

# 03 Concept

Autumn 2016

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

For further information on our Intellectual Property Team and the services we offer, please use the contact details on the back page.

To receive your own copy of *Concept*, please send your details to [marketing@burges-salmon.com](mailto:marketing@burges-salmon.com).

## Is it your name, or a brand name?

Karen Millen, the founder of the well-known fashion brand of the same name, has lost a High Court ruling regarding the right to use the name "Karen Millen".



Ms Millen co-founded the women's clothing brand "Karen Millen" in 1981 and sold the business in 2004. The terms of the Sale and Purchase Agreement (SPA) prevented Ms Millen from using Karen Millen Intellectual Property Rights in the course of business and prevented her from using the name Karen Millen or any other name confusingly similar e.g. KM or K.Millen in connection with any business which was similar to or competed with the original business.

Ms Millen brought the action against the owners of the fashion brand to seek a set of declarations that would allow her to launch businesses in the US and China using the names Karen and Karen Millen, without breaching the SPA. In particular, Ms Millen sought a declaration that she could launch a business under the name Karen Millen in the US selling homewares

such as bedlinen but not women's apparel or women's fashion accessories. Ms Millen also sought a declaration that she could use the name Karen (i.e. without the Millen), with/ without stylised elements in respect of goods and services that would not be confusingly similar to Karen Millen. The High Court ruled that in relation to the USA and China, the use of the Karen Millen marks and Karen marks would be in breach of the SPA.

For designers utilising own name brands this case highlights how selling the company can mean losing the right to use your own name. They should carefully consider their future business plans before selling the business, to ensure that the SPA makes sufficient provision for freedom they may want in their next venture.

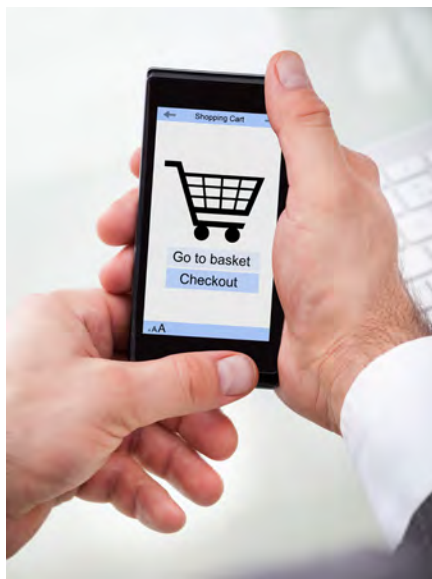


# Cartier revisited: Blocking injunctions for trade mark cases confirmed

We previously **reported** the High Court judgment of Arnold J in *Cartier and Others v BskyB and Others* [2014] EWHC 3354 (Ch), which confirmed that the Court has jurisdiction under s.37(1) of the Supreme Court Act 1981 to issue a blocking injunction against intermediaries (ISPs) in respect of website advertising and sale of counterfeit goods that infringe third parties' trade marks.

The ruling was appealed by the ISPs and the Court of Appeal handed down its judgment in early July. The Court confirmed Arnold J's ruling was correct and upheld it in its entirety.

Endorsing the earlier approach, Kitchin LJ stated that the Court's discretion under s.37(1) was not unlimited and that it must be exercised in accordance with EU law, namely the Enforcement Directive and the E-Commerce Directive. In particular, four



threshold conditions, identified by Arnold J (and set out in our earlier piece) had to be satisfied, and key principles also had to

be taken into account, before a blocking injunction could be granted. Kitchin LJ was satisfied that all of the threshold conditions had been met in the case and that Arnold J's assessment of the key principles (again outlined in our original article) was also correct.

Finally, Kitchin LJ dismissed the ISPs' contentions that the first decision had failed to carry out a fair assessment of alternative measures to blocking injunctions, such as notice and take down procedures.

Whilst the Court of Appeal's ruling will be welcomed by brand owners, it will not be attractive to ISPs, who not only face the risk of being subject to such orders in the future, but as matters currently stand, will also have to bear the cost of implementing them.

---

## Exploitation of orphan works

The UK's scheme for the licensing of orphan works, i.e. copyright works where the owner is either unknown or cannot be located, came into operation in 2014 (discussed in an earlier edition of Concept **here**).

Since the scheme launched the IPO has issued guidance on the applications, diligent searches, appeals and the process for returning rights holders. The **latest** guidance just published is in relation to licences, both non-commercial and commercial.

Businesses will be interested in a licence for commercial use which covers any use that makes money from the work, whether the charges are intended to make a profit or just cover costs. There is an application fee to pay depending on the number of works applied for and the online application process will calculate the licence fee based on the type of work (such as a photograph, literary work, film or sound) and the use or uses. Licence fees are set by looking at the prices charged for using similar non-orphan works in the same way.



The application process is set up so an applicant can amend requirements right up to the point of submission, giving the potential to reduce fees by changing the proposed use. The licence fee is held by the IPO on behalf of the absent right

holder for a period of up to 8 years. A licence facilitates creativity, provides certainty in relation to licence terms and cost in advance and eliminates the business risk of rights holders coming forward once use is made of a copyright work

# From start-up to global powerhouse

In a guest piece, **Ed Burnand**, a Partner at AB, discusses his experiences taking a brand global.

AB is a creative communications agency that assists businesses to become fit for globalisation. AB has worked with Burges Salmon on a number of naming and IP projects.

Taking your business global is both daunting and rewarding. AB had a recent success with an Israeli tech company called Clarisite. We established their brand model, created a compelling story and relaunched them as Glassbox ([www.glassboxdigital.com](http://www.glassboxdigital.com)).

After receiving a \$5m investment by a venture capitalist in late 2015, Clarisite realised they needed to up their game if they wanted to go global. AB was appointed to rebrand/rename the company. The name Glassbox reflects transparency and emphasises the power of their core product; to record and analyse a customer's digital experience.

Glassbox had several key objectives for their reinvigorated brand – mainly to build global awareness and increase high-quality leads from senior professionals working in banking, retail and telecommunications. A key element of the rebrand was not just to change the name but also enable Glassbox to become thought leaders in the marketplace and compete with huge brands such as IBM and Adobe Marketing Cloud.

The 'new' Glassbox launched in March 2016 alongside a new responsive website and an ongoing, strategic marketing

campaign that has seen a 394% website traffic increase year-on-year and significant quality lead generation.

Our experience shows that successful start-ups (suddenly or slowly) hit a moment when they want to go global. They've put countless hours into the business, the product/service is fantastic, they've passed the seed funding stage and are ready to take the business to new markets. But the brand is not compelling enough or suitable for an international audience... in fact it's hindering them.



---

## Caledonia(n) cocktail clash

In an appeal regarding UK opposition proceedings, Philip Johnson acting as the Appointed Person, has upheld the decision of a Hearing Officer, in respect of Russell Sharp's application for the mark CALEDONIAN in Class 33 (*gin, Scotch Whisky produced in Scotland*). The application was opposed by C & C IP SARL whose mark CALEDONIA is registered in Class 32 for *beers, lagers, ales, porters and beverages containing beer, larger, ale or porter*.

The Hearing Officer held that the marks were highly similar, but the goods were similar to only a low degree. Whilst the Hearing Officer accepted that the goods belonged to the same general category of alcoholic beverages and may be sold in the same aisle, there is a clear demarcation between the area for sprits and that for beer and beverages containing beers. Although the base ingredients for all the goods at issue may be the same (e.g. grain

or malt), the production methods are different, gin and whisky being made by distillation and beers by fermentation. The Hearing Officer commented that producers of beers do not routinely also produce either gin or whisky, or vice versa.

The Appointed Person held that it was proper for the Hearing Officer to find that there was a low degree of similarity. The Appointed Person distinguished between direct and indirect confusion. There was no direct confusion in that the average consumer would not accidentally buy gin in the belief that it is beer. In this case, indirect, rather than direct, confusion was more pertinent. The Appointed Person stated that it is not the case that once it has been found that two marks are very similar, any finding of similarity between the goods is sufficient to create a likelihood of confusion.

The appeal was dismissed.



# Online Business Models Infringing Intellectual Property Rights (IPR)



The EUIPO has **published** a report detailing the findings from research it commissioned studying business models used to infringe intellectual property rights (IPRs).

It identifies 25 infringing business models, 12 potentially infringing more than one IPR. Most models affect trade marks (18 out of 25) and copyright (17 out of 25), though some also could infringe design and patent rights.

Key findings are:

- Revenue sources of some online business models infringing IPRs appear to be the same as non-infringing models, whether direct, such as through sales revenue or indirect revenue (e.g. pay-per click fees or income advertising).
- Online business models infringing IPRs differ from non-infringing models in that they are often clearly deceptive to the customers. The operators falsely claim to be legitimate providers of genuine legal goods. Sometimes the deceptive nature of the business model is connected to fraudulent activities, such as phishing and dissemination of malware.
- Some models are designed to take advantage of IPR infringements. This includes the use of domain names that contain third party trade marks, and which are used for a variety of purposes including parking sites that generate pay per click revenue, or to redirect internet traffic.
- IPR infringers often conceal their identities, either in the registration of domain names or providing false or inaccurate contact details on the website, or, increasingly, by expanding or moving their businesses to the “darknet”. This seriously impedes countering IPR infringement activities through existing means.
- When it is possible to identify and take enforcement action, a number of business models make it easy for the providers to continue their businesses (e.g. in the sale of non-genuine goods through social media networks).
- The border between IPR infringing activities and traditional cybercriminal activities is blurry. Phishing e-mails may contain ransomware, or other malware variations. Spoofing websites and phishing e-mails may deceive the recipients into disclosing private access codes or passwords to bank accounts or credit card details.

# High Court confirms need for clarity in colour mark

The High Court recently considered the issue of combination colour marks and reiterated the importance of clear language in the trade mark's description.

Glaxo was granted an EU trade mark for its Seretide inhaler (depicted right) in 2008. Sandoz successfully defended an infringement claim brought by Glaxo by attacking the validity of Glaxo's trade mark. Sandoz alleged that Glaxo's trade mark did not comply with Article 4 of the Council Regulation (EC) 207/2009 which provides that a trade mark must be a single sign capable of being represented graphically.

The graphical representation was a photograph of the product rather than a figurative mark and therefore the description of the trade mark became important guidance (see description right). Even though the description included unambiguous Pantone colour codes, this was not enough to satisfy the Judge that the trade mark complied with Art. 4.

Hacon J decided that the words 'significant proportion' in the mark's description gave the trade mark owner near complete freedom of variation. This level of freedom of variation is not permitted under Art. 4 because it would allow the trade mark owner free rein to vary the trade mark beyond all recognition and enjoy complete trade mark protection. It was argued that, from the description, the sign could be overwhelmingly dark or light purple or anything in between, with any kind of pattern of stars, stripes or dots.

The lesson from this ruling is that trade mark descriptions need to be clear, precise and unambiguous. A better approach would have been to describe the arrangement of dark and purple colouring and the respective proportions in the trade mark's description, supported by a figurative mark, rather than a photograph of the product.



## Description of the mark:

The trade mark consists of the colour dark purple (Pantone code 2587C) applied to a **significant proportion** of an inhaler, and the colour light purple (Pantone code 2567C) applied to the remainder of the inhaler.

## Brexit: 3 months on

It is three months since the UK voted to leave the EU. Prime minister Theresa May has confirmed the country's formal intention to leave will be triggered by March 2017, starting a potential two year negotiation process. So where are we now?

From an IP perspective, our advice remains as it was in our initial communication the day after the vote: nothing has yet changed and it is "business as usual".

The UK is, for now, still part of the EU and EU trade marks and registered Community designs continue to have full effect in the UK. Transitional provisions are expected, to facilitate the "splitting" of existing EU rights into separate (remaining) EU and UK rights. However, it is likely to be quite some time after the UK officially submits its intention to leave before the precise mechanisms are known.

Interested associations and trade bodies are working hard behind the scenes to ensure the proper outcome for right holders. We continue to keep abreast of developments and clients will be kept fully briefed and advised as and when any active steps are recommended.



## For more information please contact:



Jeremy Dickerson / Partner  
Intellectual Property  
M +44 (0) 7890 557628  
T +44 (0) 117 902 2728  
E [jeremy.dickerson@burges-salmon.com](mailto:jeremy.dickerson@burges-salmon.com)



Helen Scott-Lawler / Partner  
Intellectual Property  
M +44 (0) 7968 193304  
T +44 (0) 117 939 2240  
E [helen.scott-lawler@burges-salmon.com](mailto:helen.scott-lawler@burges-salmon.com)

## [www.burges-salmon.com](http://www.burges-salmon.com)

Burges Salmon LLP is a limited liability partnership registered in England and Wales (LLP number OC307212), and is authorised and regulated by the Solicitors Regulation Authority. It is also regulated by the Law Society of Scotland. Its registered office is at One Glass Wharf, Bristol BS2 0ZX. A list of the members may be inspected at its registered office. Further information about Burges Salmon entities, including details of their regulators, is set out on the Burges Salmon website at [www.burges-salmon.com](http://www.burges-salmon.com).

© Burges Salmon LLP 2016. All rights reserved. Extracts may be reproduced with our prior consent, provided that the source is acknowledged.

Disclaimer: This briefing gives general information only and is not intended to be an exhaustive statement of the law. Although we have taken care over the information, you should not rely on it as legal advice. We do not accept any liability to anyone who does rely on its content.

Your details are processed and kept securely in accordance with the Data Protection Act 1998. We may use your personal information to send information to you about our products and services, newsletters and legal updates; to invite you to our training seminars and other events; and for analysis including generation of marketing reports. To help us keep our database up to date, please let us know if your contact details change or if you do not want to receive any further marketing material by contacting [marketing@burges-salmon.com](mailto:marketing@burges-salmon.com).