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Brexit update

CHANGE

At the Conservative Party conference, which took place at the beginning of this month, UK Prime Minister Theresa May outlined her vision for the nation and her party. During her closing speech she embraced the UK publics' decision to Brexit and confirmed that process under Article 50 will be triggered before March 2017. This will start a two year leaving process.

Her announcement has created further uncertainty amongst the business and IP community. However, it is expected that on triggering Article 50 many negotiations will take place to ensure that on exiting there is a clear structure in place to safeguard existing and new trade mark rights. Therefore, we believe a health check to identify those rights most likely affected would be a prudent

business decision. Certainly, refiling EUTMs as UK TMs would give certainty but at present is not a necessity. As a world class European firm with headquarters in London and a growing foothold in Europe, we are well placed to assist you. If you would like to explore the available options further, do please get in touch with your usual Boult Wade Tennant advisor or email boult@boult.com

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Autumn edition

Content

Proving use of an earlier right in opposition and cancellation actions at the EUIPO – substantive change
Pg1

A series of Gleeful decisions
Pg2

Still no sweet news for Storck - the difficulty of securing trade mark protection in the EU for product packaging
Pg3

UK perception of Chinese character trade marks
Pg4

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Proving use of an earlier right in opposition and cancellation actions at the EUIPO – substantive change

Following the recent changes to the EUTM system, the EUIPO has published guidance setting out the changes to how the period of use of an earlier right must now be calculated. Previously, an earlier rights holder had to prove use of a registration that had been on the register for five years or more at the date of publication of the later filed EUTM. Use had to be proven for the five years prior to the date of publication.

Following the recent legislative reform, the relevant date is no longer that of publication but the filing date or priority date of the contested EUTM. From a practical point of view, the period for which use must be shown will now be earlier than before. If an EUTM moved quickly to publication the difference may be only a month or two, but if an EUTM was held up at the examination stage for

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months, or even years, this could have a more significant impact on the period for which use must now be proven.

This change affects both opposition and cancellation actions filed on or after 23 March 2016, the date the new Regulation entered into force.

If you require further information please speak to your usual advisor.

Author: Charlotte Duly, Partner

A series of Gleeful decisions

In the latest of a series of decisions concerning the TV programme "GLEE" and the comedy club "The Glee Club" the UK Court of Appeal has confirmed the status of series marks in the UK.

By way of background, this was the only outstanding point following the latest Court of Appeal decision in which the Court upheld the first instance decision finding of trade mark infringement.

This finding was, however, left subject to a point raised by Fox, the owner of the programme GLEE, regarding the validity of series mark registrations before the UK Registry. The Court of Appeal had wanted to give full hearing to the arguments, including allowing the Registry to submit comments.

Series marks are a unique species of trade mark and consist of a bundle of trade mark registrations under a single registration. They are, in Europe at least, peculiar to the UK. These are defined in the Trade Marks Act 1994 as:

A series of trade marks means a number of trade marks which resemble each other as to their material particulars and differ only as to matters of a non-distinctive character not substantially affecting the identity of the trade mark.

Such differences can be, for example, colour (albeit not in every case), capitalisation or minor spelling differences such as Americanisations (Americanizations).

The earlier registration in these proceedings was for a series of marks and, in seeking to challenge the validity of the whole series registration regime, Fox was seeking to have this registration declared invalid. Its argument was that series registrations do not conform to the requirement of a "sign" under the EU Trade Mark Directive and are therefore incompatible with it.

The Court of Appeal gave this argument fairly short shrift. In an examination of the history of series marks, including prior decisions issued around series marks, the Court easily concluded that series mark registrations were compliant with the Directive. They concluded that, in fact, the ability to apply for a series mark is an administrative function and does not create a new type of trade mark registration at all. This is because each mark in a series will be examined individually for registrability against the relevant criteria and individual marks within a series could be refused where others remain. It is therefore a convenience created by the UK Registry and one with which the Directive will not interfere.

The Court was therefore not prepared to accept that the series mark regime in the UK was invalid and this element of the appeal was refused.

Although not a surprising decision, the Court of Appeal has issued welcome confirmation to trade mark owners that their series registrations are valid and can be relied upon with confidence.

Author: Peter Vaughan, Trade Mark Attorney





Still no sweet news for Storck - the difficulty of securing trade mark protection in the EU for product packaging

August Storck KG v EUIPO, T-806/14 of 10 May 2016

This recent decision from the General Court, on an appeal from a Board of Appeal decision at the European Intellectual Property Office ("EUIPO"), shows how a 'lack of distinctive character' objection by an examiner against applications for 2D and 3D trade marks denoting product packaging can be almost impossible to overcome in the EU. This poses a real obstacle for securing registered trade mark protection for these types of marks in the territory.

In this case and example, August Storck AG (the confectionery manufacturer) applied to register the following figurative trade mark, for a range of confectionery and ice cream goods, by way of an International Registration designating the EU:



On examination the EUIPO refused to accept the mark on the basis that it lacked distinctive character (Article 7(1) (b)). This may not have come as a shock to the Applicant who has in the past, unsuccessfully, applied to register trade marks for a sweet wrapper and a sweet/candy shape at the EUIPO.

The General Court's ruling, which goes through both the EUIPO examination and subsequent Board of Appeal stages of the IR designation, provides a useful summary of what the EU position is in relation to 3D and 2D trade marks for packaging goods. It also considered the usefulness and weight to be placed on market survey evidence and how it believes the average consumer sees packaging as a trade mark.

The ruling, and "take home points" from the General Court, are as follows:

- square shaped packaging is common and evidently essential to the relevant goods - **the relevant consumer in the EU pays a low level of attention to packaging for regular low-cost consumption goods**
- a combination of presentational features typical of the packaging of the relevant goods, or mix of colours, does not render a trade mark distinctive - **colours rarely inherently convey origin**
- case law applicable to the assessment of the distinctiveness of 3D trade marks also applies to 2D trade marks and **figurative trade marks for packaging - figurative 2D representations of goods and their packaging are not unrelated to the 3D appearance of the goods or their packaging - furthermore, the EUIPO may "split up" the mark applied for when assessing its distinctiveness so long as this is part of a global assessment**

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- a survey of 1,000 German consumers was upheld as being insufficient - **survey evidence is rarely found to show / prove acquired distinctiveness and there is also a difference between consumers simply recognising a trade mark versus seeing a trade mark as denoting origin**
- survey evidence of Austrian consumers filed by Storck only at the General Court stage of proceedings was considered inadmissible - **appeals should always be filed relating to an error of law in a judgment (e.g. the legality of a decision) and never be seen or used as a way to adduce more evidence.**

Conclusion

The General Court's ruling shows the real challenges faced by applicants seeking to register product packaging as a trade mark in the EU. It reminds us of the significant amount of work required in order to show, through evidence, that a trade mark has acquired distinctiveness through use. Survey evidence still appears to be unsuitable for a large number of types of procedural matters before the EUIPO and the EU's General Court.

Author: Luke Portnow, Trade Mark Attorney

UK perception of Chinese character trade marks

For owners of trade marks containing Chinese characters, the decision in a recent invalidity action at the Trade Marks Registry of the United Kingdom Intellectual Property Office may provide some helpful guidance as to how these types of marks are assessed, at least in the UK.

In July 2015, YouYou Food Co., Ltd ("the Applicant") filed an application for a declaration of invalidity against the following mark.



The application was filed on the grounds of likelihood of confusion with two earlier registrations.

The contested mark was registered in the names of Tien Lei Trading Ltd and Yongsong Zhao ("the Proprietors") for preserved meat in Class 29.

For the purposes of its claim, the Applicant relied on the following two earlier marks, registered for goods in Class 29, including meat.



Neither of the marks was subject to proof of use.

Although it was not disputed by the Proprietors that the goods of the contested mark were identical to those covered by the earlier marks, since they all included "meat", the Proprietors submitted that the marks were dissimilar and, therefore, there was no likelihood of confusion.

In evidence filed by the Applicant, it was submitted that the Chinese characters depicted in the contested mark transliterate to the words "YOUYOU", hence the reliance on the second of its earlier registrations, and the general meaning of these characters is "HAVE" and "FRIEND" respectively. The Applicant submitted that the Chinese characters in the first of its earlier registrations had the same general meaning.

Not surprisingly, in his decision, the Hearing Officer held that the Applicant's best case lay in its earlier Chinese character mark, since the potential for the mark to be perceived as similar to the contested mark was not limited to those who are able to transliterate Chinese characters. It was therefore this registration which was compared against the contested mark in the assessment of whether there was a likelihood of confusion between them.

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In his decision, the Hearing Officer held the following.

Comparison of goods and average consumer

- Expectedly, the goods covered by the registrations were held to be identical.
- The average consumer would be a member of the general public. The Applicant had sought to argue that "*the average consumer would be of Chinese descent, Chinese speaking or a member of the general public that shops in oriental stores*". However, this ignored the fact that in determining who the average consumer is, it is the inherent nature of the goods of the specification which should be considered, in this case meat at large and preserved meat, and not the nature of the marks or the context in which they are used. Both meats at large nor preserved meat are specialist products, and so the Applicant's contention was rightfully dismissed.

Comparison of the marks – conceptual, aural, visual

- The average consumer would recognise the marks as consisting of Chinese or Japanese characters. This gave rise to some degree of conceptual similarity.
- The average consumer would, however, be unfamiliar with the meaning of the Chinese characters and so would essentially regard them as a device. It is not common for device elements of a mark to be expressed orally and so no aural comparison was made.
- The Chinese characters in the marks produce an identical visual impression. The flag motif in the contested mark was held to make only a minor contribution to the overall impression of the later mark and so the distinctive and dominant element was held to lie in the Chinese characters.
- As the earlier mark was not limited to colours, it being registered in black on a white background, it was deemed registered in all colours. For the purposes of the comparison of the marks, the contested mark was therefore drained of colour, increasing the visual similarity.
- Viewing the marks as a whole, there was held to be a high degree of visual similarity between the marks.

Global assessment of likelihood of confusion

- In view of the previous findings, the Hearing Officer held that the differences between the marks would go unnoticed by a significant proportion of the relevant public who, it was said, would confuse the marks.
- Even if the differences would be recognised, the contested mark would be seen simply as a variant of the earlier mark, identifying goods that come from the same, or an economically linked undertaking.

The Hearing Officer therefore upheld the Applicant's request for a declaration of invalidity and the contested registration was declared invalid and deemed never to have been made, according to the provisions of the UK Trade Marks Act 1994.

This case emphasises that visual aspects of Chinese character marks play an important role in the comparison of marks for the purposes of determining likelihood of confusion. It remains to be seen whether this continues to be the case in the light of the increasingly modern demographic make-up of the UK, particularly if evidence can be provided that shows people able to understand Chinese characters make up a significant proportion of the relevant public.

Author: Emily Scott, Trainee Trade Mark Attorney

