

D YOUNG & CO TRADE MARK NEWSLETTER *no.57*

July 2011

In this issue:

CTM Infringement Cases 04

[CJEU Confirms Pan-EU Scope of Injunctions](#)

Stop Press! 05

[Unsolicited Mail - A New Warning](#)

When is a Website Within a UK 06

[Court's Jurisdiction?](#)

[Yell Claims Infringement and Passing Off of Marks Online](#)

PLAY-DOH Successful in 07

[Enforcing Their Rights](#)

[A Hard to Swallow Decision for the Defendants](#)

Confused? You Will Be! The Assessment of Likelihood of Confusion



Full Story [Page 2](#)



Subscriptions:

subscriptions@dyoung.co.uk

Receive this newsletter by post, email or read or listen online at www.dyoung.com/newsletters. Support our environmental policy and sign up for email newsletters at the email address above.

Online



Missed anything? In between issues of this newsletter we posted news about ICANN's change to the domain names system and the General Court's decision in the Cheapflights case online. Visit our website for up to the minute IP related articles and news.

Previous issues:

www.dyoung.com/newsletters

For more information:

www.dyoung.com

Twitter:

[dyoungip](https://twitter.com/dyoungip)

Events

**8-12 November 2011****INTA Leadership Meeting**

See Jeremy Pennant and Ian Starr at INTA's Leadership Meeting, which takes place in Miami Beach, USA.

For more information: www.dyoung.com/events

Editorial



The Community Trade Mark System has now been in operation for 15 years and, given its huge success, it is easy to forget that it is still a relative youngster, with the enormous task of 'harmonising' the trade mark laws of the 27 Member States of the European Union.

In this issue we take a look at how 'likelihood of confusion' is assessed in cases where an earlier trade mark is incorporated, in its entirety, within a later trade mark. Whilst the facts of each case must always be taken into account, our analysis highlights the lack of consistency in decisions and shows that, in Europe, there is still some way to go in setting out clear guidance in such situations.

However, there are signs that, as the system matures, a clearer framework will emerge, taking into account the various perspectives and approaches of the different member states. A case in point is the article on the *WEBSHIPPING* case, page 4, where clear guidance has been given on the scope of pan-EU injunctions.

We have also included very interesting articles on the *PLAY-DOH* infringement case, and on the issue of jurisdiction where infringement takes place on a website.

We hope you enjoy your summer reading, and your summer holidays, and we will be back with another newsletter in September.

Editor:

Vivienne Coleman

Article 01

Confused? You Will Be!

The Assessment of Likelihood of Confusion

It is well established in the EU, that the likelihood of confusion must be assessed globally, bearing in mind the dominant and distinctive characteristics of each mark (Sabel). If there is a risk that the public might believe that the goods or services originate from the same undertaking, or from economically linked undertakings, then a likelihood of confusion will be established (Canon). What happens if an (earlier) mark is incorporated within a later mark, in its entirety?

Virgin Enterprises v Casey and Medion v Thomson

In a recent appeal before the High Court, Virgin Enterprises was unsuccessful in opposing the mark *CARBON VIRGIN*. Virgin had argued that the composite mark was confusingly similar to its *VIRGIN* trade mark and was for similar services. Whilst accepting that there was a reasonable level of visual and phonetic similarity between the marks, the judge was not prepared to overturn the hearing officer's view that the word *VIRGIN* had a subtly different conceptual meaning within each mark and there was, therefore, no likelihood of confusion.

This case may constitute a retreat from the decision of the Court of Justice of the European Union (CJEU) in *Medion* (2005) (which involved the marks *LIFE* and *THOMSON LIFE*) where the Court ruled there may be a likelihood of confusion if a third party mark, which has normal distinctiveness, has an independent and distinctive role within a composite mark, even if the third party mark does not dominate the overall impression of the composite mark. The Court was concerned that in such cases the public might assume that the goods or services offered under the composite mark were those of the third party (particularly if the third party mark is well known). In other words the repute of part of the later mark would 'take over' the earlier mark and the origin function would be damaged.

Use of composite trade marks in the clothing industry

Such a departure from *Medion* may also be

supported by some recent decisions of the General Court which found that the following trade marks, which were used in the clothing sector, were not confusingly similar:

GIORGIO and GIORGIO BEVERLY HILLS (2008)

The Court did not accept that the word *GIORGIO* was the dominant element of the composite mark. The Court considered that the words *BEVERLY HILLS* were distinctive and non-descriptive and made the composite mark conceptually different from the earlier mark *GIORGIO*. The Court highlighted that the marks were of different lengths and pointed to the visual and phonetic differences between them. The Court also referred to the fact that in the clothing sector it is common for manufacturers to use signs consisting of forenames and surnames and in the absence of any evidence demonstrating that *GIORGIO* had enhanced distinctiveness through use, there was no likelihood of confusion between the marks.

LOFT and ANN TAYLOR LOFT (2011)

The Court considered that the words *ANN TAYLOR* were more distinctive to the French public than the word *LOFT*, as the former makes reference to a personal name and the latter has a specific meaning. The Court confirmed that it is common for clothing manufacturers to use sub-brands, which usually derive from a house mark and include a common dominant element, to distinguish different product lines (in this case, urban clothing consistent with loft living). The Court therefore considered that there was no likelihood of confusion, because the public would not connect the earlier mark *LOFT* with the later mark which included the distinctive *ANN TAYLOR* element.

Other decisions involving composite marks

However, the importance of *Medion* appears to have been reaffirmed by decisions involving the following marks in sectors where sub-brands are not used so frequently:

Useful links

Full text of decisions
in this article:

Virgin v Casey
[2011] EWHC 1036 (Ch)
<http://bit.ly/vircas>

Medion v Thomson
C-120/04:
<http://bit.ly/medthom>

Giorgio & Giorgio
Beverly Hills
T-228/06
<http://bit.ly/IY2nu3>

Loft & Ann Taylor Loft
T-385/09:
<http://bit.ly/lc1YkM>

Limonchelo
C-334/05:
<http://bit.ly/I7Zl78>

Sabatier
[2008] EWHC 881 (Ch)
<http://bit.ly/iFD024>

First/First-on-Skin
T-273/08:
<http://bit.ly/iKkjwS>

Life/Life Blog
T-460/07:
<http://bit.ly/kcQs1g>

Trade marks that incorporate an earlier mark owned by a third party are at risk of likelihood of confusion



LIMONCHELO and a figurative mark which included the word LIMONCELLO (2007).

The CJEU reiterated the importance of the global assessment test and the need to examine each of the marks as a whole, but confirmed that the overall impression given by a composite trade mark may be dominated by one or more of its components. However, the Court confirmed that similarity can only be assessed on the basis of the dominant element of the mark alone, if all the other components of the mark are negligible.

SABATIER and STELLER SABATIER/ JUDGE SABATIER (and device) (2008).

In an invalidation action, the High Court overturned the decision of the hearing officer and, applying the Medion case, considered that there was a likelihood of confusion between the above marks, because the word SABATIER retained an independent and distinctive role within the composite marks. The judge also

stated that where an earlier word mark is included within a third party's composite mark, it may be difficult to show that the earlier mark does not maintain an independent distinctive role.

FIRST and FIRST-ON-SKIN (2009)

The General Court applied the Medion test and found that the marks were confusingly similar even though they were in the clothing sector. It was held that the 'on-skin' portion was not distinctive given that clothes were put onto skin.

LIFE and LIFE BLOG (2010)

The General Court considered that neither of the two elements 'LIFE' or 'BLOG' was the dominant element of the composite mark. However, the Court confirmed that, where a composite mark consists of one component juxtaposed to another trade mark, the first mark may still have an independent distinctive role in the mark applied for, even

where it is not dominant. Accordingly there was a likelihood of confusion.

Conclusion

Applicants need to consider carefully the implications of adopting a trade mark which includes in its entirety an earlier mark owned by a third party, as this remains a risky strategy with an uncertain outcome.

However, in the clothing industry, or other industries where the use of sub-brands is common, it may be possible to avoid confusion by incorporating a third party's mark, which has low distinctiveness or some descriptive qualities, within a longer mark which also includes other distinctive matter.

Elsewhere, if a composite mark includes additional distinctive matter which dominates the mark and creates a different visual, phonetic or conceptual overall impression, then a likelihood of confusion may be avoided.

Author:
Anna Reid



CTM Infringement Cases

CJEU Confirms Pan-EU Scope of Injunctions

The CJEU has ruled that injunctions granted by national courts in CTM infringement cases should have effect throughout the EU



In a reference from the French Courts in the case of DHL Express v Chronopost, the Court of Justice of the European Union (CJEU) has confirmed that injunctions and 'coercive measures' granted by national courts in CTM infringement cases should have effect throughout the EU.

Background

Chronopost is the proprietor of French national and Community trade marks (CTMs) for the sign WEB SHIPPING. The Community trade mark, applied for in October 2000, was registered on 7 May 2003 in respect of, inter alia, services relating to: logistics and data transmission, telecommunications, transport by road, collecting mail, newspaper and parcels, and express mail management.

Chronopost brought proceedings before the designated Community trade mark court in France against one of its principal competitors, DHL International, who were using signs including WEB SHIPPING in relation to an express mail management service accessible via the internet.

Proceedings commenced before the Regional Court in Paris in September 2004, alleging infringement of the national and CTM registrations for WEB SHIPPING.

In 2006, the Court found that DHL Express France (successor to DHL International) had infringed Chronopost's French national trade mark WEB SHIPPING, although it did not adjudicate upon infringement of the CTM. Chronopost therefore appealed to the Court of Appeal in Paris (Cour D'Appel de Paris) which ruled against DHL, prohibiting DHL from using either the French national mark or the CTM. The Court of Appeal further ordered a periodic payment penalty in case the injunction were to be breached.

There was then a further appeal by DHL, and cross-appeal by Chronopost, to the French Court of Cassation. DHL's appeal was dismissed. Chronopost's cross-appeal related to the failure of the Court of Appeal to state explicitly that the injunction restraining further infringement of the CTM extended to the whole of the EU. The Court of Cassation indicated

that, since the judgment had not contained words expressly extending the scope of the injunction and periodic penalty payment to the EU, it should be construed as extending only to France.

Chronopost submitted that the Court of Appeal judgment infringed Articles 1 and 98 of the Community Trade Mark Regulation No. 40/94 (now replaced by 207/2009/EC).

Article 1(2) of Regulation No. 40/94 provides:

“A Community trade mark shall have a unitary character. It shall have equal effect throughout the Community: it shall not be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor shall its use be prohibited, save in respect of the whole Community. This principle shall apply unless otherwise provided in this Regulation.”

Article 98, headed “Sanctions”, states:

1. Where a Community Trade Mark Court finds that the Defendant has infringed or threatened to infringe a Community Trade Mark, it shall, unless there are special reasons for not doing so, issue an order prohibiting the Defendant from proceeding with the acts which infringed or would infringe the Community Trade Mark. It shall also take such measures in accordance with its national law as are aimed at ensuring that this prohibition is complied with.
2. In all other respects the Community Trade Mark Court shall apply the law of the Member State in which the act of infringement or threatened infringement were committed, including private international law.

Stop Press! Unsolicited Mail - A New Warning

In our November 2009 newsletter we reported receiving a number of enquiries from clients regarding invoices received from official sounding 'bodies' inviting them to pay for services related to either the inclusion of their trade mark in various publications or registers; or for the preparation of a Community trade mark application.

The UK Intellectual Property Office has issued a new warning reporting an increase in this business practice. A number of companies continue to send unsolicited mail to owners of intellectual property rights including trade marks and designs.

Please do not be fooled into thinking that these come from an official source. These so-called bodies are not linked to any Government department or Community institution and you should not pay any invoices.

For clarification, the only offices that are able to provide legal protection for your trade marks in the UK are the UK Intellectual Property Office or the Community Trade Mark Office (formally known as the Office for Harmonisation in the Internal Market or OHIM). If D Young & Co are your representatives, whether in the UK, Europe or overseas, you will only ever be invoiced for these services by D Young & Co directly.

If you receive a letter or invoice of this nature, please destroy it immediately. If you are in any doubt at all as to the legitimacy of the letter received, please contact your usual D Young & Co adviser for clarification.

Author:
Richard Burton



Useful links:

UK IPO notice: <http://bit.ly/lzdnrV>

Nov 2009 newsletter: <http://bit.ly/l3xNrH>

Since it had doubts as to the interpretation of Article 98 of Regulation No. 40/94, the Court of Cassation decided to stay proceedings and to refer a number of questions to the CJEU for a preliminary ruling. The questions referred, together with the CJEU's responses, are summarised below:

Question 1: *Must Article 98 of Regulation No. 40/94 be interpreted as meaning that a prohibition issued by a Community Trade Mark Court has effect as a matter of law throughout the entire area of the EU?*

Answer: The CJEU ruled that an injunction issued by a Community trade mark court should, as a rule, have effect throughout the whole of the EU. However, the CJEU also stated that there could be certain circumstances in which the territorial scope of the injunction could be restricted. For example, if a Community trade mark court found that the acts of infringement were more territorially limited, because the defendant proves that the use of the sign at issue does not affect or is not liable to affect the function of the trade mark (eg, on linguistic grounds) in certain parts of the EU, then the scope of relief ordered by the Court should be limited accordingly.

Question 2: *If not, is that court entitled to apply specifically that prohibition to the territories of other states in which the acts of infringement are committed or threatened?*

Answer: The CJEU determined that there was no need to reply to this question separately, in light of the answer to question 1 above.

Question 3: *In either case, are the coercive measures which the court has attached to the prohibition issued, by application of its national law, applicable within the territories of the member states in which that prohibition would have effect?*

Answer: The CJEU answered in the affirmative, not least as, under the Brussels Regulation, other member states must recognise and enforce a coercive measure ordered by the Courts of the member state seized of the proceedings.

Comment

The CJEU's ruling in this case makes sense, and broadly follows the Advocate General's opinion. Community trade mark owners will be pleased to see confirmation of the general rule that injunctions granted by national Community trade mark courts in CTM cases should be pan-EU.

Nevertheless, the CJEU has left open the possibility for defendants to argue that, where there is no infringement or threatened infringement (ie, activity liable to affect the essential function of the CTM) in certain parts of the EU, there should be territorial limitations on the injunctive and coercive measures ordered by the Court. This may result in a proprietor having to pursue multiple proceedings but, since the onus will be on the defendant to show why pan-EU relief should not be granted, such cases are likely to be relatively few and far between.

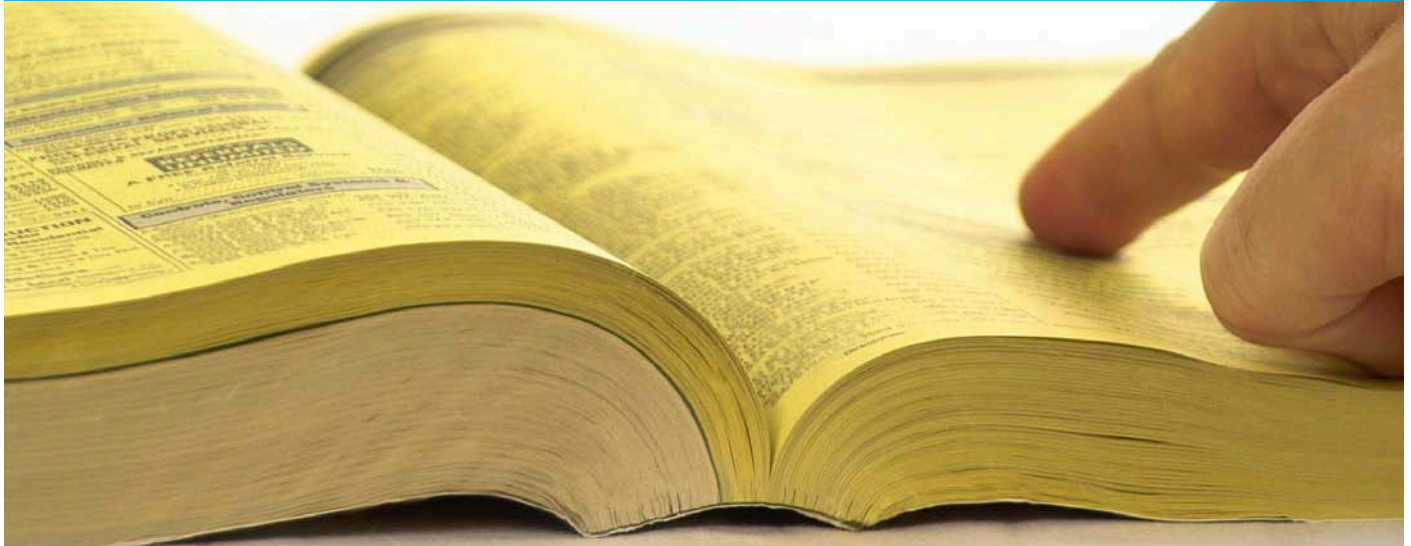
Author:
Tamsin Holman



When is a Website Within a UK Court's Jurisdiction?

Yell Claims Infringement and Passing Off of Marks Online

Yell claimed that YELLOW PAGES and its well-known 'walking fingers' device mark were being infringed online by the defendant



Yell Limited, the company behind the famous Yellow Pages directories, brought proceedings in the UK Patents County Court against a Mr Giboin and two related corporate entities (described as his 'corporate alter ego') for acts of passing off and trade mark infringement in relation to Yell's well-known word mark YELLOW PAGES and the 'walking fingers' device mark (the marks).

The claimant's directories are available in paper form, online via their website at www.yell.com, and as a telephone directory service. The defendants operated websites (including www.transport-yellow-pages.com), through which they ran a database and directory of transport business and services, and used both marks.

Yell argued that the defendants' use of the marks infringed sections 10(1), 10(2), and 10(3) of the Trade Marks Act 1994 (TMA) (and equivalent provisions of Directive 2008/95EC). Further, Yell argued that the defendants' websites were passing off by virtue of using the marks.

The defendants did not deny the nature of the activities conducted on their websites and that they had used the marks. Their principal counterargument was that the websites were outside the court's jurisdiction, since they were not UK based. In particular, they relied on the following factors: the domain names had .eu and .com extensions (instead of .co.uk); they operated and conducted transactions abroad; the money for the services offered on either website was paid to

an entity abroad; the websites, the database and directory had been created abroad; and the registrants were foreign entities.

The judge reviewed the relevant case law on whether the use of a trade mark on the internet constitutes use of that mark in the UK and concluded that the websites were directed to the UK. He relied in particular on Kitchen J's dictum in *Richard Dearlove v Sean Combs* [2007] EWHC 375 (Ch), whereby "the fundamental question is whether or not the average consumer of the goods or services in issue within the UK would regard the advertisement and site as being aimed and directed at him". Or in Birss QC's words: "what matters is how the site looks and functions when someone in the UK interacts with it".

Referring to an analogy adopted in an earlier case, one should look at Internet browsing more as 'the user focusing a super-telescope into the site concerned' (*Euromarket Designs Inc v Peters and Crate & Barrel Ltd* [2001] FSR 20, at 25). So once the average consumer has focused its telescope into the site, are there any indicators that would make them think that the site was directed at them?

On the facts, Birss QC found the following indicators, amongst others: the websites included a representation of the Union Jack; the default search country was the United Kingdom; the directory service was to a material extent a UK directory service; the online services could be bought from the UK (which was held to be more significant than the

fact that the related payments were made to an entity abroad); the businesses advertised on the websites were offering services linked to the UK; the websites used the marks which are very familiar to UK-based customers.

For the same reasons, the judge concluded that, for the purposes of passing off, the misrepresentation made by the defendants was directed to members of the public in the UK, who would associate the sites with the claimant.

The judge found the defendants liable both for trade mark infringement (under sections 10(2) and 10(3) TMA) and for passing off.

Interestingly, the defendants also argued that the marks were not distinctive, as they are used extensively everywhere in the world. They referred to a US judgment (*BellSouth Corporation v DataNational Corporation & Ors*, 60 F.3d 1565) where it was held that AT&T's 'walking fingers' device had become generic through common usage in the US.

Birss QC rejected the defendants' argument on the basis that 'just because a term is generic in one territory does not mean that by definition it is generic in another'. The onus was on the defendants to show that the distinctiveness of the marks in the public mind in the UK had been eroded and they failed to do so.

Author:
Cam Gatta



PLAY-DOH Successful in Enforcing Their Rights A Hard to Swallow Decision for the Defendants

The owners of the trade mark PLAY-DOH, Hasbro Inc, Hasbro SA and Hasbro UK Ltd, have recently been successful in the High Court where it was held that use of the strap line "THE EDIBLE PLAY DOUGH" infringed their rights in PLAY-DOH.

PLAY-DOH is used in the UK as a pre-mixed modelling composition aimed at children. PLAY-DOH can be used to make food items but is not intended to be eaten by children and has a bad taste to discourage this. In contrast, use of the strap line "THE EDIBLE PLAY DOUGH" on the defendants' YUMMY DOUGH product was used to promote the fact that the product should be played with and eaten either raw or baked.

123 Nahrmittel GmbH and Marketing and Promotional Services Limited, the defendants in this case, counterclaimed saying that PLAY-DOH is: (i) devoid of distinctive character and descriptive; (ii) common in the trade; and (iii) use of the sign complained of is an indication of the kind of goods which they sell and their use is in accordance with honest practices in industrial commercial matters.

In support of their action, substantial evidence was filed showing that PLAY-DOH had been used over a 50-year period, prompting Floyd J to acknowledge that "PLAY-DOH is a very well-known brand."

On the question of infringement and passing off, the signs were held to be visually very similar and have a strong conceptual similarity. The goods were viewed as identical. In applying the 'global appreciation' test, infringement and passing off were established.

Essentially, it was held that there is a strong conceptual similarity between the mark PLAY-DOH and the sign THE EDIBLE PLAY DOUGH and, as it was clear that PLAY-DOH had reached the status of a household name, there was undoubtedly a class of consumers who would see or hear THE EDIBLE PLAY DOUGH and be misled into thinking it is PLAY-DOH. It

Hasbro challenged 123 Nahrmittel GmbH and Marketing and Promotional Services' 'The Edible Play Dough' strapline, claiming infringement of their rights in PLAY-DOH



was also accepted that there was likely to be a class of consumer who would recollect home made play dough, internet recipes and dictionary definitions and will understand the words in a purely descriptive sense. However, it was concluded that there must be a significant class of consumers who will be triggered into recollections, perfect or imperfect, of the mark PLAY-DOH. To that class of customers taking into account imperfect recollection of the spelling, the words will convey a different meaning, namely the edible version of PLAY-DOH.

In terms of 'dilution', use of THE EDIBLE PLAY DOUGH certainly brings to mind PLAY-DOH (to a significant class of consumers), even if the consumer does not assume common origin. To those who make the connection there is a misappropriation of the cachet which is attached to PLAY-DOH. Given that the owners of PLAY-DOH have actively chosen not to promote eating of their product they can justifiably complain of detriment, if their goodwill attaches to such a product which is intended to be eaten.

Whilst the action for passing off was not given prominence at the trial, it was held that

the absence of real-life confusion has more relevance in a passing off claim than trade mark infringement. It was also relevant to consider that consumers are familiar with the various additional features of PLAY-DOH such as the cloud logo. However, this was not viewed as sufficient to avoid a finding of confusion amongst a significant proportion of consumers. Accordingly, passing off was also established.

In response to the counterclaims made, it was held that despite the words 'play-dough' appearing in the Oxford English Dictionary, the words must be considered in context and the question in every case is not the definition of words, but what the average consumer would understand the words being used to mean, if he or she saw the mark in context.

This case is encouraging for owners of brands which are viewed as having low distinctive character, in particular where additional rights have been acquired through use and enforcement of their brand.

Author:
Helen Cawley

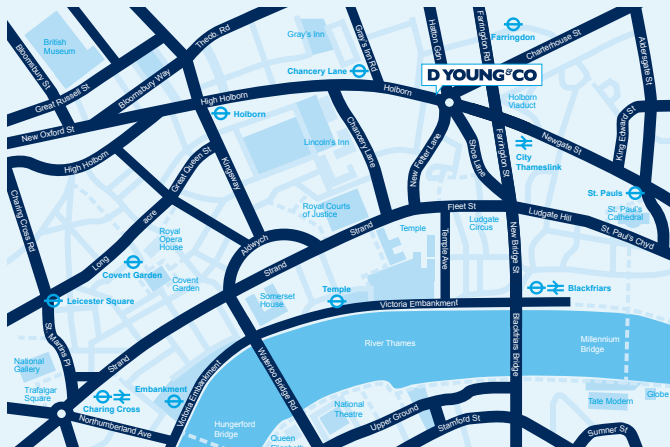


D YOUNG & CO INTELLECTUAL PROPERTY

Contact Information

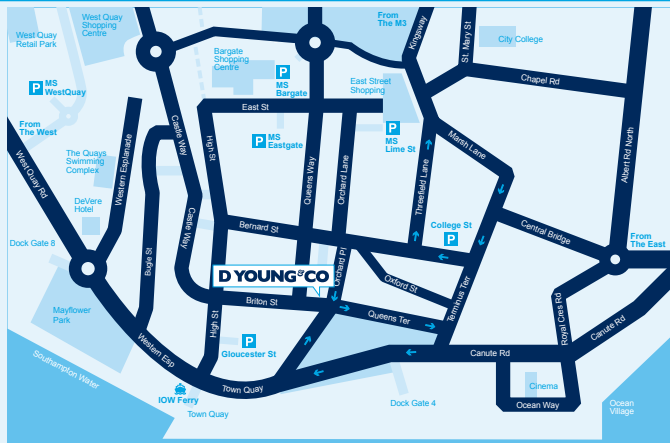
D Young & Co LLP
120 Holborn
London
EC1N 2DY
T +44 (0)20 7269 8550
F +44 (0)20 7269 8555

www.dyoung.com
mail@dyoung.co.uk



D Young & Co LLP
Briton House
Briton Street
Southampton
SO14 3EB
T +44 (0)23 8071 9500
F +44 (0)23 8071 9800

www.dyoung.com
mail@dyoung.co.uk



Recognised & Rewarded

We are proud to have been recommended by Legal 500 as a top tier trade mark practice for the ninth consecutive year and by Managing Intellectual Property (MIP) as one of only three top tier firms for trade mark prosecution work in the UK for the fourth year running. Our trade mark attorneys consistently feature as leading UK trade mark attorneys in the 'MIP Expert Guide to the Leading Trade Mark Law Practitioners'.

Quality & Focus

With an impeccable track record in trade mark protection and ranked year on year as top tier in the profession, the D Young & Co Trade Mark Group sets the standard for trade mark work. Particular areas of expertise include luxury brands, the fashion industry, pharmaceuticals, cosmetics, household goods, sports, entertainment, food and drink.

Reliable & Responsive

The Group has been consistently in the top five for UK filings in the last 10 years and has a substantial Community Trade Mark (CTM) prosecution and opposition practice. Our clients range from innovative individuals and sole traders to global brand leaders.

This newsletter is intended as general information only and is not legal or other professional advice. This newsletter does not take into account individual circumstances and may not reflect recent changes in the law. For advice in relation to any specific situation, please contact your usual D Young & Co advisor.

D Young & Co LLP is a limited liability partnership and is registered in England and Wales with registered number OC352154. A list of members of the LLP is displayed at our registered office. Our registered office is at 120 Holborn, London, EC1N 2DY. D Young & Co LLP is regulated by the Intellectual Property Regulation Board.

Copyright 2011 D Young & Co LLP. All rights reserved.

'D Young & Co', 'D Young & Co Intellectual Property' and the D Young & Co logo are registered trade marks of D Young & Co LLP.

Contributors

Consultant
Vivienne Coleman
vlc@dyoung.co.uk
www.dyoung.com/viviennecoleman



Partner
Tamsin Holman
tpm@dyoung.co.uk
www.dyoung.com/tamsinholman



Associate
Helen Cawley
hjc@dyoung.co.uk
www.dyoung.com/helencawley



Associate
Cam Gatta
cxg@dyoung.co.uk
www.dyoung.com/camgatta



Associate
Anna Reid
amr@dyoung.co.uk
www.dyoung.com/annareid



Assistant
Richard Burton
rpb@dyoung.co.uk
www.dyoung.com/richardburton

