



Welcome

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High Court rules on genuine use of a Community Trade Mark



The High Court has found two (EU-wide) Community trade marks owned by Sofa Workshop for the words "SOFA WORKSHOP" to be liable to be revoked for non-use and therefore unenforceable in infringement proceedings. However, the court found that Sofa Workshop could rely on its unregistered rights and it was successful in arguing that the use of the name "Sofaworks" constituted passing off.

Sofa Workshop has used its name in the UK since 1986 and protected it as a CTM. Sofaworks began trading under its name in December 2013. When Sofa Workshop tried to enforce its CTMs, Sofaworks claimed that they were liable to be revoked for non-use and/or that they were invalid in that they were devoid of any distinctive character or consisted exclusively of signs or indications which designated the characteristics of the goods. The Judge agreed with Sofaworks:

The geographical extent of Sofa Workshop's use in this case did not extend beyond the boundaries of one Member State (the UK). As a result, the marks should be revoked for non-use. Further, the CTMs had not acquired distinctiveness outside the UK and, as CTMs, were therefore invalid. The trade mark claim consequently failed. However, the judge was satisfied that Sofa Workshop had goodwill in its business in England and Wales and Sofaworks was liable on the alternative basis of passing off.

Whilst this case, controversially, suggests that proprietors risk losing trade mark protection altogether if they cannot show genuine use in more than one Member State, trade mark owners still have the safety net of converting a CTM into a national registration in relation to the country in which the mark has been used.

Invalidity of registered design due to prior disclosure

In *S.C. Intermark s.r.l v Red Bull GmbH*, S.C. Intermark appealed against the OHIM Invalidation Division's decision on 13 November 2013 declaring its bottle design (a Registered Community Design (RCD)) invalid.

The RCD was registered on 2 November 2010. The respondent submitted an extract from the appellant's website dated 20 May 2008 displaying an image of the bottle. Additionally, an affidavit and invoice from an employee of the respondent stated that a bottle of the same design was purchased in Romania on 27 October 2009. The respondent submitted that these items of evidence constituted making the design available to the public prior to the date of application in accordance with Article 5(1) of the Community Design Regulation. Therefore the RCD was invalid.

The appellant submitted the respondent's sources of evidence were not valid because the website had been archived and the invoice was of poor quality. This meant that the RCD had not been properly disclosed to the public prior to the date of filing the RCD.

The OHIM Third Board of Appeal concluded that:

- Irrespective of whether the assessment was based on the date on the invoice or the date of the website extract, the publication of the design in either manner proved that it had been made available to the public prior to the RCD filing date.
- There was no reason to suggest the website extract was invalid since the Board had previously accepted such extracts as valid sources of evidence. Equally, the affidavit was sufficient to support the validity of the invoice.

Therefore, the Board agreed with the Invalidation Division's earlier decision, dismissing the appeal. This case is an important reminder to right holders to protect the designs from any form of public disclosure prior to application.



Economic cost of IPR infringement

In July 2015 the EU Observatory released a report highlighting the significant economic impact of counterfeiting in the EU. This report focussed on the clothing, footwear and accessories sector, which has a high profile within the EU and forms a significant part of the economy.

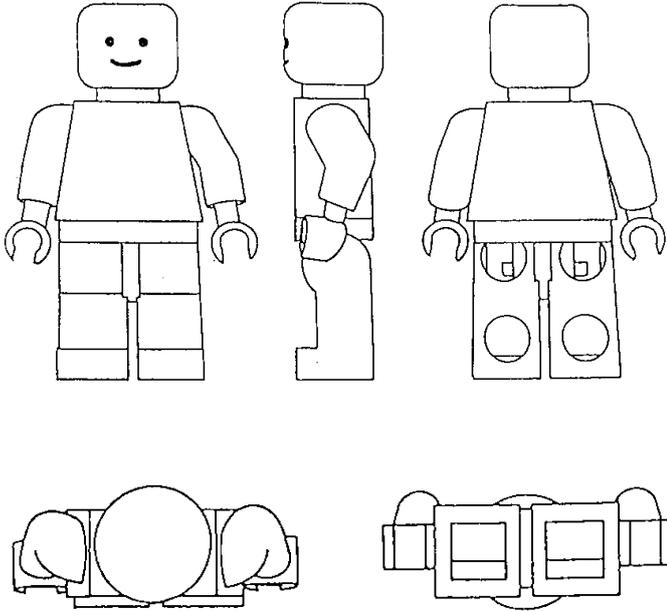
The report estimated that legitimate industry losses across the EU Member States due to counterfeiting amount to approximately €26.3 billion in revenue, which translates into direct employment losses of 363,000 jobs. In addition to the direct losses identified, the report also considers the indirect effects of counterfeit trade. Such indirect effects include the impact on suppliers, their employees and loss of public fiscal revenue. When both direct and indirect effects of counterfeit trade are considered, the losses attributable to IPR infringement in this sector total €43.3 billion in sales, around 518,000 lost jobs and over €8 billion in government revenue across the 28 Member States.



This report represents the second such study by the EU Observatory into the negative consequences of counterfeiting and the impact on legitimate businesses. Further reports will follow over the next 18 months into 10 other high risk sectors, including watches and jewellery, luggage and handbags and games and toys. OHIM and the Observatory hope that through quantification of the scope, scale and impact of IPR infringements consumers will be able to make more informed choices and that policy makers can develop more effective enforcement policies.

General Court confirms trade mark status of LEGO figures

The General Court recently affirmed the decision of the Community trade mark Office (OHIM) to dismiss a challenge to the validity of a three-dimensional CTM registration for a representation of its toy figures (pictured below).



The registration was challenged by Best-Lock (Europe) Limited, which argued the registration was invalid under Article 7 of the Community Trade Mark Regulation, on the grounds that the shape of the product is determined by the nature of the goods themselves (i.e. they can be joined to other LEGO blocks) and that the ability to join them to other blocks means the figures provide a technical solution.

The Board of Appeal at OHIM determined the claim by pointing out that goods consisting of shapes are not prohibited from registration, only shapes which are determined by the nature of the goods. Toys, it pointed out, could be manufactured in any form.

It went on to say that a mark must consist **exclusively** of the shape of a product necessary to obtain a technical result for protection to be refused. Best-Lock had failed to describe what technical result a toy figure was supposed to achieve.

In agreeing with the conclusions reached by OHIM, the General Court found, firstly that Best-Lock has not provided any arguments to support its assertion that the shape of the toy figures was determined by the nature of the goods, so that claim was inadmissible.

On the technical result point, the Court found that the essential characteristics of the toy figures were the head, arms, body and legs. None of these characteristics enable the figures to be joined to other building blocks. Nor is it clear, in isolation, that the holes (visible in the representation of the mark) actually have a technical function. There is nothing “necessary” about the shape as a whole that enables the figure to be connected to other blocks.

Dreams shattered by the Appointed Person

Pure Imports Limited applied for the figurative trade mark ‘Easy Dream Beds’. Dreams Limited opposed the application on the basis of its ‘DREAMS’ CTMs (both a word mark and figurative mark). The opposition was dismissed by the UKIPO and Dreams Limited appealed the decision. The appeal focused on the Hearing Officer’s assessment of the distinctive character of the earlier trade marks, the comparison of the marks and the likelihood of confusion: in particular, the impact of colour and the need to consider the marks as a whole (and not artificially dissect them).

Dismissing the appeal, the Appointed Person found that, among its 9 grounds of appeal, Dreams Limited had failed to identify any material error of principle in the Hearing Officer’s analysis. Specifically, the Hearing Officer was entitled to come to the decision that the colour scheme, being “not particularly striking”, would not materially affect the likelihood of confusion. This was particularly the case when the colour in question was dark blue, it was almost always used by Dreams Limited as the “background” to the word “dream” and there was no material before the court to suggest that a significant proportion of the public had come to associate the colour with Dreams Limited.



In relation to the similarity of the marks, the Hearing Officer had decided that there was a low degree of visual similarity, a moderate level of aural similarity and some conceptual similarity between the marks. There was no single element of the mark which dominated the others. The Appointed Person was satisfied that the marks had, correctly, been considered as a whole and the Hearing Officer was entitled to conclude that the word “Dream” in the mark applied for did not perform an independent distinctive role. The appeal on the issue of visual similarity was considered to be a further attempt to “artificially dissect or salami slice the mark”, contrary to the approach laid down by the case law of the CJEU.



Icing on the wall for design infringer

The Intellectual Property Enterprise Court has given summary judgment in a dispute about cake icing moulds (*Karen Davies Sugarcraft Ltd. v Croft* [2015] EWHC 2035 (IPEC)).

The Claimant owned two Registered Community Designs for its moulds. It became aware that the Defendant was selling three imported moulds with very similar designs on his website and through eBay.

The Claimant applied for summary judgment on the basis that the Defendant had no arguable defence and, therefore, only a fanciful prospect of succeeding at trial. The Defendant admitted at the hearing that one of his moulds infringed one of the registered designs.

Hacon J thought that this was an application in which a view could be reached through the eyes of the informed user without the benefit of expert evidence. Further, he considered that there was no need for evidence of fact, since almost all factual issues were not disputed. Consequently, the only issue in play was whether any prior art existed which could narrow the scope of the protection given to the Claimant's registered design.

The court decided that the Defendant's moulds were so similar to the registered designs that no amount of prior art could narrow the scope of the Claimant's registered designs enough to deny them protection from the Defendant's competition. As such, the Defendant had only a Micawberish hope of succeeding at trial. Hacon J concluded that the Defendant's moulds each infringed a different one of the registered designs and granted summary judgment.

The Defendant was ordered to pay £7,000 in costs to the Claimant.

WILDFLOWER: a distinctive sign?

A recent decision by the UK Intellectual Property Office (UK IPO) considered the level of inherent distinctiveness of the mark WILDFLOWER, applied for in respect of *perfumery, cosmetics and skincare preparations*.

The UK IPO issued a refusal, on the grounds that the sign is descriptive and non-distinctive. The applicant requested a hearing, in what appears to have been a test case.

The applicant argued that WILDFLOWER could not be considered as descriptive as it did not reference a particular scent or flower. It also argued that goods in class 3 often actually involve a chemical process which involves a large number of ingredients, often synthetic.

The hearing officer disagreed with this argument and considered that the average consumer of class 3 goods is fully aware of how the goods are marketed in respect of how they are simply made, unrefined and natural. Whilst the hearing officer agreed that the average consumer may not consider that an actual wild flower is present in the goods, it is probable that extracts from wild flowers may be contained in the applicant's goods and as such the sign may serve to designate the scent of a wild flower, irrespective of whether it is artificially made or not.

The applicant also argued that the mark cannot be descriptive, on the basis that it is simply too vague to designate the characteristics of the goods. The hearing officer ruled that even if the mark was not descriptive (which she did not accept), it is devoid of distinctive character as it would be seen as origin neutral by the relevant consumer, i.e. they would not consider the sign to be that of any **specific** manufacturer or supplier of perfume, cosmetics etc.

The application was refused.





Back to the Future at the IPO

The model of car famed from the classic *Back to the Future* trilogy recently featured at the IPO.

The case concerned a trade mark application and a revocation request.

The trade mark application saw DeLorean Motor Company Limited, of Stockport ("Stockport") apply to register a UK trade mark for "DE LOREAN" and "De Lorean" in Class 12. Stockport sells spare parts for the DeLorean DMC-12.

DeLorean Motor Company, of Texas, USA ("Texas") objected to Stockport's application.

Texas said that it owns the entire outstanding original parts inventory for DeLorean DMC-12s and that this has earned it a reputation among UK DeLorean enthusiasts. Texas also has some business in the UK.

Texas therefore opposed Stockport's application on the grounds that the application was so similar to the signs used by Texas that Stockport's use of the marks would constitute passing off and should not be registered.

The IPO found that the turnover of Texas' UK business was very low, and although Texas was known as a source of DeLorean parts in the UK, its reputation did not translate into UK custom and therefore it did not have protectable UK goodwill. The potential for UK enthusiasts to purchase parts from Texas' US website, without evidence of actual sales, does not automatically equate to an enforceable goodwill. The application was allowed to proceed to registration.

At the same time the IPO heard Texas' application for revocation (on the basis of no genuine use) of earlier De Lorean marks held by Stockport. This was granted with a warning to parties at the IPO because Stockport received a costs penalty for filing "voluminous witness statements" dealing mainly with the failed defence to the revocation.

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