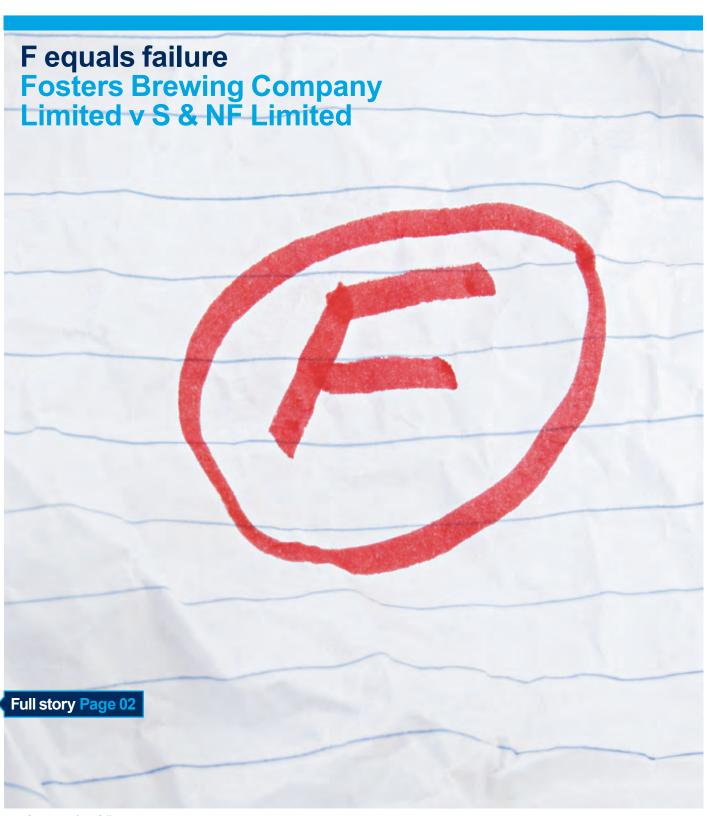


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Editorial



Welcome to the September edition of this newsletter and in particular we have good news for readers who join us as new subscribers having recently attended our London Designs Seminar. In Karen Millen v Dunnes (see page 04) we are sent a clear reminder of the effectiveness of design rights (unregistered or registered) in challenging third party infringers. With the Intellectual Property Act 2014 coming into force on 01 October 2014, there are a number of upcoming and interesting developments relating to design law in the UK. It's as good a time as ever for brand owners to be reviewing their design portfolios and considering whether they have sufficient protection in place.

As ever, we'll be at the Engineering Design Show in Coventry next month, and look forward to meeting some of our readers there. Please do drop by our stand – it would be great to see you!

Editor:

Matthew Dick



Events



22-23 October 2014

Engineering Design Show, Coventry, UK Jonathan Jackson (patent partner) will be presenting an IP workshop at this two day show. For more information please see page 08 of this newsletter or visit our website events page.

11-15 November 2014

INTA, Phoenix, US

Members of our Trade Mark Group and Dispute Resolution & Legal Group, including Jeremy Pennant (trade mark partner), lan Starr (solicitor) and Tamsin Holman (solicitor) will be attending the INTA leadership meeting in November.

19 November 2014

Business Show, Southampton, UK

D Young & Co attorneys and solicitors will be on hand at the Southampton Business Show this November to answer questions and share information about how IP can be of benefit to Hampshire businesses.

www.dyoung.com/events

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Article 01

F equals failure Fosters Brewing Company Limited v S & NF Limited

xtensive use of colour(s)
may enhance the degree of
similarity between trade marks
where the trade marks may not
otherwise be overly similar.

Previous actions of an applicant, including those where there has been no final determination on liability, may be taken into account in assessing claims of unfair advantage and bad faith.

Fosters opposes FBC

Fosters Brewing Company (FBC) applied for the following series of trade marks in the UK in respect of beers, lagers and ales:



S & NF Limited (Foster's) opposed the application on the basis of their UK registrations for beer (the F logos) as shown below:



Foster's claimed that unfair advantage was taken by FBC because of the reputation it enjoyed in the F logos in the UK.

Foster's also claimed that FBC had acted in bad faith because:

a. FBC's company name conflicted with its rights in FOSTER'S and was used for the same purposes.

- b. FBC had known about Foster's rights since 2012 when Foster's had written to FBC to complain about FBC's company name.
- c. FBC had filed a trade mark application for the logo (shown below) around the same time as the F Logos, which FBC had withdrawn following opposition by Foster's.



Foster's filed evidence of its reputation in the F logos which showed that the marks were known to approximately 60% of all adults in the UK, and 70% of UK males aged 18-34.

Assessing unfair advantage

The Hearing Officer held there was no doubt in his mind that the main F logo was well-known and probably familiar to most beer, lager and ale drinkers in the UK.

In acknowledging that there were differences between the trade marks, he referred to the Court of Justice of the European Union's (CJ) decision in Specsavers v Asda. In this case the CJ concluded that if an earlier (Community) trade mark has been registered without colour, its use of colour is relevant if the colour (or combination of colours) has been used so extensively that it has become associated with the earlier mark in the minds of a significant part of the relevant public. In this respect, the colours of the later, potentially infringing, trade mark are therefore significant in determining whether use of the later mark takes unfair advantage of the reputation or distinctive character of the earlier non-colour registered mark.

The Hearing Officer held that Foster's had shown use of the F logos with a red letter 'f', in a white surround on a blue oval background, set within a gold outer oval as shown below:



(>) Useful links and further information

- Fosters Brewing Company Limited v S & NF Limited – full decision: http://dycip.com/ukipofosters
- Matthew Dick, 02 September 2014,
 Seeing Green Refocus on Revocation in Specsavers v Asda': www.dyoung.com/ article-specsaversvasda0913
- Richard Burton, 07 July 2014, 'Anything but Black and White - Trade Mark Protection for Colourful Brands': www.dyoung.com/articleblackandwhitemarks
- Matthew Dick, 03 March 2014, 'OHIM Shows its True Colours - As Clear as Black and White?': www.dyoung.com/articleohimblackandwhitemarks

Further, FBC's trade mark used similar colours to Foster's F logos because the third trade mark in the series had the letters 'f' in a pink or red colour on a blue oval background and the other two trade marks featured the letters 'f' in gold on a blue background. The Hearing Officer believed that these colours would be associated with Foster's.

In conceding that that the colours used by Foster's and FBC were not identical nor used in the same way, the Hearing Officer felt unfair advantage existed because the use of similar colours by FBC enhanced the otherwise low degree of similarity between the trade marks.

Accordingly, the Hearing Officer held that as FBC intended to trade in the same field as Foster's; as there was a degree of similarity between the trade marks, enhanced by the use of similar colours; and as the filing of the earlier (withdrawn) application by FBC indicated it was likely that the company intended to take advantage of Foster's reputation, the current application did take unfair advantage of Foster's rights.

Assessing bad faith

The Hearing Officer referred to FBC's use of lettering similar to that used in Foster's trade marks. The evidence also suggested that FBC knew of Foster's before adopting its company name and trade marks. The Hearing Officer held that FBC's actions were in bad faith because FBC clearly knew about Foster's business at the time the contested trade mark application was filed.

As unfair advantage had already been found, and given the reputation of the F logos, the Hearing Officer believed it was difficult to think of an honest reason why FBC adopted a company name which used the words FOSTER and BREWING for identical goods to those offered by Foster's. Therefore, the actions of FBC fell below the standards of acceptable commercial behaviour and the application must therefore have been made in bad faith.

The importance of past actions and colour

The Hearing Officer almost acknowledged that the trade marks being compared were not similar save for the use of 'similar' colours.



If the trade marks had been considered dissimilar, the unfair advantage claim would not have been accepted, regardless of Foster's reputation. If FBC had used colours wholly unconnected with Foster's business, say, purple and black for example, it is possible the trade marks would not have been considered similar, and Foster's unfair advantage claim may not have been upheld.

The Hearing Officer considered the earlier actions of FBC in establishing the question of unfair advantage. The fact that FBC had filed and then withdrawn an earlier trade mark which had been deemed similar to Foster's F logos (even though there had not been any final decision in that case by the Registrar), contributed to unfair advantage being found.

Guidance for trade mark owners

This decision may be a useful precedent if a trade mark owner needs to rely on its use of colour and/or the look and feel of its trade mark in alleging similarity to a later trade mark, even if its trade mark has been registered without a colour claim. Our recommendation however, is that if a particular colour scheme is important to a brand holder, trade mark protection should be obtained for the trade mark in both black and white, as well as the specific colour scheme(s) of interest.

Establishing a claim of bad faith is never an easy task as the burden falls on the party bringing the claim to establish that the actions of the later party are below the standards of acceptable commercial behaviour. In this case, the Hearing Officer found that FBC's actions amounted to bad faith relatively quickly. It is interesting to note that neither FBC's company name, nor the earlier withdrawn trade mark application, had, at the time of this decision, been the subject of a previous adverse decision. Nevertheless, the Hearing Officer used both the existence of the company name, and the withdrawn application (along with the existing reputation of Foster's) as a basis for finding bad faith.

From this decision, we advise that in order to successfully bring a bad faith claim, it will assist trade mark proprietors if they are able to show that the actions of the later party as a whole are below the standards of acceptable commercial behaviour. This can include referring to past actions of that party, even if they have been concluded without decision from an appropriate authority. When considered in conjunction with the matters at issue, they may assist in creating an impression that the later party was acting in bad faith.

Author:

Gemma Kirkland



EU court provides boost for designers Karen Millen Fashions v Dunnes Stores

n its recent judgment of Karen
Millen Fashions Limited v Dunnes
Stores the Court of Justice of the
European Union (CJ) has issued a
clear and concise ruling in favour
of the rights holder, providing a welcome
boost to designers following a number of
adverse decisions from the UK courts.

The case arose as a result of a request for a preliminary ruling from the Irish Supreme Court. This follows an appeal by Dunnes Stores after Karen Millen had successfully sued the company in the Irish High Court alleging infringement of its unregistered Community Design rights. The case centred on the copying of two garments, namely, a striped shirt and a black knit top. Dunnes had admitted during the initial trial copying the garments; however, on appeal their defence was founded on two issues.

Firstly, Dunnes alleged that Karen Millen Fashions did not own the unregistered Community design rights because, they submitted, it had failed to prove the garments had 'individual character'. They alleged that in order for a design to have individual character, the overall impression that the design produces on the informed user needs to be different from one or more earlier designs taken individually or with a combination of features taken in isolation and drawn from a number of earlier designs. Dunnes Stores submitted that a combination of earlier known features was not able to

support a claim for independent character.

The CJ rejected this claim. The court held that there was nothing in the wording of Article 6 of the Council Regulation (EC) on Community Designs (CDR) to support the view that various known features, when combined together, could not achieve the individual character necessary for the purposes of protection. Quite rightly, the court held that in order for a design to be considered to have individual character, the overall impression must be different from that produced, not by a combination of features taken in isolation and drawn from a number of earlier designs, but by one or more earlier designs taken individually.

Accordingly, whilst some of the individual features of the Karen Millen Fashion designs may have appeared previously in products produced by third parties, it was still possible for a combination of the features to result in a protectable and new design. Any comparison that might take place would be with each of the earlier designs taken individually rather than a combination and selection of the defendant's choosing.

The second plank of Dunnes' defence argued that for Karen Millen Fashions to have a valid claim, it was required to prove that its design had individual character, ie, the onus lay with the claimant to prove this.

Again, the court rejected this and pointed out that under Article 85 of the CDR there

is a presumption of validity in relation to Community designs (both registered and unregistered). The court also made specific reference to the recitals in the preamble to the CDR that underpin the idea of simplicity and 'expeditiousness' in terms of the procedures for securing protection. In rejecting the claim by Dunnes, the court confirmed that the holder of an unregistered Community design right is merely required to indicate what constitutes the individual character of the design in question. Specifically, the owner of such a right is not required to prove that the design concerned has individual character. With this the court confirmed it is sufficient for the design owner to identify the features of the design which give it individual character.

The Irish Supreme Court should shortly be issuing its decision in light of the preliminary ruling provided by the CJ. The court is to be commended in its clarity (not always the case with some of the trade mark related judgments issued).

This decision provides a salutary reminder that design rights, whether registered or unregistered, can be used effectively against third party infringers including well known retailers.

We are continuing to see clients taking an ever increasing interest in protecting their designs and this decision will be a welcome boost to those having to consider the enforcement of their rights. If you would like to discuss any aspects of design protection and enforcement, please do not hesitate to contact any member of our designs team.

Author:

Jeremy Pennant



Useful link

Karen Millen Fashions Ltd v Dunnes Stores, Dunnes Stores (Limerick) Ltd full decision:

http://dycip.com/karenmillenvdunnes





www.dvoung.com/newsletters

K-Swiss 5-stripe trade mark held invalid Distinctive character and decorative marks

S K-Swiss 5-stripe mark

K-Swiss Inc registered the mark depicted
below in 2007 with reference to "footwear" in
class 25.

he General Court (GC) has decided that the 5-stripe mark of K-Swiss, depicted above right, registered for footwear, is invalid as it is devoid of distinctive character. The stripes were depicted as shown on the side of a shoe (in a not dissimilar way to the 3 stripes of Adidas).

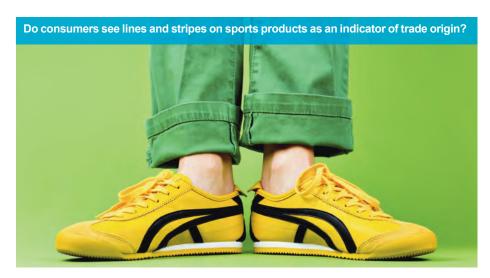
A key question for the court was whether the 5-stripe mark is indistinguishable from the appearance of the product designated or whether it is independent of it.

Since the mark comprised a two-dimensional representation of the shape of a shoe with five parallel stripes on its side, the court held that it cannot be disassociated from the products designated (ie, shoes). It was therefore appropriate to consider case law dealing with similar marks (eg, shape marks and marks comprising two-dimensional representations of products such as a sweet in a wrapper).

Shape as an indicator of trade origin

The relevant case law holds that such marks are incapable of registration unless they depart significantly from the norm or customs of the sector. This is understandable when considering a mark like the shape of a MAGLITE torch which was previously refused registration: although most consumers will recognise a MAGLITE torch as such, its basic design is very similar to most other torches (a long handle and a bulbous end from which light is emitted). It does not depart significantly from the standard shape of most other torches, and therefore consumers will arguably not rely on the shape as an indicator of origin. It is difficult to see how such an argument is relevant to two-dimensional designs such as geometric shapes, patterns or lines where there is not so obviously an industry 'norm'.

K-Swiss contended that its mark was a 'position mark', despite the registration not containing any indication to the effect that



it comprises only the five parallel stripes, and that the shoe surround merely gives an indication of the positioning of the stripes on the product. The court held that even if the mark were limited to the five stripes (as positioned on the side of shoes), it is nevertheless presented as a design intended to be placed on part of the products designated – thus it is indistinguishable from the appearance of those products (and the case law noted above is still applicable).

In addition to the requirement that a mark comprising a design applied to the surface of a product must depart significantly from the norm or customs of the sector, the court held that the sign must also be independent of the appearance of the product it designates (otherwise consumers may see it as merely decorative). The fact that the K-Swiss registration did not include a verbal indication noting that the registration covered the mark as applied to the sides of shoes was not necessarily determinative, but it did not help its case. Nevertheless, the court seems to be saying that the fact that a sign is intended to be a 'position mark' is not a valid argument that will assist in claiming inherent distinctiveness.

K-Swiss argued that consumers are accustomed to seeing simple signs comprising lines or stripes placed on products as designating trade origin within the sports and leisure shoe sector.

The Board of Appeal had held that consumers would not understand geometric patterns applied to the side of shoes as indicators of trade origin unless they had been educated to do so through intensive use as such.

The fact that some signs placed on the side of shoes had acquired distinctive character through use did not suggest that consumers had learned to establish a link between any sign placed on the side of a shoe and a particular manufacturer.

Questions raised by this case

The decision confirms a recent trend both at the GC and OHIM of making it more difficult to register marks such as these. In particular, further guidance would be welcome on the question of when a mark may be considered indistinguishable from the appearance of the products it covers: many trade marks and logos are applied to products in some form of other (eg, the NIKE swoosh on T-shirts). To what extent can it be said that such marks should be treated in the same way as the K-Swiss 5-stripes sign? A high hurdle has been set for trade mark owners — it will be interesting to see if a final appeal is made to the CJ.

Author:

Matthew Dick



SDL Hair v Next Row UK court burns Next Row's fingers for groundless threat in heated rollers case

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he UK has specific legislation relating to threats to bring IP infringement proceedings in certain circumstances. Where someone receives a 'groundless threat' of proceedings in the UK, they may be entitled to bring court proceedings against the threat-maker, seeking remedies including an injunction to restrain further threats, a declaration that the threats were unjustified, and damages for losses sustained. Such 'threats actions' may also be brought by any person 'aggrieved' by the threat, such as a supplier whose retailers may have been scared off by receiving letters threatening proceedings if they continue selling a particular product alleged to infringe someone's registered IP rights.

'Cease and desist' letters relating to trade mark, design or patent infringement must be carefully drafted to ensure that the letter does not constitute a 'groundless threat'. It is often very difficult to write an effective letter without its actually being 'threatening' in a technical sense. It is important to take legal advice before writing such letters, as the precise wording used can make all the difference in terms of whether the letter may expose the sender to the risk of a threats action.

It is open to question whether the UK 'threats' laws are compatible with the 'cards on the table' approach to pre-action conduct and the general public interest in discouraging litigation until all alternatives have been explored.

Although reforms are being debated, it seems that threats actions are here to stay for the foreseeable future. The case of SDL Hair Ltd v Next Row Ltd is a recent example. The court had to determine the level of damages to be awarded in relation to a series of letters held to constitute groundless threats. Since parties to litigation usually manage to resolve damages issues via settlement (following a court's initial finding of liability), the case gives a rare insight into the court's approach to the assessment of damages in relation to threats actions.

Next Row had a UK patent for an induction heating unit for hair rollers, which they said was infringed by a product of SDL called the 'Ego Boost'. SDL promoted the Ego Boost at a UK trade exhibition in April 2012, and attracted interest from various parties, including the well-known TV shopping channel, QVC, and a distributor named Alan Howard. Various correspondence was sent on behalf of Next Row to QVC and Howard, alleging that the Ego Boost infringed the patent. The court held that three such letters and an email constituted groundless threats. SDL alleged that the threats led to various consequences, including:

- The cancellation of a special promotion by QVC and resultant loss of sales.
- Delay in a second special promotion by QVC.
- The need to re-negotiate lower prices for sales to both QVC and Howard and overall reduced sales to Howard.

The court had to determine how much of SDL's loss was recoverable. Broadly speaking, SDL had to show a causal link between the threats and the loss, on the balance of probabilities. SDL claimed damages in excess of £500,000.

The judge considered (in the case of the cancelled promotional event) that, on the evidence. SDL would not have been in a position to deliver the products in time anyway, and therefore the threat did not cause the relevant loss. However, some damages were allowed for the loss of the chance of enjoying the benefit of more than one special QVC promotion, albeit with a suitable percentage reduction because it was only the loss of a chance (as opposed to a certainty). Based on the evidence, he did not allow any damages for the price renegotiation with either QVC or Howard. asw he considered that SDL could have been beaten down on price in any event. As to the reduced sales to Howard, he held that this was more to do with loss of confidence following certain supply issues, rather than the threatening correspondence received. No damages were recoverable for this either.

Overall, the amount awarded to SDL in respect of the groundless threats was £40,500, less than 10% of the amount claimed. Whilst it is interesting to see the court's approach to the quantification of damages, and the case is a reminder of the perils of writing threatening letters, it equally shows why the majority of damages cases are settled between parties rather than going all the way to court.

If you have any queries about threats actions or the risks associated with sending cease and desist correspondence, please do get in touch with your usual D Young & Co contact or any member of our Dispute Resolution & Legal group.

Author: Tamsin Holman



Useful link

SDL Hair Ltd v Next Row Ltd full decision:

http://dycip.com/sdlvnextrow

Registering the layout of a retail store as a trade mark? There's an app(lication) for that

> Apple's US trade mark registration Apple's representation, described as "the distinctive design and layout of a retail store":



he Court of Justice of the European Union (CJ) has acknowledged that the design layout of a shop can conceivably be registered as a trade mark for retail store services within the European Union (EU).

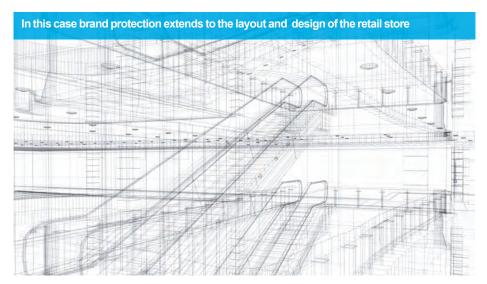
In 2010, Apple successfully registered the trade mark depicted above right in the US for "Retail store services featuring computers, computer software, computer peripherals, mobile phones, consumer electronics and related accessories, and demonstration of products relating thereto".

Interestingly, the mark includes a lengthy verbal description which reads more like a patent claim, noting that the mark is intended to represent the design and layout of a retail store and describing features such as "light brown cantilevered shelves below recessed display spaces along the side walls, and light brown rectangular tables arranged in a line in the middle of the store parallel to the walls and extending from the storefront to the back of the store".

Apple sought additional protection for the mark in a number of European countries under the international trade mark system. It is noteworthy that the international registration contains a much shorter verbal description, merely stating: "the mark consists of distinctive design and layout of a retail store [sic]". The application was accepted in some countries (eg, Spain and Poland). Others raised objection, including the German trade mark registry. Apple appealed.

The German appeal court referred a number of questions to the CJ to ask whether such a sign was capable of registration as a trade mark (an indicator of commercial origin). In particular it asked whether the requirement that a mark be represented graphically was met by a representation alone, or whether a description of the layout was needed, or other indications relating to size, proportions, etc.

The CJ has confirmed that, in theory, such marks are acceptable without those indications – but with some provisos. The



court acknowledged that the layout of a retail store may allow products or services to be identified as originating from a particular undertaking, but gave as an example when that layout departs significantly from the norm or customs of the economic sector concerned.

The court has also made it clear that no other grounds for refusal under European trade mark law should apply. One such ground is that a mark must not consist exclusively of a sign which has become customary in the bona fide and established practices of the trade. Given that restriction, and the fact that the pictorial representation comprising the application arguably resembles the design of many standard retail outlets, Apple's success is by no means guaranteed.

So, in theory the layout of Apple stores is registrable as a trade mark; whether the German registry agrees that Apple has overcome the various legal hurdles outlined above remains to be seen. The CJ's decision does not mean that Apple's mark will automatically be accepted – the court has merely given the green light for the German registry to consider this particular application as a trade mark from a purely conceptual point of view. It will now face the same rigorous examination process as any other mark. The retail store layout is bound to be considered a 'non-traditional' mark (such as

a shape or colour) – although the criteria used to assess registrability are the same for all types of mark, in practice such marks have encountered often insurmountable objections in the registration process.

Nevertheless, the case confirms that we are seeing a big shift in European trade mark law, and what may conceivably be registered as a trade mark. Gone are the days when a trade mark was simply affixed to a product, or used to promote a service. Now it seems that consumers can (at least in theory) be literally and physically engulfed by a trade mark whilst availing themselves of a service offered by its owner.

The UK position

Interestingly, the UK designation of the international registration is still pending. Although the UK authorities will have to apply the same guidance from the CJ, they could conceivably come to a different conclusion to the German registry. We await further developments with interest.

Author:

Matthew Dick



Useful link

Full decision of the CJ:

http://dycip.com/cjapplestore

D YOUNG®CO INTELLECTUAL PROPERTY

Engineering Design Show, 22-23 October 2014, Coventry UK

And finally...



e are delighted to announce that this October D Young & Co will once again be sponsoring the 2014 Engineering Design Show and Electronics Design Show.

The Engineering Design Show show takes place over two days at the Ricoh Arena, Coventry UK, and provides an exhibition and free practical workshops demonstrating and promoting cutting edge technology and innovation from market leading suppliers, providing European design engineers with all aspects of engineering design under one roof.

D Young & Co attorneys and solicitors will be available to answer your IP questions and partner Jonathan Jackson will be presenting a workshop (1.15pm, Wednesday 22 October) discussing how IP law can protect and enforce designs and products.

Registration and further information

To be our VIP guest at the show, register for your free entry badge at http://dycip.com/edshow2014.

Join us at stand G42 or sign up to secure your seat at our workshop.

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