Bird & Bird

Report of Trade Mark Cases

For the CIPA Journal

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Trade mark decisions

Decisions of the General Court (GC) and Court of Justice (CJ)

Ref No.	Application (and where applicable, earlier mark)	Comment
GC **T-592/20** *Univers Agro EOOD v EUIPO; Shandong Hengfeng Rubber & Plastic Co. Ltd* 29 September 2021 Reg 2017/1001 **Reporting by:** *Maisie Briggs*	**AGATE** – automobile tires [tyres] (12)  – tyres (12) **(registered in China, but not in Bulgaria/the EU)**	In an application for a declaration of invalidity under article 59(1)(b), the GC upheld the BoA's decision that the later registration was invalid on the grounds of bad faith. The GC held that the BoA had been correct to presume that Univers had knowledge of the earlier mark at the time it filed its application. The market for tyres in Bulgaria was relatively limited so it was reasonable to presume that it would have been aware of a direct competitor using a highly similar mark. The GC agreed with the BoA that although the evidence demonstrated use of the earlier mark for a short period of time, the duration of use of a sign was only one of the factors to be considered when applying article 52(1)(b). The fact there was a short period of time between the filing and registration of the mark, and Univers subsequently filing an infringement claim (and other actions) against Shandong, was also evidence that Univers knew of Shandong's mark at the time of filing its application. The GC also upheld the BoA's finding that there was no intention to use the mark when the application was filed due to the lack of evidence of commercial plans.

Ref No.	Application (and where applicable, earlier mark)	Comment
GC **T-149/21**	**VITADHA** – pharmaceuticals, medical and veterinary preparations; sanitary preparations for medical purposes; dietetic food and substances adapted for medical or	The GC upheld the BoA's decision that there was a likelihood of confusion between the marks under article 8(1)(b).

UGA Nutraceuticals Srl v EUIPO; Vitae Health Innovation, SL 2 March 2022 Reg 2017/1001 **Reported by:** *Milena Velikova*	veterinary use, food for babies; dietary supplements for humans and animals; plasters, materials for dressings; disinfectants; preparations for destroying vermin; fungicides; nutritional supplements; etc (5) **VITANADH** – pharmaceutical preparations, dietetic substances for medical use (5) – distribution of natural medicinal products (39) **(earlier Spanish registration)**	The GC stated that when comparing the two signs, it was apparent that the element 'vita' would have been understood by the Spanish general public as an allusion to 'vitality', or a reference to the concept of 'life', which evoked a positive quality attributable to a large range of the goods. Further, in light of the particular goods in question, the Spanish words 'vitalidad' or 'vitamina' would also have been perceived, evoking a quality to those goods connected with the fact that they would have provided vitality or vitamins to those who consumed them. In light of this, the GC held that the public would have perceived two elements in the respective marks, namely i) 'vita' and ii) 'dha' and 'nadh'. The GC found that the differences between 'dha' and 'nadh' did not offset the identity of 'vita', and the marks were visually and phonetically similar to an above-average degree. Given the similarity between the signs and the goods, the GC concluded that a likelihood of confusion existed, despite the above average level of attention of the general public. Lastly, the GC stated that in theory the likelihood of confusion could have been diminished by the peaceful coexistence of the marks on the Spanish market, although the evidence submitted was insufficient proof for such purposes.
Ref No.	**Application (and where applicable, earlier mark)**	**Comment**
GC **T-615/20** *Mood Media Netherlands BV v EUIPO; Tailoradio Srl* 2 March 2022	**MOOD MEDIA** – apparatus and media for recording and reproduction of sound or images (9) – advertising by the distribution of recorded messages and/or images, advertising management (35) – transmission and distribution of images, sound and messages via radio, television, the Internet and satellite (38) – entertainment services (41)	The GC annulled the BoA's decision to revoke the mark in its entirety for lack of genuine use pursuant to article 58(1)(a). The BoA was incorrect in finding that use of the mark in the forms MOOD:MEDIA and mood media altered the distinctive character and, therefore, any evidence

Reg 2017/1001 **Reported by:** *Robert Milligan*	– consultancy relating to broadcasting and entertainment (42)	bearing these marks could not constitute genuine use of the mark. As a result, the BoA incorrectly excluded evidence of use of the mark in certain media, such as, invoices, domain names, videos and software applications, where these alternative forms of the mark were used, and the GC remitted the case back to the BoA to re-assess the genuine use of the mark by taking these media usages into account.

Trade mark applications as actionable misrepresentations

Litecoin Foundation Ltd v Inshallah Ltd & Ots (John Kimbell QC; [2021] EWHC 1998 (Ch); 16 July 2021)

On appeal from the IPEC, John Kimbell QC (sitting as an Enterprise Judge) upheld the decision of the District Judge in the IPEC Small Claims Track that Inshallah Ltd's application to register the mark LITECOIN amounted to an actionable misrepresentation for the purposes of passing off. William Wortley reports.

Background

Litecoin was a cryptocurrency that launched in 2011. Litecoin Foundation Ltd ('LFL') was a not-for-profit organisation incorporated for the purposes of promoting and developing Litecoin (the original creator of the Litecoin currency was the Managing Director of LFL). On 12 December 2017, the first defendant, Inshallah Ltd, filed a UK trade mark application for the mark LITECOIN in respect of financial services and virtual currency. LFL asked Inshallah to surrender or transfer the application to its ownership. However, no agreement could be reached, and so LFL filed its own applications for LITECOIN, which were opposed by the second defendant, Nasjet. In February 2018, Nasjet changed its name to Litecoin Exchange Ltd. LFL brought proceedings for passing off at the IPEC. The trade mark applications and related objections were stayed pending the outcome of those proceedings.

The District Judge held that LFL had built up goodwill in the name LITECOIN in the UK. Inshallah's TM application did give rise to a misrepresentation, and although Nasjet's change of name did not do so, both the trade mark application and change of name constituted instruments of fraud. As such, LFL had suffered damage and the District Judge granted an injunction prohibiting the defendants from using LITECOIN or similar marks. The defendants appealed.

Goodwill

The defendants argued that the District Judge had i) misapplied the ratio of *Stannard v Reay* [1967] RPC 589, and ii) erred in law in finding that LFL had built goodwill in LITECOIN. However, these grounds were dismissed. The District Judge had correctly applied the law, in particular that a small amount of trading *may* be sufficient to establish goodwill (although it would not necessarily always be so) and had correctly applied it to the evidence.

Application for LITECOIN was an actionable misrepresentation

The Judge agreed with the first-instance decision: the trade mark application was a public announcement of a 'purported connection between Inshallah and the Litecoin trade name' – applications were published in the IPO's journal for public inspection, and they carried an inherent assertion to rights in the sign and an intention to use it. In light of that, contrary to the defendants' submissions, a trade mark application was more than mere preparation for a potential misrepresentation: an application could in itself constitute a misrepresentation for the purposes of passing off.

The Judge held that Inshallah had no genuine intention to use the mark, particularly in light of the District Judge's findings following cross-examination of the third defendant – there was a history of systematic and opportunistic domain and trade mark registrations, and cross-examination revealed no convincing explanations. Inshallah's only intention was to seek dishonest benefit, for example by seeking payment from LFL in return for the transfer of the registration. The Judge found that the trade mark application was equivalent to registering a domain name with no bona fide intention to use it, and as such that the case fell squarely within the ratio of *BT v One in a Million* [1999] 1 WLR 903.

Prior conduct

The Judge also rejected the defendants' argument that the District Judge had taken account of irrelevant evidence relating to the previous conduct of the third defendant, and had strained the ratio of *One in A Million* to apply it to this case. The Court of Appeal in *One in A Million* had held that when an instrument of fraud was being advanced, the intention of the defendant and surrounding circumstances should be considered. Since that was the case here, it was entirely appropriate to consider the third defendant's previous conduct in relation to other trade mark applications.

High Court refuses application to transfer case to the IPEC

Other Creative Ltd v Mother Family Ltd (Master Clark; [2021] EWHC 3172 (Ch); 26 November 2021)

In an application to transfer a passing off case to the IPEC, Master Clark was not satisfied that there was no credible evidence to support the value of the claim being greater than £500,000 and determined that at least a 3-day hearing would be required to provide a fair trial. As a result, Master Clark refused the application to transfer. Robert Milligan reports.

Facts

Other Creative claimed to provide creative consultancy services in the UK under the sign OTHER since 1996 and, therefore, that it owned substantial goodwill in the sign. On 18 October 2020, Mother Family launched an independent creative agency under the name OTHER and promoted its services from its website and social media accounts in the UK. Other Creative alleged that Mother Family's use of the sign OTHER amounted to an actionable passing off and issued a claim in the High Court on 8 March 2021. In November 2021, without admitting liability, Mother Family offered a contractual undertaking to Other Creative and the Court not to use the sign OTHER and rebranded. Mother Family also made an application in June 2021 to transfer the claim to IPEC.

The application to transfer

With reference to CPR PD 30 and Hacon HHJ's observations in *Kwikbot v Airbus* [2019] EWHC 2450 (IPEC), Master Clark noted that to transfer the case to the IPEC the Court must take account of whether the parties to the proceedings could only afford to bring or defend the claim in the IPEC, the complexity of the issues, the value of the claim (being less than £500,000), and the estimated length of the trial (being less than 3 days).

It was common ground that both parties could afford to litigate in the High Court and, therefore, the primary issues in the application were the value and complexity of the claim and likely length of the trial.

Value of the claim

Other Creative submitted evidence of their turnover in the previous six years which was above or around £1 million each year. Other Creative claimed they had won only one new client, via a personal referral, in the 10 months from October 2020 to June 2021, whereas, prior to this period, they had won on average six new clients in a 10 month period. Other Creative also claimed to have lost a high value contract from Cignposts, a Covid test provider, due to Cignposts' marketing consultant contacting Mother Family in the mistaken belief that it was Other Creative. The value of this contract was claimed to be in excess of £600,000.

In response, amongst other arguments, Mother Family claimed that in the period from October 2020 to November 2021 it had only secured four paid projects from clients who were already known to them and had been referred to the agency by Mother Family itself. Mother Family, therefore, argued that i) these sales were secured as a result of their existing reputation and business contacts, rather than as a result of using the sign OTHER; ii) Other Creative was not entitled to claim damages on these sales; and iii) the value of the claim was lower than £500,000. However, Master Clark found this evidence to be unsupported and noted that Mother Family's evidence did not take into account business that might have been gained after the claimed period as a result of the use made by Mother Family during that period.

Overall, Master Clark was not satisfied that there was no credible evidence to support the value of the claim being greater than £500,000 and, therefore, the value of the claim was likely to be of a value that was appropriate to be heard in the High Court.

Complexity of the case and length of trial

Mother Family contested all the elements of the claim but claimed that a two-day trial would be sufficient for the parties and their witnesses to be heard and cross-examined on the issues. Master Clark disagreed, finding that a fair trial required providing Other Creative with the opportunity to call third party witnesses on the issue of confusion, and whether that resulted in damage, and, therefore, the claim would require at least a three-day hearing. As a result, Master Clark determined that the case was inappropriate for the IPEC.

Trade mark infringement and acquiescence

*Combe International LLC ('Combe') & Anr v Dr August Wolff Gmbh & Co. KG Arzeneimittel ('Wolff') & Anr** (Johnson J; [2021] EWHC 3347 (Ch) 10 December 2021 and [2022] EWHC 125 (Ch) 20 January 2022)

In a case where 'the volume of evidence all point[ed] strongly in the same direction', Combe successfully proved that Wolff's VAGISAN product range infringed Combe's earlier VAGISIL mark. Wolff's primary defence of acquiscence failed. Louise O'Hara reports.

Background

Combe had marketed and sold female intimate healthcare products in the UK under the VAGISIL brand since 1984, and owned 3 UK registrations for the word mark VAGISIL in classes 3 and 5.

In 2012 Wolff launched VAGISAN Moist Cream in the UK and applied for an international trade mark designating the EU for the word mark VAGISAN. Combe objected to the international registration and in December 2017 launched a cancellation action against the EU designation. In September 2019, the registration was cancelled, though the cancellation decision had been suspended pending Wolff's appeal to the General Court.

Risk of Confusion

The only issue that remained between the parties at trial was whether Wolff's use of VAGISAN gave rise to a likelihood of confusion. As the parties were agreed that the VAGISIL word mark and the VAGISAN sign were 'very, very similar', the primary dispute concerned:

(i) the level of attentiveness of the average consumer; and
(ii) the distinctiveness of the VAGISIL marks.

The parties agreed that the average consumer would exhibit a degree of embarrassment when purchasing the product and would therefore wish to pick up the product from the shelf and leave quickly. However, Wolff argued that the average consumer would have undertaken research as to the appropriate product for her condition before entering the store. Johnson J ultimately held that the average consumer would have undertaken some internet research before entering the store, but this was unlikely to have been extensive, and as such her level of attentiveness was likely to be towards the lower end of the spectrum.

Wolff's main submission on distinctiveness was that the first part of the word VAGISIL (i.e. either 'VAGI' or 'VAGIS') was a descriptive or signposting term, which the average consumer would have seen as an indicator of purpose for the products in question, rather than as a signifier of trade origin - as such, the distinctive character of the mark VAGISIL would have been limited. Whilst Johnson J accepted that descriptive prefixes can be used as a signpost for consumers (and referred to the example of 'nic/nico/niq' for nicotine-related products) and that 'VAGI' or 'VAGIS' are suggestive of the vagina, he did not accept that this meant that VAGISIL marks had only a low level of distinctiveness. In any case, he held that, regardless of their inherent level of distinctiveness, they had acquired enhanced distinctiveness.

Actual Confusion

Combe argued that evidence of actual confusion was what one could expect to see in this case given the obvious risk of confusion. Combe evidenced actual confusion by relying on the 'halo effect' arising from Wolff's marketing (i.e. that Combe noticed a spike in the sale of VAGISIL products following a VAGISAN campaign).

Combe also relied on i) research commissioned by Wolff to assess levels of brand awareness in the UK which identified in their reports evidence of actual confusion, and ii) comments made by Wolff's own advisors as to the impact that brand confusion may have been having on VAGISAN sales. For example, a research project commissioned in 2019 gave rise to a final report that stated '[w]hen prompted 55% of women recognised the Vagisan pack … and Vagisan becomes the third best known brand (from 6th spontaneously). This leap is a result of the confusion between Vagisil and Vagisan'.

Whilst Johnson J accepted that there were limitations on the nature of at least some of the evidence relied upon, he found that actual confusion was made out on the evidence, which bolstered the overall conclusion that there was a likelihood of confusion. He noted that the fact that the volume of evidence all pointed strongly in the same direction was 'striking' and 'fit into an obvious and coherent pattern'.

Acquiescence

Wolff relied on the defence of acquiescence under section 48(1), on the basis that Wolff's international trade mark designating the EU was granted protection in the EU in December 2012, and that Combe acquiesced in objecting to Wolff's use of the mark.

Combe became aware of the VAGISAN products in January 2014, which set the time running for the required 5 years of acquiescence. Combe's primary counterargument to the allegation of acquiescence focused on its application to the EUIPO to invalidate Wolff's mark in December 2017.

Johnson J considered whether the initiation of an invalidity action was sufficient to evidence a lack of acquiescence. Wolff argued that in order to stop the clock running on a claim under section 48, Combe had to object to the use of the later registered trade mark. While commencing an infringement action may have met this requirement, Wolff argued that an invalidation action was not sufficient.

Johnson J did not accept this reading of section 48, which precludes acquiescence 'for a continuous period of five years in the use of a registered trade mark'. He held that 'if the owner of an earlier mark seeks to invalidate the <u>registration</u> of a later mark, he cannot be said to be acquiescing in the use of a <u>registered trade mark</u>, because he is saying that there has been no valid registration'.

Combe also argued that in fact there was no continuous use of VAGISAN in the UK for 5 years since January 2014. It said that VAGISAN had fallen off the UK market by mid-2015 and was not relaunched until December 2016. Wolff accepted that its use of the mark was 'modest' during this period, but submitted that modest use was sufficient. Johnson J disagreed, holding that the sales levels between December 2015 and August 2016 were de minimis. Whilst use did not need to be on a large or competitive sale, it must have been on a meaningful or commercial scale, i.e. a scale which was consistent with there being a continuing intention to sell the relevant products commercially. The low level of activity during this period was consistent with the idea that Wolff's foray into the market had failed or was suspended for a prolonged period.

Section 11(2)(b)

Wolff's position on section 11(2)(b) was that, because 'VAGI' was a sign or indication concerning the intended purpose or characteristics of the goods in question, the use of 'VAGI' as a part of the mark was not an infringement, and consequently the case against the whole word should have been dismissed.

Johnson J dismissed this quickly. The correct approach was not to start from the embedded term 'VAGI', but the word sign VAGISAN. The questions were i) whether that sign was distinctive (which was common ground) and ii) whether the sign as a whole was descriptive, which even Wolff was not seeking to argue. In any event, Johnson J held that Wolff's use was not in accordance with honest practices in industrial and commercial matter and thus its defence under section 11(2)(b) would have failed notwithstanding its argument on indications. This conclusion also rendered unsuccessful Wolff's argument on honest concurrent use.

Wolff's rebranding

In September 2020, Wolff began rebranding its UK range of products to DR WOLFF'S VAGISAN. Wolff sought a declaration that this new brand did not amount to trade mark infringement. In essence, the question was whether the addition of 'DR WOLFF'S' before 'VAGISAN' changed the conclusion on the risk of confusion.

Johnson J concluded that the word 'VAGISAN' in the composite phrase DR WOLFF'S VAGISAN had an independent distinctive role, meaning the new branding still carried a risk of confusion.

Counterclaim

Wolff sought revocation of Combe's marks in respect of goods which did not relate to vaginal use. Johnson J accepted Combe's suggestion to limit the description of the products on which VAGISIL had been used to 'women's intimate health care'.

Stay pending appeal

Following judgment, Wolff made an application to:

i) stay any injunction granted as a result of the finding of infringement pending appeal, or
ii) as a fallback, a stay of the injunction for a period of 21 weeks to enable them to rebrand.

Johnson J dealt swiftly with the second point and agreed that to grant the 21-week suspension sought would be in effect to authorise the continued infringement of Combe's marks. Absent any appeals, there was no justification for such authorisation.

The analysis of the first point required a consideration of the possibility of unfairness which may have resulted if an order was made and which was in due course overturned. There was potential for injustice if Wolff was forced to rebrand and then was successful on appeal. That had to be balanced against the potential injustice to Combe if the appeal failed and Wolff had been permitted to continue selling infringing products for the duration of the stay.

Johnson J had refused permission to appeal and thus did not consider himself the appropriate person to determine the issue. He was prepared, however, to order that the execution of the remedies order should be suspended until Wolff's permission to appeal application was resolved by the Court of Appeal. If permission was granted, the Court of Appeal was best placed to determine whether there should have been any form of ongoing stay.

The CJ and GC decisions can be found at https://curia.europa.eu/jcms/jcms/j_6/en/. Cases marked with a * can be found at http://www.bailii.org/.

Katharine Stephens

Partner

+442074156104
katharine.stephens@twobirds.com

Aaron Hetherington

Trademark Attorney

+442074156183
aaron.hetherington@twobirds.com

Reporters

Maisie Briggs; Milena Velikova; Robert Milligan; William Wortley; Louise O'Hara

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