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The devil is in the detail

Appointed Person Decision O/138/15: Consolidated applications for Revocation by The Metholatum Company of UK Registration No. 2316187 LIP-ICE device (red) and UK Registration No. 2324905 LIP-ICE device (black and white) in the name of Multibrands International Limited (19 March 2015).

This decision concerned an appeal against a Decision of a Hearing Officer of the UK Intellectual Property Office (UKIPO) to revoke two UK trade mark registrations for the stylised LIP-ICE trade marks on the grounds of non-use. Iain Purvis QC, sitting as Appointed Person (AP), dismissed the appeal and confirmed that both registrations were to be revoked for non-use.

The applicant for revocation was The Mentholatum Company (TMC). The owner of the trade marks, Multibrands International Limited (MIL), submitted a significant quantity of evidence of use. This included invoices, advertising materials, web page extracts and third party reviews in response to the claim that the marks had not been used.

It was not disputed that the trade marks had not been used as registered. Rather MIL claimed that the trade marks had been put to genuine use *"in a form*

Continued

Spring edition

Content

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After a 10 year break INTA returned to sunny San Diego. Nearly 10,000 delegates registered for the event from about 150 countries and enjoyed the revitalised city including Petco Park, located amongst the hotels and restaurants in the lively Gaslamp quarter, the home of the San Diego Padres baseball team.

Amongst the points of interest for discussion were the changes to the CTM legislation and the issue of privacy of domain name owners' identities. Generally where a website is used in the course of trade the owner's full details should be publically available but this is not always the case and there are grey areas, such as holding pages that merely offer click-through links but do not trade in the traditional sense. Maybe the answer should be that when a website starts to trade in any way, including such click-through links, the owner's full details should be available and it should be quick and easy for third parties to report any cases where the owner's details are private when they ought to be public.

Watch this space for more news!

Registered for "cosmetics" in Class 3

Registered for "treatments for chapped and dry, cracked lips in the form of sticks" in Class 5

Primary form of use of the mark

differing in elements which do not alter the distinctive character of the mark in the form in which it was registered", as permitted under section 46(2) of the Trade Marks Act 1994 (TMA 1994).

TMC's position was that the evidence submitted by MIL was insufficient to conclude that there had been any genuine use of the marks, and the evidence was irrelevant as it only showed use of the mark in a form which altered the distinctive character of the marks as registered.

The AP confirmed that the Hearing Officer was correct to decide that the differences between the mark as used and the marks as registered were significant enough to alter the distinctive character of the registered marks. This was primarily due to the fact that the mark as registered contained a hyphen and appeared to be split into two words which have some descriptive meaning in relation to the relevant goods (lip balms). The mark as used would be interpreted as a single, invented word and was likely to be pronounced differently. The AP confirmed that there was no need to assess whether the evidence provided was sufficient to support a finding of genuine use.

MIL's arguments that the Hearing Office did not take into account some examples of use which indicated to consumers that the mark was not one invented word but two separate words, were dismissed by the AP. This was on the basis that the small distinctions had not been drawn to the Hearing Officer's attention at first instance and were not sufficiently supported by the evidence filed. Furthermore, MIL had not discharged their obligation under section 100 TMA 1994 which states that the burden of proof is on the trade mark proprietor to show what use has been made of the trade mark.

First of all the decision demonstrates the recent move towards a strict interpretation of Article 46(2) TMA 1994. Decision makers at all levels are increasingly likely to find that even small details will alter the distinctive character of a mark as registered. Consequently, even a large volume of evidence of use may not support a claim that the mark has genuinely been used, if the presentation of the mark on the evidence departs from the appearance of the mark as registered.

Clients would be well advised to secure trade mark protection for word marks if at all possible. The evidence of use in all its forms in this case would likely have supported a claim of genuine use of a registration for the word LIPICE.

Secondly, this case highlights the importance of carrying out periodic reviews of trade mark portfolios to ensure that any logos or stylised word trade marks match the actual use being made of the marks by the business. This is of particular importance for those marks that have been registered for more than five years and are vulnerable to cancellation for non-use. It is also vital to consider whether any new trade mark applications are required at the time of carrying out rebranding exercises or even simple refreshes of logos, since even small alterations may now be found to alter the distinctive character of a registered mark.

> It was not disputed that the trade marks had not been used as registered.

As a final point, clients are advised to put in place brand guidelines to ensure that any logos or stylised word marks are used consistently across the whole spectrum of goods, packaging, publications, websites and advertising materials distributed by the business. Guidelines also make for more coherent and persuasive evidence if called upon to prove use of a trade mark.

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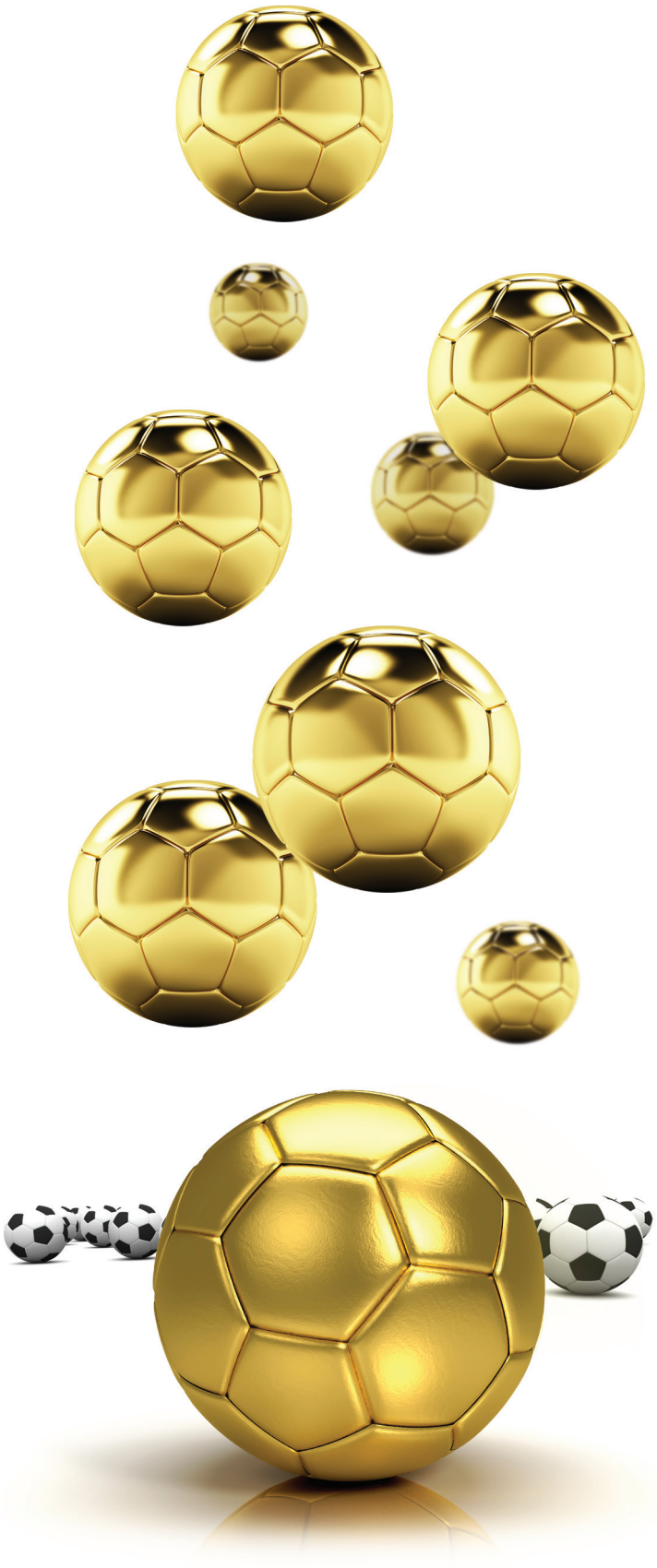

Relegated! CJEU sends 'Golden Balls' back to OHIM

Case comment regarding the CJEU's recent decision in joined Cases C-581/13 P and C-582/13 P Intra-Presse SAS v OHIM.

FIFA's footballer of the year award, the Ballon d'Or, can be translated into English as 'Ball of Gold' or 'Golden Ball'. The identical meanings of these terms came under scrutiny when Mr. and Mrs. Bodur, owners of UK apparel company Golden Balls Limited, applied to register three word mark applications for 'GOLDEN BALLS' as Community trade marks in 2007. Their applications were met with notices of opposition based on Articles 8(1)(b) and 8(5) (of Council Regulation 207/2009) from Intra-Presse, a French company who own the rights for Ballon d'Or in the EU. Although one of Intra-Presse's oppositions were pursued no further than the Opposition Division, the legal furore resulting from the remaining two oppositions has now occupied the European Courts for almost eight years; progressing from the OHIM Opposition Division to the General Court, and most recently to the CJEU.

The initial decisions of the Opposition Division in relation to the remaining oppositions were appealed to the Board of Appeal, whose decisions were in turn appealed to the General Court. In its judgments of September 2013, the General Court stated that the very weak conceptual similarity of the signs at issue was not enough to offset their visual and phonetic dissimilarities with Ballon d'Or, and that the signs were visually and phonetically different. Consequently, the General Court disagreed with the Board of Appeal's conclusions that there was a likelihood of confusion for some of the goods and services, and reaffirmed the Opposition Division's findings that there was no likelihood of confusion between the marks; although conceding that some conceptual similarity did exist between them.

Throughout the course of these proceedings, neither the Opposition Division, nor the Board of Appeal, nor the General Court thought it relevant to consider the reputation of the earlier mark under Article 8(5), deeming that it need not be considered further as the marks lacked the requisite similarity.

Intra-Presse appealed the General Court's judgments to the CJEU on a number of grounds (most of which were rejected) in joined cases *C-581/13 P and C-582/13 P*. Of particular interest is that the CJEU chose not to review the General Court's determination that the degree of conceptual similarity between the marks was weak in the context of Article 8(1)(b); the CJEU held that it had no jurisdiction to rule on appraisals of fact. However, the CJEU did set aside the General Court's decisions that the level of conceptual similarity was insufficient for the purposes of Article 8(5).

The CJEU decided that the General Court had wrongly inferred from the lack of similarity between the signs for the purposes of Article 8(1)(b) that there was a lack of similarity for the purposes of Article 8(5). Since, for the assessment under Article 8(5), similarity is only required to be sufficient for the relevant public to make a connection between those marks or establish a *link* between them; a significantly lower threshold than under Article 8(1)(b).

Therefore, because the General Court had stated in it its judgments that similarity (albeit very weak conceptual similarity) existed, the CJEU ruled that it should have gone on to consider whether that low degree of similarity was sufficient for the relevant public to make a link between the marks for the purposes of Article 8(5). In this regard, the CJEU has consistently made it clear that the degree of similarity required under Article 8(1)(b), on the one hand, and Article 8(5) on the other, is different, stressing that even slight similarity between the marks at issue requires there to be an overall assessment of whether the relevant public would make a *link* between those marks.

The CJEU's ruling on this matter has restated the direction which has been taken in previous case law.

The CJEU held that, by failing to assess those factors, the General Court had erred in law; the CJEU stated that the General Court should have carried out:

"An overall assessment of the marks at issue in order to ascertain whether that low degree of similarity was nevertheless sufficient, on account of the presence of other relevant factors such as the reputation or recognition enjoyed by the earlier mark, for the relevant public to make a link between those marks."
(Paragraph 76).

The disputes are now referred back to the OHIM's Board of Appeal for further consideration in light of the guidelines set by the CJEU. OHIM will now have to reassess whether 'GOLDEN BALLS' may be registered, giving consideration to whether the mark's conceptual similarity with 'BALLON D'OR', albeit low, is sufficient for the public to establish a link between the marks sufficient for the applications to be refused under Article 8(5).

Conclusion

The CJEU's ruling on this matter has merely restated the direction which has been taken in previous case law; the threshold of similarity required in the context of reputation and dilution is different from that in the context of likelihood of confusion. Further, whenever an opponent bases an opposition on both Article 8(1)(b) and Article 8(5), the Tribunal or Court must assess the degree of similarity between the signs under each head separately.

Some useful and practical developments have emerged from the present case. For example, as the EU and global markets become more closely integrated, it will become more and more common to see conflicts between marks that have the same or similar meaning, but are used in multiple languages. Therefore, the General Court's findings that a degree of conceptual similarity exists between the two signs at issue when presented in French and English (which was affirmed by CJEU), has set a useful precedent for the future.

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What's in a name? Over-stickering of parallel imports

Specialty European Pharma Ltd v Doncaster Pharmaceuticals Group Ltd [2015] EWCA Civ 54

In February the Court of Appeal handed down a useful decision clarifying the Court of Justice of the European Union's (CJEU) test of "objective necessity" to rebrand imported goods to bear the third party's trade mark used in the country of import.

As put by Lord Justice Floyd, the issue was:

"When a pharmaceutical manufacturer markets the identical product in EU member state A under trade mark X and in EU member state B under trade mark Y, in what circumstance can a parallel importer take the goods (marked X) from state A to state B and re-brand them with mark Y?."

This case involves parallel imports (also known as grey goods), which are genuine, non-counterfeit goods imported from one country into another without the

permission of the intellectual property owner. Often the price differential between the source country and country of import is significant enough to make this a viable business model.

This is particularly lucrative in the EU where the health policy is set by individual countries leading to the price of drugs varying substantially, often aided by fluctuations in currency exchange rates.

The estimated value of parallel imports of pharmaceuticals in the EU is 2% to 3% of the total value of drug sales in Europe. According to the British Association of European Pharmaceutical Distributions, the parallel import market of pharmaceuticals in the UK is 13% of the total value of drug sales.

Continued

Background to the law regarding parallel imports and the free movement of goods

The 1957 Treaty Of Rome allowed for the free movement of goods, services, people and capital within the EU. That principle has been reflected in subsequent treaties, include Article 34 of the Treaty on the Functioning of the EU (TFEU) which states:

"Quantitative restrictions on imports and all measures having equivalent effect shall be prohibited between Member States".

In principle, the enforcement of a trade mark could be a measure having the effect of restricting imports. This interplay is resolved in Article 36 TFEU which states that:

"The provisions in Article 34... shall not preclude prohibitions or restrictions on imports... justified on the grounds of... the protection of industrial and commercial property. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between Member States".

Free movement of goods is a fundamental objective of the EU single market and any intellectual property rights that lead to an artificial partitioning of the market will be unenforceable. The question of what constitutes an artificial partitioning is the subject of much debate in the courts.

The leading case is *Bristol-Myers Squibb v. Paranova [1997] FSR 102*, where the CJEU (ECJ as it was then) held that a trade mark owner cannot legitimately object to re-packaged or re-labelled parallel imports if the following five conditions are met:

1. It is necessary to repackage to market the product;
2. There is no effect on the original condition and proper instructions;
3. There is clear identification of manufacturer and importer;
4. The presentation is non-damaging; and
5. Notice is given.

These conditions are not designed to ensure that re-packaging or re-labelling has no impact on the essential function of the trade mark; they simply ensure that the impact is kept to the minimum required in order to achieve the free movement of goods.

The first condition is of central importance to the case at hand. The CJEU elaborated on what constitutes "necessity" in *Pharmacia & Upjohn SA v Paranova A/S [2001] 1 CMLR 51* where it held that:

"[I]t is necessary to assess whether the circumstances prevailing at the time of marketing in the Member State of import make it objectively necessary to replace the original trade mark by that used in the Member State of import in order that the product in question may be marketed in that State by the parallel importer".

This appeared to impose a requirement of objective necessity only where it would otherwise not be possible to put any goods on the market. In *Boehringer Ingelheim v Swingward [2002] FSR 61*, the court clarified that effective market access is not gained by simply being able to place some goods on the market:

"…replacement of packaging of pharmaceutical products is objectively necessary if, without such repackaging, effective access to the market concerned, or to a substantial part of that market, must be considered to be hindered as the result of strong resistance from a significant proportion of consumers to re-labelled pharmaceutical products".

The present case

Madaus GmbH manufactures trospium chloride, an antimuscarinic agent for the treatment of over-active bladders for which the patent has expired. Madaus sells the drug in a number of European countries through a distribution network under a variety of trade marks: in France it is marketed as CÉRIS, in Germany as URIVESC, and in the UK as REGURIN. Madaus appointed the claimant, Speciality European Pharma ("SEP"), as their exclusive licensee of the REGURIN mark in the UK.

The respondent, Doncaster Pharmaceuticals Group ("Doncaster"), is a parallel importer of pharmaceuticals. For many years, Doncaster has imported the trospium chloride drug manufactured by Madaus from France and Germany into the UK and sold these by over-stickering the boxes with the REGURIN mark. Doncaster's parallel imported, over-stickered, pharmaceuticals are sold at a considerable discount to the price of the branded REGURIN pharmaceuticals and compete directly with it.

The parallel importation was overwhelmingly successful and, by 2009, generic prescriptions accounted for approximately 87% of sales of the 20mg dose and around 68% of the 60mg slow-release dose. Prescriptions for the branded REGURIN doses accounted for approximately 9% and 32% respectively. The remainder of the prescriptions related to other brands.

As the exclusive licensee of the REGURIN registered trade mark, SEP complained of Doncaster's over-stickering. At first instance, Doncaster's conduct was held to be infringing as there was no "objective necessity" for the following reasons:

I. Doncaster had immediate access to the generic market for trospium chloride
II. There was no significant consumer resistance to non-REGURIN branded products.
III. The existence of trospium chloride being sold under other brands mitigated the argument that effective access to the market was hindered unless the product was branded with REGURIN.
IV. It was open to Doncaster to adopt its own brand and compete directly to contest the whole of the market.

The judge held that the only reason for the over-stickering was to achieve even greater margins and ride on the coattails of SEP's substantial investment and market strategy. Doncaster appealed to the Court of Appeal.

The appeal decision

The Court of Appeal overturned the decision and held that there was "objective necessity" to re-sticker the imported products, otherwise Doncaster was prevented from accessing the part of the market for prescribed REGURIN branded trospium chloride. The percentages, namely 9% and 32% for 20mg and 60mg respectively, were not "insubstantial".

The Court did not agree that Doncaster could simply compete for the whole of the market by using its own brand and persuade doctors to prescribe this; this notion was held to be unrealistic based on factors including the current prescribing practice in relation to the branded product. Furthermore, Doncaster was a parallel importer, not a manufacturer of goods, which meant that their supply chain could be unreliable leading to difficulties in creating their own brand. Doctors would not prescribe Doncaster's own brand as they would be placing reliance on an inherently unreliable source of supply, and would instead likely avoid such an issue by prescribing trospium chloride bearing a manufacturers' trade mark (such as REGURIN) or the generic version (which can be satisfied by any trospium chloride in the correct dosage).

> The correct assessment of 'objective neccessity' does not simply focus on the part of the market that can be accessed.

In summary, Lord Justice Floyd held that:

"This was not solely a commercial decision taken by Doncaster as a matter of their own commercial choice: it was an aspect of the interstate trade which free movement rules are there to protect. On the basis of the regular interruptions of supply which are the lot of the parallel importer, it would be verging on the irresponsible to encourage a doctor to prescribe a Doncaster brand".

The future of parallel imports

This is an important decision which reiterates and reinforces that the correct assessment of "objective necessity" does not simply focus on the part of the market that can be accessed; it is the part of the market which cannot be accessed which is crucial is assessing what action is necessary by a parallel importer. This is a factual assessment which depends on the market for each individual product. Whilst the issue of necessity has been decided, it is likely that disputes in the future will look at whether the part of the market that cannot be accessed by a parallel importer is significant to allow such over-stickering.

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