



CONCEPT

Without prejudice threats are not threats

Welcome

Welcome to the Summer 2010 edition of **Concept**, the news bulletin from Burges Salmon's Intellectual Property and Technology Team.

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The High Court has recently ruled on the scope of the "idle threats" provisions in section 21 of the Trade Marks Act 1994.

Section 21 permits any aggrieved person to bring an action against a party making groundless threats of trade mark infringement proceedings, subject to certain threats which are excluded.

Best Buy applied to register a Community Trade Mark, which was opposed by Worldwide Sales who owned similar trade marks. In an attempt to reach a negotiated settlement, Best Buy invited Worldwide Sales to discuss the terms of a co-existence agreement. Worldwide Sales' letter in response indicated a willingness to compromise, but asserted that the use of Best Buy's mark would amount to trade mark infringement and demanded wide-ranging undertakings if Best Buy was not prepared to negotiate. A meeting was held but did not produce an agreement, following which Best Buy issued proceedings under section 21, claiming that

Worldwide Sales' letter amounted to a groundless threat.

The Court held that section 21 extends to Community as well as UK trade marks, insofar as the threatened proceedings are proceedings in the UK. In this case, a threat to sue in the UK was implied.

Furthermore, the undertakings demanded in the letter implied that the threatened proceedings would be wide-ranging and therefore these were not excluded from section 21.

However, the Court held that the letter sent by Worldwide Sales was without prejudice: although it was not expressly marked as such, it was part of a genuine attempt to reach a negotiated settlement. The threatened proceedings amounted to an assertion by Worldwide Sales of the strength of its position, which was to be expected during negotiations. Because the letter was without prejudice, the action for unjustified threats failed.

Henry cleans up in replica vacuum cleaner case

The High Court has recently ruled that Numatic International Ltd owns protectable goodwill and reputation in the combination of features of its well-known Henry vacuum cleaner, consisting of the "Henry" name coupled with the black domed lid (reminiscent of a bowler hat), brightly coloured base and smiley face.

By exhibiting (but not selling) a prototype replica vacuum which did not use the "Henry" name or smiley face but did use the bowler hat top and coloured base, Qualtex UK Ltd was liable in passing off. It amounted to a misrepresentation which was likely to lead the public to believe that the goods being offered were those of Numatic. There was no evidence of actual confusion, because no products had been sold. However, Qualtex was threatening to launch the prototype into the market and Numatic was able to establish a likelihood of confusion if this happened.

The case demonstrates that it is possible to acquire reputation and goodwill, not only in a name, but also in the



get-up or shape of a product, independent of any design rights. In this instance, survey evidence was used to show that the Henry cleaner was seen by the public as having the appearance of "a small, rather rotund and cheeky chappie", and to that extent denoted that the goods came from a particular source. The omission of the face and Henry name was not sufficient for Qualtex to avoid passing off because there was a real likelihood that at least some members of the public would buy the replica product thinking it was a Henry vacuum cleaner.

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Smell-alikes: Bellure “muzzled” by L’Oréal

“...the reference to L’Oréal’s trade marks in Bellure’s comparison lists was for advertising purposes and was not, therefore, purely descriptive.”

The Court of Appeal has slammed an ECJ ruling preventing Bellure from truthfully stating that its lawful perfumes smell like corresponding L’Oréal brands.

L’Oréal brought an action for trade mark infringement against Bellure, which manufactured “smell-alike” perfumes and used comparison lists containing L’Oréal’s trade marks as a marketing tool. These lists identified which of L’Oréal’s more expensive and prestigious perfumes matched Bellure’s equivalent and cheaper version. Following the ECJ judgment in June 2009 on several issues referred to it by the Court of Appeal, the case returned to the Court of Appeal this year for a final decision on the facts.

The Court of Appeal was clearly concerned about the potential of the ECJ’s decision to restrict legitimate competition, and the effect it would have on consumers with limited spending power. However, it was nevertheless bound to follow the higher court’s ruling.

It therefore confirmed that the reference to L’Oréal’s trade marks in Bellure’s comparison lists was for advertising purposes and was not, therefore, purely descriptive. Although comparative advertising is permitted in certain circumstances, that was not the case here because the comparison lists amounted to a representation that Bellure’s products were imitations of L’Oréal’s. Consequently Bellure had infringed L’Oréal’s rights.

In addition it held that Bellure’s use of L’Oréal’s trade marks amounted to “free-riding” on their reputation, and as such took unfair advantage of the distinctive character or repute of the marks. Again the Court of Appeal was critical of the ECJ’s failure to distinguish between fair and unfair free-riding, but was bound to follow its decision.

The Court of Appeal recommended an urgent review of trade mark law. In the meantime, the ECJ’s protectionist approach could impact any comparative advertising.

No right to resell perfume testers

The Community Trade Mark Regulation (CTMR) prevents the owner of a Community Trade Mark from prohibiting use of the CTM *“in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent”*.

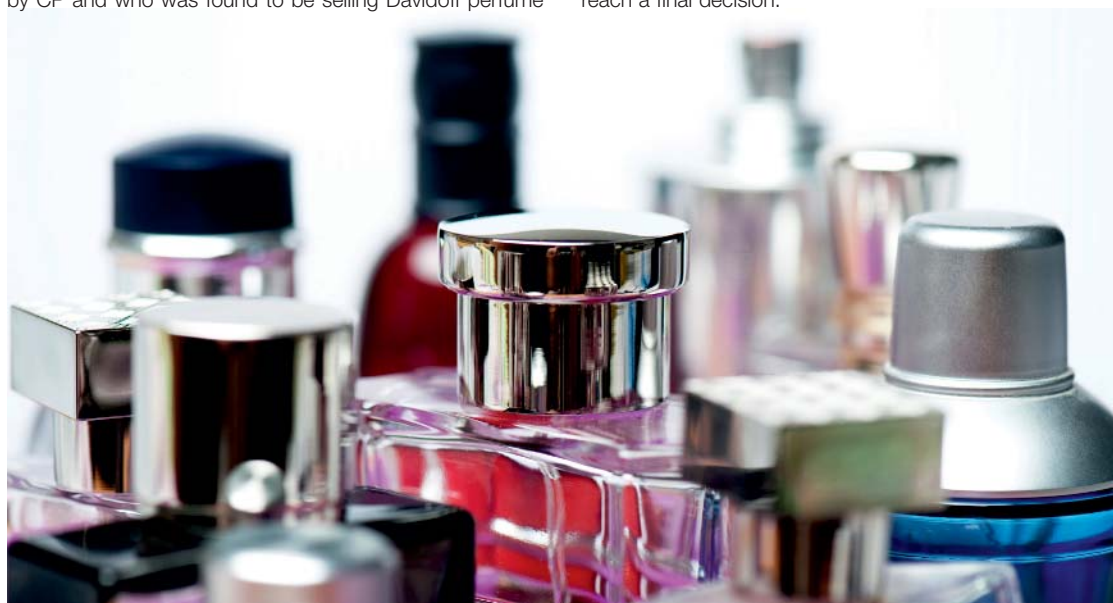
Coty Prestige (CP), the manufacturer of perfumes such as Joop!, Davidoff and Calvin Klein, markets its products through selected authorised dealers. In doing so, it supplies its dealers with perfume testers labelled “Demonstration” and “Not for Sale”. CP’s agreement with its dealers states that CP retains ownership of those testers.

CP brought a claim of trade mark infringement against Simex Trading, a perfume dealer who was not authorised by CP and who was found to be selling Davidoff perfume

testers that had originally been delivered by CP to its authorised dealers in Singapore and the Middle East, and who in turn had supplied them into Europe.

Simex claimed that it was entitled to sell the testers on the basis that by making the testers available to its dealers outside Europe, it had impliedly consented to further sales into Europe, and that as such CP’s trade mark rights within Europe had been exhausted.

On a referral from the German courts, the ECJ decided that labelling the testers “Not for sale” was a decisive factor against a finding of implied consent to the sale of the perfume testers in Europe. This is contrary to the previous finding of the German courts, who will now be required to reach a final decision.



Red card for infringers of copyright in football fixture lists

The High Court has recently confirmed that English and Scottish football fixture lists are protected by copyright (but not by any “database right”).

The case was brought by organisations responsible for the creation of football league match fixtures in Scotland and England, who alleged that the defendants had been using their fixture lists without licence and in breach of copyright. The issue for the court was which rights, if any, subsisted in the fixture lists.

Compilations of data can be protected in two ways. Firstly, by copyright as a literary work under section 3A of the Copyright, Designs and Patents Act 1988. This protects databases that constitute the author’s own intellectual creation by virtue of the selection or arrangement of their contents. Secondly, as a “database right”, under the Copyright and Rights in Databases Regulations 1997, which gives protection to those who put substantial investment into obtaining, verifying and presenting the contents of a database.

In this case, the High Court held that fixture lists were not protected by the database right, as the claimants were involved primarily in creating the data, and any extra effort in obtaining, verifying or presenting the data was trivial. However, the judge held that the fixture lists were protected by copyright; the process of selecting and arranging the contents of the database involved the author’s own intellectual creation and significant labour and skill meaning another person could have come up with a different list.



“This recent decision that football fixture lists are protected by copyright will be welcomed by UK football organisations...”

This recent decision that football fixture lists are protected by copyright will be welcomed by UK football organisations (and other institutions producing similar fixture lists) and confirms their rights to charge a licence fee for the use of their lists.

No single meaning rule in malicious falsehood

Malicious falsehood, which in relation to a business is sometimes known as slander of goods, is a claim that frequently arises in relation to disparaging comments made by one party about a competitor’s products. To succeed, any claim must prove that the comments were both false and made maliciously, ie made knowing they were false or being reckless as to their truth.

Until recently, it had been considered that where the comments were capable of being understood as having two meanings, then in a malicious falsehood case the court should base its decision on just one of those meanings. This is known as “the single meaning rule”.

However, the Court of Appeal recently held that the single meaning rule did not apply to claims of malicious falsehood. Asda sold own-label health food products which were labelled “No hidden nasties” and “No artificial colours or flavours and no aspartame”. Ajinomoto, a manufacturer of aspartame, alleged that consumers would

understand this to mean there is a risk that aspartame was harmful or unhealthy (which is incorrect). Asda’s defence was that the words simply meant that its health foods were for customers who found aspartame objectionable.

The High Court had ruled that different Asda’s customers were likely to understand either one or other of these meanings. Applying the single meaning rule, the Court felt bound to base its decision on Asda’s non-defamatory meaning and dismissed Ajinomoto’s claim.

However, the Court of Appeal held the single meaning rule had no place in malicious falsehood cases and was unjust. It would deny Ajinomoto any right to compensation where it had been established that some consumers would have adopted Ajinomoto’s understanding of the labelling.

The abolition of this rule means that businesses need to take even more care when making statements or comments about third party goods or services.

Bad faith in .eu domain name registrations

Under EU regulations, an .eu domain name can be revoked where it is identical or confusingly similar to a name in which there are earlier established rights, and where the name has been registered in bad faith. The ECJ has recently considered the meaning of “bad faith” in the case of *Internetportal und Marketing GmbH (IMG) v Richard Schlicht*.

When introduced in 2005, there was an initial “sunrise period”, during which .eu domain names could initially only be registered by parties with prior rights in the relevant names. IMG applied to register the Swedish trade mark &R&E&F&E&N& shortly before the sunrise period started. However, “&” is a special character that cannot be used in domain names. As a result, under .eu transcription rules, IMG was able to rely on its Swedish trade mark (minus the “&”s) to register “reifen.eu” during the sunrise period.

Richard Schlicht was the owner of a Benelux trade mark for REIFEN, and argued that IMG had registered reifen.eu in bad

faith. The .eu arbitration court agreed, finding that IMG had no intention of using its Swedish trade mark for the goods against which it was registered. IMG had sought to take advantage of the sunrise period through use of the transcription rules, in a series of applications to register domain names. IMG appealed several times and ultimately the Austrian Court referred a point of law relating to the meaning of bad faith to the ECJ.

The ECJ ruled that, when assessing bad faith, the national court must take all relevant factors into consideration, in particular, the conditions under which registration of the trade mark was obtained and those under which the .eu domain name was registered.

This ruling means not only that IMG’s appeal is likely to be dismissed, but that many more .eu domain names may be susceptible to challenge in the future.

IPO leads world with new patent “fast track” procedure



On 28 May 2010, Prime Minister David Cameron announced a new fast track procedure for approving international patent applications.

The move is designed to help British inventors to protect and commercialise their inventions far quicker. The UK is one of the first countries to introduce a “fast-track” scheme and it is expected that the new procedure will cut waiting times for a patent that has already received a positive International Preliminary Report on Patentability (IPRP) by more than a year.

The fast-track applies to applications under the Patent Cooperation Treaty (PCT). The UK is party to the PCT along with 141 other states. The PCT allows applicants to file a single international patent application for protection in many different countries in accordance with one set of rules and ultimately obtain an IPRP (this process is known as the international phase).

Following issue of a positive IPRP, the application is passed back to the individual countries where the applicant hopes to gain protection (the national phase). It is the UK’s “national phase” that will be speeded up under the fast-track procedure because in theory the international phase should have ironed out any major issues with the application.

In a statement, the IPO said that, “*applicants requesting the fast track service will receive an examination report within two months. Under current timescales this could take more than 18 months.*”

The service applies from 28 May 2010 for existing PCT applications that have already entered the national phase as well as new applications entering the national phase from 28 May 2010 onwards. The IPO advises that applications are marked “URGENT – ACCELERATED PROCESSING REQUESTED” to ensure the correspondence is dealt with swiftly.

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