

Intellectual property law

Newsletter

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Lovell White Durrant's intellectual property services include advice on the protection and exploitation of rights, drafting and negotiation of licences and assignments (often as part of a corporate acquisition or restructuring) and advice on the subsistence, ownership, validity and infringement of rights. The firm offers a trade mark filing service in France, the Czech Republic, Hong Kong, China, Vietnam, Laos, Myanmar (Burma) and Cambodia, and through its associates in countries around the world.

This Newsletter is written in general terms and its application in specific circumstances will depend on the particular facts. If you would like to follow up any of the issues which it raises, please contact Robert Anderson, Quentin Archer, Michael Golding, Nicholas Macfarlane or Lindy Golding in London (UK and EC), David Latham in New York (USA), Milan Chromecek in Paris (France and EC), Tomas Bettelheim in Prague (Central and Eastern Europe) or Henry Wheare or Stephen Hayward in Hong Kong (Hong Kong, China and Indo-China).

The firm's New York office does not practise US intellectual property law nor does its Tokyo office practise Japanese law. We do however have close connections with firms of US and Japanese lawyers enabling us to obtain advice quickly on questions affecting intellectual property in those countries.

Details of the firm's foreign offices appear in the rear inside cover of this Newsletter.

Trade marks

VISA TRADE MARK RULING

Visa International Ltd ("Visa") recently defeated an attempt to take advantage of its well-known trade mark.

In 1984, a company ("Sheimer") registered *VISA* as a trade mark in the United Kingdom in relation to condoms and other contraceptive devices. In 1995, Visa (which had registered *VISA* as a mark in the UK for financial services) applied to have the mark revoked under s 46 Trade Marks Act 1994. Visa contended that Sheimer had made no genuine use of the mark for the past five years. Sheimer put in evidence to refute this, which Visa met with evidence showing Sheimer's evidence to be false.

At this point, Sheimer surrendered the trade mark. However, shortly afterwards, it applied to register *VISA* for the same goods as before. Visa opposed the application on a number of grounds (not all considered here). One was that Sheimer's use of the mark would (a) take unfair advantage of Visa's mark or would (b) be detrimental to its repute or character, contrary to s5(3) of the 1994 Act. The Hearing Officer upheld this opposition. However, he rejected Visa's other contention that Sheimer had applied for registration in bad faith (contrary to s 3(6)). Both parties appealed.

On appeal, in relation to s5(3), Geoffrey Hobbs QC held that the evidence showed that Sheimer "wanted and expected" people to link its use of *VISA* to Visa's use of the word. His impression was that "Sheimer wanted to use a famous name for its products, so that they would become famous for being products of the same name as the name whose fame they fed upon". The name *VISA* was a suitably famous mark to achieve this end, and the resulting "cross-pollination" between the parties' use of the mark would be detrimental to the distinctive character of

Visa's mark. The objection under s5(3) was therefore made out.

This was so even though Sheimer was using the mark for very different products, because Visa's mark had such a distinctive character and reputation in the UK. Mr Hobbs could see no reason why Visa's use of its mark should be burdened with "connotations of birth control and sexual hygiene that would alter perceptions of the *VISA* mark negatively from the point of view of a provider of financial services".

Mr Hobbs did not, however, accept that Sheimer would obtain any "unfair advantage" through its use of the mark, of the kind contemplated by s5(3). However, this was irrelevant since Visa succeeded on the other limb of s5(3).

On the basis of these findings (as well as Sheimer's dishonesty in the original revocation application and its failure to explain why it had chosen *Visa* for its products and adopted a virtually identical representation of *Visa* on its packaging to Visa's), Mr Hobbs found that Sheimer had indeed been motivated by bad faith when applying for registration. He therefore upheld Visa's appeal under s3(6) and dismissed Sheimer's cross-appeal under s5(3).

David Latham

ECJ DECISION ON RE-PACKAGING/ LABELLING OF PARALLEL IMPORTS

In *Pharmacia & Upjohn v Paranova* (Case C-379/97 - unreported, 12 October 1999), the European Court of Justice confirmed and extended its earlier jurisprudence on the legality of re-packaging and re-labelling parallel imports. In particular, it gave guidance as to when it might be "necessary" for a parallel importer to do so.

Background

The defendant bought up supplies of the claimant's product in France and Germany, where the drug (marketed as *Dalacin C* and *Dalacine* respectively) was on sale at relatively low cost. It then imported these into Denmark, a so-called "high price" country. Before selling them there, and without the claimant's consent, it re-packaged the products and re-branded them as *Dalacin*.

The claimant brought proceedings for trade mark infringement in Denmark. The defendant denied infringement. It also argued, amongst other things, that the re-packaging was permissible by virtue of the ECJ's earlier decision in *Bristol-Myers Squibb v Paranova* [1996] ECR I-3457.

The ECJ's decision

Under *Bristol-Myers Squibb v Paranova*, a trade mark owner cannot object to the re-packaging/re-branding of his goods if:

- (1) the use of different packaging and labelling of the product in different Member States has had the effect of partitioning the market; and
- (2) the re-packaging by the importer was necessary to market the product in the importing Member State; and
- (3) it could be shown to the national court that the re-packaging neither affected the condition of the product, nor damaged the reputation of the trade mark owner or its trade mark, and
- (4) both the re-packer and the original manufacturer were named on the new pack and the importer had given prior notice (and samples if requested) of the re-packaging to the trade mark owner.

By affirming this decision, the ECJ has arguably made it more difficult for research-based pharmaceutical companies to use trade mark rights to prevent parallel imports. The ECJ also reiterated its earlier finding that the partitioning of the market through the use of different trade marks need not be intentional (eg if different trade marks are being used because of practical difficulties in registering the same mark throughout the various EU Member States). Furthermore, the court held, the question of whether

the re-packaging/re-branding was "necessary" or not must be considered in the context of whether a refusal "would constitute an obstacle to effective access by [the importer] to the markets of the state of import".

This summer, in another case involving *Paranova*, the Danish national court also gave its views on how "necessary" might be interpreted. The court decided that "commercial factors" might suffice to justify the re-packaging/re-branding. Such factors might, for example, include the public's dislike of foreign language packaging or the poor impression given by over-labelled (as opposed to re-packaged) imported products.

Of course, all this suggests that, whilst re-packaging might be necessary, there might be less justification for re-branding, since re-packaging and the use of the product's generic (INN) name in the importing state should overcome the objections raised by the courts.

Simon Harper

ECJ DECISION ON REPUTATION OF *CHEVY* MARK IN EUROPE

The EU trade marks harmonisation directive seeks to ensure that laws on trade marks are largely the same throughout the European Union. However, a degree of divergence is contemplated, since some of the directive's provisions are optional, ie EU Member States can choose whether to include them in their national legislation.

One of the optional provisions, which has in fact been adopted by most countries (including the UK - see the note on *VISA* above) entitles a trade mark owner to sue for infringement if someone else uses an identical or similar sign on goods or services which are not similar to those covered by his registration. To succeed in such an action, the trade mark owner will have to show that (i) he has a "reputation" in the territory and (ii) the use by the other party takes "unfair advantage" of, or is "detrimental", to the mark's character or repute.

On 14 September, the ECJ gave a decision (unreported) on the interpretation of this provision. The dispute concerned the *CHEVY*

mark, which General Motors ("GM") registered in 1971 in the Benelux in relation to motor vehicles and vans. GM complained about the registration (in 1988) and use of an identical mark in Benelux by Yplon SA for detergents and cleaning products - clearly products which were "not similar" to cars and vans. The ECJ was asked to interpret the requirement that a mark must have "a reputation" in the territory in question, and rule on whether such a reputation had to exist throughout the territory, or need only exist in part of it.

Courts in the UK tend to look first at the end result of the use of the sign - ie whether it takes unfair advantage of, or is detrimental to the distinctive character or repute of the registration. Only then do they consider the factors relevant to the distinctiveness of the mark, the reputation it has gained, the degree of similarity between the two marks and the extent of the differences between the products or services covered, in order to decide whether the necessary reputation exists and has been damaged.

The ECJ held that the proper approach is instead to ask first whether the mark "has a reputation", ie is the earlier mark known by a significant part of the relevant public in relation to its products or services. The court should then ascertain whether that reputation exists in a substantial part of a member state. (For these purposes, the ECJ held that it was enough for the reputation to exist in a substantial part of any of the Benelux countries). If so, the court should then decide whether the earlier mark was detrimentally affected (without due cause) by the use of the later sign. The court stressed that it was clear that the stronger the earlier mark's distinctive character and reputation, the easier it would be to find that detriment has been caused to it.

The court did not, however, refer to any reputation generated by use of the later mark, which in this case had been over a 10 year period.

This decision will require a modification of approach by the UK Courts when this issue is next raised in national proceedings. Trade mark owners will welcome the narrower definition of the relevant public with whom they must prove that they have a reputation. By contrast, an owner of a registered mark which is identical or similar to an earlier,

better known, registered mark in another class will be concerned that its trade mark is not safe from challenge, even after several years of use.

Patrick Wheeler

HEINZ REGISTERS TIN COLOUR AS TRADE MARK

H J Heinz, the well-known food manufacturer, has registered the turquoise colour of its Heinz baked bean tins as a trade mark. It is one of a select band of companies which have been able to persuade the Trade Marks Registry that a colour has, through use, become so distinctive of its products as to merit registration as a mark. Notable other examples are Harrods in relation to the colour green used throughout its famous store and Cadbury's in relation to the shade of purple used on packaging of its chocolate products.

Caroline Clarke-Jervoise

CAN A GROUP OF LAWSUITS AMOUNT TO AN ILLEGAL CONCERTED PRACTICE?

An ingenious use of EC competition law has recently upped the ante in favour of the parallel importers in the grey goods war. In *Glaxo Group Ltd v Dowelhurst Ltd* (unreported, 18 November 1999), seven pharmaceutical companies were suing parallel importers for trade mark infringement and passing off. The defendants applied to amend their defences and to introduce counterclaims to the effect that the claimants, in bringing these proceedings, were contravening Article 81 of the EC Treaty.

Art 81 (previously Art 85) prohibits agreements or concerted practices which affect trade between EU Member States and which have as their object or effect the restriction, distortion or prevention of competition. The defendants alleged that the claimants' collaborative attack against them not only provided them with a defence to the trade mark proceedings but would also entitle them to damages for infringement of Article 81 under the Treaty. The claimants contended that there was no credible evidence pointing to the existence of a concerted practice.

Laddie J held that, under current EU law, cooperation between parties with a view to advancing a collaborative attack on parallel importers might in theory amount to an unlawful concerted practice under Art 81. He also ruled that it was at least arguable that this would give the defendants an EU defence and entitle them to damages. On the evidence, the judge concluded that the defendants' allegations could not be dismissed as fanciful.

However, he went on, even if there were a concerted practice, it did not follow that all seven sets of proceedings had in fact been commenced as part of it. Having looked at the facts of each case, he refused the application in relation to the Glaxo claimants. In relation to the other three groups of claimants, however, he held that the evidence was thin but not so insubstantial as to be unarguable. He therefore allowed the applications by these defendants.

Caroline Clarke-Jervoise

Copyright

COURT OF APPEAL DECISION ON GUINNESS ADVERTISEMENT

The Court of Appeal recently decided that, although film editing techniques are not protected by copyright, copyright protects a wider class of "dramatic works" than was previously thought.

In our September 1998 issue, we reported on the decision of Rattee J in the High Court in *Norowzian v Arks Limited*. The case concerned an advertisement for Guinness ("*Anticipation*") which depicted an impatient man dancing, in what the judge referred to as a series of jerking movements, while waiting for a pint of Guinness to settle.

The claimant, Mehdi Norowzian, alleged that this infringed his copyright in a film he had produced ("*Joy*"), which depicted a man dancing in jerky movements. *Joy* had been created using an editorial technique called "jump cutting"; in fact the "dance" could not have been performed in reality by a human performer. *Anticipation* used a similar technique.

The judge ruled that *Anticipation* was not a copy of *Joy*. Furthermore, he held, the subject matter of *Joy* was not a "dramatic work" and therefore not protectable by copyright. For the purposes of s1(1)(a) Copyright, Designs and Patents Act 1988, a "dramatic work" was defined as including "a work of dance or mime". Consequently, the judge reasoned, since the underlying work was not one which a human could perform, it could not be such a work.

Mr Norowzian appealed. The Court of Appeal (*The Times*, 11 November 1999) ruled that *Joy* did enjoy copyright protection as a dramatic work. The meaning of a "dramatic work", their Lordships decided, had been left at large by the Act, so it should be given its natural and ordinary meaning. It meant

any work which was "both a work of action, with or without words of music, and capable of performance before an audience". A film could therefore be a "dramatic work" under s 1(1)(a). This was borne out by the fact that Parliament could have expressly excluded films from the scope of dramatic works (as it had in the 1956 Act), which indicated that it had intended to include films under this heading.

Joy was, the court held, clearly an original work of action and also capable of being performed, by the showing of the film. Although not a recording of a dramatic work, it was, in the way that a cartoon might be, a dramatic work itself.

Whilst this case is significant in clarifying that works like *Joy* may be protected by copyright, in fact the appeal failed because the court found that the substance of the film had not been copied: the use of the same style or techniques was not enough to infringe, there had also to be copying of the end-product. The court drew an analogy with painting techniques: if a contemporary of Seurat's had used his style of pointillism on an original subject matter, it would not have infringed any copyright.

Darren Heath

TEST FOR DETERMINING WHETHER A WORK IS "ORIGINAL"

Christoffer v Poseidon Film Distributors Ltd (unreported, 6 October 1999) is a useful re-run through of some of the principal rules of copyright law.

The claimant was a freelance scriptwriter. He had produced a film script entitled "The Cyclops" for the defendant, a film production company. The script

was based on Book IX of "The Odyssey" by Homer, the eighth century Greek poet.

Relations between the claimant and defendant subsequently broke down dramatically and both commenced legal actions against each other. The various actions were eventually consolidated into one. Amongst other things, the claimant alleged that the defendant had infringed his copyright in the film script by making a television programme of it. The defendant argued in response that the script was not an "original" work for the purposes of the Copyright Designs and Patents Act 1988, being itself derived from Homer's classic.

Park J held that the script was an original literary or dramatic work, in which the claimant had copyright. It did not matter that it was based on an original story by Homer. For these purposes, "original" did not mean "novel", but that the work originated from the person who claimed to be the author. Setting out another author's narrative story in the form of a script suitable for filming clearly involved original work.. The judge therefore upheld the claim of infringement.

The claimant had also alleged (in relation to some unrelated scripts he had written for the defendant) that the defendant had infringed his moral right under s 77 of the Act. This section provides that an author of a copyright work has the right to be identified as such when the work is broadcast. However, s77 goes on to provide that this right is only infringed if the author has asserted his right in writing in accordance with s 78. The claimant had not done so, and therefore, even though he probably was the author of the scripts, the defendant had not infringed his rights under s 77. The judge therefore dismissed this claim.

Diane Hamer

Patents

ECJ DECISION ON LEGALITY OF GERMAN PATENT RULES

Article 65 of the European Patent Convention permits a contracting state to prescribe that the text of a European patent must be translated into an official language of that state following grant, failing which the patent may be deemed to be void *ab initio* in that state. Germany has taken the following path: Article II(3) of its Law on International Patent Conventions (Gesetz über internationale Patentreinkommen, BGBl 1991 II, p 1354) provides that the proprietor of a European patent must supply a translation into German of the patent specification to the German Patent Office, within three months of the publication of the mention of the grant of the European patent in the European Patent Bulletin.

In a recent case (*BASF AG v Präsident des Deutschen Patentamts* - Case C-44/98 - unreported, 21 September 1999), BASF impugned the validity of this rule.

BASF alleged that Article II(3) was a measure having an effect equivalent to a quantitative restriction on imports within the meaning of article 30 of the EC Treaty (which has since become article 28) which was not justified by article 36 (now article 30). The argument was that, due to the very high cost of translating patent specifications, many patent holders were forced to be selective in filing translations and therefore had to forgo patent protection in some countries. The result was that the market was divided into 'protected' and 'free' zones, which could constitute an obstacle to the free movement of goods.

The ECJ was not persuaded by this argument. Although it had been held that all trading rules

enacted by Member States which were capable of hindering, directly or indirectly, actually or potentially, intra-Community trade were to be considered as measures having an effect equivalent to quantitative restrictions on imports, the restrictive effects which a piece of national legislation had on the free movement of goods might be too uncertain and too indirect for the obligation which the legislation enacts to be regarded as being capable of hindering trade between Member States.

In particular, the court noted that an inventor had to choose the territory in which he wished to obtain protection for his invention, irrespective of whether he applied for a European patent or used the systems available for the grant of national patents in individual states. The choice would be made after an overall assessment of the advantages and drawbacks of each option.

Whilst it had to be accepted that there would probably be differences in movements of goods, depending on whether inventions were protected in all EU Member States or only in some of them, it still did not follow that such a consequence of the division of the market must be characterised as an obstacle within the meaning of article 30 (now article 28) of the Treaty. Accordingly, the Court held that, even supposing that in some circumstances the division of the internal market might have had restrictive effects on the free movement of goods, such repercussions were too uncertain and too indirect to be considered to be an obstacle within the meaning of article 30 of the Treaty.

Graham Burnett-Hall

COURT OF APPEAL CLARIFIES LAW ON PATENT AMENDMENT

At the end of November, the Court of Appeal handed down its decision in *Kimberly-Clark v Procter & Gamble* (*The Times*, 11 December 1999). It reversed the judgment of Laddie J that the court no longer had any discretion over whether to refuse to amend a patent. The decision clarifies the law following a number of conflicting decisions at first instance, including *Palmar's European Patent (UK)* [1999] RPC 47 and *Hadley Industries v Metal Sections* (*The Times*, 28 October 1999).

Background

The claimant sued the defendant for infringement of its European patent. The defendant denied infringement and counterclaimed for the patent to be revoked for invalidity. When the claimant subsequently applied to amend its patent, the defendant argued that the court should not exercise its discretion in favour of making the amendments sought, on the grounds that the claims were covetous. Laddie J struck out this claim, holding that the court had no general discretion to refuse the amendment, as it was not a ground on which the European Patent Office (the EPO) would refuse amendment.

The Appeal

The defendant appealed, arguing that the wording of s 75 Patents Act 1977, which included the word "may", gave the court a general discretion on amendment and that there were matters of public interest at stake - such as the undesirability of knowingly maintaining an invalid patent. Although the 1977 Act was enacted to give effect to the European Patent Convention (the EPC), thereby effectively amending the Patents Act 1949, the EPC did not contain a provision corresponding to s 75 and that discretion in amendment proceedings remained as wide as it had been under the 1949 Act.

The Court of Appeal allowed the appeal on the above grounds. It also decided that the courts had to approach amendment to both national and European (EP) patents in the same way and it made no difference whether opposition proceedings were on foot before the EPO.

Simon Harper

Registered designs

COURT ADVOCATES LESS USE OF EXPERT EVIDENCE

In *Thermos Ltd v Aladdin Sales & Marketing Ltd* (unreported, 26 October 1999), Jacob J warned litigants not to make excessive use of expert evidence in registered design cases.

The new Civil Procedure Rules 1998 require the court to look even more closely at the need for expert evidence. In future registered design actions, the judge said, the court should take care before allowing any expert evidence. It should guard against giving blanket leave, because it encouraged each side to instruct an expert, who inevitably felt compelled to express a view, which then had to be considered by the other side. A similar compulsion seemed to exist in relation to factual evidence.

The most important issue in a registered design action, said the judge, is what the design looks like; everything else is secondary. One area of evidence which is admissible and of some secondary assistance, is the reaction of the public (and trade who expect to sell to the public). Jacob J accepted that some factual evidence might be relevant, though in many cases the parties could instead agree between them to do without it and to ask the judge to form a view on the basis of the registered design, the alleged infringement and the prior art (which is usually admitted).

Caroline Clarke-Jervoise