Directive came into play.

In the UK IPO and the High Court, Intel's application for invalidity was unsuccessful, so the case was appealed further to the UK Court of Appeal. They referred the question of the nature of the *"link"* in the Adidas case to the ECJ, with a view to clarifying the circumstances where such a link may be considered to be established.

They also asked the ECJ to rule on whether, when such a link was made, this automatically supported a conclusion that there was unfair advantage and/or detriment to the proprietor of the earlier rights.

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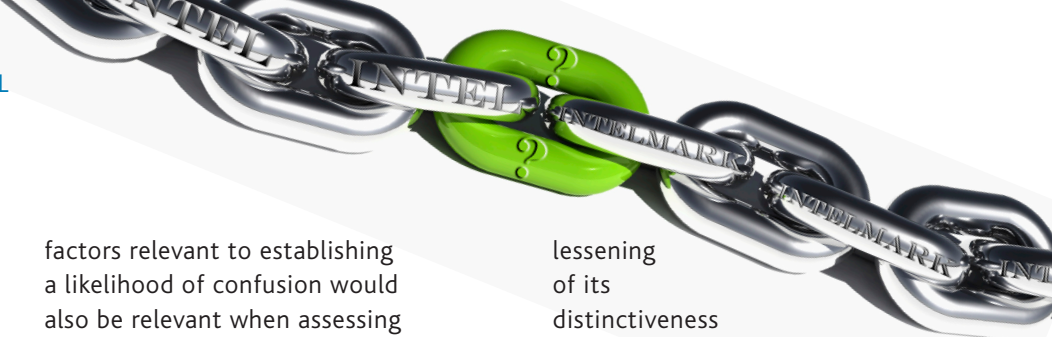
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To assist the ECJ, the referral suggested that key factors, according to the UK Court of Appeal, were that:

- (a) the earlier mark had a huge reputation for specific types of goods/services;
- (b) those goods/services were dissimilar to those of the later mark;
- (c) the earlier mark was unique in respect of any goods or services (i.e. no other INTEL registrations were owned by third parties); and
- (d) the earlier mark would be brought to mind by the average consumer when he/she encountered the later mark even when used in respect to dissimilar services.

The ECJ has yet to rule finally on the questions which were referred in this case but the preliminary opinion from the Advocate General (Eleanor Sharpston) was issued on 26 June 2008.

Reviewing the factors listed as relevant by the Court Appeal (see above), she commented that these would not be inconsistent with finding a link between the marks in the mind of the public but, confusingly, that they were insufficient *in themselves* for that purpose.

Essentially, she considered that the establishment of a “link” would always depend on the relevant circumstances in each case and would involve a global appreciation, similar to that required for assessing likelihood of confusion.

Having noted that a link might be established when the earlier mark would be “brought to mind” by the average consumer when they encountered the later mark she then went on to suggest that

factors relevant to establishing a likelihood of confusion would also be relevant when assessing the existence of a link.

At the same time, the opinion underlines the fact that no likelihood of confusion is actually required for Article 4(4)(a) to apply.

Quite obviously, if consumers believe that the goods or services in question come from the same undertaking or from economically linked undertakings, or are actually confused between the two, then the “link” would be established.

The opinion, however, fails to throw any real light on the level of association or connection which may still establish such a link *even if* there is no such confusion or belief that the undertakings are economically linked.

It may be that this question is simply impossible of definition in abstract terms and, as the Advocate General has suggested, will always depend on the facts of each case. It will be disappointing however if the ECJ also fails to provide any further, and clearer, guidance on this point. While the issue may be academic for proprietors of marks with a reputation seeking to challenge later signs used for identical/similar goods or services it is clearly crucial to those cases where the later mark is used or registered for dissimilar goods/services, since likelihood of confusion will often not be demonstrated.

The Advocate General’s opinion also contained some commentary on the types of harm or detriment to which could be suffered by the earlier trade mark proprietor when the relevant “link” is established. Of particular interest are her comments on the concept of “blurring” i.e. when the earlier reputed mark suffers a

lessening of its distinctiveness by virtue of the adoption of the later sign.

Again, the Advocate General reviewed the key factors which the UK Court of Appeal had considered relevant to the assessment of this point and commented that they were insufficient on their own to support a finding of detriment to the distinctive character of the earlier mark. This said, apparently they are in “no way inconsistent” with such a finding.

While this part of the opinion may be unpopular with Intel Corp, it is comforting to those who are concerned that the assertion of monopoly rights by owners of well-known/reputed marks can sometimes go too far. The mere fact that the earlier right enjoys a “*defacto*” monopoly across all classes should not act as a blanket prohibition for others to adopt the same sign in future.

As it stands, the clear message from the Advocate General’s opinion is that Intel are unlikely to succeed in their invalidity claim once the case is referred back to the UK Courts for final adjudication.

Further developments will be reported in future issues of this Newsletter.

UK SHOPPING CENTRES WIN RIGHT TO REGISTER TRADE MARKS FOR THEIR SERVICES

The right of operators of shopping centres to register their names as trade marks for retail services other than mere sale of goods in the UK has long been a grey area, until now. A definitive ruling from Mr Justice Floyd from the High Court in *Land Securities plc, Capital Shopping Centres plc and Hammerson plc v Registrar of Trade Marks* has clarified the position.

The trade marks in question were the White Rose logo, the Victoria Shopping Centre logo and the word mark EDEN QUARTER (see devices, right).

In each of the three joined cases an application was made by a shopping centre operator for class 35 retail services and subsequently refused registration. This was primarily because the Registry considered that services offered by shopping centres (such as "the bringing together for the benefit of others, of a variety of retail outlets, entertainment, restaurant and other services, enabling customers to conveniently view and purchase goods and services and make use of such facilities in a shopping centre or mall") were not seen to be separate "services" over and above those activities involved in simply selling goods.

The applicants collectively argued that, although shopping centre operators did not generally retail goods to the public, they nevertheless offered a number of retail services. When this argument was refused by the

Registrar, the shopping centres collectively appealed the decision, and the High Court Judge (Floyd J) found in their favour, with some important observations, namely:

- 1) When seeking to protect a trade mark in respect of "services", those services must "normally be provided for remuneration".

However, the definition of "remuneration" did not have to be a narrow one, relating to income that was separately itemised in sales invoices. Thus it could include the services of a shopping centre operator, which carried on business activities of "a commercial character". Nor was there was no reason in

principle why a shopping centre operator could not be said to be providing retail services;

- 2) Shopping centres provide a mix of retail outlets and other social and entertainment facilities such as restaurants, cinemas and bars, together with common services such as car parks, customer information and loyalty schemes. These services are part of the shopping centre operator's trade and are of a commercial nature, in return for which the operator receives payment;

- 3) Shopping centres are increasingly branding their activities, (cf. Lakeside, the Meadowhall Centre, etc.) and shoppers are accustomed to distinguishing between these brands based on what each brand has to offer. As a result, operators are generating goodwill associated with their brands, and therefore trade mark applications for shopping centre services should in principle be allowed.

The principles in this decision were derived from the earlier European Court of Justice ruling in *Praktiker Bau* in 2005 where the applicant was a provider of retail services. Therefore no reference for a ruling on a preliminary question of law was considered necessary by the UK judge.

This victory will benefit any shopping centre operator looking to promote and protect their brand awareness in the UK. However, the case makes it clear that the services in any application must be specifically identified in order for it to be successful. Therefore we would recommend taking professional advice on the wording of any specification.

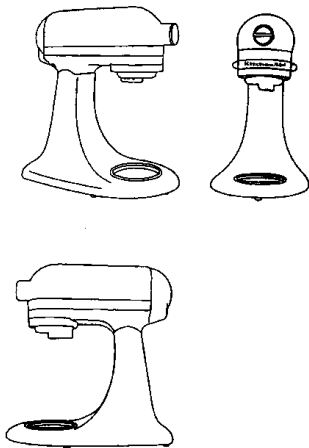


IT'S ALL IN THE MIX(ER)!

Obtaining protection for 3D shapes as trade marks is notoriously difficult. Even if registration is granted, enforcing the rights against third parties can also be problematic.

A recent case in the UK High Court (Chancery Division) involving the KitchenAid Artisan food mixer highlights some of the problems.

The case involved a claim by the Trade Mark owner, Whirlpool, that the Defendants, Kenwood Limited had infringed their Community trade mark registration no. 2174761. Details of the registered mark are shown below:



In addition Whirlpool claimed that Kenwood were "passing off" their competing product (sold under the kMix branding). The Whirlpool goods were available in a variety of rich colours, the most popular in recent years having been red, almond and white. The Kenwood product was also offered in red, almond and white.

Whirlpool's claim for infringement of their CTM 2174761 relied on the similarities between the overall appearance and "body work" of the respective food mixer products. The issue of the colour of the mixers became relevant when "passing off" was in issue.

The infringement case turned on the nature of the rights conferred by CTM registration 2174761. Interestingly, Whirlpool had previously sought registration of the same shape mark with one minor variant (see below) and the previous application had been refused on the basis of lack of distinctive character.

Regular readers of this Newsletter will be aware that both OHIM and the UK Registry are highly reluctant to accept that the average consumer normally attributes trade mark characteristics to 3D shapes of products, in the absence of any graphical or added word element. Accordingly only 3D shape marks which "depart significantly from the normal customs of the sector" and thereby fulfil the essential function of indicating origin are considered to be distinctive and registrable.

In order to secure a registration for CTM 2174761, Whirlpool had

added the words "KitchenAid" to the representation of the mark although these were so insignificant relative to the remaining parts of the overall mark that this fact had to be pointed out to the OHIM examiner during the original application process. Nevertheless the inclusion of this word was sufficient to secure the acceptance of the mark pursuant to a practice which OHIM had adopted in 1998 whereby unregistrable shapes could be registered if a word or device that would be independently registrable for goods of that type was "visibly applied" to the embodiment of the unregistrable shape covered by the application.

In his Decision, the Deputy High Court Judge (Geoffrey Hobbs QC) was highly critical of this practice and suggested that it would not survive detailed examination by a higher court. Nevertheless in this case, since the defendants had not counterclaimed for invalidity of the registered mark, the presumption that the registration was valid had to be applied.

Nevertheless the judge performed a detailed analysis of the nature of the rights conferred by the registration in particular to consider how far it could be maintained that the body work of the graphically represented shape covered by the Whirlpool mark performed an independent distinctive role.

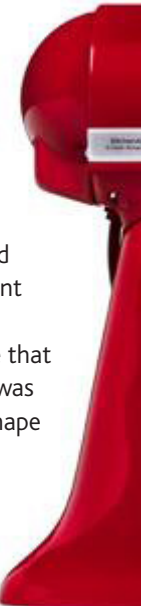
In assessing the distinctiveness of this shape he also took account of the fact that there were a number of other similar shaped food mixers available in the UK (at least), a factor which also had a bearing on his assessment of whether the defendant's goods were actually similar to the shape covered by CTM 2174761.

Perhaps conscious of the weakness of their case, Whirlpool's representative had conducted a survey, covering 623 interviewees, which was designed to address the issue of distinctiveness as an aspect of consumer perception linked to the issue of similarity.

In the judge's view, such evidence would only be of assistance if it demonstrated that the shape and appearance of the kMix product so closely resembled the shape and appearance of the KitchenAid Artisan Mixer as to make them not only similar, but *distinctively* similar products from the consumer's point of view.

A further difficulty, in a case such as this where the design features of the product shape are aimed at making it more attractive to a design conscious consumer was that public recognition of the shape may not involve any attribution of trade origin.

Once again the survey evidence and supporting evidence from experts in the field of product design was given short shrift by the Deputy High Court judge. Nearly half of the decision involves his consideration and assessment of the manner in which the questionnaire and survey evidence was procured and whether it supported the claimant's arguments. It is of note that the parties





were given permission by the Court (presumably at a case management conference) to file expert evidence but nevertheless the Deputy Judge had no difficulty in rejecting that filed by Whirlpool's expert which he concluded was only "search-supplemented advocacy for Whirlpool and nothing more".

He reiterated that the question of likelihood of confusion is one for the tribunal not experts (noting the findings in the recent case of *Esure v Direct Line* on this point).

Having concluded that all of the survey/expert evidence was not of any real assistance in deciding the question of infringement, the deputy Judge went on to consider the case from the perspective of the relevant consumer. On this point it was interesting that he concluded that a straight forward application of the "average consumer" test would be divorced from the actualities of the case.

Since the products sold for a price in excess of £300 he indicated that the relevant consumer needed to be someone who was "design conscious" and aware of the general state of the market for these particular goods. He held that while there was clearly enough similarity between the bodywork of the Whirlpool KitchenAid Artisan Mixer and the Kenwood kMix Food Mixer for consumers to be reminded of the other, there was not sufficient similarity in terms either of the overall bodywork or finished appearance to "lull" the relevant average consumer into thinking one actually was the other. A claim for infringement under Article 9(1)(b) was therefore rejected.

It is interesting to consider whether a different conclusion would have been achieved had Whirlpool registered their KitchenAid stand mixer shape as a Community registered design. Following the principles adopted in the recent UK case involving Procter & Gamble's spray can, we suspect that a similar negative conclusion on registered design infringement would also have resulted.

Whirlpool's action also included a claim for infringement under Article 9(1)(c) of the Community Trade Mark Regulation, based on reputation. The Deputy Judge accepted that their reputation in the UK was sufficient to satisfy a requirement that such a reputation should exist in a "substantial part" of the Community. One advantage of a claim under this alternative provision is that it is not necessary to demonstrate likelihood

of confusion, merely that the average consumer will assume that the products are in some way "linked".

The deputy judge (following the Advocate General's opinion in the Intel case – see separate comment in this Newsletter) felt that rather than simply calling to mind the established Whirlpool product, the overall similarities of the kMix product would be sufficient to establish a link between the two.

At this point, Whirlpool's case went off the rails, since the judge then concluded that despite the similarities between the bodywork of the two mixers, there was no unfair advantage or detriment to the owners of the KitchenAid product.

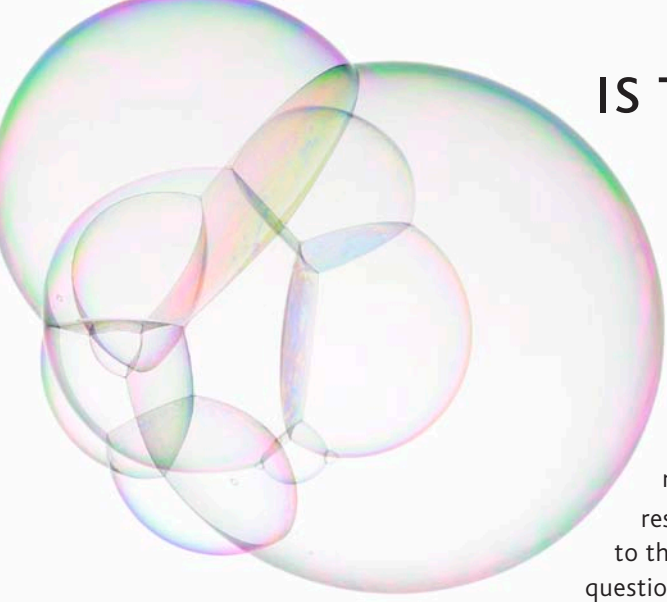
In his view the appearance/overall shape of the body work of the kMix product was not relevantly similar to a degree which impinged upon the distinctiveness of Whirlpool's trade mark. In reaching this conclusion he appears to have taken a very narrow view of the extent to which Whirlpool's Community trade mark registration conferred monopoly rights in a 3D shape; pointing out that the shape could be considered to give substantial value to the goods (a fact which the complainant's evidence supported since many of the press references refer to it as a "design icon") and also noting that there were a number of other similar shaped mixers on sale made by third parties, he concluded that Whirlpool's monopoly in the KitchenAid shape would not be diluted by allowing the kMix product to be sold.

He characterised Whirlpool's claim as asserting a right of property in a market share but said that this was not in itself sufficient grounds for success under Article 9 (1)(c). He thought it would be "excessive" in the realm of product shapes to apply the concepts of "free riding", "blurring", "tarnishment" or "dilution" too broadly so as to hold in favour of the complainant.

Having reached these conclusions on infringement issues, the deputy judge then went on to consider "passing off"; he had no difficulty in finding that the claimant's goods had acquired a goodwill in the market insofar as the finished appearance of the KitchenAid Artisan mixer was concerned, but held that the second element (misrepresentation) was not established with regard to the finished appearance of the kMix. The passing off claim was also dismissed.



IS THE BUBBLE ABOUT TO BURST?



The ECJ has now responded to the 3 questions referred by the

Court of Appeal in the battle between O2 and Hutchinson 3G regarding Hutchinson 3G's use of bubble imagery in an advertisement for its mobile phones in the UK. O2 claimed this infringed their registered trade marks for bubble images.

The first question asked whether use of a registered trade mark of a competitor in an advertisement promoting the goods and services of the advertiser in a way which was not confusing or, in any other way, jeopardised the essential function of the registered trade mark, could be actionable under Art 5(1) of Directive 89/104.

The ECJ held that in order to answer this question, it was necessary to look at the meaning of confusion under both Art (5)(1)(b) of Directive 89/104 and Art 3(1) of Directive 84/150 covering comparative advertising.

Art 5(1)(b) of Directive 89/104 states that a registered proprietor can prevent the use of a sign that is identical or similar to the trade mark in question in respect of goods or services that are similar or identical, where use of the later mark is likely to give rise to a likelihood of confusion in the minds of the public.

Art 3(1)(d) of Directive 84/150 states that a comparative advertisement must not cause confusion in the marketplace. The Court concluded that the meaning of confusion in these two sections was the same, and held as follows:

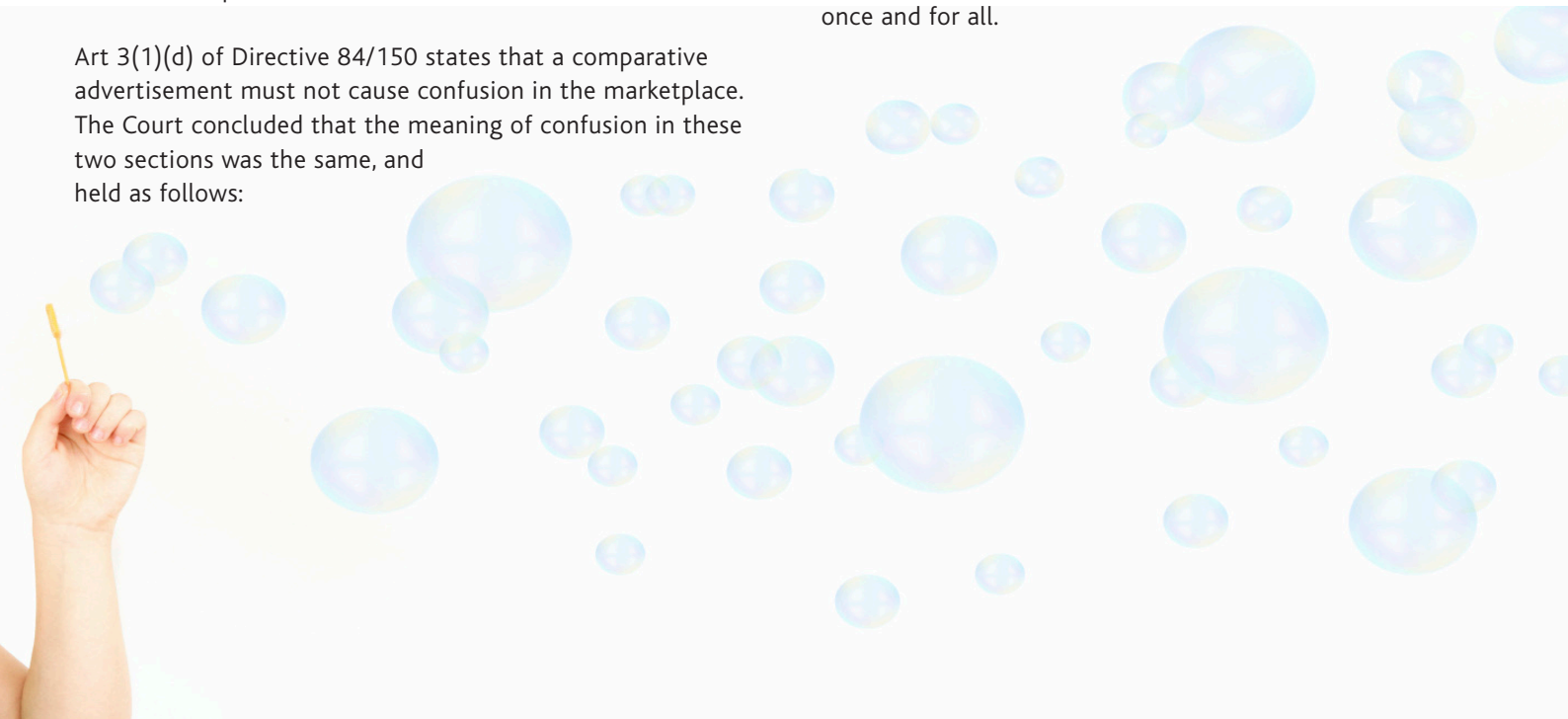
If in a comparative advertisement, an advertiser uses a sign which is identical or similar to that of a competitor in relation to identical or similar goods, but there is NO confusion in the minds of the public, there cannot be trade mark infringement under Art 5(1)(b) of Directive 89/104 as this is a necessary requirement for action under this ground.

However, if confusion does arise, the comparative advertiser CANNOT rely upon the saving provisions set down in Art 3(1) of Directive 84/150 as the advertisement will not comply with Art 3(1)(d) of the Directive which states that the advertisement must not cause confusion in the marketplace.

Therefore, it is irrelevant - if there is confusion - whether all the other requirements set down by Art 3(1) of Directive 84/150 are met. If the advertisement is confusing, it will fall foul of Directive 84/150 and it will be open for the registered proprietor of the trade mark used in the comparative advertisement to establish a likelihood of confusion for trade mark infringement under Art 5(1)(b) of Directive 89/104. Likewise, if there is no confusion, there can be no action for trade mark infringement under Art 5(1)(b) of Directive 84/150.

The remaining two questions referred by the UK Court of Appeal did not need to be answered by the Court in view of the answer given to the first question.

Unusually, the ECJ then went as far as to offer an opinion on the case in hand, and applying its reasoning above, held that use of the bubble imagery by Hutchinson 3G did not give rise to a likelihood of confusion as the advertisement wasn't misleading and did not give rise to any commercial link between them and O2. It remains to be seen however whether the Court of Appeal will interpret the ECJ decision in the same way and whether O2's bubble will have burst once and for all.



CHANGES TO UK IPO OPPOSITION PRACTICE

From 1 October 2008, the Trade Mark Rules 2008 will take effect in the United Kingdom. The main changes introduced by these rules affect contentious proceedings before the UK IPO and most notably the conduct of opposition proceedings

The idea behind the changes is that those applications not subject to an opposition will pass through the publication period quicker and can be registered in a shorter time scale.

OPPOSITION TERM REDUCED TO TWO MONTHS!

From 1 October 2008, the three month window following the date of publication of an application in which to file an opposition, will be reduced to only two months. However, the period can be extended to three months by filing the appropriate form at the UK IPO before the two months period has expired.

Parties would likely want to extend the opposition period from two months to three months if co-existence negotiations are taking place but have not been concluded. In this situation, it would be in both parties' interest to extend the opposition period in the hope that matters could be concluded without the need for a formal opposition.

The consent of the other party is not needed however to extend the opposition period to three months.

It is clear however, that

with an initial period of only 8 weeks by which to at least make the request for an extension to the opposition deadline, trade mark owners will need to ensure that they have the appropriate watching services in place to pick up potentially conflicting new filings as soon as possible.

During the conduct of the opposition proceedings, the deadline for filing a counterstatement to defend the proceedings has also been reduced from three months to two months. The applicant's counterstatement will now be due two months from the date of being notified by the UK IPO that an opposition has been filed.

The only alternative for this is the parties to agree before the expiry of a two months deadline that they will enter into the "cooling-off" period.

MAXIMUM TERM FOR COOLING OFF PERIOD EXTENDED TO 18 MONTHS

Under the new system, the "cooling-off" period will be reduced from 12 months to an initial period of nine months but will be capable of extension to a total of 18 months, subject to the agreement of both parties.

The rules also propose regulating the filing of evidence by case management. Currently, there are strict time scales for filing evidence in each and every type of proceeding. The new rules give the Registrar the power to set a timetable for the parties to file evidence, taking into account the circumstances of each case. The new rules also give the Registrar power to direct the issues on which evidence is required, which should help focus evidence on the relevant issues with the aim of reducing unnecessary cost. No evidence deadline under the new system will be less than 2 months, however.

If you have any queries regarding these changes, please contact your usual DYC advisor.



CONFERENCE ATTENDANCE



PENNY NICHOLLS
Partner
Profile: www.dyoung.com/people/staff/pennynicholls.htm
pan@dyoung.co.uk



JEREMY PENNANT
Partner
Profile: www.dyoung.com/people/staff/jeremypennant.htm
jbp@dyoung.co.uk



GILLIAN DEAS
Partner
Profile: www.dyoung.com/people/staff/gillianneas.htm
gmd@dyoung.co.uk



ANGELA THORNTON-JACKSON
Partner
Profile: www.dyoung.com/people/staff/angelathornton-jackson.htm
act@dyoung.co.uk



HELEN CAWLEY
Associate
Profile: www.dyoung.com/people/staff/helencawley.htm
hjc@dyoung.co.uk



VIVIENNE COLEMAN
Associate
Profile: www.dyoung.com/people/staff/viviennecoleman.htm
vlc@dyoung.co.uk



MARK SNOWBALL
Associate
Profile: www.dyoung.com/people/staff/marksnowball.htm
mrs@dyoung.co.uk



KATE SYMONS
Assistant
Profile: www.dyoung.com/people/staff/katesymons.htm
kes@dyoung.co.uk



RICHARD BURTON
Assistant
Profile: www.dyoung.com/people/staff/richardburton.htm
rpb@dyoung.co.uk



GEMMA WILLIAMS
Assistant
Profile: www.dyoung.com/people/staff/gemmawilliams.htm
gmw@dyoung.co.uk

ITMA AUTUMN CONFERENCE, 25-26 SEPTEMBER 2008 ALICANTE, SPAIN

Gillian Deas, as President of ITMA, will be chairing, and Penny Nicholls will be speaking at the Conference on the subject of unregistered rights as a basis for opposition.

PTMG AUTUMN CONFERENCE, 1-4 OCTOBER 2008 ISTANBUL, TURKEY

Gillian Deas and Angela Thornton-Jackson will be attending the 77th Conference, which has the program, "New Lamps for Old, Letting the Genie Out of the Bottle".

ECTA COUNCIL & COMMITTEE MEETINGS, 16-18 OCTOBER 2008 MUNICH, GERMANY

Jeremy Pennant will be attending the 56th ECTA Council & Committee Meetings.

INTA LEADERSHIP MEETING, 12-15 NOVEMBER 2008 BOCA RATON, FLORIDA, USA

Jeremy Pennant will be attending the INTA Leadership Meeting at the Boca Raton Resort & Country Club.



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For advice in relation to any specific situation, please contact one of our specialist advisors.

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www.dyoung.com

mail@dyoung.co.uk

D Young & Co London:

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

D Young & Co Southampton:

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