D YOUNG & CO TRADE MARK NEWSLETTER no.99

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Editorial

A number of interesting UK and European Union cases have been reviewed for our summer 2018 edition of this newsletter covering novelty, repackaging and parallel imports, position marks, passing off and likelihood of confusion. We hope you find this month's selection of articles of interest and, as always, we welcome your feedback.

We wish all our readers an enjoyable summer.

The D Young & Co trade mark team, July 2018

Events

18-21 September 2018

MARQUES conference, Paris, France

D Young & Co partners Matthew Dick and Anna Reid will attend the 32nd MARQUES Annual Conference "Branding Style: Appearance, Aesthetics and Éclat". The conference will look at branding, design and luxury goods as well as the EU copyright reform, trade secrets directive, UDRP reform and Brexit.

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Likelihood of confusion

FIDELITY & FIDELIS

No likelihood of confusion despite similarity between marks and services

In Fil v Fidelis, the Patents Court of England & Wales has held that various trade marks including the word FIDELITY for "insurance services", "financial services" and "investment services" were partially invalid and not infringed by the sign FIDELIS for similar services.

Background

The claimant, Fil, had provided investment management services under the brand FIDELITY since 1979 to private and corporate clients in the UK. It was the owner of various trade marks for FIDELITY, which covered "financial services", "insurance services" and "investment services".

The defendant, Fidelis, underwrote specialty insurance (for example, relating to aviation, marine and terrorism), reinsurance and retrocession in the UK and had done so since 2016. Specialty insurance is provided only to commercial undertakings, and not to the retail market.

Fil objected to use of FIDELIS in its word and stylised forms and brought trade mark infringement proceedings (likelihood of confusion and reputation claims) and a claim for passing off.

Fidelis denied infringement and counterclaimed that the trade marks were invalid on the ground that they were descriptive or should be revoked for non-use.

It was accepted that the passing off claim succeeded or failed with the trade mark infringement claims.

Counterclaims

In its counterclaim, Fidelis argued that FIDELITY was descriptive of "insurance services" as fidelity insurance was a recognised type of insurance (defined in the Oxford English Dictionary as: "insurance taken out by an employer to indemnify him against losses incurred through the dishonesty or non-performance of an employee"). The judge, Mr Justice Arnold, agreed with this in principle but held that, per Omega Engineering v Omega SA, Fil could exclude "fidelity insurance" from its specification to overcome the objection.

Fidelis also counterclaimed that "financial services" covered by the earlier marks lacked clarity and precision. Mr Justice Arnold held that whilst this was arguable, the extent to which a mark should be declared invalid on this basis is unclear and is the subject of a pending reference to the Court of Justice of the European Union (Sky v Skykick).

Various other counterclaims including on the grounds of non-use and bad faith (no intention to use) were advanced. Mr Justice Arnold held with regard to insurance services that there was genuine use of FIDELITY in relation to "pension-related insurance services" and that it should be limited accordingly. In relation to bad faith, Mr Justice Arnold held that Fil was unlikely to have acted in bad faith; however the current state of the law is uncertain pending a reference to the CJEU in Sky v Skykick.

The court then turned to assessing whether, in the event that the marks were valid, they were infringed on the basis of the likelihood of confusion and reputation claims.

Likelihood of confusion

The basis for the assessing likelihood of confusion were the word marks for FIDELITY covering "investment services", "insurance services except fidelity insurance", "pension-related insurance services" and "financial services" other than "insurance services".

The court held that FIDELITY was inherently distinctive in relation to "investment services", "insurance services except fidelity insurance" and "financial services" and furthermore that Fil enjoyed an enhanced degree of distinctiveness for FIDELITY in relation to retail investment services and pensions

Case details at a glance
Jurisdiction: England & Wales
Decision level: High Court (Patents Court)
Parties: Fil Limited, Fil Investment Services Limited and Fidelis Underwriting Limited, Fidelis Insurance Bermuda Limited, Fidelis Insurance Holdings Limited and Fidelis Marketing Limited
Date: 11 May 2018
Citation: [2018] EWHC 1097 (Pat)
Full decision (link): dycip.com/fidelity-fidelis

Patents Court of England & Wales assesses likelihood of confusion in FIDELITY and FIDELIS

structured as unit-linked insurance policies.

When comparing the marks, FIDELITY and FIDELIS were held to be visually similar to a high degree, taking into account that consumers read left-to-right and that the only difference is in the endings which holds less significance. The marks were further held to be aurally similar, noting again that the differences in the endings is less significant, as consumers have a tendency to slur the endings. Conceptually, both marks derive from the same Latin root meaning faithful or loyal and the court considered that whilst most consumers do not understand Latin, investment and insurance professionals would be more likely to appreciate the meaning of 'fidelis' and consumers who knew no Latin would nevertheless think there is some commonality of meaning between FIDELITY and FIDELIS even if they did not understand why.

Despite this, the court held that there was no likelihood of confusion. A key factor in its decision was the attributes of the average consumer. Fil contended that the consumers of "insurance services except fidelity insurance" included the general public and professionals; whilst Fidelis focused upon the specialist nature of its services and claimed that they were provided to "knowledgeable clients exercising a high degree of care and attention, almost invariably through brokers who are even more knowledgeable, careful and attentive". The judge agreed with Fidelis, holding that the average consumer, in this instance, would be highly knowledgeable, careful and attentive.

In assessing similarity of services and the likelihood of confusion, Mr Justice Arnold held that, while Fidelis' services were considered moderately similar to "pension-related insurance services" and that there was a convergence between different areas of financial services including insurance and investment, because of the knowledgeable and attentive nature of the average consumer, they were not likely to be confused. He observed that this was supported by the absence of any actual confusion, taking into account the three years of trading by Fidelis.

Reputation

The infringement claims under this ground were also unsuccessful, despite the court finding that the earlier marks have a reputation and that the average consumer would make a link between the marks FIDELIS and FIDELITY.

The court reasoned that, due to the specialist nature of Fidelis' services and the specific attributes of the average consumer, there was no damage to the distinctive character of FIDELITY.

Further, it held that there was no unfair advantage taken of the reputation of FIDELITY because Fidelis had built its business on the strength of the personal reputations of its founders.

Authors:
Antony Craggs & Jennifer Heath

In short

This case demonstrates the increasing issues with enforcing trade marks where the class of goods or services for which they are registered is broad. It is also notable that, whilst the unresolved elements of the counterclaims did not affect the finding of non-infringement, there are outstanding issues regarding the lack of clarity and precision and bad faith pending the CJEU decision in Sky v Skykick. This will result in some continuing uncertainty for claimants when seeking to enforce their trade marks.

What's in a name? Tattoo artist can't stop identical trading name in same locality

Case details at a glance
Jurisdiction: England & Wales
Decision level: IPEC
Parties: Henry Martinez t/a Prick and Henry Hate Studio & Prick Tattoo Parlour London Limited and Prick Me Baby One More Time Limited t/a Prick
Date: 11 April 2018
Citation: [2018] EWHC 776 (IPEC)
Full decision (link): dycip.com/prick

A recent IPEC decision confirms evidence of deception and resulting damage is imperative to substantiate a passing off action. This is a passing off action brought by tattoo and visual artist Henry Martinez against a cactus shop under the identical trading name "Prick".

Background

The claimant, Mr Martinez, is a well known tattoo artist, famed for applying tattoos to numerous celebrities including Amy Winehouse and her iconic "Cynthia" tattoo of a pin-up girl. Mr Martinez runs his tattoo and piercing business under the name of Prick Studios, which began trading in 2001 in London. Aside from the tattoo parlour, Mr Martinez operates an artists' studio under the name "Henry Hate Studios". The defendants are a cactus shop operating under the name "Prick" that opened in July 2016 just over one mile from the claimant's tattoo parlour.

Court case

The claimants claimed that the defendants use of the word "Prick" amounted to passing off based on extensive use of the terms "Prick", "Prick Tattoo" or "Prick!", via the tattoo parlour business premises as well as online and in advertising and marketing campaigns. The claimants also indicated use of the name "Prick" in conjunction with wider visual artistic endeavours by Mr Martinez.

At the initial case management conference (CMC) the judge ordered a split trial to determine two issues:

1. Whether the claimant's goodwill associated with the signs incorporating "Prick" extended beyond the provision of tattoo and piercing services, and if so to what extent; and
2. Whether use of "Prick" by the defendants amounted to material misrepresentation.

The claimants set out goodwill had accrued in the "Prick" name in relation to tattoo services as well as artistic design/visual works and merchandise. A point dismissed by the defendants, but the judge disagreed.

The evidence of use presented showed a significant body of the artistic work was tattoo-related and therefore closely linked. As such, the judge found the claimant's goodwill existing in the use of the "Prick" name was in relation to tattoo and piercing services as well as the wider visual art related use claimed.

Regarding the geographical scope of the goodwill, despite several high profile collaborations with well known brands, it was found these were only brought about due to Mr Martinez's association with tattooing celebrities at his premises in London. Therefore, the judge concluded the claimant's goodwill was limited in geographical scope to a local area around the tattoo parlour - and an area covering the location of the defendant's cactus shop.

Regarding if there had been material misrepresentation, the judge considered the fields of trade, similarities in get-up and actual evidence of misrepresentation.

The judge recalled that in Harrods vs Harrodian School and Stringfellow vs McCain Foods, it was clear where there was no common field of activities between the parties the burden of proving the likelihood of deception and resulting damage was high. The further removed the less likely it is that any member of the public could reasonably be deceived. In this case it was clear there was no common field of activities between the two businesses.

Any dissimilarity in the get-up was highly material to the question of misrepresentation. From a review of the evidence presented it was concluded there was little to nothing in common in get-up between the tattoo parlour and cactus shop.

Whilst it was acknowledged both premises were painted black, the judge found the cactus shop was light, bright, minimalistic and plant-filled as opposed to the "pomp and excess" of the tattoo parlour. The judge was therefore satisfied nothing in the get-up alluded to a connection.

Regarding misrepresentation, the judge considered witness statements and oral evidence by Mr Martinez and four witnesses. The witnesses had all contacted Mr Martinez via his henryhate.com website to indicate confusion with the cactus shop and had a fairly close friendship with Mr Martinez or were a regular customer of the tattoo parlour.

The judge found it was inherently unlikely people well known to the claimant sent similar messages via the website and not directly to Mr Martinez. Therefore, the witness evidence was given limited weight, especially as the witnesses knew Mr Martinez and his business well and did not represent ordinary consumers.

The judge also considered four instances of confusion by people not known to Mr Martinez. However, it was found that two were mere confusion or mis-identification and not deception; one had simply wrongly assumed a connection between the businesses; and one fell into the category of "moron in a hurry" who was deceived but not sufficient to sustain a claim for passing off.

Decision

The judge concluded there was only one potential instance of deception but it would not support an allegation of misrepresentation as he was not satisfied it would damage the claimant's goodwill in any serious way. Whilst the judge acknowledged even one instance could mean others were potentially at risk of being deceived, when considering all relevant facts he was satisfied use of "Prick" by the defendants did not amount to a material misrepresentation and as such the claimant's case was dismissed.

Author:
Wendy Oliver-Grey

In short

Where the field of activity of the defendants is far removed from the claimants, the burden of proving deception and damage is high.

This case also confirms that a finding of material misrepresentation and damage is crucial to successfully claim passing off.

Position marks
Adidas keeps its stripes

Case details at a glance
Case details at a glance
Jurisdiction: European Union
Decision Level: General Court
Parties: Shoe Branding Europe BVBA, EUIPO and adidas AG
Date: 01 March 2018
Citations: T-85/16 and T-629/16
Link to decision: dycip.com/adidas-stripes

This decision from the General Court relates to protection of position marks and raises interesting points on reputation, due cause and unfair advantage.

Background

The applicant sought to register two identical EU position trade marks, shown below:

The trade marks were described as follows "The trade mark is a position mark. The mark consists of two parallel lines, positioned on the outside surface of the upper part of the shoe. The parallel lines run from the sole edge of a shoe and slopes backwards to the middle of the instep of a shoe. The dotted line marks the position of the trade mark and does not form part of the mark".

One trade mark covered "safety footwear for the protection of accidents or injuries" in class 9 and the other "footwear" in class 25.

The trade marks were opposed by adidas, based on their own earlier EU position trade marks shown below:

The adidas trade mark contains the following description: "The mark consists of three parallel equally-spaced stripes applied to footwear, the stripes positioned on the footwear upper in the area between the laces and the sole".

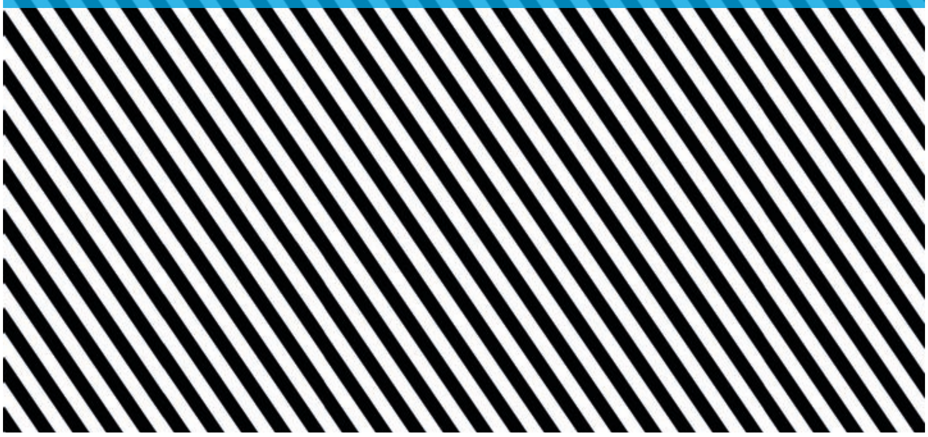
General Court decision

The main points of interest in the General Court decision focus on:

Reputation

The evidence of use provided by adidas included; turnover figures, surveys on market share, together with confirmation of their reputation from national court decisions. Most notably, their German market share is over 25%. In Spain, recognition of the mark is over 60%, rising to 80% for people between 15 to 34 years. In Sweden, immediate association is over 70%. Adidas' sponsorship deals included high profile sporting events, such as the 1998 World Cup (in France), the 2000 European Championship (in Belgium and the Netherlands), the 2002 World Cup (in South Korea and Japan). Football team sponsorship included FC Bayern and Real Madrid. The General Court confirmed that this evidence supported the position that Adidas enjoyed a reputation in their position trade mark.

Adidas is the owner of the well known three stripe trade mark



Unfair advantage

Evidence was provided by adidas showing that the applicant had alluded to their trade mark in an advert.

The slogan that was used was "two stripes are enough" and had been used in Spain and Portugal (albeit by a predecessor in title). The court found that the slogan sought to call to mind the earlier mark, known to the consumer by its reputation and suggested that the goods sold under the 2-striped mark had qualities equal to those sold by adidas under their 3-striped mark. The court found that the promotional campaign must be regarded as an attempt to exploit the reputation of the earlier trade mark. Such behaviour, identified in the course of actual use of the marks similar to the mark applied for, constituted a particularly relevant concrete element to the purposes of establishing the existence of a risk of unfair advantage being taken of the repute of the earlier trade mark.

Due cause

The applicant argued that its trade mark had been used over a long period of time and the trade marks co-existed.

The court found that the alleged co-existence was not peaceful because adidas had filed a number of oppositions to their trade marks in a number of member states. Also, the co-existence needs to be throughout the European Union. The applicant's evidence of earlier use was inconsistent. However, because use was not through the whole European Union, it was not able to help them. The applicant's appeal was dismissed in its entirety.

Author:
Helen Cawley

In short

Any reference made to a trade mark with a reputation is likely to be counted against you. Even where the third party trade mark itself is not expressly stated. In order to establish due cause by relying on co-existence, firstly, this must be peaceful and secondly, it must be throughout the whole of the European Union.

Crocs Inc v EUIPO
Lack of novelty

Case details at a glance
Jurisdiction: European Union
Decision level: General Court
Parties: Crocs Inc v EUIPO and Gifi Diffusion
Date: 14 March 2018
Citation: T-651/16
Full decision (link): dycip.com/crocs-generalcourt

Crocs Inc loses its appeal before the General Court resulting in the invalidation of its EU Community design for its famous foam clogs.

This case concerns Crocs Inc's EU Community design for plastic summer clogs

Case history

Gifi Diffusion (Gifi) applied to invalidate the contested design (below) claiming it lacked novelty as a result of the applicant's disclosure of the design prior to the 12-month period preceding the date of priority.

Gifi identified three specific disclosure events, namely:

1. the clogs were exhibited at a boat show in Fort Lauderdale, Florida;
2. 10,000 pairs of clogs had been soled, and
3. the clogs had been disclosed on the applicant's website.

In support of its claim, it exhibited printouts from the applicant's website which showed the clogs had been put on the market in July 2002 and exhibited in November 2002 at the aforementioned boat show; by 2003, "Crocs had become a *bona fide* phenomenon, universally accepted"; and a clog with a heel strap marked "© 2003".

The Invalidity Division dismissed the application finding, inter alia, that insufficient evidence of prior disclosure had been provided. The decision was appealed before the Board of Appeal of the EUIPO which annulled the Invalidity Division's decision, declaring the contested design invalid, and therefore resulting in Crocs's appeal before the General Court.

The Crocs of the case

In support of its appeal, Crocs pleaded the following:

1. The Board of Appeal's admission of evidence that had been filed before it for the first time infringed Article 63(2) of Regulation No 6/2002; and
2. The disclosures in question concerned events which could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned and operating within the EU, (the specialised sector) within the meaning of Article 7(1) of Regulation No 6/2002.

Crocs argued, *inter alia*, its website was searched only by customers from Florida and Colorado and could not, therefore, reasonably have become known to the specialised sector as a) neither the applicant nor the address nor even the existence of its website was known to the specialised sector, b) it demonstrated there weren't any links to the applicant's website on other websites at the time, and c) the applicant's website could not be found using search engines.

In dismissing the first plea, the General Court stated, *inter alia,* that:

- two of the exhibits submitted before the Board of Appeal were not "new" evidence, but simply better versions of previously submitted exhibits;
- the remaining contested exhibits could not, similarly, be regarded as "new" evidence but rather as additional to the evidence already submitted as these merely corroborate the facts already filed before the Invalidity Division; and
- these were relevant to the outcome of the proceedings before the Board of Appeal.

In dismissing the second plea, the General Court took a two-step approach, namely, it looked at whether the contested design had been disclosed to the public and, if so, could the disclosure reasonably have been known in the normal course of business in the specialised sector, that is professionals in the trade and manufacture of footwear within the EU? In reaching its decision, it made the following observations:

- the fact the website was technically accessible worldwide was not disputed;
- the applicant had failed to establish the requisite legal standard that its website, and/or the contested design, could not reasonably have become known in the specialised sector as a) it was not apparent from the evidence that the website could not be found by searching for the word 'crocs', b) the website could have become known by other means than through a search engine, such as, the exhibition at the boat show, (c) the boat show was an important international event making it unlikely for EU professionals from the footwear industry not to have become aware of the contested design, and (d) the clogs had been put on sale across a number of US states making it unlikely, given the important for the EU market of commercial trends in the US market, that it went unnoticed in the specialised sector; and
- Article 7(1) of Regulation No 6/2002 did not provide for any quantitative threshold with regard to actual knowledge of the disclosure events, contrary to the applicant's claim.

The appeal was therefore dismissed in its entirety and the contested design declared invalid.

Author:
Alban Radivojevic

Related article
CROCS EU design: risks of prior disclosure worldwide, Richard Willoughby, March 2018: dycip.com/crocs

Junek v Lohmann & Rauscher

Is the application of a label to a pack repackaging?

Case details at a glance
Jurisdiction: European Union
Decision level: Court of Justice
Parties: Junek Europ-Vertrieb GmbH v Lohmann & Rauscher International GmbH & Co KG
Date: 17 May 2018
Citation: C-642/16
Full decision (link): dycip.com/junek-lohmann

In Junek Europ-Vertrieb v Lohmann & Rauscher International, Case C-642/16 the Court of Justice of the European Union (CJEU) offers some useful guidance for brand owners and parallel importers alike.

Lohmann & Rauscher International is a German company, manufacturing dressings and retailing them under the brand DEBRISOFT. It owns the European Union trade mark for DEBRISOFT for the goods.

Junek Europ-Vertrieb is an Austrian company which parallel imports products sold under the brand DEBRISOFT from Austria to Germany. In doing so, Junek Europ-Vertrieb affixed on packaging a label featuring the following information: the company responsible for the importation, its address and telephone number, a barcode and a central pharmaceutical number. The label was applied neatly to an unprinted part of the box and did not conceal the mark of Lohmann & Rauscher International. This is shown below.

Art 15 Regulation 2017/1001 states that an owner of an EU trade mark is not entitled to prohibit the sale of goods already put on the market in the European Economic Area with its consent. This does not apply, however, where "the condition of the goods is changed or impaired after they have been put on the market."

Junek Europ-Vertrieb neatly affixed a label on an unprinted part of the box

In Bristol-Myers Squibb and Boehringer Ingelheim the CJEU gave guidance on the predecessor to this article where labels were being placed on the packaging of pharmaceutical products. It concluded that the trade mark owner was entitled to prevent this unless, among other things:

- It is shown that the repackaging cannot affect the original condition of the product inside the packaging;
- The new packaging states clearly who repackaged the product and the name of the manufacturer;
- The presentation of the repackaged product is not such as to be liable to damage the reputation of the trade mark and of its owner; thus, the packaging must not be defective, of poor quality, or untidy; and
- The importer gives notice to the trademark proprietor before the repackaged product is put on sale, and, on demand, supplies him with a specimen of the repackaged product.

Junek Europ-Vertrieb did not give Lohmann & Rauscher International prior notice of the importation of the product concerned and also had not supplied it with the modified packaging of the product with the contested label affixed. Lohmann & Rauscher International therefore commenced trade mark infringement proceedings.

The claim progressed to the Bundesgerichtshof (Federal Court of Justice, Germany), which referred the following (paraphrased) question to the CJEU: "Do the BMS guidelines apply to medical devices?"

The CJEU held that the application of the BMS guidelines were not restricted to pharmaceutical products. It, however, drew a distinction between the case at hand and Bristol-Myers Squibb and Boehringer Ingelheim. In particular, it held: "… the parallel importer has merely affixed an additional label to the unprinted part of the original packaging of the medical device in question … the label is small in size and included, as the only information provided, the name, address and telephone number of the parallel importer, a barcode and a central pharmacological number … it cannot be held that the attachment of such a label constitutes repackaging within the meaning of [Bristol-Myers Squibb and Boehringer Ingelheim]"

Author:
Antony Craggs

In short

It follows that the re-labelling described above is unlikely to be held to be trade mark infringement. This is likely to give parallel importers more latitude in their approach and, crucially, trade mark owners no notice of some imports into the respective member state.

And finally...

Seniority moment
Peek & Cloppenburg

Seniority is a quirk providing that the holder of a national mark registered in an EU country who files a later EU trade mark (EUTM) for the same mark may surrender the earlier mark and claim seniority from it under the EUTM – the owner then enjoys the same rights that they would if the earlier mark remained registered.

In this case, an EUTM claimed seniority from two German registrations which were subsequently surrendered. The claimant sought an order that the EUTM owner could not claim seniority, arguing that when they were surrendered they could also have been cancelled due to revocation, or invalidated by earlier rights.

The CJEU considered whether the conditions for revocation/invalidation needed to apply both when the marks were surrendered and on the date of the last hearing before the court dealing with the revocation/invalidity.

The Directive does not stipulate when to assess whether the conditions for invalidity/revocation have been met – nevertheless it was clear that the assessment is to determine retrospectively whether those conditions had been met on the date when the earlier mark was surrendered/lapsed. To assess the position also when a cancellation ruling is made was not compatible with the Directive.

The CJEU noted that seniority creates a fiction whereby an EUTM owner may continue to enjoy, in a particular country, protection afforded by an earlier national mark which has been cancelled – not to enable that mark to continue to exist. Any use of that mark after cancellation must be regarded as use of the EUTM (not of the cancelled mark). This cases raises an academic point that does not arise often in practice. However, with Brexit imminent, what happens to UK national marks that have been allowed to lapse as part of a seniority claim when the pertinent EUTM is no longer deemed to cover the UK will need to be assessed in due course. This case may give an idea of how the CJEU may interpret such issues going forward.

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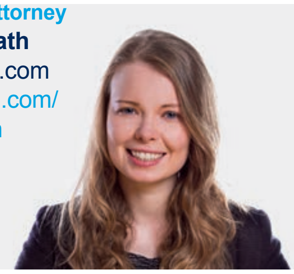

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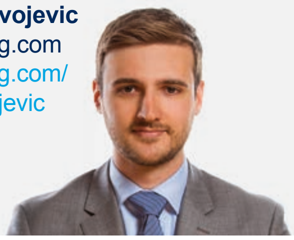

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