

More bites
**Bumper
edition**

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This edition covers the controversial passing off case against Aldi, Thomas Pink and Victoria's Secret's entrenched battle, Glamour magazine's bid for a CTM and the intriguing thought that a shop's layout can be trade mark protected. It's a bumper addition so there's much more inside. **Delve in and enjoy!**



> The Ever Elusive "Miracle" of a Successful Passing Off Claim for Get-Up

Moroccanoil Israel Limited lost its claim for passing off against supermarket chain Aldi Stores Limited in the Intellectual Property Enterprise Court.

The Claimant and Defendant sell an argan hair oil in the United Kingdom under the names "Moroccanoil" and "Miracle Oil", respectively. Both are sold in turquoise packaging with orange writing and come in brown bottles of similar shape and size (see overleaf).

Trade Mark invalidity proceedings were ongoing at the Community Trade Mark Office (OHIM), and so allegations of Trade Mark infringement by the Claimant could not go forward, leaving Moroccanoil with just passing off claims on which to rely. Continued

Autumn edition Content

> The Ever Elusive "Miracle" of a Successful Passing Off Claim for Get-Up
Pg 1

> A unique shopping experience: Can you protect a shop design?
Pg 3

> Swiss watches bring trade mark glamour to the European courts
Pg 5

> In the Pink
Pg 6

> Full of Glee
Pg 8

> In the red? Deutscher Sparkassen/Santander/Oberbank
Pg 9

> Combating counterfeits: the small consignments procedure in Customs Regulation (608/2013) and CJEU decision C-98/13 Martin Blomqvist v Rolex SA
Pg 11

> "Nice" Changes In Canada
Pg 13



John Wallace

Managing Partner and Head of Trade Mark and Domain Names Group

Boult Wade Tennant has announced six new appointments in the Trade Mark and Domain Names Group to support an increased level of instruction. Of the appointments, John Wallace, Head of Group and Managing Partner comments: "The recent appointments cover the full bandwidth of skills from paralegal to fully qualified attorney. This will bolster the team's capability and further enable us to provide the most relevant group of professionals, at exactly the right level for our clients. It will also mean we have increased our flexibility to change teams to suit clients' exact needs at any time."

Want to meet the new team members? Turn to page 14

Emma Pitcher, Partner and
Charlotte Duly, Partner, Editors

Signed up to our trade mark seminar programme yet? If not email your details to events@boult.com

Here, MoroccanOil's claim was that due to the distinctive combination of its product's name and get-up, Aldi's product with its similar combination would result in consumers either mistaking the Miracle Oil product for MoroccanOil, or assuming that the parties shared a common manufacturer, thus causing MoroccanOil damage.

To succeed in a passing off claim, MoroccanOil had to demonstrate the following "classical trinity":

- **goodwill** through the sale of MoroccanOil in the UK, with this goodwill being associated with the get-up and name of the product so that in combination the public would recognise them as distinctive of MoroccanOil;
- a **misrepresentation** by Aldi (whether intentional or not) in relation to the source of Aldi's Miracle Oil product; and
- **damage** to MoroccanOil's goodwill due to that misrepresentation.

Interestingly, MoroccanOil argued that misrepresentation arose in this case in any one of three alternative ways:

1. the standard **Jif Lemon** misrepresentation, that is, a substantial proportion of the public would take Miracle Oil to be MoroccanOil; or
2. although the public would distinguish the two products, they would assume an association between them in the form of there being a common manufacturer (as successfully claimed in a case representing one of the high points of passing off actions based on get-up, **United Biscuit**; or
3. the public would assume that Miracle Oil had been produced under licence from MoroccanOil.

Whilst passing off claims can sometimes succeed where infringement actions based on the UK Trade Marks Act would fail, the Court's decision in this case shows how difficult it is for actions based on a claim of passing off of get-up to succeed in the United Kingdom.

Decision

As a starting point, the Court did not doubt that the Claimant enjoyed goodwill in its business in MoroccanOil, but concluded that this goodwill was attached primarily to the name "MoroccanOil", rather than to the get-up.

As to misrepresentation, the Court confirmed that whilst get-up can have some additional part to play in a passing-off action (here, Judge Hacon referred to the similarities between the Moroccan Oil and Miracle Oil products,

both having turquoise colour packaging with orange graphics, vertical writing, as well as similarities between the shape and colour of the bottles), successful passing off cases based solely on get-up are rare, given that products are usually referred to by their trade names.

Whilst passing off claims can sometimes succeed where infringement actions would fail, the Court's decision shows how difficult it is to succeed in the United Kingdom in a passing off claim based on get-up.



The Judge emphasised that whilst get-up allows consumers to recognise products, misrepresentation caused by similar get-up depends on the public not noticing the Trade Mark on the

product, and in this case there was no direct evidence of any such misrepresentation. In particular, there was no evidence that any consumers had assumed a connection between the Claimant and the Defendant, or that there was a common manufacturer between the two products at issue; further, evidence presented to the Court (in the form of internet blogs) showed that whilst consumers noticed the similarities between the MoroccanOil and Miracle Oil products, they thought that the Miracle Oil was simply "cheeky on the part of Aldi and perhaps encroached on copyright or design rights".

It is worth noting that the Court also mentioned that there was no evidence of either company receiving any complaints in relation to price and quality of the Miracle Oil product (suggesting no confusion with the Moroccan Oil product), and also paid particular attention to the difference in price point between the products (MoroccanOil retails at GB£30 whereas Miracle Oil retails at only GB£4). The Court also confirmed that for passing off actions to succeed, mere confusion is not enough, and only evidence of deception will win the day.

Evidence was put forward by Moroccanoil which clearly showed Aldi had “lived dangerously” by deliberately creating a product with get-up that would bring Moroccanoil to mind. Nevertheless, this evidence was deemed irrelevant as such activities are not unlawful, and so whilst the Miracle Oil and Moroccanoil products shared similarities and the public thought Aldi was “cheeky and might infringe rights relating to design”, this did not constitute passing off.

Accordingly, this case was different to **United Biscuits**, because the evidence here could not demonstrate that consumers had assumed that Moroccanoil and Miracle Oil are manufactured by the same entity. Even if some consumers were confused or misled, these were deemed to be too few in number to damage Moroccanoil’s goodwill. Moroccanoil’s case was therefore dismissed.

A significant portion of this decision also focussed on the concept of ‘initial interest confusion’. Here, Moroccanoil argued that it could rely on initial interest confusion (i.e. customers who were initially misled by the Miracle Oil product but who realised their mistake before a purchase had been made), referring to the **Och-Ziff** case. On this point the Court concluded that initial interest confusion could not assist Moroccanoil: the Court confirmed that

such confusion is usually dispelled before it is acted upon (e.g. realised before purchasing the product) and this would mean that the Claimant suffered no damage and there was no passing off. In any event, even if Moroccanoil were able to rely on initial interest confusion, the evidence provided by the Claimant did not show that this had occurred or was likely to do so.

Comment

Unless evidence of actual misrepresentation can be obtained, succeeding in passing off claims against lookalike goods can be extremely difficult. As was seen in **Specsavers**, the Courts do distinguish between a defendant who decides to “live dangerously” (as Aldi did in this case) and a defendant who intends to cause deception and benefit from a claimant’s goodwill.

The decision serves as a reminder to brand owners to ensure that the get-up and packaging of products are protected as far as possible, by registering Trade Marks and Designs for the most distinctive aspects of the shape of the get-up/packaging, in addition to obtaining Trade Mark protection for products, brand names and labelling.

Author: Luke Portnow, Assistant



> A unique shopping experience: Can you protect a shop design?

Apple Inc. v Deutsches Patent- und Markenamt Case C-421/13

Apple Inc. had successfully registered a trade mark representing their shop design in the USA. Following this, they sought protection for the mark in other territories. However, the German Patent and Trade Mark Office, Deutsches Patent- und Markenamt (DPMA), refused Apple’s trade mark application.

Nonetheless, Apple did not allow the DPMA's decision to be an end to the matter. Their persistence in this case has provided guidance as to whether a representation by a design alone (in this case of a retail store), without indicating the size or proportions of the layout, may be registered as a trade mark.

Apple's appeal

Apple appealed from the DPMA to the Bundespatentgericht (German Federal Patent Court) who in turn, taking the view that the dispute before it raised fundamental questions concerning trade mark law, stayed proceedings and exercised their right to refer the matter to the Court of Justice of the EU (CJEU) for a preliminary ruling on the following points:

- (1) *Does EU law allowing for the possibility of protection for the packaging of goods also extend to the presentation of the establishment in which a service is provided?*
- (2) *Can a sign representing the presentation of the establishment in which a service is provided be capable of being registered as a trade mark?*
- (3) *Is the requirement for graphic representability satisfied by a representation of a design alone or with such additions as a description of the layout or indications of the absolute dimensions in metres or of relative dimensions with indications as to proportions?*
- (4) *Can the scale of the protection afforded by a trade mark for retail services also extend to the goods produced by the retailer itself?*

Judgement Apple Inc. v Deutsches Patent- und Markenamt

The CJEU first outlined the fundamentals of trade mark law by stating that for the store layout to function as a trade mark it must be a sign, capable of graphic representation, and capable of distinguishing goods or services.

The CJEU quite succinctly stated that: *'It is absolutely plain that designs are among the categories of signs capable of graphic representation,'* and went on to say that the design *'is also capable of distinguishing the products of one undertaking from those of another undertaking.'* The CJEU's conclusion was that the representation, by design alone, without indicating the size or the proportions of the layout of a retail store, may be registered as a trade mark provided that it is capable of distinguishing the products or services of one undertaking from those of another. In the context of this case, it was relevant to their finding whether the depicted layout departed significantly from the norm or customs of the economic sector concerned.

The judgment then hinged upon whether Apple's shop design was distinctive enough to be registrable. The CJEU made it clear that the assessment criteria should not differ from that used for other types of signs as the legislation does not distinguish between particular types of marks.

The mark was assessed for distinctiveness with reference to the goods and services in question and with regard to the relevant public. The CJEU concluded that Apple's mark was considered distinctive for the store layout, not only for the goods themselves, but also for services such as *'carrying out in such stores, demonstrations by means of seminars of the products that are displayed there.'* Whilst a triumph for Apple, it was made clear that these services must not form an integral part of the offer for sale of the goods in question.

The fourth question referred was declared inadmissible on the ground that it manifestly bore no relation to the subject-matter of the main proceedings.

Practical points

Designs for the layout of a retail store may be registered as a trade mark in the EU, providing the Applicant can establish that the sign is capable of distinguishing its services from those of other undertakings and that registration is not precluded by any of the grounds for refusal. This decision is likely to be viewed positively by businesses which operate via a network of business format franchisees or licencees who will find such protection useful to protect their consistent branding in multiple locations. It will also give protection from copycats keen to imitate not only the products, but the look and feel of retail environments, such as Apple's stores.

The decision also continues the trend away from the traditional standpoint (where registration was limited to words, pictures and similar signs) towards the broader definition of a trade mark to cover all manner of two- and three-dimensional marks along with sounds and smells. However, the hurdles to registration that many such marks face, particularly on the grounds of distinctiveness, remain.

Author: Suzanna Skier, Assistant

If you would like further information on these decisions and how they could affect you, please speak to your usual Boulton Watt Tennant advisor.



> Swiss watches bring trade mark glamour to the European courts

Case T-1/13 Advance Magazine Publishers Inc. v OHIM (Intervener - Montres Tudor SA) GLAMOUR/ TUDOR GLAMOUR

This case involving a showdown between the trade marks TUDOR GLAMOUR and GLAMOUR has made for interesting reading. While the judgement of the General Court did not establish any new principles of law, it did approve an unusual reasoning used by the OHIM Board of Appeal which appears to be a departure from the norm.

The signs were visually and aurally similar due to the common word element.

Advance Magazine Publishers Inc., (APS), the company behind women's magazine Glamour, applied for a Community Trade Mark (CTM) for GLAMOUR in class 14 among others, covering jewellery and watches. Swiss watch maker Montres Tudor SA opposed, relying on their

CTM for TUDOR GLAMOUR, also in Class 14 covering jewellery and watches. The Opposition Division of the OHIM allowed the opposition for all goods in Class 14. An appeal by APS to the OHIM Boards of Appeal was swiftly dismissed.

APS then appealed to the General Court, claiming that the Board of Appeal had erred in finding a likelihood of confusion and had incorrectly protected each word element of the earlier mark, rather than considering the mark as a whole.

The General Court found that the Board of Appeal was correct to find the signs similar to a significant degree. The signs were visually and aurally similar due to the common word element. The part of the relevant public with a command of English and knowledge of English history will perceive the marks at issue as conceptually different. The *"non-negligible part of the relevant public"* with some knowledge of English will understand GLAMOUR but not TUDOR. Neither word will have a meaning for the *"non-negligible part of the relevant public"* with no knowledge of English language or history. The Board of Appeal took an unusual approach by examining only this latter *"non-negligible part of the relevant public"*, deemed to consist of consumers in Slovakia and the Czech Republic, and disregarding any other EU consumers, and this approach was validated by the General Court. As the Court stated, to ensure protection of earlier marks throughout the EU, the existence of a likelihood of confusion for a non-negligible part of relevant public which does not perceive the conceptual difference is sufficient for a trade mark to be refused.

In view of the above and given that the goods in question were identical, the General Court concluded that the Board of Appeal was correct to find a likelihood of confusion and to find that a significant part of the relevant public would believe that the goods offered under the marks came from same trade origin or from economically linked trade origins.

The reasoning of the Board of Appeal could have the odd effect of eliminating conceptual dissimilarity entirely as an argument in any comparison between trade marks, where a word in common in two marks would not be understood by consumers in a small but “non-negligible” part of the EU, such as Czech Republic and Slovakia, despite being understood and easily distinguishable in the remainder of the EU. This could effectively imbue mildly descriptive and allusive marks with a higher than deserved level of distinctiveness if there is any “non-negligible” part of the EU where that word would not be understood. This could be favourable or unfavourable, depending on which side of the argument you are on.

This could effectively imbue mildly descriptive and allusive marks with a higher than deserved level of distinctiveness if there is any “non-negligible” part of the European Union where that word would not be understood .

The General Court declined to consider the inherent registrability of the trade mark GLAMOUR , but the Board of Appeal clearly believed that the mark should not have been accepted in the first place, as they considered it to be devoid of distinctive character for jewellery and watches. This may have made the Board of Appeal keen for the opposition to succeed in this particular case. However, the same reasoning applied in a different set of circumstances could easily give rise to an unjust decision. It remains to be seen whether the Board of Appeal will continue to apply this reasoning and the “non-negligible part of the relevant public” test going forward.

Author: Donna Trysburg, Assistant



> In the Pink

Victoria's Secret has been found to have infringed Thomas Pink's trade marks for "PINK". Mr Justice Birss in the High Court, ruled that consumers in the EU may associate the luxury shirt maker with mass market goods and underwear, which could undermine its reputation and cause detriment to the brand.

Thomas Pink began litigation against Victoria's Secret following the opening of two stores in London which stocked PINK branded clothing, accessories, toiletries, fragrances and lingerie. The signs on the shops were also branded PINK (albeit with some Victoria's Secret branding). Although Thomas Pink is primarily thought of as a shirt maker, Thomas Pink sells goods other than shirts via the PINK and THOMAS PINK trade marks. Their shops are often branded PINK and the word PINK is used on labels and parts of clothing which are visible.

Thomas Pink sued for registered trade mark infringement and passing off, claiming that the average consumer would be likely to be confused and that this likelihood of confusion would arise in several ways:

- 1) Confusion about whether a PINK shop was the claimant's or the defendant's
- 2) Confusion as to whether the shops were linked in some way. Consumers may try to return the claimant's goods to the defendant's store, ask to purchase the defendant's goods in the claimant's store or vice versa
- 3) Confusion arising from the defendant's labelling. For example a consumer may assume a connection because they fail to see the small VICTORIA'S SECRET text, because the text is only on the interior of the garment or so small they miss it entirely. Thomas Pink would naturally extend into a secondary line of more casual clothing

4) Post-sale confusion, as there is a serious risk that members of the public could see the defendant's garments being worn or bags being carried and assume they are linked with the claimant.

Thomas Pink relied on one CTM registration for PINK in a logo format, and a UK Registration for a series mark for PINK in a logo format. The logo marks contain lines which make up the letters P, I, N, K.

The High Court considered four different types of use of the PINK brand by Victoria's Secret, as illustrated below:



In its defence, Victoria's Secret sought to revoke Thomas Pink's trade marks on the grounds of non-use, and invalidate the PINK marks on the basis that they are not distinctive and have not acquired distinctiveness.

PINK marks on the basis that they were not distinctive

The Court found that use of the mark on garments and on the front of stores (uses 3 and 4) infringed Thomas Pink's trade marks. Although the use of PINK with the well-known VICTORIA'S SECRET mark (represented by 2) were held unlikely to result in confusion, they still amounted to an infringement as a result of causing damage to the distinctive character and reputation of Thomas Pink's trade marks. The use of VICTORIA'S SECRET PINK on Victoria's Secret Facebook page (use 1) did not infringe.

In its defence, Victoria's Secret sought to revoke Thomas Pink's trade marks on the grounds of non-use, and invalidate the

and had not acquired distinctiveness. In relation to the revocation, the Court agreed that although some goods had not been genuinely used, they allowed a large part of the specification to remain on the basis of some use. Mr Justice Birss allowed Thomas Pink to adduce evidence of use of a mark slightly different to the one registered, citing s46(2) of the Trade Mark Act, which permits minor variations to be taken into account in order to avoid revocation of the mark.

In relation to the invalidity claim, Mr Justice Birss agreed that given the nature of the mark PINK, it needed to have acquired distinctiveness to remain on the register. He held that the mark had in fact acquired a distinctive character as a result of extensive use dating back to 1984 and was therefore validly registered.

Victoria's Secret's final defence was a claim that the two brands had co-existed on the US market for many years without confusion. Here, Birss J held that this was irrelevant and that the position was different on the European market. He thought it was likely that the average consumer would be confused by the mark PINK on the defendant's clothing, and the presence of the well-known mark VICTORIA'S SECRET on some of those goods did not avoid infringement, as the word PINK was so prominent, and this mark was associated with the Claimant.

A particular point of interest in this case is that Thomas Pink adduced evidence of actual confusion, however this was not from a primary source. Thirteen members of staff gave evidence recounting incidents where members of the public appeared to be confused between the two brands, but none of the consumers themselves gave evidence in court. Birss J stated that *"the claimant's evidence of actual confusion is not of sufficient weight to lend any significant positive support to the claimant's case but it does play an important negative role in this action. Its existence is sufficient to prevent the defendant from credibly contending that there is no evidence of actual confusion in the UK or the EU"*.

Brand owners should welcome this ruling, given that it is often very difficult to convince members of the public to give evidence of their confusion in court proceedings. This judgment also confirms that confusion through association is possible even where two brands target different areas of the fashion market. However, this ruling does not mean that fashion brands can have a monopoly over colour names. Thomas Pink's trade mark is only registered in a specific logo form which had acquired distinctiveness and this ruling may have been very different if they had tried to rely on a word mark for PINK.

Author: Naomi Jenkins, Assistant



> Full of Glee

In the recent case of Comic Enterprises v Twentieth Century Fox the importance of keeping records and securing the right evidence has been neatly demonstrated. The correct evidence is important not only in cases involving reputation but also in cases involving likelihood of confusion.

In this case the defendant was the producer of the well known television programme "glee". The claimant was the operator of a group of comedy clubs around the UK called "The Glee Club", many being in university towns, and owned several registrations for "The Glee Club (plus spotlight device)".

The owner of The Glee Club brought an action for trade mark infringement based on a likelihood of confusion and detriment to reputation as well as passing off. With respect to the first two causes of action the claimant was successful. This means that, unless appealed and successful, the programme "glee" will need to change its name in the UK – unless of course settlement is reached.

Although interesting in itself, of particular note was the evidence the claimant presented and the importance placed on it by the judge. The claimant had been extremely diligent in collecting relevant evidence to support their claim, and this was instrumental in their success.

First, the claimant provided evidence showing that one of their customers, who also watched "glee" (the type of person regarded as the average consumer) had believed there to be an association between the programme and the club. This evidence was highly important as the judge used it to demonstrate that the average consumer could be confused. It was also evidence not secured by witness gathering or a survey – which evidence is routinely all but disregarded by judges – but came from the consumer herself spontaneously in response to a tweet she had seen about the proceedings.

Such unprompted, direct and spontaneous evidence is always powerful. Capturing and preserving such evidence is key and using social media to publicise a complaint but not to seek witnesses can be a good strategic ploy to try

and secure it. Social media plays an increasingly important role in evidence gathering and should not be disregarded.

The claimant's evidence was even more powerful with respect to their arguments concerning reputation. They had asserted detriment to their reputation which, in recent years, has become one of the most difficult grounds on which to rely. This is because to get home on this ground

...thanks to the evidence the claimant had kept and recorded, they were able to provide evidence demonstrating that consumers were deciding not to go to the club as a result of the association with the TV programme.

it is necessary to show that your consumers' economic behaviour has changed or would likely change; a virtually impossible task.

However, and thanks to the evidence the claimant had kept and recorded, they were able to provide evidence demonstrating that consumers were deciding not

to go to the club as a result of the association with the TV programme.

In particular, the advertisers at university freshers' fayres had reported back to the claimant, and provided witness statements, stating that a common question regarded a possible link with "glee" or comments to the effect that students did not want to go to the club as they did not think the programme "cool".

The claimant also submitted two statements from marketing companies who had devised the claimant's marketing campaign. These statements explained that in devising marketing campaigns for the club, the marketing companies had seen it necessary to address the programme "glee" and differentiate the club from it as a result of the perceived problem. In both cases this did not come as a result of a brief provided by the claimant but from the marketing companies themselves who saw and perceived a problem independently.

Again such unprompted, independent third party evidence, which the claimant had preserved, was of great benefit to the judge in allowing him to decide that customers would, and indeed were, changing their behaviour showing detriment to reputation. Coupled with

the evidence from the freshers' fayres it was clear that there was detriment to reputation.

Evidence is key

Evidence is therefore vital in trade mark proceedings, and this mantra applies just as equally to registry proceedings as it does to litigation. As seen in the Glee case, with the right evidence and good document collection and retention it is possible to get home on even the more difficult claims of trade mark infringement.

Direct, unprompted, independent evidence, as in this case, was invaluable and demonstrates the importance of good record keeping and of involving other team members within your business. It may well be that colleagues and other departments have useful evidence to hand which has not filtered through the system.

A good system to ensure potential evidence for future proceedings is stored and accessible can save considerable time and money. Having discussions with staff and marketing departments can also pay dividends, especially as they may have the key evidence you require without even realising it – as in this case.

Author: Peter Vaughan, Assistant

We are shortly holding a seminar on the topic of evidence in proceedings. If you would like to know more about how to help yourselves in proceedings why not come along. More details will follow or contact: events@boulton.com

> In the red? Deutscher Sparkassen/ Santander/Oberbank

The background to the case is a conflict between three European banks Deutscher Sparkassen & Giroverband, Spanish Banco Santander and Austrian Oberbank about the use of the colour red in relation to 'financial services'.

Deutscher Sparkassen had been using the colour red (HK13) as its corporate colour in relation to financial services in Germany since the 1960/70s and registered this mark in 2007 on the basis of evidence of acquired distinctiveness. They have over the years continuously enforced their rights against third parties.

Santander and Oberbank have both also been using the colour red as their corporate colour for many years and when entering the German market Sparkassen brought infringement proceedings against both banks. Santander/

Oberbank relied on their freedom of movement within the EU and argued that the trade mark registration unreasonably restricted their access to the German market. In turn, Sparkassen relied on 'Vertauensschutz' (legitimate protection of trust).

Santander/Oberbank countered with an invalidity action. The German Patent and Trade Mark Office (DPMA) rejected the cancellation and on appeal the Federal Patent Court was of the view that a degree of recognition above 65% after the filing date and also at the time of the invalidity action was not enough to show the mark had acquired distinctive character. Instead recognition of at least 70% would be required. The Court also referred three questions to the Court of Justice of the European Union (CJEU):

1) In essence whether Art. 3(1) and (3) of Directive 2008/95/EC (concerning the harmonisation of trade marks) preclude an interpretation of national law according to which, for a contourless colour mark, it is always necessary that a consumer survey indicates a recognition of that mark of at least 70% (Sparkassen achieved 68% back in 2006).

Unsurprisingly the CJEU confirmed that Art 3(1) and (3) must be interpreted as precluding an interpretation of national law according to which a degree of recognition of at least 70% is required.

This follows the well-established criteria for showing acquired distinctiveness laid down in the Windsurfing Chiemsee case, according to which an overall assessment must be made. The evidence has to show that the relevant public, or at least a significant portion thereof, recognises the sign as a trade mark. It specifically precludes reliance on abstract data such as predetermined percentages.

The CJEU also rejected the notion that for a contourless colour mark a higher degree of recognition may be required than for other non-distinctive marks, confirming previous case law.

However, the CJEU noted that surveys and opinion polls can be used where the relevant court or registry has 'particular difficulties' in assessing the distinctive character. The surprising element is that the CJEU found that where a survey is necessary it is up to the national registry/court to determine the percentage of consumers that would be sufficient to be considered 'significant' – which could encourage German Courts to keep applying their percentage limits.

The CJEU also confirmed that recognition of acquired distinctive character may not be based on the result of a survey alone.

*2) Whether the first sentence of Art. 3(3) must be interpreted as meaning that in invalidity proceedings in relation to a mark which is prima facie devoid of distinctive character, acquired distinctive character has to be shown **before the date of application** where the Member State has not exercised the power laid down in*

the second sentence of that Article which allows them to take into account evidence of distinctiveness acquired after the date of application.

Unsurprisingly the CJEU confirmed that in such circumstances a literal interpretation of the first sentence of 3(3) is required, i.e. the filing date is the decisive date, also pointing out that otherwise the provision of the second sentence would be rendered ineffective.

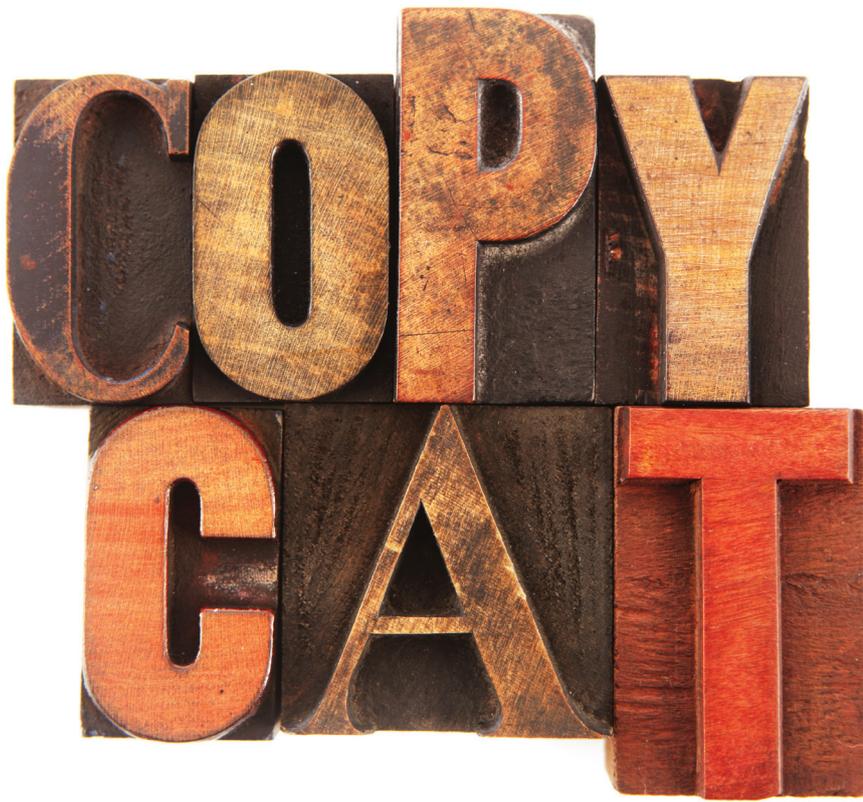
3) If the time of application is relevant, is the trade mark to be declared invalid if it is not clarified, or can no longer be clarified, whether it had acquired distinctive character, following the use made of it, at the time when the application was filed? Or does the declaration of invalidity require the applicant seeking that declaration to prove the trade mark had not acquired distinctive character at the time the application was filed?

The CJEU placed the burden of proof in such circumstances firmly on the trade mark proprietor. Whilst initially surprising, as the proprietor already had to provide evidence of acquired distinctiveness at the application stage and it might seem unfair they need to do so again if a third party seeks invalidation, the CJEU's reasoning was that the principle of acquired distinctiveness is an exception to the grounds for refusal listed in Articles 3(1) (a) - (d) just as it is an exception to the grounds for invalidity under the same Article. As it is an exception, the onus is on the party seeking to rely on the exception. Furthermore, the proprietor is best placed to provide the relevant evidence.

Consequently, if the proprietor fails to show that the mark has acquired distinctive character through use it must be declared invalid. This suggests that even if an application is registered on the grounds of acquired distinctiveness, there may be a requirement to prove this all over again at a later date.

Author: Daniela Paull, Assistant

Emma Pitcher, Partner, will be attending the INTA 2014 Leadership Meeting, 11-15 November in Phoenix, USA. Are you attending? If you would like to arrange to meet her during the meeting do get in touch: events@boulton.com



> Combating counterfeits: the small consignments procedure in Customs Regulation (608/2013) and CJEU decision C-98/13 Martin Blomqvist v Rolex SA

The problem

Counterfeit goods are products which infringe intellectual property rights. Counterfeit goods undermine legal businesses by causing economic damage through a loss of sales and reputational damage as the goods are often of an inferior quality (particularly in the luxury goods sector).

The European Union ("EU") is the largest trading block in the world with a gross domestic product of £11.12 trillion in 2013. Customs authorities are the EU's first line of defence against counterfeit goods. The customs union acts like the skin of the body by surrounding the EU market, allowing goods to move freely internally whilst controlling external imports and exports. The customs operation in the EU handles 16% of world trade, which is worth over £2.8 billion.

The most recent statistics available in the European Commission's 2013 "Report on EU customs enforcement of intellectual property rights" reveals the scale of the problem. In 2013, over 36 million fake goods were seized by EU customs authorities which represented a domestic retail value ("DRV"), i.e. the value of the goods had they been genuine, of just under £610 million.

Based on the DRV, the most serious economic loss was borne by rights-holders in the luxury goods sector (which

includes products such as watches, sunglasses, clothing, shoes, bags, wallets, purses, perfumes and cosmetics). The economic loss in this sector represented just under £400 million (65% of the combined economic loss caused by counterfeits) in 2013.

As with previous years, the majority of articles detained were suspected of infringing trade marks (over 93% of cases) and covered all product sectors. Given this, it is particularly important for trade mark proprietors to ensure they are taking all action available to protect themselves.

What can be done?

The new European Union Anti-Piracy Regulation (Customs Regulation 608/2013) entered into force on 1 January 2014 and is the legal basis for enforcing IP rights through customs authorities across the EU. Put simply, this Regulation allows rights-holders to record their rights with customs authorities (either individually or across the EU) who will then pro-actively search imports and exports and seize any goods which are suspected of being counterfeit.

EU customs authorities can act of their own volition. However, ex officio actions only represent a small minority of cases (3%) whereas actions based on records by rights holders represents the vast majority (97%). It is, therefore, prudent for rights-holders to record their rights

with customs rather than relying on ex officio actions in order to put themselves in the strongest position possible.

Whilst much of the Regulation remains unchanged, the new Regulation introduces two important procedures: 1) “compulsory simplified destruction” and 2) “small consignments”. Another good reason to record your rights with customs is these new procedures can only be utilised by rights-holders who have done so.

Compulsory simplified destruction procedure

Previously, the rights-holder would have to initiate costly and often cumbersome legal proceedings in order to obtain a court order finding infringement and authorising the destruction of the counterfeit goods. This new procedure implies consent to destroy goods that are suspected of being counterfeit if the owner does not respond to the customs authority’s request to abandon the goods and authorise their destruction within 10 working days. Effectively, this procedure reverses the burden so that court proceedings need only be initiated if the owner of the suspected counterfeit goods objects to their seizure and destruction.

Under the old Regulation, this procedure was optional and it has proven to be a highly effective mechanism where it has been introduced (for example, in the United Kingdom). Rights-holders should, therefore, welcome the news that this procedure has been made compulsory and expanded across the EU.

Small consignment procedure

This novel procedure was introduced in order to combat counterfeit goods which are sold over the internet in small batches. This is becoming an increasingly prevalent issue. The most recent statistics report that 76% of cases in 2013 concerned small consignments sent by either post or courier.

A small consignment means a batch of counterfeit goods which consist of fewer than three articles or which has a combined weight of less than 2 kg. The procedure allows customs authorities to destroy small consignments of suspected counterfeit goods without obtaining prior-authorisation from the rights-holder each time. This is more welcome news for rights-holders as it reduces the administrative burden of dealing with the burgeoning number of counterfeit goods sold online to end consumers.

An example of the Customs Regulation in action: Case C-98/13 Martin Blomqvist v Rolex SA

This case supplements the new Regulation by holding that counterfeit goods sold online from outside of the EU can be seized solely on the basis that they are sent to an address in the EU, regardless of whether the website actively “targeted” consumers in the EU.

Salient facts

In January of 2010, Mr. Blomqvist, who is a resident of Denmark, ordered and paid for a watch that was described as a “Rolex” from a Chinese website. The seller subsequently sent the watch from Hong Kong to Mr. Blomqvist’s address in Denmark. On route to Denmark, the watch was intercepted by the Danish authorities who seized the watch under the Customs Regulation on the grounds that they believed it to be a counterfeit.

Both parties were notified and Rolex requested that Mr. Blomqvist consent to the destruction of the goods. Mr. Blomqvist, however, refused to do so on the basis that the watch had been purchased legally. Across Europe, and therefore also in Denmark, infringement of trade marks requires “use in the course of trade” and copyright requires a “distribution to the public”. As Mr. Blomqvist had purchased the watch for personal use, there was neither. Given this, Rolex had to establish that the seller had infringed. The case eventually ended up in the Danish Supreme Court who referred several questions to the CJEU for a preliminary ruling on whether the Customs Regulation applied in this situation.

Judgement

The acquisition of a counterfeit good by a person domiciled in the EU is sufficient to trigger the application of the Customs Regulation. The mere fact that the sale was made online from a website in a country outside of the EU “cannot have the effect of depriving the holder of an intellectual property right... the protection afforded by the customs regulation”. Furthermore, the CJEU confirmed that “it is not necessary, in addition, for the goods at issue to have been the subject, prior to the sale, of an offer for sale or advertising targeting consumers [domiciled in the European Union]”.

Whilst this case concerned the application of the old Customs Regulation, it will no doubt apply equally to the new Regulation. Furthermore, this decision may have wider implications if the reasoning is followed. For example, rights-holders should now be able to rely solely on “trap purchases” (i.e. a test purchase where you order the suspect goods from the offending website with a delivery address in the EU) to prove a prima facie case of infringement in Europe. Once the goods are delivered, there should be no further need to establish any nefarious intention such as an “offer for sale” or “advertising” targeting consumers in the EU. Often relied upon disclaimers, such as “this website is directly solely at Asia”, should now be redundant.

This judgement is a positive, if unsurprising, development for European rights-holders and, in combination with the small consignments procedure, contributes to a robust system for combating the staggering number of counterfeit goods sold directly to European consumers.

We expect to see a sharp rise in the number of small consignments seized and eagerly await next years' statistics.

Protect your IP

Given these recent developments, this is an opportune time for rights-holders to intensify their efforts to combat the damage caused by counterfeiters by recording their IP rights across the EU. For clients that have already done so, we recommend updating the information provided to customs authorities to give as much detail as possible on known infringers based outside of the EU.

Reassuringly, once the goods are detained, the outcome is overwhelmingly positive for rights-holders. In 2013, 92% of cases led to the goods either being destroyed or a court case was initiated by the rights-holder in order to determine whether there was infringement. It is, therefore, imperative that brand owners take advantage of customs authorities in their continual battle against fakes.

Author: Peter Dawson, Assistant



> "Nice" Changes In Canada

Significant amendments to the Canadian Trade Marks Act have received Royal Assent, and their effect will soon be felt not only by our friends in Canada, but also by those who own or wish to file Trade Marks in the territory.

The key changes, which should be implemented by the start of next year, include removing the requirement when filing a Trade Mark application in Canada to specify whether an application is based on use or proposed use; a reduction of the term of a Canadian Trade Mark (and renewal) from 15 years to 10 years; and the implementation of the Nice Classification system whereby goods and services are grouped and categorised into classes, familiar to us here in the European Union and elsewhere.

A further exciting future development, owing to the enacting of this recent legislation, should see Canada accede to the International (Madrid) Trade Mark registration system. It is expected that Canada will become a territory possible to designate under an International Registration within the next 18-months. We will keep you apprised of any developments in boulton.bites.com.

Some things will not change in Canada: the Canadian Trade Mark Registry will still examine new applications on relative grounds (e.g. earlier-filed pending and registered Trade Marks will still be cited owing to perceived possible confusion), and a Canadian Trade Mark registration can still be cancelled by a third party owing to three years' non-use.

Some proactive steps that clients may wish to consider, following these changes, include:

- Requesting renewal, of existing Canadian Trade Mark registrations now, thus providing a real possible cost saving (since May 2014 the Canadian Registry as a practice began accepting renewal requests 14 years in advance of deadlines) as the 'new system' may result in the Canadian Registry adopting a Class-based government fee system for renewal;
- Keep allowed applications, originally filed on proposed use, pending for as long as possible (by requesting extensions of time, if available) so that the registration process can be completed later without needing to show actual use in Canada in order to obtain a Registration Certificate;
- If you generally file for Trade Marks in Canada claiming a broad range of goods and/or services, clients may wish to consider filing new applications now, so as to save costs should the Canadian Trade Mark Registry decide to adopt a Class-based government fee system when filing applications under the 'new system'.

Please contact your usual adviser should you wish to obtain any further information or strategic advice.

Author: Luke Portnow, Assistant

> Introducing the new members of your Boulton Wade Tennant trade mark and domain names team



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Catherine Wolfe, Partner, represented the UK Trade Mark profession in the recent delegation to China from the UK IPO and the Department for Business, Innovation and Skills.



After attending a number of different events in China, the delegation closed with a public lecture at the Customs House in Hong Kong. The panel at this lecture included: Catherine Wolfe, Nathan Abraham, Practice Manager, Trade Marks & Designs at UK IPO, High Court Judge Sir Colin Birss and Ms Ada Leung, Director of Intellectual Property, the Government of the HKSAR. (Pictured here right to left)

Join us at our London office on 25 November, 4pm for a round table debate on: Evidence. Register your interest at: events@boulton.com

