Bird & Bird

& BrandWrites

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Welcome to the sixth edition of BrandWrites by Bird & Bird

At Bird & Bird we're passionate about brands. BrandWrites by Bird & Bird is an international publication that explores topical legal and industry related brand news, featuring recent trade mark cases and key changes to the law, practical advice and commentary from respected brand owners. It features contributions from Bird & Bird's renowned IP team across Europe, Asia-Pacific and the Middle East.

We hope you enjoy it. We welcome questions, comments and suggestions, so feel free to get in touch with Editor and Bird & Bird Partner, Nick Aries at nick.aries@twobirds.com or Bird & Bird Partner, Lorraine Tay at lorraine.tay@twobirds.com.

Get in touch

If you would like advice on how best to protect or enhance the value of your brand, get in touch for a complimentary initial consultation: brands@twobirds.com

In this edition....

Use of trade marks in online retailing across Southeast Asia

A rapidly growing and increasingly vital part of the retail ecosystem is the online retail of goods. Online retailers across Southeast Asia should be mindful of the differing rules and restrictions governing the use of trade marks across their online platforms.

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The concept of the "use" of a trade mark attaching to goods is a fundamental one for online retailers:

- For an online retailer and trade mark owner, just as for a traditional retailer, the use of its own trade marks has implications for the registration and maintenance of trade marks as well as any defence against a trade mark revocation action.
- On the flipside, the use of a trade mark which belongs to a third party may open up the online retailer to potential infringement claims by the other party.
- Further, the use of a trade mark in a country where the trade mark is not registered may lead to the user acquiring goodwill and being able to support claims that the trade mark qualifies as a well-known mark in that country.

Online retailers operating across multiple countries in Southeast Asia may find it difficult to navigate the differing rules and restrictions governing the use, or non-use, of trade marks. The region has at least 10 different countries, each having its own legal system and set of laws, and the prospect of legal harmonisation seems unlikely in the near future. As a result of this, an online retailer operating across borders in this region may well face multiple standards when determining whether there was indeed use of a trade mark on its website.

For example, in countries such as Brunei and Vietnam, trade marks available online would be deemed to be in use if the goods in question were offered for sale and directed to consumers located in those particular jurisdictions. Singapore's standard is stricter, requiring active steps that lead Internet users in Singapore to visit the website. Such active steps may include marketing, advertising or other promotional activities. In contrast, Malaysia and the Philippines have standards with a different focus: instead of the offer for sale, the focus is on the availability of goods to customers or potential customers in the respective jurisdictions.

The lack of harmonisation of trade mark laws in Southeast Asia, and in particular, of the laws surrounding use of trade marks online, means that online retailers need to consider each jurisdiction separately, and develop both general and jurisdiction-specific solutions in order to better protect their trade marks.

Trade mark protection for product packaging remains a hot topic

Coca-Cola's recent efforts before the General Court to obtain a trade mark in relation to a simpler version of their famous Coca-Cola bottle provides a good example of the challenges associated with trade mark protection of product packaging.

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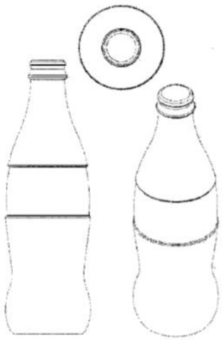
According to the General Court, when proving acquired distinctiveness through use, evidence covering the entire EU or significant parts of the relevant public must be provided.

The General Court (the 'Court') was asked to consider whether this bottle could be registered as a trade mark:



Source: Curia database

In deciding that it was not a valid mark (*Case* T-411/14), the Court upheld OHIM's (now EUIPO) earlier decision to refuse Coca-Cola's application.

The core question before the Court was whether or not the bottle shape in question had distinctive character, i.e. would a consumer consider the potential trade mark to be an indication of origin? In the eyes of the judges the bottle was neither inherently distinctive nor had it acquired distinctiveness through use, as Coca-Cola had argued.

The Court noted that the average consumer would only recognise the bottle as an indication of origin if its shape differed significantly from the norm in the product sector. After undertaking an analysis of each part of the bottle shape, the Court found that none of the parts in themselves were sufficiently different from the norm.

Moreover, the 'normality' of each part of the bottle led the Court to conclude that the *overall shape* of the bottle must also be unable to constitute a sufficient deviation from the norm and was therefore lacking in inherent distinctive character.

The Court then looked at whether this lack of inherent distinctiveness had been overcome by acquired distinctiveness through use of the sign. Coca-Cola had submitted surveys carried out in ten EU member states proving the distinctive character in those countries. However according to the Court this was not enough.

Rather, the Court found that where product packaging lacks inherent distinctive character, acquired distinctiveness through use has to be proven throughout the entire EU or for a significant part of the relevant public. Although Coca-Cola had provided surveys for Denmark, Germany, Estonia, Greece, Spain, France, Italy, Poland, Portugal and UK, the Court considered this to be insufficient.

This decision is particularly important for confirming the benchmark which must be met in order to prove acquired distinctiveness through use in respect of marks sought for product packaging at the EU level.

While trade mark protection for product packaging may be an attractive alternative, or additional, protection to industrial design protection, the *Coca-Cola* decision illustrates that where inherent distinctive character cannot be proven, considerable effort and expense will be required in order to prove the alternative step of acquired distinctiveness through use.

The cross-over protection between trade marks and company names in Sweden

Under Swedish law, there is a 'cross-over protection' between company names and trade marks. This connection provides the possibility of bypassing the stricter registration and use requirements of trade marks whilst retaining a similar form of rights protection.

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Under Swedish trade mark law, the owner of a registered company name or trade name automatically enjoys an exclusive right to use that name as a trade mark. Correspondingly, under Swedish company law, a trade mark owner enjoys an exclusive right to use that mark as a trade name. In this way, protection for company names and trade marks is mutually complementary. This is a peculiarity of Swedish law that is found in few other countries.

The cross-over can be utilised to achieve protection similar to that of a trade mark right, but with the advantage that it is only necessary to fulfil the lower standards required for a company name registration. It is generally easier to register a company name since a relatively broad description of a company's business will be acceptable when registering, whereas a more detailed description of the specific goods and services will generally be required for a trade mark registration. Furthermore, in practice, the requirement for distinctiveness is less strict for company names as compared to trade marks. Also, the Swedish Companies Registration Office is more lenient in its ex officio assessment of company names and the risk of confusion with existing trade names/marks compared to the corresponding assessment conducted by the Swedish Patent and Registration Office as regards trade marks.

In addition to the easier route to registration for company names, the ongoing maintenance process is also easier as compared with trade marks. A Swedish trade mark can be partially revoked while a company name cannot. A company name can only be revoked in its entirety, primarily due to its contractual function as the primary identifier for a legal entity used in entering into contracts. As a result, the requirement of use has been held lower for company names than for trade marks, meaning that it may in certain situations be more difficult to revoke a company name based on non-use than a trade mark. In other words, the requirement of use can be bypassed by taking advantage of this cross-over protection.

It is possible that the new Patent and Market Court, which ushers in a new judicial system for cases involving IP law, marketing law and competition law in Sweden from 1 September 2016, will contribute to a more uniform practice regarding the protection for trade marks and company names.

New rules on Liquidated Damages Clauses under English Law – could they be useful in your Brand Licence Agreement?

Late last year the English Supreme Court handed down a judgment in *Cavendish Square v El Makdessi* which changed the law on liquidated damages. Now the dust has settled, in this article we explain why the judgment could help brand owners to protect their brands.

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What is a Liquidated Damages Clause?

This is a clause in an agreement which obliges one party (in a trade mark licence highly likely to be the licensee) to pay the other party (the brand owner) a specified sum of money if the licensee breaches certain obligation(s) in the agreement.

The 'old' rule was that a clause of this type would only be enforceable if the specified sum was a 'genuine pre-estimate of loss', i.e. based on the losses that the brand owner genuinely expected to suffer if the licensee breached the clause in question. In theory, the purpose of liquidated damages clauses is to increase certainty, deal with breaches swiftly and efficiently and avoid litigation. In fact, in reality the opposite has often been the case. It can be very difficult to estimate what losses a brand owner will suffer if and when a licensee they are entering into a relationship with today breaches certain obligations in the future. However, what the brand owner does know is that a breach of certain obligations **will** damage their business.

The *Cavendish* Judgment

In *Cavendish* the Supreme Court held that liquidated damages clauses can be used to protect one party's 'legitimate interests' provided that the 'penalty' being paid is not exorbitant or out of all proportion to what the party is trying to protect. Examples of 'legitimate interests' which a brand owner might want to protect are intangibles like goodwill, brand reputation, confidential information, trade secrets, customer loyalty and employee and licensee relationships.

The contract in the *Cavendish* case was a large business sale transaction between sophisticated and well advised entities. The Supreme Court acknowledged that where a contract is negotiated between '*properly advised parties*' of '*comparable bargaining power*' there is a strong presumption that the parties are the best judges of what should be in the contract and the courts should not interfere. However, in situations where the contract is standard form and not negotiable, the licensee is inexperienced or not taking legal advice, or the brand owner is very much the dominant party in the relationship, a liquidated damages clause may not be so easy to enforce.

Opportunities for brand owners

Whilst the full implications of the *Cavendish* judgment are yet to emerge, this shift in the law does provide brand owners greater scope for specifying liquidated damages for breaches of certain clauses in their licence agreements. It can be very difficult for a brand owner to quantify the damages suffered following misuse of one of its intangible interests, making liquidated damages clauses particularly useful in a brand licensing context.

How much use is enough?

Defending your defensive marks in China.

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The bad news

Trade mark squatters and pirates have not gone away in China. They are still there and getting bolder. They are still filing for every permutation of your mark that they can get, because China is a "first to file" jurisdiction.

The good news

Savvy foreign rights owners are filing widely in China as a defensive measure to block squatters in non-core classes (such rights owners would generally already have protection in their core classes).

More bad news

The infringers are getting clever too and are using China's relatively simple non-use cancellation system to cancel vulnerable marks that have been on the Register for three years but have not been used in China.

The solution

Foreign rights owners need a plan to ensure a sufficient minimum amount of "use" evidence is generated to defeat any non-use cancellation filed by the knowledgeable infringer or the aggressive competitor.

The questions

What use will be considered by the Chinese authorities? How much "use" is enough?

The Answer

There is no one size fits all solution but here are some tips:

1 The use must be ***genuine*** use. But this doesn't mean that you necessarily need extensive (or any) sales.

2 The use must relate to the ***goods/ services*** covered by the defensive mark. Use relating to other goods / services will not be taken into account.

3 The use must relate to or target ***China*** – examples of use outside China, including Hong Kong or Taiwan (even if in the Chinese language) will be ignored.

4 Physical ***advertising*** in China can be sufficient, particularly if you keep evidence of the advertising contract from the Chinese newspaper / magazine, etc.

5 Use at ***trade shows***, in China, can be sufficient.

6 ***Recruitment ads*** have been held to be insufficient as they do not relate to the goods or services in question.

7 Merely relying on your 'international' ***website or Facebook*** page will not work. If the international website doesn't target China it will be ignored. As for Facebook ....it's banned in China so there is no point trying to rely on that!

8 BUT ***targeted websites*** and ***China specific social media*** can be a good solution. Does your targeted website use simplified Chinese characters? Does it list prices in Chinese currency? Can Chinese consumers purchase online? Do you have a Chinese social media presence, e.g. Weibo or WeChat?

Summary

A defensive 'use' strategy should be considered shortly after obtaining registration of a defensive mark. It is too late to try and "engineer" sufficient use after a non-use cancellation has been filed against you. As noted above, there are many types of use that either alone, or in combination, may be sufficient to protect your defensive marks. However, it is crucial to put a plan in place at an early stage.

Otherwise...**Even more bad news**: your defensive marks will be cancelled and the trademark squatter may charge you a significant premium to buy 'your' mark back from them.

The Spanish Supreme Court considers keywords and cookies

The Spanish Supreme Court has issued two decisions in cases concerning controversial subjects for Spanish trade mark owners: trade marks used as keywords in internet search engines and the use of a trade mark in a different form from which it was registered.


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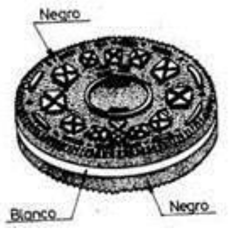
For the uninitiated, Google offers advertisers the ability to have sponsored links displayed when certain search terms ("keywords") are specified by the user. These sponsored links are normally distinguished from standard search results by an "advertisement" indication. In that context, imagine that a company selects keywords corresponding to a competitor's trade mark for advertising their sponsored link. Can that company be held responsible for trade mark infringement?

Fortunately, the CJEU has already answered that question in the well-known *Google France* and *Interflora v. Marks & Spencer* cases. Several years later, the Spanish Supreme Court has now finally had the opportunity to develop that approach in Spain.

The decision did not disappoint observers, since the Supreme Court has now set out specific criteria in order to determine trade mark infringement.

In short, the Court has reflected the CJEU judgments, allowing the use of registered trade marks as keywords to display sponsored links as long as:

1. the use of the trade mark does not erode the mark’s function of indicating origin and/or its economic function; and
2. there is no likelihood of confusion between the marks.

Registered Trade mark declared expired	**Other Registered Trade mark**
 Source: Spanish Patent and Trademark Office database	 Source: EUIPO database

The Court also clarified the criteria it would consider in determining infringement, including the distinctiveness of the registered mark and the clarity with which a user can distinguish between both companies. In that sense, use of advertising text that did not include any word referring to the owner's trade mark would be a sign indicating lawful use.

Separately, the Supreme Court has dismissed trade mark infringement actions commenced by the owner of the famous cookie, Oreo. In this judgment, the Court revoked Oreo's Spanish trade mark for non-use due to the mark not being used in the form in which it had been registered. The registered mark consisted of a picture of the cookie showing its decoration but without including the word "Oreo". That differed from the cookie as sold, which does contain the word "Oreo". In this regard, the Court held that the distinctiveness of the registered trade mark arose from the embossed design, so the inclusion of a name as distinctive as "Oreo" demonstrated that the company was not making genuine use of the registered trade mark.

As a consequence of this judgment trade mark owners may need to review their trade mark portfolio to analyse "gaps" between their marks as actually in the market; assess those implications; and decide whether new filing strategies are necessary. In the meantime, we await future decisions on similar matters to confirm whether this approach will be consolidated.

Crocodile win for Lacoste

It was not just crocodile tears for Pacogi after the Court of Appeal in The Hague recently refused its application for the word mark EAU CROCO due to a conflict with Lacoste's famous crocodile logo.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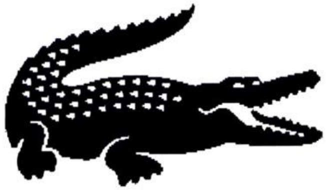
The Court held that because the Lacoste crocodile logo and the words EAU CROCO both refer to the concept of a crocodile, that in itself meant there was a real danger that the public could be confused about the origin of the goods marketed under this sign.

Lacoste opposed the Benelux word mark application EAU CROCO for perfume, jewellery and clothing, amongst other goods, relying on its famous crocodile logo. The Benelux Office for Intellectual Property ("BOIP") upheld the opposition and refused to register the EAU CROCO mark.

On appeal the Court agreed that both EAU CROCO and the Lacoste logo evoked the concept of a crocodile. Whilst the public would think of the Lacoste brand immediately upon seeing the crocodile logo, that did not prevent the logo from also suggesting the concept of a crocodile.

Contrary to the BOIP, which had considered that the signs also sounded alike to some extent, the Court of Appeal held that the Lacoste logo could not be pronounced. Despite the irrelevance of any aural similarity and the lack of visual similarity, it was held that the conceptual aspect of both signs, i.e. relating to crocodiles, created a likelihood of confusion.

Interestingly, the Court considered that this likelihood of confusion would be increased because perfume is usually marketed as a line of fragrances with varying but connected names. The public could therefore be led to believe that an EAU CROCO perfume is part of the same line as perfumes bearing the Lacoste logo.



Source: EUIPO database

Comment

Lacoste is on a roll, since this case follows an earlier General Court judgment from 2015 in which the fashion brand scored a victory against another crocodilian trade mark. In that case the applicant's trade mark consisted of a crocodile head and tail with the letters KAJMAN in between, together forming the concept of a crocodile.

The current EAU CROCO case takes matters a step further as it was not the visual elements that suggested the idea of a crocodile, but solely the meaning of the words. This case thus confirms that, even a similarity between the concepts that the two signs evoke in the public's mind may be sufficient for infringement, particularly when a trade mark is extraordinarily famous. This is good news for proprietors of well-known trade marks, since this enables those proprietors to protect and exploit the substantial investment made to promote their marks.

Furthermore, the decision also confirms that relevant market conditions can play an important role. The scope of protection of the Lacoste logo was, in a sense, extended here due to the fact that consumers of perfume are used to connecting products with a similar concept to the same brand, thereby increasing the likelihood of confusion.

But an earlier Alligator loss...

In an interesting comparison, in an earlier UK decision (*La Chemise Lacoste SA v Baker Street Clothing*), Lacoste, relying on the same EUTM (2979581) depicted below, was unsuccessful in opposing the Applicant's plain word mark for "ALLIGATOR" in Classes 25 (clothing, headgear, etc) and 35 (retail services in relation to those goods). It was held that the word mark should be carefully considered to determine whether it would have sufficient *"power to trigger perceptions and recollections of a particular image"*. In this case, the word "ALLIGATOR" was held to have insufficient "power" to trigger the public's perception and recollection of Lacoste's "crocodile" image, highlighting that whether words can infringe image marks (or vice versa) is a question of fact in each case.

Zanerobe Q&A: About the brand

Successful Australian fashion label and Bird & Bird client, Zanerobe, is a progressive men's street wear brand that was founded by Leith Testoni and Jonathon Yeo in Sydney, Australia in 2002 and is now a worldwide brand. A team from our Sydney office caught up with co-founder Leith Testoni to talk about building the brand globally, which is more than just about making apparel, but creating a design aesthetic oozing street scene culture and making waves as a youth movement....

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How has Zanerobe grown to become more than just a clothing brand but a cultural movement?

Our brand is based on some pretty simple models. We design what we want to wear and we work with people that resonate with us and we want to work with. It's largely an organic process based on mutual respect between us and our collaborators. We generally have close personal relationships with our photographers, social media influencers, musicians and artists. This creates authenticity in our partnerships and a sense of community. We try to support the people that support us by furthering their own objectives and helping them to realise their goals as well as the objectives of the brand. I hope to think that we have given back more than we have taken from these partnerships.

What challenges have you faced growing the brand in a global marketplace? Has the increasingly competitive online marketplace been an opportunity or challenge to the brand's growth?

Each market presents unique challenges. The online marketplace and proliferation of social media is a double-edged sword and has really changed the mode of operation. We have been around long enough to have seen business before and after these influences. Online obviously provides greater visibility of your product and access to the global community. It also provides visibility to competitors and imitators who can quickly identify what products are successful and replicate quickly. This really gives you a shorter timeline to reap the commercial benefits of styles that you have made investments in designing and marketing. This enforces the importance of continual innovation and progression.

How important has intellectual property protection been to managing the brand's global growth?

Over time we have learnt to be diligent and protect our IP but for a young and growing business it can be a cost prohibitive process. It's also where a lot of innovation takes place - in smaller and younger businesses that may not have the financing to protect their IP across the globe. There are people and companies looking to exploit this. I think it's vitally important but it has to be balanced against commercial viability and should be carefully considered with the right advice and experience.

What is the future for the Zanerobe brand? Do you see technology playing a larger part for the brand?

Innovation is our number one priority and we hope that this is what we will eventually be known for - playing a role in the progression and innovation of menswear. We will also continue to experiment with our digital programs, whether that will be online commerce or media. We will get involved with projects that inspire and motivate us and some of these projects will yield financial rewards and others will be put down to learning experiences.

We have some sub-brands coming that will further our integration with technology, particularly around innovations in fabric developments, but you will need to keep an eye out on what they are. One of the things I have learnt is not to give out too many details until you have all your "ducks in a row", IP protection in place and are ready to implement in the market.

EU trade mark reform

Since 23 March 2016, the new EU trade mark regulation (EUTMR) has been in force with significant changes in European trade mark law. This Regulation introduced significant changes to the unitary EU-wide trade mark system that has existed since 1996.

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On the one hand, we will have to get used to new terms such as the *EU trade mark* (or EUTM, instead of CTM) and the *EUIPO* (European Union Intellectual Property Office), but there are also significant substantive amendments, including the introduction of the European Union certification mark (from 1 October 2017) and codification of the 'literal meaning' approach to specifications of goods and services.. These two issues require a closer look.

Interpretation of Specifications

Although the 'literal meaning' approach has been in place for new applications for a number of years, the new Regulation makes clear that it now applies to all EUTM registrations, no matter when they were filed. As a result of this many trade mark owners whose trade mark specifications contain class headings from the Nice classification may find they have to take immediate action to prevent a reduction in their protection.

According to Article 28 EUTMR class headings of the Nice Classification that are contained in EU trade mark specifications will be interpreted following a literal approach, according to their natural and usual meaning. Therefore, class headings will only cover the goods and services that are clearly covered by the literal meaning of the respective words. Following the entry into force of the new EU trade mark regulation, the protection for such EUTMs is now therefore limited to those specific goods and services (not, for example, all goods/services within the particular class concerned, as was the case under the EUIPO's previous practice).

Owners of EUTM registrations who applied before 22 June 2012 and covered a class heading have until 24 September 2016 to try to maintain protection for goods or services they are particularly interested in, but which do not fall within the literal meaning of the words of the class heading (i.e. terms they thought were covered by the class heading used in their specification despite not being listed in that wording). EUTM owners must do so by filing a declaration indicating that their intention at the time of filing was to obtain protection beyond the literal meaning of the class heading(s) involved. Any such declaration should indicate the goods/services in respect of which there was an intention to obtain protection, with the proviso that only those terms included in the alphabetical list of the Nice Classification in force at the filing date shall be accepted. In this way, limitation in the scope of protection can be avoided (subject to certain caveats regarding pre-existing later third party marks).

If no declaration is filed, the owner's rights will be limited to the literal meaning of the class heading.

European Union Certification mark

The EUTMR also introduced a new European Union certification mark in Articles 74a-74k EUTMR, although applications for such marks may not be filed until 1 October 2017.

Whilst a trade mark acts as an origin indicator, a certification mark acts as a quality indicator. It signifies that the goods and services in relation to which it is used comply with certain quality standards – irrespective of the origin of those goods or services.

The owner of an EU certification mark will certify certain characteristics of goods and services, which may include: material, mode of manufacture of goods or performances of services, quality or accuracy, but not geographical origin.

In contrast, EU trade marks and EU collective marks distinguish the origin of goods and services from one undertaking from those of other undertakings.

An EU certification mark may not be owned by persons involved in a business relating to the supply of goods and services of the kind certified.

Therefore, the owner of an EU certification mark will not be a supplier of the goods and services on the market, instead they will be the party responsible for certifying and monitoring the qualities or characteristics of the relevant goods or services.

The mark owner must, within two months of filing their application, submit regulations governing the use of the certification mark, including details of which persons are authorised to use the mark and the relevant characteristics to be certified by the mark. The mark owner should also demonstrate how the certifying body is to test and monitor compliance with those characteristics and how it will supervise authorised use of the mark.

It is important that the certification mark owner maintains robust procedures for ensuring authorised use of the mark since a certification mark may be revoked if the original applicant no longer meets the requirement of neutrality.

Although still almost 18 months away from being available the EU certification mark is an important development. It is particularly important for those in EU territories that do not currently have national certification mark systems.

No need to register a licence with the EUIPO for initiating infringement proceedings against third parties

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The CJEU has recently clarified that – unlike situations where licensees initiate infringement proceedings based on national trade marks in certain jurisdictions within the EU – a licensee may initiate infringement proceedings based on a European Union Trade Mark ("EUTM") irrespective of whether the license has been recorded with the EUIPO.

Divergent licence recordal requirements across Member States

Whether or not a national trade mark licence, in order to have effect with regard to third parties, requires the recordal of the licence with the respective (national) trade mark office depends on national trade mark law.

In some countries (e.g. Germany), a licence is valid right after the licence agreement is signed and it does not have to be recorded with the trade mark office. By contrast, in other countries (e.g. Spain) the licence agreement only has effect between the parties so that the licence has to be recorded against the trade mark register in order to have effect vis-à-vis third parties.

It was therefore unclear in the various EU Member States how to deal with licences of EUTMs (formerly Community Trade Marks) where they are not registered with the EUIPO (formerly OHIM). In particular, the question whether a licensee may bring a trade mark infringement claim in such circumstances was handled differently.

While German courts held that registration was not necessary, Spanish courts refused claims made by the licensee, based on the assumption that the licensee was not entitled to assert such rights if the licence was not recorded. The Court of Appeal of Düsseldorf therefore asked the CJEU for clarification.

CJEU decision

The CJEU clarified in its decision (case C-163/15) that for EUTMs the licence does not have to be recorded in order for a licensee to bring an infringement claim. The Court ruled that – unlike cases where the new owner of a EUTM wishes to sue on that mark following a transfer – the legal provisions do not require a recordal. The Court held that although this may not be clear from a literal interpretation of sentence 1 of Art. 23(1) Community Trade Mark Regulation (now: EU Trade Mark Regulation), it emerged from a systematic and teleological interpretation of the relevant legal provisions.

Consequences

The CJEU decision leads to more clarity and certainty for licensees and – by way of analogy – also for owners of rights in rem over EUTMs and perhaps also Registered Community Designs (RCDs). The licensee still needs the trade mark owner's consent to bring infringement proceedings, unless the licence is exclusive and the owner has failed to take action upon formal request to do so by the licensee.

However, this does not generally mean that no licence of EUTMs ever needs to be recorded. Recordal of a EUTM licence safeguards the licensee's rights e.g. in the event that the trade mark owner subsequently grants conflicting licences to third parties, or assigns the licensed marks to a third party.

Key changes to the Polish Industrial Property Law

A number of key changes to the Industrial Property Law governing trade mark registrations (among other things), are currently being implemented in Poland. The next package of amendments will significantly change the current trade mark registration procedure before the Polish Patent Office (PPO).

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Examination procedure

The trade mark registration procedure in Poland is currently based on a detailed examination of the trade mark applied for, covering both absolute and relative grounds for refusal. From 15 April 2016, the procedure will focus only on formal aspects, involving examination of absolute grounds, but no longer encompassing examination of relative grounds, e.g. potential conflicts between the trade mark applied for and an earlier registered trade mark due to its similarity or identity.

The new procedure aims to align Polish trade mark regulations to EU trade mark procedure before EUIPO. The latter does away with relative grounds objections at the examination stage, leaving it to interested parties to take up opposition proceedings instead. On one hand this simplifies the examination process for applicants by obviating the need for them to respond to citation objections; however on the other hand, the procedure imposes more effort and financial cost upon registered EU trade marks holders due to the need to monitor and oppose new applications to counter any potentially infringing activity.

Letters of consent

For the first time in the Polish legal system, the next package of amendments will also implement grounds for letters of consent. These are useful for businesses when dealing with trade marks which are similar or identical to existing registrations. Currently such letters are accepted only where the PPO objects to a mark on grounds there is a conflict with an earlier registration. However, following the introduction of the new approach to examination discussed above, letters of consent will be accepted by the PPO as a method for the parties to settle issue arising under opposition proceedings.

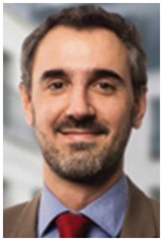
In the past, letters of consent were accepted by the PPO without any legal basis. However, administrative courts considered this to be ineffective and not capable of overriding the PPO's refusal of a trade mark registration when a conflict with an earlier registered trade mark was found. This had the effect that independent businesses, and even companies in the same group, could not consent to their similar marks co-existing on the register.

With the implementation of the new Polish trade mark regulation, the binding effect of such letters of consent has finally been confirmed and the difficulties with market co-existence of similar trade marks, particularly within a company group, should be easier to resolve.

Given that letters of consent are a new institution under Polish law, a number of practical issues connected with their application may still arise, including whether a trade mark holders' consent may be transferred to the beneficiary's successor, or whether the withdrawal of consent after registration will cause the registration to lapse. These issues will be addressed by the PPO's practice and administrative court decisions in due course.

Trade mark owners benefit from new technologies to prove infringement of their rights

This is particularly useful in cases where the counterfeit products are otherwise indistinguishable from genuine versions.

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The Paris Court of Appeal, in upholding a first instance decision of infringement in a trade mark infringement action against the French retailer Carrefour, has confirmed the importance of the use of advanced product identification technologies as a means for rights holders to demonstrate that allegedly counterfeit products are indeed not genuine.

Converse Inc. ("Converse"), the American shoe manufacturer, initially brought trade mark infringement proceedings against Carrefour, and several other defendants, following the seizure by French customs officials of several thousand allegedly infringing products bound for retail in France.

The defendants argued that the allegedly infringing products were genuine and had been placed on the EU market through a network of authorised distributors with Converse's consent, before finally being supplied to Carrefour. Thus, pursuant to the doctrine of exhaustion, Carrefour would have been free to sell them.

Were the products genuine?

In order to prove that the allegedly infringing products were not genuine, Converse relied on its use of certain product labelling technology. Tailored to the fashion and luxury goods industries, this technology combines product labelling with product management software.

Each genuine product manufacturing plant is equipped with a printer which labels each product with a unique number which is then saved to an online database (operated by an independent company). As a result, counterfeit products can be shown not to be genuine as their product numbers will not match those stored on the online database. By use of this method, Converse proved to the Court's satisfaction that three of the eleven sample products (selected from the total of those seized) were indeed not genuine.

Had the rights been exhausted?

According to the doctrine of exhaustion, a trade mark owner may not prohibit the use of its trade mark in relation to goods which have been put on to the EU market with its consent.

In cases where there is no risk of market-partitioning, e.g. where there are passive sales between the mark owner's exclusive distributors, as was the situation in the present case, it is incumbent on the potential infringer to prove such exhaustion.

As the defendants failed to do so, the remaining disputed (but not demonstrably counterfeit) products were held to be infringing as well.

This case illustrates that tools, including up-to-date reference management system and the use of robust product-identification technologies, provide rights holders with a valuable weapon against cutting-edge counterfeiters.

Successful branding of an online business – the Finnish way

One of the pioneers in online retail has registered "Verkkokauppa.com", i.e. "onlineshop.com", as its trade mark in Finland. Now the Finnish Supreme Court has confirmed that the brand, with its 86% brand recognition, deserves special protection.

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In March 2016, the Finnish Supreme Court ruled that online retailer "Verkkokauppa.com" (meaning "onlineshop.com") is a well-known trade mark in Finland and deserves special protection. Verkkokauppa.com had shown with market surveys that 86% of relevant internet users recognised the sign Verkkokauppa.com.

The stock-market listed "verkkokauppa.com" is a Finland-based online retailer with a turnover of €344 million in 2015. Its business is growing rapidly, with revenue having grown by 25% in 2015 alone.

Verkkokauppa.com was originally well-known for selling home electronics and IT products. However the company has expanded its product range significantly and now offers a wide variety of products including toys and family products.

The defendant and alleged infringer was a company selling boat accessories online. The defendant started using the domain and sign "veneilijanverkkokauppa.com" ("boater's onlineshop.com"). The Supreme Court concluded that the use of "veneilijanverkkokauppa.com" infringed the well-known trade mark "Verkkokauppa.com". It was relevant that the defendant's sign had visual similarities, including the use of similar colours, to the Verkkokauppa.com sign. The Court found this implied that the defendant had tried to exploit the reputation and distinctiveness of the well-known trade mark Verkkokauppa.com.

The Court also gave weight to the significance of online business in the commercial world today. The Court stated that although the trade mark Verkkokauppa.com had been registered relatively recently, in 2004 (six years before the trade mark infringement was commenced), the trade mark could be regarded as a well-known trade mark, especially taking into account the significant increase in the use of internet and online sales over recent years.

The infringer has now changed its brand and domain to avoid infringement, although it continues to sell boat accessories under the Finnish domain ".fi" using the sign "veneilijanverkkokauppa.fi". However, it appears to be a quite widely accepted understanding at least in the Finnish media that the change is enough in this particular case to avoid any further infringement suits – whether that is in fact the case remains to be seen.

Online shopping continues to boom

According to the European Commission, 65% of internet users in the EU use the internet for online shopping. At the same time there is still potential for future growth given that just 37% of retailers in the EU sell online to consumers in their own country, and only 12% of retailers sell online to consumers in other EU countries.

Brand watch

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'Wrong way round' confusion in the UK

The Court of Appeal upheld a decision that the American musical comedy television series "Glee", owned by Twentieth Century Fox Corporation, infringed a figurative mark incorporating the words "the glee CLUB", owned by the claimant, Comic Enterprises Limited, a proprietor of entertainment venues in the UK (*mark shown below*).

Source: BAILII database

Interestingly, the Court held that evidence of 'wrong way round' confusion is admissible and can be probative of a likelihood of confusion at the relevant date in relation to trade mark infringement under section 10(2). 'Wrong way round' confusion occurs when consumers are aware of the allegedly infringing sign but not the prior registered mark (usually because the sign is more famous than the mark). Upon seeing the registered mark they confuse it with the defendant's sign (unlike a classic case of confusion where the consumer knows the registered mark and is confused upon seeing the defendant's sign).

'Wrong way round' confusion underlines the potential strength that lies in registered marks, including less well-known marks held by smaller companies, against any infringer – no matter how famous or popular their mark might be. This case also highlights the importance of careful trade mark clearance searches in all relevant jurisdictions before releasing a product or service.

Case: *Comic Enterprises Ltd v Twentieth Century Fox Film Corporation* [2016] EWCA Civ 41

Bad faith trade mark applications in China

The UK Intellectual Property Office (IPO) recently commissioned a research programme among UK businesses in order to understand the extent of rival trade mark applications made in bad faith and how they affect UK businesses operating in China.

The results showed that around a quarter of businesses participating in the research had experienced a bad faith trade mark application. In total, 70% of the businesses who had experienced a bad trade mark application incurred directly related costs in dealing with the application. From that group, around a third reported they had lost revenue for reasons including being unable to sell their product while they awaited the outcome of trade mark opposition proceedings against the bad faith application.

Interestingly, although the IPO had previously believed that most bad faith trade mark applicants intended to sell the marks back to the rightful owners without using the trade mark, responses from over half of businesses affected by bad faith applications indicate that the main motivation for the application was to do business using the trade mark.

For more information on this topic see the article 'How much use is enough?' by David Allison and Rieko Michishita on page 8 and here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/493437/Bad-faith-trade-mark-application-report-plus-case-studies.pdf

New EUIPO tools assist trade mark applicants

In its 2016 Work Programme, in which it sets out the activities to be undertaken during 2016, the European Union Intellectual Property Office (EUIPO) has indicated that it expects the total number of EU trade mark applications this year to increase to 131,849 (an increase of 5% over 2015).

In order to streamline the application process given the growing number of applications, the EUIPO has announced that it will make publicly available a pre-validation tool, identical to that used to support examiners in their decision-making process. The EUIPO aims that this will allow users to assess up front the probability of their application fulfilling the examination criteria once filed.

https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/news/ohim_work_programme_en.pdf

Upcoming industry events

Sustainable Brands San Diego

6 – 9 June 2016

San Diego, USA

This event focusses on understanding the role of brands in shaping our future.

http://events.sustainablebrands.com/sb16sd/

The Annual Brand Conference

9 – 10 June 2016

New York, USA

This event brings together marketers from around the world, with its overall topic of "Marketing effectiveness in a world of multiple platforms".

https://www.conference-board.org/conferences/conferencedetail.cfm?conferenceid=2786&topicid=10&subtopicid=90

Loyalty World

13 – 14 September 2016

London, UK

16th annual conference centred around ideas for encouraging brand loyalty.

http://www.terrapinn.com/conference/loyalty-world/index.stm

Retail Congress Asia-Pacific

12 – 13 October 2016

Kuala Lumpur, Malaysia

Bringing together leading retailers to share their experiences and challenges in the growing market.

https://www.retailcongressasia.com/

Global Brand Protection Summit

21 – 22 September 2016

Amsterdam, the Netherlands

A global meeting discussing the need for secure solutions against counterfeits and online infringements.

http://www.arena-international.com/gbps

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