


TRADE MARKS

Decisions of the GC

Ref no.	Application (and where applicable, earlier mark)	Comment
<p>GC T-604/11 and T-292/12 <i>Mega Brands International, Luxembourg, Zweigniederlassung Zug v OHIM; Diset, SA</i> (04.02.14)</p>	 <p>MAGNEXT</p> <p>- toys and playthings, in particular multi-part construction toys, parts, accessories and fittings (28)</p> <p>MAGNET 4</p> <p>- games, toys, gymnastic and sports articles not included in other classes, decorations for Christmas trees (28)</p> <p>(Spanish mark)</p>	<p>The GC overturned the BoA's decision that there was a likelihood of confusion between the earlier mark and Mega Brand's figurative mark under Art 8(1)(b) but upheld its decision that there was a likelihood of confusion between the earlier mark and Mega Brand's word mark.</p> <p>The relevant Spanish speaking public would link the earlier mark with 'magnético' (used to designate magnetic properties) and would be aware that toy games often have magnetic properties meaning that (contrary to the BoA's finding) the earlier mark had only a weak distinctive character.</p> <p>The stylisation of the figurative mark meant that the relevant public would perceive the mark as two distinct elements and therefore it had only a very weak degree of visual and phonetic similarity to the earlier mark. Given also the weak distinctive character of the earlier mark there was no likelihood of confusion.</p> <p>However, the BoA had been correct to find a medium degree of similarity between the earlier mark and Mega Brand's word mark. Given the identity of the goods concerned the BoA had also been correct to find a likelihood of confusion in spite of the weak distinctive character of the earlier mark.</p>
<p>GC T-26/13 <i>dm-drogerie markt GmbH & Co. KG v OHIM; Semtee</i> (12.02.14)</p>	<p>CALDEA</p> <p>- soaps, perfumery, essential oils, cosmetics, hair lotions, dentifrices (3)</p> <p>- consultancy relating to business management, making use of water for</p>	<p>The GC upheld the BoA's finding that there was no likelihood of confusion between the marks under Art 8(1)(b).</p> <p>The BoA's assessment that the Class 3 goods were identical but the Class 35 & 44 services were dissimilar to the goods of the earlier mark was not</p>

	<p>relaxation, keeping fit (35)</p> <p>- personalised consultancy, advice relating to the operation of a leisure centre, keeping fit (44)</p> <p>BALEA</p> <p>- soaps, perfumeries, massage oils, skin care, deodorants, shampoos, hair care, after shaves, colognes (3)</p> <p>- pharmaceutical and medical preparations, remedies for perspiration, tonics for medical use (5)</p> <p>- razors, shaving kits, hair clippers, nail clippers, manicure sets (8)</p>	<p>called into question.</p> <p>Although the marks had two similar two-letter sequences, 'a' with 'l' and 'e' with 'a', there were sufficient differences to consider the marks visually dissimilar. Furthermore, there was only a low degree of phonetic similarity. Conceptually, the CALDEA mark had no meaning, whilst BALEA ('whale' in Galician) was not understood in the whole of the EU. Therefore there was no conceptual similarity between the marks.</p> <p>The marks were different overall; the visual and conceptual differences sufficiently neutralised the low phonetic similarity between the marks.</p> <p>Since the marks were different there could be no likelihood of confusion.</p>
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Interpretation of 'due cause'

***Leidseplein Beheer BV & Anr v Red Bull GmbH & Anr* (CJ (First Chamber); C-65/12; 06.02.14)**

Red Bull was the proprietor of the word mark RED BULL KRATING-DAENG (the 'Red Bull Mark') for goods in *inter alia* Class 32 (non-alcoholic drinks), in the Benelux countries, where the Red Bull Mark enjoyed a certain reputation. Mr de Vries owned the word and figurative marks in the Benelux countries for BULL DOG (the 'Bull Dog Mark'), which was filed shortly after the Red Bull Mark. Before Red Bull filed its mark, Mr de Vries was using the Bull Dog Mark as a trade name for hotel, restaurant and café services involving the sale of drinks. Red Bull initiated trade mark infringement proceedings in the Netherlands. The first instance court dismissed Red Bull's claims. The Amsterdam Regional Court of Appeal upheld Red Bull's appeal, concluding that use of the Bull Dog Mark sought to take advantage of the Red Bull Mark without due cause. Mr de Vries appealed and the Supreme Court referred a question to the CJ on the interpretation of **Article 5(2)**.

The CJ held that **Article 5(2)** must be interpreted as meaning that the proprietor of a mark with a reputation may be obliged (pursuant to the concept of 'due cause' in **Article 5(2)**) to tolerate the use by a third party of a sign similar to that mark in relation to a product identical to that for which the mark was registered, if it is demonstrated that the sign was being used before the mark was filed and that the use of the sign was in good faith. In determining this, the national court must take account, in particular, of:

- how the sign has been accepted by, and what its reputation is with, the relevant public;
- the intention of the person using that sign, including the degree of proximity between the goods and services for which that sign was originally used and the product for which the mark with a reputation was registered. The date of the first use of the sign for an identical product and the date when the mark acquired its reputation were relevant considerations; and

- the economic and commercial significance of the use for that product of the sign.

In reaching the conclusion, the CJ made the following observations on the concept of 'due cause':

- the concept should not be interpreted having regard to the scope of **Article 5(1)**. The purpose of **Article 5(1)** and **(2)** is not the same; the protection of trade marks with a reputation is more extensive than for simple marks since it is not dependent on the identity of the sign and the mark or a likelihood of confusion;
- by analogy, with *Intel* (**Case C-252/07**, reported in *CIPA Journal*, December 2008) the onus is on the third party using a sign similar to the mark with a reputation to establish that he has 'due cause' for using such a sign;
- it follows that the concept of 'due cause' may not only include objectively overriding reasons but may also relate to the subjective interests of the third party and takes account of his interests in using the sign;
- where the use is not detrimental to the repute or the distinctive character of the mark with the reputation and does not adversely affect the functions of the mark, it must be concluded that such a use falls, as a rule, within the ambit of fair competition and is thus not without 'due cause' (see *Interflora*, **Case C-323/09**, reported in *CIPA Journal*, October 2011);
- in each case it was therefore necessary to examine the conditions under which the third party used the earlier sign.

The CJ concluded that while Mr de Vries had originally used the Bull Dog Mark in relation to hotel, restaurant and café goods and services (including the sale of drinks), in light of the recognition enjoyed by that sign among the relevant public and in light of the nature of the goods and services for which it had been used, the sale of energy drinks in packaging displaying the Bull Dog Mark may be perceived as a genuine extension of the range of goods and services offered by Mr de Vries rather than an attempt to take advantage of the reputation of the Red Bull Mark. The CJ added that this impression would be further strengthened if the Bull Dog Mark was used for energy drinks before the Red Bull mark acquired its reputation.

Character merchandising

***Hearst Holdings Inc & Anr v A.V.E.L.A. Inc & Ots** (Birss J; [2014] EWHC 439 (Ch); 25.02.14)**

Judge Birss held that AVELA had passed off and infringed, under **Sections 10(1), 10(2)** and **10(3)** (and their equivalents under the **CTM Regulation**), Hearst's UK and corresponding Community Trade Marks for the words BETTY BOOP and the following device:



Hearst claimed that it was the successor of the originator of the cartoon character Betty Boop, first shown in 1930s America, and that it was the only legitimate source of Betty Boop merchandise in the UK. AVELA claimed that it was also a legitimate source of Betty Boop 'imagery' in the UK. It permitted its licensees, which included two of the other defendants, to use artwork from its library and similar images on t-shirts and bags.

Birss J rejected AVELA's validity attacks on the marks on the basis of **Section 3(1)(b)/Article 7(1)(b)** and **Section 3(1)(c)/Article 7(1)(c)** because there was no evidence that the signs had not acquired sufficient distinctiveness by the time of registration to be valid in accordance with the proviso to those provisions.

The Judge found that AVELA and its UK licensing agent had infringed the BETTY BOOP word marks under **Section 10(1)/Article 9(1)(a)**. He also found infringement of the word and device marks under **Section 10(2)/Article 9(1)(b)** on the basis that the average consumer would recognise the images as merchandising and take the presence of Betty Boop on the product as an indication of origin, i.e. would believe that the product was licensed from a source of merchandising licences associated with that character. Although the image was decorative and attractive, it was not purely so. Given this finding, the Judge went on to find that there was the relevant 'link' and that the defendants' products took unfair advantage of the investment Hearst had put into the marks so as to infringe the word and device marks under **Section 10(3)/Article 9(1)(c)**.

The Judge rejected AVELA's defence that it was using indications concerning the kind or quality of the goods in accordance with honest practices under **Section 11(2)/Article 12**. He found, firstly, that the use was not descriptive, particularly given the use of swing tags on the defendants' goods which bore the words 'officially licensed' or similar. Secondly, he rejected the argument that a finding of infringement would preclude traders from producing or marketing Betty Boop 'memorabilia', as none of the defendants' goods could fairly or accurately be described as being 1930s film memorabilia. Thirdly, the Judge was not satisfied that the defendants' use was in accordance with honest commercial practices, for reasons including the following: (i) AVELA knew of the existence of the marks and had unsuccessfully tried to oppose the registration of one of the CTMs; (ii) AVELA had intended to take advantage of Hearst's reputation; and (iii) AVELA tried unsuccessfully to show that it (or any connected entity) owned copyright in the image, but even if it had been successful and it had been in a position to license the copyright, copyright would not have given it the right to exploit the work. Given that the other defendants were not misled by AVELA and knew that they did not have a licence from Hearst, the defence was not available to them either.

Birss J held that AVELA was liable for passing off, both as regards the general public and retail customers of AVELA's licensees on the one hand, and by offering licences to the trade on the other.

Hearst also brought a claim for copyright infringement which was to be tried in January 2015 on account of AVELA's late amendments to its defence.

Keyword advertising and online searches

***Cosmetic Warriors Ltd & Anr ('Lush') v Amazon.co.uk Ltd & Anr** (Mr John Baldwin QC; [2014] EWHC 181 (Ch); 10.02.14)**

Mr John Baldwin QC (sitting as a Deputy Judge), held that Amazon had infringed Lush's CTM by bidding on keywords via Google's AdWords service which resulted in sponsored ads for equivalent products in which the Lush mark appeared, and by using the Lush mark in its own search engine to offer for sale equivalent products to those of Lush. However, sponsored ads appearing in Google search results which did not use the word Lush were held not to infringe.

Lush manufactured and supplied cosmetics under the Lush brand and was well known for its colourful soaps and for its bath bombs, which it had invented. Lush owned a CTM for the sign LUSH which was registered in respect of cosmetics and toiletries in Class 3. Amazon was the well known online shopping retailer which sold via its website its own and third party goods. Lush products were not available for sale via 'amazon.co.uk'.

Lush claimed that Amazon had infringed the CTM under **Article 5(1)(a)** by: (i) bidding on certain keywords, in particular those containing 'Lush', within the Google Adwords service so as to trigger a sponsored link advertisement for equivalent products to Lush soap for sale on 'amazon.co.uk' appearing on the Google search engine results page whenever a consumer typed 'lush' into the search box (in some cases the Lush mark appearing in the search results); and (ii) providing a consumer who typed 'Lush' into the search facility on the 'amazon.co.uk' website with various options such as 'lush bath bombs' which, when clicked on, opened a new page offering the consumer the opportunity to purchase equivalent products without any overt reference to the Lush item not being available.

Searches via Google's search engine

The Judge held that Lush had established infringement in cases where the Lush mark appeared in the Google search results, as the average consumer would expect to find Lush soap products available on 'amazon.co.uk' at a competitive price. This was because the consumer would believe Amazon to be a reliable supplier of a wide range of goods and would not expect Amazon to be advertising Lush soap for purchase if it were not in fact available for purchase. However, in respect of sponsored ads which did not include the Lush mark, there was no infringement because the average consumer would expect an ad for Lush products to include some reference to the Lush mark. The Judge distinguished the finding to the contrary in *Interflora v Marks & Spencer* [2013] FSR 33 on the basis that Interflora represented a network of flower shops of which the average consumer may not appreciate that M&S was not a member.

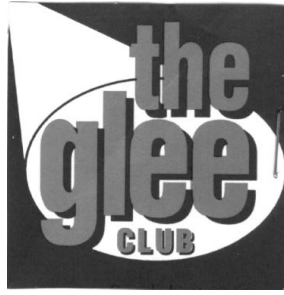
Searches via Amazon's search engine

The Judge also found infringement in respect of the presence of the Lush mark on the Amazon site. Firstly, a consumer typing 'lu' into Amazon's search facility was presented with a drop down menu which included options such as 'lush bath bombs', and the Judge held that the consumer would expect to find Lush bath bombs on Amazon by clicking on that menu item. Therefore, applying the test in *Google France Case C-236/08*, the average consumer would not ascertain without difficulty that the equivalent goods to which he was directed did not originate from Lush. The absence of any reference to Lush on the display of the goods themselves did not change this conclusion. The Judge held that Amazon's use of the Lush mark affected not only the origin function of the mark, but also the advertising and investment functions, the latter due to the fact that Lush had built up an image of ethical trading and had therefore taken the decision not to allow its goods to be sold on the Amazon site (due to, for example, some consumers' likely dim view of Amazon's UK tax practices).

'Wrong way round' confusion

***Comic Enterprises Ltd v Twentieth Century Fox Corporation ('Fox')** (Mr Roger Wyand QC; [2014] EWHC 185 (Ch); 07.02.14)**

While Comic Enterprises' trade mark registration was invalidated in part and passing off was found not to have occurred, **Mr Roger Wyand QC** (sitting as a Deputy Judge) held that Fox's use of 'glee' for a television series and associated live concert tour infringed the remaining valid specification for Comic Enterprises' figurative trade mark:



Colour and monochrome series marks

Comic Enterprises' trade mark was registered as a series: a colour claim for the first mark in the series for the colours red, white and black and a monochrome depiction of the mark. For the purposes of this case, Fox accepted that the trade mark was validly registered as a series. However, Fox argued that the mark in the series which should be used for the purposes of comparison to Fox's sign was the colour mark as it represented both versions of the mark. However, having regard to the examples provided in the UK IPO's Manual of Trade Marks Practice, the Judge found that the colour element was not the distinctive element of the series, but rather the distinctive elements were the words and the device. Therefore, because the monochrome version (which covered all colours) subsumed the colour version, it was the version which was to be used for comparison purposes.

Invalidity

Mr Wyand found that Comic Enterprises had not proved use for the goods in Class 25 for which its mark had been registered, nor in relation to all of the relevant services in Class 41. In determining the amended specification, **Mr Wyand** affirmed the test he set out in *NIRVANA Trade Mark* (BL O/262/06), in particular the requirement to consider how the average consumer would describe the services offered under the trade mark and that a generous rather than narrow approach was to be taken when amending a specification.

Mr Wyand rejected Fox's argument that the trade mark was invalid pursuant to **Section 47(1)** because a 'glee club' was descriptive of the type of entertainment held in Comic Enterprises' clubs. He held that the device element of the trade mark also had a distinctive character (which was not descriptive) and therefore the trade mark did not consist 'exclusively' of a descriptive sign and was therefore not registered in breach of **Section 3(1)(c)**.

Infringement

Comic Enterprises alleged infringement under **Sections 10(2)(b)** and **10(3)**. Relying on the test set out by **Kitchin LJ** in *Specsavers v Asda* [2012] FSR 19, Fox's sign was found to be similar to Comic Enterprises' trade mark, but the similarity was '*not of the highest order*'.

As regards the likelihood of confusion under **Section 10(2)(b)**, **Mr Wyand** determined that an average consumer was someone who watched Fox's television series and who was aware of Comic Enterprises. Comic Enterprises produced a witness who matched that description of an average consumer and who was indeed confused when she first saw advertising for Fox's programme. **Mr Wyand** held that given the similarity of the marks and of the services there was a likelihood of confusion and that was exemplified (although not determined by) Comic Enterprises' witness. He rejected Fox's argument that evidence concerning people's reactions after the television show had become extremely successful could not be taken into account when determining whether the average consumer would or could have been confused at the date of Fox's first use of the sign. This was because, had there been no confusion since the television series had become famous, Fox would have argued that that fact had to be taken into account when determining whether there would have been a likelihood of confusion. Therefore, the Judge held that '*right way round confusion*' was not necessary in order for trade mark infringement to occur.

Mr Wyand also found infringement under **Section 10(3)** based on evidence that potential customers were put off from attending Comic Enterprises' clubs because they thought that the clubs were in some way associated with Fox's television programme. Fox had no 'due cause' to use the sign, potential customers were changing their economic behaviour towards Comic Enterprises' clubs as a result of Fox's use, and Fox's use was causing detriment to the reputation of Comic Enterprises' trade mark.

Expert evidence

As a preliminary point, relying on *Robyn Rihanna Fenty v Arcadia* [2013] EWHC 1945 (Ch), the Judge found that evidence relating to the meaning of a 'glee club' given by one of Fox's witnesses was in fact expert evidence to the extent that it went beyond normal dictionary meanings and relied on database searches which people without his expertise would not have known. Given that no permission had been sought from the court, that additional evidence was inadmissible.

No confusion arising out of the use of generic words

British Shorinji Kempo Federation ('BSKF') v Shorinji Kempo Unity ('SKU')*
(Warren J; [2014] EWHC 285 (Ch); 17.02.14)

Warren J dismissed SKU's appeal from the decision of the hearing officer that the mark applied for by BSKF was registerable.

SKU was an entity whose function was to hold the intellectual property rights of the World Shorinji Kempo Organisation ('WSKO'). WSKO was formed by Doshin So in 1947 and had many branches or affiliated organisations around the world. BSKF was a group of organisations in the UK who had previously been affiliated with WSKO but were no longer so.

BSKF applied to register the mark below (the 'BSKF Mark'):



SKU opposed the registration of the BSKF Mark under **Section 5(2)(b)**, relying on two CTMs and two UK trade marks each with the same appearance as shown below (the 'SKU Mark'):



Distinctiveness of 'Shorinji Kempo'

Warren J found that the words 'Shorinji Kempo' were not by themselves distinctive as they were descriptive of a martial art. In finding this, he considered words of Doshin So that appeared in several texts, including a book written by him and an extract from a WSKO publication in which he described Shorinji Kempo as a martial art with both religious and sporting aspects. **Warren J** stated that it was clear that Doshin So considered Shorinji Kempo to be an ancient art and was not attempting to arrogate the words 'Shorinji Kempo' to himself, or the organisation which he founded, to the exclusion of others.

Warren J went on to hold that the SKU Mark could therefore only be valid by reference to the Kanji and not the English words 'Shorinji Kempo'.

Genuine use

In order to show genuine use of the earlier SKU Mark, SKU relied on: (i) use by branches affiliated with BSKF of marks not identical but said to be similar to the SKU Mark, with the consent of WSKO; (ii) use of the mark on BSKF's website; and (iii) use by the United Kingdom Shorinji Kempo Federation (the 'UKSKF') of the following mark (the '2007 Mark'):



Warren J found as follows: (i) use of the 2007 Mark on various items of clothing by different branch managers affiliated with BSKF were with the consent of SKU, and since the garments were for sale this was regarded as commercial exploitation and was a genuine use of the 2007 Mark; (ii) use of the 2007 Mark on BSKF's website was with the consent of SKU until 2010 when the BSKF ceased to be affiliated with WSKO, and since BSKF's website included advertising, there was a commercial element such that the use of the 2007 Mark was genuine; (iii) use by UKSKF could not be proven.

Warren J went on to find that these uses of the 2007 Mark were uses of the SKU mark as they were similar, the only difference being the stylised 'o'.

Confusing similarity

Warren J, regarding the Kanji as the only distinctive element of the SKU Mark, found that the SKU Mark and the BSKF Mark were not similar. He held that, even if the Marks were similar, there was no likelihood of confusion because no confusion could arise from the use of generic words. In order for there to be confusion, there would need to be a risk of confusion between the Kanji on the one hand and the words which the BSKF applied to Shorinji Kempo, namely 'British' and 'Federation' on the other hand. **Warren J** held that since these were nothing like the same, there was no real risk of confusion.

COPYRIGHT

Hyperlinks to online content

Nils Svensson & Ots v Retriever Sverige AB (CJ (Fourth Chamber); C-466/12; 13.02.14)

The CJ has given guidance on the interpretation of **Article 3** of the **Copyright Directive** in relation to providing hyperlinks to online content. The provision of hyperlinks is not a communication to a new public where the work linked to is already freely available online.

The claim was brought by Mr Svensson and three other journalists. They each wrote articles that were published in the *Göteborgs-Posten* newspaper and on the *Göteborgs-Posten* website, where they were freely available. Retriever Sverige operated a website that provided its users with lists of clickable Internet links (hyperlinks) to articles published by other websites, including *Göteborgs-Posten*. The journalists initiated copyright infringement proceedings against Retriever Sverige on the grounds that it had made the articles available to its clients without their authorisation.

The referring court asked questions on the extent to which the provision of hyperlinks to copyright protected works was a communication to the public within the meaning of **Article 3(1)**. The CJ was also asked whether it was possible for Member States to give a wider

protection to authors' exclusive rights by enabling communication to the public to cover a greater range of acts than provided for in **Article 3(1)**.

The CJ noted that the concept of communication to the public included two cumulative criteria, namely an 'act of communication' of a work and the communication of that work to a 'public'.

Applying this test, the CJ held that: (i) the mere provision of hyperlinks to copyright protected works does constitute an 'act of communication', as the links must be considered to be making the works available; and (ii) the website (which was freely available) was aimed at an indeterminate and large number of people sufficient to constitute a 'public'.

However, the CJ also noted that a communication concerning the same works as those covered by the initial communication and made by the same technical means, must also be directed at a new public, that is to say, at a public not taken into account by the copyright holders when they authorised the initial communication to the public.

The CJ held that the initial communication (i.e. publishing the articles online) targeted all potential Internet users, as access to the *Göteborgs-Posten* website was not subject to any restriction. Therefore, the hyperlinks did not make the articles available to a new public not taken into account by the copyright holders. Since there was no new public, the authorisation of the copyright holders was not required for the provision of the hyperlinks.

The CJ explained that if the hyperlinks had allowed users to bypass restrictions designed to limit access to a protected work to, for example, a website's subscribers, those users would be a new public which was not taken into account by the copyright holders when they authorised the initial communication.

Finally, the CJ held that Member States do not have the right to give wider protection to copyright holders by broadening the concept of 'communication to the public'.

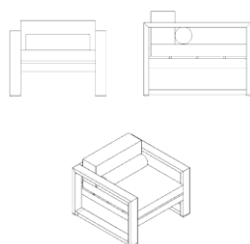
DESIGNS

Validity of Community Designs for armchairs

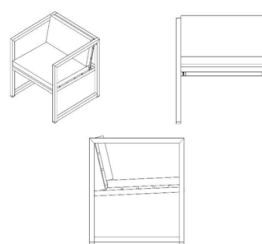
Sachi Premium-Outdoor Furniture, L^{da} v OHIM; Gandia Blasco, SA (GC; T-357/12 and T-339/12; 04.02.14)

The GC upheld the BoA's findings in these two cases that one of Sachi's Community designs for an armchair ('Sachi 1') was invalid under **Articles 6(1)(b)** and **25(1)(b)** of the **Community Designs Regulation** whilst another of Sachi's Community designs ('Sachi 2') was not invalid. The designs are shown below:

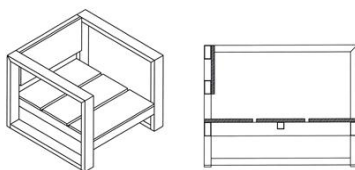
Sachi 1



Sachi 2



Gandia Blasco applied for declarations of invalidity, relying on its Community registered design for armchairs, representations of which are shown below:



Informed User

The parties did not dispute that the BoA was correct to find that the informer user was any person who 'habitually purchases' armchairs and puts them to their intended use and who has acquired information on the subject by browsing through catalogues of armchairs, going to relevant shops, downloading information from the internet, or who is a reseller of those products or that the informed user would be familiar with those products.

Degree of Freedom of the Designer

The BoA was correct to find that the freedom of the designer of armchairs is almost unlimited since armchairs can take any combination of colours, patterns, shapes and materials, and that the only limitation for the designer is the fact that armchairs have to be functional, that is, they must include at least a seat, a backrest and two armrests.

Overall Impression Produced on User

Sachi 1

The BoA was correct to find that (i) although Sachi 1 included three cushions whereas the earlier design did not include cushions, the overall impression produced by the designs at issue was dominated by the structure of the armchairs itself and not by the cushions, which could be regarded as secondary elements; and (ii) although a detailed examination of the designs at issue indicated that the seats were not positioned at exactly the same height, the overall impression produced by the designs was that they were armchairs with low seats. Therefore, the differences between Sachi 1 and the earlier design were slight, barely perceptible and did not result in different overall impressions being produced on the informed user. Sachi 2 therefore lacked individual character and was invalid.

Sachi 2

Contrary to Gandia's submissions, the designs did not produce the same overall 'cube' impression. Differences in the shape of the side frames gave the armchairs a different silhouette; the rectangular side frames of the earlier design produced an elongated shape, whereas the square frames of Sachi 2 produced a cube-shape. Furthermore, the earlier design had a low seat whereas Sachi 2 had a higher seat, which would affect how an informed user would be seated and in particular, the position of their legs.

The GC upheld the BoA's finding that the various differences between the designs at issue would not escape the attention of an informed user. Notwithstanding the high degree of design freedom in relation to armchairs, Sachi 2 differed from the earlier design from the point of view of the informed user in significant and not inconsiderable features. Sachi 2 could not therefore be regarded as a reproduction of the earlier design.

Interpretation of the Community Designs Regulation

H. Gautzsch Großhandel GmbH & Co. KG v Münchener Boulevard Möbel Joseph Duna GmbH ('MBM') (CJ (Third Chamber)); C-479/12; 13.02.14)

The CJ provided guidance on the interpretation of **Articles 7(1), 11(2), 19(2) and 89(1)(a) and (d) of the Community Designs Regulation.**

Both parties traded in garden furniture. MBM's product range included a canopied gazebo, marketed in Germany, designed by the manager of MBM in the autumn of 2004. In 2006, Gautzsch began marketing a gazebo (the 'Athen' gazebo) manufactured by a Chinese undertaking, Zhengte. MBM brought an action for infringement of its unregistered Community design against Gautzsch in Germany.

MBM claimed, *inter alia*, that the Athen gazebo was a copy of its own design, which, in April and May 2005, appeared in its new products leaflets distributed to the sector's largest furniture and garden furniture retailers and to German furniture-purchasing associations. Gautzsch submitted that the Athen gazebo had been independently created by Zhengte, which was unaware of MBM's design, at the beginning of 2005. It stated that the Athen gazebo was presented to European customers in March 2005 in China and that a model had been sent to a company established in Belgium in June 2005. In its defence, Gautzsch submitted that MBM's rights had been extinguished over time and that the right to bring an action was time-barred, maintaining that MBM was aware of the Athen gazebo's existence since September 2005 and that it had known that it was being marketed since August 2006.

The German court, in view of the expiry of the three-year protection period for unregistered Community designs, gave no ruling on the claims for Gautzsch to cease its use of the Athen gazebo and to surrender the infringing products. Gautzsch was, however, ordered to disclose information relating to its activities and pay financial compensation for the damage resulting from those activities.

Gautzsch appealed to the German Federal Court of Justice which referred six questions to the CJ on interpretation of various provisions of the Regulation.

In relation to the interpretation of **Article 11(2)**, the CJ found that it was possible that an unregistered design may reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the EU, if images of the design were distributed to traders operating in that sector. Traders which had not been involved in the design of the product could not, in principle, be excluded from such business circles. In relation to **Article 7(1)**, it was possible that an unregistered design may not reasonably have become so known, even though it was disclosed to third parties without any explicit or implicit conditions of confidentiality, if it had been made available to only one undertaking in the sector or had been presented only in the showrooms of an undertaking outside the EU. It was for the Community design court to assess whether an unregistered design had become known under these two Articles, having regard to the circumstances of the case before it.

The CJ held that the holder of the protected design must bear the burden of proving, under **Article 19(2)**, that the contested use resulted from copying that design. However, if a Community design court found that requiring the holder to prove that the contested use resulted from copying was likely to make it impossible or excessively difficult for such evidence to be produced, that court was required, in order to ensure observance of the principle of effectiveness, to use all procedures available to it under national law to counter that difficulty, including those which provided for the burden of proof to be adjusted or lightened.

The CJ also considered the applicability of defences of extinguishment of rights and of an action being time-barred regarding the right to obtain an injunction under **Articles 19(2)** and **89(1)(a)**. The CJ found that these defences, if raised against an action brought on the basis of **Articles 19(2)** and **89(1)(a)**, were governed by national law, which must be applied in a manner that observed the principles of equivalence and effectiveness.

Finally, the CJ considered the correct law to be applied under **Article 89(1)(d)** regarding claims for destruction, disclosure of information and damages by reason of infringement. The CJ found that claims for the destruction of infringing products were governed by the law

of the Member State in which the acts of infringement or threatened infringement were committed, including its private international law. Claims for compensation for damage resulting from the activities of the person responsible for the acts of infringement or threatened infringement and for disclosure (in order to determine the extent of that damage) of information relating to those activities, were governed, pursuant to **Article 88(2)**, by the national law of the Community design court hearing the proceedings, including its private international law.

Court of Appeal overturns finding of registered design infringement

***Magmatic Ltd v PMS International Ltd** (Moses, Black & Kitchin LJJ; [2014] EWCA Civ 181; 28.02.14)**

The Court of Appeal (**Kitchin LJ** giving the lead judgment) allowed PMS's appeal from a decision of **Arnold J** (reported in *CIPA Journal*, August 2013), finding that PMS's 'Kiddee Case' did not infringe Magmatic's Community Registered Design ('CRD') relating to its 'Trunki' children's suitcases.

The CRD, the Trunki, and the Kiddee Case are shown below:



In finding that Magmatic's CRD was infringed by the Kiddee Case, **Arnold J** held that the CRD was for the shape of the suitcase and that graphical designs representing different animals and insects on the surface of the Kiddee Case were therefore not relevant when considering whether it gave a different overall impression to the informed user from that of the CRD. The basis of PMS's appeal was that the graphical designs on the surface of the Kiddee Case should have been taken into account.

Kitchin LJ found that, in interpreting the CRD, **Arnold J** had erred in two respects. Firstly, he failed to appreciate that the CRD was a design for a suitcase which, considered as a whole, looked like a horned animal both because of its shape and because its flanks and front were not adorned with any other imagery which counteracted or interfered with the impression the shape created. Secondly, he failed to appreciate that each of the various representations of the CRD showed a distinct contrast in colour between the wheels and the strap on the one hand, and the rest of the suitcase on the other. As the Judge had made these errors in his analysis of the CRD and, therefore, in the way he carried out the global comparison of the two designs, the Court of Appeal considered that it was free to form its own view.

Kitchin LJ went on to hold that, although there were some similarities between the Kiddee Case and the CRD at a general level, the overall impression conveyed to the informed user by the Kiddee Case at both a general and detailed level was very different from that of the CRD. Whereas the impression created by the CRD was that of a horned animal, with a sleek and stylised design, generally symmetrical appearance, and a significant cut away semicircle below the ridge, the Kiddee Case was softer, more rounded and evocative of an insect with antennae or an animal with floppy ears. The Judge therefore ought to have found that the Kiddee Case did not infringe the CRD.

ANTI-COUNTERFEITING

Powers of customs authorities

Sintax Trading OÜ v Maksu- ja Tolliamet Põhja maksu- ja tollikeskus ('MTA') (AG Villalón for the CJ; C-583/12; 28.01.14)

AG Villalón delivered his opinion that **Regulation (EC) No 1383/2003** did not exclude Member States from empowering customs authorities to initiate and conduct the proceedings referred to in **Article 13(1)** of the Regulation to determine whether an intellectual property right had been infringed. However, for customs authorities to conduct such proceedings, the power to do so must be provided for explicitly in national law, they must act in a manner that ensures their independence and impartiality, the right to be heard must be respected and the opportunity for judicial review must be allowed.

OÜ Acerra ('Acerra') was the owner of a registered industrial design in Estonia for a container. Acerra informed the MTA (the Estonian customs authority) that Sintax was attempting to supply a product in Estonia in containers embodying the design. The MTA examined a shipment of goods sent to Sintax by a Ukrainian company and decided to detain the shipment. At the same time the MTA notified Acerra that it had detained the goods and asked Acerra for its evaluation of whether the goods infringed its registered design. Acerra replied in the affirmative. The MTA refused Sintax's request to release the goods and stated that the goods infringed Acerra's intellectual property rights. Sintax commenced court proceedings to obtain the release of the goods. The dispute focused on whether the process the MTA had gone through was capable of constituting the 'proceedings to determine whether an intellectual property right has been infringed' required by **Article 13(1)**. On appeal from the Tallinn Regional Court the Estonian Supreme Court referred questions concerning whether (i) a customs authority could initiate these proceedings on its own initiative; and (ii) whether the customs authority itself could be the body which made the determination of whether an intellectual property right had been infringed.

Initiation of the proceedings

AG Villalón observed that, whilst the most common situation would be for the holder of the relevant intellectual property right to initiate the proceedings identified under **Article 13(1)**, the Regulation did not exclude the possibility of those proceedings being initiated by a customs authority. **Article 14(2)** expressly provided for situations where the proceedings had been initiated by someone other than the holder of the intellectual property right. **Article 10** also made it clear that the Regulation envisaged the possibility of the proceedings being started by a customs authority. Taken together, these two provisions were sufficient to show the Regulation did not exclude Member States from providing the possibility of a customs authority formally initiating the proceedings identified in **Article 13(1)**.

Conduct of the proceedings

AG Villalón then considered whether the Regulation precluded a customs authority itself being the 'authority competent to decide on the case' referred to in the title of Chapter III of the Regulation. He first observed that the Regulation was neutral as to where the proceedings identified in **Article 13(1)** should be conducted. This was a matter to be decided by each Member State. National law may therefore allow an administrative, rather than judicial, authority to determine whether an intellectual property right had been infringed.

However, AG Villalón considered that an administrative authority determining whether an intellectual property right had been infringed would be adopting a function equivalent to that of a judicial body meaning it would, as a matter of EU law, be required to implement the procedural guarantees identified in **Article 47** of the **Charter of Fundamental Rights**

of the European Union. AG Villalón therefore concluded that the Regulation did not prevent Member States empowering customs authorities to conduct the proceedings identified in **Article 13(1)**. However, that power must be provided for explicitly in national law and the procedural guarantees required by the Charter must be ensured, including requirements that the customs authority act in a manner that ensures its independence and impartiality, the right to be heard is respected and the opportunity for judicial review is granted.

Note: Regulation (EC) No 1383/2003 was repealed as of 1 January 2014 and replaced by **Regulation 608/2013/EU** which contains similar provisions regarding the initiation of proceedings under **Article 23**.

CJ Clarifies the Scope of the Customs Regulation

Blomqvist v Rolex SA, Manufacture des Montres Rolex SA (CJ (Second Chamber); C-98/13; 06.02.14)

The CJ held that pursuant to **Regulation (EC) No 1383/2003**, goods sold to a resident of a Member State via a website based in a non-Member State may be infringing merely by virtue of the sale, even if those goods were not the subject of an offer for sale or advertising targeted at consumers of that Member State prior to the sale.

A watch described as a Rolex was ordered and paid for on an English language version of a Chinese website by Mr Blomqvist, a resident of Denmark. The watch was then sent from the seller in Hong Kong.

After arriving in Denmark, the watch was inspected by customs authorities, who, suspecting it was counterfeit, suspended customs clearance. In accordance with the procedure set out by the Regulation, Rolex confirmed that the watch was counterfeit, requested the continued suspension of customs clearance and asked Mr Blomqvist to agree to the destruction of the watch. Mr Blomqvist refused. Rolex successfully applied to the Maritime and Commercial Court in Denmark, which ordered Mr Blomqvist to consent to the destruction of the watch.

Mr Blomqvist appealed to the Danish Supreme Court, which noted that in order for the Regulation to take effect, there must have been a breach of a copyright or trade mark right protected in the Member State in which the goods were seized, with the alleged breach taking place in that same Member State. Mr Blomqvist had purchased the watch for personal use and had not himself breached Danish copyright or trade mark law. The Supreme Court asked the CJ whether:

- 1) the sale and dispatch of the watch to a private purchaser in Denmark had been a 'distribution to the public' under **Article 4(1)** of the **Copyright Directive** or '[use] in the course of trade' under **Article 5(1)** and **(3)** of the **Trade Marks Directive** or **Article 9(1)** and **(2)** of the **CTM Regulation**; and
- 2) prior to the sale, the watch must have been the subject of an offer for sale or advertising targeting consumers in the Member State in question.

Applying *Donner (Case C-5/11)*, the CJ held that for the purposes of the **Copyright Directive**, 'distribution to the public' must be considered proven where a contract of sale and dispatch to a member of the public has been concluded. This series of acts also constitute '[use] in the course of trade' within the meaning of the **CTM Regulation**.

It was not in dispute that Rolex:

- 1) held copyright and trade mark rights in Denmark that were infringed by the watch, so that it constituted a 'counterfeit' and 'pirated' good within the meaning of **Article 2(1)(a) and (b)** of the Regulation; and
- 2) would have been entitled to claim infringement of its rights if the watch had been offered for sale by a trader based in a Member State, since this would have constituted a 'distribution to the public' and '[use] in the course of trade'.

Therefore, in replying to the questions referred by the Danish Supreme Court, the CJ considered whether Rolex could claim the same protection for its rights where the goods at issue were sold from a website based in a non-Member State in whose territory that protection was not applicable.

The CJ confirmed that the mere fact that a website could be accessed in a territory in which a trade mark was protected was not a sufficient basis for concluding that offers for sale displayed on that website were targeted at consumers in that territory (*L'Oreal*, **Case C-324/09**, reported in *CIPA Journal*, August 2011 applied). However, rights might be infringed where, prior to their arrival in the territory covered by that protection, goods coming from the non-Member State were the subject of a commercial act directed at consumers in that territory, such as a sale, offer for sale or advertising (*Philips*, **Cases C-446/09 and C-495/09**, reported in *CIPA Journal*, March 2011 applied).

On the facts of the case the subject of the proceedings, it was not necessary to determine whether prior to the sale those goods had been the subject of an offer for sale or advertising targeted at consumers in the EU. The mere fact that the goods were sold to a customer in the EU was sufficient proof that the goods were intended to be put on sale in the EU.

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