

Bird & Bird & Reports of Trade Mark Cases for CIPA Journal

June 2020



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-284/19 <i>Wonder Line SL ("WL") v EUIPO; De Longhi Benelux, SA</i>	KENWELL - mills and crushing machines; mixing machines; can opening machines (7) - measuring instruments (9) - smoke cooking units; cooking appliances; kitchen machines (11)	The GC upheld the BoA's decision that there was a likelihood of confusion under article 8(1)(b). The GC agreed with the BoA's decision that, for the English-speaking public, the marks were similar to an average degree based on their visual and phonetic comparison. The word elements of both marks were unusual in their structure and had no overall meaning when perceived as a whole, and therefore no conclusions could be drawn from their conceptual comparison.
13 May 2020 Reg 2017/1001 Reported by: <i>Lucy Wiles</i>	KENWOOD - machines for mixing (7) - electric kettles; kitchen weighing scales (9) - apparatus and appliance for lighting, heating, cooking, refrigerating, drying and ventilating (11)	The GC upheld the BoA's finding of a likelihood of confusion. There were insufficient differences between the marks to offset the identity and similarity of the goods. The BoA had provided satisfactory reasoning for departing from previous decisions allowing marks that included the element "KEN" in the relevant classes.
Ref no.	Application (and where applicable, earlier mark)	Comment

GC T-532/19 <i>EC Brand Comércio, Importação e Exportação de Vestuário em Geral Ltda ("EC Brand") v EUIPO</i>	pantys - sanitary towels; hygienic panties; hygienic pants (5) - liners made of layers of fabric for underwear; women's underwear; women's lingerie (25) - online retail trade services of women's underwear, lingerie, underwear and sanitary products (35)	The GC upheld the BoA's decision that the mark was devoid of distinctive character and was descriptive under article 7(1)(b) and 7(1)(c). The GC confirmed the BoA's finding that, as the mark applied for was a misspelling of the English word 'panties' meaning women's underwear, the mark was weakly distinctive and descriptive of all the goods and services at issue. EC Brand argued that the term 'pantys' does not appear in English dictionaries and is not used in everyday language as a descriptive indication of all the goods and services at issue. These arguments were dismissed by the GC since the word 'pantys' does not differ from everyday language in such a way that the relevant public would regard it as more than a mere misspelling of the English word 'panties'. It was also phonetically identical to the correct spelling. The GC rejected the applicant's argument that that mark had acquired distinctive character through use within the meaning of article 7(3), agreeing with the BoA that it was not possible to conclude
13 May 2020 Reg 2017/1001 Reported by: <i>Tom Hooper</i>		

on the basis of the evidence submitted that the mark had become distinctive from the perspective of the relevant public on the date on which the application was filed.

Ref no.	Application (and where applicable, earlier mark)	Comment
<p>GC</p> <p>T-63/19</p> <p><i>Rot Front OAO v EUIPO; Roshen</i></p> <p>13 May 2020</p> <p>Reg 2017/1001</p> <p>Reported by: <i>William Wortley</i></p>	 <p>- candies, chocolate, chocolate candies (30)</p> <p>(earlier international registration designating Germany, Spain, France, Greece, Latvia and Lithuania)</p> <p>- sweetmeats (candy) (30)</p>	<p>The GC annulled the BoA's decision that there was no likelihood of confusion under article 8(1)(b).</p> <p>The BoA had erred in finding a low degree of visual similarity between the signs at issue. The GC held that the similarity of the structural, figurative and word elements of the signs at issue meant that they had an average degree of visual similarity. Further, the flowers represented in both marks belonged to the same typology, in view of the characteristics of their petals and centres.</p> <p>Further, the BoA had failed to take into account the lower than average level of attention of the relevant public for sweets.</p>

Ref no.	Application (and where applicable, earlier mark)	Comment
<p>CJ</p> <p>C-736/18 P</p> <p><i>Gugler France SA v EUIPO; Alexander Gugler</i></p> <p>23 April 2020</p> <p>Reg 40/94</p> <p>Reported by: <i>Theo Cooper</i></p>	 <p>- various goods and services in Classes 6, 17, 19, 22, 37, 39 and 42</p> <p>GUGLER FRANCE SA</p> <p>(The intervener's company name. The company is registered in Besançon (France) and its articles of association state that its objects are 'purchasing, trade in, selling and fitting building-closing devices, by any and all means or processes'.)</p>	<p>In respect of a declaration of invalidity under article 52(1)(c) of Regulation 40/49, read in conjunction with articles 8(1)(b) and 8(4), the CJ upheld the GC's decision to the effect that, at the time the trade mark application was filed, there was an economic link between Gugler France and Gugler GmbH (Alexander Gugler's predecessor in title) which precluded any finding of a likelihood of confusion.</p> <p>The GC found that the goods covered by the contested mark were manufactured by Gugler GmbH and Gugler France was the distributor of those goods. Therefore, the fact that the consumer might believe that the goods and services in question came from economically-linked undertakings did not constitute an error as to their origin. Further, where there was an economic link, it was unnecessary in order to prove the likelihood of confusion that the consumer had to be aware of that link.</p> <p>On appeal, Gugler France submitted that the assessment of the economic link must be based on the undertaking having</p>

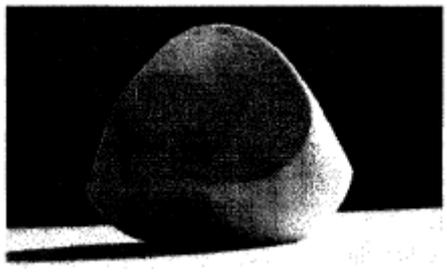
priority rights (here Gugler France) to the proprietor of the contested mark (Gugler Germany). Since it had no control over the goods manufactured by Gugler Germany, there was no guarantee of a single undertaking accountable for their quality.

The CJ held that the concept of an economic link was a substantive criterion, which did not presuppose a particular order between the undertakings concerned, and was not confined to situations in which the goods in question were put into circulation by a parent, subsidiary, licensee or exclusive distributor. It was sufficient that there was a single point of control within a group of operators in respect of the goods manufactured by one of them and distributed by another, thus ruling out any likelihood of confusion as to origin.

The CJ also dismissed Gugler France's claim that the GC had distorted the relations Gugler France had with Gugler GmbH.

Ref no.	Application (and where applicable, earlier mark)	Comment
<p>GC T-503/19 <i>Global Brand Holdings, LLC v EUIPO</i> 13 May 2020 Reg 2017/1001 Reported by: <i>Lauren Kourie</i></p>	<p>XOXO</p> <ul style="list-style-type: none"> - fragrances, body cleaning and beauty care preparations (3) - eyewear, sunglasses, spectacles, cases for electronic devices (9) - precious metals and their alloys, jewellery, watches (14) - leather products, bags (18) - clothing (25) 	<p>The GC upheld the BoA's decision that the mark was devoid of distinctive character pursuant to article 7(1)(b).</p> <p>The GC held that the goods at issue were typically offered as gifts and therefore the mark, which was generally understood as meaning 'hugs and kisses', would have been perceived as merely a promotional message conveying feelings of love and affection. The mark did not contain any other elements capable of distinguishing it beyond its promotional meaning, and it generally lacked originality or resonance. The GC also dismissed Global Brand Holdings' argument that the 'hugs and kisses' meaning was only understood by part of the public (i.e. teenagers and very young women), as this was a non-negligible part of the relevant public.</p> <p>The GC held that the BoA had complied with the principles of equal treatment and sound administration. The GC found that the BoA had addressed earlier decisions granting applications for the term 'xoxo' by acknowledging they could have been incorrectly adopted or may have been granted when the term 'xoxo' did not have the same level of repute.</p>

Ref no.	Application (and where applicable, earlier mark)	Comment
<p>GC</p> <p>T-108/19, T-109/19</p> <p><i>Kerry Luxembourg Sàrl v EUIPO; Döhler GmbH</i></p> <p>29 April 2020</p> <p>Reg 2017/1001</p> <p>Reported by: <i>Robert Rose</i></p>	<p>TasteSense By Kerry</p> <p>TasteSense</p> <ul style="list-style-type: none"> - flavour improvers for foods, beverages and oral care products; chemical based food, drink and oral care additives (1) - fruit, vegetables and natural based extracts used as additives in the manufacture of foods and beverages (29) - flavourings, and additives other than essential oils for food, beverage and oral care products (30) <p>MultiSense</p> <ul style="list-style-type: none"> - artificial sweeteners; emulsifiers for use in the food and beverage industry (1) - essential oils, food and beverage flavorings prepared from essential oils (3) - flavorings and extracts used as flavoring for food and beverages, other than essential oils; natural sweeteners (30) 	<p>In both cases the GC upheld the BoA's decision in that there was a likelihood of confusion between the marks pursuant to article 8(1)(b).</p> <p>The BoA was correct to find that the relevant public of the goods consisted of the general public and professionals and its level of attention would vary from average to high.</p> <p>Whilst the English terms 'taste' and 'sense' could not be considered widely understood by non-English-speaking consumers, the GC held that the BoA had erred in finding that the Polish public would not understand the English term 'sense' given that the word 'sens' was the Polish equivalent.</p> <p>However, the GC held that the Spanish public would not establish such a link between the words 'sense' and the Spanish equivalent, 'sentido'. The signs were therefore visually and phonetically similar from the perspective of the Spanish public.</p> <p>The addition of 'By Kerry' to one of the marks did not alter the relevant public's perception of the mark; because of its size and its position it played only a secondary role in the overall impression of the mark.</p>

Ref no.	Application (and where applicable, earlier mark)	Comment
<p>CJ</p> <p>C-237/19</p> <p><i>Gömböc Kutató, Szolgáltató és Kereskedelmi Kft. v Szellemi Tulajdon Nemzeti Hivatala</i></p> <p>23 April 2020</p> <p>Directive 2008/95/EC</p> <p>Reported by: <i>Bryony Gold</i></p>	 <ul style="list-style-type: none"> - decorative items (14) - decorative crystalware and chinaware (21) - toys (28) 	<p>On a request from the Supreme Court, Hungary, the CJ held that the perception of the relevant public was a relevant, but not decisive, factor in identifying the essential characteristics of the shape of a 3D mark for the purposes of articles 3(1)(e)(ii) and (iii).</p> <p>In relation to article 3(1)(e)(ii), the CJ noted that information other than the graphic representation of the sign could only be used to determine whether the essential characteristics of the shape performed a technical function if it came from objective and reliable sources so the perception of the relevant public could not be relied upon.</p> <p>Regarding article 3(1)(e)(iii), public perception that the shape had become the tangible symbol of a mathematical discovery was relevant to identifying this as an essential characteristic of the shape. However, the objection only applied if objective or reliable evidence indicated that the consumer's decision to purchase the product was largely</p>

Ref no.	Application (and where applicable, earlier mark)	Comment
<p>GC T-78/19 <i>Lidl Stiftung & Co. KG ("Lidl"), v EUIPO; Plásticos Hidrosolubles, SL ("Plásticos")</i></p> <p>29 April 2020 Reg 2017/1001</p> <p>Reported by: <i>Elizabeth Greene</i></p>	 <ul style="list-style-type: none"> - plastics in extruded form for use in manufacture; semi-processed goods of plastic; semi-processed goods of water-soluble, biodegradable and compostable plastic; plastic fibres (17) - articles made of plastics; goods of water-soluble, biodegradable and compostable plastic (20) - treatment of materials; in particular treatment, processing of plastic and decoration of plastic surfaces (40) - engineering for the plastic processing industry, scientific and technological services and research for goods of plastic (42) 	<p>determined by that characteristic.</p> <p>The CJ also held that article 3(1)(e)(iii) should not be applied systematically where a sign was protected under design law or consisted exclusively of the shape of a decorative item. EU IP law does not prevent the coexistence of several forms of legal protection.</p> <p>In revocation proceedings, the GC partially annulled the decision of the BoA, insofar as it found genuine use of the contested mark in respect of goods in class 20.</p> <p>The BoA considered that the intervenor's evidence was sufficient to prove genuine use of the mark for classes 17, 20 and 42 and partially for class 40, with the exception of 'treatment of materials with the exception of plastics'.</p> <p>On appeal, the GC noted that the specification of goods in class 20 was very broad so the BoA had erred in not dividing the goods into subcategories and analysing the evidence provided in relation to each.</p> <p>The GC held that the variations of the mark used by Plásticos did not affect the mark's distinctive character. In particular, though the colours were inverted, they were merely decorative and not especially original or unusual in either form.</p> <p>The GC also rejected Lidl's argument that the mark was used as a company logo rather than as a trade mark. It was sufficient that the mark appeared on brochures, advertising material and invoices, thereby establishing a connection between the mark and the marketing of goods. It was not necessary for the mark to actually appear on the goods.</p>
Ref no.	Application (and where applicable, earlier mark)	Comment
<p>GC T-381/19 <i>adp Gauselmann GmbH v EUIPO; Gameloft SE</i></p> <p>13 May 2020 Reg 2017/1001</p> <p>Reported by: <i>Jon Edwards</i></p>	<p>CITY MANIA</p> <ul style="list-style-type: none"> - game software; computer and video games software; data carriers; sound and video recording media for electronic games apparatus (9) - video game equipment other than those adapted for use with television receivers only (28) <p>CITY LIGHTS</p> <ul style="list-style-type: none"> - apparatus for recording, transmission or reproduction of sound or images; computer software; computer and 	<p>The GC upheld the BoA's decision that there was no likelihood of confusion between the marks under article 8(1)(b).</p> <p>Though the goods were identical and the marks shared the first word "CITY", the GC held that the marks exhibited only a low degree of visual, aural and conceptual similarity.</p> <p>The "CITY" element had a weak distinctive character with respect to the goods in question, because it would be understood as referring to games software and apparatus which served the</p>

video games software; games software; data processing apparatus and computers (9)
- games; toys; gaming apparatus (28)

purpose of building or maintaining a city. The differences between the "MANIA" and "LIGHTS" elements were therefore sufficient to avoid a likelihood of confusion.

Liability for profits of co-defendants

***Lifestyle Equities Cv & Anr v Santa Monica Polo Club Ltd & Ors** (Mr Recorder Douglas Campbell QC sitting as a Judge of the Chancery Division; [2020] EWHC 688 (Ch); 23 March 2020)**

Having found that Lifestyle Equities' registered and unregistered trade mark rights in BEVERLY HILLS POLO CLUB had been infringed, the Court held that certain Defendants were jointly and severally liable for the infringements to varying degrees, but held that a party cannot be liable to account for the profits of another party, even if the parties are jointly and severally liable for the infringement. Louise Vaziri reports.

Background

In the first trial on liability ([2017] EWHC 3313 (Ch)), the Judge held that all of the Defendants' signs infringed Lifestyle Equities' trade marks. In this second trial, the Judge was asked to decide (i) whether the Fifth and Twelfth Defendants were jointly and severally liable for the acts of the Third and Eleventh Defendants; and (ii) if so, could the Fifth and Twelfth Defendants be ordered to pay the profits of the Third and Eleventh Defendants?

Joint and several liability

Joint and several liability arises when a party authorises another to act or acts in furtherance of a common design with that party. The Judge was satisfied that the Fifth Defendant was jointly and severally liable for the acts of the Third and Eleventh Defendants. The Twelfth Defendant was found to be jointly and severally liable for a narrow set of activity by the Eleventh Defendant only.

Liability for account of another party's profits

In light of the Judge's finding on joint and several liability, the Judge then went on to consider whether the Fifth and Twelfth Defendants could be liable for the profits made by the Eleventh Defendant. This was in circumstances where the main tortfeasor (the Eleventh Defendant) was in administration. Accordingly, as the Claimant was seeking an account of profits, the Claimant sought an apportionment of the profits made by the Eleventh Defendant between the Fifth and Twelfth Defendants.

After noting that there was surprisingly little authority on this issue in this jurisdiction, the Judge held that party A could not be held liable to account for the profits of party B, even if they were jointly and severally liable for the acts of that party as those profits had not been derived by, nor ever held by party A. Accordingly, while the Fifth and Twelfth Defendants could be liable for the profits they personally generated, they could not be liable for the profits generated by the Eleventh Defendant.

However, given the lack of authority on this issue, the Judge further commented on what the position would be if he were wrong on this point of law. In such circumstances the Judge held that, due to his activities as director of the Eleventh Defendant, the Fifth Defendant would have been jointly and severally liable with the Eleventh Defendant for 100% of the Eleventh Defendant's profits. The Twelfth Defendant, due to her minor involvement in the Eleventh Defendant's infringing activities, could only be liable for 10% of those profits.

What were the profits?

After some discussion regarding permissible reductions for relevant overheads, the Judge held that the relevant profit made by the Eleventh Defendant was 40% of gross turnover; this amounted to £3,129,921.60.

As noted above, on the assumption that he was wrong on the relevant point of law, the Judge held that this would mean the Fifth Defendant was responsible for 100% (£3,129,921.60) of those profits, and the Twelfth Defendant 10% (£312,992.16).

The Judge went on to consider liability as regards the profits made by the Fifth and Twelfth Defendants respectively. After reviewing salaries drawn and various directors' loans taken by the Defendants, the Judge held that the Fifth Defendant was liable to account for £779,981.20 and the Twelfth Defendant was liable to account for £57,007.60.

Strike out of unrealistic claims following UKIPO decision

***Slater & Ors v Anglo Atlantic Media Ltd** (Deputy High Court Judge, Chief ICC Judge Briggs; [2020] EWHC 710 (Ch); 8 April 2020)**

Following a dispute over ownership of a trade mark concerning a band's name at the UKIPO, Judge Briggs gave judgment in a related dispute between the band and its manager/ management company. Lucy Wiles reports.

Facts

The Bonzo Dog Doo-Dah Band (the "Band") was formed in the sixties releasing several albums achieving significant commercial success. The band members have varied throughout the Band's lifetime and its activities have reduced over the intervening years. In 2005, Robert Carruthers, a promoter and manager, arranged an anniversary concert for the band; this event was succeeded by further concerts and merchandise, as well as an anthology.

In 2015, Mr Carruthers' company Anglo Atlantic Media successfully registered the trade mark THE BONZO DOG DOO-DAH BAND (the "Mark"). In 2017, some of the band members made an application to the UKIPO seeking a declaration of invalidity and cancellation of the Mark on the grounds that neither Mr Carruthers nor Anglo Atlantic held any goodwill in the Mark and the Mark was registered in bad faith.

Then, in March 2019, Anglo Atlantic issued two claims in the High Court accusing the band members of conspiracy to injure, libel, malicious falsehoods and trade mark infringement. On 1 May 2019, the band members issued an application to strike-out the claims on the basis that neither of the Particulars of Claim lodged by Anglo Atlantic provided reasonable grounds for bringing a claim, or in any event they constituted an abuse of process.

The UKIPO decision (O-664-19, 30 October 2019)

The Registrar found that the goodwill generated through the activities of the Band under the Band's name belonged to the Band. Accordingly, any goodwill in the Mark belonged to the band members. In addition, the three elements of passing-off had been established, and so the registration of the Mark was proved invalid.

The Registrar also found that the Mark had been registered in bad faith. He did not accept Mr Carruthers' claim that he had registered the Mark to protect both his and the Band's investments, noting that "honest people in the trade observing acceptable standards of behaviour would do so by relying on the remuneration from such activities to recoup their investment".

The strike out application

Anglo Atlantic disputed the band members' claims that they were the joint founders of the Band, and claimed they had unlawfully brought about the invalidation of the Mark. Judge Briggs held that this claim offended the principle of absolute privilege and amounted to an attack on the decision of the UKIPO, which was *res judicata*.

Anglo Atlantic claimed that the Band had been libelous in saying that Mr Carruthers had attempted to register the Mark "with the primary purpose of using it as a vehicle to extract/extort fees by coercing [the

band members] to purchase licenses". Since this allegation was made in their statements of case in the UKIPO proceedings, the band members were again protected by absolute privilege, meaning there could be no claim on this ground.

Anglo Atlantic further alleged statutory misrepresentation by claiming that the band members failed to inform Mr Carruthers that the Band was a partnership – thereby amounting to statutory misrepresentation by silence. Judge Briggs relied on *Chitty on Contracts* at 7-018, holding that the mere non-disclosure of the fact the band was a partnership did not constitute a misrepresentation. This claim was therefore struck out.

Anglo Atlantic further alleged trade mark infringement, as the band members had subsequently approached a new manager to represent the Band. Judge Briggs noted that since the trade mark relied upon by Anglo Atlantic had been held to have been invalidly registered as a result of the UKIPO decision; this claim was incapable of succeeding.

The Judge struck out all of Anglo Atlantic's claims as being totally without merit. He awarded indemnity costs to the Applicants.

Reporter's note: Along with the support of the Musicians' Union and several MPs, the Band are now campaigning to close the 'loophole' allowing a person to appropriate the name of a band by simply paying a small fee for registration of a trade mark without the need to provide suitable proof of ownership.

Article 8(3) applies to similar marks and similar goods and services

EUIPO v John Mills Ltd ("JM") (AG Pitruzzella for the CJ; C-809/18 P; 30 April 2020)

AG Pitruzzella ruled for the first time on the interpretation of article 8(3) Regulation 2017/1001, and determined that the scope of article 8(3) is not restricted to situations where the marks and goods or services are identical. Adeena Wells reports.

JM filed an EU trade mark application for the word mark MINERAL MAGIC covering the following goods in class 3: "hair lotions; abrasive preparations; soaps; perfumery; essential oils; cosmetics; preparations for cleaning and care of the skin, scalp and hair; deodorants for personal use". Jerome Alexander Consulting Corp. ("JACC") opposed JM's application, relying on article 8(3) and JACC's US trade mark registration for the word mark MAGIC MINERALS BY JEROME ALEXANDER covering the term "face powder featuring mineral enhancements" in class 3. Article 8(3) of Regulation No 207/2009 states that:

"Upon opposition by the proprietor of the trade mark, a trade mark shall not be registered where an agent or representative of the proprietor of the trade mark applies for registration thereof in his own name without the proprietor's consent, unless the agent or representative justifies his action."

The BoA annulled the OD's decision, rejecting JM's application for registration of the mark MINERAL MAGIC on the basis that the requirements under article 8(3) had been sufficiently made out. The BoA also found that the respective goods covered by JACC's earlier right and JM's application were identical, and the signs at issue were similar. The GC (Case T-7/17) annulled that decision on the basis that the signs at issue were not identical, and therefore the BoA erroneously held that it could rely on article 8(3).

On appeal, the EUIPO argued that the GC misinterpreted article 8(3) by applying a literal approach. The EUIPO argued that a trade mark proprietor's agent or representative may derive benefit from not only using a mark identical to the proprietor's, but also one that is similar to the proprietor's mark; the assessment was not about the similarity of marks and goods/services as would be conducted when considering the likelihood of confusion, but rather it was about the equivalence of the marks analysed as a whole in economic or commercial terms i.e. where the marks coincided in elements which possess distinctive character.

The AG undertook a review of the wording of article 8(3) by looking at the literal, schematic, historical and teleological interpretations of the provision.

According to the literal interpretation, the AG held that the wording of article 8(3) implied a 'match' between the mark belonging to the proprietor, and that belonging to the agent/representative, as emphasised by the wording "proprietor of the trade mark." Further, the provision did not make any reference to the goods/services of the respective marks needing to be identical or similar; therefore it could not be said with any certainty that similar signs covering dissimilar goods or services would be covered by the provision.

Schematically, the structure of the wording of the provision favoured a 'match' between the proprietor's and the agent/representative's trade mark.

Taking a historical interpretation of the wording, the pre-draft of the regulation from April 1977 stated that this relative ground for refusal should relate to marks that were identical or similar, for identical or similar goods or services. This express wording was evidently removed when finalised into the current regulations. The AG also noted that the requirement for a 'match' was not conditional on the proof of other objective or subjective matters, leading the interpretation to require identity.

On a teleological interpretation, article 8(3) was "designed to prevent the misuse of any trade mark by the agent or representative of the lawful proprietor of that mark who... could improperly benefit from the effort and investment made by the trade mark proprietor". It applied where a proprietor of a mark that was protected exclusively outside the EU supplied its own goods or services within the EU market through an agent/representative, as the proprietor would then be exposed to the risk of unfair competition from the agent/representative. A broad interpretation of the wording of the provision to include similar goods would assist the objective of the provision.

The AG came to the conclusion that the GC had erred in law by restricting the application of article 8(3) to situations where the marks were identical and where the goods or services covered by the marks were exactly identical. If such a rigid test were applied, this would mean that the agent or representative could circumvent the provision by simply altering slightly the sign or the description of goods and services. The AG established the criterion of "substantial equivalence" which lay halfway between identity and similarity. Provided that the relevant goods and services were closely related or equivalent, article 8(3) could apply even where the registered mark had "slight modifications, additions or deletions which do not substantially affect its distinctiveness". The AG noted that this criterion is more stringent than the test which is required to identify a likelihood of consumer confusion, and the signs must be compared objectively.

Partial revocation and trade mark infringement

***Merck KGaA v Merck Sharp & Dohme Corp & Ors ("MSD")** (Norris J; [2020] EWHC 1273 (Ch); 20 May 2020)**

In this long running, complex dispute, Norris J dealt with the issues which had been remitted by the Court of Appeal ([2017] EWCA Civ 1834, reported in CIPA Journal, January 2018). He held that there should be further revocation in relation to the goods for which the marks were registered, but this did not affect the outcome of the infringement enquiry. He then found that many of the sample uses of MERCK complained of by Merck KGaA (32 in total) constituted use in the course of trade. When considering the issues on relief, he granted, amongst other things, an injunction prohibiting those types of use found to have infringed Merck KGaA's UK trade marks. Katharine Stephens reports.

Background

Merck KGaA and MSD are multi-national companies with a common origin. At the end of the First World War, MSD became a separate independent business, based in the USA. The parties entered into various agreements to regulate the use of MERCK, the most recent iteration being the "1970 Agreement". Under this Agreement, MSD could use MERCK in the USA and Canada. However, in the rest of the world, Merck KGaA

had the right to use the trade mark and name MERCK and MSD was permitted to use "Merck Sharp & Dohme" as a trade mark or corporate name, and was also permitted to use "Merck & Co., Inc" accompanied by geographical identifiers with the USA or Canada, as appropriate.

The first High Court ruling

Norris J ([2016] EWHC 49 (Pat), reported in *CIPA Journal*, February 2016) ruled in favour of Merck KGaA, deciding that MSD's use of MERCK in the UK whether online or offline was a breach of the 1970 Agreement. He held that Merck KGaA was entitled to an order restraining MSD from describing itself in any printed or digital material addressed to the UK as "Merck", and restraining MSD's use in the UK of the trade mark MERCK. The judge also ruled that uses of MERCK as part of MSD's branding on its global websites were directed to the UK and infringed Merck KGaA's UK trade mark rights.

Court of Appeal judgment

The CA had unanimously confirmed the High Court's decision (reported in *CIPA Journal*, January 2018) that use in the UK by MSD of MERCK either as a trade mark or a company name breached the 1970 Agreement. The CA dismissed most of MSD's appeal from Norris J's finding of trade mark infringement, but found that he had not been sufficiently clear as to which uses were in relation to goods and services and which were not. The CA therefore remitted this question back to the High Court. The CA also remitted questions on partial revocation for non-use, whilst making it clear that this issue could have no effect on the outcome of the claim for breach of contract or infringement.

The remitted issues

Revocation

Merck KGaA is the proprietor of a number of UK and international word and device marks for MERCK registered in class 5. The CA had identified the retention in these registrations of the goods "pharmaceutical substances and preparations" as "the battleground". MSD contended that Merck KGaA had used MERCK in relation to pharmaceutical substances for the treatment of cancer, multiple sclerosis, infertility, endocrine disorders, cardiovascular diseases, peripheral vascular disorders, alcohol dependence, asthma, depression, parasitic worm infections, endometriosis and intestinal disorders; and in relation to pharmaceutical cod liver oil. MSD therefore contended that the marks should be revoked to restrict the specifications to pharmaceutical substances for those indications.

The CA held that if a term in a specification was sufficiently broad that it was possible to identify a number of sub-categories capable of being viewed independently, then use in one sub-category would not count as use in relation to all the other sub-categories. This was to be considered having regard to the perception of the average consumer and purpose and intended use of the products and services in issue. It followed that "pharmaceutical substances and preparations" was a broad category of products that would include within it a number of sub-categories.

Norris J considered MSD's proposal to be expressed too narrowly. He instead adopted the 15 categories of pharmaceutical preparations found in the British National Formulary ('BNF') as a starting point for the sub-categories. Even then, some of those 15 categories contained such a broad range of products that, although Merck KGaA offers a great spread of treatments across a wide spectrum, their use did fall into all the categories (only 9 out of 15) or all the products in those categories. As an example of the latter, Merck KGaA sought a specification by reference to the BNF category of "malignant disease and immunosuppression" but the judge restricted the sub-category to "cancer and multiple sclerosis" finding that Merck KGaA's products were not exemplifications of an entire category that included "organ rejection" and "gout".

Infringement

The question remitted for reconsideration was whether the use by MSD of the sign MERCK in promotional and informational material (including on the website) in the course of general commercial activities constituted "use in the course of trade". This meant that the judge's analysis, somewhat unusually, just considered the *Celine* (Case C-17/06) question of whether the use was such as to establish in the mind of the average consumer a link between the sign constituting the company or trade name and the products or

services provide by the third party. MSD submitted that it never had any trade in the UK under the mark "Merck" and so its use of the sign MERCK was not capable of being "use in the course of trade" because there were no goods hypothecated for marketing within the UK. Norris J did not accept this argument; were that the rule, the CA would not have remitted the infringement issue for reconsideration. He had to consider whether MSD were indulging in some other material and relevant commercial activity with a view to gain.

Norris J went through 32 samples (16 chosen by each side) and determined, in relation to each, whether each use was in relation to goods and services or merely corporate name use. In one sample, a website page and linked page, accessed through "merck.com", referred to "Merck Clinical Trials" relating to asthma, cancer and hypercholesterolemia and identifying enrolling locations in the UK. The sign MERCK was prominent. Norris J held that this was an infringement because the whole object was to promote confidence in the products associated with the sign MERCK. These pages were part of a suite of sites, one function of which was to associate in the mind of the reasonable consumer (i) goods sold and services provided by MSD in the UK with (ii) the MERCK sign. Of the rubric "Merck Clinical Trials", Norris J held that it had a dual use, both as an entity/business name and as a designation of origin for clinical trials. Other samples examined by the judge related to social media, conference slides, press releases and emails, most of which he found to be infringing.

The judge then turned to the separate matter of "merck.com" in MSD's email addresses. He had already held this to be in breach of contract and, on appeal, Merck KGaA had established that it would be possible for any given use of "merck.com" in email addresses to be use of the word "Merck" both as a trade name and as a trade mark. Merck KGaA then submitted that every email address was identifiable as a dual use case. Norris J did not accept this. He considered that dual use cases had to be confined to the use by employees of a business carried on under the MSD trade name of email addresses including "merck.com" where the necessary link could be established. In this context, the "merck.com" element linked disparate MDS products and services (often marketed under sub-brands) with the "Merck" master brand e.g. licensingandbusinessdevelopment@merck.com, externalaffairsuk@merck.com and customerservicemsduk@merck.com, and therefore there was infringement.

Relief

MSD submitted that injunctive relief should not be granted: a declaration was sufficient and MSD was not threatening to commit breaches of contract or trade mark infringement as it had demonstrated a desire to comply and actual compliance with the law. Norris J did not accept this. Merck US had demonstrated a determination to push the boundaries which it had set according to its own perceptions in the face of reasonable complaint by Merck KGaA. As to the form of the injunction, Norris J granted two prohibitory injunctions one relating to breach of contract which covered use of Merck as a trade mark and as a contraction of a corporate name, and the other relating to Merck KGaA's marks. However, he also included a "gateway" providing that use in the UK of the designations permitted under the 1970 Agreement such as "Merck Sharp & Dohme" would not be a breach of the injunction and other gateways relating, for example, to the management of MSD's Merck branded websites which would, avoid being in breach if they employed compliant geo-blocking technology to prevent access by UK IP addresses. He did not, however, make a publicity order since he did not think it possible to summarise the outcome of the three judgments in a helpful way. He was also impressed with the defendants' submission that the Enforcement Directive relates to IPRs, whereas the heart of this case was breach of contract to which the Enforcement Directive did not apply.

The reported cases marked * can be found at <http://www.bailii.org> and the CJ and GC decisions can be found at http://curia.europa.eu/jcms/jcms/j_6/hom

Editorial team

Katharine Stephens

Partner, IP

Tel: +44 020 7415 6104
katharine.stephens@twobirds.com



Aaron Hetherington

Trainee Trademark Attorney

Tel: +44 020 7415 6183
aaron.hetherington@twobirds.com



Thomas Pugh

Associate, IP

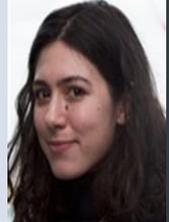
Tel: +44 020 3017 6873
thomas.pugh@twobirds.com



Ciara Hughes

Trainee Trademark Attorney

Tel: +44 02074156193
ciara.hughes@twobirds.com



Reporters

Lucy Wiles; Tom Hooper; William Wortley; Theo Cooper; Lauren Kourie; Robert Rose; Bryony Gold; Elizabeth Greene; Jon Edwards; Louise Vaziri; Adeena Wells.

This report was first published in the [CIPA Journal](#), June 2020