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EU trade mark law: new legislation published

Summary

The European Parliament has formally adopted the EU trade mark reform package, which aims to make trade mark registration systems in the EU cheaper, quicker, more reliable and predictable, and it has been published in the Official Journal.

Background

Trade mark registration has been harmonised in EU member states for more than 20 years, and national and Community trade mark (CTM) rights have co-existed since 1996. In 2008, the European Commission (the Commission) commissioned a study by the Max Planck Institute to evaluate the overall functioning of the CTM and national trade mark systems, which resulted in a number of draft amendments to the Trade Marks Directive (2008/95/EC) and the CTM Regulation (207/2009/EC). The Commission adopted the proposed trade mark reform package on 27 March 2013 (www.practicallaw.com/3-526-6192).

Facts

The European Parliament formally adopted the EU trade mark reform package at early second reading on 15 December 2015, and it was published in the Official Journal on 24 December 2015. The new European Union Trade Mark (EUTM) Regulation will enter into force on 23 March 2016, whereas the new Trade Mark Directive will enter into force on 13 January 2016. The 28 member states will then have three years in which to implement the Directive into their national laws, except for the administrative invalidation and revocation procedures, for which have been given seven years.

Key proposed changes include the following:

- The CTM will become the EUTM and the Office for Harmonization in the Internal Market (OHIM) will become the European Union Intellectual Property Office (EUIPO).
- From 1 October 2017, trade marks will no longer need to be represented graphically as long as they are clear and precise, reflecting the fact that marks can be represented in other ways, such as smells.
- Goods in transit through the EU will be able to be seized if they infringe EU trade mark rights, even if those goods are not targeted at EU consumers, unless the infringer can prove that there is no trade mark infringement in the country of final destination.
- There will be extended protection for intervening rights so that it will not be possible to prevent the use or registration of a later mark if, at the filing date, the earlier mark could have been revoked for non-use.
- Proof of use, in actions based on rights registered for more than five years, will be able to be requested in all infringement, opposition and invalidity actions.
- The “own name” defence will be restricted to natural persons and use as a trading or company name is specifically identified as a potentially infringing act.
- Use in comparative advertising will be an infringing act unless it meets the criteria of the Comparative Advertising Directive (2006/114/EC) (existing position codified).

- Preparatory acts, such as the distribution and sale of labels, packaging and similar items that may subsequently be combined with infringing products, will potentially be infringing acts.
- Administrative proceedings for invalidation and revocation in intellectual property offices, as opposed to only in court proceedings as currently in Benelux, France, Italy and Spain and other places, will become mandatory.
- Class heading terms in the specifications of trade mark applications and registrations will only cover the literal meaning of the words, no matter what the filing date of the application or registration.
- There will be a new fee structure for EUTM applications aimed at preventing everyone automatically applying to register in three classes.

Comment

The new legislation, which has been a very long time coming since the original proposals for reform in 2007, will make a number of important changes to EU trade mark law. While many changes may not be implemented immediately, the changes to the CTM Regulation will be in place within a relatively short timeframe on 23 March 2016.

Source: European Parliament: legislative resolution on the Council position at first reading with a view to the adoption of a regulation of the EEP and of the Council amending Council Regulation (EC) 207/2009 on the Community trade mark and Commission Regulation (EC) 2868/95 implementing Council Regulation (EC) 40/94 on the Community trade mark, and repealing Commission Regulation (EC) 2869/95 on the fees payable to the Office for Harmonization in the Internal Market (Trade Marks and Designs), 15 December 2015, www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+P8-TA-2015-0439+0+DOC+PDF+Vo//EN; European Parliament: legislative resolution on the Council position at first reading with a view to the adoption of a directive of the EP and of the Council to approximate the laws of the member states relating to trade marks (recast), 15 December 2015, www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+P8-TA-2015-0440+0+DOC+PDF+Vo//EN.

Trade marks: validity and infringement in cases of localised use

Summary

The Intellectual Property Enterprise Court has considered infringement and the validity of word and device marks in the case of prior earlier rights based on localised goodwill, and held that both marks were not infringed and the word mark was invalid.

Background

Article 6(2) of the Trade Marks Directive (2008/95/EC) (the Directive), which is implemented in the UK by section 11(3) of the Trade Marks Act 1994 (TMA) (section 11(3)), provides that a trade mark owner cannot prohibit a third party from using, in the course of trade, an earlier right which only applies in a particular locality if that right is recognised by the laws of the EU member state and within the limits of the territory in which it is recognised. Section 11(3), implementing Article 6(2) of the Directive, expands on its wording.

Article 4(4)(b) of the Directive, which is implemented by section 5(4)(a) of the TMA (section 5(4)(a)), provides that a trade mark will not be registered if, or to the extent that, its use in the UK is liable to be prevented by any rule of law protecting an unregistered mark, in particular the law of passing off.

In *SWORDERS Trade Mark*, the Registrar of Trade Marks upheld an opposition to a trade mark application under section 5(4)(a) on the ground that the use by the trade mark applicant, which conducted a business in a different part of the country to the opponent, of *SWORDERS* in the locality of the opponent's goodwill, would have given rise to a claim by the opponent for passing off (O-212-06). He concluded that, in the absence of a voluntary restriction on the geographical scope of the registration, the opposition succeeded.

In *Redd Solicitors LLP v Red Legal Ltd*, the Patents County Court considered a claim for infringement of the registered trade mark RED, registered for legal services, by a firm of licensed conveyancers trading under the name Red Legal ([2012] EWPC 54). The court found that the defendant had sufficient local goodwill to rely on an action for passing off to prevent another party offering services under the name “Red Legal”, so that it had a defence to infringement of the RED mark under section 11(3). However, this did not afford a ground for invalidity of the RED mark under section 5(4)(a) because of the small scale of Red Legal’s trade up to the relevant date and the fact that it was focused on a particular locality.

Facts

C owned a chain of pizza restaurants located in and around Birmingham, having opened the first restaurant in 1991. C alleged that S, which opened a restaurant called the same name in Worcester in 2002, had infringed C’s word mark CASPIAN, registered in July 2005 for restaurants and related services, and a device mark comprising the words CASPIAN PIZZA and an image, registered for foodstuffs. C contended that the trade mark infringement commenced in December 2013, when a franchise agreement between C and S terminated.

C asserted that its goodwill associated with CASPIAN extended throughout the UK. S argued that it is in the nature of small pizza outlets that customers are local and the goodwill is correspondingly very limited in geographical scope. S’s evidence was that the Worcester restaurant was too far from Birmingham (about 30 miles) to compete with C’s restaurant.

Decision

S was not liable for trade mark infringement having had no material involvement in the pizza restaurant in Worcester after November 2013. S was not jointly liable because merely leasing the premises used for the restaurant to a third party that ran the restaurant could not qualify as active co-operation in the acts conducted by that party. The court went on to consider whether there had been any trade mark infringement.

Neither of the trade marks had been infringed because S could rely on a defence under section 11(3). Due to the drafting of section 11(3), in particular section 11(3)(a), section 11(3) could be read as meaning that, since C had started its pizza business in 1991, predating any earlier right of S, S had no defence. However, the court held that section 11(3) must be interpreted consistently with Article 6(2), and therefore section 11(3) does not enable a registered trade mark owner to claim priority dating from the first use anywhere of the mark before registration.

Since 2002, S’s pizza business in Worcester would have generated sufficient local goodwill to restrain the use by others of the CASPIAN name for a pizza business in Worcester. Therefore, Article 6(2) would prevent C from enforcing its CASPIAN marks in Worcester, despite the local goodwill it had generated since 1991 in Birmingham. As there was no evidence from C to the contrary, the court found C’s localised goodwill associated with the trading name CASPIAN had never reached Worcester.

The court also held the CASPIAN word mark invalid under Article 4(4)(b) of the Directive, implemented by section 5(4)(a). S was entitled to invoke section 5(4)(a) because on the dates on which C had registered the trade marks in 2005 and 2010, S was entitled to prevent another party trading in the sale of pizzas in Worcester under the CASPIAN name. In this regard, the court followed *SWORDERS*, rather than *Redd Solicitors*.

The device mark was not invalid because S had only used a similar logo since 2007, and so this use could not generate any earlier right on which S could rely. However, there was no infringement of either the word or the device mark.

The claim for passing off failed because C had not established that its goodwill extended as far as Worcester.

Comment

The decision is interesting because of the court’s comments on the operation of sections 11(3) and 5(4)(a) in cases involving parties using the same trade marks in different localities in the UK. The court declined to follow *Redd Solicitors* in relation to the application of section 5(4)(a) in these cases.

The court noted that the approach to section 5(4)(a) taken in *Redd Solicitors* was that the resolution of the conflicting rights of parties using the same trade mark in different localities would depend arbitrarily on which party first makes an application to register the mark. A may have the more geographically widespread business and a greater legitimate expectation of expanding further. B, using the same trade name in another part of the UK, may be satisfied with a business limited to a relatively small locality. But if B applies for a trade mark first, following *Redd* there would be nothing that A could do about it, except rely on its earlier right to provide a defence to infringement under section 11(3), a defence strictly limited in geographical scope. The approach in *SWORDERS*, allowing section 5(4)(a) to be relied on, was more likely to allow the court to set a fair territorial limit to the trade mark rights granted.

Case: Caspian Pizza Ltd and others v Shah and another [2015] EWHC 3567 (IPEC).

Patents: time of disclosure of prior art published on the internet

Summary

The High Court has held the relevant date of publication on the internet of a novelty-destroying document was the date, not the time, at the patent office at which the priority application was filed.

Background

An invention is new if it does not form part of the state of the art. The state of the art comprises all matter which has at any time before the priority date of that invention been made available to the public (whether in the UK or elsewhere) by written or oral description, by use or in any other way (*section 2, Patents Act 1977*) (1977 Act). Similar provisions are set out in Article 54 of the European Patent Convention (EPC).

The EPO Examining division has held that the availability of the relevant document on the internet anywhere in the world on the day before the date of filing of the patent application made that document prior art. In conflicting case law, the EPO Opposition division has held that the “controlling time” was the time in the location of the office of first filing.

Facts

E owned a patent for an invention in the mobile telecommunications field. The priority date claimed was 8 January 2008, based on a US application. U acquired the patent from E. The patent had been declared as essential to the 4G telecommunications system.

U argued that H and S had infringed the patent by manufacturing and selling equipment that operated in accordance with a 4G standard to which the patent was essential. H and S argued that compliance with the standard did not fall within the claims and that the patent was invalid.

H and S relied as prior art on a document produced by E, which the parties agreed was an enabling disclosure of the invention. E’s document was uploaded by E in Europe on to the file server, and became available publicly online, on 8 January 2008 in Central European Time (CET).

The priority document for the patent was filed at the US Patent Office (USPTO) on 8 January 2008 in CET and in Eastern Standard Time (EST).

Decision

The court held that the patent was valid and that devices complying with the relevant standard would infringe. E’s claims were entitled to priority and E’s document, which was otherwise an enabling disclosure, did not have a relevant publication before the priority date. The court dismissed H and S’s arguments on lack of novelty and obviousness.

The timing of the disclosure of this prior art document published on the internet depended on the relevant time zone to be taken as the correct frame of reference, which could be: CET, where it was uploaded;

Greenwich Mean Time (GMT), where the patent was in force (UK); or EST, where the priority document was filed (USPTO).

H and S argued that the time in Hawaii was the relevant time zone because when the document became available on the internet it was 7 January 2008 to some people in the world.

The court found that the “controlling time” was the time in the location of the office of first filing. The words used in the 1977 Act and the EPC referred to things made available before the priority date. There was no reference to ascribing a calendar date to an item of prior art.

To decide whether potential prior art was made available to the public anywhere in the world before the priority date, the priority date must first be determined. At any given moment, the time and date around the world were different. In order to decide if an event took place before it, the priority date had to be based on some frame of reference, and the only frame of reference which made sense was the one at the patent office at which the priority document was filed. Using any other approach would produce the odd result that an event which happened after the priority document was filed could count as prior art.

The international system of priority ensured that the date on which a priority document was filed and the office in which it was filed were always known facts. Knowledge of the time at which a priority document was filed was not required. If the law required one to know what date or time it was elsewhere in the world when a priority document was filed, one would need to know the time of filing as well as the date, and that knowledge is not required by either the EPC or the 1977 Act.

Here, the priority application was filed in the USPTO on 8 January, so the frame of reference was EST. E’s document was uploaded to the internet, and so made available to the public, also on 8 January, so the fact that it would have been available in Hawaii on 7 January was irrelevant and it was not prior art.

Comment

When the priority system was set up by the 1883 Paris Convention, simultaneous publication across the whole world of a document was unthinkable, and it was also impossible in the 1970s when the EPC and the 1977 Act were drafted. As a result the situation which arose in this case was not expressly covered by legislation. The court’s approach provides a practical solution in cases of simultaneous worldwide publication. Best practice would be to ensure that first filing of the patent is completed before any potential prior art document is uploaded to the internet, which was not the case here, where the uploading took place 14 hours before the filing, although fortunately on the same day in both the place of uploading and the place of filing. Ideally co-ordination between inventors and patent attorneys should aim to prevent any risk of prior publication on the internet or elsewhere.

Case: Unwired Planet International Ltd v Huawei Technologies Co Ltd & Ors [2015] EWHC 3366 (Pat).

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