

Bird & Bird & BrandWrites

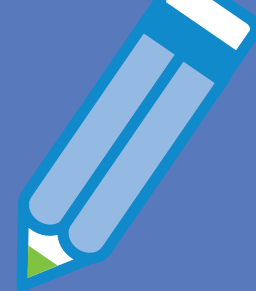
May 2014

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Welcome to the second edition of BrandWrites by Bird & Bird

BrandWrites by Bird & Bird is an international publication that explores topical legal and industry related brand news, featuring recent trade mark cases and key changes in the law, practical advice and commentary from respected brand owners. It features contributions from Bird & Bird's renowned IP team across Europe, Asia-Pacific and the Middle East.

We hope you enjoy it. We welcome questions, comments and suggestions, so feel free to get in touch with Editor and Bird & Bird Associate, Nick Aries at nick.aries@twobirds.com, or Bird & Bird Partner, Lorraine Tay at lorraine.tay@twobirds.com or tweet us at [@twobirdsIP](https://twitter.com/twobirdsIP).



If you would like advice on how best to protect or enhance the value of your brand, get in touch for a complimentary initial consultation: brands@twobirds.com

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Rules of play - bullring battle finally established

On 6 February 2014 the Court of Justice (CJ) found in favour of The Bulldog in its battle against Austrian brand Red Bull and provided trade mark owners with guidance on the meaning of ‘due cause’.

In the bullring battle, Red Bull and The Bulldog are in dispute about whether or not The Bulldog is entitled to sell energy drinks under the brand “The Bulldog”. The Bulldog started to use the sign in the early seventies for bars and is best known for its coffee shops throughout Amsterdam. The Bulldog registered the trade mark in 1983, which was only a few days after Red Bull had filed their trade mark. The Bulldog argued that it does not infringe Red Bull’s trade mark because it has been using The Bulldog sign in good faith since long before Red Bull registered its trade mark.

The Dutch Supreme Court referred questions to the CJ about whether bona fide use of the sign Bulldog prior to the registration of the well-known trade mark Red Bull could be considered a ‘due cause’ under article 5 (2) of the Trademark Directive.

The CJ has drawn up of the rules of play, and held that the proprietor of a well-known trade mark may be obliged to tolerate the use by a third party of a sign similar to that mark in relation to a product which is identical to that for which that mark was registered, if it is demonstrated that the sign was being used before the mark was filed, and the use of that sign in relation to the identical product is in good faith.

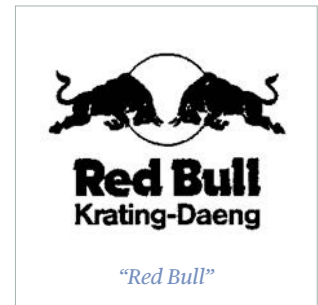
In order to determine whether the use of a sign may constitute ‘due cause’, the national Court must take into account three factors: (1) how that sign has been accepted by, and what its reputation is with, the relevant public and (2) the intention of the person using that sign. In particular, the Court must take into account the degree of proximity between the goods and services for which the sign (in this case: “The Bulldog”) was originally used and the product for which the well-known trade mark (“Red Bull”) was registered, and (3) the economic and commercial significance of the use for that product of the sign which is similar to the mark (“The Bulldog” for energy drinks).

Now the rules of play are established, the Dutch Supreme Court has to assess whether this particular case meets the criteria of good faith and due cause, so the battle of the energy drinks is not over yet. However, in general we can conclude that strict interpretation of ‘due cause’ has left the battlefield. This means that the owner of a well-known trade mark may have to tolerate coexistence from signs used prior to the filing of the trade mark.



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‘Professional’ TM squatters in China

Trade mark squatting is not unique to China, but it is especially prevalent due to the low cost of filings and the rush of foreign brands looking to enter the Chinese market.

Trade marks in China are generally awarded on a “first to file” basis, resulting in floods of applications, often mimicking foreign brands that have yet to expand into the Chinese market. According to the 2012 Annual Development Report issued by the China Trade Mark Office 1,648 million trade mark applications were accepted in 2012 - over double that of the US - making China the top filing destination in the world for 11 years running.

Foreign brands confronted by trade mark squatting face the prospect of not being able to use their own trade marks in China. If the brand is marketed in China by the “squatter”, the brand owner faces the possibility of brand dilution and confusion.

The term “squatter” may generate an image of an unsophisticated Chinese individual looking to make some quick cash, but this is rarely the case. Many of these “squatters” are professional trade mark agents working within the industry, with extensive knowledge of trade mark law and procedures. The agents combine their legal knowledge with brand industry research to run complex trade mark squatting businesses on a mass-scale. There are numerous Chinese e-commerce websites where professional squatters offer thousands of trade marks for sale, searchable by the Nice Classification.

In our experience, the price of trade marks varies from case to case, but as a business case for the squatters, the price more than covers the filing cost and their “investment” in other applications. If the squatters file




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the right trade mark it can mean hitting the jackpot - Ferrari, Michael Jordan and Hermes have all faced stolen trade marks in China, with squatters demanding millions to release the rights to “their” trade mark.

Our last article in BrandWrites (November 2013) highlighted some of the changes to Trade Mark Law in China, effective from 1 May 2014. Some provisions contained in the amendments may reduce professional trade mark squatting. The new law expressly provides that all trade marks must be applied and used in accordance with the principles of honesty and integrity. This good faith requirement also extends to trade mark agents and agencies. Agents are prohibited from applying for marks on behalf of clients if the agent is aware or ought to be aware that the application is being made in bad faith. A separate new provision expressly prohibits trade mark agencies from applying for registrations other than in the course of providing their agency services. These provisions are supported by new penalties such as fines and revocation of the agency licence.

The new Trade Mark Law contains improvements for dealing with bad faith filings directed towards agents. However, the general provisions on bad faith have not changed significantly from the old law. China still remains a first-to-file jurisdiction and we would therefore continue to recommend companies register their brands in China as soon as possible as a key element of their trade mark portfolio management strategy.



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Company	Price	Change	Volume	Market Cap
Microsoft	117.25	+0.12	12,345,678	\$1,234,567,890
Apple	102.50	-0.25	9,876,543	\$987,654,321
Amazon	178.75	+1.50	5,432,109	\$543,210,987
Google	285.00	+2.00	3,210,987	\$321,098,765
Facebook	156.25	-0.75	2,109,876	\$210,987,654
Twitter	45.50	+0.50	1,098,765	\$109,876,543
LinkedIn	210.00	+1.00	500,000	\$50,000,000



The most adventurous brands are investing aggressively in original content creation and production.

Digital killed the television star

It has always been tricky to identify and target audience demographics in TV advertising. “Spray and pray” is how Yahoo’s chief of sales, Wenda Harris Millard, recently summarised the position. The advertising business was built on top of network television. Traditionally, advertisers could reach the majority of viewers by buying prime time slots on 2 or 3 channels. That approach is still possible (Superbowl, World Cup, X Factor Final) but the choice of channels and the rise of personal video recorders (PVRs) have materially diluted the model. The development of cross-platform content offerings and the natural corollary, a platform agnostic audience, is equally significant.



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Cross-platform ratings

In October last year, Nielsen launched a cross-platform campaign ratings system which combines commercial exposures from TV and online ads. The system is a welcome evolution in campaign data, allowing advertisers to see combined audience and platform splits and vary the effectiveness of campaigns accordingly. However, whilst data sources such as Nielsen are useful indicators of viewer size, over-the-top content providers (OTT) such as Netflix, Lovefilm and Hulu are pursuing a more scientific approach.

The science of data

According to the Australian¹, Netflix has 800 engineers in Silicon Valley dedicated to dissecting user behaviour: “Not only do they track what people are watching, but how they watch it, when and on what device. The company knows when its subscribers pause, when they fast-forward, when they “binge view” and when they abandon a series.” Hulu speaks of its ability to hyper-target viewers based on geography, platform and device. This level of audience understanding and service personalisation brings clear benefits for brands and advertisers. However, most OTT providers (Hulu excepted) do not carry ads. As long as that continues, a Pandora’s box of rich data will remain closed to them.

Brands as content owners and creators

Enterprising brands and advertisers are finding alternative means of interacting with their audience. Product placement offers a simple opportunity to target viewers of specific shows although it is yet to become the panacea many advertisers and broadcasters had hoped.

The most adventurous brands are investing aggressively in original content creation and production. Global nutrition company Herbalife and U.S. football team LA Galaxy recently launched their first-ever original web series, Be A Pro, with the objective of changing the culture around fitness, nutrition and soccer. Red Bull, a pin-up for content production, operates a TV station, prints a global magazine and produces hours of documentaries, films and music. The Creators Project is a fascinating collaboration between Vice and Intel.

Ownership provides control; the brand becomes storyteller; a direct relationship is established between brand and audience. Most significantly for a sector often hit hard in times of financial hardship, new revenue streams are being created.

¹ 20 September 2013, Why Netflix’s viewer data is TV’s next star.

International brand expansion – Q&A on Middle East franchising

The Middle East is a hugely popular destination for businesses and brands to expand into.

Which are the key Middle East markets?

The UAE is often looked at as being the first market to open in when businesses are looking to expand to the Middle East as the UAE is seen as a hub for the region. Qatar (due to the World Cup 2022) and Saudi Arabia (due to its relatively large population) are also key targets.

What sectors have witnessed the most significant growth and influx of ‘Western’ brands?

The sectors which have witnessed the greatest growth in the UAE and GCC markets include hotels, food and beverage and fashion retail. Coffee chains such as Tim Horton, Starbucks and Costa Coffee have been very successful, together with many UK high street brands including New Look and Topshop, US brands such as Gap and Banana Republic and the European brand H&M. It has been estimated that 50% of all international brands are already in the UAE and in the process of expanding to surrounding countries through either existing or new franchise partners.

What are the headline commercial attractions for businesses expanding into the Middle East?

Recently, the UAE and Qatar markets were upgraded to emerging market status which could result in an inflow of hundreds of millions of USD. Further, growth in in-bound investments as a result of the UAE Expo 2020 and Qatar 2022 World Cup events and non-oil business growth is predicted to be at 4.8% (UAE) and 10% (Qatar), compared to global economy predictions of 3.6%.

Economic data has shown that profitability of franchised outlets is usually much higher in Middle East markets than in a franchisor’s home country outlets. There is a high demand for Western brands and individuals in the region have high disposable incomes, with 60% of the population under the age of 25.

Economic data has shown that profitability of franchised outlets is usually much higher in Middle East markets than in a franchisor’s home country outlets.



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What routes to market are businesses using to enter the Middle East?

The Middle East has proven to be very fertile ground for brands looking to expand via franchising. Traditional franchise models including development franchising - (where the brand owner grants a Middle East entity the rights to use its brand and know how to develop the branded businesses throughout the region), and master franchising (where the brand owner grants a Middle East entity the right both to use and sub-license the brand and know how to develop the branded business in the region) - have proven popular.

Increasingly, more sophisticated structures such as subordinated equity arrangements, “manchised” relationships and hybrid structures are being used and developed to provide additional income streams and layers of control for the brand owner.

What are the legal challenges facing businesses looking to expand via franchising into the Middle East?

The greatest challenge to expanding via franchising in the Middle East is the lack of legislation dealing directly with franchising. There have been calls by some interested parties in developing a franchising law, but at this stage no drafts have been submitted. This presents an opportunity for those brands prepared to work with specialist advisers adept at building commercially robust franchise agreements and with knowledge of the Middle East legal systems.

While there is at present no franchise legislation, which is the same as the position in the UK, there is a significant body of case law surrounding agency law. Brands looking to expand via franchising, or indeed distribution and agency, will therefore need to structure their relationships carefully so as not to be disadvantaged by the laws relating to agency.



Protecting your trade mark: opposition vs infringement

Trade mark applicants and their agents are generally familiar with the threat of a registered trade mark being subject to non-use cancellation if the specification is broader than the range of goods or services in relation to which the trade mark is actually put to use. However, even at the outset, a broad specification may impede the successful registration of a trade mark - thereby undermining the applicant's business development plans with regard to that trade mark.

In a recent case before the Singapore Court of Appeal, *Staywell v Starwood*, Starwood had registered the word mark "ST. REGIS" for hotel and hospitality services. Staywell subsequently attempted to register "PARK REGIS" for the same services. Starwood brought successful opposition proceedings against Staywell to stop the registration of "PARK REGIS" as a trade mark but the decision was overturned at the High Court. Upon further appeal, the Court of Appeal sided with Starwood and rejected the registration of the "PARK REGIS" mark.

The Court of Appeal clarified in its judgment that in an infringement action, the trade mark proprietor is restricted to relying only on the alleged infringer's actual and allegedly infringing use of the trade mark ("actual use"). In contrast, in an opposition proceeding, the trade mark proprietor may object to the registration of the applicant's mark - not on the basis of its actual use, but on any potential use that may arise under the specifications of goods and services for which trade mark protection is sought ("notional fair use"). Under the notional fair use approach, the scope of each of the goods and services cannot be curtailed by reference to the actual use and market circumstances (e.g. price point, target segment of the market).

Quite clearly, the notional fair use approach offers much broader protection than the actual use approach and is a boon to trade mark proprietors. Trade mark proprietors are therefore at liberty to take advantage of the broader protection provided by the notional fair use approach in opposition proceedings in addition to the focused protection provided by the actual use approach in infringement proceedings. Additionally, where a trade mark application meets with a successful opposition, in the event that the applicant is already using the mark, such actual use may also be treated as a putative infringement, thereby providing synergy between the two legal mechanisms.

Trade mark applicants should therefore be circumspect when drawing up specifications for a trade mark application - they should ensure that the specifications are limited to goods or services which are of immediate or mid-term interest to the business. Otherwise, the application may meet with unnecessary oppositions which could delay and increase the costs of the registration process.



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Next round in “KORNSPITZ battle”: CJEU specifies requirements for trade mark genericism

On 6 March 2014 the Court of Justice of the European Union (CJEU) published its eagerly awaited decision on the alleged genericism of the Austrian trade mark “KORNSPITZ”. With this judgment the court specified the standards which apply for the loss of the distinctive character of a trade mark. The court held the perception of the end users, and not of the traders, is decisive.²

Austria had referred this question to the CJEU as part of the “KORNSPITZ” trade mark conflict. The Austrian company Backaldrin owns a word trade mark “KORNSPITZ” and has been producing a baking mix “KORNSPITZ” which it supplies for bakers. The bakers turn that mix into a bread roll which has a very specific shape. Backaldrin also consented to the use of the trade mark “KORNSPITZ” by those bakers and their foodstuff distributors.

Pfahnl Backmittel, a competitor of Backaldrin, applied to revoke the “KORNSPITZ” trade mark. They claimed the word is perceived as the common name of a bakery product, and referred in particular to the perception of the end users. Further, they argued the bakers using the baking mix of Backaldrin would neither inform their customers about the trade mark nor about the special baking mix used for the products.

The Austrian Patent Office ordered the complete revocation of the “KORNSPITZ” trade mark but Backaldrin appealed. The Court of Appeal proposed to uphold the revocation decision for raw materials and intermediate products. Regarding the finished products (bakery goods/pastry confectionary) it sought clarification via a preliminary ruling from the CJEU. The question is whether a trade mark is liable to revocation if that mark has become the common name for the product, not according to the perception of the sellers (bakers/foodstuff distributors), but to the end users of the product.

The Court referred to the function of a trade mark as an indication of origin. This function will not be served if end users perceive “KORNSPITZ” as a common name. The judges pointed to the fact that bakers and foodstuff distributors do not inform their customers about the trade mark registration “KORNSPITZ”. Further, Backaldrin had not taken any action to ensure the recognition of “KORNSPITZ” as a trade mark by the sellers. The understanding of the sellers can also be taken into account by a Court in deciding on the loss of distinctive character. However, the end users’ perception is the decisive one.

With this decision the CJEU reminds all trade mark owners to take precautions to avoid a trade mark becoming a generic term. On the basis of this decision, trade mark owners will have to focus on the perception by end users, which will often be ensured only by introducing appropriate provisions about use in licence or distribution agreements.



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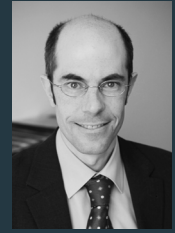


² Case C-409/12



The French Supreme Court ruled rightfully that the fragrance of a perfume might constitute an intellectual creation. However, it denied copyright protection, arguing that the fragrance of a perfume cannot be identified with sufficient precision.

A further step towards the protection of perfumes by copyright



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The perfume industry has always used trade marks to protect their creations. However, due to the progress of the technical equipment in the field of smell analysis, the infringers not only copy the brand names. They also copy the aesthetic intellectual creation: the fragrance of the perfume itself. Even worse, they sell this fragrance under another brand name. In such a case, trade mark law is useless. In Switzerland, the courts have not yet examined whether a fragrance of a perfume can be protected by copyright.

Swiss Copyright law protects artistic intellectual creations, irrespective of their value or purpose. For practical reasons, it is obvious that copyright can only protect a creation from the time it can be perceived. The olfactory message of a perfume is perceived by an emotion through the sense of smell. It is true that this perception might be different depending on the recipient. However, the same applies in case of abstract art creations. Some opponents to the protection of perfume also argue that it is temporary and unstable. However, this argument could also be invoked about music, which is clearly protected by copyright. Finally, the industrial reproduction of a perfume is not an obstacle. Works of applied art, for example Le Corbusier chairs, are also reproduced industrially and can be protected by copyright. Therefore, provided it shows an individual character (originality), in our opinion, a fragrance of a perfume is clearly protected by copyright.

The Supreme Court of the Netherlands recognised it for instance in 2006. By contrast, the French Supreme Court refused copyright protection to the fragrance of a perfume. In its decision dated 10 December 2013, it did not follow its previous case law according to which perfume is an industrial product. It ruled rightfully that the fragrance of a perfume might constitute an intellectual creation. However, it denied copyright protection, arguing that the fragrance of a perfume cannot be identified with sufficient precision. In our opinion, the French Supreme Court raised the right issue, but unfortunately gave the wrong answer.

Representing the fragrance of a perfume is indeed difficult. This representation issue also appeared as an obstacle for the registration of olfactory trade marks. In the absence of a registration requirement, the problem appears later, when a court has to rule on infringement. However, it is possible to overcome this. An expert in perfumery is able to describe the fragrance of a perfume in the specific language used in the profession. Moreover, as mentioned, some significant improvements were made in the field of technical equipment used to describe fragrances. These methods are not perfect, but they are sufficient for infringers to copy the fragrance. Therefore, they should also help the right holders and we expect that Swiss courts would recognise the protection of perfumes by copyright.

3D printing: predictions for the fashion industry

As 3D printed fashion looks set to become an affordable reality, and it becomes conceivable that consumers will one day scan objects or download design files and print clothing and accessories at home, we look at the likely impact on the fashion industry in terms of challenges to its intellectual property rights and ways in which it looks likely to compete in a brave new fashion world.

IP predictions

Exemptions from some types of IP infringement for personal use, combined with the practical and PR difficulties of pursuing individual consumers, mean that fashion brands are likely to seek to enforce their rights against those higher up the fashion food chain. The fashion industry may look to adopt the strategies of the already disrupted music and film industries, obtaining blocking injunctions requiring ISPs to prevent access to sites offering infringing design files from which 3D prints can be made. Relying on rights in the digital file would be a way of overcoming the limitations of copyright (such as narrowly defined categories of protectable works) and design right (such as “must-fit” and “functional” exemptions) which would apply to a 3D printed product itself.

Trade marks also look likely to come into their own in the inevitable battle against counterfeiters. The logo has recently been enjoying a resurgence on the fashion week catwalks after years of so-called “logo fatigue”, hinting at an emerging weariness of mass-produced, mass-accessible fashion which may be exacerbated by 3D printing. If everyone can have a tailor made dress at the click of a button, trade marks could act as a distinguishing factor. This consumer demand would conveniently coincide with brands’ interests in making designs more protectable. If a protected logo was to be printed as part of, or for application to, 3D printed products, trade mark owners would have a clear legal recourse.



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Further, third parties offering 3D printed equivalents to branded products will need to make the products or files findable online. The UK Courts have recently taken a narrow view of the extent to which third parties can use trade marks, in the context of both keyword advertising and their own website’s search engine, to generate links within search engine results which direct consumers to products not originating from the trade mark owner. While the case did not concern 3D printing, the decision is encouraging for trade mark owners in that context.

Commercial predictions

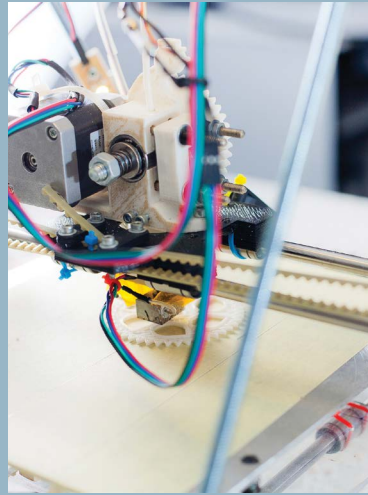
As well as the threats posed to the fashion industry by the dawn of 3D printable fashion, it is also a land of opportunity.

High-end fashion brands eschewing 3D printing might rely on high quality handcrafting, for which there is always likely to be demand, and brand extensions into products which will, in the early days at least, be less susceptible to 3D printing, such as perfume and cosmetics.

However, tech-forward brands are anticipating, and embracing, the arrival of the 3D days. Offline, they are already responding to existing competition from online retail, with interactive mirrors, touchscreen window displays, virtual fitting rooms, and RFID technology, using in-store technology to provide consumers with what they can’t yet get in the same way online... high standards of service and, crucially, the brand experience. Online, those brands are looking at creating their own applications for 3D printing to stay ahead, possibly by offering a guarantee of quality through the licensing of design files made available to consumers in online libraries similar to iTunes, and by offering increased personalisation through customisation.

What is 3D printing?

3D printing is a form of additive manufacturing, a process whereby products are built up layer by layer, starting with a 3D digital file of the object either using CAD software or by 3D scanning an existing object. 3D printers can already produce objects in a range of materials and colours which will increase as the technology develops.



3D printing in fashion today

- Nike's Vapor Laser Talon includes a 3D printed plate contoured to an athlete's foot to increase performance
- Pringle's AW14 collection just shown at London Fashion Week featured fabrics created using 3D printers
- Dita Von Teese and Lady Gaga are two celebrities already seen sporting 3D printed dresses
- Illegal file sharing website The Pirate Bay already enables the sharing of digital files for 3D printable products, such as jewellery, called "Physibles"
- Websites like Thingiverse and Shapeways have already established themselves as marketplaces for 3D printed goods, including clothing and accessories

Industry perspective: Sarah Angold of Sarah Angold Studio:

"There's no doubt that 3D printing throws up considerable intellectual property challenges within all design industries, however we are still a little way off a time where consumers will have home 3D printers of high enough quality to replicate the sort of intricate, mixed media work we make at Sarah Angold Studio. Despite the availability of counterfeit products already, our customers want the original, and in fact in some cases we have seen counterfeits raise brand awareness rather than damage sale. Inevitably, as we move into a period of easy digitisation, 'handmade' will carry an even greater value.

It is our job as designers to adapt to the changing face of the industry (as we did when the internet arrived) and in my opinion, the opportunities for innovation far outweigh the potential costs."

*Sarah's jewellery shown in these photos was made using 3D printing. Images reproduced with kind permission of Sarah Angold.
www.sarahangold.com*



Brand under fire

As far back as the Roman Empire, it was recognised that once a reputation has been damaged it can be very hard to regain. Socrates' wisdom applies as much to brands as to individuals, but working out how to apply it in the online world is particularly challenging. The ease of posting content online means that every brand will face criticism of one kind or another from time to time. Identifying which attacks matter and require a response is crucial.



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When should brands respond to online attacks?

Putting to one side customer service handling, a judgment call has to be taken at an early stage of a potential brand reputational crisis. Is this a story which is likely to grow and cause real damage, or will it naturally fade away without intervention? Each story has its own particular factors, but some themes can be identified:

- Former employees with (embarrassing) information from inside the brand and/or an axe to grind are particularly dangerous if ignored, but can often be dealt with easily
- Stories involving alleged illegality (eg corruption) or unethical practices (eg use of child labour) are high risk in terms of their future consequences
- Stories about individual misbehaviour by senior staff at the brand are very likely to get a reaction from the individual concerned (who may demand legal action be taken), but much less likely to cause real harm to the brand as a whole
- Look out for attacks which seem to be from multiple credible sources or which are backed up by documents; the mainstream media is much more likely to publish these
- Heavy-handed responses to 'humorous' brand re-workings or genuinely felt consumer concerns are very likely to backfire
- It's easy to forget (particularly if you're a senior executive reading a serious attack on your brand) that the overwhelming majority of online content is barely read at all, let alone acted on

Assuming that you do want to take action, what legal options are there?

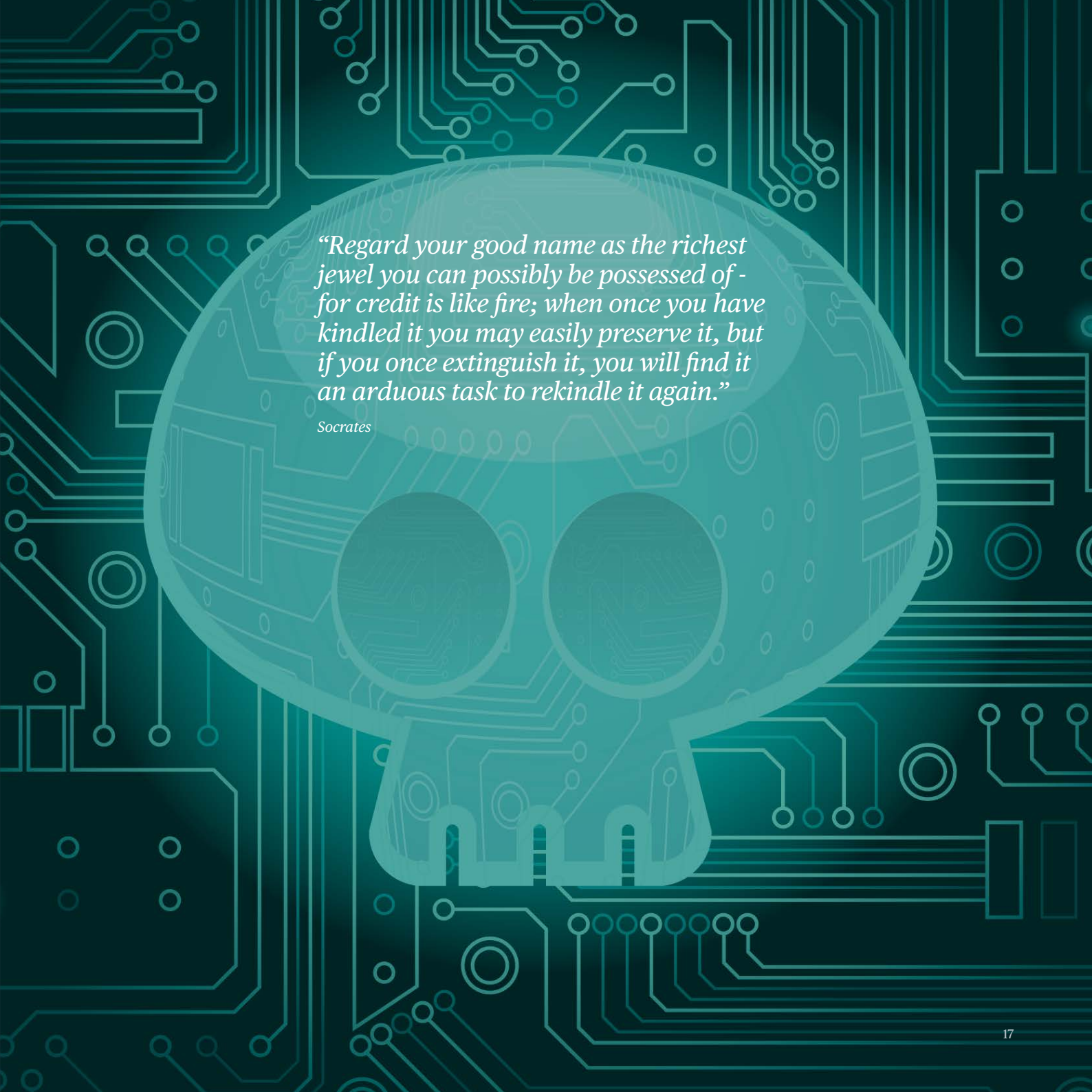
A legal approach will only rarely be the right response to online brand attack, but if you do want to consider that route, there is likely to be a range of options available.

Most online content involves more than one country, including:

- The main country/countries in which the brand is based
- The location of the poster of the content
- The location of the website host or platform owner

In each country concerned different legal options are likely to be available and choosing the right tool for the job matters. You'll need to quickly weigh up the various options, which might include:

- Asking a social network or web host to remove content because it infringes their terms and conditions (most prohibit defamatory content and IP infringement)
- A direct complaint to the originator of the content if you know who and where they are. Your complaint might rely on any of defamation, copyright infringement, unfair competition, breach of confidence, breach of an employment contract or a number of other potential causes of action, all depending on the nature of content
- For anonymous content, getting a Court order to require a third party (eg the social network) to hand over the identity details of the poster
- In the most serious cases, getting an injunction requiring the removal of the content



“Regard your good name as the richest jewel you can possibly be possessed of - for credit is like fire; when once you have kindled it you may easily preserve it, but if you once extinguish it, you will find it an arduous task to rekindle it again.”

Socrates

Coloured shapes and trade mark protection: the Orange case

It is relatively common that a trade mark attorney is confronted with the enquiry whether the colour per se and colour combination trade marks are registrable under the law of his or her jurisdiction. In Europe that is theoretically possible under the interpretation of the Court of Justice of the European Union, e.g. in the *Libertel and Heidelberger Bauchemie* cases. In particular, a colour per se is registrable whenever it is capable of distinguishing the goods or services of one undertaking from those of other undertakings, provided it can be represented graphically (generally a colour code system such as ‘Pantone’ is good for this purpose). It has been extensively debated whether, in colour per se trade marks, such distinctiveness is inherent or on the contrary they can only acquire it through use. In principle, this debate excluded shaped colour marks as these were not considered, strictly speaking, as colour per se marks.

Battles have been common in the field of colour trade marks. In Spain, (although also of relevance to other jurisdictions,) the last battle in this respect was that of *Jazz Telecom v Orange Personal Communication Services*, the Orange Case. It was about the attempt from the multinational telecommunications company known as ‘Orange’ to secure in Spain, the international trade mark registration no. 908,137 consisting of a plain orange square. It ran all the way to the Supreme Court before, finally being refused. The orange square mark was initially registered by the Spanish Patent and Trade Mark Office on account that the registration was not a mere colour per se mark, but a coloured shape and was therefore inherently distinctive (the case did not deal with distinctiveness acquired through use).

Orange competitor, Jazz Telecom, filed an administrative appeal in order to reverse this decision arguing lack of distinctiveness. The appeal succeeded before the Administrative Court. Orange therefore appealed to the Supreme Court, which confirmed refusal of the registration on 2 December 2013.

The Supreme Court considered that the strict interpretation for registering colour marks per se was applicable to marks consisting of a colour shaped by banal, trivial or elemental geometric figures, such as the orange square mark.

According to the Court, it was evident that the main element in a global assessment of the mark was the colour itself, as the square was a negligible feature. In the circumstances, that colour itself was not eligible for trade mark registration for the goods and services listed in the application. From this point of view, the shaped colour trade mark was no different from a colour per se trade mark. The Court also relied on the refusal by OHIM of an identical mark in 2006 (CTM 3,086,923) and considered its view was consistent with the case law of the General Court of the EU, citing T-282/09 *Fédération internationale des logis / OHIM* where the mark consisted of a basic square containing the colour green.



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Industry news

Paid promotions: the next frontier of social media marketing?

Previously, social media marketing focussed on media that was “owned” and “earned”, meaning that content, apps and other social platforms were key. Brands could promote their social pages simply through mentions within their main marketing and advertising processes. If users felt that a brand had something worth selling, that brand could “earn” further media coverage through various social media outlets such as Facebook likes or retweets on Twitter.

Due to the ever growing presence of social media today, competition has become fierce and brands will need to evolve their strategy in order to maintain their presence. This however, is not without its challenges; it’s more difficult for brands to target within social communities and yet this is the next chapter of social media marketing. This new “paid” chapter seeks to motivate the loyal audiences within social networks and will lead to more detailed and advanced advertising.

These stages, “owned”, “earned” and “paid”, are no longer separate tools. They have become the three frontiers of social marketing and combining these will set the tone for any brands wishing to maintain their market presence.

This is a new and exciting time for both brands and marketers; however it will be a continual process that will demand investment.

Find more at: <http://www.adweek.com/news/technology/next-chapter-social-media-marketing-paid-promo-156290>



The maker product movement - big brands get involved

The collective term for independent inventors and designers, “the maker movement”, has fascinated many popular brands with promises of rousing the imagination of consumers.

In a world dominated by mass production and generic products, the maker movement inspires a new generation of brand identity. The movement provides consumers with an emotional pull towards these products due to the products’ personal, handcrafted nature - something that big brands often lack.

There are however logistical challenges for large companies wishing to work with one-man operations. It is therefore important to find an efficient way to organise the relationships, whether through shared workspaces or through online platforms. Major brands need to ensure that there is no disconnect with their brand identity if they work with independents. There must be a mutual overall message conveyed to the consumer.

For examples of brands already cashing in on the movement, read more at: <http://www.adweek.com/news/advertising-branding/which-big-brands-are-courting-maker-movement-and-why-156315>



Upcoming industry events

Sustainable Brands, San Diego

2 - 5 June 2014
San Diego, USA

Today's leading brands need to pursue regenerative business models in order to thrive and create a positive impact. The conference will take a look at the market trends that will be shaping brand innovation, repositioning and product life cycles.

<http://www.sustainablebrands.com/events/sb14>

London Fashion Week

12 - 16 September 2014
London, UK

Fashion's biggest brands from around the world come together once again for London's Fashion Week.

<http://www.londonfashionweek.co.uk/>

The Un-Conference: 360° of Brand Strategy for a Changing World

6 - 7 May 2014
Miami Beach, USA

The dedicated brand strategy and management workshop brings together an exclusive group of marketers for networking and creative learning.

<http://www.theblakeproject.com/un-conference/360-brand-strategy-changing-world-miami-2014/>

Interact Paris 2014

20 -21 May 2014
Paris, France

INTERACT is a two day gathering of the leading European advertisers, agencies and media owners, regulators and policy makers. This year's theme is "Creating a new era for growth".

<http://www.interactcongress.eu/>

A world map in shades of blue and green. Five callout boxes are connected to the map by dashed lines. The boxes contain information about events in Europe, Hong Kong, Italy, and Singapore. The map shows continents and country borders.

Brand Licensing Europe

7 - 9 October 2014
London, UK

Exhibit at Brand Licensing Europe for the opportunity to obtain new partnerships and expand your brand. Attendees can meet with over 7,000 retailers and licensees who are looking for brands and images available for license.

<http://www.brandlicensing.eu/brand-licensing-europe>

The Economist Innovation Awards and Summit 2014

9 - 10 October 2014
Hong Kong

The Economist's flagship innovation event highlights creative individuals and delves into the innovation debate, looking at the way we view innovation and the myths behind it.

<http://www.economistinsights.com/technology-innovation/event/innovation-awards-and-summit-2014>

innoCos 2014

21 - 23 May 2014
Rome, Italy

The Beauty Innovation Leaders Summit 2014 is an international summit attended by leaders of the most innovative beauty brands and retailers, featuring interactive workshops.

<http://innocosevents.com/2014/05/21/innocos-europe-2/>

World Brand Congress

31 July 2014
Singapore

The World Brand Congress is the largest conference for the people behind the world's most successful brands. With leaders from every sector, the event attracts some of the world's branding and marketing elite.

<http://www.worldbrandcongress.com/>

Comparative advertising - my brand is better than yours

Comparative advertising is a well-known marketing technique. Because in such comparisons one brand always comes out on top, this type of advertisement regularly generates controversy.

Comparative advertising is a double-edged sword: used in a legitimate manner, it helps stimulate competition between suppliers of goods and services in the interest of consumers. Used in an unfair manner, it can be detrimental to competitors and have an adverse effect on consumer choice. Comparative adverts must find a balance between these conflicting interests.

In the EU, the use of another's trade mark in the framework of a comparative advert is permitted where it complies with the conditions laid down in the directive concerning misleading and comparative advertising (2006/114/EC).

If the advert meets the requirements set out in this directive, a brand owner cannot invoke its exclusive rights on its trade mark to oppose the advertising. If the advert does not meet those criteria, a trade mark owner has at its disposal several means to prohibit the unlawful use of its mark and to cease this unfair practice.

For instance, an advert must not mislead the consumer. This is often an issue with price comparisons, as the comparison may be based on only a limited sample of products but suggests an overall price advantage (e.g. "often more than 20% cheaper than in stores"), or provides an incomplete or outdated picture.

A comparative advert can only be a legitimate means of informing consumers if it objectively compares one or more material, relevant, verifiable and representative features of goods and services. 'You can't compare apples and oranges'. This can be tricky for an advertiser as in certain sectors it's hard(er) to identify appropriate features (e.g. subjective features depending on preference, objective features such as pricing but which constantly fluctuate).



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The goods or services being compared must also meet the same needs or be intended for the same purpose. In substance, they must display a sufficient degree of interchangeability for consumers. Examples of such interchangeable goods can be found in the case-law: innovator drugs and generic drugs, beer and wine, mobile telephony and fixed telephony, etc.

In addition, the advertiser may not discredit or denigrate the competitor, its brand or activity. To fall foul of this, it is of course not enough to place a brand in a bad light factually, which is more or less the essence of comparative advertising, but there are limits to be found in case-law (e.g. "Welcome X and its rock-bottom prices. Goodbye Y and its very expensive flights"). In the same vein, the advertiser may not take unfair advantage of the reputation of its competitor's mark and may also not present its products or services as imitations or replicas of its competitor. Finally, the comparative advertisement must not create confusion between the advertiser's product, service or brand and that of his competitor.

All these criteria are useful tools for tackling a competitor's advertising but are also aspects to be considered when designing a new campaign based on comparative advertising.



Brands in the social age of transparency

The uncomfortable truth for some is that brands are made differently now.

In the past, brand teams could carefully craft their messages, pay to influence their audiences, and control their prized assets. It was what you said, not what you did, that mattered. Because customers couldn't compete with TV adverts or billboards - they had no voice.

But today it's the individual that has the power to make or break a brand in real-time - toppling years of hard earned reputation, or building a loyal following overnight - sometimes with less than 140 characters.

All this means that the brand is what the brand does - consumers are looking for promise keepers not promise makers, authenticity of purpose, and ethical thinking in the enterprises that they support. Whether that's with their hard earned cash, or with their social currency.

So how did we get here? Two things have played a big part - the social age of transparency, and a new post-crisis mindset.



By Doug Hewett,
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The social age of transparency

We live in the social age of transparency - where consumers can now see inside a brand and a business like never before - sharing what they find at frightening speed. It's digital, social, and the last time you trusted strangers on TripAdvisor.

The walls have come down - turning brands inside-out - consumers are acting like employees, and employees can directly influence customers. They see the way a business treats its people, study its partners and supply chain for ethical practice, and scrutinise its tax team and bonus strategy.

In this context, a company's internal culture and customer service experience become more important than ever. Employees become trusted brand advocates, and customers build peer-to-peer brand loyalty. In the social age of transparency - the best brands have nothing to hide.

A new post-crisis consumer mindset

The second thing is that brands have become more democratic than ever - platforms like Kickstarter have led the way, allowing consumers to back their choice of business, product or services - shaping and investing in the kind of brands they want to see more of. It's open, collaborative, and made by many - cutting out the middle-man and helping to accelerate the new 'sharing economy' led by Airbnb (now worth \$10billion).

This has accelerated post-crisis - evidencing a marked change in consumer behaviours and attitude that we all feel and see everyday. In the financial sector we've witnessed large-scale rebranding globally and here in the UK, defining new values and purposes to rebuild trust.

But the real brand is in the culture of the organisation and the decisions organisations take. Using the brand values as a guide for individual behaviours means large-scale internal transformation - changing the brand from the inside out. It's already underway in the financial sector, but expect others like the energy sector to follow suit in a big way - or else.

So who wins?

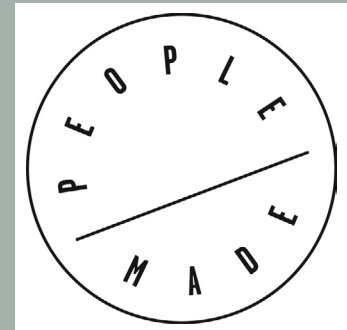
The brands we want to win, wins. Because transparency earns authentic brands and businesses tangible success. Take Toms for example - set up for \$5,000 in 2006 by a founder with a vision of giving away one pair of shoes for every one bought ('one-for-one'), it now turns over \$300million and counting. Why? Because buying a pair of Tom's shoes isn't about the old notions of brand, it's about individuals making a statement about the kind of business they want to see win.

Branding has grown up and got real. The future belongs to businesses that use their brand as a compass for behaviour, and a filter for decision-making - because only those will earn our trust in the social age of transparency.

Doug Hewett

Before co-founding People-Made, Doug was Associate Director, Brand Engagement at Interbrand, and previously a Partner at Engage Group, responsible for the strategy, creative, and client management teams. A passionate advocate of collaboration, his specialisms are brand culture, brand engagement, and brand-led service experience. He's worked with a wide range of clients, including: Diageo, DWP, Ernst & Young, Freshfields, Hays, L'Oréal, O2 Telefonica, RBS, Topshop Topman and Williams F1.

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Brand Watch

Goods in transit

The Gallo-Rapkay amendments on goods in transit put forward in a report on the Community Trade Mark Regulation and Trade Mark Directive have been adopted by the Members of the European Parliament. Following the European Court of Justice's decision in the Nokia/Philips case, European Customs could check for counterfeit goods in transit within the EU, but only had the power to stop the goods where there was a risk they could enter into the single market. This led to a loss in power to seize goods. If adopted by the Council, the effect of the amendments would be to overturn this decision and give customs the ability to confiscate imitation products regardless of their final alleged destination.

Anti-trafficking campaign

Three United Nations agencies, UNODC, UNWTO and UNESCO, have launched a joint campaign to fight trafficking of illegal goods and services. 'Your Actions Count - Be a Responsible Traveller' is the joint venture between the agencies which aims to educate travellers on the implications of purchasing illicit products, and raise awareness in the trading of people, animals and illegal drugs. In educating people, it is hoped this will encourage consumers to make ethical choices when faced with these offers which will lead to the demand for products decreasing along with the profits made through organised crime.



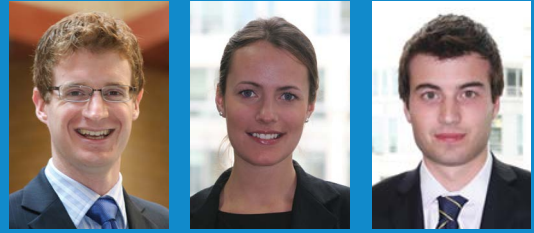
UAE - New draft anti commercial fraud law moves closer

The draft law contains a range of measures designed to fight both goods and services fraud and will set up for the first time a single body responsible for combatting counterfeiting across the UAE. Under the draft law it is an offence to import, sell, display, market, or possess counterfeit goods. However, the extent to which 'lookalike' goods that don't use the brand owner's registered trade mark will be covered by the anti-counterfeiting provisions is unclear.

We expect the draft law to come into effect before the end of this year.

Fast track examination of trade marks

The UK IPO is considering reintroducing a fast-track trade mark registration service. This was previously introduced in 2008, but stopped the following year due to a lack of interest in the service as the IPO already had a relatively fast turnaround time for applications. As there has since been a vast increase in trade mark applications, the examination period has increased. However, in 2013 a new IT processing system was introduced, reducing the time period for trade mark applications to be examined. The UK IPO has therefore been consulting on whether there is currently a requirement for a fast track service.



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EU enforcement database

The Enforcement Database has been launched by the European Observatory on Infringements of Intellectual Property (an anti-counterfeiting and piracy unit of OHIM). The database allows rights holders to upload information about their products to a centralised database which would assist customs officers and the police in identifying counterfeit and pirated goods. Information could include photographs, company details, relevant contact details, identifying features and anything that can assist distinguishing legitimate products from copies. The information can be accessed across the EU (translated into the local language) and the rights owner can customise who can see what information. The database is free to use and the only requirement is to have a valid registered trade mark in the EU.

OHIM announcement regarding scope of protection of black and white trade marks

OHIM has announced a new common practice regarding trade marks registered in black and white. This considers whether a trade mark filed in black and white and/or greyscale is identical to the same trade mark in colour with respect to priority claims and relative grounds for refusal. In addition, OHIM addresses whether the use of a colour version of a trade mark filed in black and white (and vice-versa) is acceptable for the purposes of establishing genuine use. The basic approach of the common practice is that identity between a trade mark filed in black and white and/or greyscale and a sign in colour exists only when the signs are the same in all respects, or the differences are so insignificant that they may go unnoticed by the average consumer. The common practice is expected to be implemented in the next update of OHIM's Guidelines. Whilst the common practice and Guidelines are not binding on Courts, where marks are used in a particular colour but registered in black and white, brand owners should consider whether colour versions of such marks should also be filed. We would be happy to assist with this review.

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