
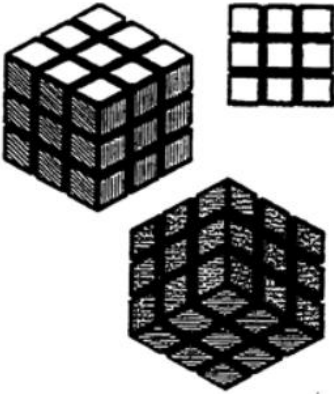




TRADE MARKS



Decisions of the GC and CJEU

<p>GC  <b>T-579/14</b>  <i>Birkenstock Sales GmbH v EUIPO</i>          (09.11.16)          Reg 207/2009</p>	 <p>- surgical, medical, dental and veterinary apparatus and instruments; artificial limbs, eyes and teeth; suture materials; suture materials for operations; orthopaedic footwear and parts thereof (10)</p> <p>- leather and imitations of leather, and goods made of these materials; animal skins, hides; bags; rucksacks; purses; trunks and travelling bags; umbrellas; whips, harness and saddlery (18)</p> <p>- footwear and parts/ fittings thereof; inner soles; clothing; headgear; belts; shawls; neckerchiefs (25)</p>	<p>The GC partially annulled the BoA's decision that the mark lacked distinctive character pursuant to Art 7(1)(b) in respect of certain goods in Classes 10 and 18.</p> <p>The BoA had erred in holding that it was possible for the mark to be used as a raised surface pattern on the packaging of 'artificial limbs, eyes and teeth', 'suture materials; suture materials for operations' and 'animal skins, hides', to enable a more secure grip. Packaging for these goods would merely be for transport purposes, making it unlikely to have a surface pattern for decorative purposes. The BoA therefore incorrectly assessed the distinctiveness of the mark in relation to those goods.</p> <p>It was not unlikely for the remaining goods to have a surface pattern applied for decorative or technical purposes. Given the simplicity of the mark and the infinite number of different designs used for surface patterns, the mark did not depart from the usual practices of the sectors concerned. The relevant public would therefore perceive the mark as a simple surface pattern and not as an indication of commercial origin.</p>
<p>CJ  <b>C-30/15 P</b>  <i>Simba Toys GmbH &amp; Co. KG v EUIPO; Seven Towns Ltd</i>          (10.11.16)          Reg 207/2009</p>	 <p>- three-dimensional puzzles</p>	<p>The application to cancel the mark was rejected by the Cancellation Division whose decision was upheld by both the BoA and the GC. Nevertheless, the CJ held that the mark was invalid pursuant to Art 7(1)(e)(ii) as it consisted exclusively of the shape of goods necessary to obtain a technical result.</p> <p>The GC held that the essential characteristics of the mark were a cube and grid structure on each surface of the cube and that this grid structure did not perform any technical function</p>

	(28)	<p>on the basis that inferring the existence of an internal rotating mechanism would not have been consistent with the requirement that any inference of technical function must be drawn as objectively as possible from the shape of the mark as represented.</p> <p>The CJ held the decision was vitiated by an error of law: the GC should have assessed the essential characteristics of the shape in the light of the technical function of the <i>actual</i> goods, namely a 3-D puzzle. The analysis of the graphic representation could not be made without, where appropriate, additional information on the actual goods (<i>Lego v OHIM</i>, C-48/09P and other cases). This meant that the GC had been wrong not to take into consideration the rotating capability of the puzzle.</p> <p>Furthermore, the CJ noted that the registration would protect all types of 3-D puzzles, regardless of the principles by which they functioned, contrary to the objective of Art 7(1)(e)(ii).</p>
<p>GC  <b>T-315/15</b>  <i>Dale Vince v EUIPO</i>  (17.11.16)  Reg 207/2009</p>	<p><b>ELECTRIC HIGHWAY</b>  - transmission, distribution and supply of electricity and gas; transmission, distribution and supply of hydro electricity; storage, transportation and delivery of gas and electricity; transmission, distribution and supply of electricity for vehicles (39)</p>	<p>The GC upheld the BoA's decision that the mark was descriptive within the meaning of Art 7(1)(c).</p> <p>The BoA was correct to conclude that the services at issue were aimed at professionals working in the field of energy supply distribution and average consumers of electricity and users of electrical vehicles.</p> <p>The GC endorsed the BoA's assessment that the mark complied with the rules of English syntax. The relevant public would understand it as referring to a road equipped with charging stations for electric vehicles, rather than any metaphorical meaning.</p> <p>The GC confirmed that this interpretation was sufficiently direct and specific to the services at issue, enabling the relevant public to perceive without further thought the</p>

		<p>nature and intended purpose of those services. It was irrelevant that the mark was not actually put to use in a descriptive way but sufficient that the mark may have been used for such purposes.</p> <p>In light of the above, it was not necessary for the BoA to consider Art 7(1)(b).</p>
<p>GC <b>T-349/15</b> CG <i>Verwaltungsgesellschaft mbH v EUIPO; Perry Ellis International Group Holdings Limited</i> (24.11.16) Reg 207/2009</p>	<div data-bbox="517 539 794 680" data-label="Image"> </div> <p>- clothing and accessories namely, swimsuits, jackets, shorts, leotards, swimsuits, swim trunks, casual shirts, shorts, workout pants, warm-up shirts and suits, cover-ups, socks, sport bras, sweatshirts, sport shirts, T-shirts, underwear; headwear and footwear (25)</p> <div data-bbox="475 1099 834 1294" data-label="Image"> </div> <p>- protective helmets for sports; sunglasses and goggles for sports (9) - clothing; footwear, in particular sports shoes; headgear (25) - protective clothing for sports (28) (EUTM &amp; German marks)</p>	<p>The GC upheld the BoA's decision that there was no likelihood of confusion between the marks pursuant to Art 8(1)(b).</p> <p>The BoA was right in its conclusion that the goods were either identical or highly similar.</p> <p>In considering the perception to the relevant public (i.e. the general public) of the mark applied for, the BoA had erred in part: it should have held that the words 'pro player' were descriptive of the sporting nature of certain of the goods in Class 25 and therefore weakly distinctive for those goods.</p> <p>Nevertheless, the error did not affect the BoA's conclusion that the word element was co-dominant with the figurative letter 'p' as, following <i>Xentral v OHIM – Pages jaunes</i> (T-134/06), a weak distinctive character of an element of a composite mark can still constitute a dominant element. Therefore, as the BoA had held, the signs should not be compared solely on the basis of the figurative elements comprising the letter 'p'.</p> <p>As a consequence, the BoA rightly concluded that there was a very low degree of visual and phonetic similarity between the signs such that there was no likelihood of confusion.</p>
<p>GC <b>T-2/16</b> <i>K&amp;K Group AG v EUIPO; Pret a Manger (Europe) Ltd</i> (30.11.16)</p>	<p><b>Pret   A   Diner</b></p> <p>- meat, fish, poultry and game; meat extracts; preserved, frozen, dried and cooked fruits and vegetables... (29) - coffee, tea...flour and</p>	<p>The GC upheld the BoA's decision that the mark applied for would take unfair advantage of the distinctive character of the earlier mark, pursuant to Art 8(5).</p> <p>The BoA correctly assessed that the earlier marks had been put to genuine use in respect of certain goods in Classes 29 and 30 and services in</p>

<p>Reg 207/2009</p>	<p>preparations made from cereals, bread, pastry and confectionery (30)</p> <ul style="list-style-type: none"> <li>- services for providing food and drink in restaurants... food and drink catering (43)</li> </ul>  <ul style="list-style-type: none"> <li>- snack foods; prepared meals; all being available for immediate consumption (29)</li> <li>- coffee, tea; sandwiches; cakes; prepared meals; all being available for immediate consumption (30)</li> <li>- self-service restaurants; restaurants; cafés; cafeterias; catering services (43)</li> </ul>	<p>Class 43.</p> <p>The GC held there was a certain visual and phonetic similarity between the marks and that the average consumer in the UK would perceive a link between them. The earlier mark had a 'very significant' reputation in the UK and, as a result of the very powerful image produced by the earlier mark (which was inherently distinctive), the mark applied for would take an unfair advantage of the reputation of the earlier mark.</p> <p>The risk was further substantiated by the fact that the earlier mark and its shortened version PRET were recognised by the relevant public as household names.</p>
<p>GC T-458/15 <i>Automobile Club di Brescia v EUIPO; Rebel Media Ltd</i> (30.11.16) Reg 207/2009</p>	 <ul style="list-style-type: none"> <li>- vehicles; apparatus for locomotion by land, air or water (12)</li> <li>- precious metals and jewellery (14)</li> <li>- leather and imitations of leather (18)</li> <li>- clothing, footwear, headgear (25)</li> <li>- advertising, in particular for competitions with electrical vehicles; organisation and arranging of advertising events; commercial sponsoring, also on the internet; business management; business administration; office functions (35)</li> <li>- education; providing of training; entertainment; sporting and cultural activities (41)</li> </ul> <p><b>MILLE MIGLIA</b></p>	<p>The GC upheld the BoA's decision that there was a likelihood of confusion between the marks pursuant to Art 8(1)(b).</p> <p>The relevant territory was the EU and the relevant public consisted of both the general and professional public.</p> <p>The BoA had not erred in its comparison of the goods and services at issue: 'advertising, in particular for competition with electrical vehicles', 'commercial sponsoring, also on the internet' and 'business management' in Class 35 and 'sporting and cultural activities' in Class 41 were similar (rather than identical) to services covered by the earlier marks.</p> <p>The GC endorsed the BoA's assessment of the figurative elements of the mark applied for - whilst essentially decorative, they were not completely negligible in the overall impression given by the mark.</p> <p>The BoA was correct to find that the marks were visually similar to a low degree and phonetically similar to a below average degree. Conceptually, the word 'miglia' had no meaning for</p>

	- various goods and services in Classes 12, 14, 18, 25, 35 and 41	the non-Italian speaking public. Therefore, in light of the average distinctive character of the earlier mark, the BoA was correct to find that there was a likelihood of confusion.
GC <b>T-24/16</b> <i>Sovena Portugal</i> — <i>Consumer Goods, SA v EUIPO; Mueloliva, SL</i> (13.12.16) Reg 207/2009	<b>FONTOLIVIA</b> - edible oils and fats; olive oils (29)  <b>FUENOLIVA</b> - virgin olive oil (29) (Spanish mark)	The GC annulled the BoA's decision to refuse registration of the mark applied for pursuant to Art 8(1)(b).  The BoA had incorrectly held that the evidence filed demonstrated that the earlier mark had been put to genuine use in relation to the goods at issue within a substantial part of Spain. Three of the ten invoices did not conclusively show use of the earlier mark, and six of the remaining seven showed sales to a single wholesaler over a period of less than a year. The evidence was therefore insufficient to demonstrate that the earlier mark had been put to use to the required extent and duration.  The remaining evidence was tenuous and did not demonstrate serious evidence of public onward use of the mark. The Opposition was therefore rejected.
GC <b>T-548/15</b> <b>T-549/15</b> <i>Ramón Guiral Broto v EUIPO; Gastro &amp; Soul GmbH</i> (13.12.16) Reg 207/2009	<b>CAFÉ DEL SOL</b>  - goods and services in Classes 30, 35, 41, 42, 43 and 45   - services in Class 42	In joined opposition proceedings, the GC annulled the BoA's decisions that the oppositions were unfounded due to a failure to submit evidence in the language of the proceedings, pursuant to Rule 19 Regulation 2868/95/EC.  The BoA held, after it raised the issue of its own motion, that Mr Guiral Broto had not substantiated the scope of protection of the earlier figurative mark as he failed to provide an English translation of the colour claim and the descriptive part of the registration certificate for that mark, as required under Rule 19. The BoA consequently dismissed the Opposition pursuant to Rule 20(1), without giving Mr Guiral Broto the opportunity to be heard on the issue of the procedural irregularity.  Rule 50(1) and Art 76(2) conferred discretion on the BoA to decide

		<p>whether to accept supplementary evidence in the event of procedural irregularity. As such, it could not be ruled out that if Mr Guiral Broto had been heard on the issue, a supplementary translation may have been submitted, which may have led to a different outcome. The BoA's decisions therefore infringed the principle that the parties should be heard.</p>
<p>GC <b>T-58/16</b> <i>Apax Partners LLP v EUIPO; Apax Partners Midmarket</i> (13.12.16) Reg 207/2009</p>	<p><b>APAX</b></p> <ul style="list-style-type: none"> <li>- paper, cardboard; printed matter and photography; instructional and teaching material (16)</li> <li>- advertising; business management; business administration; office functions (35)</li> <li>- insurance; financial affairs; monetary affairs; real estate affairs (36)</li> </ul> <p><b>APAX</b></p> <ul style="list-style-type: none"> <li>- printed matter and publications of all types (16)</li> <li>- business services, especially business management assistance, commercial or industrial management assistance; business management consultancy (35)</li> <li>- investment activities; financial and monetary affairs (36)</li> </ul> <p>(International registration designating Spain)</p>	<p>The GC upheld the BoA's decision that there was a likelihood of confusion between the marks pursuant to Art 8(1)(b).</p> <p>The BoA was correct to find that 'photographs' were similar to 'printed matter' covered by the earlier mark as the latter may be entirely devoted to photography. Both kinds of goods shared a common purpose to display text and/or images.</p> <p>The BoA was also correct to find a low degree of similarity between 'advertising' and 'office functions' covered by the mark applied for and the 'business management' services covered by the earlier mark.</p> <p>'Business administration' services in Class 35 were held to be similar to 'business management' services covered by the earlier mark, as they shared the same purpose and were addressed to the same target consumers. The GC endorsed the BoA's assessment of 'insurance' services in Class 36 as being similar to 'financial affairs'.</p> <p>Given the identity of the marks at issue, the BoA was correct to find a likelihood of confusion on the part of the relevant public.</p>

### **Court of Appeal dismisses challenge to plain tobacco packaging legislation**

***The Queen on the application of British American Tobacco (UK) Ltd & Ors ("the tobacco companies") v Secretary of State for Health\* (Green J; [2016] EWHC 1169 (Admin); 19.05.16)***

The CA (Lewison LJ giving the lead judgment) dismissed the appellant tobacco companies' appeal from an order of Green J dismissing claims for judicial review of The Standardised Packaging of Tobacco Products Regulations 2015 (the "2015 Regulations"), reported in *CIPA Journal*, July 2016.

The 2015 Regulations restricted the tobacco companies' ability to advertise their brands on tobacco packaging or upon tobacco products themselves, limiting tobacco product packaging to certain standardised colours or shades. The tobacco companies challenged the 2015 Regulations as unlawful on a number of grounds, including the following:

#### Trade Mark Directive (TMD)

The CA rejected the tobacco companies' argument that the 2015 Regulations were a breach of the TMD because they, at the least, constituted an interference with the rights or freedoms conferred by a registered trade mark. The CA held that registration of a trade mark did not give rise to a positive legal right to use it. It reached this conclusion because relevant legislation (including the TMD, CTMR and TRIPS) expressed trade mark rights in negative terms, and because the right or freedom to affix a distinguishing sign to goods or to designate services by a distinctive sign existed independently of the registration of any trade mark. The CA rejected the tobacco companies' first counterargument to this, i.e. that CJEU case law or Article 17 of the Charter of Fundamental Rights of the European Union had turned negative rights into positive rights by virtue of registration. The CA also rejected a second counterargument that a trade mark gave a positive right to use it because an unused trade mark was liable to be revoked. The CA reasoned that genuine use did not require use in the whole of the EU and a mark would not be revoked if there were proper reasons for non-use, which constituted reasons arising independently of the will of the trade mark owner, including government requirements for goods or services protected by the mark.

#### Community Design Regulation (CDR)

The CA rejected the tobacco companies' argument that the 2015 Regulations were in breach of the CDR because the CDR granted a positive right to use a Community registered design and use could not be prevented in only part of the EU. The CA rejected this submission because: (i) the registration of a design did not give rise to an absolute right to use that design (but merely conferred the right to stop someone else from using it), and (ii) the use of a design was not prohibited by the 2015 Regulations in any part of the EU; it had only been prohibited for the *packaging of cigarettes* in part of the EU and so the tobacco companies were free to use their designs throughout the EU (including in the UK) to package anything else.

#### Article 1 of Protocol 1 (A1P1) of the European Convention on Human Rights (ECHR)

Green J had rejected the tobacco companies' submission that the State had, by introducing the 2015 Regulations, unlawfully expropriated their property rights without offering to pay compensation, contrary to A1P1 of the ECHR. The CA agreed with Green J that this was a question of control of use rather than of expropriation and that therefore a fair balance test was to be adopted when considering whether there was an obligation on the State to pay compensation to the tobacco companies. The CA concluded that the Judge was entitled to conclude that the 2015 Regulations struck a fair balance for the purposes of A1P1.

#### Articles 17 and 52 of the Charter of Fundamental Rights of the European Union

The CA concluded that whether the restriction introduced by the 2015 Regulations complied with the Charter was resolved by an assessment of proportionality in the context of the objectives pursued by the impugned measure, the importance of the rights they affected, and the extent of the interference. The Charter added nothing material in this respect to the issue of proportionality under A1P1, and the CA held that the Judge was entitled to find that the 2015 Regulations were compatible with the Charter.

### Common law

The CA agreed with Green J that the common law did not assist the tobacco companies in their attack on the validity of the 2015 Regulations. The tobacco companies relied on case law which concerned the destruction of property in order to argue that the 2015 Regulations were invalid because they made no provision for any compensation. However, as this was a case about control of use rather than destruction of property, the CA rejected this argument.

### Incompatibility with CTMR

The CA rejected the tobacco companies' argument that the 2015 Regulations were in breach of the CTMR (now EUTMR) because they denied their CTMs their unitary character and effect across the EU. The CA said that there were three answers to this point: (i) Article 110(2) TMD entitled a member state to use its civil, administrative or criminal law to prohibit the use of a CTM to the extent that the use of a national trade mark may be prohibited under the law of that member state; (ii) regulation 13 made it explicit that compliance with the 2015 Regulations would amount to "proper reasons" for non-use both under the CTMR and the domestic legislation; and (iii) if there was a flaw in the 2015 Regulations, it lay in regulation 13 which was clearly severable from the rest of the 2015 Regulations.

### Competence and compatibility with TRIPS

The CA went on to find that the 2015 Regulations were also compatible with TRIPS for the reasons given in the judgment of Green J. It also concluded that the 2015 Regulations fell within the shared competence of the EU and Member States because they concerned the functioning of the internal market. Therefore, to the extent that the EU had not "occupied the ground", the UK was entitled to regulate the packaging of cigarettes.

### Proportionality

Green J had rejected the tobacco companies' complaint that the 2015 Regulations were disproportionate because the measures they introduced were not appropriate or suitable for meeting their stated objective of improving public health. He also rejected the argument that the 2015 Regulations were disproportionate because there were other equally effective but less restrictive measures, finding that Parliament had acted reasonably in concluding that there was no equally effective less restrictive measure which met the aims and objectives of standardised packaging. He also went on to reject the complaint that the 2015 Regulations failed to strike a fair balance between the competing interests of the State (invoking public health) and the tobacco industry (invoking private rights to property).

While the CA expressed their disapproval of Green J's proposed process for expert evidence in judicial review proceedings, its criticisms did not affect its conclusion that that the Judge had not erred in law in reaching his conclusion on the general issue of proportionality.

### Article 24(2) of the Tobacco Products Directive (TBD2)

The CA rejected the tobacco companies' submissions that the UK government and Parliament failed properly to take into account that the TBD2 states that it shall not affect the right of a Member State to maintain or introduce further requirements in relation to the standardisation of tobacco products packaging where it was justified, taking into account the "high level of protection of human health achieved through the Directive". The CA said that specific comparative evidence of the impact of TPD2 and the standardised packaging measures was not required by Article 24(2), and the evidence taken into account by the Secretary of State considered the benefits of standardised packaging, which was plainly an aspect of tobacco regulation which was not covered by TPD2.

The CA also went on to dismiss arguments made by appellants who were the producers of the tipping paper that wrapped around the filter of a cigarette, thereby dismissing the appeal on all grounds.



## **Infringement and passing off actions stop use of Titanic Spa but not use of Titanic Quarter and Titanic Quarter Hotel Liverpool**

***Property Renaissance Ltd T/A Titanic Spa ("Titanic Huddersfield") v Stanley Dock Hotel Ltd T/A Titanic Hotel Liverpool & Anr ("Titanic Liverpool")* \* (Carr J; [2016] EWHC 3103 (Ch); 02.12.16)**

Pursuant to an Order of Norris J, Carr J heard together: (i) "The Appeal": Titanic Liverpool's appeal from a decision of the hearing officer to revoke its TITANIC QUARTER device mark for non-use (which he allowed), (ii) "The IPEC Claim": a claim by Titanic Huddersfield against Titanic Liverpool for infringement of its TITANIC SPA mark and passing off (which succeeded in respect of past acts but, having regard to steps taken and proposed to be taken by Titanic Liverpool, failed in relation to future acts), and (iii) "The High Court Claim": a claim by Titanic Liverpool and Titanic Belfast against Titanic Huddersfield for infringement of various TITANIC QUARTER marks and invalidity of the TITANIC SPA mark (which failed). The Judge granted a declaration that Titanic Liverpool was entitled to use the signs "Titanic Quarter" and "Titanic Quarter Hotel Liverpool" in relation to hotels in the UK.

Titanic Huddersfield had, since 2005, run a luxury spa in a Huddersfield textile mill which had been known since 1911 as Titanic Mills and offered overnight accommodation. In 2011 it filed a word mark for TITANIC SPA which was registered for various services in Classes 35, 41, 43 and 44. Titanic Liverpool had opened Titanic Hotel Liverpool in 2014 and had advertised the hotel's "T-Spa". Following complaints from Titanic Huddersfield it had rebranded the spa as "the Spa" and later as the "Maya Blue Spa". However, Titanic Huddersfield maintained its claim for trade mark infringement and passing off in respect of both the spa and the use of "Titanic" in the name of the hotel. Titanic Liverpool operated its hotel under licence from Titanic Belfast which was the proprietor of several trade marks for (or which included) the words "Titanic Quarter", certain of which pre-dated the registration of the TITANIC SPA mark and the opening of the Titanic Spa. Titanic Quarter was the biggest property development scheme ever undertaken in Northern Ireland. Both Titanic Belfast and Titanic Liverpool were operated and controlled by the same individual, who had chosen to expand the Titanic brand from Northern Ireland to Liverpool due to its historic connections with the ill-fated RMS Titanic.

### The Appeal

Carr J found that the hearing officer had erred in refusing to admit further evidence of use of the TITANIC QUARTER device mark. He therefore allowed Titanic Belfast's appeal and determined a fair specification of services for that mark, having regard to the use which had been made of it.

### The IPEC Claim

Considering whether Titanic Huddersfield's TITANIC SPA mark had been infringed by the acts of Titanic Liverpool in respect of the Titanic Hotel Liverpool, the Judge found that there was a likelihood of confusion within the meaning of Section 10(2) between TITANIC SPA and "Titanic Hotel"/"Titanic Liverpool" because the average consumer might believe it was the Liverpool branch of Titanic Spa. He did not accept, as alleged by Titanic Huddersfield, that the dominant and distinctive element of the TITANIC SPA mark was the word "Titanic" and that the word "spa" added no significant level of distinctiveness to the mark. On the contrary, he considered it to be a composite mark which did not contain any negligible elements. However, he considered there to be a conceptual similarity between TITANIC SPA and the sign "Titanic Hotel" because it was common for hotels to have spas and the average consumer might therefore believe goods or services provided under those names to come from the same or economically linked undertakings.

Applying the relevant factors set out by the CA in *Maier v Assos* [2015] EWCA Civ 220, when considering the question of honest commercial practices in the context of the own name defence, Carr J concluded that Titanic Liverpool was not able to rely on the own name defence under Section 11(2). Although it had taken measures to prevent confusion arising, the Judge concluded, on balance, that they had been somewhat belated and there had been instances of actual confusion before the spa had been rebranded. However, the Judge went on to find that, provided Titanic Liverpool undertook to place a prominent notice on its website which made it clear that there was no connection with Titanic Huddersfield and ceased all use of the word "spa" in connection with its hotel, the own name defence should succeed in respect of the future.

#### The High Court Claim

As the Judge had rejected Titanic Huddersfield's wide claim, to the effect that it could monopolise all use of the word "Titanic" in the name of a hotel, the "squeeze" advanced by Titanic Belfast by way of a counterclaim failed. He further went on to find that there was no likelihood of confusion between the Titanic Quarter marks and the "Titanic Spa" sign, and therefore the challenge to the validity of the Titanic Spa mark failed.

The Judge accepted that Titanic Huddersfield had acquired goodwill in the name "Titanic Spa" in relation to the provision of spa services with temporary accommodation, but did not accept that it had acquired a substantial goodwill throughout the UK in the mark "Titanic" alone. He considered that, before the rebranding, there was an actionable misrepresentation by Titanic Liverpool which was evidenced by instances of both "wrong way round" and "right way round" confusion. However, once Titanic Liverpool had taken its proposed steps to avoid a likelihood of confusion, he found that there would be no passing off.

Concluding that it would serve a useful purpose, the Judge granted a declaration sought by Titanic Belfast and Titanic Liverpool that they were legitimately entitled to use the signs "Titanic Quarter" and "Titanic Quarter Hotel Liverpool" and a device mark incorporating "Titanic Quarter".

### **GROUNDLESS THREATS**

#### ***Nvidia Corporation & Ots v Hardware Labs Performance Systems Inc ("HLPS")* (Mann J; [2016] EWHC 3135 (Ch); 06.12.16)**

Mann J allowed HLPS's application for summary judgment or striking out of Nvidia's claim for groundless threats.

Nvidia Corp was the parent company of the Nvidia group, of which the other eleven claimants were subsidiaries based around the world. Of those that were relevant, three were English, and two were German. The Nvidia group manufactured and sold hardware for generating graphics in computers, and used the designations GTX and GTS in that regard. HLPS was a Philippine corporation which claimed to be a pioneer in the computer watercooling industry and owned three EUTMs for GTX, GTS and GTR in various classes. HLPS's German attorneys sent a letter, written in English, to Nvidia Corp at its California address. Nvidia claimed that this amounted to a groundless threat of proceedings in the UK under Section 21, and HLPS applied for summary judgment and striking out of Nvidia's claim.

The Judge agreed with the dicta of Mr Stephen Jourdan QC, sitting as a deputy judge in *Tech 21 UK Ltd v Logitech Europe SA* [2015] EWCH 2614, that it was appropriate to consider whether a letter threatening proceedings would have been understood by a reasonable recipient, who had received correct legal advice on the provisions governing where proceedings for infringements of the relevant rights could be brought. However, Mann J was

of the view that the letter in the present case did not contain enough legal technicalities to even require legal explanations to be given, as he thought that it was clear on its face that the letter as a whole did not threaten proceedings outside of Germany. While the letter was addressed to the parent company of the Nvidia group which suggested a world-wide approach, examples provided of alleged infringing trade mark use were examples of the parent acting through its German subsidiary. There was no explicit or implicit reference to proceedings in the UK and a reference to a potential pan-European injunction was not sufficient to replace what had already been said in the letter. The Judge therefore found that it was sufficiently clear without the need for a trial that the letter sent to Nvidia on HLPS's behalf did not contain a threat to sue in the UK.

Mann J went on to dismiss for lack of good reason Nvidia's application to stay its claim for a declaration of non-infringement. He also rejected HLPS's application for the remaining proceedings to be transferred to IPEC or to be run in the shorter trial scheme, because the proceedings were too substantial.

## **PASSING OFF**

### ***Professional reputation distinct from goodwill***

#### ***Juthika Bhayani v Taylor Bracewell LLP ("TB")\* (Judge Hacon; [2016] EWHC 3360 (IPEC); 22.12.16)***

Judge Hacon allowed TB's application for summary judgment in respect of Ms Bhayani's claim for passing off. However, the application for summary judgment did not succeed in relation to Ms Bhayani's claim to revocation of TB's trade mark for BHAYANI BRACEWELL.

Ms Bhayani was a solicitor of some note at a firm in Sheffield, specialising in employment law. She was invited to join TB as a salaried partner to expand the employment law side of their business. She entered into both a contract of employment and partnership agreement with TB, in which it was agreed that the firm would offer services under the name 'Bhayani Bracewell'. TB subsequently registered a UK trade mark for BHAYANI BRACEWELL. After the breakdown of her relationship with TB, Ms Bhayani left and set up the second claimant, Bhayani Law Ltd, which specialised in employment law. For a time, TB continued to offer employment law services under the Bhayani Bracewell name, and Ms Bhayani claimed that TB had, in this and other respects, falsely represented that she was still involved with the business.

The Judge found that the professional acts Ms Bhayani had carried out which had earned her the reputation she enjoyed were done either in the course of the business of her previous firm or that of TB. Therefore, the relevant goodwill vested in those firms and not Ms Bhayani. Ms Bhayani's personal reputation had to be distinguished from goodwill, which was required to form the basis of a claim for passing off, and it was long-established that goodwill generated by the activities of employees in the course of their employment vested in the employer and that, likewise, goodwill generated in the course of duties carried out within a partnership vested in the partnership. (However, the Judge distinguished this from goodwill generated by acts done outside duties to the employer or partnership, citing *Irvine v Talk Sport* [2002] EWHC 367. He also observed that if a solicitor moved from firm A to firm B and firm A represented that the solicitor was still an employee or partner, then the goodwill associated with the name of the solicitor would vest in firm B and would provide a cause of action. In the present case Ms Bhayani's new firm was not pursuing a claim in passing off and this was therefore not relevant).

Judge Hacon therefore held that Ms Bhayani had no realistic prospect of establishing that in law she owned goodwill on which to base a case of passing off against TB. However, he found

that Ms Bhayani's claim for revocation of the BHAYANI BRACEWELL trade mark under Section 46(1)(d) (i.e. that it was liable to mislead the public to believe that Ms Bhayani was still associated with TB) had a realistic prospect of success and therefore the application for summary judgment did not succeed.

## COPYRIGHT

### *Additional damages*

#### ***Phonographic Performance Ltd v Raymond Hagan & Ots\** (Judge Hacon; [2016] EWHC 3076 (IPEC); 30.11.16)**

Judge Hacon awarded PPL additional damages in the sum of £2,000 under Section 97(2) CDPA for infringement of copyright by Mr Hagan.

Mr Hagan was found to have infringed copyright in sound recordings by the playing of those recordings without a licence from PPL in two bars of which he was the premises licence holder. PPL sought additional damages under Section 97(2) and claimed damages arising from unfair profits pursuant to Article 13(1) of the Enforcement Directive. Both required knowledge on the part of Mr Hagan that he was infringing and the Judge found that this condition was satisfied because: (i) Mr Hagan had previously held a licence from PPL and therefore by implication knew how the system worked; (ii) he was sent various letters by PPL's solicitors; (iii) infringement continued after Mr Hagan was given notice of the proceedings; and (iv) it was widely known among those in the hospitality industry that it was necessary to obtain a licence from PPL in order lawfully to play recorded music in public.

Judge Hacon recapped the relationship between Section 97(2) and Article 13(1) as he had discussed in *Absolute Lofts South West London Ltd v Artisan Home Improvements Ltd* [2015] EWHC 2608 (IPEC), i.e. Article 13(1) provided an EU-wide baseline minimum of protection for owners of IP rights, so where it provided for more extensive remedies than Section 97(2), a successful claimant could rely on that article. To the extent that Section 97(2) provided the greater remedy, the copyright owner could rely on that section. However, it did not follow that national law and the Directive could be cumulatively applied to double-up damages. Due to the overlap between the relief provided by Section 97(2) and the unfair profits provision of Article 13, the Judge said that in practice this would mean choosing between one and the other. However, separate relief under Article 13(1), in particular that related to non-economic factors, would always be additionally available in the (limited) circumstances in which it was appropriate.

Non-economic factors did not arise in the present case, and the Judge concluded that PPL had already been compensated for its financial loss by payment of the licence fees that Mr Hagan should have paid. As regards unfair profits, although Mr Hagan had benefitted indirectly from the music played in his pubs, he would have been entitled to benefit in this way had he paid the licence fee, which he had now paid. Therefore, the Judge was of the view that damages had already been awarded in this respect. The Judge observed that the focus in Article 13(1) was on prejudice suffered by the rightholder, not how flagrantly the defendant had conducted himself (although he said that Article 13(1) may be flexible enough to take flagrancy into account). He considered that PPL was entitled to further relief on account of Mr Hagan's flagrancy under Section 97(2), taking into account that an important factor was the extent to which an award of additional damages was likely to be dissuasive (whether to the defendant or other actual or potential infringers), as required by Article 3 of the

Enforcement Directive. Given that Mr Hagan was bankrupt and had been described as illiterate and an alcoholic, the Judge awarded just £2,000 to PPL under Section 97(2). However, he said that other flagrant infringers may require a good deal more dissuading and were therefore liable to expose themselves to an award of additional damages on a higher scale.

#### Part 36 offers in IPEC

Applying by analogy a recent decision of the CA in *Broadhurst v Tan* [2016] EWCA Civ 94, a road traffic accident case, Judge Hacon held that rule 36.14(3)(b) of the CPR overrode rule 45.31, concluding that the limit on costs in the IPEC, both stage costs and the overall cap, did not apply to an award of costs under rule 36.14(3)(b), i.e. an award of costs to the claimant on the indemnity basis from the date on which the relevant period expired.

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