Top ten trade mark and passing off cases in the first ten months of 2019

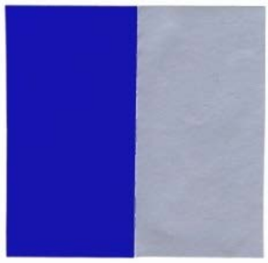
The cases fall into five themes: Colours and shapes, bad faith, targeting, parallel imports and cybersquatting.

Colours and shapes

<u>Red Bull GmbH (supported by Marques) v EUIPO, Optimum Mark sp. z o.o.</u>
(CJEU; C-124/18; 29.07.19)

The CJEU held that the combination of two colours was insufficiently clear and precise to be registered as a trade mark under Article 4 of Regulation 207/2009, despite the fact that the marks had been registered on the basis of acquired distinctiveness through use.

Optimum applied to invalidate two of Red Bull's marks. Both marks claimed protection for the colours blue and silver, the first in a ratio of "approximately 50%-50%" and the second "in equal proportion and juxtaposed to each other".



The CJEU followed its earlier decision in *Heidelberger Bauchemie* (C-49/02) where it held that two or more colours have to be arranged systematically so that they are associated in a predetermined and uniform way. In relation to Red Bull's marks, the CJEU approved of the General Court's finding that the word "approximately" reinforced the imprecise nature of the graphic representation, and the word "juxtaposition" meant that the mark could take different forms while still being "in equal proportion". Indeed, from the evidence of use filed with the applications, it could be seen that Red Bull used the colours in a very different manner to the graphic representations comprising the applications.

<u>Glaxo Wellcome UK Ltd & Anr v Sandoz Ltd & Ots</u>
(Arnold LJ; [2019] EWHC 2545 (Ch); 4.10.19)

Arnold LJ (in his first judgment following his elevation) held that Glaxo failed in its claim that Sandoz had passed off its inhaler as being connected in the course of trade with Glaxo and/or equivalent to Glaxo's Seretide Accuhaler through the use of the colour purple on its get-up and packaging.

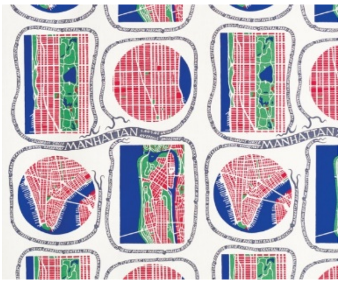
Glaxo launched its Seretide Accuhaler in 1999. The packaging and the inhaler were marketed in various shades of purple. In 2015, Sandoz launched a branded generic competitor also featuring purple on the packaging and the inhaler.

Glaxo relied on four surveys which had been submitted to the UK Trade Marks Registry in support of its claim that the colour purple had acquired a distinctive character. Arnold LJ held that the surveys merely showed that GPs and pharmacists recognised the colour purple as a feature of Seretide inhalers. This was entirely consistent with patients finding it convenient to differentiate between their different inhalers by reference to their colour, but it did not show that they regarded the colour as being distinctive of inhalers having a particular trade origin. Further, the trade witnesses were clear that they would not rely upon the colour purple to indicate anything about, for example, the marketing authorisation of an inhaler.

The enquiry into whether Sandoz had been "living dangerously" was a waste of time. Sandoz had chosen the colour purple to signify the substance combination; it was not passing off if the similarity in colour merely reassured patients that its product had the same active ingredients as the Seretide Accuhaler.

Textilis Ltd, Ozgur Keskin v Svenskt Tenn AB
(CJEU; C-21/18; 14.03.19)

The CJEU held that a sign consisting of a 2D pattern cannot be regarded as being a 'shape giving substantial value' under Article 7(1)(e)(iii) of Regulation 207/2009.



Svenskt Tenn markets and sells furniture, furnishing fabrics and other decorative accessories. One of its most famous patterns is called MANHATTAN, showing stylised maps of the island surrounded by other decorative elements. The CJEU pointed out that the 2D pattern could not be held to be indissociable from the shape of the goods to which it was affixed (e.g. paper and fabric) and further that the form of those goods differed from those of the decorative motif. Therefore, there was no infringement of Article 7(1)(e)(iii).

Bad faith

Sky plc & Ots v Skykick UK Ltd & Anr
(Advocate General Tanchev, C-371/18; 16.10.19)

The AG has opined on the five questions referred to the CJEU by the High Court.

Sky claimed infringement of its EUTMs and a UK trade mark comprising the word SKY registered for numerous goods and services, including computer software in class 9. Skykick alleged Sky's marks were invalid on the grounds that they were registered in bad faith and lacked clarity and precision.

The AG was of the opinion that there was no provision in any of the relevant legislation for invalidating a trade mark on the grounds that some or all of the terms in the specification lacked sufficient clarity and precision as Article 51 of Regulation 40/94 is exhaustive. However, following the decision in *CIPA* (C-370/10), it is possible to infer that a trade mark which does not satisfy the requirement of clarity and precision infringes public order under Article 7(1)(f). For example, registration of 'computer software' is unjustified and contrary to the public interest because it confers on the proprietor a monopoly of immense breadth which cannot be justified by any legitimate commercial interest of the proprietor.

The AG was also of the opinion that applying for a trade mark without any intention of using it for the specified goods or services may constitute bad faith under Article 51(1)(b) in so far as it is an abuse of the trade mark system e.g. where the applicant's sole objective is to prevent a third party from entering a market or where there is evidence of an abusive filing strategy. Applying for a broad range of goods or services is not sufficient to demonstrate bad faith if the applicant has a reasonable commercial rationale for doing so. Where the ground for invalidity exists in respect of only some of the goods or services for which the trade mark is registered, the trade mark is to be declared invalid as regards those goods or services only.

Finally, the AG was of the view that Section 32(3) of the Trade Marks Act 1994 (which provides that, when making the application, the applicant must state that the mark is being used or there is a bona fide intention to use it) is compatible with Directive 89/104 provided that it is not the sole basis for a finding of bad faith.

Koton Mağazacilik Tekstil Sanayi ve Ticaret AŞ v EUIPO; Joaquín Nadal Esteban
(CJEU; C-104/18 P; 12.09.19)

The CJEU held that a finding of bad faith did not presuppose that the contested mark was identical/similar to the earlier mark and registered for identical/similar goods or services.

In setting aside the decision of the General Court, the CJEU held that there may be situations where the applicant for registration of a trade mark could be regarded as having filed the registration in bad faith where there was no similarity of goods or services with the earlier mark. In determining whether an applicant had made an application in bad faith, a court should take into account "all the relevant factual circumstances as they appeared at the time the application was filed".

Trump International Ltd v DTTM Operations LLC
(Carr J; [2019] EWHC 769 (Ch); 29.03.19)

Trump International's application for TRUMP TV had been correctly refused for bad faith.

Mr Gleissner, the sole director of Trump International, had no connection with President Trump. He had also made numerous applications in the past through different companies to register well-known trade marks with which he had no connection. Carr J gave guidance to the IPO on how such applications should be dealt with in future. Although the power to strike out should be exercised with caution, where a *prima facie* case of bad faith was established, and no evidence in response was filed on behalf of the applicant, it could be appropriate for the Registrar to exercise that power.

Website targeting and jurisdiction

AMS Neve Ltd & Ots v Heritage Audio SL & Anr

(CJEU; C-172/18; 5.09.19)

The CJEU held that Article 97(5) of Regulation 207/2009 must be interpreted as meaning that the proprietor of an EU trade mark, who considers that a third party has infringed his rights by using an identical sign in advertising and offers for sale displayed electronically in relation to identical or similar products, may bring an infringement action in the Member State where the consumers or traders to whom that advertising and offers for sale are directed are located. This is notwithstanding that the third party took decisions and steps in another Member State to bring about that electronic display.

AMS Neve (based in the UK) brought trade mark infringement proceedings in the IPEC, alleging that Heritage Audio (based in Spain) had offered infringing products to consumers in the UK via its website. The IPEC declined jurisdiction in respect of the claim based on the claimants' EUTM following an examination of earlier CJEU case law which indicated that only the Member State in which the defendant had taken steps to put the signs in question on the website had jurisdiction. However, the CJEU was of the opinion that, if the English court were to find that the advertising and offers for sale on Heritage Audio's website were targeted at consumers or traders in the UK and were entirely accessible by them, AMS Neve would be entitled to bring proceedings for infringement of their EUTM in the UK.

Parallel imports

Nomination Di Antonio e Paolo Gensini SNC & Anr v Sebastian Brealey & Anr
(HHJ Hacon; [2019] EWHC 599 (IPEC); 13.03.19)

Nomination had legitimate reason to oppose Sebastian Brealey's (trading as JSC Jewellery ("JSC")) sales of genuine Nomination links pursuant to Article 7 of Directive 89/104.

JSC purchased Nomination bracelets from retailers throughout Europe, disassembled them, and resold them on eBay in either blister packets or small plastic bags. Judge Hacon considered that this was likely to damage the reputation of Nomination's marks (following *Copad v Christian Dior* (C-59/08) serious damage was not required). Nomination was accordingly found to have a legitimate reason to oppose JSC's sales pursuant to Article 7(2).

Judge Hacon also held that, unlike pharmaceutical cases, Nomination should not succeed in their arguments that JSC had not identified who had done the repackaging or that the re-packaging risked damaging the condition of the links (*BMS* conditions (3) and (2) respectively). Pharmaceuticals were sensitive products; there was no such sensitivity attached to the sale of bracelets.

Dansac A/S & Hollister Inc. v Salts Healthcare Ltd & Ots
(Birss J; [2019] EWHC 104 (Ch); 21.01.19)

Birss J considered the effect of the CJ's decision on the BMS criteria in Junek v Lohmann & Rauscher (C-642/16).

The third defendant, Medik, imported the claimant's ostomy bags into the UK from various EEA countries and relabelled them.

In *Junek*, the parallel importer did not open the box, but had simply stuck a label on it when importing medical devices from Austria to Germany. No notice was given (*BMS* condition (5)). The CJEU held that the *BMS* criteria were not engaged and therefore it did not matter that no notice had been given.

Following *Junek,* Birss J considered that if there was no risk to the guarantee of origin, then there was no contravention of the *BMS* criteria. Therefore, if the box had not been opened and if the new label did not cover an existing label, then the new label might not put at risk the guarantee of origin. However, one still needed to look at the label in order to make a determination as to whether there was a risk (note, not a serious risk) of harming the guarantee of origin provided by the trade marks. If there was, the *BMS* criteria would apply and notice would have to be given.

Cybersquatting

Media Agency Group Ltd & Anr v Space Media Agency Ltd & Ots
(Floyd & Rose LJJ [2019] EWCA Civ 712; 12.03.19)

Cybersquatting by itself does not amount to passing off. The requirements for passing off still need to be satisfied.

At first instance, the judge following *BT v One In A Million* [1999] 1 WLR 903 found that the claimants owned sufficient goodwill in TRACCOUNTABLE and that by registering the domain name www.trackaccountableadvertising.com the defendants were guilty of passing off.

On appeal, Floyd LJ held that, even if the domain had been registered for cyber-squatting purposes or as an instrument for fraud, the requirements of passing off still needed to be satisfied. As the TRACCOUNTABLE mark had not been used by the claimants, they could not have acquired goodwill in the name and a passing off action could not succeed.

Katharine Stephens, Bird & Bird LLP, 27 November 2019