

# 02 Concept

Summer 2016

Welcome to the Summer 2016 edition of *Concept*, the news bulletin from Burgess Salmon's Intellectual Property Team.

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## UK Intellectual Property Office's 2020 vision

The UK IPO has published a document titled [IP Enforcement 2020: protecting creativity and supporting innovation](#) which sets out the government's strategy for effective, proportionate and accessible enforcement of IP rights over the next four years.



To address current challenges, the IPO's strategic aims focus on:

- Reducing the level of illegal content online
- Tackling the trade in counterfeit goods
- Further strengthening the legal framework to facilitate access to justice
- Increasing education, awareness and building respect for IP
- Making it safer for UK rights holders and businesses to trade internationally
- Improving the evidence base.

One key idea for enforcement is move to "notice and takedown", which would let rights holders take action directly against the identified infringer.

The document also revealed industry concern over set-top boxes and Internet Protocol Television (IPTV) which are increasingly facilitating illegal streaming.

Further powers are requested in relation to forcing payment providers to stop acting once they have been notified of an infringing site. The IPO plans to lobby parliament through the provision of evidence compiled using accurate data.

Education at all levels is a theme throughout the document, particularly educating children and students to promote greater respect for IP. Additionally, it promotes educating and engaging with international enforcement agencies, to increase confidence and encourage UK businesses to trade in countries such as Brazil, China and India.

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# Trade Mark applicant finds itself up the Creek

The Appointed Person (“AP”) has overturned a decision of the UKIPO, which had dismissed an opposition against the sign *Newport Creek*, on the basis of an earlier registration for *Newport*. The appeal turned on a discussion of how to assess the inherent distinctiveness of an earlier mark, and also how to measure conceptual similarity.

The Hearing Officer in the original decision observed that *Newport* is the name of at least three geographical locations in the UK, concluding that it was therefore of an inherently low level of distinctiveness. The Opponent contested this on appeal.

According to the Hearing Officer, case law states registered trade marks must be considered to have at least a minimum degree of distinctive character,

that *Newport* is the name of several geographical locations and accordingly *Newport* is of a low level of distinctiveness. It was not clear from this reasoning, the AP concluded, why the conclusion was reached: just because a registered mark must be afforded at least a minimum level of distinctiveness, there is no reason for it to only be a minimum level.

**Having overturned those factors, the AP therefore found there was a likelihood that consumers would be confused and upheld the appeal.**

There was no evidence *Newport* was particularly known for the goods at issue. Many geographical locations could be highly distinctive for some goods. As such the Hearing Officer’s approach was flawed

and the AP was entitled to reassess it, concluding *Newport* was of a medium degree of distinctiveness.

Since the Hearing Officer’s conclusions on conceptual similarity were explicitly based on the lack of distinctiveness, these too were in error and a medium level of similarity exists.

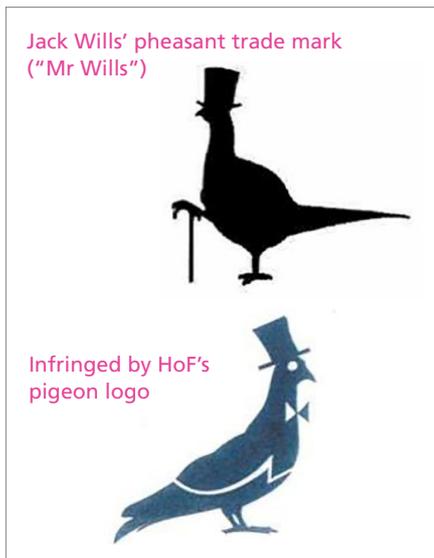
The original finding of no likelihood of confusion was due to visual and aural similarities being mitigated by absence of conceptual similarity and low distinctiveness of the earlier mark. Having overturned those factors, the AP therefore found there was a likelihood that consumers would be confused and upheld the appeal. The *Newport Creek* application was refused.



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# Guidance on amount of profits payable by infringer in clothing case

The High Court has ruled on the amount of profits House of Fraser (Stores) Ltd had to pay to Jack Wills Ltd, following an earlier finding that HoF had infringed Jack Wills' pheasant trade mark for clothing, through the use of a pigeon logo on men's clothing:



HoF infringed Jack Wills' pheasant trade mark for clothing, through the use of a pigeon logo

HJ Pelling QC determined that Jack Wills was entitled to 41% of the profits made by HoF from the sales of the infringing goods, setting out two applicable principles when considering a trade mark proprietor's entitlement to an account of profits: (1) the remedy is not penal; and (2) a party who elects to accept an account of profits in preference to damages is required to take the infringer as it finds it.

The judge also applied the principle restated by the Court of Appeal recently in *Design & Display Ltd v Ooo Abbott* (a patent case), that the infringer was entitled to set off a proportion of its general overheads that were attributable to the infringement, if those overheads would have otherwise been used to sustain a non-infringing business.

**On the facts of this case the infringing logo appeared on part of the garment, but there was no evidence that the inclusion of the logo had any significant or lasting effect on the sales of the garments concerned.**

The judge also confirmed that in cases where the infringement does not "drive" the sale there must be an apportionment of profits to reflect those profits properly attributable to infringing use of the mark, not all the profits derived from the sale of the item. On the facts of this case the infringing logo appeared on part of the garment, but there was no evidence that the inclusion of the logo had any significant or lasting effect on the sales of the garments concerned.

Damages or accounts of profits rulings are relatively rare in IP cases, since in the majority of cases the parties are able to reach a commercial agreement on the amount payable. Guidance from these cases is therefore to be welcomed, but determining an account of profits in each individual case will still be heavily dependent on its own facts.

## Mobiles, SEPs and FRAND

Unwired Planet has a portfolio of patents for mobile phone technology, many of which are SEPs meaning they are essential to a telecoms standard. In 2014 they brought proceedings for patent infringement against Huawei and Samsung. The litigation has been split into several distinct trials. The first five on the technical aspects of the dispute will all have been heard by the end of July and the sixth, the non-technical trial, is expected to last for three months and is due to start in the autumn. Costs are expected to reach £50 million. The non-technical trial relates to counter-claims by Samsung and Huawei for breaches of competition law and disputes over what the terms of a FRAND (fair, reasonable and non-discriminatory) licence for the patents would be. FRAND arises on two bases, under competition law but also as a matter of contract under the ETSI IPR policy (ETSI is the European standard setting body for telecoms) which is enforceable by

third parties. Unwired Planet has accepted that it owes an obligation to ETSI, to offer licences under FRAND terms.

Samsung applied to transfer the competition aspects of the non-technical trial to the Competition Appeal Tribunal under section 16 of the Enterprise Act 2002. Mr Justice Birss declined the application on the basis that the transfer, leaving the related contract claims in the High Court, would be "a recipe for confusion". So, he will deal with FRAND in the High Court without the assistance of an economist sitting with him.

Importantly, the judge has recognised that the issues raised by FRAND and SEPs have been a problem in the telecoms sector for many years. Most cases do not reach court or are decided in arbitration so, unless it settles, the Unwired Planet portfolio is going to be a significant test case on FRAND terms. The court is



Unwired Planet has a portfolio of patents for mobile phone technology

expected to look at various issues including royalty rates, whether a patent holder can offer a portfolio licence only and not individual licences for SEPs, and whether the licence can be worldwide or must be offered for particular territories. The case should provide helpful guidance to those negotiating IP licences.

# Industrially manufactured artistic works to be protected for 70 years

The repeal of Section 52 of the Copyright, Designs and Patents Act 1988 (CDPA) comes into force on 28 July 2016 and the transition period will end on 28 January 2017. The repeal has been expedited due to the outcome of a consultation showing that the transition period was excessive.

Section 52 deals with artistic works which have been industrially manufactured. It limits copyright protection for these types of artistic works to 25 years when more than 50 copies have been made. This is shorter than the 70 years of protection after the death of the creator for other artistic works. The section has been repealed to give industrially manufactured artistic works the same rights.

From 29 July 2016 no new copies of affected artistic works may be made or imported unless:

- The rights were contracted before the publication of the consultation document at 16.30 on 28 October 2015
- The rights holder has granted permission
- An exception to copyright applies under the CDPA 1988.

From 28 January 2017 no works created in reliance on Section 52 should be dealt with. From this date the works must be sold or destroyed or authorised by the rights holder unless the work falls within an exception to copyright under CDPA 1988.

The Government has provided **guidance for affected individuals, organisations and businesses.**



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## Can you keep a secret?

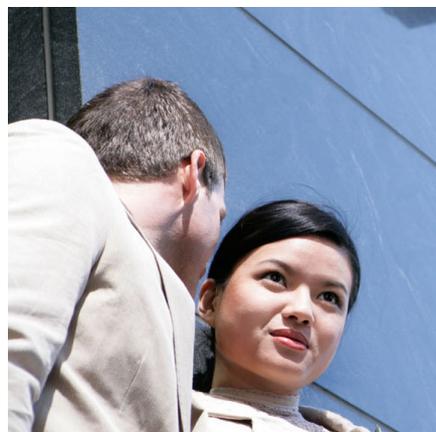
The EU Council has adopted the Trade Secrets Directive, setting minimum standards for protection against the unlawful acquisition, use and disclosure of trade secrets across EU member states.

The Directive defines a trade secret as information that:

- is secret, in that it is not generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;
- has commercial value because it is secret; and
- has been subject to reasonable steps to keep it secret.

The Directive requires member states to provide procedures and remedies to make civil redress available against the unlawful acquisition, use and disclosure of trade secrets. Unlawful use of a trade secret includes the production, sale, import, export or storage of infringing goods (goods whose design, manufacture or marketing significantly benefit from unlawfully acquired, used or disclosed trade secrets).

There is clarification in the Directive that the acquisition of a trade secret through independent discovery, by disassembly or



Protecting against the unlawful acquisition, use and disclosure of trade secrets

testing of a product that has been made available to the public, or by other practices that conform with honest commercial practices, shall be considered lawful.

The Directive will come into force 20 days after publication in the Official Journal, and member states then have two years for implementation. The UK Parliament has previously concluded that current UK law is compatible with the proposed Directive, which suggests that we are unlikely to see significant new UK legislation concerning trade secrets.

However, since the UK's law on breach of confidence, which protects trade secrets, can be found in common law, it seems inevitable that the compatibility of existing case law will be tested in the Courts.

The requirement for judges to interpret existing case law in line with the Directive could well result in changes to the law. For example, the requirement that the information has been subject to reasonable steps to keep it secret, could lead to an additional hurdle for trade secret holders beyond the current test that information was imparted in circumstances in which an obligation of confidence arises.

Businesses should review the measures used for the protection of trade secrets and consider whether these are likely to be considered reasonable by the Courts.

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Following the UK's recent Brexit referendum, the extent to which the Directive will now be implemented remains (along with much else) unclear. Burges Salmon will closely monitor the position.

# No likelihood of confusion between *Timex Yacht Racer* and Rolex's *Yacht-Master*



Timex and Rolex, along with several other watchmakers, offer specialised watches for sailing

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Rolex makes the *Yacht-Master*, and has an EU trade mark and two international registrations for that word mark in respect of watches and watch parts. Timex applied in April 2014 to register the word mark *Timex Yacht Racer* as an EUTM for identical goods. Rolex successfully opposed and Timex then appealed.

The EUIPO decided that there was only low visual and aural similarity between the marks, and that the conceptual difference between “*Racer*” and “*Master*” could not be overcome by the weakly distinctive word “*Yacht*”.

Rolex argued that its mark had an enhanced level of distinctiveness, but in fact all the evidence it submitted of publications and adverts referring to *Yacht-Master* showed that the mark was only used in conjunction with its name – i.e. “*Rolex Yacht-Master*”. Any enhanced

distinctiveness had only been gained in association with the Rolex mark.

Also, the evidence provided appeared to be intended for a small, very exclusive section of the public – certainly not for the relevant public at large – and in the absence of circulation data to show

otherwise, Rolex could not establish that its earlier mark was known by a significant part of the relevant public.

EUIPO therefore concluded that there was no likelihood of confusion between the two marks and Timex’s appeal was allowed.

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