

# Bird & Bird & IP Case Reports

May 2018





# Trade mark decisions

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

Ref No.	Application (and where applicable, earlier mark)	Comment
CJ  <b>C-634/16 P</b>  <i>EUIPO v European Food SA; Société des produits Nestlé SA</i>  24 January 2018  Reg 207/2009  <b>Reported by:</b>  Rebekah Sellars	<b>FITNESS</b>  - dairy products; eggs, jellies, fruit, vegetables (29)  - cereals; foodstuffs based on rice or flour (30)  - various beverages (32)	<p>The CJ upheld the GC's decision which annulled the BoA's assessment of validity due to the BoA's refusal to consider new evidence. The GC was correct to hold that the evidence submitted for the first time before the BoA did not have to be considered out of time by the BoA in all circumstances.</p> <p>Although the GC was wrong to find that Reg 207/2009 did not mandate a time limit for the production of evidence in invalidity proceedings on absolute grounds, the GC did not base its decision on this interpretation, but rather on the BoA's error in refusing to consider evidence produced for the first time before it.</p> <p>The CJ held that there was no reason of principle which prevented the BoA from taking into account new facts and evidence produced for the first time before it. Indeed Art 64(1) required the BoA to conduct a full, new examination as to the merits of any appeal.</p> <p>It could not be inferred from <i>OHIM v Kaul</i> (Case C-29/05 P, reported in <i>CIPA Journal</i> April 2007) that all the evidence adduced before the BoA should be regarded as belated in all circumstances as that case concerned a rule relating specifically to opposition proceedings. Further it was always possible for evidence to be submitted before the BoA for the first time to be in time, insofar as such evidence was intended to challenge the Cancellation Division's reasons in the contested decision.</p>

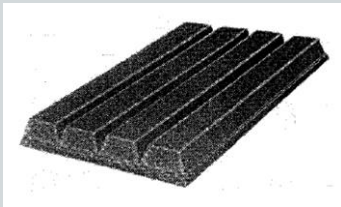
Ref no.	Application (and where applicable, earlier mark)	Comment
CJ  <b>C- 418/16</b>  <i>mobile.de GmbH, v EUIPO; Rezon OOD</i>  28 February 2018  Reg 207/2009  <b>Reported by:</b> George Khouri	  - classes 35 and 42    - advertising; business management; business administration; office function (35)  - scientific and technological services and research and related design services; industrial analysis and research services; design and development of computer	<p>The GC dismissed the BoA's decision that there was a likelihood of confusion between the marks under Art 8(1)(b).</p> <p>The invalidity applications were rejected on the basis that Rezon had not adduced proof of use.</p> <p>On appeal, the BoA took into account additional evidence adduced for the first time pursuant to Art 76(2), finding that genuine use of the earlier mark had been shown and therefore annulled the earlier decision. As the parties had not put forward any arguments on the application of Art 8(1)(b), the BoA referred the case back to the EUIPO. <i>mobile.de</i> appealed and the GC dismissed the appeals in their entirety.</p> <p>The CJ held that the submission of facts and evidence by the parties remains possible after the expiry of time limits to which they are subject. The EUIPO and BoA were in no way prohibited from taking such facts or evidence into account as Art</p>

Ref No.	Application (and where applicable, earlier mark)	Comment
	hardware and software; legal services (42)	76(2) afforded broad discretion to take into account additional evidence filed after the time limit.  The CJ also rejected the submission that the GC breached Art 64(2) by annulling the earlier decisions in their entirety, instead of annulling the decision insofar as the advertising services for which genuine use had been demonstrated. Pursuant to Art 64(2), when the BoA remitted a case for further prosecution, the EUIPO was bound by the <i>ratio decidendi</i> of the BoA insofar as the facts were the same. As the AG had observed, the EUIPO cannot, without undermining legal certainty, examine evidence of genuine use of the earlier mark for the services which were considered by the BoA without subsequently being challenged in an invalidity action before the GC.

Ref no.	Application (and where applicable, earlier mark)	Comment
GC  T-151/17  <i>Marriott Worldwide Corp. v EUIPO; Johann Graf</i>  15 March 2018  Reg 207/2009  <b>Reported by:</b>  Francesca Rivers	  <ul style="list-style-type: none"> <li>- services for providing food and drink; catering and providing food and drink for cafes, hotels and restaurants (43)</li> <li>- various goods in classes 14, 32 and 33</li> </ul>   <ul style="list-style-type: none"> <li>- services, inter alia, for providing food and drink; hotel services; restaurant, catering, bar and lounge services (43)</li> <li>- various services in classes 36 and 44</li> </ul> <p><b>(EUTM and UK registrations)</b></p>	<p>In invalidity proceedings, the GC annulled the BoA's decision that the figurative marks at issue were not similar pursuant to Art 8(1)(b).</p> <p>The GC held that the BoA had erred in its assessment of the visual and conceptual similarities between the marks at issue and had wrongly found that the signs were different.</p> <p>Visually, both signs featured similarly proportioned, black-on-white silhouettes of animal-like creatures viewed in profile in comparable seated positions. The visual similarities were not negligible, given that the average consumer would perceive each mark as a whole and would not proceed to analyse the various details. The GC held that the marks had at least low visual similarity.</p> <p>Conceptually, both marks evoked imaginary creatures with the merged characteristics of several animals, and on that basis presented a conceptual similarity of a degree which, at the very least, must be classified as low.</p> <p>The BoA was therefore wrong to reject the invalidity application pursuant to Art 53(1)(a), on the basis of Art 8(1)(b), and Art 53(2)(c) on the basis of the incorrect assumptions it had made.</p>

Ref no.	Application (and where applicable, earlier mark)	Comment
GC  T-235/17  <i>Dometic Sweden AB v EUIPO</i>  22 March 2018	<p><b>MOBILE LIVING MADE EASY</b></p> <ul style="list-style-type: none"> <li>- various goods and services in classes 5, 6, 7, 9, 11, 12, 19, 20, 21, 22 and 37</li> </ul>	<p>The GC upheld the BoA's decision that the mark lacked distinctive character pursuant to Art 7(1)(b).</p> <p>The BoA was correct to find that the goods and services of the mark applied for formed a homogenous category, in that they all facilitated mobile life. It was sufficient that the goods at issue were capable of being installed in vehicles serving as accommodation, such as caravans, and that they</p>

Ref No.	Application (and where applicable, earlier mark)	Comment
Reg 207/2009		contributed to the use or functioning of such vehicles, even though they might do so in varying degrees of intensity.
<b>Reported by:</b>		The mark would not be perceived by the relevant public as an indication of the origin of the goods and services, but as an advertising slogan because it communicated a message that the goods and services were presented as 'facilitating mobile life'.
Ning-Ning Li		Furthermore, the mark did not include any unusual elements, beyond its promotional meaning, capable of conferring distinctive character which enabled the relevant public to memorise it easily as a trade mark.


Ref no.	Application (and where applicable, earlier mark)	Comment
AG Wathelet for the CJ		In combined appeals against the GC's decision in T-112/13 (reported <i>CIPA Journal</i> , February 2017), AG Wathelet opined that the GC's decision that the mark applied for had not acquired distinctive character through use pursuant to Art 7(3) and the decision to declare the mark invalid under Art 52(2) should be upheld.
<b>C-84/17 P, C-85/17 P, C-95/17 P</b>		All parties appealed, but Mondelez's appeal was considered inadmissible on the basis that its action before the GC was not unsuccessful and it did not seek to set aside the operative part of the GC's judgment, but only some of the grounds of that judgment.
<i>Société des produits Nestlé SA v EUIPO; Mondelez UK Holdings &amp; Services Ltd</i>	- sweets, biscuits (30)	In order to demonstrate that a mark had acquired distinctive character, quantitatively sufficient and geographically representative evidence of such acquisition throughout the EU was required. This did not necessarily require evidence of such acquisition in each individual Member State but instead required evidence for each region of the EU. These regions had to be established for the goods and services covered by the mark in question.
19 April 2018		Nestlé had failed to provide sufficient evidence of acquisition of distinctive character in Belgium, Ireland, Greece, Luxembourg and Portugal and had failed to advance any evidence on national or regional markets that could be extrapolated from other Member States to cover these 5 Member States. As such, AG Wathelet considered that the GC had no option but to annul the BoA's decision on this basis.
Reg 207/2009		
<b>Reported by:</b>		
Henry Elliott		

Ref no.	Application (and where applicable, earlier mark)	Comment
GC	<b>PROTICURD</b>	The GC upheld the BoA's decision that there was no likelihood of confusion between the marks under Art 8(1)(b).
<b>T-25/17</b>	- pharmaceutical preparations; dietetic substances for medical purposes, dietetic preparations, dietary supplements, parapharmaceutical products, all for medical purposes (5)	The BoA had implicitly, but nevertheless clearly, given reasons for its decision that the applicant had not demonstrated genuine use of the earlier marks for goods in Class 29, but that such proof had been made out for goods in Class 32. In so finding, the GC rejected an argument that the evidence showed that
<i>Bernhard Rintisch v EUIPO; Compagnie laitière européenne SA</i>	- milk powders, whey proteins; milk	
19 April 2018		

Ref no.	Application (and where applicable, earlier mark)	Comment
Reg 207/2009	beverages, with milk predominating (29)	the applicant's goods could be mixed with food stuffs. It clearly did not; additionally such an argument conflicted with the evidence on file from a previous hearing before the GC (T-382/14, reported <i>CIPA Journal</i> , October 2015).
<b>Reported by:</b> Aaron Hetherington	<p><b>PROTI</b></p> <p><b>PROTIPLUS</b></p>  <p>- milk products, namely milk-protein and whey-protein for mixing in foodstuffs; dietetic foodstuffs not for medical purposes, as included in Class 29, namely food-preparations with high protein content for enrichment of foodstuffs; and namely protein, also supplemented with vitamins and or mineral salts as well as carbohydrates, always in particular in powder form (29)</p> <p>- preparations, particularly proteins, also supplemented with vitamins and or mineral salts as well as carbohydrates, each particularly in powder form, for beverage preparation (32)</p> <p><b>(German marks)</b></p>	<p>In assessing whether there was a likelihood of confusion, the BoA had been right to find that that the Class 5 goods were dissimilar to those in Class 32. Unlike the ordinary nutritional purpose of the Class 32 goods, the main purpose of the Class 5 goods was to address medical problems.</p> <p>There was only a remote similarity between goods in Classes 29 and 32. Whilst all goods contained protein, the nature, manufacturers, distribution channels and end consumers differed.</p> <p>The BoA was right to find a medium degree of similarity between the marks. The earlier sign featured in full at the beginning of the contested sign. However, the word 'curd' was not part of the English vocabulary of the German-speaking relevant public. It was not a descriptive element and so constituted an important difference between the marks. As a further consequence, the public would not recognise it as a descriptive suffix, as PROTICURD did not belong to a family of PROTI marks.</p> <p>In addition, the GC held that the relevant public's attention would vary from average to above average and the distinctive character of the earlier marks was normal. As a consequence, there was no likelihood of confusion.</p>
Ref no.	Application (and where applicable, earlier mark)	Comment
GC T-15/17	 <p>- non-alcoholic beverages; beer and brewery products; preparations for making beverages (32)</p> <p>- alcoholic beverages (except beer); preparations for making alcoholic beverages (33)</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>
<i>Dimitrios Mitrakos v EUIPO; Miguel Torres, SA</i>		<p>Submissions relating to the goods for which the applicant intended to use the mark were irrelevant and the BoA was correct to only consider the goods covered by the application as filed. In light of this, the GC upheld the BoA's assessment that the goods in question were identical.</p>
20 April 2018 Reg 207/2009		<p>The GC confirmed the BoA's decision that the signs in question had a low degree of visual similarity and were conceptually different, but had a high degree of phonetic similarity. The GC added as the marks were phonetically similar to a non-negligible part of the relevant public, namely the Spanish-speaking public, there was a likelihood of confusion. The BoA attached particular weight to the phonetic similarity over the visual differences as the goods in question would generally be purchased verbally in noisy places, such as restaurants, pubs, bars, nightclubs and discotheques. In addition, customers would often receive their drinks in a glass and not in the specific packaging of the drink product.</p>
<b>Reported by:</b> George Khouri	<p><b>LLAMA</b></p> <p>- alcoholic beverages (excluding beer) (33)</p>	<p>It was not established that the phonetic similarities were counterbalanced by the conceptual difference between the signs.</p>



Ref no.	Application (and where applicable, earlier mark)	Comment
GC <b>T-354/17</b> <i>Genomic Health, Inc. v EUIPO</i>  23 April 2018 Reg 207/2009  <b>Reported by:</b> Aaron Hetherington	<b>ONCOTYPE DX GENOMIC PROSTATE SCORE</b>  - medical testing for diagnostic and treatment purposes in the field of cancer; providing medical information to medical professionals in the form of reports in the field of cancer (44)	<p>The GC upheld the BoA's decision that the mark was descriptive and lacked distinctive character pursuant to Arts 7(1)(b) and 7(1)(c).</p> <p>The BoA had been correct to examine the descriptiveness of the individual constituent elements of the mark, in light of their dictionary definitions, since it had done so in view of the perception of the mark by the relevant public.</p> <p>Although there were multiple meanings for the constituent elements of the mark or a lack of dictionary definitions for those terms, the BoA had not erred in finding the mark to be descriptive. Even though the mark did not provide specific information on all the specific characteristics, at least that part of the public which comprised medical professionals, would perceive that the mark related to services which made it possible to detect, diagnose, and measure the genetic possibility of a prostate tumour, which was a characteristic. One possible descriptive meaning was enough.</p> <p>As regards the neologism 'oncotype', the BoA had been right to find that it was composed of elements that were descriptive of the services at issue. 'Onco' designated a tumour whilst 'type' designated a group of things which have a particular common characteristic.</p> <p>On the basis of the above, there was no requirement for the GC to consider Art 7(1)(b).</p>

Ref no.	Application (and where applicable, earlier mark)	Comment
GC <b>T-208/17, T-207/17</b> <i>Senetic S.A v EUIPO; HP Hewlett Packard Group LLC</i>  24 April 2018 Reg 2017/1001  <b>Reported by:</b> Robert Milligan	<b>HP</b>   - ink; toners (2) - computer programs; software; printers; (9) - printed materials (16) - office furniture (20) - business management (35) - financial services (36)	<p>In an application for a declaration of invalidity under Arts 59(1)(a) and 59(1)(b), the GC upheld the BoA's decision that the marks were neither descriptive nor did they lack distinctive character pursuant to Arts 7(1)(b) and 7(1)(c), and dismissed the claim that the marks had been applied for in bad faith.</p> <p>The BoA correctly found that it could not be generally asserted that a mark lacked distinctiveness or was descriptive simply because it consisted of one or two letters, without examining the specific relationship between the sign and goods and services in question.</p> <p>The GC confirmed that there was no direct and specific relationship between the contested marks and the goods and services in question and the contested marks had a minimum degree of distinctive character. The combination of two letters and figurative elements shown in the contested mark would not be commonly used or perceived as an indication lacking distinctive character, especially as it was possible that the 'hp' sign may be understood by the relevant public (being both professionals and the average consumer in the EU) as</p>

- installation, maintenance and repair of electronic equipment (37)
- provision of telecommunications services (38)
- packaging, distribution and dispatch of goods (39)
- training and seminars in fields of science, engineering, computer systems, health care and business (41)
- computer programming services; rental and leasing of computers and electronic devices; engineering services (42)

reference to the names Hewlett and Packard.

In relation to the bad faith claim, the GC upheld the BoA's decision that the marks were not applied for in bad faith as there was no evidence to the contrary.

Ref no.	Application (and where applicable, earlier mark)	Comment
<p>GC <b>T-831/16</b> <i>Kabushiki Kaisha Zoom. v EUIPO; Leedsworld, Inc.</i></p> <p>24 April 2018 Reg 207/2009</p> <p><b>Reported by:</b> Louise O'Hara</p>	<p><b>ZOOM</b></p> <ul style="list-style-type: none"> <li>- cord and cable management devices, carrying cases for electronic equipment, stands for electronic equipment, battery chargers; none of the aforementioned products relating to music technology products (9)</li> </ul> <p><b>ZOOM</b></p>  <ul style="list-style-type: none"> <li>- apparatus for reproduction and recording of sounds, CD ROMs, electric wires and cables, fire safety equipment, scuba diving equipment (9)</li> <li>- musical instruments (15)</li> </ul>	<p>The GC annulled the BoA's decision dismissing an appeal against the Opposition Division's decision which had partially upheld the opposition on the basis of Art 8(1)(b).</p> <p>The GC held that, whilst the BoA had correctly assessed the majority of evidence filed in support of the earlier marks, the BoA erred in finding that genuine use of the mark had not been demonstrated in relation to power distribution, control machines and apparatus, electric wires and cables.</p> <p>The identity and high level of similarity of the marks was not disputed. The BoA had made arbitrary and irrelevant distinctions between goods and had erred in confining itself to finding a partial similarity of the goods covered by the marks at issue: the goods covered by the earlier marks were similar to all the goods covered by the mark applied for, being either identical or similar as a result of a link of complementarity.</p> <p>The BoA had relied upon this incorrect conclusion to determine that there was no likelihood of confusion. The GC held that, given the identical nature of the marks and the similarity of the goods at issue, there was a likelihood of confusion on the part of the public.</p>
<p>GC <b>T- 288/16</b> <i>Convivo GmbH v EUIPO; Porcesadora Nacional de Alimentos C.A. Pronaca</i></p> <p>26 April 2018 Reg 207/2009</p> <p><b>Reported by:</b> Christine Danos</p>	<p><b>M'COOKY</b></p> <ul style="list-style-type: none"> <li>- pastry and confectionery, in particular cookies, sweets, wafers, waffles, cakes etc (30)</li> <li>- services for providing food and drink; temporary accommodation (43)</li> </ul>  <ul style="list-style-type: none"> <li>- meat, fish, poultry and game; preserved, dried and cooked fruits and vegetables; eggs, milk and milk products (29)</li> </ul>	<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 marks were held to be visually and phonetically similar to an average degree, although they were not conceptually similar.</p> <p>On a visual comparison, the marks had in common the letter 'm' and the word 'cook', which was held to be distinctive for the section of the Spanish public that did not speak English. Further, the figurative elements of the earlier mark, being the blue background in the shape of an almond and the cook's hat above the word 'MR.' were held to be purely decorative. These elements did not alter the dominant character of the term 'cook', and therefore their impact was held to be limited. The GC held that the additional letter 'y' at the end of 'cook' in the applied for mark would go unnoticed among the relevant public.</p> <p>On a phonetic comparison, the marks were found to</p>

- coffee, tea, cocoa, sugar, rice, tapioca, sago, be phonetically similar as they shared the sound of the letter 'm' at the beginning of the word elements of the marks and the word 'cook', which were also placed in the same order in the marks.

- agricultural, horticultural, and forestry products and grains not included in other classes; live animals; fresh fruits and vegetables (31)

**(Spanish mark)**



# Hybrid shape and colour marks are not registrable if they provide substantial value to goods: *Louise O'Hara reports*

***Christian Louboutin, Christian Louboutin SAS v Van Haren Schoenen BV (CJ (AG Szpunar for the CJ); C-163/16; 06.02.2018)***

*Following re-assignment of the case to the Grand Chamber, AG Szpunar in his second opinion restated the view that Article 3(1)(e)(iii), prohibiting the registration of shape marks where the shape to be protected gave substantial value to the goods, was also applicable to a sign combining colour and shape. Louise O'Hara reports.*

## Background

In response to Van Haren's use of red soles on its high-heeled women's shoes, Louboutin successfully brought trade mark infringement proceedings against Van Haren before the Rechtbank Den Haag (District Court of The Hague, Netherlands), based on Louboutin's Benelux trade mark registered in respect of 'high-heeled shoes (other than orthopaedic shoes)' in Class 25. Van Haren challenged this decision, submitting that Louboutin's mark was invalid pursuant to Article 3(1)(e)(iii) of Directive 2008/95.

The Louboutin trade mark at issue was a figurative mark described as consisting 'of the colour red (Pantone 18 1663TP) applied to the sole of a shoe as shown (the contour of the shoe is not part of the trade mark but is intended to show the positioning of the mark)', as shown below.



To clarify whether the concept of 'shape' within the meaning of Article 3(1)(e)(iii) extended to the colours as well as to the three-dimensional properties of goods, the Rechtbank Den Haag requested a preliminary ruling. The case was referred to the Ninth Chamber and AG Szpunar delivered his first opinion on 22 June 2017. The case was reassigned to the Grand Chamber as it raised an issue of Union law and the oral part of the procedure reopened. Addressing the issues raised in the second hearing on 24 November 2017, the AG delivered an additional opinion to supplement his first opinion.

## First Opinion

The AG concluded that Article 3(1)(e)(iii) was to be interpreted as being capable of applying to a sign consisting of the shape of a product and seeking protection for a certain colour. In addition, a mark's classification as a position mark did not prevent the same mark from falling within the prohibition in Article 3(1)(e)(iii).

Further, the AG highlighted that the risk of the monopolisation of essential characteristics of the goods was not limited to shape marks and could apply to other types of trade mark, such as position or motion marks, which might be indissociable from an aspect of the goods in question. In this regard, the AG outlined two possible approaches relating to the analysis of the distinctiveness of such a mark, and expressed his preference for the first approach:

1. A broad interpretation of Article 3(1)(e); or
2. Consideration of the public interest in limiting the number of marks of this nature which qualified for protection.

Although the matter was not expressly raised by the request for a preliminary ruling, the AG also noted that the concept of a shape which 'gives substantial value' to the goods relates only to the intrinsic value of the shape, and does not permit the reputation of the mark or its proprietor to be taken into account.

### Additional Opinion

The AG maintained that he considered the mark to be a hybrid of shape and colour, as opposed to being a colour mark per se. In particular, he held that the shape of the sole was not wholly abstract or of such negligible importance to suggest that the mark sought protection for a colour per se without any spatial delimitation; whilst the shape of the sole may change, it was still the sole of the shoe that was important and whatever shape it may be was delimited by the colour red. Further he doubted whether the colour could perform the essential function of the trade mark separately from the shape of the sole.

He held that the introduction of the concept of a 'position mark' in Article 3(3)(d) of Implementing Regulation 2017/1431 did not affect the applicability of Article 3(1)(e)(iii) to such marks, as this legislation was designed to supplement a trade mark system which already countenanced the application of Article 3(1)(e)(iii) to marks other than shape marks. Accordingly, Article 3(3)(d) was not intended to act as a 'definition' of the type of trade mark which is incapable of being caught by Article 3(1)(e)(iii). Whilst Implementing Regulation 2017/1431 differentiated between a 'position mark' and a 'shape mark' and a 'colour mark' (in Article 3(3)(c) and (f) respectively) the differentiation did not affect Article 3(1)(e)(iii) which referred not to a 'shape mark' but to 'signs which consist exclusively of the shape which gives substantial value to the goods'.

The AG also referred to the Article as amended in Directive 2015/2436 (Article 4(1)(e)(iii)), which applied to signs consisting of 'the shape, or another characteristic, which gives substantial value to the goods'. He restated his view that the lack of transitional provisions suggested that the law was the same under the both the old and the new Directive.

The AG noted the parties' submissions that Article 3(1)(e)(iii) involved consideration of aesthetic characteristics valued by the public which may vary depending on current trends. He highlighted, however, that the assessment should be of the mark itself and that the trade mark proprietor's reputation should not factor into the determination of whether the shape at issue gives 'substantial value' to the goods.

Finally, the AG considered that, if the Court decided that a position mark, like the Louboutin mark at issue, was not covered by Article 3(1)(e)(iii), its registration must still be considered in light of the Article 3(1)(e) factors, namely whether its registration would be contrary to the public interest in the availability of the characteristics of that mark. The key factor in determining the distinctiveness of a sign was not its classification as a figurative, three-dimensional mark or otherwise, but whether the mark was indistinguishable from the appearance of the goods in question. The AG noted that a sign which was indissociable from the appearance of the goods in question would only be distinctive where that sign departed significantly from the norm or customs of the sector at issue. However, the AG highlighted that the public interest in the unrestricted availability of characteristics sought and favoured by the public could not be ensured on a lasting basis under Article 3(1)(b) of Directive 2008/95 because of the possibility of overcoming this ground for refusal or invalidity through acquired distinctiveness.

### Claiming seniority: *Ciara Hughes reports*

***Peek & Cloppenburg KG, Hamburg v Peek & Cloppenburg KG, Düsseldorf (CJ (Second Chamber); C-148/17; 19.04.2018)***

*Earlier national marks forming the basis of seniority claims are vulnerable to revocation or invalidity actions if they were not used before the date of being surrendered or allowed to lapse: Ciara Hughes reports.*

In response to a request for a preliminary ruling from the Bundesgerichtshof (Federal Court of Justice, Germany) the CJ held that when an earlier national mark which had been surrendered or allowed to lapse but which still formed the basis of a seniority claim for an EUTM was the subject of an application to establish a posteriori the invalidity or revocation of that mark, the relevant date for determining whether the conditions for invalidity or revocation had been met was the date on which the earlier national mark was surrendered or allowed to lapse.

The CJ held that it was clear from the wording and purpose of Article 14 of Directive 2008/95 that it was intended to enable the Court to determine retrospectively whether the conditions for invalidity or revocation were met on the date on which the earlier national mark was surrendered or allowed to lapse. Therefore, national legislation which required the conditions for invalidity or revocation to also be met on the date of the Court's ruling on the application seeking to establish a posteriori that invalidity or that revocation, was incompatible with Article 14. The interpretation of Article 14

was supported by Article 6 of Directive 2015/2436, which entered into force after the events under consideration. According to Article 6, the only condition for establishing a posteriori the invalidity or revocation of an earlier national mark, was that the invalidity or revocation of the rights could have been declared at the moment when the mark was surrendered or allowed to lapse.

The CJ also clarified that Article 34(2) of Regulation No 207/2009 created a legal fiction intended to enable the proprietor of an EUTM to continue to enjoy the protection enjoyed by an earlier national mark which has been surrendered or allowed to lapse in the Member State where seniority had been claimed. However, this fiction did not allow the cancelled national mark to exist in the same form, and use of the sign at issue after that cancellation, would count towards use of the EUTM which was the subject of the seniority claim and not towards use of the cancelled national mark.

As a result, if the earlier national mark was vulnerable to an invalidity or revocation action at the date on which it was surrendered or allowed to lapse, then subsequent use would not be able to rectify this defect: the earlier national mark would remain vulnerable to invalidity or revocation actions and any seniority claims attached to it could be lost.

## Peaceful coexistence of marks within part of the European Union: *Robert Milligan reports.*

***Ornua Co-operative Ltd ('Ornua') v Tindale & Stanton Ltd España SL ('T&S') (CJ; Second Chamber; C-93/16; 20.07.2017)***

*The CJ held that under Articles 9(1)(b) and (c) the fact that conflicting trade marks coexisted peacefully in the territory of the EU, without giving rise to confusion, did not mean that a likelihood of confusion was automatically ruled out in another part of that territory. Co-existence was a relevant factor capable of being taken into account in the global assessment of likelihood of confusion and the existence of any link between the marks at issue. Robert Milligan reports.*

### Background

Ornua sold dairy related products and was the registered proprietor of the EUTM registration for KERRYGOLD and two figurative marks containing the same word element (collectively, 'the KERRYGOLD Marks').

T&S imported and distributed dairy goods in Spain, made by Kerry Group Plc, which were sold under the mark KERRYMAID. Kerry Group Plc owned UK and Irish national registrations for KERRYMAID.

Ornua brought infringement proceedings in the Juzgado de lo Mercantil de Alicante (Alicante Commercial Court, Spain) against T&S on the basis that use of KERRYMAID amounted to an infringement of the KERRYGOLD Marks pursuant to Articles 9(1)(b) and (c). The Court dismissed Ornua's claim, finding that the word 'KERRY' referred to an Irish town known for breeding cattle and related dairy products and that the KERRYGOLD Marks had coexisted peacefully alongside KERRYMAID in Ireland and the UK.

Owing to the unitary character of a EUTM, the Court held that the peaceful coexistence of the marks in two Member States extended to include the EU as a whole. Further, the Court placed relevance on the fact that the sign KERRYMAID was used in Spain for the purposes of marketing a product which had been marketed in other Member States for a number of years without challenge from Ornua.

On appeal, the Audiencia Provincial de Alicante (Provincial Court of Alicante, Spain) referred various questions.

### Can the absence of a likelihood of confusion in the UK and Ireland be extended to other Member States?

Endorsing the opinion of the AG (reported in *CIPA Journal*, May 2017), the CJ held that the fact the KERRYMAID marks did not give rise to a likelihood of confusion in Ireland and the UK did not, in itself, preclude a finding that such likelihood may have existed in another part of the EU.

However, the CJ was of the opinion that peaceful coexistence in part of the territory of the EU was not an irrelevant consideration within the assessment of likelihood of confusion throughout the EU as a whole. The assessment of a likelihood of confusion required a global assessment of all the relevant factors which potentially related to the entire territory of the EU.

## Could the circumstances of the Member States in which coexistence occurred be considered?

Agreeing with the AG, the CJ held that market conditions and sociocultural circumstances in part of the EU could be taken into account when considering infringement in another part, provided those factors did not significantly differ.

As UK and Irish consumers had a particular affinity to the geographical indication KERRY contained within the KERRYGOLD Marks, T&S's conduct and the standard of honest practices in industrial and commercial matters was to be analysed differently to those in Spain.

T&S's overall presentation of its product, how they distinguished their sign from Ornu's mark, and any efforts made by T&S to distinguish its products from those of Ornu's were also to be taken into consideration.

## Can acquiescence in the peaceful coexistence of the marks in the UK and Ireland be extended throughout the EU such that it constitutes 'due cause' for third parties to use the sign?

The CJ held that where a mark has a reputation in a substantial part of the EU, that reputation extends to the whole of the EU. In contrast, it is not necessary for trade mark infringement to be proved in all Member States; on the contrary, infringement in a single Member State suffices.

The CJ found that there was due cause for use of T&S's sign in the UK and Ireland as Ornu had acquiesced. However, the fact that, in part of the EU, a trade mark with a reputation and a sign peacefully coexist, does not mean that in another part of the EU, where peaceful coexistence is absent, there is due cause legitimising the use of that sign.

Therefore, the Spanish Court could not base its assessment of infringement on the peaceful coexistence in the UK and Ireland. Instead, the Spanish Court was required to make a global assessment of all the relevant factors.

## Trade mark exhaustion where ownership split between different countries: *Rebekah Sellars reports*.

### ***Schweppes SA v Red Paralela SL & Ots (CJ (Second Chamber); C-291/16; 20.12.2017)***

*Following the division in ownership of a trade mark, a national trade mark owner is prevented from opposing parallel imports of identically marked goods where those goods originate from the assignee in another Member State in circumstances where both the owners of the national marks have co-ordinated to promote a global trade mark image for the goods. Rebekah Sellars reports.*

### **Background**

Cadbury Schweppes was the owner of a large portfolio of registered trade marks containing the word SCHWEPPEES which were registered as national word and figurative marks in each of the Member States of the EEA. In 1999, Cadbury Schweppes subsequently assigned rights in the SCHWEPPEES marks in 13 Member States to Coca-Cola (including those registered in the UK) but retained its rights in Spain and the rest of the EEA.

In 2014, Schweppes SA (the subsidiary that held the rights to use the SCHWEPPEES marks in Spain) initiated infringement proceedings against various companies in the Red Paralela group to stop them from importing and distributing bottles of SCHWEPPEES tonic water from the UK to Spain. Schweppes argued that marketing in Spain was unlawful given that the bottles were manufactured and put on the market by Coca-Cola, with whom they had no connection.

Red Paralela argued that the trade mark rights had been exhausted due to tacit consent and that Schweppes had undeniable legal and economic links with Coca-Cola in their joint exploitation of SCHWEPPEES as a universal mark.

The Barcelona Commercial Court stayed proceedings and referred four questions to the CJ relating to exhaustion of rights in the context of close commercial relationships such as the Schweppes/Coca-Cola relationship and the extent to which the proprietor's consent existed when an assignee of a trade mark markets goods bearing that mark.

### **Decision**

The CJ ruled that Article 7(1) of Directive 2008/95, read in the light of Article 36 TFEU, had to be interpreted as precluding the proprietor of a national trade mark from opposing the importation of identical goods bearing the same mark originating in another Member State in which it had assigned that mark to a third party if, following the assignment:

- the proprietor (either acting alone or maintaining its coordinated trade mark strategy with the assignee) had actively and deliberately continued to promote the appearance or image of a single global trade mark, thereby generating or increasing confusion on the part of the public concerned as to the commercial origin of the goods bearing the mark; or
- there were economic links between the proprietor and the assignee, inasmuch as they coordinated their commercial policies or reached an agreement in order to exercise joint control over the use of the trade mark, so that they could determine, directly or indirectly, the goods to which the trade mark was affixed and to control the quality of those goods.

The CJ's starting point was *Ideal-Standard GmbH & Anr v IHT Internationale Heiztechnik & Anr* (C-9/93; 22.06.94) ("IHT") which stated that where ownership of a trade mark is split, the essential function of a trade mark would be jeopardised if, failing any consent on the proprietor's part, that proprietor could not oppose parallel imports. IHT explains that that principle is not altered by the fact that the marks had a common origin, provided that, from the date of assignment, each of the marks had independently fulfilled its trade mark function. The CJ commented that the proviso is not satisfied when the proprietor, either acting alone or maintaining a coordinated strategy with a new owner, has actively and deliberately continued to promote the appearance or image of a single global mark, thereby generating or increasing confusion of the part of the public as was the case in the current case. In such circumstances, where the trade mark would no longer fulfil its essential function within its territorial field of application, the proprietor could not rely on citing protection of that function as grounds for opposing parallel imports. It was for the national courts to make an assessment whether this was the case.

IHT also stated that parallel importation does not compromise the essential function of the trade mark where the proprietor is one and the same or economically linked. IHT referred to a licence agreement/ distribution agreement or ownership of trade marks in the different countries by companies in the same group; the decisive factor being the possibility of control over quality, not actual exercise of control. The CJ commented that it is a substantive rather than formal test and is fulfilled where, following division of a mark, the proprietors coordinated their commercial policies or reached an agreement in order to exercise joint control over the use of those marks, so that it is possible for them to determine, directly or indirectly, the goods to which the trade mark is affixed and to control the quality of the goods.

Furthermore if the parties coordinated their commercial policies or agreed to exercise joint control over the marks it would be held that any marketing of the trade marked goods had the consent of the other party. If proprietors were permitted to protect their territories from parallel imports, it would lead to a partitioning of the national markets which was not justified by the purpose of trade mark rights and unnecessary to preserve the essential function of the marks concerned.

## Jurisdiction over trade mark use on websites: *Abbas Lightwalla reports*.

***AMS Neve Ltd & Ots v Heritage Audio SL & Anr\* (Lewison and Kitchen LJJ; [2018] EWCA Civ 86; 01.02.18)***

*The CA (Kitchen LJ giving the lead judgment) considered it necessary to make a reference to the CJEU seeking a preliminary ruling as to the proper interpretation of Article 97(5). Specifically, whether the court of Member State A had jurisdiction to hear a trade mark infringement claim concerning an EUTM where the defendant was based in Member State B and the alleged infringing acts had been carried out in Member State B, but where the website in question targeted traders and consumers in Member State A. Abbas Lightwalla reports.*

### Background

The original claim for trade mark infringement and passing off was brought by the owners of the trade marks in dispute and their exclusive licensee, AMS Neve, an English company that made and sold audio equipment. Heritage Audio was a Spanish company that sold and supplied audio equipment in Spain. AMS Neve claimed that Heritage Audio had, via its website, offered for sale and/or sold audio equipment in the UK by reference to signs confusingly similar to three registered trade marks: an EUTM for the digits "1073" and two UK registered marks for logos incorporating a sine wave. Heritage Audio did not dispute that they used the signs complained of but maintained that they had never advertised,

offered for sale, sold or supplied any goods in the UK; they maintained that the relevant conduct, i.e. placing the offending signs on the website targeted at UK consumers, only took place in Spain. Accordingly, they applied for a declaration that the courts of England and Wales did not have jurisdiction to hear the claim.

In his first instance judgment ([2016] EWHC 2563 (IPEC)), Judge Hacon held that the IPEC had jurisdiction in respect of the UK registered trade mark claim and a claim for passing off. However, he held that only the Spanish courts had jurisdiction in respect of the EUTM infringement claim, as the defendants had taken steps to put the offending signs on the website, or had taken a decision to that effect, in Spain. This conclusion was based on Judge Hacon's interpretation of Article 97(5), which states that infringement proceedings can be brought in the courts of a Member State in which acts of infringement have been committed or threatened, but under Article 98 that court shall only have jurisdiction in respect of acts committed or threatened within that Member State.

### Reference to the CJEU

AMS Neve appealed this part of Judge Hacon's decision, contending that he had failed to understand and apply Article 97(5) correctly.

Kitchin LJ reviewed recent jurisprudence on the subject but noted that there had not yet been a CJEU decision on the question. Kitchin LJ, therefore, decided that a reference to the CJEU was necessary, requesting that the CJEU give a preliminary ruling on the following three questions:

In circumstances where an undertaking is established and domiciled in Member State A and has taken steps in that territory to advertise and offer for sale goods under a sign identical to an EUTM on a website targeted at traders and consumers in Member State B:

- i) does an EUTM court in Member State B have jurisdiction to hear a claim for infringement of the EUTM in respect of the advertisement and offer for sale of the goods in that territory?
- ii) if not, which other criteria are to be taken into account by that EUTM court in determining whether it has jurisdiction to hear that claim?
- iii) in so far as the answer to (ii) requires that EUTM court to identify whether the undertaking has taken active steps in Member State B, which criteria are to be taken into account in determining whether the undertaking has taken such active steps?

## Beverly Hills Polo Club Mark found infringed and partially revoked: *Mark Livsey reports.*

***Lifestyle Equities C.V. & Anr v Sports Direct.com Retail Ltd & Ots\* (Judge Pelling QC; [2018] EWHC 728 (Ch); 20.04.18)***

*Judge Pelling QC held that: (i) Sports Direct's importation of clothing in 2014 and 2015 bearing Lifestyle's EU and UK registered trade marks infringed those marks, but that Lifestyle's infringement claim in respect Sports Direct's sale of clothing bearing the same marks in 2013 was precluded due to settlement terms included in a licence agreement between Lifestyle and a former member of the Sports Direct group, WCC; (ii) the sixth defendant ("Republic") had induced WCC to breach the licence agreement; and (iii) Lifestyle's UK registered trade mark should be partially revoked on account of non-use but Sports Direct's counterclaim for revocation of Lifestyle's EU registered trade mark for non-use was dismissed. Mark Livsey reports.*

The first defendant was the owner of UK and EU registered trade marks for the following devices:





The second defendant was the exclusive licensee of these marks. The defendant companies were part of the Sports Direct sportswear retail group. Republic and WCC owned and operated USC (a men's fashion store chain). In 2013 the first and second defendants sold clothing bearing Lifestyle's marks. In June 2014, Lifestyle and WCC entered into a licence agreement governed by Dutch law under which WCC would, in exchange for royalties, import and sell Lifestyle's branded goods in its USC stores. Clause 2.4.C of the licence agreement provided that all claims between the parties and their respective group companies were settled on a full and final basis. Between December 2014 and April 2015 Lifestyle's branded goods were imported by the first defendant rather than by WCC. WCC went into administration in January 2015 and WCC's part of the USC business (which included goods bearing Lifestyle's marks already in USC's stores) was sold to Republic.

### Infringement claim in respect of the 2013 sales

The Judge held that it was clear from the language used in clause 2.4.C of the licence agreement that the parties intended that all claims and disputes between all members of all groups would be resolved by discharge and waiver. However, the language used did not clearly indicate whether the parties intended to confer a directly enforceable benefit on their respective group companies. Under Dutch law, the position adopted by the parties during negotiations could properly be referred to for the purpose of establishing the meaning the parties could have attached to clause 2.4.C of the licence agreement and what each party could have reasonably expected from the other party pursuant to that clause. The Judge found that it was inherently more likely that the parties intended that the discharge and waiver could be enforced directly by all members of their respective groups and that there was no evidence that established that either party would have reasonably expected that the benefit of clause 2.4C would be lost if one of the parties to the licence agreement entered administration. The effect of this was that the first and second defendants were entitled to directly rely on clause 2.4C of the licence agreement meaning that Lifestyle was precluded from pursuing its claim for trade mark infringement in relation to the 2013 sales.

### Infringement claim in respect of the 2014 and 2015 sales

The Judge rejected Sports Direct's defence that Lifestyle had consented to its importation of goods bearing the UK and EU Marks. This was on the basis that consent within the meaning of Section 12 and Article 15 (which must be expressed so that an intention to renounce the rights of the trade mark proprietor was unequivocally shown) had not been demonstrated (*Zino Davidoff SA v A & G Imports Limited* [2002] Ch 109 applied). As the licence contained in the licence agreement was personal and exclusive to WCC it followed that the importation of goods bearing the UK and EU Marks by Sports Direct infringed those marks.

### Did Republic induce WCC to breach the licence agreement?

The test in *OBG v Allan* [2007] UKHL 21 was applied. This test provided that, for a claim for damages for inducing a breach of contract to be successful the claimant must prove that: (i) there had been a breach of contract; (ii) that the breach was intentionally caused by the defendant; and (iii) that the claimant had been damaged by the breach. The Judge found that Lifestyle had established those three requirements as the sale of the administration goods by WCC to Republic constituted a breach of the licence agreement, Republic was fully aware of that fact, and Lifestyle suffered damage as a result (as it was deprived of the opportunity of seeking royalties).

### Revocation of the EU and UK Marks

The Judge applied *Adobe Systems Inc. v Netcom Distributors and others* [2012] EMTR 701 which provided that the UK court's jurisdiction to revoke (or partially revoke) an EU trade mark for non-use was limited to cases where revocation will assist the counterclaiming party to defend an infringement claim. He also held that this principle applied with equal force to claims for partial revocation as it did to claims for total revocation. As such, the Judge found that the UK court did not have jurisdiction to consider a counterclaim relating to headgear or footgear. As regards clothing, the counterclaim failed as the defendants had admitted genuine use in relation to the same. As no jurisdictional issues applied in relation to revocation of the UK Mark for

non-use and the use of the UK Mark was significantly narrower than that of the EU Mark, the UK Mark's scope of protection was reduced to "men's clothing excluding footwear and headgear".

## Form of Order: *Hilary Atherton reports*.

***Lifestyle Equities C.V. & Anr v Sports Direct.com Retail Ltd & Ots\* (Judge Pelling QC; [2018] EWHC 962 (Ch); 20.04.18)***

*After handing down his judgment on liability (reported above), Judge Pelling QC gave judgment on the appropriate form of Order. Hilary Atherton reports.*

### Liability of the second defendant

The Judge held that the inducement and infringement claims against the second defendant failed. Although a Mr Nevitt held the position of Global Head of Commercial at the second defendant, no particular distinction tended to be drawn between the various entities making up the Sports Direct Group and, to the extent that he had caused or permitted any infringement or inducement, he did so in his capacity as one of the commanding minds of the first defendant.

### Scope of final injunction

The Judge granted an injunction in the broad terms sought by Lifestyle, i.e. that the defendants should be prevented from doing any acts which would infringe Lifestyle's relevant EU or UK marks. He rejected the defendants' suggested qualifications, namely that the injunction should be limited to the administration goods.

### Scope of damages inquiry

The Judge considered that it would not be fair for Lifestyle to be precluded from arguing that there had been damage to the reputation of its marks. As all issues of liability had been resolved at trial, this was a subject which should exclusively be dealt with in either an inquiry as to damages or an account of profits.

### Costs

Particularly because there were Part 36 offers in play, the Judge was of the view that to embark on a methodology which involved imposing an order for costs for part of the trial of liability, then addressing the issues of costs that would arise after the date of a Part 36 offer, so far as liability was concerned, and then also to attempt to deal with costs in relation to any quantum inquiries was "a recipe for complexity, prolixity and avoidable expense, both in terms of costs for the parties and resources so far as the court is concerned. Therefore, the appropriate course was to wait until after the quantum issues had been resolved before attempting to address questions of costs.

### Dissemination of information

Lifestyle's application for an order for dissemination of information concerning the judgement was refused. The Judge considered that such an order was unnecessary and disproportionate given that this was "a relatively straightforward trade mark infringement case involving a relatively narrow category of goods with modest commercial value".

### Applications for permission to appeal

The Judge rejected both sides' applications for permission to appeal.

## IPEC rejects tattoo shop's claim of passing off by cactus shop's use of PRICK: Zoe Fuller reports.

***Henry Martinez t/a Prick & Anr v Prick Me Baby One More Time Ltd t/a Prick & Anr\** (Judge Melissa Clarke; [2018] EWHC 776 (IPEC); 11.04.18)**

*In dismissing the claim, the Judge found that the use of the word "PRICK" by a cactus shop operated by Prick Me Baby One More Time did not amount to a material misrepresentation that the goods and services offered by it were those of the tattoo artist, Henry Martinez, or somehow authorised by or connected with him. Zoe Fuller reports.*

Mr Martinez had operated a tattoo and piercing parlour in Shoreditch, London, called "Prick Tattoos" since 2001. He had created and applied tattoos to a number of celebrities, including Amy Winehouse. He also produced artistic works on media other than skin, which took inspiration from his tattoo work. The cactus shop, called "PRICK", opened in 2016 just over one mile away from the tattoo parlour.

When considering the extent of Mr Martinez's goodwill in the word "PRICK", the Judge held that it extended to Mr Martinez's visual artworks (which were tattoo-related) and was geographically limited to the London Boroughs of Hackney and Tower Hamlets; a relatively local area around the tattoo parlour which included the location of the cactus shop.

The Judge went on to conclude that it was difficult to imagine two businesses with less closely related activities. She referred to *Harrods v Harrodian School* [1996] RPC 697 (where it was held that where there is no common field of activities, the burden of proving the likelihood of deception and resulting damage is a heavy one) and *Stringfellow v McCain Foods* [1984] RPC 501 (where it was held that the further removed the field of activities are, the less likely it is that any member of the public could reasonably be deceived into thinking that one business was connected with the other).

The get-up of the shops and their online presence was entirely different; the cactus shop was light, bright, minimalistic and plant-filled, whilst the tattoo parlour was a "place of character, pomp and excess" with the walls filled with modern art, music memorabilia, phallic and antique collectibles. These dissimilarities in get-up were highly material to the Judge's overall consideration of misrepresentation. As with the differences in the field of activities, the dissimilarities in get-up made it less likely that any member of the relevant public could reasonably be deceived into thinking that one business was connected with the other.

The actual evidence of misrepresentation adduced by Mr Martinez was, in the Judge's view, very thin and she gave little weight to it given that the witnesses were all closely connected with Mr Martinez and were not "consumers" for the purpose of establishing deception. Furthermore, the Judge considered much of this evidence to be unreliable. The remaining evidence could be distilled to only one instance of deception of a member of the relevant public which supported the allegation of a misrepresentation. Even that was not material, as the Judge found there was no evidence that the misrepresentation had damaged Mr Martinez's goodwill or was likely to damage it in a serious way.

Given the evidence from Mr Martinez was very limited and, further, the evidence on the part of the cactus shop was that nobody had ever asked them if they were connected to Mr Martinez, the Judge was satisfied that the use of the word "PRICK" by the cactus shop did not amount to a material misrepresentation. She found that with the name "PRICK", the relevant public would be likely to come very quickly to an appreciation that the name referred to the specific properties of cacti or tattooing, as the case may be, appreciate the humour, and not go on to assume that there must be a connection.

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](http://curia.euro.pa.eu/jcms/jcms/j_6/home)

# Editorial team

**Katharine Stephens**

Partner, IP

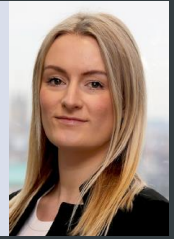
Tel: +44 020 7415 6000  
katharine.stephens@twobirds.com



**Emma Green**

Associate, IP

Tel: +44 020 7415 6000  
emma.green@twobirds.com



**Hilary Atherton**

Associate, IP

Tel: +44 07415 6000  
hilary.atherton@twobirds.com



## Reporters

Robert Milligan, Rebekah Sellars, Henry Elliot, Ciara Hughes, Aaron Hetherington, Mark Livsey, Louise O'Hara, Charlotte Peacock, Francesca Rivers and Thomas Pugh.