

Newsletter
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Intellectual property

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Lovells' Intellectual Property practice advises, in the context of European Union, English, German, French, Italian, Dutch, Polish, Czech, Slovak, Croatian, Russian, Chinese (PRC mainland and Hong Kong), Singaporean, Vietnamese and international law (including WTO issues), in relation to all areas of intellectual property: trade marks, patents, design rights, copyright, and rights arising from IT. We also advise our clients in the fields of entertainment and the arts. Many of our lawyers have a scientific background, enhancing their understanding of the technical and commercial issues involved.

We offer a complete global domain name protection service including clearance searches, registration, watch and investigation covering all generic TLDs (top level domains) but also, importantly, most country TLDs in some 200 jurisdictions.

In protecting the intellectual property rights of our clients we act at all levels, from advising on, applying for, registering and enforcing rights through to devising strategies and the investigation of infringement and counterfeiting activities. In addition, we act in structuring, negotiating and drafting licences and technology transfer transactions and have considerable experience in IP disputes before the Industrial Property Offices and in IP litigation before the courts, especially in cross-border or multi-jurisdictional disputes.

Applications and registrations are not currently handled in all legal systems listed above. However, we offer a complete trade mark and design filing and prosecution service at the Community Trade Mark Office as well as trade mark, industrial design, appellations of origin and domain names searches, clearances, filing and prosecution services before the national Industrial Property Offices in France, Germany, Russia (together with all other CIS Member States), Croatia, Poland, Hungary, China,

Hong Kong, Singapore, Indo-China (Vietnam, Cambodia and Laos) and elsewhere in South-East Asia.

This newsletter is written in general terms and its application in specific circumstances will depend on the particular facts.

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Please refer to the back of this newsletter for office details.

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Copyright and designs

Dutch Appeal Court grants copyright protection to perfumes

Lancôme Parfums et Beauté owns the Benelux registered trade mark, TRÉSOR. Lancôme markets several cosmetic products under this trade mark, including perfume. In litigation between 1994 and 1997, Lancôme tried to prevent the Dutch company, Kecofa BV, from marketing a perfume called "Female Treasure". However, a claim for cancellation of the Benelux trade mark FEMALE TREASURE was dismissed by the District Court for lack of confusing similarity between Trésor and Female Treasure. On appeal, that judgment was confirmed.

In 2000, Lancôme once more took action against Kecofa for marketing Female Treasure in the Netherlands. This time, Lancôme not only sued for trade mark infringement, but for infringement of the copyright in its Trésor perfume as well. In an interim judgment of 18 April 2002, the District Court held that, because of the final and binding decision of 1997, Lancôme could not re-invoke its trade mark rights in the current proceedings. The Court then ordered Lancôme to establish that its fragrance was original, that Lancôme was the author thereof, and that the Female Treasure perfume was an adaptation or imitation of the perfume Trésor.

On appeal, on 8 June 2004, the Appeal Court of Den Bosch held that Lancôme could claim copyright in its Trésor perfume. Kecofa argued that fragrances were too volatile and their perception by the public too variable to attract copyright protection. The Appeal Court rejected this argument, pointing out that Lancôme claimed protection for a substance of a specific composition, not for the scent itself, and that the composition of a perfume could be

objectively determined. Lancôme explained that its perfume consisted of some 25 component olfactory substances which were chosen from a range of several hundred potentially appropriate substances. By the specific choice of these substances, Lancôme argued, it had intended, successfully, "to create a fresh, floral fragrance consisting of white roses and lily of the valley, enhanced by the scent of iris and apricot blossom against a background of amber, sandalwood and musk". The Court was satisfied that Lancôme's perfume met the originality test required for copyright protection.

In terms of ownership of copyright, under Dutch international private law this question had to be answered according to French law, since France was the country of origin of the fragrance Trésor. Under French law, the company which first publishes a copyright work is presumed to own the copyright. That presumption may only be challenged by the true author, not by third parties. Since the perfume Trésor had been marketed by Lancôme, its claim to ownership of the copyright could not be successfully challenged by Kecofa. As an obiter dictum, the Appeal Court pointed out that under Dutch law the outcome would not have been different.

On the issue of infringement, Lancôme submitted an expert report, giving a chemical analysis of both perfumes. According to this report, both perfumes consisted of some 25 olfactory substances, 23 of which they had in common, with only one substance in Trésor being absent from Female Treasure, while one further substance of Trésor had been replaced by a cheaper alternative. The analytical report then rather sweepingly assessed the chance of two perfumers independently creating such similar perfumes at "10²³" (what was meant, however, was probably "1 out of 10²³"). On the basis of this report, which was hardly challenged by Kecofa, the Appeal Court held the perfume Female Treasure to

infringe the perfume Trésor. Moreover, the Court pointed out that Kecofa had not even sufficiently stated, let alone substantiated, that its Female Treasure perfume was not a reproduction of Trésor.

The Court also granted Lancôme's claim for loss of profits, to be assessed on the basis of the data to be submitted by Kecofa, over all sales of Female Treasure over the last five years before the present litigation was initiated, Lancôme's claim for damages with respect to earlier sales having lapsed as a result of the expiry of the limitation period.

Jaap Spoor and Karin Verzijden,
Amsterdam

What is an infringing copy?

In *Kabushiki Kaisha Sony Computer Entertainment Inc v Ball*¹, Laddie J had to resolve a number of complex copyright questions in relation to computer games and the unauthorised circumvention of copy-protection devices.

Seven individuals or entities were involved in the design, manufacture, sale and installation of an electronic chip called Messiah 2. The Messiah 2 chip can be fitted to Sony's Play-Station2 ("PS2") consoles and allows users to play not only authentic PS2 games, but also unauthorised copies and so-called "foreign" copies (ie non-PAL versions of PS2 games which were originally destined for markets outside of Europe).

Sony sued all involved for copyright infringement. In relation to the first defendant, who imported and sold the Messiah 2 chip, Sony applied for summary judgment, ie speedy judgment on the basis that the defendant had no real or substantial defence to Sony's claim that his activities infringed its rights under s296 Copyright, Designs and Patents Act 1988².

Laddie J's first task was to ascertain the meaning of "infringing copy" for the purposes of s 27 of the Act. By s 27(2): "*An article is an infringing copy if its*

making constituted an infringement of the copyright in the work in question". Sony explained that, when an unlicensed or foreign copy of a PS2 game was used on a European console (as enabled by the Messiah 2 chip), the program and other creative works were read from the CD or DVD and copied into a Random Access Memory chip ("RAM") in the console. This process, it contended, constituted an act of reproduction and the RAM containing the reproduced data constituted an "infringing copy". The defendant argued that, as the copy of the works on the RAM only existed for a fraction of a second, it was not an "article", but rather a temporary creation produced during a dynamic act of copying.

Laddie J rejected this argument and held that there was nothing in the legislation suggesting that an object containing a copy of a copyright work, even if only for a moment, should not be treated as an "article". Whether an article was an infringing article was determined in the Act by reference to the moment it was made. It did not matter whether a copy was subsequently retained on the article.

Laddie J also addressed the issue of back-up copies. This was in response to an argument by the defendant that the sole intended purpose of the Messiah 2 chip was not to facilitate unauthorised removal or circumvention of the copy-protection device (in the PS2 console and games) (a breach of s296 of the Act), but to enable any necessary back-up of the original games to be played. The judge rejected this argument on the grounds that CDs and DVDs were robust and could not be wiped clean (unlike magnetic floppy discs of the past). As a result, there was no "necessity" to make back-ups. In addition, it was clear that no such necessity could arise, since Sony made replacement CDs or DVDs available to users in the unlikely event that theirs were damaged or destroyed. The making of back-up copies was not necessary and was not authorised by Sony. It followed, therefore, that the purpose of the Messiah 2 chip amounted to an unauthorised circumvention of the Sony copy-protection system.

Jake Marshall, London

¹ unreported, 19 July 2004; [2004] EWHC 1738 (Ch)

² as amended when the UK implemented the European Copyright Directive in October 2003

Italy introduces tough new anti-internet piracy laws

On 23 May 2004, a new law came into effect in Italy which contains some of the most stringent sanctions against internet piracy so far seen in Europe. The "Urbani Decree" makes the uploading or downloading of copyright material to and from the internet without the permission of the copyright owner a criminal offence. Those found guilty of the unauthorised distribution of copyright material now face a fine of between €154 and €1,032, a jail sentence of between six months and three years, the confiscation of their hardware and software, and their "naming and shaming" in the Italian national press.

Last minute amendments were introduced before the Italian Parliament approved the Bill to permit digital copying for personal use. In order to cover the eventual losses to which the music and film industries could be subject, there will be a tax of 3% on the digital masterisation of all CDs and DVDs. These proceeds will be given to the content producers.

The law also excludes internet service providers of any legal liabilities in relation to offences under the new law.

Francesca Rolla, Milan

Japan bans parallel imports of Japanese music CDs

The Japanese government has taken the drastic step of banning parallel imports of Japanese music CDs in an attempt to protect the Japanese recording industry. The Japanese Copyright Law has been amended to protect CDs, whose copyright vests in a Japanese organisation, against parallel importation for up to seven years after their release in Japan. Parallel imports occur because CDs are often sold at higher prices in Japan than elsewhere in Asia. The precise period of protection will depend on a regulation which will be announced later this year. Those who breach the new law on parallel imports, which comes into force on 1 January 2005, face up

to three years' imprisonment and a fine of up to Y3 million (€22,618).

Lloyd Parker, Tokyo

Advocate General supports strong rights for EU database owners

Four opinions by Advocate General Stix-Hackl to the European Court of Justice on 8 June 2004 emphasise that the purpose of database right is to protect the investment of European database owners. The opinions relate to William Hill's online betting service³ and to football pools⁴.

The database right was introduced in the European Union in 1996⁵ when it was felt that copyright laws in a number of European jurisdictions did not adequately protect collections of information and other materials. It is based on the Swedish catalogue protection right and Dutch "geschriftenbescherming" and is not limited to collections held electronically. It gives the maker of a qualifying database the right to prevent others extracting and publishing data from it. The right can be transferred and licensed. There has been uncertainty about the scope of this "sui generis" database right, not least because the Database Directive uses a number of terms which are not precisely defined. The Advocate General's opinions look at the meaning of some of these terms, including the following:

THE TYPE OF INVESTMENT REQUIRED

The database right only subsists in a database if substantial investment (in terms of time or money) has been expended in obtaining, verifying or presenting its contents. Does the investment have to be in the making of the database itself or can other, preliminary, activities be taken into account? This question is important in relation to databases which could be regarded as spin-offs from an organisation's core

³ *The British Horseracing Board Ltd and others v William Hill Organization Ltd* Case C-203/02

⁴ *Fixtures Marketing Ltd v Oganismos prognostikon agonon podosfairou* Case C-444/02, *Fixtures Marketing Ltd v Svenska Spel AB* Case C- 338/02 and *Fixtures Marketing Ltd v Oy Vdikkaus Ab* Case C-46/02

⁵ Database Directive 96/9/EC of 11 March 1996 on the legal protection of databases

activities such as programme listings or telephone directories where the organisation must develop the information in connection with its core activity in any event. Will such databases be protected?

The football pools database contained information for fixture lists for football matches; it was argued that the investment had been primarily concerned with the drawing up of the fixtures lists to enable matches to be played, not with the database where the information was stored. This was merely a by-product. The Advocate General rejected this "mere spin-off" argument; it did not matter if the investment had a different purpose; often there would be more than one purpose.

The question which arose in the William Hill case was whether activities such as weight adding, handicapping and compiling the lists of runners, which occurred before the issue of pre-race information by the British Horseracing Board (BHB), constituted relevant investment. This amounted to creating new data rather than obtaining existing data and did not appear to come within the definition of the relevant investment. Again the Advocate General came down in favour of the database maker; "obtaining" could include data created by the maker of the database if creation took place at the same time as processing the information and was inseparable from it.

WHAT IF THE DATA IS OBTAINED INDIRECTLY OR IS IN THE PUBLIC DOMAIN?

In the William Hill case, horseracing information from the BHB database was made available under licence to Satellite Information Services (SIS), which supplied it to its subscribers, including William Hill. William Hill used some of the information obtained from SIS on its internet betting service; other information included on the service was obtained from evening newspapers which in turn had obtained it from the BHB database, via another BHB-related information service. It was argued that the prohibition in the Database Directive on "re-utilisation" (ie the making available to the public) of the contents of a database was limited to the situation where the data had been obtained directly from the database itself. The Advocate General rejected this argument; the prohibition covered publication of information derived indirectly from the database including through the print media.

The fact that the information was in the public domain made no difference.

In the football pools cases, the information about the football fixtures which the defendants included on their pools coupons came from daily newspapers, from Teletext, from an information service and from a publication called *Football Annual*. Again, the Advocate General said that the contents of the database could be protected even if it had been obtained by the defendants from another source such as a print medium or the internet and even if it was in the public domain.

This approach inevitably raises the possibility that monopolies in information may be created: if the database owner is the only source of the information, it may be able to control its use even after it is in the public domain. This seems contrary to the declared aim of the legislation which is to protect the database rather than the information itself. The Attorney General acknowledged this danger but said that this was an issue to be dealt with under the competition rules: if the database owner is in a dominant position, Article 82 EU Treaty regarding abuse of a dominant position could come into play.

THE POSITION OF DATABASE OWNERS OUTSIDE THE EUROPEAN UNION

If the ECJ follows the Advocate General's opinions, EU database owners' rights will be strengthened. However, the "sui generis" database right in Europe leads the way from a global perspective in protecting the investment of considerable human, technical and financial resources in databases. These databases can be copied or accessed at a fraction of the cost needed to make them. Beyond Europe many countries do not have specific legislation dealing with databases. Virtually all countries provide for copyright protection for databases but this is limited to the original selection or arrangement of their contents. The practical reality is that databases can be readily copied or accessed without regard to national boundaries. The substantial investment in databases can only be effectively protected if the European database right or a similar proprietary right is adopted internationally.

Nicola Dagg, London

Belgian court upholds legality of copy protection

In our February 2004 issue, we drew attention to an action being brought in the Belgian courts against four of the world's largest music companies in an attempt to stop their copy-protection of CDs. A Belgian consumer watchdog, Test-Achats, argued that BMG, EMI, Sony and Universal Music, by using technical means to make their CDs impossible to copy, were infringing consumers' basic rights to enjoy their property, not least because copy-protection in some cases prevented CDs from being played in car stereos and computers.

On 26 May, a Belgian court rejected the claim, holding that the music companies were entitled to copy-protect their CDs. The court ruled that, while Belgian copyright law did not preclude individuals from making private copies of CDs, this did not give them a positive right to make copies and did not preclude the use of copy protection.

Belgium has still not implemented the EU copyright directive, which lays out the technical means permissible to protect CDs or DVDs against copying, despite an original implementation deadline of 22 December 2002.

Caroline Clarke-Jervoise, London

A troubling decision for recording companies

Music copyright generally continues for seventy years after the composer has died. However, in *Sawkins v Hyperion Records Ltd*⁶, the English High Court held that edited versions of works that have fallen out of copyright may attract their own copyright protection.

The claimant was a musicologist and music editor, who had produced modern performing editions of four works originally composed between 1684 and 1709 by Louis XIV's court composer, Michel-

Richard Lalande. The defendant record company made and sold CD recordings of these editions. Its practice was to pay no copyright royalties to an editor who provided an edition of the music of a composer whose work was out of copyright. This accorded with MCPS⁷ guidance that no royalties are due in the case of the assembly of an original work in its original form from various earlier editions based on scholarly research, (unless there is addition, rearrangement, transcription for multiple instruments from a single instrument piece or completion of an unfinished piece).

Dr Sawkins had spent about 1,200 hours working on the Lalande editions. That work included transcription of music from multiple existing Lalande sources into modern notation, interpretation of Lalande's original "shorthand" notations for the modern player, inclusion of missing and correction of inaccurately recorded notes, the creation of a new viola passage (for the entirety of one piece) and, importantly, the derivation and composition of "figuring" for the *bass-continue* (bass line) appropriate to the baroque, sacred music originally composed for the accompaniment of the French royal court's celebration of Mass.

Patten J accepted that the claimant, while aiming to reproduce faithfully the dead composer's works as far as possible, had applied considerable and sufficient skill and labour based on his (world-renowned) expertise together with a certain amount of artistic inventiveness in creating the editions concerned. He held that Dr Sawkins was entitled to copyright in his editions of the four pieces and that the defendant had infringed his copyright in three of them.

On the key issue of whether the editions themselves were musical works qualifying for copyright the following points can be summarised from the judge's comments:

- whilst protection is given to a "musical work", the legislation does not define "music", the central issue in this case.
- A musical work is a combination of melody and harmonies and the use of different chords can

6 The Times, 26 July 2004

7 Mechanical Copyright Protection Society

make a piece sound very different. However, whilst the notes are essential they are not the sole determinant of the music, as it is heard.

- The question of originality, the essential element for the provision of copyright protection for a new edition, cannot be determined simply by a note-for-note comparison of the original music and the new edition.
- Claims to copyright should not be rejected simply because the musical editor has made no significant changes to the notes themselves, whether by correction or addition. That approach would not respect the reality of what music is.
- The key question where material produced is based on an existing score is to ask whether the new edition is sufficiently original in terms of the skill and labour used to produce it.

The judge acknowledged that there was no clear and obvious authority to help him determine whether copyright (in respect of a musical work) could exist in an edition of existing scores in the absence of new music in the form of notes on the score (other than correction of wrong or unsatisfactory notes). It is therefore not surprising that he gave the defendant leave to appeal. The appeal judgment will be awaited with great interest, particularly by the classical music industry which may, if the Court of Appeal upholds this decision, now have to meet royalty costs in relation to recordings and performances of editions of music where it did not do so previously.

Alastair Shaw, London

No UK unregistered design rights for a variety of colours on a garment

It was held in a recent decision of the Court of Appeal⁸ that configurations of colours are not accorded unregistered design protection under UK law, although it was noted that the new Community unregistered design right would have given protection had it been in force when the relevant events occurred.

A retro-vintage tracksuit top was designed for Lambretta. There was nothing novel or original in the shape of the top but the designer's contribution was the choice of colours, the two white stripes along the arms, the size, colour and positioning of Lambretta's logo on front and back. Lambretta alleged that Teddy Smith had infringed their unregistered design right ("UDR") in selling similar tops.

To qualify for UDR Lambretta had to satisfy the court that: (a) a configuration of colourways on a garment could qualify as "an aspect of shape and configuration of the whole or part of an article"; and (b) that colourways were not merely "surface decoration". It was held that the mere choice of colours of the Lambretta top failed both these tests. The colours were not part of the product's shape or configuration as in fact it was the different components of the garment that had been configured to produce the complete article and their colour had nothing to do with that configuration. Furthermore, despite the fact that parts of the garment were dyed all the way through, the term "surface decoration" covered colour on the surface or running through the article. If the court had ruled otherwise there would be the strange result whereby whether UDR could subsist in two different articles, having exactly the same outward appearance, would depend on how deep the colours went.

A majority of the Court of Appeal also held that there was a defence to Lambretta's action in artistic copyright. Making articles to the design of a design document is excluded from artistic copyright under s 51 of the Copyright, Designs and Patents Act 1988. It was held that whilst the designer's drawing was a "design document", the fact that surface decoration (i.e. in this case the colour of the garment) was excluded from the definition of "design" for purposes of the section was irrelevant. The surface decoration had become part of the shape of the top and could not be considered separately from it. Surface decoration cannot "subsist on other substrates in the same way as... a picture or a logo could." If artistic copyright were to be enforced, it would be enforced in respect of the whole of the design drawing, but that was not allowed by s 51. This was held to be the case even though it left a "gap" between the protection offered by UDR in the UK and copyright.

⁸ *Lambretta Clothing Co Ltd v Teddy Smith (UK) Ltd (UK) Ltd* [2004] EWCA Civ 886, unreported, 15 July 2004

Lambretta was left to regret that the top had been designed a couple of years too early to be afforded protection: Jacob LJ noted that the case would have been clearly covered by the new European unregistered design right (under which a "design" means the appearance of the whole or a part of a product resulting from the features of, in particular, the lines, contours, colours, shape, texture and/or materials of the product) if it had been in force at the time the events of the case occurred. He also suggested it was open to question whether the UK still needs its own UDR on top of the protection now afforded by the new European UDR.

Jake Marshall, London

Does EU copyright legislation need fine-tuning?

The European Commission has launched a consultation exercise to ascertain whether the body of EU law dealing with copyright and related rights is as coherent and as simple as it should be.

In a working paper, the Commission starts from the premise that current EU copyright legislation is generally effective and consistent but would benefit from some "fine-tuning". The Commission wants to ensure that inconsistencies between the different Directives do not "hamper the operation of EU copyright law or damage the balance between rights holders' interests, those of users and consumers and those of the European economy as a whole". Also, the Commission asks, is the "first generation" of EU legislation in this area still "up to speed with today's technology and the realities of the markets"?

The Commission examines the distinctions in the various Directives dealing with copyright and related rights in terms of definitions, exceptions and limitations. For example, the definition of the right of reproduction in the Rental Right Directive encompasses "*direct or indirect*" acts of reproduction, while neither the Software Directive nor the Database Directive specifically cover indirect reproductions. Does this cause problems, asks the Commission? Also, is further harmonisation necessary anywhere, for example of the criteria used

to determine the beneficiaries of protection in the field of related rights: currently protection depends on a variety of criteria from nationality to place of first publication.

Another question posed is whether Community law should seek to define the term "public" for the purposes of the right of "communication to the public" or "making available to the public". Alternatively, should this concept be determined by national legislation and jurisprudence?

The Commission invites comments by 31 October 2004. The consultation paper is available at http://europa.eu.int/comm/internal_market/copyright/review/consultation_en.htm.

Caroline Clarke-Jervoise, London

Patents

Patents - is binding arbitration around the corner?

In our June issue, we reported on the progress of the new Patents Bill. The Bill has now progressed through the House of Commons and has received royal assent, so it is now an Act. Whilst very little has changed during its passage through the Commons, the focus was very much geared towards discussing ways to improve patent enforcement in the UK, to make it easier for small and medium-sized enterprises (SMEs) to enforce their rights.

OPINION FROM THE PATENT OFFICE

As we noted earlier, the Act includes a provision for the opinion of the Comptroller General of Patents to be sought with regard to infringement, novelty and obviousness. This process is intended to be inexpensive (around £300) and non-binding - an alternative to litigation for SMEs. However, doubts have been expressed about the usefulness of a non-binding opinion.

COMPULSORY BINDING ARBITRATION

During the Standing Committee stage, a stronger system with compulsory technical and binding arbitration was proposed *and rejected*. The proposal was based on the Patent Reform Group suggestion that a panel of technical experts would assess the validity of disputed patents. The panel would look mainly at written technical evidence and would have no authority to rule on damages. Another tenet of the proposal was to ensure that the party who was unsuccessful at arbitration would suffer legal cost consequences should they pursue

the issue through the courts (even if successful in the courts).

Whilst the proposal was rejected and has therefore not made it into the Act, the writing is on the wall. Patent litigation is viewed as too expensive and alternatives are necessary. The courts have been and are continuing to address this issue, the new streamlined procedure in the patents courts being the prime example.

PATENT ENFORCEMENT PROJECT

The Patent Office was charged with considering how to assist SMEs with patent enforcement last December. As part of the Department of Trade and Industry's report on innovation, the remit of the Patents County Court is to be increased from this Autumn. The Patent Office is due to report back to the DTI this Summer. It is not yet known how the report will seek to address the issue of quick and cheap resolution. One suggestion has been an SME fund, which would be akin to legal aid, to enable the retention of the expensive and thorough solution but with increased access.

The Act will be brought into force by statutory instrument. No commencement date has yet been published.

Daniel Brook, London

Oncomouse patent upheld

On July 6 2004, after only two days of oral proceedings, the European Patent Office made its final decision in the long running Oncomouse/Harvard Patent case. The Second Board of Appeal has upheld the patent but has

limited the claims to mice rather than to rodents generally. (This limitation resulted from the fact that the disclosure in the patent specification was limited to mice.) The decision confirms that transgenic animals are patentable in Europe and will encourage biotechnology companies to invest in this field of research.

Six religious and animal rights organisations from Austria, Britain, Germany and Switzerland had appealed against a ruling in 2001 which had also upheld the validity of the patent. They appealed largely on religious, moral and ethical grounds but also alleged that the patent did not meet the requirements of novelty and inventive step. Further, they argued that the patent tried to protect animal varieties, which is not permitted under the European Patent Convention.

The Oncomouse patent, originally granted by the United States Patent and Trade Mark Office in 1988 and then by the European Patent Office in 1992, protects a method of genetic manipulation for producing animals with a predisposition to cancer. In Europe controversy has centred on animal cruelty and the morality issues involved in patenting life forms. The EPO recognised the appellants' concerns but pointed also to the potential medical uses of the invention as a factor in its ruling. The full reasoning of the Second Board of Appeal is expected in a few months.

Rulings of the Boards of Appeal are final so any of the groups who still wish to challenge this decision will have to institute revocation proceedings before the national courts.

Sarah Turner, London

Trade marks and passing off

When is a slogan a trade mark?

The Court of First Instance of the European Court of Justice recently had to decide when a slogan was registrable as a trade mark. The applicant (Norma Lebensmittelfilialbetreib GmbH) applied to register "Mehr für Ihr Geld" (More for your Money) as a Community Trade Mark. OHIM⁹ refused to register the trade mark on the grounds that it was descriptive of the goods and/or services for which it was used and not distinctive. The applicant appealed.

The CFI upheld OHIM's decision on the basis that the mark was devoid of any distinctive character. The Court agreed with OHIM that the target public would immediately perceive the mark to be a mere promotional formula or a slogan which indicated that the goods in question offered consumers an advantage in terms of quantity and/or quality against competing goods. The element "MORE" was laudatory - the purpose being to highlight the positive qualities of goods or services. There was nothing about the mark beyond its obvious promotional meaning that might enable the relevant public to memorise it easily and instantly as a distinctive trade mark for the goods or services designated.

In those circumstances the trade mark would be perceived first and foremost by the relevant public as a promotional slogan rather than as a trade mark and it was therefore devoid of any distinctive character.

Doris Myles, London

BESTPARTNER lacks distinctiveness...

Should it be possible to register BESTPARTNER as a Community Trade Mark for insurance and financial services, internet services and data processing services? The Court of First Instance has confirmed the opinion of OHIM on the question: a resounding "no".

In this case, the CFI concentrated on the likely understanding of the English-speaking public in the European Union when confronted by the words "best" and "partner". The Court found¹⁰ that the words were generic and simply denoted the quality of services supplied by an undertaking to its clients. As such the mark lacked distinctiveness.

BESTPARTNER might nevertheless have been sufficiently distinctive to be registrable if the words - when put together - had had a different meaning than when considered separately. Unfortunately for the applicant, the CFI could find no graphic or semantic modification which was enough to give BESTPARTNER the necessary, distinctive edge to merit registration.

...as does TELEPHARMACY

If you were working for a company that had devised a system for remote control electronic dispensing of pharmaceuticals, what brand name might you suggest? DISTANCE DRUGS? PHARMAFAR? Perhaps you would prefer TELEPHARMACY or TELEPHARMACY SOLUTIONS. Following a recent CFI decision, you would soon have to go

⁹ the Community Trade Mark Office

¹⁰ *MLP Finanzdienstleistungen AG v OHIM*, Case T-270/02, unreported 8 July 2004

back to the drawing board if you wished to register the mark.

On 8 July 2004 the CFI¹¹ upheld the decision of the OHIM Boards of Appeal, which had rejected an application to register TELEPHARMACY SOLUTIONS for computer goods concerning the distance distribution of pharmaceuticals. In the eyes of the Court, TELEPHARMACY SOLUTIONS consists of descriptive terms which have been brought together without any unusual variation, in particular as to syntax or meaning. The resulting mark is therefore unregistrable.

Interestingly in this case, the applicant's parallel application for TELEPHARMACY had proceeded to publication without meeting Office objections. The applicant noted this inconsistency and raised it as a justification for allowing the arguably more distinctive mark TELEPHARMACY SOLUTIONS. The CFI, however, merely pointed out that OHIM could still re-examine a trade mark *ex officio* in order to rectify clear mistakes. Some arguments are best kept quiet...

Emma Alanko, London

Amendment to s 10(3) Trade Marks Act 1994

Following the recent ECJ judgments in *Davidoff v Gofkid*¹² and *adidas v FitnessWorld*¹³ on infringement of trade marks, new regulations¹⁴ have been issued to amend s 10(3) of the UK's Trade Marks Act 1994 (the "Act").

Section 10 of the Act sets out the tests for the various acts of trade mark infringement. Sections 10(1) and (2) cover the grounds on which identical or similar signs can infringe an earlier registered mark when used in respect of identical or similar goods or services. Under s 10(2), a likelihood of confusion also has to be proven. Until *Davidoff* and *Fitnessworld*, s 10(3) had established that marks

with a reputation were protected if an identical or similar sign was used for **dissimilar** goods. Thus the range of protection offered to such marks was narrower than that open to trade marks which did not have a reputation.

The *Davidoff* and *FitnessWorld* judgments established that the provision applied not only to **dissimilar** but also identical or similar goods as well. Section 10(3) has now been amended so that the test for infringement is now clearly stated. The same amendment has been made in s 5(3) of the Act, which is in identical terms, but is concerned with the relative grounds on which trade mark applications may be refused.

A key point to note in relation to these changes is that under s 5(3) and 10(3), it is not necessary to show a likelihood of confusion. Greater protection is now available for trade mark proprietors whose trade marks have a reputation.

Sahira Khwaja, London

More guidance on registration requirements for colour marks

The European Court of Justice has just expanded on its 2003 decision in the *Libertel* case clarifying the terms on which single and combination colours may be registered as trade marks.

In March 1995 Heidelberger Bauchemie GmbH applied to register the colours blue and yellow as a German trade mark. In the application, the trade mark was described as "the applicant's corporate colours which are used in every conceivable form, in particular on packaging and labels", the technical colour specifications of the colours were given and a rectangle, the upper half of which was blue and the lower part of which was yellow, accompanied the application. The German Patent Office rejected the application, as it held that the sign was not capable of constituting a trade mark or of being represented graphically and that it was devoid of distinctive character. Heidelberger appealed to the German

¹¹ *Telepharmacy Solutions Inc v OHIM*, T-289/02, unreported

¹² C-292/00, the Times, 22 January 2003; [2003] All ER (EC) 1029

¹³ C-408/1, unreported, 10 July 2003

¹⁴ Trade Marks (Proof of Use) Regulations, 5 May 2004

Court, which referred the question to the ECJ for a preliminary ruling.

The question that the ECJ had to consider was whether a single colour or combination of colours which had been claimed in the abstract, without further contours and in shades and which were identified by reference to a coloured sample, could satisfy the conditions for constituting a trade mark for the purposes of Article 2 of the EC Trade Marks Directive. (Article 2 provides that a sign must be capable of (i) being represented graphically and (ii) distinguishing the goods or services from one undertaking from those of another). The German Court then went on to ask whether, for the purposes of Article 2, an abstract colour mark was a sign that was sufficiently distinctive to be capable of indicating origin and of being represented graphically.

In *Libertel*, the Court said that colours were normally a simple aspect of a thing that were generally used for their attractive or decorative powers and did not in themselves generally contain a meaning. Nevertheless, such colours or combinations of colours might be capable, when used in relation to a product or service, of acting as a sign.

Expanding upon its reasoning in *Libertel*, the Court held¹⁵ that the graphical representation requirement of Article 2 meant that the sign must be represented visually, particularly by means of images, lines or characters, so that it could be precisely identified and so that the precise extent of the protection afforded by the registered mark could be identified. Such a graphical representation must be precise and durable and arranged in a pre-determined and uniform way. The main juxtaposition of two or more colours and a reference to use of those colours in "every conceivable form" would not suffice for the purposes of Article 2. Such representations would allow numerous additional combinations to be claimed and would not allow the consumer to identify a particular combination as the sign. Accordingly, although an abstract colour mark could be a sign, an application of the Heidelberg type would not meet the requirements of Article 2.

The Court however considered that a sample of the colour concerned, accompanied by a designation using the internationally recognised identification code, would be sufficient to identify the colour and constitute a graphical representation for the purposes of Article 2.

The relevant registration authority would then have to determine whether those colours, or combinations of colours, were capable of conveying precise information regarding the origin of a product or service. Whilst colours are capable of conveying associations of ideas and a variety of feelings, they possess little inherent capacity for communicating specific information, particularly as they are so commonly and widely used in order to advertise and market goods or services without any specific message.

Accordingly, the Court thought that, save in exceptional cases, colours do not initially have a distinctive character, although they may acquire distinctiveness through use. Although an abstract colour application might be capable of acting as a badge of origin, the relevant registration authority would nevertheless have to establish whether the combination satisfied the absolute grounds for registration set out in Article 3 of the Directive. The authority would also have to take into account the public interest in not unduly restricting the availability of colours for other traders.

This decision is likely to make it considerably more difficult for a trade mark proprietor to register colour marks which are wide in scope. Any attempt to widen the scope of an application by allowing for different colour combinations, particularly if they might be viewed as imprecise, will probably result in rejection of the application.

Sahira Khwaja, London

Parallel imports - referred to ECJ, again

On 17 June 2004 the Court of Appeal confirmed the questions that it is to refer to the ECJ in relation to the long running *Glaxo v Dowelhurst* litigation.

¹⁵ (Case C-49/02), unreported, 24 June 2004

This dispute began in 1999 when some of the world's biggest pharmaceutical companies, Eli Lilly, Boehringer and The Glaxo Group, sued two parallel importers, Dowelhurst and Swingward, in the English Courts for trade mark infringement on goods they were importing into the UK from elsewhere in the European Union. The importers had been buying genuine pharmaceuticals from countries within the EU bearing the trade marks of Glaxo, Lilly and Boehringer and importing them into the UK, where they sold them for a higher price.

In order to ensure compliance with UK legal requirements, the importers altered the packaging of the products. This sometimes entails replacing entirely the original boxes with new ones designed for the UK market ("reboxing"). In other cases, the repackaging involves placing a sticker over the original box bearing the information necessary to sell the products in their destination markets ("overstickered"). In carrying out this repackaging the importers sometimes only use the product's generic name, and not the manufacturer's trade mark, on the repackaging (debranding). In other cases, the importers used both the manufacturer's trade mark and the importer's own mark (co-branding).

Since 1999, both the High Court and Court of Appeal, as well as the ECJ, have delivered a series of rulings on the extent to which these practices may infringe the manufacturers' trade mark rights. The principal case in the area, however, remains the ECJ case in *Bristol Myers Squibb v Paranova*¹⁶, which sets out a five point test for assessing whether changes in packaging infringe trade mark rights. The current litigation mostly concentrates on the first point of the test which states that, to be permissible, the repackaging must be "necessary" to market the product. The unresolved question is the extent of the requirement for necessity. Is the test: (a) simply that some form of repackaging is necessary and once this is established the product can be repackaged in any way; or (b) that repackaging is necessary and that the particular form of repackaging is necessary?

This in essence is the question referred to the ECJ by the Court of Appeal. The trade mark owners, Glaxo, Lilly and Boehringer, argue that the necessity

requirement pervades the whole test so that repackaging itself must be necessary and the form of that repackaging must be necessary. The parallel importers argue that the necessity test applies only to the need to repackage and not the form of repackaging. The key practical issues which hinge on these questions are the permissibility of reboxing (as opposed to merely overstickered), co-branding and de-branding. The clear view from Jacob LJ, giving the lead judgement, is that "necessity" applies only to the requirement to repackage, not to the form of repackaging. However, as the parties had pointed to a number of conflicting decisions from the supreme courts of a number of EU jurisdictions, the Court of Appeal has referred the question to the ECJ.

Stephen Bennett, London

Italy: New law on Franchising

Franchising arrangements and agreements are not new in Italy but until recently there have been no specific laws dealing with franchising. This changed on 6 May 2004 when a new law was adopted which sets out the provisions which must be included in all franchising agreements. The new law came into force on 25 May 2004 and franchising agreements which are already in place by this date will become subject to the new rules within a year of this date. Agreements entered after 25 May 2005 must comply with the new rules.

The law defines "franchising" as an agreement between two legally and economically independent parties, under which one party allows the other to use its intellectual property rights (eg trade marks, commercial names, signs, designs, utility models, copyrights, know-how, patents) and offers the "franchisee" technical assistance or consultation services to enable it to join a system made up of various franchisees within a given territory. The goal of such arrangements is to commercialise the relevant goods or services within an organised but independent "network" .

Among the franchisor's obligations is the requirement to provide the potential franchisee with a written copy of the franchising agreement at least 30 days before any agreement is finalised. The agreement

¹⁶ Joined case C427/93, C429/93 and C436/93

must be for a minimum of three years and must indicate, expressly, the capital investment needed to start the franchise business, the initial expenses that will be incurred prior to starting the franchise business, the formula for calculating royalty payments, and any exclusive territorial restrictions.

The law also provides that, prior to seeking to resolve disputes through the courts or through arbitration, the parties may attempt to resolve disputes through mediation, having recourse to the mediation service provided by the Chamber of Commerce in the district in which the franchising business is located.

Francesca Rolla, Milan

Special focus

Defining the Limits of Parody

VISA for condoms; INTEL-PLAY for construction toys; EVEREADY for contraceptives... What comfort does UK trade mark law offer when a well known brand is being taken for a ride?

In this special focus, we give a brief overview of UK law on tarnishment and blurring with regard to registered trade marks. Past commentators have remarked that in UK case law "trade mark parodies have been conspicuous by their absence", a comment which remains true today. In this article we examine the UK law on tarnishment and blurring with regard to registered trade marks and draw attention to the pertinent lessons to be drawn from case law in the area of trade mark parody.

We then contrast the UK position on parody, tarnishment and blurring with that in Germany, France and the US.

1. TARNISHMENT AND BLURRING IN THE UK

The concepts of "tarnishment" or "blurring" are often referred to together as "dilution", although they are in fact quite different concepts. Generally, use that gives rise to an unfavourable connotation is referred to as "tarnishing", whilst "blurring" is taken as meaning use which lessens the attractive powers of a trade mark. In *DaimlerChrysler AG v Alavi (t/a Merc)*¹⁷ Pumfrey J stated: "Detriment can take the form either of making the mark less attractive (tarnishing) or less distinctive (blurring)".

In the UK, a trade mark owner wishing to defend his mark against dilution will base his case on s10(3) Trade Marks Act 1994 ("TA"). This section¹⁸, which enacted Article 5(2) of the Trade Marks harmonisation Directive¹⁹, provides that:

"(3) A person infringes a registered trade mark if he uses in the course of trade in relation to goods or services a sign which-

(a) is identical with or similar to the trade mark,

(b) [...]

...where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark."

The test for s 10(3) can be broken down into the following requirements:

- (i) the claimant's trade mark has a reputation in the UK;
- (ii) identity with or similarity to the trade mark of repute must be shown;
- (iii) the use of the sign complained of must take **unfair advantage** of or cause **detriment** to the distinctive character or repute of the claimant's trade mark;
- (iv) the use of the sign complained of must be without due cause.

For these purposes we will concentrate on the concepts of unfair advantage and detriment, as these are the elements of s 10(3) which will be

¹⁷ The Times, 16 February 2001

¹⁸ as amended in the Trade Marks, Proof of Use etc Regulations 2004

¹⁹ 89/104/EEC

most controversial in potential tarnishment and blurring scenarios.

2. UK CASE LAW - OR THE LACK OF IT

There is not a vast body of UK national case law on the subject of tarnishment and blurring. This is because s 10(3) represents a rather innovative step in UK trade mark law (in contrast with many other European countries and the United States).

There is still a tendency in the UK for brand owners not to turn to the courts when dealing with instances of "inappropriate" trade mark use, where likelihood of confusion is absent. For example, in 2002 Scottish Courage advertised John Smith's bitter using the campaign line "Just 'ave it", a distorted version of Nike's famous "Just do it" slogan. The ad featured an unskilled and overweight sportsman preferring bitter to oranges at half time. Despite the obvious parody, Nike did not bring proceedings before the UK courts, apparently preferring to settle the matter privately.

Although it is common to see, for example, T-shirts bearing the trade marks of GAP or McDonalds with various types of commentary or distortion (complementary or otherwise), there is no body of UK case law on this matter.

Because UK law is based on the harmonisation Directive²⁰, relevant case law in this area for the UK comprises not only decisions of UK national courts, but also judgments of the European Court of Justice ("ECJ"). However, there is yet to be a comprehensive ECJ case which turns on the meaning of "detriment" or "unfair advantage".

2.1 A STORM IN A TEACUP?

In the UK, the most recent full judicial statement of the law on tarnishment and blurring is also the first reported case on s 10(3) TA: *Premier Brands UK Ltd v Typhoon Europe Ltd*²¹, in which judgment was handed down on 21 January 2000.

This case concerned the tea supplier, Premier Brands, whose trade mark TY.PHOO was (and continues to be) one of the UK's best known brands of tea. The three registered trade marks in suit were all in respect of the word-only mark TY.PHOO, which had been used in relation not only to tea, but also on tea canisters, teapots, etc, all as a means of promoting tea sales. When Premier Brands learnt of Typhoon Europe's use of TYPHOON for a range of kitchen house ware, it brought an action alleging trade mark infringement under s 10(3). Premier Brands claimed that Typhoon Europe's use of the TYPHOON sign:

- (i) caused detriment to the distinctive character or repute of the TY.PHOO trade mark because it would lead to blurring, thus reducing the uniqueness of the TY.PHOO brand name in the kitchen; and
- (ii) would lead to tarnishing of the TY.PHOO brand image, because of its association with the destructive power of tropical cyclones.

Ultimately, Premier Brands failed to convince Neuberger J with these arguments. Although Typhoon Europe had not adopted the TYPHOON trade name with any good cause, in the eyes of the law no damage had been caused to the reputation of Premier Brands.

Although the court fell short of requiring proof of likelihood of confusion, it found that something more than mere association - namely unfair advantage or detriment - had to be shown. Perhaps because the concepts of unfair advantage and detriment are so new in the UK, the court turned to German case law and US statute for assistance in defining them.

2.2 "TAKE UNFAIR ADVANTAGE OF"

In order to define the concept of "unfair advantage", in *Typhoon Neuberger J* noted the statements of the German Federal Supreme Court in *DIMPLE*²²:

"The courts have repeatedly held that it constitutes an act of unfair competition to associate the quality of one's goods or

²⁰ *supra*
²¹ [2000] FSR 767,

²² ([1985] GRUR 5 50)

services with that of prestigious competitive products for the purpose of exploiting the good reputation of a competitor's goods or services in order to enhance one's promotional efforts".

Essentially, therefore, a UK court is likely to find that there has been "unfair advantage" taken in situations where there has been parasitic use of a trade mark of repute: the offending mark "rides on its back" or captures part of the other mark's goodwill.

2.3 "IS DETRIMENTAL TO"

In order to define this concept, Neuberger J in *Typhoon* noted the statements of the German Federal Supreme Court in *QUICK*²³:

"[T]he owner of ... a distinctive mark has a legitimate interest in continuing to maintain the position of exclusivity he acquired through large expenditures of time and money and that everything which could impair the originality and distinctive character of his distinctive mark, as well as the advertising effectiveness derived from its uniqueness, is to be avoided ... Its basic purpose is not to prevent any form of confusion but to protect an acquired asset against impairment".

The choice of this quote illustrates the UK courts' sensitivity to the concept of exclusivity - a quality which will be eroded if a trade mark is allowed to be used by third parties without limitation.

Neuberger J also referred to s 43 of the USA's Lanham Act, which specifically defines dilution as:

"...the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of -

- (1) competition between the owner of the famous mark and other parties,*
- or*

- (2) likelihood of confusion, mistake or deception."*

In view of Neuberger J's line of reasoning in *Typhoon*, it is likely that, if called upon to consider in detail the concept of dilution again in the future, a UK court would take inspiration from other countries.

Since *Typhoon*, European case law²⁴ has confirmed that likelihood of confusion is not a requirement for pleading trade mark infringement under s 10(3) TA.

Proving detriment in the absence of actual confusion does, of course, pose practical challenges of its own: in the *DaimlerChrysler* case²⁵, the High Court was unwilling to find detriment simply because Mercedes' mark "MERC" was used in connection with a business heavily concerned with Mods, Skinheads and Casuals. In Mr Justice Pumfrey's view, DaimlerChrysler needed to demonstrate that the relevant public made a connection between the famous MERC mark, and the alleged disparaging use. In effect, DaimlerChrysler would have had to fulfil the difficult task of proving that, as a result of the use of the MERC mark by the defendant, the public connected DaimlerChrysler with skinhead culture.

The high standard of proof required under a s 10(3) action is evident also from the case of *Sibra's TM Application*²⁶, where registration of INTEL-PLAY for construction toy puzzles was opposed by the Intel Corporation, on the basis of its INTEL mark for electronic hand-held construction puzzles. Although the case concerns dilution in the context of registration rather than of infringement, the concepts of unfair advantage and detriment are common to both. The High Court held that Intel Corporation had to adduce proof of real unfair advantage/detriment, not just a risk of this. On the facts, it was held that use of INTEL-PLAY would dilute the strength of the INTEL mark.

²³ ([1959] GRUR 182)

²⁴ *Adidas-Salomon AG v Fitnessworld Trading Ltd* [2004] 2 WLR 1095

²⁵ *supra*

²⁶ [2003] RPC 44

3. AND WHAT IF IT IS ALL JUST A JOKE?

Neither statute nor case law in the UK suggests that it is unlawful to play on a mark with a reputation for comic effect. The TA does not make a specific provision for parody, either as an unlawful act or as a defence to trade mark infringement. In the absence of proof of likelihood of confusion, a trade mark owner will therefore be obliged to rely on s 10(3) and to adduce solid proof of unfair advantage or detriment.

If a brand owner were to bring an action for trade mark infringement in order to stop parodic use of its trade mark, it is likely that the parodist would allege that the trade mark has been used with "due cause" (one of the requirements under s 10(3)). "Due cause" is not defined in the Act, and might provide a public-interest based defence for parody. The point has not yet been tested in court, and could perhaps be used to introduce a concept of "freedom of expression" into UK trade mark law.

It is also possible that the parodist would raise the statutory defence to trade mark infringement under s 10(6), which allows use of a trade mark if it is "in accordance with honest practices in industrial or commercial matters". The interpretation of this defence has yet to be explored in the context of parody.

Faced with this statutory void, a brand owner faced with a parody representation of its mark may, of course, explore possible redress offered by copyright law, and the law of passing off (not discussed further here). However, given the generally high cost of pursuing such actions before UK courts, and given the high burden of proof required under all these causes of action, it is unlikely that many companies would pursue redress for the purely comic use of their trade marks, all the way to court. As if cost consequences were not enough, a major brand will also be sensitive to the negative publicity that could flow from taking itself too seriously.

4. LESSONS FROM GERMANY

As discussed above, through *Typhoon*, UK case law has already taken some inspiration from German case law in the field of tarnishment and blurring. Under German law, protection of trade marks against use in parody is provided for under the Trade mark Act²⁷. Before the current German Trade mark Act came into force on 1 January 1995, protection against exploitation and dilution was only provided for under unfair competition law, personal name and tort law. It is inevitable that concepts developed under the law of unfair competition will influence German courts' application of dilution provisions, just as they have influenced the UK courts in defining "unfair advantage".

By way of example, under German law, the use of YVES ROCHE for cheap alcoholic beverages has been held to exploit the image of the mark YVES ROCHER for cosmetics. The use of FIREMAN'S FRIEND for smoking articles was held to damage the reputation of FISHERMAN'S FRIEND for cough drops.

However the application of the law by the German courts is not entirely consistent. In particular, the courts do not always hold the use of a trade mark in parody to amount to trade mark use. This makes sense when the true meaning of "parody" is explored in more detail. A work of parody may be categorised as a creative work of art, with a function entirely different to that of a trade mark, which essentially serves to indicate origin.

At the same time, as is the case in the UK, German legal writers differ on the question whether trade mark use is required at all for protection from trade mark infringement. In Germany, where trade mark use in cases of dilution is required and denied, unfair competition law comes into play.

By way of example, the courts have prohibited the use of:

- (i) NIVEA for condoms with the slogan "Es tut NIVEA als das erste Mal" ("it never hurts more than the first time", where

²⁷ s 14(2) No 3, which enacts Article 5(2) harmonisation Directive

NIVEA sounds similar to the German "nie weher", meaning "never hurting more").

- (ii) MARS for condoms with the slogan "MARS macht mobil bei Sex-Sport und Spiel" (word play on Mars' slogan "A Mars a day helps you work rest and play", placing the well-known MARS chocolate bar in a sexual context).

As in the UK, German legal protection against dilution is subject to the condition that it is "without due cause". In applying this provision, German courts attempt to strike a balance between the interests of the trade mark owner and - most usually - the constitutionally protected right to free expression. In striking this balance, German courts have considered:

- (i) Use of the slogan "Bild Dir keine Meinung" (do not form your own opinion), which alluded to the advertising slogan "Bild Dir Deine Meinung" (form your own opinion) of the well-known tabloid paper BILD (which is also the German word for "picture" and "to form"). This was held to be a critical expression with regard to the quality of the BILD newspaper, which did not amount to an infringement.
- (ii) Use of the word MORDORO (Mord = murder) in a mock advertisement for Marlboro cigarettes which was included in a non-smokers calendar. This was held not to infringe the MARLBORO trade mark as it was protected by the constitutional right to freedom of expression.

On the other hand, the use of the expression "Deutsche Pest" was held to be an infringement of the mark DEUTSCHE POST as it did not contain a specific criticism of the German post office, but merely amounted to a mindless denigration of the post office.

In Germany, as in the UK, the number of cases decided under the new law is not very significant yet (in particular with regard to parody). However it seems that:

- (iii) Old unfair competition law cases are gradually being adopted in the context of the requirements of trade mark law.

- (iv) German courts tend to put considerable weight on freedom of expression.

In the UK, there is no constitutionally enshrined right to freedom of expression. However, there is a "freedom of expression" enshrined in UK law under the Human Rights Act 1998. Judges are bound by a principle of benevolent construction to interpret law so as to give effect to this right. So far there is little case law to illustrate this potential line of argument in cases of UK trade mark infringement.

5. THE POSITION IN FRANCE

Under French law, parody constitutes one of the exceptions to copyright infringement based on the constitutional principle of freedom of speech²⁸. However no such exception is provided for trade mark infringement and French courts have held recurrently that the parody exception under copyright law does not apply to trade mark infringement.

Nevertheless - in contrast with the UK - the exception of parody is increasingly being raised by defendants in the context of trade mark infringement actions. These cases have given rise to interesting comments by French courts.

In one case, Esso sought a preliminary injunction to stop Greenpeace France from using the denomination ESSO, STOP ESSO, E\$\$O or STOP E\$\$O in its website. At first instance, the injunction was granted, as use of the trade marks "*does not exclusively contribute to the need to communicate the association's opinions*" but rather tends to "*undermine [Esso's] image and thus divert the public from it*" - the classic language of detriment and unfair advantage.

However, on appeal, the Paris Court of Appeal reversed the decision, holding that, "*even if the sign E\$\$O refers to Esso's trade marks, it does not obviously promote the commercialisation of products or services in Greenpeace France's favour but rather is a polemic use, extraneous to business considerations*".

²⁸ Article L 122-5 4° of the French Intellectual Property Code

In another case, the Société des Participations du Commissariat à l'Energie Atomique ("SPCEA") sought a preliminary injunction to stop Greenpeace France from using its AREVA trade mark mutated into a stylized skull. The court dismissed the demand, relying heavily on Greenpeace France's freedom of speech and the lack of commercial use that had been made of the marks.

In a third case, Danone attempted to stop a third party from using its DANONE mark on websites entitled *www.jeboycottedanone.com* and *www.jeboycottedanone.net*. The court held that use of the marks did not constitute trade mark infringement since the trade mark was not being used for a commercial purpose, namely it was not promoting products or services. Rather, the mark was being used in the context of non business-related polemic speech, excluding any confusion in the public's mind.

Current indications are therefore that, in France, parody may constitute trade mark infringement if the mark is being used in the course of trade for a purpose other than "polemic speech".

It seems likely that if put to the test, a UK court would be as unlikely as the French courts to allow a third party to use a trade mark in a way that would promote that third party's commercial activities.

6. PARODY: LESSONS FROM AMERICA

Trade mark parodies have been frequent subjects of litigation in the US, where the test for trade mark infringement is based on likelihood of confusion. Parody is not per se a defence, although parodists have often relied on the First Amendment protection of free speech.

A further form of redress is to bring an action under the dilution provisions of the Lanham Act (s 43 - see above). However, there is a specific defence for, inter alia, non-commercial use of a mark. "Non-commercial" use includes parody, as the following two cases demonstrate:

TIMMY HOLEDIGGER for pet perfume has been found not to infringe Tommy Hilfiger's TOMMY HILFIGER and flag design. In analysing the case, the District Court for the

Southern District of New York found that there was no likelihood of confusion since TIMMY HOLEDIGGER is an obvious parody of TOMMY HILFIGER and parodies are a protected form of freedom of expression under the First Amendment. The court also rejecting a claim of trade mark infringement based on blurring or tarnishment. In particular, it disagreed that mere association with pets was sufficient to tarnish Hilfiger's mark.

It is likely that in applying s 10(3) to equivalent sets of facts, a UK judge would have exacted a very high standard of proof to the effect that the parodists had gained a commercial advantage, or caused detriment to the trade mark owners' rights. On the facts, it is difficult to imagine how this burden could have been satisfactorily discharged.

7. TRADE MARKS AND FREEDOM OF EXPRESSION

There is currently not a large body of UK national case law in the area of tarnishment or blurring, or in relation to parody, in the context of trade mark infringement. However, as international brands go on to assume greater cultural significance, and take on iconic roles that extend beyond pure indication of origin, it is likely that brand owners will look deeper into the possible forms of redress under trade mark law. It remains to be seen whether UK judges will display a tendency - like their French, German and American neighbours - to fall on the side of freedom of expression.

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