EU

Trade marks: Down on the farm

An inherently non-distinctive mark must have been used throughout the EU if it is to acquire the distinctive character necessary for registration as a Community Trade Mark (“CTM”) according to a recent ruling of the General Court (CNH Global NV v OHIM, Case T-378/07, 29 September 2010). The Court warned against confusing this requirement with the territorial scope of reputation needed to establish a claim in dilution or free-riding, namely, a substantial part of the EU, which, in certain circumstances, might be satisfied by a single Member State (see Pago International v Tirolmilch, Case C-301/07, reported in IP News, December 2009).

The applicant sought registration as a CTM of the following trade mark, a combination of the colours red, black and grey as applied to the exterior surfaces of a tractor, for “tractors”:

![Tractor Image]

It was accepted that the mark was not inherently distinctive. Nevertheless, the General Court upheld an OHIM Board of Appeal decision rejecting the application on the basis that the applicant had failed to establish that the mark had acquired distinctiveness in relation to tractors through the use that had been made of it (under Article 7(3) of the CTM Regulation (207/2009) (“CTM Regulation”).

In order to show that a mark has acquired distinctiveness through use, a significant proportion of the relevant section of the public must identify the
goods or services in respect of which registration is sought as originating from a particular undertaking because of the mark (Joined Cases C-108/97 and C-109/97, Windsurfing Chiemsee [1999] ECR I-2779). Since a CTM has unitary character and equal effect throughout the EU, the mark must have acquired such distinctiveness throughout the territory of the EU in which it did not initially have such character (Article 1(2) CTM Regulation; Case T-91/99, Ford v OHIM). Finally, the necessary distinctive character must have been acquired before the application was filed (Case C-542/07 P, Imagination Technologies v OHIM [2009]).

**Relevant public**

In order to strengthen its prospects of proving acquired distinctiveness, the applicant attempted to limit the relevant public to present owners and prospective purchasers of tractors. It argued that the term “farmer” was too imprecise, since it could include smallholders and farmers who did not have the means to purchase a tractor. However, the Court described this limitation as artificial: farmers were the intended purchasers of tractors and the small size of some farms and budgetary constraints of farmers were irrelevant considerations—various tractor manufacturers had developed compact machines for use on small farms and budgetary constraints might be merely temporary or overcome entirely, for example, as a result of financing proposals made by tractor distributors.

**Territorial scope**

The General Court held that the EU as it existed at the time of filing of the application was the relevant territory for the assessment of acquired distinctiveness. The mark applied for did not have inherent distinctive character in any part of the EU prior to filing. The applicant therefore needed to establish that at least a significant proportion of farmers throughout the EU identified tractors as originating from a particular undertaking because of the mark applied for at the filing date.

**Evidence**

The Court distinguished the primary and secondary evidence deployed by the applicant in its case on acquired distinctiveness: evidence from representatives of relevant professional associations on how the mark applied for was perceived in specific Member States could constitute direct evidence that the mark had acquired distinctive character through use in those territories. In contrast, evidence such as sales volumes and advertising material could not show that the relevant public perceived the sign as an indication of commercial origin; it could only constitute secondary evidence which might support direct evidence of acquired distinctiveness.

Since the applicant had submitted primary evidence in relation to only two of the 25 Member States existing at the filing date, the applicant’s action was dismissed.

It remains to be seen whether the evidential burden for applicants required to prove acquired distinctiveness will have an impact on CTM applications. Some potential applicants may decide that the cost and effort required to
prove acquired distinctiveness may outweigh the benefit of being granted a CTM and seek protection through national routes instead.

By Charlie French and Alex Batteson, London

France

Trade marks: Think global

Advocate General Cruz Villalón ("A-G") has opined that a prohibition such as an injunction issued by a national court acting as a Community trade mark ("CTM") court has effect throughout the entire area of the EU. However, where the infringement (or action therefor) is limited to a specific geographical or linguistic area, the court’s order will be limited to that area since the prohibition “is the natural consequence of the declaration of infringement” (Case C-235/09, DHL Express (France) SAS v Chronopost SA, 7 October 2010).

Under Article 102 of the codified CTM Regulation (formerly Article 98 of Regulation 40/94), where a CTM court finds that a defendant has infringed or threatened to infringe a CTM, it shall, unless there are special reasons for not doing so, issue an order prohibiting the defendant from proceeding with the infringing acts.

Facts

Chronopost owns French national registered trade marks and CTMs for the word "WEBSHIPPING" registered for various logistics and information transmission services (essentially the collection and distribution of mail). Chronopost brought an action for trade mark infringement against DHL Express (France) which had used the terms "web shipping" and "webshipping" to designate a management service for urgent mail accessible via the internet.

On 9 November 2007, the Paris Court of First Instance, acting as a CTM court, issued an injunction preventing DHL Express from infringing Chronopost’s CTM in France. It also ordered that DHL Express make penalty payments to Chronopost in the event that it failed to comply with the terms of the injunction.

The Paris Court of Appeal (acting as a CTM court of second instance) upheld the decision. However, it refused to grant Chronopost’s request to extend the scope of the injunction beyond France to the whole of the EU.

DHL Express appealed to the Cour de Cassation (French Supreme Court) against the grant of the injunction and Chronopost cross-appealed against the territorial limitation. In essence, Chronopost argued that a CTM must, because of its unitary character, benefit from a uniform protection throughout the European Union, in particular, in accordance with Article 102. The Cour de Cassation dismissed DHL Express’s appeal and referred a number of questions raised by the cross-appeal to the EU Court of Justice ("ECJ").
A-G Opinion

The A-G opined that under Article 102, any injunction granted by a CTM national court should have effect across the whole of the EU, unless the injunction expressly provided otherwise: CTMs should benefit from a uniform protection throughout the EU and should thus be part of a system where conflicting decisions were avoided. The A-G further opined that, if the claimant did not specify the territorial scope of the alleged infringement in its claim for an injunction, the defendant would have to show that such infringement was confined to a specific geographical area. If the defendant failed to do so, the scope of the injunction would be the whole of the EU.

The ECJ was also asked to specify the permitted territorial scope of coercive measures, aimed at guaranteeing and supporting the grant of such injunctions, such as the penalty payments in the present case.

The A-G opined that such coercive measures would have the same territorial scope as the injunction that they were attached to. However, it was for the court of the Member State in which the injunction was breached to apply the previously granted coercive measure according to its own national law.

The A-G’s interpretation of Article 102 is consistent with the unitary nature of CTMs throughout the EU and should encourage national judges to think extra-jurisdictionally when considering applications for preventative measures.

In a recent trade mark infringement action in France decided by the Paris Court of Appeal on 22 October 2010 (shortly after the opinion was delivered), the Court refused to grant a cross-border injunction despite it having been expressly requested by the claimant. The defendant had committed infringing acts in Italy where an infringement action was pending, as well as in France. The Court of Appeal justified its refusal on the basis that no infringement had been proved beyond French territory. The decision suggests that the French national courts at least may be reluctant to grant cross-border injunctions and would prefer to retain a discretion in the exercise of such powers.

It remains unclear whether in, for example, tarnishment cases, where reputation is established in respect of part only of the EU, any granted prohibition must necessarily be restricted to that part (see Pago International v Tirolmilch, Case C-301/07, reported in IP News, December 2009)

By Sandra Georges, Paris

Germany

Trade marks: Post war

In a long-awaited decision, the German Federal Patent Court (“BPatG”) has upheld registration of the word “Post” by Deutsche Post (the successor to the former state-owned mail authority) as a trade mark in respect of mail and parcel services (26 W (pat) 24/06, 28 October 2010) on the basis that it had acquired the requisite distinctiveness through the use that had been made of it prior to registration.
Deutsche Post obtained registration of the mark in 2003 following the liberalisation of the postal services sector. The German Patent and Trade Mark Office cancelled the registration following claims filed by a number of Deutsche Post’s competitors. The cancellation was later upheld by the BPatG. However, on appeal, the Federal Court of Justice ("BGH") decided in favour of Deutsche Post and referred the case back to the BPatG.

Although the trade mark “Post” consisted exclusively of a sign which might serve to designate the provision of post and parcel services and thus fell within an absolute ground for refusal of registration (under s. 8 para. 2(2) German Trade Mark Act), the BPatG refused to cancel the registration.

In *Windsurfing Chiemsee* (referred to above), the ECJ held that the question of whether a trade mark had acquired distinctiveness was to be assessed by an overall assessment of the evidence that the mark had come to distinguish the goods and services of one undertaking from those of another. Factors to be taken into account included the market share held by the mark, how intensive, geographically widespread and longstanding the use of the mark had been, the amount invested by the applicant in promoting the mark and the proportion of the relevant public which identified goods or services as originating from a particular undertaking because of the mark.

**Survey evidence**

According to the BPatG, the preparation of consumer surveys was one of several possible ways in which acquired distinctiveness could be demonstrated. On the facts and, in particular, taking into account a survey conducted by a reputable third party institute in 2003, the BPatG held that the mark had gained the requisite acquired distinctiveness: the survey was sufficiently representative of relevant consumers, the questionnaire’s wording was acceptable and a sufficient number of the people surveyed perceived the mark as an indication of origin. While the trade mark owner was not required to show that a specific minimum number of people perceived the mark as an indication of origin, it was crucial that a substantial part of the public perceived the mark as such and not merely as a descriptive sign. Nevertheless, the BPatG held that the percentage of people doing so should generally amount to at least 50% of the relevant public.

It should be noted that, according to BGH case law, where the trade mark in question is purely descriptive in relation to the registered goods or services, a very high or nearly unanimous degree of perception by the relevant public that the mark is an indication of origin may be necessary (BGH, I – ZB 11/04, 19 January 2006). However, this requirement only applies if any potential use of the trade mark is descriptive and thus liable to be prevented. It was irrelevant in the present case since competitors would be entitled to use the sign “Post” provided that they distinguished their use of it, for example, within a composite sign such as “City Post”, which would not create any likelihood of confusion.

The institute’s survey and the Court both showed that well over 50% of the relevant public perceived the mark as an indication of origin. This was enough to establish the necessary acquired distinctiveness.
The Court rejected the opponents’ request for an additional survey since it would not add clarity to the degree of acquired distinctiveness achieved at the date of registration of the mark (November 2003).

Finally, the BPatG explained that the fact that Deutsche Post had used the word “Post” within the composite “Deutsche Post” (as well as in isolation) prior to registration did not undermine the proposition that the word “Post” alone was being used to distinguish services: consumers would perceive the use of the word within the composite as an indication of origin and not merely as part of a reference to Deutsche Post’s corporate name. It was relevant in this context that public was used to the fact that, compared to goods, services were more frequently marked with company names.

The decision makes clear that while the descriptive term “Post” is registrable as a trade mark, the registration confers a limited monopoly only, since third parties may continue to use the sign in a descriptive manner, particularly in combination with other elements.

By Fabian Ziegenaus, Düsseldorf

UK

Confidential information: Low gear

The BBC failed in a claim for an injunction preventing cult TV series Top Gear’s “The Stig” or his publishers from revealing his true identity. This highlights the general rule that an injunction will not be granted to restrain disclosure of information that is already entirely in the public domain. The claimant may nevertheless be entitled to financial compensation. The case also serves as a warning to ensure that, when seeking to bind an individual to a confidence in contract, the contract includes the individual as a party and not merely their service company or employer (British Broadcasting Corporation v Harper Collins Publishers Limited and ors [2010] EWHC 2424 (Ch), 4 October 2010).

The BBC applied for an interim injunction to prevent the defendant, Ben Collins, from publishing his autobiography in which he revealed that he had played the role of “The Stig” in the last 13 series of Top Gear. In the series, “The Stig” always appeared in a racing driver suit and a helmet with a dark visor which remained closed. The BBC described “The Stig” as “a dramatic device used by the programme for entertainment and comedic effect”. One of the character’s key features was that his true identity remained anonymous.

Under Section 12(3) Human Rights Act 1998, an injunction to restrain publication cannot be granted unless the applicant satisfies the court that it is likely to establish at trial that publication should not be allowed. This test is stricter than the usual test for an interim injunction laid down in American Cyanamid [1975] AC 396. In deciding whether to grant an injunction, the court had to consider whether the BBC would probably establish at trial that Mr Collins owed it a duty of confidentiality in equity or whether he was bound by similar contractual obligations of confidence.
Obligations of confidence

The court held that Mr Collins was not contractually obliged to maintain his anonymity as he himself had not entered into contract with the BBC. All the contracts concerning Mr Collins’ role of “The Stig” had been made between Mr Collins’ service company, Collins Autosport Limited, and the BBC. Morgan J held that although Mr Collins signed the contract on behalf of Collins Autosport, he did not, by his signature, thereby become a further party to the contract.

However, it was accepted that Mr Collins did owe a duty to the BBC in equity not to disclose his identity while it remained confidential. Nevertheless, Mr Collins would not be in breach of that duty if, at the time of any unauthorised disclosure, the identity of “The Stig” had ceased to be confidential information through having entered into the public domain. The test to be applied was whether it could be said that the information had become so generally accessible that it could no longer be regarded as confidential (see the opinion of Lord Goff in A.G. v Guardian Newspapers (No. 2) [1990] 1 AC 109).

Since 2005, the identity of “The Stig” had been the subject of much speculation in several articles in the press. A large proportion of these followed an exhibition at a gallery in early 2009 in which a signed picture of The Stig was displayed and at which Mr Collins was present. In addition, during August 2010, a series of 13 articles was published in the press which made increasingly confident and clear statements that Mr Collins was “The Stig”. In those circumstances, Morgan J held that for all practical purposes, anyone with any interest in knowing the identity of “The Stig” knew it by the time of the hearing of the application and that therefore the information had ceased to be confidential.

Past misuse of confidential information

The judge distinguished the cases supporting the proposition that a party may be restrained from benefiting from a past misuse of confidential information that has since ceased to be confidential on the facts (see generally Vestergaard Frandsen v Bestnet Europe [2010] FSR 2): it appears that all the damage that could have been caused to the BBC by The Stig’s disclosure had been caused to it and that all the grant of an injunction would have achieved would have been the punishment of the defendant.

The court therefore refused to grant an injunction to restrain Mr Collins from publishing his autobiography.

The BBC’s claim to an injunction against the prospective publisher, HarperCollins, and the service company for breach of an equitable duty of confidence failed for the same reasons. The claim based in contract against the service company failed on the grounds that the position of Collins Autosport in relation to publication of the book was “completely obscure” and that granting an injunction to restrain the company from publishing the book would not have conferred a benefit on the BBC in any event as Mr Collins would still have been able to get the book published himself.

By Richard Barker and Alex Batteson, London
Patents: Chip switch

The Court of Appeal has broadened the class of suppliers of products that may be liable for contributory patent infringement and thus strengthened the position of patent owners. The Court of Appeal’s decision draws heavily on the case law of the German Federal Court of Justice and indicates that in the future greater weight may be attached by UK courts to decisions of other European national courts, at least where these concern closely related legislation (Grimme Maschinenfabrik v Scott [2010] EWCA Civ 1110, 15 October 2010).

Article 26 of the Community Patent Convention on indirect infringement is given effect in the UK by section 60(2) Patents Act 1977. A person infringes a patent if he supplies or offers to supply (other than to a licensee) any means relating to an essential element of the patented invention, when they know, or it is obvious to a reasonable person in the circumstances, that those means are suitable for putting, and are intended to put, the invention into effect in the UK.

Intention

The Court held that the person who must have the necessary intention is the person supplied. Secondly (and contrary to Lewison J’s view obiter in Cranway v Playtech ([2009] EWHC 1588 (Pat))), the knowledge and intention requirements of s. 60(2) are satisfied if, at the time of supply or offer of supply, the supplier knows, or it is obvious in the circumstances, that (disregarding freak use) some ultimate users (and not just the person supplied) will intend to put the invention into effect. This requirement was to be proved on the usual balance of probabilities. Thus the test could be re-stated as whether it was inherently probable that some ultimate users would use, adapt or alter the “means essential” so as to infringe. It was not enough merely to show that the means were suitable for putting the invention into effect—that was a separate requirement—but the test was likely to be satisfied where the supplier proposed, recommended or even indicated the possibility of such use in his promotional material.

The patented invention in this case comprised a device which used rollers to clean and sort potatoes. The invention differed from other similar devices on the market in, amongst other things, its use of “elastically deformable”, as opposed to rigid, steel rollers.

The defendant marketed a similar device using steel rollers that, while not directly infringing the patent, could be made to work in the same way as the invention by switching the steel rollers for rubber ones. The defendant made this switching option apparent on his marketing material and also sold rubber rollers separately. Once the rollers in the defendant’s device were switched with rubber rollers the device was found to infringe the patent.

Contributory infringement by a complete machine?

The defendant argued that a complete machine sold by him that did not directly infringe the patent could not amount to a “means” relating to an element of the invention because it was an entire unit capable of being used...
as supplied. The Court rejected the argument: the supply of a steel-rollered machine, which was designed and promoted to enable the steel rollers to be changed for rubber rollers was plainly the supply of the means by which that result could be achieved. The fact that the complete steel-rollered machine was capable of lawful use for so long as it remained steel-rollered was irrelevant.

The defendant had sought to enhance his sales by indicating that users could adapt his device by simple modification for which he also sold the means. He knew that users would intend to make their devices infringing if it suited them and positively encouraged that intention. He was therefore liable for contributory infringement.

Although, the Court considered liability only, it noted the difficulty inherent in assessing damages (or profits) in contributory infringement cases. Only a proportion of the devices might ever be modified so as to infringe and only a proportion of ultimate customers might have bought them with any intention to modify. However, the Court suggested that it could apply the proportion of devices adapted to infringe as the proportion of the defendant’s sales which should be treated as infringing. Alternatively the court could try to determine by how much the defendant had increased his sales by virtue of his contributory infringement—a more difficult exercise.

By Kristina Adams and Alex Batteson, London

Trade marks: Och!

In Och-Ziff Management Europe Limited v OCH Capital LLP ([2010] EWHC 2599 (Ch)), it was held that a claimant does not need to demonstrate a likelihood of confusion at the point of sale to establish infringement under Article 9(1)(b) of the Community Trade Mark Regulation (207/2009) (“CTM Regulation”). Initial interest confusion is actionable.

OCH Capital LLP was found to have infringed the CTMs “OCH-ZIFF” and “OCH” belonging to Och-Ziff, a major hedge fund, and committed passing off. Mr. Ochocki, the Chief Executive of OCH Capital, was held to be jointly liable.

Under Article 9(1)(b) of the CTM Regulation, a party infringes a CTM if it uses in the course of trade an identical or similar sign in relation to identical or similar goods and services and there exists a likelihood of confusion. It was not disputed that the Defendants had used signs incorporating the words “OCH Capital” (pronounced “Oh-See-Aitch Capital” according to the Defendants) in relation to services identical to some of those for which “OCH” and “OCH-ZIFF” were registered. The signs were found to be similar to both trade marks. In relation to the “OCH-ZIFF” mark, both the “OCH” and “ZIFF” elements were independently distinctive: neither the absence of the “ZIFF” element nor the addition of “Capital”, a non-distinctive, descriptive word, prevented a likelihood of confusion.

The Claimants referred to three instances of actual confusion. The Defendants argued that any confusion would be dispelled prior to sale. This prompted the judge, Arnold J, to consider whether initial interest confusion
was actionable under Article 9(1)(b). The Defendants asserted that this should be dealt with in the context of dilution under Article 9(1)(c). Initial interest confusion is confusion as to trade origin arising from the use of advertising signs and promotional materials prior to purchase, even if such confusion is corrected by the time of purchase. The court considered a large volume of case law from the US, Northern Ireland, England and, in particular, three recent European cases: O2 Holdings Ltd v Hutchison 3G UK Ltd ([2008] ECR I-4231); Die BergSpechte Outdoor Reisen und Alpinschule Edi Koblmüller GmbH v Guni ([2010] EUECJ C-278/08); and Portakabin Ltd v Primakabin BV ([2010] EUECJ C-558/08) which supported the finding of a likelihood of confusion arising from an advertisement, whether or not the advertisement leads to a sale or the confusion is subsequently dispelled. The judge concluded that initial interest confusion was actionable under Article 9(1)(b).

Arnold J held that it was likely that some consumers of financial services would think that OCH Capital was at least connected with Och-Ziff because of the presence of the OCH element. The Defendants’ use of the signs, on a contextual assessment, did nothing to alert a consumer familiar with Och-Ziff to the fact that the OCH element of the sign was intended to be read as the acronym O-C-H rather than as Och.

The Defendants’ use of “OCH” within internal emails was not sufficient to constitute infringement under Article 9(1)(a). Following the decision in Google France SARL v Louis Vuitton Malletier SA ([2010] EUECJ C-236/08), such internal use did not constitute “use” within the meaning of the Article; but even if it did, it was not use “in the course of trade” because the use was “as a private matter”. The Defendants argued that an ‘own name defence’ under Article 12 applied on the basis that OCH Capital LLP was using its own name in accordance with honest practices. It relied in part upon the assertion that Mr. Ochocki had the nickname ‘Mr. O-C-H’ (pronounced “Oh-See-Aitch”), from his frequent need to spell out his surname to people, and chose the name OCH Capital to reflect this. Under cross-examination he admitted that he was aware of Och-Ziff before the entity was set up but was unable to say whether any trade mark searches had been carried out. The defence failed. The court held that the Defendants had not discharged the duty to act fairly in relation to the legitimate interests of Och-Ziff with the result that the use of the Och Capital signs “amounts to unfair competition”.

Finally, the Defendants counterclaimed that the “OCH” trade mark was invalid under Article 52(1)(b), on the grounds that Och-Ziff acted in bad faith when applying for its registration. This counterclaim was dismissed. It was legitimate for the Claimants to have sought to protect what some customers would perceive as Och and to have filed the application for the OCH CTM after they became aware of OCH Capital’s activities, despite the fact that the registration also covered the acronym O-C-H and that in some circumstances it may be perceived as O-C-H.

By Victoria Eyre-Brook, London
Conference Papers and Publications

Marianne Schaffner and Sandra Georges published articles entitled "Le luxe est un remède à l'épuisement (luxury trade marks prevent exhaustion)" in La Semaine Juridique, 26 August 2010 and "Adwords: the key to success of the keywords system" in Revue Lamy Droit de l'Immatériel, October 2010.

Marianne Schaffner and Grégory Sroussi published an article entitled "Hosters' liability: an undefined liability" in Revue Lamy Droit de l'Immatériel, October 2010.


Alex Batteson and Dennis Schubauer published an article entitled "When a patent changes the person skilled in the art" for Intellectual Property Magazine, November 2010.