

FOCUS ON MADRID AS UNITED STATES OF AMERICA JOINS SYSTEM

Under the Madrid Protocol System for International registration of marks it is possible for a trademark owner to apply (based on a suitable home trademark registration/application) for a single International registration covering a number of designated member countries.

The system involves payment of a basic fee and also fees for each designated country. The designation fees can vary; however the system is generally cheaper than individual national filings.

Since the United Kingdom joined the Madrid Protocol System in the mid 1990s it is probably fair to say that the system has been under-used by UK companies.

However the recent announcement of the United States accession to the Madrid Protocol System is likely to encourage brand owners to focus on

Madrid as a potential filing method for trademark protection programmes.

The United States deposited its accession documents in August and the Protocol will enter into force with respect to the United States on 2 November 2003.

The United States has (as expected) announced that it will set an individual filing fee, equivalent to the national filing fee.

Trade Mark clearance searches for the United States remain advisable to assess the availability of a mark for use.



From 2 November 2003 it will be possible:

- To designate the United States in any International trademark application under the Madrid Protocol.
- To add the United States (by means of a subsequent designation) to any existing International trademark registration under the Protocol.
- For US trademark owners to use the Madrid Protocol System for trademark filing programmes.
- To assign International registrations under the Madrid Protocol to US companies (in cases where such transfers were previously blocked due to US non-membership of the system).

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LEGAL 500 RECOMMENDS D YOUNG & CO

For the second year running D Young & Co has been voted one of the top tier UK trade mark and patent mark attorney firms by clients and senior practitioners in the Intellectual Property field.

The Legal 500 provide an annual qualitative assessment of UK Law firms in order to provide independent advice to clients seeking the best firm for their work. The Legal 500 recognises that "what clients really want are individuals on whom they can rely to deliver prompt, responsive and high-quality service, and efficient project and case management." (Martha Sellers Klein, Editor of The Legal 500, 2003).

In order to achieve this commendation D Young & Co has demonstrated that our attorneys have both the breadth of experience and the resources to provide good IP solutions to our clients.

Legal 500 Evaluation of D Young & Co's Trade Mark Practice:

"D Young & Co's chairman Penelope Nicholls and partner Jeremy Pennant are excellent. Nicholls has advised Procter & Gamble, Arsenal FC, and Anheuser-Busch (Budweiser) on contentious matters. The firm is also strong on the non-contentious side, while its reputation for training is second to none in the profession. Major departmental client gains in 2002 included LVMH, UPS and Kangol."

STRIPES AS DECORATIVE ELEMENTS

Adidas - Salomon AG and Adidas Benelux BV v Fitnessworld Trading Limited

When choosing a trade mark which consists of a motif, design or other decorative feature, trade mark owners should be aware of the possibility that it will not be recognised or protected as a trade mark unless they take positive steps to reinforce this association amongst consumers. The report below concerning the "well known" three stripe device used by Adidas on sports clothing and footwear reinforces this point. Indeed, the Advocate General's opinion must represent something of a pyrrhic victory for Adidas; although he has recognised that the European law provisions giving enhanced protection to "well known" marks when used on dissimilar goods extend to unauthorised use on similar goods (a surprising conclusion given the literal wording) he has suggested that traders who are using "simple and long accepted decorations and motifs" may not obtain trade mark rights in such features.

It will be recalled that Article 5(2) of the Trade Marks Directive provides that Member States can provide an additional level of protection to well known marks with a "reputation" under their national laws. The wording of this provision states that trade mark proprietors can prevent third parties from using in the course of trade any sign which is identical with or similar to the earlier registered mark in relation to goods or services which are **not similar** to those for which the earlier mark are registered. Whilst the proprietor of the earlier trade mark must also demonstrate that it has a "reputation" in its mark, and that the use of the later sign "without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or your repute of the trade mark", it is not necessary to prove that there is a likelihood of confusion.

Advocate General Jacobs has now confirmed the ECJ's interpretation of this provision given in *Davidoff & Cie, SA, Zino Davidoff S.A. v Gofkid Limited ('Davidoff II')* and has stated that, in his view, Article 5(2) must be interpreted as also granting to the owner of a trade mark with a reputation in a Member State the right to oppose the use of an identical or similar sign in respect of **identical or similar goods**, even where there was no likelihood of confusion as a result of the contested use.

The *Adidas* case was a referral from the Hoge Raad der Nederlanden (the Supreme Court of the Netherlands) to the ECJ. Adidas is the owner of the well known 'three stripe' trade mark, which is registered in Benelux in respect of clothing. The stripes are of equal width, run parallel to one another, and appear on the side and



Source: Adidas Y3 Male Fashion, Paris 2002

down the length of articles of clothing. Fitnessworld Trading Limited offered for sale articles of clothing on which two parallel stripes of equal width were applied to the seams. Adidas brought an action for trade mark infringement against Fitnessworld, and claimed that the use of the two stripe motif a) created a likelihood of confusion on the part of the public, and b) took unfair advantage of its well known three stripe mark, in that the exclusivity of the logo would be impaired.

At first instance, Adidas had succeeded in their claim of trade mark infringement and also a claim that the use by Fitnessworld of their two stripe logo diluted Adidas' rights in their well-known mark. On appeal to regional Court of Appeal in Arnhem this judgement was set aside, the Court finding that customers would not in fact be confused and that

the defendant was only using their two stripe motif for embellishment or decoration.

The case was appealed further to the Hoge Raad where, for the first time, Adidas argued that because their mark was well-known it should enjoy enhanced protection against unauthorised users on similar goods (and not merely dissimilar goods/services) since this also constituted unfair competition of the type contemplated by Article 5(2) of the Directive.

In referring the case to the ECJ, the Dutch Supreme Court asked explicitly whether Article 5(2) of the Directive, which, as noted above, is expressed to apply only where the sign is used in relation to goods or services which are **not similar** to those for which the trade mark is registered, must also be interpreted as applying in relation to **similar** goods and services.

The ECJ was also asked whether the fact that the public would view the allegedly infringing sign as an embellishment or decoration (as opposed to an indication of origin) is relevant as regards the question of alleged infringement under Article 5(2).

In answering the Dutch Court's first question the Advocate General referred to the ECJ's Decision in *Davidoff* and pointed out this explicitly states that Article 5(2) cannot be given an interpretation which would lead to well known marks having less protection where a sign is used in relation to identical or similar goods or services, than where it is used in respect of non-similar goods or services (as would

be the case if the literal wording of Article 5(2) were followed). This is contrary to the view held by the United Kingdom Government, which submitted representations to the effect that EU member states should be allowed to decide to follow the literal wording of Article 5(2) and limit the additional protection conferred by the provision to non-similar goods and services only.

If the ECJ follows the Advocate General's Opinion and holds that Member States are not allowed to limit the protection conferred by Article 5(2) to dissimilar goods only, the rights conferred on proprietors of well known marks will be significantly widened, in that they will be able to take action against third parties using their marks in relation to identical or similar goods, notwithstanding the fact there may be no likelihood of confusion; in particular, the UK Courts will have to follow this interpretation.

As regards the question as to whether or not the public perception of the infringing sign as a mere decoration affects the protection conferred, the Advocate General held that, "if the relevant section of the public perceives the given sign as doing no more than embellishing goods, and in no way as identifying their origin, that sign cannot be regarded as used for the purpose of distinguishing those goods".

He also pointed out that the essential function of a trade mark is to identify of the origin of the marked goods, and that that function cannot be fulfilled if the public perceive the sign as pure embellishment or decoration. Further, he commented that it would be undesirable as a matter of principle to extend the protection of trade marks to preclude the use of common decorations. His conclusion, therefore, is that it is a condition of the protection conferred by Article 5(2) that the infringing sign is used **as a trade mark**. He distinguished the contrary statements by the European Court of Justice in *Arsenal Football Club vs Matthew Reed* on the basis that that case involved use of the identical mark on identical goods to those covered by Arsenal's registrations.

PHARMA MARKS

HOW CLOSE IS CLOSE?

A recent decision by the appointed person (Geoffrey Hobbs QC) in UK trade mark opposition proceedings involving the marks TARGOCID and XAROCID has highlighted a much debated question as to whether assessment of confusing similarity between marks for pharmaceuticals involves application of a different test to the norm in other categories.



In the field of pharmaceutical marks, there is a greater tendency for the debate in opposition proceedings to centre on the nature and structure of the marks themselves, often because they are invented words and contain similar or identical prefixes and/or other parts of the overall mark.

In this case, Bayer AG applied to register XAROCID for "pharmaceuticals, diagnostic preparations and reagents for medical use". Merrel Pharmaceuticals Inc opposed in reliance on their prior registration of TARGOCID, which covered pharmaceuticals in Class 5 and was also in use. Apparently TARGOCID was used for antimicrobial preparations since 1990 in a number of countries, although the Appointed Person held that the evidence of use filed did not add anything of significance to the objection under section 5(2)(b) of the UK Trade Marks Act 1994.

In the instant case the two marks had the same suffix "-CID" but the Registry Hearing Officer had found that people exposed to the marks would not attach real weight or significance to this element; he held that the differences between the respective prefixes (in particular saying that "XARO-" in the applicant's mark was an unusual and visually arresting first element) was sufficient to permit co-existence.

On appeal that decision was upheld, albeit with some reluctance, by the Appointed Person. He was unhappy with the Hearing Officer's view that the distinctive power of the marks in question was frontloaded rather than evenly dispersed throughout the marks as a whole; if this were to be ignored, the only clear difference between the marks was the inclusion of the letter "G" in the opponent's mark and he wondered if this was sufficient to render the marks as a whole distinguishable.

He also considered the general issue of confusing similarity under Section 5(2)(5), referring to the ECJ decision in the *Canon Case*, and the need to demonstrate that the public could believe that the goods or services covered by the trade marks in issue come from the same undertaking or economically linked undertakings. He suggested this involved the need to show that the marks are "distinctively similar" in order to induce this belief. This latter term introduces yet another element into the assessment of confusing similarity. The Appointed Person also suggested that marks which contained the same element, e.g. an identical prefix or suffix may nevertheless still not be confusingly similar depending on the "propensity of the particular mode of

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element of expression (in common) to be perceived in the context of the marks as a whole as origin specific or origin neutral".

He then stated that the level of attention and effort required to perceive and remember the differences between the two marks was in this case likely to be greater than people in the relevant market would actually bring to bear on them; nevertheless he concluded that on balance he could not overturn the Hearing Officer's initial view since it was not clearly erroneous.

The case is interesting from a practitioner's perspective because it seems to cast doubt on a number of well accepted guidelines followed by practitioners/tribunals when assessing likelihood of confusion between invented words in the pharmaceutical field.

In particular there has been a long standing tendency not to consider that an identical suffix is sufficient to render the marks as whole confusingly similar when they are both invented words.

That this approach may be too simplistic is reinforced by another recent unreported decision in opposition proceedings involving the marks TWINHALER and TWISTHALER where the Hearing Officer found that the two were confusingly similar when intended for use on identical goods (in both cases, asthma inhalers).

There has also been a growing trend on the part of the regulatory authorities within the pharmaceutical industry, in particular, the US Federal Drugs Administration ("FDA") and its European equivalent (EMA) to refuse new product names which most practitioners would not see as anything like existing brands. The rationale is that any confusion (even one incident) could lead to significant harm to the customer - especially if mis-prescribed a new drug.

In the past, the UK Trade Mark Registry (at least) have not adopted a similarly cautious approach and have often taken new marks in Class 5 which differ from the earlier right only by one or two letters, even where the suffix is identical. It seems this more liberal approach may now have ceased to apply.

FORTHCOMING EVENTS

Jeremy Pennant will be speaking at the ITMA evening meeting, 28th October 2003, on *Recent Decisions Before the European Court of First Instance and the ECJ*.

Penny Nicholls will be presenting papers at the Illinois Paralegal Association Education Seminar in Chicago on 29th October 2003 concerning *The Madrid Protocol*.

Jeremy Pennant will be attending the INTA mid-year meeting in Boca Raton, Florida on 12th - 15th November 2003.

SHORTER NON-USE TERMS - IS THIS A NEW TREND?

Traditionally, in most jurisdictions, trade mark owners have been allowed up to five years after registration to put marks into use before they become vulnerable to cancellation. This arrangement was considered to strike an acceptable balance between the need to keep the marks free for use by other traders, and thus avoid perpetual monopolies, as against the needs of the trade mark owner, who may require a period of several years to get his new product ready for the market.

Whilst many jurisdictions, (including the European Union (CTM) and the USA) still allow trade mark owners five years within which to commence use of their mark before it is open to challenge, there has been a growing trend in the Far East and Australasia to reduce this period to three years.

In particular, Australia, China, Indonesia, Japan and Taiwan have recently all reduced their statutory non-use periods to three years. This year, both Hong Kong (whose Trade Marks Ordinance came into effect on 4th April 2003) and New Zealand (where the new Trade Marks Act came into effect in August 2003) have similarly reduced the non-use cancellation period to three years.

If this trend continues, trade mark owners will need to act more quickly to introduce their new products or services to the commercial market place. They should also note that there are now significant discrepancies as between various countries insofar as the non-use provisions are concerned.

If further advice is required as to the position in an individual country, or what type of use might be considered sufficient to maintain the registration, clients should contact one of the firm's trade mark advisers.

FOR FURTHER INFORMATION PLEASE CONTACT ONE OF OUR QUALIFIED TRADE MARK ATTORNEYS:



Penelope Nicholls, Partner



Jeremy Pennant, Partner



Gillian Deas, Associate



Jill Matchett, Associate



Jane Harlow, Associate



Angela Thornton-Jackson, Associate



Kara Bearfield, Associate

Website: www.dyoung.com

Email: mail@dyoung.co.uk

London office: 21 New Fetter Lane, London EC4A 1DA, UK Tel: +44 (0) 20 7353 4343 Fax: +44 (0) 20 7353 7777

Southampton office: Briton House, Briton Street, Southampton, SO14 3EB, UK Tel: +44 (0) 23 8071 9500 Fax: +44 (0) 23 8071 9800