







TRADE MARKS

Decisions of the GC

Ref no.	Application (and where applicable, earlier mark)	Comment
<p>GC T-495/12 to T-497/12 <i>European Drinks SA v OHIM; SC Alexandrion Grup Romania Srl</i> (05.06.14)</p>	<div style="display: flex; justify-content: space-around; align-items: center;">   </div> <p>- alcoholic beverages (except beers) (33) - advertising and business management (35) - transport; packaging and storage of goods; tour operating and organizing (39)</p> <p>Dracula</p> <p>- alcoholic beverages (except beers) (33) - advertising and business management (35) (Romanian mark)</p>	<p>The GC upheld the BoA's finding that there was no genuine use of the earlier national mark relied on under Art 42(2) and (3).</p> <p>The invoices submitted as evidence of genuine use had issue dates which were very close together and demonstrated that the marketing period for the products was less than 3 months. This period barely represented genuine use. Furthermore, the invoices did not support the conclusion that the products had been marketed continuously over the relevant period.</p> <p>As there was insufficient evidence to substantiate the place, time or extent of the use of the earlier mark, the BoA was correct to find that the earlier mark had not been put to genuine use.</p>
<p>GC T-486/12 <i>Sofia Golam v OHIM; Pentafarma-Sociedade Tecnico-Medicinal, SA</i> (11.06.14)</p>	<p>METABOL</p> <p>- pharmaceutical and veterinary preparations, sanitary preparations for medical purposes, dietetic substances adapted for medical use, plasters, materials for dressings, material for stopping teeth, dental wax and disinfectants (5)</p> <p>METABOL-MG</p> <p>- pharmaceutical products, pharmaceutical preparations, medicines for humans and animals, sanitary products and disinfectants (5) (Portuguese mark)</p>	<p>The GC upheld the BoA's decision that there was a likelihood of confusion between the marks under Art 8(1)(b).</p> <p>The BoA had correctly applied Art 8(1)(b) in finding that the goods covered by the mark were identical or similar to those covered by the earlier mark.</p> <p>The BoA was correct to find that the marks were highly similar both visually and phonetically. The "mg" in the earlier mark was only a minor part in the overall impression. As "mg" had no meaning in Portuguese, the marks were also conceptually identical.</p> <p>This was the case even if the earlier mark had weak distinctive character with regards to some of the goods.</p> <p>The BoA was therefore correct to find</p>

		that there was a likelihood of confusion in Portuguese speaking parts of the EU.
<p>GC T-85/13 <i>K-Swiss, Inc., v OHIM;</i> <i>Künzli SwissSchuh AG</i> (13.06.14)</p>	 <p>- footwear (25)</p>	<p>In invalidity proceedings, the GC upheld the BoA's finding that the mark was devoid of distinctive character under Arts 52 (1)(a) and 7(1)(b).</p> <p>The relevant public was not accustomed to considering designs applied to the surface of shoes as being capable of indicating commercial origin. K-Swiss had not established that the five parallel stripes could be easily and instantly recalled by the relevant public as a distinctive sign.</p> <p>The BoA was correct to reach its finding notwithstanding the fact that registrations of the mark at issue had been granted in eight Member States; OHIM was under no obligation to follow the assessment of national authorities.</p> <p>Although the BoA had not expressly referred to types of shoes other than sport and leisure shoes it had not intended to restrict its assessment of distinctive character of the mark to those categories of shoes. K-Swiss had itself focused its arguments on those products.</p>
<p>GC T-207/13 <i>1872 Holdings vof v OHIM; Havana Club International SA</i> (24.06.14)</p>	<p>THE SPIRIT OF CUBA</p> <ul style="list-style-type: none"> - alcoholic beverages, namely rum and rum-based alcoholic beverages (33) - advertising and promotion relating to alcoholic beverages, retailing of alcoholic drinks (35) - consultancy in the field of alcoholic beverages, cocktails and non-alcoholic beverages (42) 	<p>The GC upheld the BoA's decision that the mark was invalid under Art 52(1)(a) on the basis that it was descriptive of the relevant goods/services under Art 7(1)(c).</p> <p>As the mark was composed of English language words, the relevant public for the purposes of an absolute ground for refusal was an English-speaking public. The BoA had therefore acted correctly in assessing the descriptive nature of the mark by reference solely to an English-speaking public.</p> <p>At least one of the meanings of 'spirit' meant 'alcoholic spirit' and 'the spirit of Cuba' would be understood by the relevant public as a reference to the alcoholic spirit of Cuba. Consequently, the BoA was entitled to conclude that the mark was descriptive for the purposes of Art 7(1)(c).</p>

<p>GC T-330/12 <i>The Hut.com Ltd v OHIM; Intersport France</i> (24.06.14)</p>	<p>THE HUT - retail services in connection with the sale of cosmetics products, perfumes, clothing, footwear, headgear, toys, games, advice and consultancy services in connection with all the aforesaid services; provision of the aforementioned services by a customer care unit (35)</p> <p>LA HUTTE - soap, perfumes, essential oils, cosmetics, shampoos (3) - clothing, footwear, headgear, belts, gloves, scarves, socks, ski boots or boots for sports (25) - games and playthings; gymnastic articles, balls for games, ice or roller skates, scooters, sailboards or surf boards, rackets, skis (28) (French mark)</p>	<p>The GC dismissed the appeal from the BoA's decision to reject the opposition, finding a likelihood of confusion between the marks under Art 8(1)(b).</p> <p>The goods and services had a certain degree of similarity. There was a close connection between the services of the mark applied for and the goods of the earlier mark, such that the goods and services could be considered complementary.</p> <p>The different lengths and asymmetry of the marks did not prevent a finding of a low visual similarity amongst the relevant public (French consumers with an average level of attention).</p> <p>Although the words 'la' and 'the' were phonetically different, there was a phonetic similarity. A not insignificant part of the relevant public might perceive the words 'hutte' and 'hut' as similar, given that public's imperfect command of English.</p> <p>Conceptually, the marks were identical as part of the relevant public would attribute meaning to the English word on the basis of the French rules for pronunciation.</p> <p>Given this, there was a likelihood of confusion between the marks.</p>
<p>GC T-523/12 <i>Rani Refreshments FZCO v OHIM; Global-Invest Bartosz Turek</i> (24.06.14)</p>	<p> - various foodstuffs, non-alcoholic and alcoholic beverages (29, 30, 32)</p> <p> - non-alcoholic and low-alcohol beverages (32)</p> <p> - various foodstuffs (29, 30)</p>	<p>The GC upheld the BoA's decision that there was no likelihood of confusion under Art 8(1)(b) between the mark applied for and the earlier marks.</p> <p>It was common ground between the parties that the goods in question were partly identical and partly similar. Further, only the BoA's conclusion that the mark applied for and earlier marks had a lower than average degree of phonetic similarity was challenged by Rani. There was no reason to doubt the BoA's reasoning that the marks were not visually or conceptually similar.</p> <p>Regarding the phonetic comparison, the BoA was correct to conclude that the relevant public would focus on the first syllable of each of the marks, each of which began with a different letter. Therefore, phonetically, the relevant</p>

		<p>public would distinguish the beginning of the marks from their shared ending ('ani').</p> <p>As the marks were not visually or conceptually similar and had only a weak degree of phonetic similarity, there was no likelihood of confusion.</p>
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Jurisdiction for trade mark infringement and unfair competition claims

Coty Germany GmbH ('Coty') v First Note Perfumes NV ('First Note') (CJ (Fourth Chamber)); C-360/12; 05.06.14)

Confirming the opinion of the AG (reported in *CIPA Journal*, July 2010), the CJ held that **Article 93(5) of Regulation (EC) No 40/94**¹ did not allow the courts of one Member State to hear a claim for infringement of a CTM brought against a defendant who was domiciled in a second Member State and who had only committed potentially infringing acts in that second Member State. This was the case even where the infringing act was the sale of counterfeit goods in the second Member State to a third party who later imported and sold those goods in the first Member State. However, the position relating to a claim under national unfair competition law was different and **Article 5(3) of Regulation 44/2001** (the '**Brussels Regulation**') might allow jurisdiction to be established on the basis that the first Member State was the place where the damage arising from the alleged infringement occurred.

Coty was established in Germany and was the proprietor of a 3-D CTM representing a bottle (registered in relation to perfumes). First Note was a perfume wholesaler established in Belgium. First Note sold a consignment of perfume to an individual ('Stefan P') whose place of business was in Germany. The sale was completed entirely in Belgium where Stefan P took delivery of the perfume. Stefan P subsequently resold the perfume in Germany. Coty brought proceedings against First Note in the German courts for infringement of its CTM and under German unfair competition law. Coty did not include Stefan P as a defendant to the proceedings. The German courts dismissed Coty's claims on the basis that they did not have jurisdiction to hear them. Coty appealed to the Bundesgerichtshof who referred questions concerning whether it had jurisdiction to hear the trade mark and unfair competition claims under either **Article 93(5) of Regulation 40/94** or **Article 5(3) of the Brussels Regulation**.

Regulation 40/94

The CJ firstly observed that the provisions of **Article 93(5)** had to be interpreted separately from the jurisdiction provisions of the **Brussels Regulation**. **Articles 90(2) and 92** gave a Community trade mark court exclusive jurisdiction in relation to infringement actions concerning CTMs and expressly excluded the operation of **Article 5(3) of the Brussels Regulation** for such claims. In that context the meaning of 'the Member State in which the act of infringement has been committed or threatened' under **Article 93(5)** had to be interpreted as referring to the Member State where the act giving rise to the alleged infringement occurred (or may occur) and not the Member State where that infringement produced its effect. Jurisdiction under **Article 93(5)** could only therefore be established in the Member State where the defendant committed the alleged infringing acts.

The Brussels Regulation

The CJ noted that actions under national law relating to unfair competition did not come within the jurisdiction of the Community trade mark courts even if they related to the use of a sign which was also registered as a CTM. The jurisdiction of national courts in relation to such actions was therefore determined by reference to the **Brussels Regulation**.

¹ Now **Article 97(5) of Regulation (EC) No 207/2009**.

Following the CJ's approach in *Melzer* (C-228/11) the 'place where the harmful event occurred or may occur' referred to in **Article 5(3)** allowed the courts of a Member State to establish jurisdiction based on either the place where the damage occurred or the place of the event giving rise to it. Where the defendant was only one of a number of presumed perpetrators of the infringing acts, and had not itself acted within a Member State, then, following *Melzer*, **Article 5(3)** did not allow jurisdiction to be established in that Member State because it was not the place of the event giving rise to the damage. However, if acts committed outside that Member State were capable of infringing provisions of national unfair competition law and thereby causing damage within that Member State, the courts of that Member State would have jurisdiction on the basis that the Member State was the place where the damage occurred. Whether acts committed in Belgium were capable of infringing German unfair competition law and causing harm in Germany was a question for the German courts to assess.

High Court finds YOUR VIEW mark infringed by YOUVIEW

Total Ltd v YouView TV Ltd ('YV')* (Sales J; [2014] EWHC 1963 (Ch); 16.06.14)

Sales J held that YV's use of the name 'youview' in relation to its television set top boxes infringed Total's UK trade mark for YOUR VIEW, and rejected YV's counterclaim for invalidity of the YOUR VIEW mark.

Total provided bespoke telecommunications services which it marketed to customers under the YOUR VIEW name. The service allowed business customers to monitor and manage their global telecommunications spending. The YOUR VIEW mark was registered in respect of: 'Database programs and Databases' in Class 9; 'Provision of commercial business information by means of a computer database; computerised database management; compilation of information into a database' in Class 35; and 'Providing access to computer databases; telecommunications services' in Class 38.

YV was a joint venture between the BBC, ITV, BT, Channel 4, TalkTalk, Arqiva and Channel 5. In May 2012, it launched a set top box which allowed reception of free-to-air digital radio and television broadcasts as well as a recording facility and access to catch-up TV services over the internet. It was intended to be an evolution from the 'Freeview' service with which consumers were already familiar. YV had previously sought to register YOUVIEW as a UK trade mark in Class 9 in respect of 'apparatus for television and radio reception' and 'software for embedding in apparatus for television and radio reception'. Total opposed the application on the basis of its earlier mark and registration was subsequently refused by the IPO and, on appeal, by **Floyd J** in the High Court (reported in *CIPA Journal* December 2012). Notwithstanding its lack of success in registering YOUVIEW as a trade mark, YV continued to market its new service under the 'youview' brand.

Validity

Relying on the CJ's ruling in *Chartered Institute of Patent Attorneys v Registrar of Trade Marks, Case C-307/10 ('IP Translator')*, YV alleged that Total's YOUR VIEW mark was invalid due to a lack of clarity and precision in its specification specifically in relation to 'databases' and 'telecommunications services'. **Sales J** found that it was not *acte clair* in light of *IP Translator* that the lack of clarity or precision in the goods or services specified for a trade mark was not a ground of invalidity. However, he found that there was no lack of clarity or precision in the specification of the goods and services to which the YOUR VIEW mark related. The Judge considered that it was to be expected that most specifications would have some element of uncertainty. He went on to state that, whilst there may be some element of doubt at the margins about whether something is a computer database, a database program or a telecommunications service, there was no doubt about the core meaning of those terms, and it would be difficult to think of an alternative and more precise formulation.

Sales J went on to find that the YOUR VIEW mark was not devoid of distinctive character and/or descriptive. He found that, although the phase 'your view' was typically used in normal language to refer to a person's opinion or visual perspective, in the context of the YOUR VIEW mark it described an interactive and responsive telecommunications service and would be taken by customers to refer to the provider of the service, rather than its description.

In rejecting YV's attack on validity on the ground of bad faith, **Sales J** was satisfied that there was evidence that the YOUR VIEW mark was applied for in relation to an entirely legitimate business purpose and was not too wide in scope. He considered that at the time Total registered the YOUR VIEW mark it would have foreseen a need to expand into related areas of activity in the future to remain competitive. The specification of goods and services adopted was therefore legitimate.

Infringement

Sales J found that the goods and services supplied by YV were identical or highly similar to those for which the Mark was registered. The Judge went on to find that YOUVIEW was similar to YOUR VIEW, considering the dominant and distinctive element of the mark and sign to be YOUR VIEW and YOUVIEW, respectively, as a whole.

In finding that there was a likelihood of confusion, **Sales J** took into account the high degree of similarity between the mark and the sign and the identity or close similarity between the goods and services at issue. He also took into account the convergence of the TV and telecommunications markets and the fact that the 'youview' set top boxes were often supplied bundled together with telecommunications services offered by telecommunications companies in partnership with YV.

YV's activities were found to adversely affect the functions of the YOUR VIEW mark as YV's use of 'youview' was likely to confuse the average customer as to the origin of the goods and services being offered to them, thus adversely affecting the essential function of Total's mark.

Sales J concluded that YV's activities infringed the YOUR VIEW mark and dismissed YV's claim for invalidity. The parties agreed to postpone the form of relief until a later hearing.

Acquired Distinctiveness

Oberbank AG & Ots v Deutscher Sparkassen- und Giroverband eV ('DSGV') **(CJ (Third Chamber); C-217/13 and C-218/13; 19.06.14)**

The CJ has given guidance on questions relating to acquired distinctiveness of a trade mark.

The German banking group DSGV applied to register a shade of red as a German trade mark for various goods and services. Although initially refused for lack of distinctive character, it was subsequently registered for certain services on the basis of acquired distinctiveness following survey evidence submitted by DSGV.

Oberbank applied to the German Patent and Trade Mark Office for a declaration of invalidity due to lack of distinctiveness. Its application was dismissed on the basis that the mark had acquired distinctive character and Oberbank appealed to the Bundespatentgericht. Two companies from the Santander banking group also applied for a declaration of invalidity on similar grounds to those Oberbank had relied on. The German Patent and Trade Mark Office joined the two sets of proceedings and dismissed them on similar grounds to those relied on in the Oberbank action. Santander also appealed to the Bundespatentgericht. The Bundespatentgericht stayed both proceedings and referred three questions to the CJ concerning **Article 3(1)** and **3(3)** of the Directive.

The CJ held as follows:

1. **Article 3(1)** and **(3)** precluded an interpretation of national law according to which, in the context of the proceedings raising the question whether a contourless colour mark had acquired a distinctive character through use, it was necessary in every case that a consumer survey indicated a degree of recognition of at least 70%. EU law did not preclude national courts from referring to an opinion poll for guidance (and in which case, that national court must determine the percentage of consumers that would be sufficiently significant), however, acquired distinctive character cannot be demonstrated solely by reference to general, abstract data such as predetermined percentages. The perception of the relative public is not necessarily the same for each of the categories of marks; acquired distinctive character may be more difficult to establish in certain categories.
2. Where the Member State had not exercised its power under **Article 3(3)** to take into account distinctiveness acquired after the filing date (Germany being one such Member State), the first sentence of **Article 3(3)** made it necessary to examine whether a mark, intrinsically devoid of distinctive character, had acquired the necessary distinctiveness through use, before the filing date. In such cases, it was not relevant that the proprietor of the mark maintained that the mark acquired distinctive character after the date of filing but before the date of registration of the mark.
3. Where a Member State had not exercised its power under **Article 3(3)**, the first sentence of **Article 3(3)** must be interpreted to the effect that it did not preclude the mark from being declared invalid where it was intrinsically devoid of distinctive character and the proprietor had failed to prove that it had acquired distinctive character through use before the filing date. The burden of proof must be borne by the proprietor of the mark.

PASSING OFF

Registration of domain names amounting to passing off

***Vertical Leisure Ltd v Poleplus Ltd & Anr** (Judge Hacon; [2014] EWHC 2077 (IPEC); 02.06.14)**

Judge Hacon granted summary judgment in favour of Vertical Leisure in respect of its claim for passing off against Mr Bowley (the second defendant) in relation to his registration of several domain names and twitter accounts incorporating Vertical Leisure's SILKii and X-POLE trade marks. However, Vertical Leisure's summary judgment application in respect of its claim for trade mark infringement was refused.

Vertical Leisure had advertised and marketed pole exercise dance poles under the name X-POLE in the UK since 2010. In 2013 it developed a new pole called the SILKii which it demonstrated at an exhibition in the UK in March 2013 and subsequently launched at an exhibition in Germany a month later. Poleplus was a competitor of Vertical Leisure. While briefly a director of Poleplus, Mr Bowley, on the opening day of the exhibition in Germany, registered six domain names which incorporated the words SILKii and/or X-POLE. He subsequently registered additional similar domain names and set up two Twitter accounts relating to SILKii. Mr Bowley then contacted Vertical Leisure, offering to sell to it most of the domain names and the Twitter accounts.

Vertical Leisure relied on *BT v One in a Million Ltd* [1999] 1 WLR 103 in relation to its claims for both trade mark infringement and passing off. However, **Judge Hacon** refused to accept, without time for further argument, that the law as set out in *One in a Million* as it related to trade mark infringement remained unaltered (specifically in light of the more recent cases *Celine SARL v Celine SA* Case C-17/06 and *L'Oreal v Bellure* Case C-407/07). He therefore refused to grant summary judgment.

However, **Judge** Hacon was satisfied that *One in a Million* was still good law in relation to passing off and that he was bound by that decision. In particular, he agreed with Aldous LJ's finding that the registration of a domain name by a party unrelated to the owner of the goodwill in a mark was a misrepresentation that that registrant was associated with the domain name, thereby eroding that goodwill. **Judge** Hacon found that Mr Bowley must have agreed for the very reason that he had attempted to sell the domain names to Vertical Leisure. Again referring to the dicta of Aldous LJ the Judge also found that, by registering the domain names, Mr Bowley had created instruments of fraud as use of them was liable to result in passing off.

While **Judge** Hacon accepted that, on the evidence, it appeared Poleplus was a joint tortfeasor with Mr Bowley, it was arguable that the current sole director of Poleplus had been unaware of Mr Bowley's activities. In addition, given that the claim of joint tortfeasance had not been pleaded, Poleplus was entitled to resist the summary judgment application and defend the claim in the event that the pleadings were amended. However, the Judge indicated that it would be '*very unsatisfactory*' if the case were to go to trial merely to determine the liability of Poleplus, given that his decision would inevitably result in the domain names and Twitter accounts being transferred to Vertical Leisure.

Equipping a third party with means to pass off

***Orvec International Ltd v Linfoots Ltd** (Judge Hacon; [2014] EWHC 1970 (IPEC); 18.06.14)**

Orvec's claims for passing off and breach of contract against Linfoots, relating to Linfoots' supply of photographs to a third party, failed. **Judge Hacon** refused to read into an advertising agreement between the parties an implied term granting Orvec an exclusive perpetual licence to use photographs which it had commissioned Linfoots to take on its behalf. Further, Linfoots was not liable for equipping the third party (Intex) with the means to pass off its goods as Orvec's or of procuring passing off by Intex by providing those photographs to Intex, in circumstances where the use of the photographs by Intex did not itself amount to passing off.

Orvec traded in textile products, such as pillows, blankets and towels, which it supplied to airlines for use by their passengers. Under an advertising agreement Linfoots photographed Orvec's products for Orvec's website and printed advertising, and retained ownership of the copyright in the photographs. Some of the products shown in the photographs were manufactured for Orvec by Intex. After Intex and Orvec terminated their business dealings, Intex asked Linfoots to create and supply photographs for use in its own advertising. Orvec complained that the photographs supplied to Intex by Linfoots included some of those which had been created for itself.

Referring to *Attorney General of Belize v Belize Telecom Ltd* [2009] 1 WLR 1988, **Judge** Hacon said that a court would only imply a term into a contract where it had the meaning which the instrument would convey to a reasonable person with all the relevant background knowledge. As a result, a term would not be implied if it contradicted an express term or if it was not capable of clear and simple expression. The Judge also took into account the finding in *Liverpool City Council v Irwin* [1977] AC 239 that an implied term was to be the least that was necessary to give effect to that meaning. Therefore, while it was common ground that there was an implied licence for Orvec to use the copyright in the photographs supplied by Linfoots to Orvec, the court would not grant a broader exclusive licence merely because some of the photographs which Linfoots produced contained Orvec's trade marks. To divide the licence between photographs which included Orvec's trade marks and those which did not would result in a complex term which was not easily expressed. Therefore, in circumstances where it was possible to grant a non-exclusive licence for all photographs, no more complicated a licence term would be implied.

With regard to Orvec's claim that Linfoots' supply of the photographs to Intex (i) equipped Intex with the means to pass off and (ii) procured passing off by Intex, the Judge found that Intex was not misrepresenting anything about the Orvec products. The products in the photographs were actually manufactured by Intex (and sold by Orvec to its airline customers) or were products which were never actually sold by Orvec, in which case Intex could not be representing anything as the products were not actually available, but rather were examples of products which Intex could supply if requested.

Similarly, by including airline-branded products which Orvec sold to various airline customers, Intex was not misrepresenting that the various airline customers were customers of Intex rather than Orvec where those customers were also the customers of Intex. In addition, in relation to the products for airlines which never actually traded or were no longer in existence, persons with knowledge of the airline industry would know that they were not customers of Intex (and so no misrepresentation occurred). In the sole instance where Intex included a photograph of a British Airways ('BA') pillow which Intex manufactured, but which Orvec sold to BA (so that BA was not a direct customer of Intex), no misrepresentation was found to exist when Intex's website was considered as a whole – it was deemed to be merely an example of the type of product which Intex could (and did) manufacture.

Given that Intex was not engaged in actionable passing off, Orvec's claim against Linfoots could not succeed.

DESIGNS

Inquiry as to damages for infringement of UK unregistered design rights

***Kohler Mira Ltd v Bristan Group Ltd** (Judge Hacon; [2014] EWHC 1931 (IPEC); 13.06.14)**

Following the judgment of **Judge Birss** (as he then was) (reported in *CIPA Journal*, March 2013) that electric shower units sold by Bristan infringed certain unregistered UK design rights ('UDRs') owned by Kohler, **Judge Hacon** held that damages due to Kohler were equivalent to a royalty payment at the rate of 6.7% of the price at which Bristan sold the infringing shower units to its customers. No damages were excluded pursuant to Section 233(1) CDPA (for innocent infringement).

Innocence

At the inquiry Bristan raised, for the first time, an argument based on **Section 233(1)** despite the fact that it had not been pleaded in its defence in the substantive proceedings. The Judge held that Bristan was not entitled to raise **Section 233(1)** at such a late stage, particularly in the IPEC, and in any event it did not afford Bristan a good defence. The argument that a US patent held by Kohler may cause a reasonable man to think that creator of the designs might be a US citizen, so that design right may not subsist in those designs, came 'nowhere close' to establish a defence under **Section 233(1)**.

First head of damages - lost profits from sales

Kohler claimed profits lost on the sale of showers that it would have made if Bristan had not infringed. From 2010 to 2013 inclusive Bristan sold 63,204 infringing showers. The relevant questions were: (a) what extra sales Kohler would have made had those 63,204 showers not been on the market and (b) what profit Kohler would have made from those extra sales.

Some of Kohler's showers did not embody any of the UDRs. The Judge therefore considered how he should deal with lost sales of products unprotected by the UDRs infringed. The Judge drew the following principles from the relevant case law: (i) A claimant who established infringement of his IP right may, in principle, claim compensation for damage in relation to goods and/or services not protected by the IP right; (ii) Such damage could be claimed if it was (a) foreseeable, (b) caused by the wrong with the defendant had been found to have committed and (c) was not excluded by public or social policy; and (iii) In relation to

causation, it was not enough that the loss would not have occurred but for the wrong committed. The wrong must, as a matter of common sense, be the cause of the loss.

The Judge rejected Kohler's argument that taking the shower market generally, i.e. all price bands, in the relevant period it had 30% of the market and was therefore entitled to assume that had the 63,204 infringing Bristan showers not been available on the market, 30% of the sales would have gone to Kohler instead. Although Kohler probably lost some sales of showers because of Bristan's sales of the infringing showers, the Judge held it was impossible to reach any kind of rational view as to how many, save that probably the number was low.

Since the Judge found no reasonable basis to assume that 30% of Bristan's sales would have gone to Kohler, and was unable on the evidence to assess any other figure, the losses claimed under the first head of damages were too speculative and too open to inaccuracy to provide a useful basis for calculating damages on the loss of profit basis. It followed that the damages due to Kohler fell to be calculated on the basis of a reasonable royalty to be charged on all 63,204 infringing sales.

Second head of damages - reasonable loyalty

Kohler claimed a royalty on sales by Bristan of infringing showers which did not cause Kohler to lose sales. The Judge referred to *32 Red plc v WHG (International) Limited* [2013] EWHC 815 (Ch) as regards the matters which the court must take into account when assessing damages according to the 'user principle', i.e. (i) The royalty is assessed on the assumption that both licensor and licensee are willing to negotiate a licence and would reach a deal; and (ii) It is relevant if the licensee had alternative opportunities to take a licence from elsewhere, even if such a licence would have been less attractive. It is to be assumed that such alternative possibilities would have been taken into account when negotiating the royalty.

One way of assessing the royalty was by the 'available profits' method, by which the profits actually made by the defendant were calculated, with the assumption that the parties would have accurately predicted that figure in advance and had it in mind when negotiating the licence. The Judge calculated the profits available to be 22.2% of Bristan's sales price. In assessing how that figure ought to be divided between Kohler and Bristan, the Judge held that **Judge Birss'** finding that the designs for one of the models of shower were something of a breakthrough in the industry was relevant because the hypothetical negotiating parties would have been aware of that fact. It therefore increased the proportion of profits due to Kohler from 25% of those available to 30%. The Judge therefore calculated the royalty payable by Bristan to be 30% of the total 22.2% available profits on infringing sales, i.e. a royalty of 6.7% on its sales price of the infringing products.

Third head of damages - additional advertising and promotional costs

Kohler claimed additional advertising and promotional costs it had incurred as a result of Bristan's infringement. The Judge held that while it might have been foreseeable that Kohler would seek to mitigate its losses in the face of infringing sales, the likelihood of this was not explored in the evidence and he was therefore left with no impression as to the quantum of extra promotion justifiable, assuming any was. The Judge therefore made no award under this head.

Fourth head of damages - an uplift of 10% having regard to the IP Enforcement Directive

Kohler claimed an uplift of 10% on the sums due under heads 1-3 for moral prejudice caused to it by the infringement (i.e. the loss of exclusivity for a striking design), having regard to **Article 13(1)(a)** of the **Intellectual Property Enforcement Directive 2004/48/EC**. The Judge found this to be an economic loss rather than 'moral prejudice' which ought to relate to something which was not an economic factor. The terms of a licence of right were also to be settled by the Comptroller. The Judge noted that, as a result of the way damages had been calculated, the cap on damages under **Section 239(1)(c)** had no practical effect.

Assessment of individual character of an unregistered Community design

Karen Millen Fashions Ltd v Dunnes Stores & Anr (CJ (Second Chamber); C-345/13; 19.06.14)

The CJ, following the AG's opinion (reported in *CIPA Journal*, May 2014), ruled in Karen Millen's favour that: (i) in order for a design to be regarded as having individual character, the overall impression which that design produced on the informed user must be different from that produced on such a user by one or more earlier designs taken individually and viewed as a whole, not by an amalgam of various features of earlier designs; and (ii) in order for a Community design court to treat an unregistered Community design as valid for the purposes of **Article 85(2) of Regulation (EC) No 6/2002** (the '**Design Regulation**'), the right holder needed to prove only when his design was first made available to the public and indicate the element or elements of his design which gave it individual character.

Karen Millen was a UK company which produced and sold women's clothing in a number of retail outlets and in its own stores in Ireland. Dunnes Stores also had a retail business in women's clothing in Ireland. Karen Millen brought proceedings against Dunnes Stores in Ireland, claiming that a black knit top, a blue shirt and a brown shirt offered for sale by Dunnes Stores under its 'Savida' label in 2006 infringed its unregistered Community designs in garments which it had offered for sale in Ireland in 2005. The garments in issue were those shown below:



At the trial before the High Court of Ireland, Dunnes Stores did not deny that its top and shirts had been produced by copying Karen Millen's designs. However, it denied that Karen Millen was entitled to unregistered Community designs in its top and shirts on the grounds that (i) the Karen Millen garments did not have individual character, and (ii) the **Design Regulation** required Karen Millen to prove, as a matter of fact, that the garments had individual character. The High Court of Ireland refused to make a reference to the CJ and found that Dunnes Stores had failed to establish that Karen Millen's top and shirts did not fulfil the individual character requirement in **Article 6** of the **Design Regulation**. Dunnes Stores appealed to the Irish Supreme Court which referred two questions to the CJ.

By its first question, the Irish Court asked whether, under **Article 6**, individual character had to be considered by reference to whether the overall impression of the design differed

from either an earlier individual design or any combination of known design features from more than one earlier design.

The CJ ruled that Karen Millen's interpretation of **Article 6** (and that of the UK Government and the European Commission) was correct, i.e. that a design would have individual character if the overall impression which it produced on the informed user was different from the overall impression produced by earlier designs taken separately. Its reasons for this conclusion included that there was nothing in the wording of **Article 6** to support the view that the overall impression referred to could be produced by a combination of features taken in isolation and drawn from a number of earlier designs. The reference to the overall impression produced on the informed user by '*any design*' which had been made available to the public indicated that the assessment of individual character had to be conducted in relation to '*one or more specific, individualised, defined and identified designs*'. The CJ agreed with the AG's observation that although CJ case law had established that the **Design Regulation** did not limit the assessment of potential designs to a direct comparison between designs, and an indirect comparison could be based on a recollection of given designs, it was clear that this did not mean that the comparison could be based on an amalgam of various features from several different designs. This was not least because, when a direct comparison could be carried out, it would be a comparison of two designs each viewed as a whole. While **Recital 14** of the preamble to the **Design Regulation** referred to the 'existing design corpus', that concept was not then used in the provision of the **Design Regulation** itself.

By its second question, the Irish Court asked whether an unregistered Community design must be treated as valid under **Article 85(2)** where the right holder merely indicated what constituted the individual character of the design or was the right holder obliged to prove that the design had individual character in accordance with **Article 6** of the **Design Regulation**.

Dunnes Stores submitted that the correct interpretation of **Article 85(2)** was that Karen Millen was required to prove that the designs in issue had individual character in accordance with **Article 6** (i.e. that they created an overall impression on the informed user different from that produced by any design previously made available to the public). Karen Millen (and the UK Government and the European Commission) submitted that it merely needed to indicate what constituted the individual character of the design.

The CJ rejected Dunnes Stores' interpretation of **Article 85(2)**. Firstly, if a right holder was required to show that its design was new and individual in character, the second part of **Article 85(2)** (*'and indicates what constitutes the individual character of the design'*) would be rendered redundant. Furthermore, as **Article 11** required that all the requirements of **Section 1** were met (including the visibility of features, the non-functional nature of the design, and the design's consistency with public policy and morality), the right holder would have to show that that was the case, which would be incompatible with the very notion of presumption and the objective of simplicity and expeditiousness which underpinned the idea of protection of unregistered Community designs. Finally, Dunnes Stores' interpretation would render the option available to a defendant of contesting validity by way of a counterclaim under **Article 85(2)** largely meaningless.

COPYRIGHT

High Court rules on ownership of copyrights in Bob Marley works

BSI Enterprises Ltd & Cayman Music Ltd ('CML') v Blue Mountain Music Ltd*
(Mr Richard Meade QC; [2014] EWHC 1690 (Ch); 04.06.14)

Mr Richard Meade QC (sitting as a Deputy Judge) held that the '1992 Agreement' was effective to transfer the copyrights in certain Bob Marley works, such that BSI and CML had no rights therein.

Between 1973 and 1976 Bob Marley wrote thirteen songs, including one of his most famous, 'No Woman No Cry', which were deliberately misattributed to various other authors ('the Works'). Bob Marley's object in doing this was to gain control of the copyrights in the Works in place of his publisher 'CMI' and to gain remuneration from them.

Blue Mountain was part of a group of companies which included Island Logic Ltd. In March 1992 Island Logic entered into the 1992 Agreement with CMI to acquire rights in various Bob Marley works. This was pursuant to a general desire by the Island group of companies and Bob Marley's estate to acquire the rights in Bob Marley's works.

In 2006, in separate High Court proceedings, a witness for a company from the Island group gave evidence stating that certain of the Works were not covered by the 1992 Agreement. Following that trial, BSI entered a contract with CMI in 2008 to purchase the copyrights in the Works on the basis that, if the copyrights were not included in the 1992 Agreement, they must still be owned by CMI.

The Claimants sought a declaration that the copyrights in the Works were owned by BSI and that CML was the exclusive licensee. The outcome turned on the proper interpretation of the 1992 Agreement.

Mr Richard Meade QC considered that the correct approach was to interpret the language of the contract rather than to bend that language to fit what the parties were likely to have agreed. He therefore went on to hold that the Works were effectively transferred to Island Logic under the 1992 Agreement. A clause of the agreement which had been broadly drafted as a 'sweep up' clause was held to cover all compositions written or performed by Bob Marley, including the Works. BSI and CML therefore had no rights in the Works because the copyrights in the Works had passed to Island under the 1992 Agreement.

Application of temporary copies exception to internet browsing

Public Relations Consultants Association Ltd ('PRCA') v The Newspaper Licensing Agency Limited & Ots ('NLA') (CJ (Fourth Chamber); C-360/13; 05.06.14)

The CJ has given guidance on the application of **Article 5(1)** of **Directive 2001/29/EC** to on-screen and cached copies of copyright works generated by end-users in the course of browsing websites. Both on-screen and cached copies fall within **Article 5(1)** and do not require a licence from the rights holder.

The PRCA was an association of public relations professionals who used an online media monitoring service offered by Meltwater. Subscribers to the service were sent emails containing the headlines of online articles, hyperlinks to the publishers' websites and short extracts of the articles themselves. Although Meltwater agreed to enter into a licence, the PRCA maintained that Meltwater's customers did not require a licence. The NLA brought proceedings for copyright infringement and claimed that the end-users of the service required a licence to receive it as, through ordinary use of the service, on-screen and cached copies of works in which copyright subsisted would be made on the end-users' computers when they accessed and browsed newspaper websites.

Overtaking the High Court and the Court of Appeal, the UK Supreme Court (reported in *CIPA Journal*, May 2013) strongly expressed the view that the temporary copies exception should apply. However, in light of the importance of the issue across the EU, the Supreme Court referred a question to the CJ.

The Supreme Court asked whether **Article 5** must be interpreted as meaning that the on-screen copies and the cached copies made by an end-user in the course of viewing a website satisfy the conditions that those copies must be temporary, that they must be transient or

incidental in nature and that they must constitute an integral and essential part of a technological process, and, if so, whether those copies may be made without the authorisation of the copyright holders.

Temporary

The CJ held that both the cached copies and the on-screen copies were temporary within the meaning of **Article 5(1)**. On-screen copies were deleted when the user moved away from the website and although cached copies may be retained for some time, depending on the extent and frequency of internet use, they were normally automatically replaced by other content.

Transient or incidental

The CJ recalled that an act was transient if its duration was limited to what was necessary for the technical process concerned to work properly. Therefore, it was irrelevant that the on-screen copy remained in existence for as long as the user's browser was kept open because, during this time, the technical process used for viewing the site remained active. The on-screen copies were therefore held to be transient within the meaning of the **Article 5(1)**.

In contrast, the CJ noted that cached copies were not necessarily transient because they remained for a period after the process for viewing the site is terminated. However, the CJ held that the cached copies were incidental in light of the technical process used because they did not exist independently of, nor have an independent purpose outside of, internet browsing.

An integral and essential part of the technical process

The CJ held that both the on-screen and cached copies were integral and essential to internet browsing and made entirely in the context of that process. It was irrelevant that the process by which copies were made was activated by the intervention of the internet user. Caching enabled the volumes of data required for browsing to be efficiently handled and on-screen copies were required to view websites on a computer.

The CJ therefore held that both the on-screen copies and the cached copies satisfied the three requirements of **Article 5(1)** which were in issue. The CJ also held that allowing the exception under **Article 5(1)** would not unreasonably prejudice the legitimate interests of rights holders and was therefore lawful under **Article 5(5)**.

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The reported cases marked * can be found at <http://www.bailii.org/databases.html#ew> and the CJ and GC decisions can be found at http://curia.euro pa.eu/jcms/jcms/j_6/home