



Welcome

Welcome to the Winter 2013 edition of **Concept**, the news bulletin from Burgess Salmon's Intellectual Property and Technology Team.

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Introducing the Intellectual Property Enterprise Court



As of 1 October 2013, the Patents County Court ("PCC") was renamed the Intellectual Property Enterprise Court ("IPEC") to clarify its purpose, following Jackson LJ's recommendations in his review of civil litigation costs.

All of the functions of the PCC, which dealt with intellectual property cases including copyright and trade mark disputes, as well as patent matters, will be continued by the IPEC. This includes the functions provided by the streamlined small claims service that was set up in October 2012.

Matters will be heard by Enterprise Judges who are IP specialists, with the newly appointed HH Judge Richard Hacon presiding.

As part of the change, the IPEC is now part of the High Court rather than a County Court. Otherwise, the procedures and main features of the court have not been changed substantively.

The IPEC will continue to provide a streamlined and low cost alternative to High Court proceedings for intellectual property cases, and we expect it to continue to gain in popularity for SMEs and less complex claims.

Clarity and precision essential for trade mark registrations

Cadbury and Mattel have each lost trade marks following Court of Appeal judgments in *JW Spear and Mattel v Zynga* [2013] EWCA Civ 1175 and *Nestlé SA v Cadbury UK Ltd* [2013] EWCA Civ 1174. Both cases concern atypical trade marks and considered the degree of precision and clarity required for a valid trade mark registration.

Nestlé's appeal arose from an application by Cadbury to register: *"The colour purple (Pantone 2685C) as shown on the form of application, applied to the whole visible surface, or being the predominant colour applied to the whole visible surface, of the packaging of the goods"* for certain chocolate products.

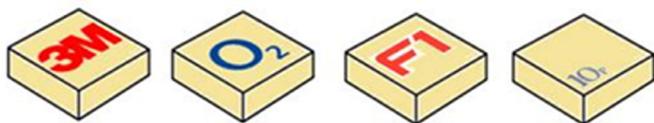
An opposition by Nestlé and its subsequent appeal to the

High Court were each unsuccessful. Before the Court of Appeal, Nestlé argued that the Judge had made errors as to the legislative requirements that a trade mark be "a sign" and that it be "graphically represented"; the verbal description of the mark indicated a number of visual forms that could be altered, and the use of the word "predominant" in the description of the mark was vague and created subjectivity. The Court of Appeal agreed, finding that the description of the mark had been misinterpreted by the lower courts. The description allowed for multiple signs with different permutations and appearances, which were neither graphically represented nor described with any certainty or precision. Consequently, the mark would not be allowed.

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Mattel's appeal sought to overturn a previous High Court judgment, resulting from a counterclaim by Zynga in infringement proceedings, that its registration for a three-dimensional mark for a tile from the board game Scrabble was invalid. The mark was registered with the verbal description: "The mark consists of a three-dimensional ivory-coloured tile on the top surface of which is shown a letter of the Roman alphabet and a numeral in the range 1 to 10".

Zynga claimed that the mark did not meet the requirements of a sign capable of being represented graphically, but was instead many signs, encompassing a wide variety of different representations such as:



The Court of Appeal agreed and confirmed that the trade mark was invalid. The trade mark was not one sign, but many signs, and there was no graphic representation of the mark that met the necessary requirements of clarity, precision and objectivity. It was irrelevant to take into account the public perception of the mark, as Mattel had argued.

Mattel have sought leave to appeal to the Supreme Court. However, in the meantime, these judgments confirm a strict approach by the Courts to the requirements for clarity and precision in trade mark applications, which may have implications for other marks that have already been registered or are pending. In particular, the *Cadbury* judgment casts doubt upon the current IPO guidance for colour registrations, which proposes the form of wording used for Cadbury's application. The guidance is likely to require amendment in light of this judgment.

Copyright protection for computer software - Court of Appeal holds firm

In the leading software copyright case of *SAS Institute Inc v World Programming Ltd* ("WPL"), the Court of Appeal recently dismissed an appeal by SAS concerning the extent to which copyright protection can be granted to computer software. It confirms that establishing infringement will be difficult unless you can prove there is access to and copying of the source code.

The lower Court judgment of Arnold J is a must-read in the software world and concerns WPL's development of computer programs that executed application programmes written in the SAS language. In creating the programmes, WPL did not have access to SAS's source code but had studied the SAS manuals and the SAS "Learning Edition". SAS sued for a series of copyright infringements relating to both the programme and the manuals. SAS was largely unsuccessful at first instance. It succeeded only on textual infringement of copyright in its manuals.

In the Court of Appeal judgment, a familiar and key distinction is made between an intellectual creation or idea *itself* and the *expression* of

that idea. Copyright law only protects the expression of the intellectual creation rather than the idea itself. The Court said that the functionality of a computer program was not a form of expression at all.

The Court of Appeal dismissed SAS's appeal against the High Court's judgment although the Court of Appeal disagreed with some of the reasoning used by Arnold J to reach his decision. The end result was however the same.

Interestingly, in its judgment, the Court of Appeal takes a swipe at the Court of Justice of the European Union (CJEU) which had ruled on a reference from the first instance proceedings. The Court of appeal comments that the European court failed to answer all the questions referred to it and the answers it did give were "disappointingly compressed". Essentially, the Court of Appeal said that the CJEU answered different questions to the ones that were referred. It may be interesting to see if there is any fall out from this in future interpretations of CJEU decisions.

Can you withdraw permission to use a trade mark?

The CJEU has published a preliminary ruling in *Martin Y Paz Diffusion SA v David Depuydt and another* (Case C-661/11, 19 September 2013) on the issue of withdrawal of consent to concurrent use of trade marks. It ruled that a trade mark proprietor cannot be deprived of the possibility of asserting its exclusive rights in its marks by withdrawing its consent for a third party to use signs identical to its marks, in relation to identical and similar goods for which the marks are registered, even where the trade mark proprietor had previously consented to such use.

The case concerned two Belgian parties (Martin Y Paz and Gauquie) who had used the same marks for many years for similar goods; Martin Y Paz (the trade mark proprietor), sold small leather goods, whilst Gauquie sold leather handbags and shoes. Martin Y Paz consented to Gauquie's use of its marks, and the two companies co-existed for many years, even selling each other's goods in their respective shops. However, the relationship deteriorated and Martin Y Paz withdrew its consent.

The CJEU determined that if a national court finds that a trade mark proprietor has withdrawn its consent to the third party's use of identical signs, then that withdrawal of consent must be upheld unless the third party has a defence for such use (e.g. the "own-name" defence or because the sign is descriptive), or where such use is not liable to adversely affect a function of the mark. Its decision was based on the exclusive right set out in Article 5(1)(a) of Directive 89/104, namely where a proprietor of a mark opposes the use, without his consent, by a third party of a sign which is identical with that trade mark in relation to goods which are identical with those for which the trade mark is registered.

Unfortunately Martin Y Paz and Gauquie had not documented terms of co-existence at the outset. If they had done so, they could potentially have avoided lengthy litigation and legal costs. The case has been referred back to the Belgian national court for a final ruling.

Sky's use of NOW TV upheld by Court of Appeal

Hong Kong broadcaster Starbucks has failed in its appeal to the Court of Appeal following Sky's successful defence of proceedings for trade mark infringement and passing off in relation to Sky's use of NOW TV, and the invalidation of Starbucks' registered trade mark NOW, in the form of a simple device.

Starbucks broadcasts a Chinese language subscription television service in Hong Kong under the name NOW, with some of NOW's programmes available to view for free online in the UK. When Sky announced the launch of its NOW TV on demand service, Starbucks challenged Sky's use of the name both in reliance on its registered Community Trade Mark for the word NOW and on the grounds that it had generated goodwill in the UK as a spill over from its activities in Hong Kong and preparations for the launch of a UK service.

The Court of Appeal agreed with the High Court's judgment that the NOW trade mark was invalid, as it consisted of a sign which may serve, in trade, to designate a characteristic of the service for which it was registered; NOW would be understood by the average consumer to be descriptive of the instant and immediate character of the service. The Court of Appeal considered that this was an appealing characteristic for a television service, which was unlike ordinary television broadcasting of scheduled programmes at pre-set times. The trade mark infringement claim consequently failed.

The passing off claim was also unsuccessful as the Court of Appeal upheld the High Court's judgment that Starbucks' activities had been insufficient to generate protectable goodwill in the UK. Although Starbucks' programmes had been accessed via Starbucks' website, a branded YouTube channel and on various international airlines flying to and from the UK, these viewers were not customers of Starbucks in the UK as there had been no business contact between the Starbucks and those viewers. In order to generate goodwill, it was necessary for the supplier of a service (including a free service) to make, or at least attempt to make, some kind of connection with customers in the market with a view to transacting business and repeat business with them. The universal accessibility of the internet, which enabled people in the UK to access Starbucks' programmes in Hong Kong, was not a sufficiently close market link.

However, in reaching its decision, the Court of Appeal has confirmed that goodwill, as protected by the law of passing off, may be established through the supply of a service for free, and where that service it is supplied only to a foreign speaking ethnic minority section of the public rather than the public as a whole.

Specsavers v Asda: "genuine use" of combined marks and the significance of colour



Earlier this year, the Court of Appeal partially upheld an appeal from Specsavers arising out of its dispute with Asda in relation to its 2009 marketing campaign to promote its in-store opticians under the straplines "Be a real spec saver at Asda" and "Spec Savings at Asda" and a logo of two ovals with "ASDA" and "OPTICIANS" written across them. In finding that the straplines and logo did infringe some of Specsavers' trade marks on the basis of unfair advantage, two important questions arose relating to "genuine use" of combination marks and to the significance of colour. The English Court sought guidance on these issues from the Court of Justice of the European Union ("CJEU").

Amongst other marks, Specsavers relied on a wordless mark of two overlapping ovals. In considering the validity of that mark, the Court asked whether the use of a mark with the word Specsavers superimposed over it (which was also separately registered) could constitute "genuine use" of the wordless mark. The wordless mark had been used extensively as part of a composite logo, but never on its own. The CJEU said that this could amount to genuine use of the mark as long as the device retained an independent distinctive role in the overall design.

Specsavers' marks were all registered in black and white (as opposed to its signature green). Asda's campaign also used the colour green (also part of its usual branding). The Court asked whether the enhanced reputation of the Specsavers marks in the colour green could be taken into account despite the marks being registered in black and white. The answer to this was yes – it would be illogical to exclude colour from the Court's assessment as it affects the perception of consumers. It was, however, also relevant that Asda itself was already associated with the colour green as this could influence the public's perception of the signs and could be relevant in determining whether the use of the sign was with "due cause".

The case will now go back to the Court of Appeal for final determination on the outstanding issues.

This case highlights the importance of conducting regular audits of trade mark portfolios to avoid uncertainty in enforcement proceedings. If a particular part of a mark is distinctive in its own right it should be registered as a separate mark (genuine use of which will be made by the continued use of the composite mark). If a particular colour is used extensively it should also be registered.

New .UK domains are on their way



Nominet has approved the introduction of second level domain names in the .uk namespace. From summer 2014 (a definitive launch to be announced in February 2014) shorter, simpler .uk domain names will be available alongside .co.uk, .org.uk etc.

Any unique .uk (one that does not have an equivalent name already registered under the existing .uk domains) will be available on a first-come first served basis. Existing .uk customers will be offered the shorter version of their current address, and given five years to decide whether they wish to use it in addition to, or instead of the domain they have already registered.

In situations where there may be competition (e.g. where existing domain names are held by different parties) then the shorter domain name will be offered to the .co.uk registrant. All of Nominet's existing domains (.co.uk, .org.uk, .net.uk, .plc.uk, .me.uk, .ltd.uk, and sch.uk) will continue to run as normal.

Have a break....have some porridge



An application to register the sign PORRIDGEBREAK as a trade mark in the UK was opposed by Weetabix Limited. Weetabix argued that the sign was devoid of distinctive character and descriptive of the goods in respect of which registration was sought ("porridge oats, cereals").

The opposition was unsuccessful in the first instance. Weetabix had argued that "*whilst there is no evidence that porridgebreak is a dictionary word...the work is descriptive of 'porridge to consume during a break from work'*", but the Hearing Officer did not agree. She found that porridge is a food traditionally eaten for breakfast, a meal not generally taken in a "break", but rather at the start of the day. The consumer would be aware of this and while "coffee break" and "tea break" are familiar and well-established terms, "porridgebreak" is not.

Weetabix appealed. The Appointed Person overturned the decision and directed that the application should be refused. In his view, the original decision suffered from two fatal flaws:

- The assumption that because porridge is normally eaten for breakfast, the public would not understand the concept of a porridge break. Many people *do* eat porridge during a break from work - the Appointed Person pointed to the popularity of porridge in London sandwich bars as evidence of this; and
- The reference to the fact that porridgebreak is not a well-established term is erroneous. It has long been established the question **is** not whether a phrase/term is commonly used as a descriptive term, but whether it **could** be so used. Evidence supplied by Weetabix of people referring colloquially to themselves taking a "porridge break" showed that the public would immediately perceive its meaning.

As a consequence, PORRIDGEBREAK was held to clearly describe the intended purpose of the goods and was therefore devoid of distinctive character.

This case is a helpful reminder and restatement of the established practice that descriptive terms should be kept free for others to use, even if they are not presently doing so.

Games console technological protection mechanisms considered by CJEU

The CJEU has been asked to rule on the application of Article 6 of the Information Society Directive 2001/29/EC). The Directive requires EU Member States to provide legal protection against both the act of circumvention of any "effective technological measures" and the manufacture, sale etc. of devices or services which are used, or primarily used for circumvention. *Effective technological measures* mean any technology or devices controlled by right holders to prevent or restrict acts which breach exclusive rights.

The questions referred (C-355/12 *Nintendo v PC Box*) considers the legitimacy of certain technological protection mechanisms ("TPMs"), which are an established mechanism in the fight against pirated video games. The TPM in question ensures that the game console will only recognise official games created or licensed by the right holder and will not unlock unrecognised games. This effectively makes all unofficial games unplayable unless techniques to circumvent TPMs such as game copiers or mod chips are employed.

In her recently given opinion, Advocate General Sharpston was satisfied that technological measures as defined by Article 6 of the Directive would extend to TPMs, incorporated in both the console and game media which require interaction between the two.

She then went on to consider whether the TPMs went beyond the

definition of "effective technological measures" as they prevented use of "homebrew" games on the console. The effect of the TPMs was not therefore only to prevent breach of rights but to prevent use of the console to play games over which the console manufacturer did not have rights.

The AG directed that it is for the national court to consider whether the TPMs were proportionate to achieve the aim of protection against unauthorised acts and therefore qualified for the legal protection contemplated by Article 6 of the Directive, or whether the TPMs went beyond what was necessary for that purpose and therefore did not qualify for protection.

The AG also responded to the question of what criteria should be applied when considering if a device had a limited commercially significant purpose or use other than to circumvent TPMs. The correct approach is to consider the primary purpose of such devices and the extent to which mod chips (for example) are used for purposes other than to infringe exclusive rights.

The CJEU must now decide whether to follow this Opinion in its judgment which is expected early next year.

SCRABBLE can't prevent SCRAMBLE at the High Court



Mattel, the owner of European rights in the board game Scrabble, has failed in its High Court claim for trade mark infringement and passing off against Zynga, the developers of the highly successful digital game "Scramble with Friends" and/or "Scramble", which is available as an App on mobile devices.

Mattel relied upon UK and Community trade marks for the words SCRABBLE, SCRAMBLE and for the device of a scrabble tile and claimed that these marks were infringed by Zynga's use of the names SCRAMBLE, SCRAMBLE WITH FRIENDS and/or an icon used for the game on Apple devices (depicted).

Zynga comprehensively denied Mattel's claim and counterclaimed for invalidity of Mattel's SCRAMBLE trade mark. Before trial, Mattel's tile registration was invalidated as a result of a summary judgment obtained by Zynga on its counterclaim (as explained in the article above).

In dismissing Mattel's claim of infringement of its SCRABBLE marks,

Mr Justice Peter Smith considered it to be particularly significant that Zynga had first used the name Scramble for a Facebook game in around 2008 and subsequent versions up to 2010. This use had not been challenged by Mattel at the time, despite knowing about it. In the Judge's view, this evidence showed that in reality, Mattel did not believe that Zynga's products infringed or, alternatively, damaged Mattel's rights. Consequently, in the absence of other evidence of confusion, the Judge concluded that neither SCRAMBLE nor SCRAMBLE WITH FRIENDS were similar to the SCRABBLE marks or that they were likely to cause confusion.

However, the Judge did consider that Zynga's current logo for Scramble, with the 'm' turned on its side, gave the impression of the word Scramble when looked at quickly. Zynga was consequently ordered to change its logo so that the word was not ambiguous.

Although the Judge held that Zynga would have been infringing Mattel's SCRAMBLE trade mark if it had been validly registered, Zynga's counterclaim was successful. The word Scramble was descriptive of the game, which required players to scramble to make as many words as possible from letters in a grid within a fixed time. It was also a common name for word games. The mark was therefore invalid.

Mattel is currently seeking permission to appeal to the Court of Appeal. Either way, the case is a clear reminder of the need to take prompt action and a consistent approach to conflicting marks to avoid jeopardising enforcement of registered rights at a later date.



General Court spots the difference between GOLDEN BALLS and BALLON D'OR



In its decision of 16 September 2013 (T-437/11), the General Court of the European Union annulled the decision of the Community trade marks Office's Board of Appeal to partially refuse an application to register the trade mark GOLDEN BALLS, on the basis of an earlier right for BALLON D'OR.

When assessing whether trade marks are similar, a global assessment must be carried out, taking into account visual, aural and conceptual similarities (or lack of). It was readily agreed that the respective marks are visually and aurally quite dissimilar. However, contrary to the Office's original findings, the Board of Appeal found that GOLDEN BALLS and BALLON D'OR ("ball of gold" in French) were conceptually and, it followed, globally overall *identical or at least extremely similar* marks.

In reviewing the appeal, the General Court focussed on the translation process that would need to be carried out by the average francophone consumer, with an understanding of English. The marks are plural and

singular respectively, and "golden" and its equivalent "d'or" appear at opposite ends of the marks being compared. While this renders the translation process only slightly more difficult, the Court found that *those differences are capable of impeding the immediate discovery of the similar hidden meaning of the signs*. Even if it is accepted that the consumer is capable of, and would carry out, such an analysis it is *improbable that the result of such an analysis would spontaneously come into [the consumer's] mind*. Consequently the signs have a weak or very weak conceptual similarity and overall there is no likelihood of consumer confusion. The refusal to register GOLDEN BALLS was overturned.

Notwithstanding the above, the Court explicitly stated that a linguistic difference between signs cannot **automatically** suffice to exclude the existence of a *conceptual similarity*: this decision seems to turn on the need for an intellectual translation process.

New gTLDs move closer to launch

ICANN has announced that 48 contracting agreements have now been signed relating to the new gTLDs (generic Top Level Domains), for example, .technology, .today and .enterprises to name just a few. The on-going program will ultimately result in the expansion of available gTLDs such as .com, .net or .org, from 22 to potentially 1,400 new names. As the prospect of launch and opening of registration periods draw closer, brand owners are considering what second level domains they might like to acquire with the options for identifying their own internet space becoming exponential.

Some new domains are still pending determination by ICANN, which has responsibility for assessing applications for the new gTLDs and contracting with new, would-be registries. For example, the online retailer Amazon is awaiting the outcome of its application for

.amazon. A group of Latin American countries so far seem to have succeeded in blocking the application after the Governmental Advisory Committee of ICANN recommended against approval, strongly indicating ICANN itself will follow suit.

Equally, there are concerns as to the new challenges that these changes will present in ensuring that cyber-squatters do not use the gTLDs to take advantage of consumers. The new rights protection mechanism termed URS (Uniform Rapid Suspension System) offers a cheaper option for disputing registrations where there is clear evidence of fraud or abuse. Although with its own drawbacks, this is anticipated to be a welcome tool for brand owners to keep control of the use of their trade marks in cyberspace.



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