



Trade marks update

With the exception of the IP TRANSLATOR Case No C-307/10 (discussed below) there have been no game changing decisions arising from the Court of Justice of the European Union (CJEU) relating to trade marks during the year.

The *Interflora v Marks & Spencer* CJEU Ruling in Case C-323/09 relating to keyword advertising on Google has been remitted to the High Court to determine if trade mark infringement, as opposed to fair competition, had arisen. In passing, the case has given rise to some discouraging guidelines on the use of evidence to demonstrate confusion and customer perception.

IP TRANSLATOR was a test case attempting to resolve the question of how a list of goods / services specified in a trade mark registration is to be interpreted. The question arises as a result of differing practices throughout the EU (and internationally) as to the scope of protection accorded to the list in the specification of a registration. (A similar problem exists with patent claims.)

As an administrative convenience, a standard classification of 45 separate Classes has been established under the Nice Agreement on Classification each with a Class Heading and a non-exhaustive alphabetical list of goods / services agreed to fall within the ambit of the respective Class Heading. Goods / services not listed in the alphabetical list of the Classification may nonetheless be listed in the specification of goods / services. (All countries - with the notable exception of Canada - use the Classification and charge fees according to how many classes are listed in the specification.)

Unfortunately, differing practices have arisen worldwide. In some jurisdictions it is sufficient merely to list the Class number or the terms of the Class Heading for the extent of protection to be deemed to cover all goods / services likely to fall within that Class. Elsewhere, the terms used in the Class Heading may be used as a generic term which is then either explained - but not restricted - by terms from the alphabetical list or is modified by restriction to terms appearing in the alphabetical list.

At the application stage, where there are identical or similar marks, the goods / services of the existing registration and the conflicting application are compared and where the goods / services are considered to be identical or similar such as to give rise to a likelihood of confusion on the part of the public, the application is refused.

In an infringement action, when the conflicting marks are identical or similar, the Courts must then decide if the allegedly infringing goods / services are of an identical or similar nature to the goods / services specified in the registration such as to give rise to a likelihood of confusion on the part of the public. However, some jurisdictions consider that where the Class Heading is listed, the registration extends to all goods / services allocated to the Class with a corresponding broad scope of protection, whereas other jurisdictions limit the scope of protection to the goods / services specifically listed.

At the application stage the conflict is largely notional whilst in an infringement action the conflict arises in the market, so whether the specific goods / services are included explicitly or implicitly becomes crucial.

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Added to this, there is a prohibition on registration of marks serving to designate the intended purpose of the goods / services (i.e. marks descriptive of goods / services in the respective Class.)

The test case was an attempt to resolve the question of the scope of protection given by a UK Registration by applying to register the mark IP TRANSLATOR for the list of services in Class 41 with the Class Heading: *Education; providing of training; entertainment; sporting and cultural activities*. However, in the alphabetical list for Class 41, *translating services* are included.

If the practice was followed that the Class Heading covered all services in the Class, then IP TRANSLATOR was descriptive of translation services. Alternatively, if the Class Heading was taken to cover only those services explicitly listed in the Class Heading then *translation services* were not within the specification and accordingly the services specified were not descriptive.

It should also be borne in mind that a registration becomes vulnerable in part or in whole to a third party attack if it is not used in respect of the relevant part or whole of the goods / services in the preceding five years. However, on the other hand, a registration becomes incontestable on the ground of similarity after five years.

The dispute was escalated to the CJEU which ruled that in future goods / services must be defined clearly and precisely; a Nice Arrangement Classification Class Heading may only be used where it is sufficiently clear and precise; and an applicant for a national trade mark who uses all the general terms of a particular Class Heading to identify the goods / services for which protection is sought must specify whether the application is intended to cover either all or some of those goods / services in the alphabetical list. In the latter situation, the specific goods / services must be identified.

Thus somewhat greater thought will need to be given to the choice of a mark where there is a potential for overlap with an existing registration and whether it is advisable to draft specifications of goods / services in wide terms. The ruling is not retrospective, so it will be necessary to take into account the differing scopes of specifications of goods / services of existing registrations.

Coming to more mundane matters, in the UK in 2011 there were 75680 trade mark class registrations filed, including 2107 with USA as the country of residence. 29000 class registrations were renewed in 2011, a drop of 8000 on 2010. Income in 2011-12 at £15,685,000 exceeded expenditure by £391,000 compared with £16,083,000 income exceeding expenditure by £1,219,000 in 2010, whilst Registry staff fell from 146 in 2010-11 to 142 in 2011-12.

A deterioration in the time from application to registration when no objection was lodged of 4 months for 85% of the cases to 7 months in 75% of the cases is expected in the first quarter of 2013, presumably anticipating difficulties in introducing a new computer processing system based on OHIM's system.

At OHIM, Community Trade Mark applications showed an increase of about 8% to 10600, with 95% utilising the e-filing provisions and 95% being published within 10 weeks. 16% of the applications were Madrid Protocol filings. 17000 oppositions were filed and the target for notifying opposition decisions within 10 weeks was met in 89% of the cases with the quality standard being met in 88% of the cases. 1100 cancellation proceedings were instituted, an increase of 40% on 2009 but commensurate with the increased number of registrations in effect. Income from all of OHIM's activities was 176m euros whilst expenditure was 151m euros. The cost of the 730 staff was 73m euros, followed by IT (22m euros), translation (17m euros) and co-operation activities (97m euros). Disposal of the 27m euros surplus gives rise to some concern. National Offices have laid claim to 50% of the renewal fee income (paralleling the arrangements under the European Patent Convention (EPC) but ignoring the fact that the Member States have no financial responsibility for OHIM - such as underwriting the pension fund - or having a basis in designations, since the registrations cover the whole of the Community). Present plans are to distribute funds for supporting national office IT systems and fund national awareness campaigns.

On a separate front, OHIM has become both financially and organisationally responsible for the Observatory - which is tasked with identifying counterfeiting and piracy of intellectual property throughout the EU.

Proposals for revision of the Community Trade Mark system following the 2010 consultation are still awaited. In addition to the new IT system, the TMView database of national trade mark registers has reached 23 Member States and WIPO, and the classification list of 30,000 terms has been translated for all Member States. Other national offices are also participating, with Japan already on line. Examiners have also been given access to the databases for the WHO (World Health Organization) list of International Non-Proprietary Names, Geographical Indications, the Community Plant Variety Office and the WIPO Paris Convention Art 6ter list. Refurbishment of the building continues and a new wing extension is under construction.

As indicated in the discussion of the IP TRANSLATOR case above, the Nice Arrangement Classification, rooted in 1934, does not lend itself to contemporary developments in goods / services. OHIM, to its credit, has recognised this and has developed a solution which, whilst within the Nice Arrangement uses a different approach based on "Class Scopes" devised to include all the alphabetical terms within an individual Class, including those which would not be inferred from the Class Heading. A taxonomy process is followed in which goods / services are categorised in a hierarchical tree somewhat along the lines of the old UK patent classification key. With computerised searching, it is no longer necessary that lists are arranged alphabetically, so whilst the Nice Arrangement alphabetical lists are retained, a much simpler computerised search of a database of some 90,000 terms exists alongside, facilitating translation. Some nine Offices are already using this database, which, it is to be hoped, will rapidly become standard. It also follows that the new database will influence the manner in which goods / services are compared for similarity.

In the UK, HMG has launched a consultation on the use of registered trade marks in respect of tobacco products following a similar initiative and legislation on plain packaging for cigarettes in Australia.

The French Parliament has introduced legislation allowing generic pharmaceuticals to be marketed using the registered trade mark and presentation of the original supplier of pharmaceutical products previously the subject of a patent in order to avoid confusing patients who had become accustomed to the patented product.

The German Federal Court of Justice has ruled that termination of a head licence does not result in the termination of existing sub-licences (M2Trade software, but also applicable to trade marks).

David Lewis, 31 December 2012